

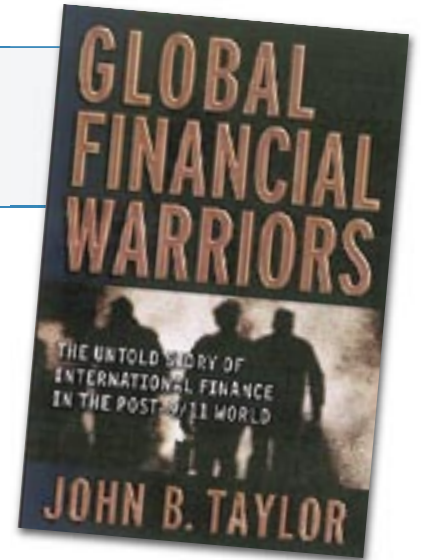
CFS Lecture and Book Presentation

Global Financial Warriors: The Untold Story of International Finance in the Post 9/11 World

By John B. Taylor¹

25 July 2007

Frankfurt am Main



John Taylor

On July 25 the Center for Financial Studies hosted a visit and lecture by Professor John B. Taylor of Stanford University, a highly distinguished academic with extensive policy experience to present his newly published book entitled “Global Financial Warrior: The Untold Story of International Finance in the Post 9/11 World” in Frankfurt. In his lecture, Taylor provided a very informative account of the complexities and challenges faced by the global economy in the aftermath of September 11. He surveyed political, security and financial dimensions of these challenges from the perspective of an influential U.S. policy maker.

Following President George W. Bush’s call for a war on terror, Taylor – then the newly appointed Treasury Under Secretary – became one of the key players on its financial front. Thus, Taylor was

able to speak from first hand experience and invite the Frankfurt audience directly into the discussions of White House officials and G7 finance ministers throughout the crisis following the attacks and thereafter. The accomplishments under his term were numerous. He formed an alliance to freeze terrorist assets globally, managed the introduction of a new currency in Iraq, and helped achieve the pardon of 80% of Iraq’s debt. In addition, he prepared a plan to cancel 100 percent of the debt owed by poor countries and helped prevent a global financial crisis that could have been triggered by Argentina’s debt default. Last but not least, he assisted in the reform of the IMF and World Bank, and pursued a currency strategy that was helpful in ending China’s peg against the dollar and a ten year decline in Japan.

In his lecture, Taylor also related his experiences during extensive travel to crisis areas such as Afghanistan. As part of postwar reconstruction, he developed a strategy for financial restoration of the Afghan economy. It included plans to raise funds internationally, to find possible donors, to bring together various aid agencies and monitor assistance efforts. These endeavors paid off when Afghanistan was unified and a new president elected democratically with eight million people voting in the election.

Taylor’s book tells the story of the “global financial warriors” who have fought in the war on terror. According to Taylor, these experts “have been quietly fighting in many different ways in this war. International goodwill following 9/11 and new war-driven demands for greater accountability led to a long string of actions to combat terrorist financing, financially reconstruct Afghanistan, implement new policies to contain financial crises, make the World Bank and IMF more accountable and prevent a financial collapse in Iraq.”

John B. Taylor served as Treasury Under Secretary for International Affairs from 2001 to 2005. A senior fellow at the Hoover Institution, he is the Mary and Robert Raymond Professor of Economics at Stanford University. He is well-known in academia, central banking circles and financial markets for having developed a monetary policy rule, called the “Taylor Rule”, that helps specify the appropriate level of the federal funds rate.

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