A Critical Assessment of Proposals to Reform the "International Financial Architecture": Towards a Marxian Theory of World Money

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My paper will attempt to articulate some of the essential features distinguishing a Marxian theory of world money from competing perspectives. *Neoliberals* hold that money necessarily tends to function in the world market in a manner that automatically and smoothly restores trade balances when they are disrupted. They also maintain that flows of money capital across borders allocate funds in an efficient and normatively acceptable manner. Any persistent trade imbalances and financial crises are due to misguided or corrupt political elites, and so reforms of the International Financial Architecture must focus on the elimination of "crony capitalism." In the *Keynesian* framework, in contrast, world money today is associated with persistent trade imbalances, recurrent financial crises, low levels of growth, and high levels of unemployment in the world economy. Keynesians call for new forms of world money designed to maintain trade balances more effectively, avoid financial crises, fairly distribute burdens of adjustment between creditors and debtors, and provide funds for industrial development to regions with the greatest needs. A *Marxian* theory of world money shows why these proposed reforms will not attain their objectives. An adequate theory of world money requires full acknowledgement of the systematic tendencies to uneven development and overaccumulation crises built into capitalist social relations, as well as the benefits of seigniorage enjoyed by the nation(s) with the dominant reserve currencies.