## Contents

Fo	oreword	xi
Li	ist of Tables and Figures	xiii
Li	ist of Abbreviations	xv
A	cknowledgements	xvii
In	ntroduction	1
	A few stylized facts	2
	SWFs under the spotlight	4
	Defining SWFs	9
	Misplaced fears	10
	The plan of the book	13
1	The Macroeconomic Dynamics Behind SWFs	17
	1.1 Persistent current account surpluses translate into accumulation	on
	of foreign assets	18
	1.2 Absorption constraints: the rationale for establishing SWFs ar	nd
	FWFs	21
	1.3 The management of natural resources windfall	24
	1.4 Commodities demand and the super-cycle theory	29
	1.5 SWFs as alternative to an income tax system: what if Norway	
	becomes like Saudi Arabia?	33
2	Size and Growth of SWFs Assets	37
	2.1 Size and clusters of SWFs	38
	2.2 Drivers of SWFs asset growth	43
	2.3 The optimal level of foreign exchange reserves	45

	~
V111	Contents

	2.4	Future growth in FX reserves: commodity- versus non-	
		commodity-exporting countries	47
	2.5	Size of SWFs by 2016	49
	App	pendix: How big could SWFs be by 2016?	54
3	SW	Fs as Investors in Global Markets	71
		Clustering SWFs by objectives and investment profiles	74
		SWFs as strategic investors in domestic and global markets	83
	3.3	Geographical and sector distribution of SWF strategic	
		investments: the 2007–2008 surge of investments in Western	0.0
	2.4	financials	86
	3.4	Investment performance of SWFs and the impact of the financial crisis	94
	3 5	Explicit and implicit liabilities of SWFs	97
		Long-term investments: SWFs as the ultimate risk bearers	99
	5.0	Zong term investments. S 1115 us the distinute risk technical	,,
4	Ris	k Management for SWFs	105
		The crisis in retrospect	108
	4.2	The complex qualitative nature of risk: uncertainty, chaos, black	
		swans and fat tails	111
	4.3	Banking regulation, herd behaviour and contagion	113
		The evolution of the regulatory namework	118
		Sketches of risk management for SWFs	121
	4.0	An unconventional dimension of risk management: shareholders vs stakeholders	129
		VS STAKEHOLICIS	123
5		Fs in the Geopolitics of the Twenty-first Century	131
		The shift to the East of the global economy: the New Silk Route	137
	5.2	The law of unintended consequences? China's influence through	
		financial muscle	141
	5.3	SWFs investing in the less developed economies: Africa as the	1 4 5
	5 1	last investment frontier The new financial geography: the emerging multipolar financial	145
	3.4	architecture	147
	5 5	The dominance of the US\$ in global financial markets: SWFs as	17/
	0.0	US\$ diversifiers	149
	5.6	SWFs and the new regulatory environment for financial	
		institutions: the upcoming 'war for capital'	152
6	The	e Politics of SWFs Engagement	155
		National responses to the growing role of SWFs	156
	6.2	International response to the growing role of SWFs	159
	6.3	SWFs' response to international pressure	161

_		Contents	ix
		Santiago Principles: rationale, implementation and reality A digression on public versus private role in the economy	163 168
7	Wr	apping Up	173
		Towards a multipolar world	175
		Governments' activism in economic and financial affairs	176
		Barbarian at the gates or welcome partners?	177
		The end of the savings gluts and the coming era of capital scarcity	
		Towards a multicurrency regime	180
		A proposal to allay fears over transparency	185
	7.7	The new responsibilities on the global scene	186
Bi	Bibliography		
In	dex	chop.com	199
		graphy  Attp://www.hbookshop.com.	

http://www.phookshop.com