6 Transparentising the Global Money Business: 
Glasnost or Just Another Wild Card in Play?

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More Light to Glasnost! We want more openness about public affairs in every sphere of life.... Truth is the main thing. Lenin said: More light! Let the Party know everything!... People are becoming increasingly convinced that glasnost is an effective form of public control over the activities of all government bodies, without exception, and a powerful lever in correcting shortcomings.... Naturally, it is not enough to know and to tell the truth. Acting on the knowledge of the truth and of understanding it is the main thing.
- Mikhail Gorbachev, Perestroika, 1987, 75-76.

Introduction

In social, rather than physical science, transparency is not a self-contained static property but a condition facilitating purposeful social acts. The term thus appears with different connotations on a variety of reform agendas. These include initiatives conveyed to the G7 primarily by the International Monetary Fund (IMF) and the Bank for International Settlements (BIS) with active support from the world’s major financial centres in London and New York. The agendas listed in Section B of the Report of the G7 Finance Ministers to the Köln Economic Summit on Strengthening the International Financial Architecture freely mix narrow prescriptions for achieving greater statistical transparency with calls for political transparency. The latter is to help furnish
both fulcrum and lever for far-reaching reforms and not just the oil that keeps the international financial system from choking up again and again for the emerging economies.

Because transparency evokes a diffuse set of strictly positive connotations in the literature on political economy and better governance, it is over-prescribed as if, taking a look-through twice a day would be effective prophylactic against a broad spectrum of social ills. This chapter’s goal is to characterise the complex political applications of the term and to dampen claims about the good to be achieved by greater statistical transparency alone.

**Perspective**

The optimal amount of knowledge about another person’s or organization’s conditions, motives, plans, strategies, actions, and results is not unbounded in the sense of “the more the better”. Not only is the marginal-benefit-to-cost ratio likely to fall as more intense and comprehensive surveillance becomes more resented and less instructive, but there are privacy, property rights, and empowerment issues as well. Indeed, with exceptions defined by law, the government is prevented from opening our mail or from making or requiring disclosures about us, just as it is entitled to use access qualifications and the Secret Service legally to protect its own sensitive information in privileged areas. When legislation was introduced in the United States in the spring of 1999 that would require banks to “know your customer”, by profiling and monitoring their clients’ sources of income and money flows so as to be able to report any scent, say, of money laundering, to the authorities, there was a public outcry. Making ‘me’ more transparent gives ‘you’ more power to abuse, intimidate and exploit me, and to force disclosure of ever more of my information.

Indeed, transparency in society or social transparency, as distinct from the kinds of transparency implied by being a straight arrow (honesty and predictability, except in certain games) and never lying to one’s mother (deference and respect), is not normally of intrinsic value or even necessarily desirable per se. For instance, publicly held corporations are required to issue releases as soon as they become aware of actual or impending adverse material change in their business condition. However, this disclosure rule is imposed to be fair to all stockholders by keeping insiders from benefiting from exclusive knowledge, and not for the sake of transparency per se. Privately held
companies normally would be ill-advised to disclose such information and may withhold it though not necessarily from their bankers. Countries have their Official Secrets Acts, or the like, because they know the high cost of their own transparency in adversarial situations such as high-stakes poker or war, where feints may be needed.

Calling for greater transparency involves a certain redistribution of power. It amounts to taking sides in a game in which one set of actors attempt to defend their information advantage against the information extraction and revelation strategies pursued by the opposite parties to a deal. The review called for in Section 19 of the G7 Finance Ministers’ report of “ways to improve market disclosure, including a model template for public disclosure of their exposures and risk profile by institutions engaged in trading, investment, and lending activity, both regulated and unregulated” clearly needs to take account of this partiality. More information usually benefits one side more than the other. For instance, it may be used for more sophisticated derivative constructs to further exponentiate and leverage financial structures. The construction of derivatives on higher moments of the return distributions, such as on volatility and outlier segments of index distributions, with moments above the second covering deviations from normality, has only just begun. More data allow more risks to be appraised and taken. It would be naive to assume that having more statistics must be risk-reducing and conducive to improving the welfare of all parties (hence Pareto-preferred). In addition, candour can not just kill bad programs but also good ones in a partisan, posturing world like that of some US Congressional committees.

It is often useful to reflect on the literary usage of a term to get its full range of connotations. What is meant if the plot of a novel is described as transparent? Probably that it holds little interest and does not merit careful analysis. What if someone’s motives are described as obvious? Probably that the person is a boor. The literary idea then is that transparency can imply artlessness, insensitivity, and a lack of subtlety and appreciation of complexity: Cine verité?

**Political Transparency**

If we grant that the emerging economies principally addressed by the G7 err on the side of too little rather than too much transparency by any standard, we still need to decide where and how more transparency is to be achieved and for what
purpose. As Gorbachev’s meandering rhetoric makes clear, the call for glasnost, or levelling with the people, amounts to an admonition not to muddy the waters or to hide true intentions in public life. But there are many reasons for powerful political and economic actors to prefer to fish in the dark. Transparency by degrees of light thus has come to be cast as an inverse measure of regulatory opacity or of outright corruption. Conversely, a lack of transparency has come simplistically to be viewed as a cloak for evil deeds which big brother must watch from some privileged institutional superstructure to which the rules of transparency and a lack of ulterior motives, of course, need not apply.

Linking transparency to social progress, and lack of transparency to corruption, a Transparency International (1998) Initiative on Corruption currently is being debated in international fora. Similarly, the IMF (1997, p. 2), like other international organizations, for some time has prided itself on promoting transparency in financial transactions in the government budget, central bank, and the public sector more generally, and on providing assistance to improve accounting, auditing, and statistical systems: “In all these ways, the IMF has helped countries to improve governance, to limit the opportunity for corruption, and to increase the likelihood of exposing instances of poor governance”. In the light of subsequent crises, however, the IMF in the judgment of its Managing Director (Camdessus, 1999, p. 179), must not have done enough. For “a lack of transparency has been found at the origin of each recurring crisis in the emerging markets, and it has been a pernicious feature of the ‘crony capitalism’ that has plagued most of the crisis countries and many more besides”.

This conception of both the problem and its remedy echoes a positivism in late nineteenth-century philosophy that equated greater scientific knowledge, though not just more and better data, with assured social progress: growing civic virtue and wisdom, prosperity, representative government, absence of contagion and of herd behaviour, and other good things. In fact, however, things often are transparently wrong and stay wrong. Indeed, knowing what is wrong and not being willing or able to do anything effective about it has become something of a specialty, not just in much of Africa but also in continental Europe, Russia, Japan, and Colombia in the last one to three decades, and the list goes on.

*Transparency as Oversight and Quid Pro Quo*
In many parts of the world and areas of public life glasnost therefore clearly is not a powerful agent of political and economic reform; it is clearly insufficient, and not always necessary, for such reforms. Nevertheless, as a general rule, transparency of institutions and procedures can be a driver of thoroughgoing political transformation. It is a precondition for building reliably functioning institutions and regulatory bodies, as well as providing legal security and democratic accountability. In the context of political economy, transparency has also been linked to reliable incentives or explicit constraints making the fiscal and monetary authorities, in particular, behave in a manner that is sustainable intertemporally. Fostering such time consistency is the intention behind the IMF’s “Code of Good Practices on Fiscal Transparency” and a draft code of Good Practices on Transparency in Monetary and Financial Policies noted approvingly in Sections 17.b and 17.c of the G7 Finance Ministers’ report.

Transparency of the condition and policies of members also is required by the IMF to reduce program risk. Thus the IMF may require additional reporting, accounting and monitoring to offset the moral hazard implied by its assistance in times of crisis. It may demand greater transparency in order to be able to impose and monitor conditionality under programs with members. Conversely, lack of consistency over time and by case is also an issue for the international financial institutions (IFI) themselves. The reason is not just that the IFIs set various debt traps for themselves and others under which existing debts of deadbeat members are serviced by issuing ever more debt to defer the inevitable write-off. This is a process familiar most recently from dead-upon-disbursement loans to Russia, and from the HIPC (Heavily Indebted Poor Countries) debt relief initiative announced with much fanfare at the G7 Summit. A deeper reason is that the IFIs have a personality that is split between a self-image of being stewards of the common good and the reality of also being agents for the political will of principal members or groups of member countries. Eichengreen (1999, p. 9) notes, for instance, “the disproportionate influence enjoyed by the US Treasury as a result of its physical and intellectual proximity to the Fund”. Friedman (1999, p. 5) finds it “no surprise that today the IMF is widely regarded as the international enforcement arm of the U.S. Treasury”. With transparency a political tool rather than an ethical value to all parties, the IMF may be able to use the greater transparency urged on it by member governments, including the United States, to reduce the disproportionate influence of the latter.
Members of the IMF are both its clients and source of funds. Their political control soon may be tightened through the elevation of the Interim Committee to a standing Policy Council, a process started at the Köln G7 summit. Perhaps to counteract this continuing politicisation of the IFIs, calls for increasing their accountability and transparency have been included in Section 11 of the G7 Finance Ministers’ report. For a long time the IMF held that confidentiality had to rule in its dealings with member countries in difficulties or it would not be able to obtain the best available information from them at all. The quality of the members’ data on one side, and their publication status at the IMF and hence the transparency of IMF operations to outsiders on the other, thus were deemed inversely related. Recently the IMF has taken steps to enhance this transparency with unknown consequences for the quality of what transpires. Simultaneously strengthening the roles of “steward” and “agent” will do little to advance time consistency but is quite capable of promoting institutional self-interest.

This instance may show that the political context in which calls for greater transparency are issued is quite complex: Moves toward greater transparency and professionalism may be linked to other steps which undercut it.

**Statistical Transparency: Miracle Drug for Crisis Prevention or Much Less?**

Although of the term *transparency* has become *de rigueur* for a wide variety of statistical improvements only in the last few years, the IMF has been in the business of helping countries improve their data collection and reporting for a long time. Reacting to the Mexican crisis that broke into the open in December 1994 and generated a “tequila effect” in much of the region to the south, the IMF has taken significant new steps to require improvements in documentation, quality, coverage, timeliness, and accessibility of the macroeconomic data released by member countries. Its Special Data Dissemination Standards (SDDS), established in early 1996, went beyond the corresponding “General” Standards (GDDS) in imposing special requirements on countries participating in international financial markets or desiring to do so. The IMF does not actually audit or control any aspect of the data reported by countries except for those data recording financial operations with the IMF. Nevertheless its
prodding has enhanced the usefulness and international comparability of the information available to the public.

The G7 Finance Ministers, in Sections 20 and 21 of their 1999 report, have called for further improvements in data availability and communication. They called for more timely and complete release of macroeconomic indicators and data on external finance positions. They also urged general adoption of improved internationally accepted accounting and other “transparency” standards and of regulations and codes of good practices that conform to certain core principles everywhere. Britain’s chancellor of the Exchequer, Gordon Brown, in April 1999 called for “[equipping] international financial institutions to monitor and enforce the new rules of the game”, although these fighting words were muted by the G7 who appeared content with the disciplining effects of publicity and exposure in financial markets.

The Institute of International Finance (1999, p. 16) wants the IMF to do more and “[to] strictly enforce compliance with the SDDS” on all countries “with significant market access”. The Institute has also urged the IMF to adopt “more demanding SDDS requirements for [foreign exchange] reserves and potential drains on them” (p. 15), so that the large multinational banks, which are the Institute’s members, may be duly warned.

The Köln G7 Statement once again headlines enhancing transparency and promoting best practices in Section II.B.: almost every section of the much longer report of the G7 Finance Ministers calls for greater statistical transparency in some respects. Commendable though this is, the cry for ever more, and more transparent, data - a cry that is raised after every major crisis - can easily leave the impression that having enough information may be sufficient to prevent future crises. Indeed complaining about inadequate or misleading data provides a convenient alibi for those who might otherwise be charged with poor judgement and malfeasance. For it leaves the unwarranted impression that if the developing countries that had large net international capital inflows - equal to 5 to 10 percent of their GDP - for several years in a row had only let the statistical truth be known, surely there never would have been the flood of international lending that subsequently was found unsound.

The reason why “more complete information” is too often viewed as a cure-all by economists is closely related to the articles of faith which many of us have (been) taught to uphold. A standard (New Palgrave, 1987, p. 281) rendition of one such key tenet is:

Rational expectations theory holds that prices are formed within the limits of available information by market participants using standard economic
models appropriate to the circumstances. As such ... market prices can not diverge from fundamental values unless the information proves to have been widely wrong.

The corollary of this claim is that, with accurate public information, we can trust market data to reveal the appropriate (equilibrium) price relationships which are in line with (the true economic model’s) fundamentals. And indeed, economists always strain to prove that “the price” of financial assets, no matter how levitated or depressed, must somehow be “right”. Thus around the time the Japanese stock market bubble burst “for good” a decade ago, it was sporting good fun (e.g., French and Poterba, 1990) to try to demonstrate that Japanese stock prices may not have been far out of line with fundamental equilibrium, misconceptions about outlandishly high valuations notwithstanding. Similarly, a good many analysts now assert that the latest and biggest stock market bubble of the United States that lasted at least through the first half of 1999 surely is no bubble at all, but that the US economy has earned every Dow Jones and Nasdaq record it gets on account of its extraordinarily strong fundamentals.

Of course there are dissenters, such as the dissent appearing in the report, dated June 11, 1999, quoted below, but if there is such uncertainty about the future course of financial markets even in the United States, lack of transparency surely has nothing to do with it.

With fiscal restraint set to reach its limits and little sign that the private-sector deficit will stop growing, the current account deficit is likely to remain on an upward trend. However, the necessary simultaneous rise in capital inflows is becoming more difficult to achieve. This is because the underlying trend in relative returns on capital – which favored the United States ... – seems to be turning. The resulting strains in the balance of payments raise the specter of a financing crisis, which would hurt the dollar and could reduce U.S. asset prices.


This may be a perfectly fine example of analysis based on fundamentals. It weighs the intrinsic uncertainty of public and private sector budget balances and savings behaviour as they relate to such fundamentals. Nevertheless it is clear that if the Goldman Sachs organisation and those whom it manages or advises, as one, would really see this spectre, asset prices, not
just in the United States, would have taken a large tumble by June 11, 1999, when the analysis was issued.

*Sunspot Activity and Transparency: It’s No Use to Look Into the Sun*

Perhaps the actual onset of crises has more to do with market uncertainty that is not transmitted through fundamentals, so-called extrinsic uncertainty. Such uncertainty is involved in generating what are known as “sunspots”, where there may be large effects from an activity, such as the stampede of a herd, that has some small and fairly accidental trigger event but no known fundamental cause.

Where does this strange term come from? It is certainly not meant to connote “too much light”, to spite Lenin or Gorbachev. Rather it refers to something which over a century ago was thought to be fundamental to business cycles: The theory was that predictable cycles in sunspot activity would influence the weather so as to have a predictable effect on agricultural yield rates and hence on output and real income. It later turned out that any grain of truth somewhere in this deduction could not, by itself, have made a detectable mark on the actual course of business cycles. However, if people continued to believe in the validity of the sunspot theory of business cycles and took its predictions seriously in their planning and positioning for the future, the theory could be self-fulfilling. Propelled by common beliefs alone it could hold, even if it had no appreciable basis in fundamentals but was little more than a superstition or fad. Bullard (1990, pp. 337-338) thus aptly describes sunspot equilibria as containing an ultimately “frivolous” variable and explains the origin of the term “sunspots” in economics. These fads themselves could change abruptly for no known fundamental reason, perhaps just because herd leadership had changed, thereby producing a multiplicity of sunspot equilibria. Only under highly restrictive assumptions will learning about the economy arrive at its true structure and settle on a nonsunspot (classical Walrasian) equilibrium.

Sunspot equilibria therefore are not the result of regime-switching or of a mere lottery over fundamentals-based equilibria which derive from an information, learning, and economic structure that allows markets to clear in different states of the world. Rather they expand the set of equilibria in a major, though undesirable (not Pareto-optimal) way:

(Prevalence) of proper sunspot outcomes came as a big surprise to many rational-expectations theorists. Game theorists, on the other hand, long ago
accepted the naturalness of stochastic solutions to nonstochastic games. Mixed strategy equilibria and... correlated equilibria are examples in which extrinsic uncertainty matters to the outcomes and payoffs of games.

Thus, blind trust in the market’s “correctly” valuing financial assets through the processing of accurate information is misplaced. It is predicated on the unwarranted, frequently implicit, assumption that surely we all know how to enter the right information into the “true” model so as to obtain results consistent with the actual functioning of the economy and of financial markets. Hayek would have called this a pretense of knowledge. Worse yet, if sunspot activity is as prominent in financial markets as in the models of economists, the model with the “true” fundamental relationships may not be of much value, even if it could be nailed down and kept from “switching”. If temporary equilibria form a sequence interspersed with sunspots, there cannot even be a definable tendency toward equilibrium in the way Walrasian equilibria pull market activity toward them.

Financial Crises Always Hit Markets Unexpectedly: It’s the Nature of the Beast

What we know is that recent international financial crises have been sudden and frequent and that denial of data which anyone in a position to act on them really wanted, and wanted to pay attention to, had little to do with them. Nor were all of these crises precipitated by a dramatic prior change in economic circumstances. Consider this honest appraisal of three major emerging-economy crises in the December 1998 issue of Finance & Development:

All three crises took investors by surprise. Bank lending increased in 1981 to every country later obligated to restructure its debt, and bond and loan interest rate spreads were stable in the first half of 1982. Similarly, Mexico’s decision in December 1994 to float the peso was unexpected, despite periods of turbulence for domestic interest rates, stock prices, and the peso-dollar exchange rate in the preceding 11 months. Most investors were also surprised by the scope and intensity of the Asian crisis, in part because of the affected countries’ strong record of growth and stability and their cautious fiscal policies. Yield spreads on bonds and syndicated loans declined for most Asian economies between 1995 and 1997, and no sovereign credit rating was downgraded in 1996 or the first half of 1997. In the months leading up to the outbreak of the crisis, Eurobond spreads for
Indonesia, Malaysia, the Philippines, and Thailand fluctuated in relatively narrow ranges. Spreads did not spike until the depth of the Korean predicament became known and speculators attacked the Hong Kong dollar in October.

Of course it is fair to note that financial crises must always be unexpected by the mass of market opinion for, if that opinion were to shift, the crisis already would have begun. Hence the proper, though hopelessly counterfactual, question might be to ask which crises did not occur, rather than why the crises that did occur came as such a surprise. Even Brazil’s recent problems, which were quite conventional and not hidden statistically to any great degree, that failed to be telling to analysts for reasons no amount of data, or statistical warning signs may be able to overcome.

The obvious question, in light of these easily observable problems, is why crises come as such a surprise. In the case of Brazil, for instance, [a noted analyst at] Westham International concluded in early 1998 that the country’s record at economic restructuring “makes it clear that Brazil will not suffer the same fate as Southeast Asia.” Merrill Lynch maintained an “overweight” to “neutral” recommendation even in their report dated January 5, 1999 [just days before the crisis set in]. [Earlier], as the Mexican peso approached collapse in December 1994, a compilation of views by UCLA economist, Sebastian Edwards, revealed that most observers remained optimistic about the country’s economic prospects. Indeed, Mexico’s Euromoney country risk rankings actually improved between March and September 1994! Similarly, Asian mutual funds remained overweighted in Thailand until May of 1997.
- Rajan, 1999, p. 3.

The field of finance theory has been famous for generating both directional, magnitude, and excess sensitivity “puzzles” (see von Furstenberg, 1998; and Lewis, 1999, for references). Judged from the pulpit of deeply grounded axiomatic finance theory, it seems that the real world of finance is always unaccountably misbehaving: Correspondence between predictions of theory and empirical outcomes is a rarity. In addition, using up the few degrees of freedom available in the calibration of theoretical models to resolve one puzzle, say the equity premium puzzle, usually just raises other puzzles, such as the puzzle about the minuscule level of the risk-free real interest rate, and the
real bond rate puzzle. For those who remember popular renditions of the Heisenberg principle, this may sound familiar.

Given this record, it is not frivolous to suggest that greater transparency will have little net effect on the risk of widespread financial crisis. Rather, more and better data, if in fact used for better analysis and supervision, help both the crisis offence and the defence in international financial markets. Greater transparency may also do little to raise the state of preparedness. The reason is that measures of financial fragility, even when tested successfully out of sample to predict crises that have already occurred, do not appear to have much capacity to predict future crises. Financial markets are extremely good at exploiting the information provided by any emerging pattern. As soon as the profit opportunities it offers have been recognized, they will be seized until that pattern no longer appears. Hence what is seen now will not be seen tomorrow, and the indicators and alarms installed today will not reliably warn of future crises. As Eichengreen, Rose, and Wyplosz (1995) have candidly admitted, even when all else is known about a crisis well past, we may still be left wondering why it happened. Bhagwati (1997; cited in Buria, 1999, p. 10) too is convinced that “markets may do something when you have done nothing wrong and you may have to do something wrong in order to convince the markets that you are doing something right!”

Conclusion

Greater transparency with respect to international finance and the policies, positions, and technical factors that move it - and make it risky - may not achieve its designated goals, but it can have important side effects. Statistical transparency alone comes closest to being both uncontroversial and relatively inconsequential: More complete information will not cure instability when we are still struggling to find the switch for the right models to process that information, knowing deep down that the switch always gets disconnected once one is found. More and more finely measured bodies of data without a reliable model to process them do not even amount to information relevant for prevention because little can be learned from them about how to avoid financial crises. There are many other things that will be learned from such data, for instance how to stretch the construction of financial derivatives even further or how to unhinge this or that borrowing and exchange arrangement. With both
the offence and the defence drawing strength from greater calculability and sharper distributions and functions, it is not at all clear which side will win out.

Political transparency ranges from elements of statistical transparency, such as a quick and clean vote count, to procedures for establishing political legitimacy. It frequently involves mixed agendas in which increased transparency may either be the means or the price for achieving something else that is of substantial value in itself to those who seek to impose it.

Glasnost was a program of making government operations and decisions transparent and to give them legitimacy through democratic forms of participation. The transparency called for by the IFIs and the G7, by contrast, is likely to enhance analytical power and say-so at the top of the financial pyramid. This is where finance ministries, central banks, IFIs, regulatory standard setters, leading financial multinationals, and investment gurus who pass for statesmen meet. I doubt that, at the end of the day, it is the individual taxpayers, private pensioners, or small investors who stand to reap benefits from greater transparency. These are the usual address of those who claim to bring “social goods”.

At the very least the transparency campaign, on account of its known redistributive effects, aims far beyond innocuous statistical improvements which nobody would oppose. A basic asymmetry arises from the fact that imposing new rules of transparency is a nonevent with regard to the G7 countries’ internal business and domestic asset valuations but not for the emerging economies that may be greatly affected.

To hide this asymmetry, the IMF and countries that are host to the world’s most sophisticated financial service industry, such as the United Kingdom, have made a display of also applying greater transparency to their own operations and to meet the transparency codes laid down for others. They do so at no cost to themselves since they have a natural antidote to transparency, discretionary power, while gaining leverage over others. They have even promised to consider requiring greater disclosure from their heavily leveraged financial institutions, particularly hedge funds, that rightly view transparency as jeopardizing some of their contrarian strategies. But basically they are demanding much more from others for themselves than from themselves. Already in 1998, the IMF started publishing Press/Public Information Notices (PINs) under the title IMF Economic Reviews and more such PIN notices, covering a wider range of the IMF’s activities are published, on paper and electronically, ever more promptly. The IMF (1999) has followed up with further steps to enhance public access to its own operations and
decision documents without needing to reveal who and what really spur its actions. In April, Britain’s chancellor of the Exchequer loudly took credit for the IMF publishing one of its first transparency reports on the British economy: “It demonstrated Britain’s commitment to this type of surveillance” (Brown, 1999). Obviously Britain was trembling in its boots.

All told, the greater transparency envisaged by the G7 can do very little to reduce the risk of financial crises. Global finance is developing rapidly in a way that generates new risks and requires ever greater knowledge inputs for highly conditioned analyses. For this reason, the mere ability to improve upon past estimates of probability density functions, correlations, and outliers does not guarantee that future financial crises will cause less damage, or come as less of a surprise, than the crises just past.

What is certain is that under the seemingly technical requirement of greater transparency, other agendas are being served. These relate to the exercise and distribution of power within and between countries and among players, rich or poor, in credit or debt, now inextricably linked with each other in open financial markets. These financial markets themselves, or, more precisely, the content of the news and views, or “belief shocks” (Salyer and Sheffrin, 1998) that move them, are not transparent or easily reduced to fundamentals. Furthermore the deserved and undeserved “disciplines” to which they may subject countries and their policymakers do not necessarily strengthen representative government. Rather, they make national economic policymakers disproportionately accountable, on the surface at least, to “foreign investors, country-fund managers in London and New York, and a relatively small group of domestic exporters” (Rodrik, 1999, p. 151). These are the embodiments of efficiency in financial markets to those of blind faith. The sway of global finance also creates exposure to powerful external trend-setters and opinion-makers, including the international financial press and institutions, who are the opaque guardians of transparency in others.

Transparency, it turns out, is not a simple global public good. It is not even simply good since “the effects of increased transparency on price volatility or the volatility of the economy are ambiguous” (Furman and Stiglitz, 1998, p. 70) not only in theory when risk markets are imperfect, but most likely in actual crisis management well.

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