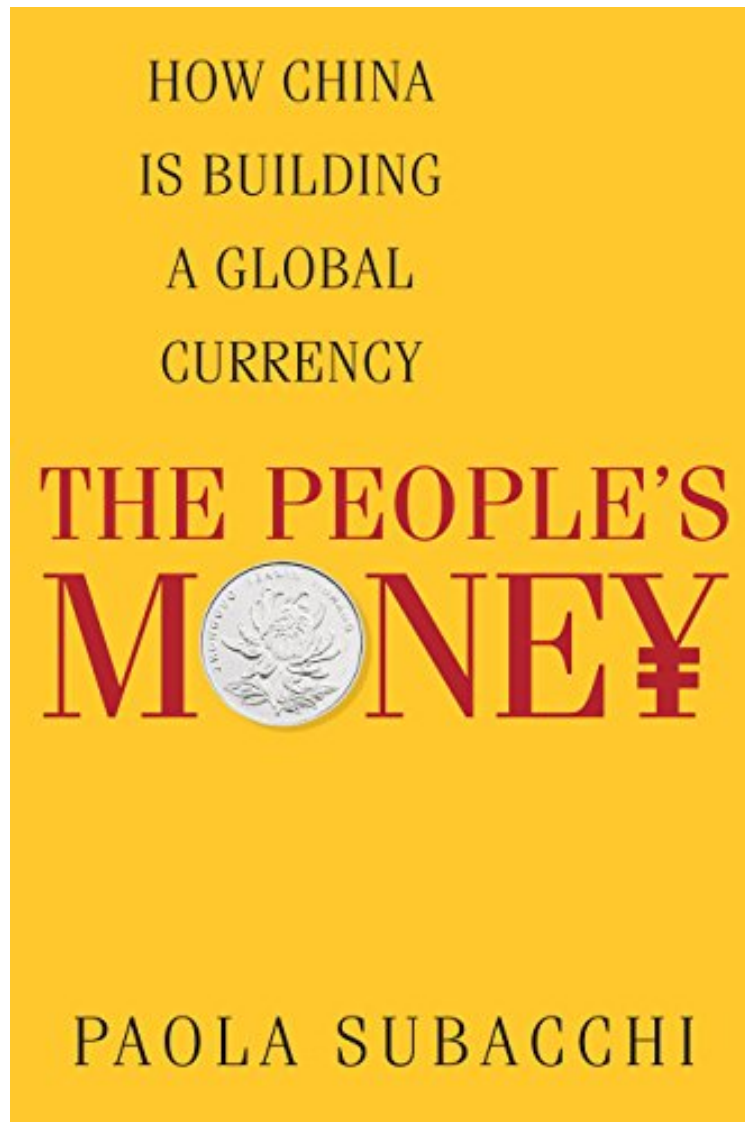


The People's Money: How China is Building a Global Currency

Paola Subacchi

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Paola Subacchi : The People's Money: How China is Building a Global Currency before purchasing it in order to gauge whether or not it would be worth my time, and all praised The People's Money: How China is Building a Global Currency:

2 of 2 people found the following review helpful. Enormously Informative By David Wineberg The Peoplesqu; Money is (at long last) a comprehensive overview of how the Chinese banking system operates. It tells how different the Chinese system is from any other, and presumably, allows importers, exporters and banks to avoid falling into numerous traps, from which there might be no return. The Chinese ldquo;systemrdquo; is an evolving network of kludges. The rules are different if you are mainlander, a foreigner, or in Hong Kong or Singapore or Toronto. There

are separate offshore markets for international trade, and even bonds; though no secondary market for bonds at all. Similarly for equities, there's China's famous A share scheme and strict limitations on who can purchase what in Shanghai and Hong Kong. There are quotas for everything; arbitrary numbers. For example, Americans are only allowed to convert \$20,000 a year. And with all the various limitations and requirements there is the inevitable paper burden. This is not your mother's market economy. It is a collection of small experiments. Subacchi wisely begins with an overview of how reserve currencies work, what privileges and burdens they afford, and how the renminbi (Chinese for 'people's money') isn't there yet, though it seems it might be building towards that. What is missing from the entire book is the elephant in the room; the party. The Communist Party of China is very much about control. It is afraid to lose even the tiniest part of it. It manages and mangles all kinds of relationships out of this fear. Currency is just one. Foreign takeovers are kept small because the party doesn't know what reverberations there might be at home, what trouble its companies (most are state owned) might get into overseas, and so that it can learn on the job how to manage western style. Even Chinese bankers tell Subacchi there is no renminbi strategy. You just have to take it day by day. As a result of this elephant that dares not speak its name, *The People's Money* reads like a bank brochure. It's all there, pleasantly laid out, comprehensive and revealing; but empty of motive and context. David Wineberg

Many of the world's major economies boast dominant international currencies. Not so for China. Its renminbi has lagged far behind the pound, the euro, and the dollar in global circulation—and for good reason. China has long privileged economic policies that have fueled development at the expense of the renminbi's growth, and it has become clear that the underpowered currency is threatening China's future. The nation's leaders now face the daunting task of strengthening the currency without losing control of the nation's economy or risking total collapse. How are they approaching this challenge? In *The People's Money*, economist Paola Subacchi introduces readers to China's monetary system, mapping its evolution over the past century and, particularly, its transformation since Deng Xiaoping took power in 1978. She revisits the policies that fostered the country's economic rise while at the same time purposefully creating a currency of little use beyond China's borders. She shows the key to understanding China's economic predicament lies in past and future strategies for the renminbi. The financial turbulence following the global crisis of 2008, coupled with China's ambitions as a global creditor and chief economic power, has forced the nation to reckon with the limited international circulation of the renminbi. Increasing the renminbi's reach will play a major role in securing China's future.

Paola Subacchi brings a wealth of knowledge of China's economy and politics to this fascinating and informative exploration of China's currency, considering how the economic giant will develop its 'renminbi strategy' and take its proper place on the world's financial stage at a time of instability, economic slowdown, and domestic social tension. (Diane Coyle, *The Enlightened Economist*, and author of *GDP: A Brief but Affectionate History*) Paola Subacchi clearly had access to a remarkable depth and breadth of people in writing this book, and the insights she has drawn from those conversations and from her experience with this key topic make this well worth reading for anyone interested in understanding the history of the renminbi and its possible future. (Jim O'Neill, UK Commercial Secretary to the Treasury) China's attempt to create an international role for its currency, the renminbi, speaks to its geopolitical ambitions, financial reform efforts, and economic growth prospects alike. In this important book, Paola Subacchi uses renminbi internationalization as a window onto these larger questions about China's economic, financial, and political future. Her analysis is engaging and accessible; it will appeal to specialists and nonspecialists alike. (Barry Eichengreen, author of *Hall of Mirrors: The Great Depression, the Great Recession, and the Uses and Misuses of History*) *The People's Money* may be the most detailed and comprehensive English-language account so far of China's efforts to pursue the internationalization of the renminbi. In this balanced and deeply-informed narrative, Paola Subacchi details the progress made and the problems encountered as the Chinese leadership strives to increase the global appeal of the renminbi. (Yu Yongding, former president of the China Society of World Economics) Timely, relevant, and fascinating read (Publishers Weekly) A clear overview of the history and the issues, both in general and those facing Chinese policy-makers in particular. (Peter Gordon *Asian of Books*) Insightful.... *The People's Money* offers a rich, accessible and much needed account of the workings of China's opaque banking and financial systems.... It is filled with interesting evidence. (Times Higher Education) About the Author Paola Subacchi is the director of international economics research at Chatham House (the Royal College of International Affairs) in London. She is a regular media commentator and writes for Project Syndicate and Foreign Policy.