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The Interests of the United States and the International Monetary Fund

Before reviewing recommendations for strengthening regional cooperation, let us consider the interests of the international community in these developments in East Asia. Both the United States and the International Monetary Fund opposed the initial Asian Monetary Fund proposal but have not opposed the Chiang Mai Initiative. We first examine the perspectives and interests of the United States, and then the relationship of East Asia and the CMI to the IMF.

The United States

The United States, an important actor in the region, has a long history of involvement in East Asian political and economic affairs. This section addresses the US posture and US interests with respect to regional financial cooperation, the Exchange Stabilization Fund, and the record of American financial support for East Asian countries.

Official Position

The US government has occasionally supported regional initiatives in East and Southeast Asia in the past. But rivalries within the region, coupled with antipathy in selected countries toward the United States, led Washington to conduct relations with East Asian governments largely on a bilateral, hub-and-spoke basis. This pattern stands in contrast to the US government's conduct of relations with Europe, where—though Washington does maintain bilateral relations—it endorses European integration and places the European Union and the North Atlantic Treaty Organization at the center of its strategy.

Accordingly, Washington opposed Malaysian Prime Minister Mahathir bin Mohamad's proposal for an East Asian Economic Group in 1990 on the grounds that it excluded the United States. Under the leadership of secretary of state James A. Baker III, the United States instead supported the Asia-Pacific Economic Cooperation forum, in which it is included.[1] However, although ASEAN+3 replicates the membership of Mahathir's original proposal,[2] the United States is not now actively opposing regional trade or financial initiatives in this group.

US policymakers instead emphasize that they have accommodated Asian concerns in the wake of the financial crisis in a number of ways, making regional financial arrangements unnecessary. After effectively vetoing the AMF proposal, they launched the Manila Framework Group (MFG),[3] which among other things provided for a second line of defense during the 1997-98 financial emergencies. They led and endorsed reviews of international lending and reforms of the international financial institutions. They accepted the New Miyazawa Initiative of 1998.

More recently, the United States has accepted the possibility of participating in a possible financial facility within the MFG. To answer the concerns of countries in the region that are not included in the ASEAN+3 group—particularly Australia and New Zealand—but stopping short of establishing a facility, the US Treasury and its MFG counterparts have defined a set of principles that would guide the provision of financial assistance should such support someday be required. Any such assistance, in particular, would have to be (1) in support of an IMF program, (2) bilateral, (3) considered on a case-by-case basis, and (4) voluntary.[4] Because these four principles mirror those of the CMI fairly closely, one might infer US acceptance of the principles of the CMI and US appreciation of benefits to participating in regional arrangements beyond the North American Framework Agreement.

Recent statements by officials suggest a softening of the US posture since the AMF was originally proposed, reflecting at least in part the

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1. See, e.g., Funabashi (1995, 67-69).

2. This point is stressed in Bergsten (2001).

3. The members of the MFG are finance ministry and central bank deputies from Australia, Brunei, Canada, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and the United States.

4. "9th Meeting of the Manila Framework Group, December 4-5, 2001," press release, Auckland, December 5, 2001, paragraph 7. Such a facility was a "main component" of the original MFG discussions; US Department of the Treasury, "Summary of Manila Discussions," press release, November 19, 1997, Washington.

differences between that proposal and the CMI. After ASEAN+3 announced the conclusion of the first bilateral swap agreements in May 2001, for example, US treasury secretary Paul O'Neill said, "I do not know why we would not have a benign attitude in responding" to the CMI.[5] Shortly thereafter, deputy secretary of state Richard Armitage went so far as to say that a regional discussion about eventually creating an AMF "doesn't seem to me to be a bad idea."[6] Assistant secretary of state Truman's remarks of May 2000 (quoted in chapter 3), however, remain the only careful official policy statement on the CMI to date. His remarks reserved judgment on the CMI arrangements. The Bush administration's position on the CMI arrangements as they have materialized and as they might evolve remains unarticulated. Notwithstanding recent positive public statements, it would be fair to say that substantial private skepticism remains.

Interests

When developing its posture toward East Asian financial regionalism, the United States confronts a number of conflicting considerations. Fundamentally, arrangements that do not include the United States naturally limit American influence in the region. Such influence might indeed be valuable for managing systemic crises and advancing US economic and foreign policy interests. Some East Asian governments acknowledge that American influence has been important in stabilizing regional political relations. But maintaining US influence also carries costs, including an obligation to commit attention and resources to the area. To the extent that having East Asian governments carry a greater share of the burden of regional stabilization would appeal to the United States, regional cooperative arrangements could also serve American interests.

Such arrangements could benefit the United States, and the international community more broadly, in four ways. First, as suggested, they can promote greater burden sharing for financial rescues with the three reserve-rich countries of Northeast Asia. If the CMI were strengthened by a more robust policy dialogue and surveillance mechanism, these arrangements would also reduce the need for American mediation of intra-Asian disputes.

Second, to the extent that such arrangements contribute to greater economic and political stability in the region, the United States benefits by husbanding its resources and diplomatic energy for contingencies in other regions. This stability also directly benefits the private sector. With respect to finance specifically, regional stability benefits not only Asian

5. *Emerging Markets*, May 10, 2001, 4.

6. Michael Christie, "Asian Monetary Fund Not a Bad Idea—U.S. Official," Reuters English News Service, August 17, 2001.

firms and investors but private American (and European) institutions as well.

Third, accepting regional initiatives would have useful diplomatic benefits for the United States. Blocking East Asian initiatives in the past has eroded US standing in the region; accepting some of these proposals shields the United States from criticism for taking a blocking position. Moreover, such acceptance forces creditor countries in the area to "come clean" with respect to their willingness to support regional initiatives.

Fourth, US acceptance of the CMI and its successors could yield positive benefits with respect to government incentives and responsibility. It will force players in the region to take a greater share of political responsibility for the successes and failures of their initiatives. If the CMI were activated carelessly and thus failed to stem a crisis, East Asian governments would then be potential targets of criticism—a prospect that should be sobering in Tokyo, Beijing, and Seoul. To the extent that regional financial cooperation employs less of "other people's money" (specifically, that of the IMF) and more of their own, such arrangements will strengthen incentives to foster adjustment and to act responsibly in the prevention and management of crises.

Whether such arrangements are in the interest of the United States depends of course on particular features. Favorable features would include consultative arrangements with officials from the United States and other governments from outside the region, efficiency of decision making and transparency, and a constructive relationship with the IMF. East Asian financial facilities that were opaque to US officials and undercut reforms to the policies of governments in the region that were promoted by the US Treasury, for example, would naturally conflict with US interests. American policymakers' support for regional financial cooperation must therefore be conditional. When these conditions are substantially satisfied, though, regional financial arrangements can support US interests.

The Exchange Stabilization Fund

Officials from East Asian governments perceive a remarkable difference—they might say a "bias"—in the treatment afforded Asia compared with Latin America in US bilateral financial assistance. There is some merit to their argument. After the Mexican peso rescue led by the US Treasury—which was unprecedented in size—the US Congress forbade the Exchange Stabilization Fund from being used in large amounts for 2 years. These restrictions effectively blocked the use of the ESF during the Thai crisis in summer 1997.[7]

One might argue that these restrictions would have equally blocked the use of the ESF in crises in any other part of the world, including

7. This section draws from Henning (1999).

Latin America. However, once the restrictions were lifted the US Treasury was not liberal, to say the least, in providing access to the ESF by Indonesia or South Korea, where negotiations over their possible use dragged on until their crises were effectively over. By contrast, moreover, the US Treasury mobilized the ESF for Brazil quickly in the form of guarantees for a loan from the Bank for International Settlements in late 1998.

US officials maintain that solid economic rationales, and not geographic discrimination, lay behind these decisions. They note, in particular, that Indonesia did not pursue and Korea did not need access to the ESF and that the guarantees for Brazil were offered after prospects for the global economy had deteriorated markedly.[8] But there can be little doubt that the consequences of financial crises for trade, investment, and especially migration often make assistance to regional neighbors more compelling in political terms than assistance to distant friends.

Historically, of the 115 ESF credit arrangements that were entered into by the US Treasury between the creation of the account in the 1934 and 1995, 5 arrangements were with Asian countries, 12 with countries in Europe and Africa and with the BIS, and 98 were with Latin American countries. (See Henning 1999, table 1.) Although this geographic distribution of ESF assistance is partly explained by the frequency of balance of payments crises in the Western Hemisphere, the pattern shows that short-term financial assistance has been more compelling to US officials in the case of Latin America than any other region. The observation that the United States has singled out Latin America for favorable treatment, rather than East Asia for particularly unfavorable treatment, provides little comfort to Asian officials.

The ESF extends our comparison to other swap arrangements and financial facilities discussed above. An account controlled by the secretary of the treasury, the ESF was a junior partner in the Group of Ten swap arrangements, with a standing swap agreement with the German Bundesbank as well as the Bank of Mexico. The agreement with the Bundesbank, dating from 1978, was allowed to lapse in 1999. The agreement with the Bank of Mexico was subsumed under NAFA. In the case of support for Latin American countries, the Treasury would swap US dollars from the ESF in exchange for local currency.

The ESF, which predated the IMF, has a long historical relationship with the IMF. By contributing to currency stabilization during the 1930s, the ESF inspired the idea of the IMF as a multilateralization of national stabilization funds. Once the IMF was created, accordingly, the US government nearly retired the ESF, using almost all of its resources to pay the US quota. The US Treasury, however, not wishing to rely entirely on

8. If the sequence of the Mexican and Asian crises were reversed, some US officials argue, Mexico would have probably received little from the ESF.

the IMF and the G-10 swaps, resurrected the ESF and replenished its resources in the 1960s to assist in the defense of the dollar under the Bretton Woods regime.

After the shift to flexible exchange rates, the statute of the ESF was amended to direct the secretary of the treasury to use the account in a manner "consistent with the obligations of the Government in the International Monetary Fund" and to limit the term of credits to 6 months or less unless "unique or emergency circumstances" prevailed. When extending credits, therefore, the Treasury secures a letter from the IMF's managing director that effectively endorses the policies of the borrower.[9] Treasury thus harnesses its ESF credits to IMF assessments. When asked whether it made sense to maintain both the ESF and IMF, Treasury officials have been adamant that, for a multiplicity of reasons, it does.[10]

The International Monetary Fund

Next, we consider the IMF's posture toward East Asian financial cooperation, the ramifications of financial regionalism for the IMF historically, and the standing of Asian governments in the organization.

Posture

The initial response of IMF managing director Michel Camdessus was to privately endorse the AMF proposal. In light of the objections of others, Camdessus later retracted the endorsement. In parallel with US policy, however, IMF views have evolved. IMF officials stress their responsiveness to Asian complaints stemming from the 1997-98 crisis, by accelerating program decision making, introducing the Supplemental Reserve Facility and New Arrangements to Borrow (which was activated for Brazil in December 1998), increasing quotas, and reviewing and adjusting the policy conditionality applied to loans during the crisis.

Camdessus's successor, Horst Köhler, has endorsed the CMI.[11] And when serving as first deputy managing director, Stanley Fischer declared in Singapore:[12]

> The management of the IMF welcomes this enhanced regional cooperation, which should be complementary to more global arrangements, such as the Fund. We

9. See, e.g., a letter from IMF managing director Michel Camdessus to US secretary of the treasury Lloyd M. Bentsen, Washington, March 24, 1994.

10. Henning (1999, 23, 58-59, 84).

11. Köhler (2001).

12. Fischer (2001).

> see potential advantages in regional currency cooperation, even though it will likely take many years—perhaps as many as it took in Europe—for such arrangements to come to fruition. The IMF stands ready to cooperate fully in helping make these regional arrangements more effective.

Nonetheless, it would be fair to say that reserve and skepticism also continue to characterize the private views of a number of officials at the Fund.

A History of Regionalism

As the comparison of other swap and financial arrangements demonstrates, the ASEAN+3 financial agreements are just the latest in a long series of attempts by groups of countries to secure access to balance of payments financing from sources beyond the IMF. Since the creation of the IMF, whenever another fund, plan, or account has been introduced, questions have arisen about potential conflict with the IMF and its purposes.

As the IMF was being set up, the question naturally arose as to whether the Bank for International Settlements, which had been established in Basel in the 1930 to facilitate German reparations payments and international monetary cooperation, was now redundant and should be dissolved.[13] As an institution whose members were central banks alone, and unique in that sense, the BIS was maintained. The Marshall Plan, created in the late 1940s to avert economic crisis in Europe and facilitate a sustained recovery, bypassed the IMF and its sister institution the World Bank and completely obviated any need for their assistance in Europe. The European Payments Union (EPU) represented a direct assault on the province of the IMF, but was nonetheless instituted. The EPU managed intra-European payments during the 1950s and paved the way for current account convertibility among these countries.[14]

Departures from exclusive reliance on the IMF continued after the return to convertibility. The G-10 concluded the General Arrangements to Borrow (GAB) in the early 1960s. As a mechanism to lend to the IMF for the purpose of on-lending to a very large borrower, such as the United States, the GAB reinforced the IMF. A large increase in its quotas would have also bolstered the IMF, of course. But a quota increase was not seriously entertained at this juncture, because European governments wanted to constrain the ability of the United States to run payments deficits. The

13. A resolution to this effect was passed at the Bretton Woods conference in 1944 and reinforced by US secretary of the treasury Henry Morgenthau in a contemporary issue of *Foreign Affairs* (January 1945); Rainoni (1973, 532-33).

14. Dam (1982, 169-74); Eichengreen and Kenen (1994); de Vries (1969); Kaplan and Schleiminger (1989); Gold (1969).

bilateral swap agreements between the United States and its G-10 partners represent another effort to develop an alternative to the IMF for short-term balance of payments financing.

After the demise of the fixed-but-adjustable exchange rate regime of Bretton Woods in the early 1970s, Western Europe continued to depart from exclusive reliance on the IMF. (The short-term financing facilities of the European Monetary System and the medium-term financing arm of the European Community are described in chapter 5.)[15] After Portugal's drawing from the IMF in 1983, European currency and balance of payments crises were managed almost exclusively on a regional basis, including the severe crises in the EMS during the period 1992-93 in particular. Moreover, other regions also sought to develop financial mechanisms, including the Andean Reserve Fund, the Latin American Reserve Fund, the Arab Monetary Fund, the agreement among European Free Trade Association countries, and of course the ASEAN Swap Arrangement.[16]

Resort to non-IMF mechanisms continues virtually up to the present. As was discussed in chapter 6 along with the G-10 swaps and the European facilities, NAFA was created in 1994. After the peso crisis that began that year, the United States spearheaded the formation of the NAB to mobilize the reserves of countries that did not participate in the GAB. During the Asian crisis, parallel and second lines of defense were deployed to supplement the Fund. Then, in December 2001, the MFG announced agreement on a set of principles that would guide the mobilization of financing to one of its members in support of an IMF program, should supplementary financing be deemed necessary.

Many of these cases of plurilateral financial cooperation involved outright conflicts or potential conflicts with the IMF. Some of these cases—such as the EPU, G-10 bilateral swap arrangements, and European monetary integration—sharply curtailed the relevance or activities of the IMF in the region.[17] But in most cases, the setback to the IMF was temporary, manageable or, as in the case of Economic and Monetary Union, the regional arrangement clearly transcended the IMF's scope and mandate.

The main point is that the IMF is an organization of member state governments and thus serves their objectives. Many members have found

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15. Writing after the creation of the European Monetary System, Dam (1982, 335-36) speculated on the potential conflicts between the exchange rate obligations and the European Currency Unit (ECU) on the one hand and the IMF obligations and Special Drawing Right (SDR) on the other.

16. van den Boogaerde (1991); Ito and Narita (2002).

17. In addition to those cases reviewed here, several important initiatives to create financial facilities failed. E.g., B. J. Cohen (1997) chronicles the mid-1970s proposal for the creation of a Financial Support Fund by the countries belonging to the Organization for Economic Cooperation and Development, which would have radically transformed the role of the IMF.

it useful to maintain the IMF as one among several sources of liquidity and balance of payments finance. Few have desired to give the IMF a monopoly on the provision of such finance. Over time, therefore, substantial subgroups of members have developed funds and facilities that potentially compete with, and at a minimum complicate the work of, the IMF. The dominance of the United States and European governments facilitated the creation of the most significant plurilateral financial arrangements, in part by neutralizing IMF opposition. But US and European dominance also facilitated the management of potential conflicts between those arrangements and the IMF.[18]

The creation of regional financial agreements has broad parallels to the formation of regional development banks. The Inter-American Development Bank, which was established in 1959, was the first of these banks. It was followed by, among others, the Asian Development Bank, African Development Bank, and European Bank for Reconstruction and Development. Along with trade agreements, these banks were an early and enduring manifestation of regionalism in the world economy. They have competed with the International Bank for Reconstruction and Development (commonly known as the World Bank) in a number of ways and have complicated the work of that multilateral institution. But again, as in the case of the IMF, member governments decided that the benefits of regional development banks outweighed the complications for the World Bank.[19] Regional banks have evolved in directions that are substantially complementary to the World Bank. Such complementarity includes the provision of cofinancing and parallel financing for projects funded by the World Bank,[20] which represent rough analogues in development finance to the parallel financing envisioned by the CMI for IMF balance of payments programs.

For its part, the IMF has sometimes opposed regional financial arrangements, sometimes acquiesced, and sometimes even encouraged them. In late 1996, after the Mexican peso crisis and before the Thai crisis, IMF officials informally asked some ASEAN countries to consider establishing the Southeast Asian equivalent of the GAB. In March 1997, IMF managing

18. Because Asian governments have fewer executive directors and are not nearly as influential in the IMF, the coordination of East Asian arrangements with the IMF might have to be conducted through channels other than informal contact between Asian executive directors, the Executive Board, and the staff.

19. The role of these institutions is examined and defended in the report of a commission chaired by Gurria and Volcker (2001). Devlin and Castro (2002) and Hufbauer (2002) examine the role of regional development banks in regional economic integration. See these and other papers presented to a conference, "New Proposals on Financing for Development," sponsored by the Center for Global Development and Institute for International Economics, Washington, February 20-21, 2002.

20. Culpeper (1994, 233-34).

director Camdessus asked ASEAN finance ministers to set up their own regional financial "mechanism," going considerably beyond the ASEAN Swap Arrangements already in place. He apparently believed that such cooperation would have helped to strengthen the region's financial stability and have reduced the financial burden on the IMF.[21] Although little came of these entreaties at the time, and the IMF opposed Japan's AMF proposal a few months later, it is clear that IMF officials, to some degree, have perceived significant benefits for their institution in financial regionalism.

Asian Standing

Asian governments have long complained that they are underrepresented in the IMF. The managing director has never come from an Asian country and, until Eisuke Sakakibara's candidacy in 2000, Asians were effectively barred from putting forward candidates for this critical position.[22] Another case in point is their underweighting in the IMF's quota structure, which has two important consequences worth elaboration. First, because quotas define voting strength, Asian governments have less influence with the IMF than if quotas fully reflected the size and openness of their economies. Second, because quotas in principle define the borrowing rights of member states, Asia's underrepresentation limits access to IMF resources.[23]

Table 6.1 compares some basic economic indicators and the IMF quota position of the United States, European Union, and East Asia. The sum of the quotas is 12.8 percent for ASEAN+3, 17.6 percent for the United States, and 30.5 percent for the European Union. In terms of GDP (measured at prevailing exchange rates in 2000, when the US dollar was strong), ASEAN+3 is smaller than the European Union by only 2.6 percent. When compared according to purchasing power parity GDP, ASEAN+3 is substantially larger than both the United States and European Union.

The trade data in table 6.1 exclude intra-European Union trade and include intra-Asian trade. The data show that ASEAN+3 countries depend substantially more on trade than do the United States and European Union. The table's fifth column, net capital inflows, provides a crude measure of financial vulnerability, showing that ASEAN+3 is roughly equal to the

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21. Joseph Rebello, "IMF's Camdessus Urges More ASEAN Forex Defenses," Dow Jones International News, March 1, 1997; "ASEAN: IMF Moves to Stablise Finances, Suggests Members Set Up Financial Aid Plan," *Bangkok Post*, March 2, 1997; Joseph Rebello, "IMF Urges ASEAN to Safeguard Currencies: Camdessus, Recalling Mexico Crisis, Advises Finance Chiefs to Join Forces," AP-Dow Jones News Service, March 3, 1997.

22. See, e.g., Kahler (2001).

23. Bergsten (2000). For a broader discussion of the IMF's relationship with Japan and the region, also see Bergsten, Ito, and Noland (2001, 195-203).

Table 6.1 Comparison of IMF quotas and basic indicators of the United States and regions (as percent of world, 2000)

Country or region	Quota	GDP[a]	GDP (PPP)	Trade[b]	Net capital inflows	Reserves
United States	17.6	31.5	21.6	15.5	17.2	1.5
EU-15[c]	30.5	25.1	19.7	17.8[d]	27.5	13.0
ASEAN+3	12.8	22.5	25.5	22.2[e]	18.5	44.4
EA-17[f]	14.7	24.9	27.8	25.6[g]	19.7[h]	50.6

ASEAN = Association of Southeast Asian Nations
EA = East Asia
PPP = purchasing power parity

a. Calculated at the average exchange rate for the period.
b. Merchandise trade only.
c. EU-15 consists of the 15 member countries of the European Union.
d. Including intra-EU trade increases this figure to 35.2 percent.
e. Netting out intra-ASEAN+3 trade reduces this figure to 13.5 percent.
f. EA-17 consists of ASEAN+3 plus Australia, Hong Kong, Taiwan, and New Zealand.
g. Netting out intra-EA-17 trade reduces this figure to 14.0 percent.
h. Excluding Taiwan.

Sources: IMF data from *Direction of Trade Statistics*, *International Financial Statistics, World Economic Outlook*, and IMF (2000).

United States and less vulnerable than the European Union. Taking intra-euro-area capital flows, and the diversity and composition of lows to the three areas, into account, ASEAN+3 would surely appear more vulnerable than either the United States or Europe. In the category of reserve holdings, of course, East Asia greatly surpasses the other two areas.

On these measures, therefore, the ASEAN+3 quotas appear to be too small. Among individual countries, Singapore, Malaysia, Thailand, and South Korea were given special increases during the eleventh review of quotas, to partially redress this underweighting. Nonetheless, the IMF staff continues to identify Singapore, Thailand, and Korea as countries whose quotas are especially "out of line" with conventional formulas for calculating quotas.[24]

Relative to Asian quotas, the European quotas appear to be especially inflated. European strength is replicated in the Executive Board, where 8 European executive directors[25] sit with 4 East Asian directors[26] and 1 US

24. IMF (2002, 26-27).

25. These executive directors represent Germany, France, and the United Kingdom, and constituencies led by Belgium, the Netherlands, Italy, Iceland, and Switzerland. This count excludes the executive director from Russia, because Russia, as a borrower, often takes a different position on IMF issues.

26. These executive directors represent Japan and China, and constituencies headed, as of this writing, by Indonesia and Australia. This count excludes the executive directors from constituencies headed by India and Iran.

director out of a total of 24. The European position appears particularly exaggerated when treating the euro area as a unit, subtracting intra-area trade and noting the treaty obligation of European representatives to adhere to a single policy in the external monetary arena. Reducing European quotas and representation would make room for expanding the quotas of others, particularly the fast-growing, relatively vulnerable countries of Asia.[27]

Although the merit of their case is widely acknowledged,[28] and this deficiency has ramifications for the operation of the IMF, political support from non-Asian members for a substantial reallocation of quotas is dubious. Asian officials hope that their regional financial initiative will help them to redress their underweight status in the IMF. With a substantial regional alternative, they hope to secure greater leverage over a range of issues, from conditions applied in particular programs of Asian countries, to rounds of bargaining over quota increases, to the evolving international financial architecture.

At least two precedents suggest that such a strategy might bear fruit. First, in 1995 Australian Bernie Fraser proposed the creation of an "Asian BIS" to redress the exclusion of Asian countries from the Basel-based Bank for International Settlements. In 1996, the BIS invited four Asian central banks and five others to join the organization and extended similar invitations to a number of others in subsequent years.[29] Second, as was noted above, after Japanese officials proposed the Asian Monetary Fund in 1997, the US Treasury responded by forming the Manila Framework Group, provided for faster activation of IMF facilities, offered bilateral funds through the second line of defense, and spearheaded the creation of the Supplemental Reserve Facility—important concessions to Asian complaints. Similarly, keeping open their option to develop regional financial arrangements might well be useful for Asian countries.

27. For an analysis of the effect of Economic and Monetary Union on the European position in the IMF and a proposal for consolidating that position, see Henning (1997, 2000b). See also Bergsten (2000), Kahler (2001), and Henning (2000a). In the spring of 2002, the Commission of the European Communities (2002, 8) proposed the consolidation of representation of the euro area in the IMF and other economic and financial organizations, but did not propose a consolidation of the quotas of euro-area members. See also Solbes (2002).

28. On this point, to quote Stanley Fischer (2001): "More also needs to be done to enhance the role of Asian countries in the working of the IMF. Much attention has been focused on the underrepresentation of Asia in the IMF's quotas. This is indeed a serious problem."

29. See, e.g., Grenville (1998).