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# IMF Working Paper

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## The International Lender of Last Resort: How Large Is Large Enough?

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**IMF Working Paper**

Research Department

**The International Lender of Last Resort: How Large Is Large Enough?**

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**Abstract**

The views expressed in this Working Paper are those of the author(s) and do not necessarily represent those of the IMF or IMF policy. Working Papers describe research in progress by the author(s) and are published to elicit comments and to further debate.

This paper considers how an international lender of last resort (LOLR) can prevent self-fulfilling banking and currency crises in emerging economies. We compare two different arrangements: one in which the international LOLR injects liquidity into international financial markets, and one in which its resources are used to back domestic banking safety nets. Both arrangements would require important changes in the global financial architecture: the first would require a global central bank issuing an international currency, while the second would have to be operated by an “international banking fund” closely involved in the supervision of domestic banking systems.

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