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Introduction

On 30 November 2015 the International Monetary Fund (IMF) determined that the Chinese Renminbi (RMB) would be included within the basket of currencies that constitute Special Drawing Rights (SDR). The IMF apportioned the RMB a share of 10.92 per cent within the SDR, a higher weighting than for both the British Bound and Japanese Yen at 8.09 per cent and 8.33 per cent respectively. Although this decision was more symbolic than of real economic significance, the consensus interpretation amongst commentators and analysts was that 'the inclusion puts new pressure on Beijing to change everything from how it manages the RMB, to how it communicates with investors and the world' (Wei 2015). Conversely, the decision itself reflects political flexibility on the part of the IMF – it bent its own principles to accommodate the growing prominence of the RMB in the global economy. Influence would appear to be running both ways in the process of China's financial transnationalization. More recently, the MSCI has continued to refrain from including China's A-share market within its emerging market indices, citing an ongoing concern for China's management of its capital markets and the openness of the capital account itself. Accession to the benchmark would significantly boost its ability to attract capital from fund managers of large institutional investors tracking the index. The MSCI's reticence reflects the ongoing concerns of international investors towards both the uncertainties inherent in China's macroeconomic prospects, and the micro-level regulatory policies that place investors on the back foot when operating within China's capital markets.

Accompanying these macro-level assessments and developments is the attention and focus paid to the rise of offshore RMB hubs as key elements in the internationalization of the RMB. London and Hong Kong in particular began to assume significant important in the overall strategy of establishing offshore RMB hubs as means of supplying international RMB liquidity despite restrictions on both capital flows and currency convertibility (Subacchi and Huang 2012). Both the London financial community and the UK government were enthralled by the prospects of the City of London assuming a role as the preeminent offshore trading hub for a currency that just several years earlier played enjoyed virtually no international usage whatsoever (Stafford 2015). These developments raise important questions for those trying to parse the dynamics of change in the global monetary and financial order. Along which politico-economic axes do we see this change unfolding, what are its key drivers, and in what form is change likely to unfold? In this chapter I use the course of RMB internationalization as a case in which to bring concepts and perspectives from international political economy and financial geography together in order to provide more nuanced analytical perspectives on the nature of change in the international monetary system. International monetary relations unfold and evolve at the nexus of state and market power, involving cleavages between state-based financial policymakers and transnational market-based investors.

The core argument I advance is that as spatially embedded sites of ideational contestation, international financial centers (IFCs) provide a crucial lens through which to perceive and analyse these cleavages. IFCs reside at a crucial intersection between these two levels of analysis, and the distinct processes of agency, contestation, and change that underlie them. Drawing upon constructivist IPE literature and recent work in financial geography, I conceptualize the global monetary system as a system that involves both state-led and market-dominated processes of change. From this perspective, states are instrumental in laying the infrastructural foundations for change, which takes place itself nevertheless only as a function of market and investor sentiment. International financial centers are fulfilling two complementary functions in the process of change in the international monetary system accompanying RMB internationalization. They are both territorial sites and therefore vehicles for states to lay political and regulatory infrastructure. But they also function as socio-economic sites of ideational change. In this analysis of Hong Kong and London as two key offshore sites for RMB-denominated market development and as sites of associated agency and ideational contestation, I thereby seek to illustrate their analytic importance in understanding what kind of international monetary change is reflected in the current course of RMB internationalization.

The remainder of the chapter proceeds in three stages. In the next section I interrogate existing conceptual frameworks for theorizing the impact that China's economic development is having upon the global financial order in an era in which the politics of space and territory are seemingly more important than at any point over the last several decades. Following this, in the second and third sections I present early evidence and analysis of how such change is taking place along a transnational yet nonetheless state-influenced axis of contestation in China's integration into the global financial order. I draw upon fieldwork conducted in Hong Kong and London as key nexuses of China's contested interaction with transnational capital flows and the actors who control them. In the final concluding section, I draw out some of the implications of these arguments for how we might fruitfully hypothesize and theorize a potential critical monetary transition in the post-American global economic order.

Conceptualizing change in the global monetary order

To what extent are the spatial elements of financial orders important for conceptualizing and theorizing monetary change in an era of growing resistance to the global liberal order? Global financial integration and the evolution of the international monetary system as increasingly interdependent transnational financial markets and networks had led early commentators to remark on the 'end of geography' and an era of 'stateless monies' (Martin 1994; O'Brien 1992; Ohmae 1990). The notion that the global financial landscape was being flattened by market forces against which states were powerless to resist was rapidly dispelled by a wealth of work by geographers and international political economists who stressed respectively the continued dominance of spatially specific centers and networks of financial activity (Beaverstock, Smith, and Taylor 2000; Sassen 2000; Wójcik 2013), and the continued centrality of state agency and power in underpinning the 'reemergence of global finance' (Helleiner 1994; Cohen 1996). In an era of rising nationalism and territorial politics throughout the advanced economies constituting the core nodes of the global financial and monetary system, the sites of tension and contestation between mobile transnational capital and territorially bounded state and social forces are evolving accordingly.

Rather than emphasizing the national versus supranational dichotomy that remains the default point of departure for much mainstream IPE analysis, geographers focus on the networks and linkages that connect the actual spaces of global finance—global cities. In so doing, they elevate the role of sub-national actors, who are exercising agency directly within these financial centres, and extending that influence into both the national political sphere and transnationally vis-à-vis other financial centres and the market actors operating within them. Attempts at conceptual mapping undertaken by financial geographers of the international monetary system (Wójcik, MacDonald-Korth, and Zhao 2016) and global financial networks (Coe, Lai, and Wójcik 2014) are useful in moving away from methodological nationalism without embracing a supranational level of analysis that arguably has little role to play in driving substantive change in global monetary affairs. According to Agnew (2009, 221) the impact of globalisation on geography "entails its reformulation away from an economic mapping of the world in terms of state territories towards a more complex mosaic of states, regions, global city-regions, and localities differentially integrated into the global economy." From this perspective, globality is defined by a combination of global networks and localised territorial fragmentation.

Much of the post-crisis IPE literature suggests that IPE scholars have yet to come to terms with the significance of this re-articulation of capital flows and financial activity for understanding global finance. This leaves them blind to transnational linkages between global cities that can have structural influence in steering global financial developments that feed up to and into national and supranational arenas of political action. Viewed within a long-run time frame of fundamental change in global monetary relations, these are precisely the transnational linkages that create the institutional infrastructure underpinning transformations in the global financial order. Thus, we should not look exclusively to the policy responses of global governance forums such as the G20, or IOs such as the IMF, for insight into the balance of change and continuity in the post-crisis global political economy. These are no doubt important arenas of policy transformation. Yet they tell us little about the emerging institutional structures that, through emergent transnational linkages anchored within networked global cities, are crucial drivers of change.

Conversely, the frameworks and concepts being developed within the field of economic geography yield insights that are highly useful in 'charting' these emerging dynamics, but in so doing analytically devalue the notion of power and contestation that is the bedrock of the international political economy literature. Martin (2008, xxx) presses for increasing engagement with the political because "the new spaces of economic regulation are being reconfigured in historic ways, with major implications for how we think about the geographies of economies". But as Agnew (2012, 576) has lamented, too often "when 'the state' is brought in, it is typically either as an exogenous force introducing shocks or as sets of policies and plans functional to the interests of presumed dominant groups." The conceptualization that I propose in this chapter goes some way in ameliorating these concerns, contributing a more politically nuanced framework and concepts to the literature on IFCs and the geography of global finance more broadly.

These three potential sources of politico-economic agency—transnational markets, international financial centers, and territorial states—for driving change in the international monetary system, whilst each crucial in their own right, sit often uneasily with one another. Yet these conceptual incompatibilities can be overstated. By conceptualizing international financial centres both as spatially networked sources of agency in themselves, as well as sites of political contestation between currency-issuing state authorities and transnational market actors, we entertain more nuanced and sequenced processes of change. Taking seriously the territorial rootedness and networked properties of international financial centres draws us away from thinking of change as a linear and predictable function of macro-level dynamics 'out there' in the abstract world of transnational investors and capital flows, but rather as the function of spatially embedded political contestation between state and market situated actors. The influence of this spatial embeddedness should not be underestimated, as it involves possibilities for socio-economic and political change that are occluded by macro-level regulatory and economic analysis.

These proposals as to the relevant units and levels of analysis for theorizing global monetary change can in turn be augmented with a focus on the nature of this change itself. Here, further insights from constructivist strands of international political economy are particularly useful. Recent work on China's attempts to confront the challenges of capital account liberalization have emphasized the malleability of the international monetary system, and particularly the ideational factors that lie at the heart of how transnational financial investors form views and develop confidence in the attractiveness of a currency as an international investment vehicle and medium of exchange (McNally and Gruin 2017). The global monetary system and the actors that circulate capital within it operate on the basis of economic ideas and cognitive frameworks that are not static, but are socially mediated and malleable accordingly. In the aftermath of the global financial crisis, the international monetary system's politico-economic institutions persist, but there has been a weakening of their theoretical foundations – free capital mobility and financial deregulation. This is not the first time that the ideational foundations of these institutions have undergone such a transformation. China is emerging into a global financial order that has progressed through successive interpretations of how best to structure monetary policy and the transnational flow of capital (Widmaier 2010).

I illustrate this conceptual thinking in the following sections, by honing in on these aspects of the process of RMB internationalization within two key international financial centres and offshore hubs for RMB-denominated financial market development, London and Hong Kong. The empirical findings are based on a two-fold research process. Desk-based research involved the collection and analysis of press reports, official policy documents, and statistical information on the progress of RMB internationalization and the development of HK and London as offshore RMB hubs. Secondly, I draw upon a number of semi-structured field interviews undertaken in Beijing, London, and Hong Kong with traders and managers in both Chinese and foreign financial institutions, officials from regulatory and policymaking agencies, and market analysts across both the public and private sectors.

The London-HK link: International financial centres and the rise of the RMB

Early on in the rise of London as an offshore RMB hub, there were signs of differences in approach, expectations, and capacity between London and Chinese authorities that might give rise to conflict over the integration of RMB business into the City of London (Subacchi and Huang 2012). The UK Foreign and Commonwealth Office (FCO) (2012) stated that:

> It is not for the government to dictate what new products should be launched, and when – that will be guided by the market. The role of UK–mainland China, and UK–HK, cooperation is to: facilitate exchanges between our respective companies; remove impediments to the market's development; ensure it develops in a way that supports financial stability.

As industry insiders Minikin and Lau have observed, financial institutions and investors in London are well aware that "one big difference between the Eurodollar and CNH markets is that the former was market-led and the latter is very much government-led" (Minikin and Lau 2013, 140). Promoters and developers of RMB business within the City of London accept that the offshore CNH market "has special characteristics". The implications are summarized accordingly:

> Chinese authorities will want to be sure that any relaxations in currency controls meet their objectives and do not have any unforeseen negative consequences. This is most likely to be achieved if the two governments, their regulatory institutions and the market participants under each other's objectives and work together to internationalize the yuan. Thus the UK community—the government, the regulators, and the financial services industry—have an opportunity to maximize London's position by working in partnership with the Chinese authorities and with counterparts in the Hong Kong SAR. (Bourse Consult 2013, 13)

Nevertheless, the record of cooperation and engagement between the City of London and Hong Kong indicates that complementarities between the two IFCs have been central to the development of RMB-centric linkages between London and Hong Kong. Norman Chan, Chief Executive of the Hong Kong Monetary Authority (HKMA): "Hong Kong and London are well placed to develop offshore RMB business and closer cooperation between the two financial centres will bring about mutual benefits and a win-win situation" (Hong Kong Monetary Authority 2012).

The UK-China Economic and Financial Dialogue held in September 2011 laid the foundations for the City of London to thereafter launch the rather clumsily entitled *City of London Initiative on London as a Centre for Renminbi Business,* encompassing a vision of London developing as the 'Western hub' for the international RMB market, complementing Hong Kong as the pre-eminent offshore RMB centre. The 'Hong Kong – London Forum' was thereafter established in January 2012 with the Hong Kong Monetary Authority to promote cooperation on the development of offshore RMB business. The forum has met twice a year, beginning in May 2012, with a focus upon the joint development of clearing and settlement systems, on improving CNH liquidity overseas, and on developing an increased range of CNH products.

Importantly, Hong Kong and the HKMA, rather than the PBOC or other mainland authorities are continuing to drive the initiative. A 2014 memorandum of understanding between the Bank of England (BOE) and the PBOC established the foundations for RMB clearing and settlement arrangements in London, as well as fostering regulatory cooperation over supervisory arrangements and the sharing of relevant information. These initiatives demonstrate the extent to which agency exhibited by private banks and IFCs has operated in tandem with national regulatory recalibration.

Indeed, a 2013 currency swap agreement between the BOE and PBOC was central to establishing early momentum for the promotion of RMB internationalization through London. Private sector linkages have also proved important in driving this Hong Kong-London axis of RMB internationalization. Major British-based international banks, in particular HSBC and Standard Chartered, with long-standing historical ties to the Chinese and Hong Kong markets and large contemporary financial involvement, have been at the forefront of cooperative efforts towards RMB internationalization. Both banks were enlisted alongside Bank of China to organize the sale of the British government's first ever RMB-denominated debt issue in 2014 (Reuters 2014).

The coordination through IFCs institutions of both state and private sector efforts to develop offshore RMB markets is also of clear centrality, with evidence of close consultation on how to reconcile market needs in the areas of trade settlement, capital raising, and the issuance of investment products. A private sector working group established by the City of London, furnishing advice and suggestions to support London's RMB business development (City of London Corporation 2016b) has played a significant role in propelling these developments.[1] A steering committee [督导委员会] has been established to oversee the work of the working group. In turn, the Chair of the City of London Policy and Resources Committee Mark Boleat chairs the steering committee (City of London Corporation 2016a). There exists a further expert advisory group [专家咨询组], which reports each month to the Steering Committee. Standard Chartered Bank and HSBC co-chair this expert advisory group.

Three further working groups report to the Expert Advisory Group. There is a clearing arrangement infrastructure working group, chaired by JP Morgan Chase, that meets every other month, with the objective of ensuring that the RMB clearing system is operating so as to maximally meet the needs of London market actors. The market, products, and services working group meets quarterly, screening and assessing RMB-denominated financial products in Europe and the UK, and to anticipate what kinds of financial products will be necessary in the future. This working group is co-chaired by HSBC and Deutsche Bank. Finally, the publicity and marketing working group, chaired by Standard Chartered Bank, meets monthly, seeking to promote the London offshore RMB market to businesses and investors (City of London Corporation 2016a). Since 2010, these working groups and the public-private sector partnerships embodied within them have been highly active via the City of London's representative offices in Beijing, Shanghai, and Hong Kong (for more details, see City of London Corporation 2015). This information is available only via the Chinese language website of the City of

[1] The working group consists of the following members: (1) Bank of China (UK); (2) China Construction Bank (United Kingdom); (3) Commercial Bank of China (UK); (4) HSBC; (5) Standard Chartered Bank; (6) Barclays Bank; (7) Deutsche Bank; (8) JP Morgan Chase Bank; (9) Citibank; (10) Agricultural Bank of China (UK); (11) ANZ; (12) Bank of China (UK)

London, begging the question of the intended audience for relatively specific details of how and with whom The City of London is seeking to develop and establish its position as a RMB business centre.

Although these initiatives and policy measures are naturally embedded within other important national and transnational political dynamics, they point also to the importance of taking serious the political agency at the meso-level of IFCs and the institutions that underpin them. The state apparatus as well as private sector institutions and individuals are key components of this agency, but the effect of this agency is that IFCs are now *increasingly directly constitutive* of offshore markets in addition to simply being functionally convenient nodes within global financial networks. As part of China's RMB internationalization strategy, IFCs therefore take centre stage in the process literally of making and remaking markets that hold deeper transformative potential in the evolution of the global monetary system.

Contesting the liberal imaginary: Ideational change in the IMS

The importance of international financial centers such as Hong Kong and London derives to a large extent from their functional characteristics and complementarities within global financial networks. But as key sites of change in the international system, their importance stems also from the social dimensions of their roles as financial nodes, agglomerating not just human capital in economies of scale but also hosting cognitive and ideational frames that affect the all-crucial factors 'investor confidence' and 'market sentiment'. In this section I therefore focus on the ideational contestation that is taking place in London and Hong Kong as key nodes of global finance that are likely to play an even more central role in the transition to a post-American global financial order.

The ongoing malleability of the IMS

Even though China is expected to become more financially open over time, there is little evidence of the CCP embracing a deeply different relationship to the power of financial capital than it has over the past twenty-five years (J. Y. Gruin 2016). Chinese policymakers are unlikely to acquiesce to the 'need [for state institutions] to be adapted to operate in a world of liberalized capital markets' (Fischer 1997). Rather, Chinese economic governance has all along signified a very different attitude towards the role of markets, both domestically and internationally (McNally 2015). Just as Eichengreen and Kawai speculate that 'currency internationalization may have implications not only for the PRC's economic model but also for its political model' (Eichengreen and Kawai 2014, 16), the reverse may also apply. In this section I argue that RMB internationalization may also have deep implications for how the international monetary system itself is structured and operates. To be clear, I am not arguing that transnational financial market actors in London and Hong Kong are already reconciled to embracing of China's financial institutions and mode of monetary governance. Rather, the argument is for the importance of understanding such changes as they are unfolding within international financial centers. I therefore present early evidence of how in key centers of global finance this gradual process of change is interacting with transnational market forces.

The contemporary liberal monetary order emerged out of the compromise of embedded liberalism that the Bretton Woods system of fixed exchange rates and domestic monetary autonomy underpinned (Kirshner 1999; Ruggie 1982). This set of ideational frameworks and normative commitments emphasized the need for close monitoring and control of cross-border movements of private financial capital (Helleiner 1994, 49; Abdelal 2007). As the market power of finance over labour was successively entrenched through the 1980s and 1990s (Widmaier 2016), one fundamental idea accompanying the rise of this neoliberal financial order was 'that capital ought to flow across country borders with minimal restriction and regulation' (Abdelal 2007, 1). Yet this key characteristic of globalized finance was not inevitable. Even as the basic architecture of the Western liberal order remained intact through various guises of liberal internationalism (Ikenberry 2009), the ideas underpinning global financial governance remained neither static nor coherent.

China entered into this system during the 1990s with a firmly fixed exchange rate, a virtually closed capital account, and an emphasis on attracting foreign direct investment (FDI) in export-oriented manufacturing sectors. Beginning in the early 2000s, China's external balance of payments situation began to create large current account surpluses. The 2008 crisis revealed the limits of contemporary global macro-economic coordination and the deficiencies of the global 'non-system' that followed the Bretton Woods framework (Adam, Subacchi, and Vines 2012). Alongside this, the explosive growth in credit that eventuated from China's response to the crisis increasingly exposed the problematic foundations of China's own investment-driven growth strategy. And finally, quantitative easing and the introduction of zero interest rate policies (ZIRP) in advanced markets around the world have further contributed to the precariousness of global monetary stability and the uncertainty of future directions in monetary policy. The limitations of monetary policy are now increasingly apparent, with fiscal policy reemerging as a necessary—if less politically convenient—method of shoring up growth in key economies.

Within this broader macroeconomic context, a breakdown of the policy consensus over free capital mobility has generated policy space for alternatives to emerge. The questioning of free capital mobility began in the aftermath of the Asian Financial Crisis, when Malaysia instituted capital outflow controls, but gathered steam after 2009. Ideational change within the economics profession and the evolution of IMF conditionality (Kentikelenis, Stubbs, and King 2016) coincided then with greater confidence across emerging markets to implement capital controls. China's capacity and willingness to forge its own path in managing capital mobility and the exchange rate already commenced in the early 1990s. Policymakers embraced the broad institutional architecture of global monetary affairs, yet firmly rejected the notion that the global monetary order was in a position to impose upon them distinctly liberal visions of monetary, fiscal, or exchange rate policy (IWEP interview, May 2012; MoF interview, June 2012; PBOC interview, October 2012).

There therefore exists a deeply entrenched lack of mutual understanding that revolves around the appropriate relationship between the political dynamics of CCP control in China, and the economic dynamics of formulating and implementing macroeconomic and monetary policy. As one official put it, '[officials and policy-makers] from the IMF and from the US always are suspicious of China. They believe that because [the CCP] is involved in policymaking, we don't care about economics' (MoF interview, June 2012). The implication is that external observers of China's macroeconomic policies too often fail to acknowledge that CCP involvement is not a *political fetter* upon the development of sound macro-economic policy, but rather that CCP involvement is in many ways the *practical manifestation* of sound macro-economic policy (Gruin 2013).

Spatially embedded ideational change

Gradual ideational change in international economic policy is also being reflected in transnational financial markets. Despite much research on the significant ideational changes shaping external financial liberalization, there has been little sustained consideration of changes in how transnational investors perceive and react to fetters on their ability to direct capital where and how they see fit (cf. Grabel 2003). The current era of 'productive incoherence' (Grabel 2015) is generating scope not just for a changed relationship between China and external policy organizations, such as the IMF, but also with financial market actors. The dynamic malleability of the international monetary system extends beyond policy paradigms; as social institutions, the expectations and behaviours of transnational financial market actors are prone to change, even if in a contested fashion. The prevailing view remains that the Chinese institutions behind this process of domestic and external liberalization are not yet strong enough to support investor expectations of currency safety and security (Prasad 2016). Yet the findings presented here provide at least initial reason to expect that in the current period of uncertainty over both the objectives and tools of macroeconomic policy, the pragmatic and holistic—even if not pro-market—approach to financial governance adopted by Chinese policymakers will prove increasingly amenable to transnational financial investors.

In this section I detail how this set of policy objectives is being pursued, and how it is being interpreted by and potentially harmonized with the demands of currency investors, both private and public. Zhou Xiaochuan's 2009 essay on reforming the international monetary system is often interpreted as a critique of power imbalances arising out of the geopolitical order (Zhou 2009). Yet

China's 'financial statecraft' (Volz 2014) constitutes an effort to reconcile both the domestic imperatives of financial stability with the demands of fickle public and private investors. We therefore emphasize in this context a power imbalance that is transnational rather than international or domestic in nature; it exists between the power wielded by private holders of capital on one side, and the power exercised by political authorities as sovereign states on the other.

Reforms in capital account convertibility undertaken thus far by Beijing represent a genuine and deep-seated commitment to furthering China's global financial integration. However, this is taking place in a highly controlled manner, characterised not just by cautious gradualism, but by concerted efforts to mould capital flows according to their perceived impact upon the monetary trilemma. Foreign investors will increasingly be able to access Chinese domestic capital markets and vice-versa, but this will be through mechanisms that PBOC Governor Zhou Xiaochuan described as 'non-traditional managed convertibility' (Zhou 2015, 6). Yam (2011) further draws a distinction between 'full' and 'free' capital account convertibility, arguing that the former should be the preferred long-term objective of Chinese policymakers, a situation defined as the relaxation of capital controls but the maintenance of 'soft controls'. This is a view reflected across much of the policy community in Beijing (Cheng 2014).

Chinese efforts to manage the opening of the capital account are being complemented with a clampdown on short-term volatility in both the onshore and offshore RMB exchange rate. The limited coordination of monetary policy internationally provides opportunities for currency trading desks, hedge funds, and other institutional investors to speculate on uncovered interest differentials. Without global monetary policy coordination, each national monetary authority is forced to evaluate its own position vis-à-vis a segmented pool of potential transnational investors. Zhou Xiaochuan's view concerning such relationships between the PBOC and different market participants is clear:

> The central bank has different communication strategies for different market participants. To the general public, the central bank focuses on communications in knowledge and institutional frameworks. For institutions that use foreign exchange, such as importers and exporters, it is important for the central bank to guide and stabilize their expectations. For speculators, however, the central bank views them as rivals in a game, and it is unimaginable for the central bank to reveal its operational strategies to them. This is like a player who will never reveal his next moves to the opponent in a game of chess (Zhou Xiaochuan 2016).

In facing off currency speculators the PBOC has sought ways to manage liquidity in the onshore and offshore markets through novel policy tools such as control over reserve ratio requirements for foreign banks onshore RMB deposits (Hamlin 2016). In addition to the development of novel policy tools, the outward extension of Beijing's financial influence involves the development of surveillance and control methods that reflect a distinctly different attitude towards political authority over financial capital. The imposition of stringent reporting requirements on cross-border transactions that enable different capital flows to be targeted and supervised is one prominent example (HKMA interview #1, April

2016). Such disclosure requirements are developed as part of the PBOC's macro-prudential regulatory framework, a policy goal that targets both offshore and onshore markets in equal measure (HKMA interview #2, April 2016). Forcing both public and private investors to reveal the nature and purpose of capital flows, with an emphasis upon short-term portfolio flows, constitutes a significant part of the PBOC's efforts to deter currency speculators and other investor classes whose actions are potentially destabilizing.

Such statements from both policymakers and market actors reflect the ideational malleability of the international monetary order as viewed through Beijing's eyes. As an official with the Hong Kong Monetary Authority stated, 'Beijing still does not see this as a choice. It still wants to continue internationalizing the RMB, but at a controlled and stable pace of progress. And they don't believe foreign influences can force their hand' (HKMA interview #3, April 2016). One HKMA official stated pithily that in its role as currency manager, the PBOC was 'not going away anytime soon, if ever' (HKMA interview #2, April 2016). Investors are coming to accept such practices as decreasingly exceptional:

> What the PBOC is doing no longer seems as weird as it once did. When I speak with my clients and describe to them what is happening [with RMB-denominated debt instruments] and why we think [the PBOC is] doing it, they are no longer as surprised as they once were. Which does make some sense considering all of the surprises that we are getting from central banks around the world (BNP Paribas interview, April 2016).

Whether viewed in a negative or positive light, the statist presence of the PBOC in the offshore market is widely recognized in Hong Kong as important and deeply impactful on the status of the RMB as an offshore currency.

As with China's management of the capital account, one effect of these moves has been to provoke uncertainty among investors. But demand for the RMB as an international currency is a relative measure, one that 'should be understood in the context of an increasingly unstable global economic environment' (Standard Chartered interview, April 2016). In such a context, an interventionist approach to calibrate the monetary trilemma in novel ways may prove not just tolerable but even attractive to 'those investors searching for stability as much as yield' (HKMA interview, April 2016). These efforts by the PBOC in key offshore RMB hubs such as Hong Kong are being complemented by the steps to consolidate the position of Chinese financial institutions in London, and importantly to do so without compromising the core elements of Chinese monetary governance: retention of capacities to intervene directly in financial markets, to monitor and guide capital flows, and to exert direct and indirect pressure over relevant financial institutions.

Conclusion: Tipping towards the Post-American Monetary Order?

In this chapter I have argued that the composition and hierarchical structure of the international monetary order is contingent upon a variety of structural and ideational factors that are mediated through international financial centres. The previous sections detailed two such dimensions of change in the international monetary order—the spatial embeddedness of capital flows in networked IFCs, and the nature of those centres as sites of ideational contestation and change. The preliminary findings presented in this chapter of these micro- and meso-level analytic factors point to their status as under-appreciated counterparts to the macro-level analyses of currency characteristics and traits that render them suitable for significant international usage. They are important not only because they provide additional lenses into the spatial operation and contested political dynamics of international monetary relations, but also because integrating them into models of theories of broader change in the IMS opens up more potentially interesting mechanisms and dynamics of change in the global monetary system.

Space constraints prevent a thorough working out of these analytic possibilities. But one particular avenue for future research involves the prospects for critical junctures and tipping points (Capoccia and Kelemen 2007) as plausible and central causal pathways in theorizing non-linear transition to a global financial order that is no longer dominated by American monetary preponderance. Yet there has been relatively little effort to think through this transition in such terms. Prospects seemingly deepen by the week of political agents and constituencies seeking strategic, piece-meal, and reversible integration into the global political economy, leading potentially to multiple variants of authoritarian capitalist governance. Given the impact and influence of such trends for the idealized operation of global financial markets, it is by no means assured that broader confidence and faith in the US dollar as the hegemonic international currency at the heart of the existing global monetary order will not be undermined and weakened accordingly. Such change is likely to be non-linear in nature, characterized by fat-tail events that in the context of networked financial interdependencies and spillover effects can lead to rapid and systemic ruptures in the existing order. Such an eventuality remains as yet a relatively remote possibility, but the arguments put forward in this chapter raise it at least as a plausibility that merits further research, analysis, and consideration.

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