1. **How has the globalization of finance influenced other elements of the global political economy?**

* The globalization of finance reflects two critical developments
  + Move from fixed to floating exchange rates in 1970s (Nixon Shock) (pp. 153-157)
    - Encourages increased capital mobility, large scale currency transactions
  + Financial innovations (pp. 157-159)
    - Offshore finance (Eurocurrency markets)
    - Derivatives
    - New market actors (Hedge funds and sovereign wealth funds)
* Several pathways to influence other areas of global economy
  + Increased volatility and crises (Third World debt crisis (pp. 160-162); Mexico, East Asia (Box 8.10); global credit crisis (pp. 166-168); European debt crisis (170-173)) impact activity in the ‘real economy’
  + Debt crisis leads to major re-shaping of development strategies in the global south (Chapter 11, pp. 229-232)
  + Corporations globalise production as liberalized rules on capital flows facilitate Direct Foreign investment through purchasing foreign companies or setting up subsidiaries in other countries.
  + Corporate tax abuse (pp. 173-176) allows wealthy corporations and individuals to hide their wealth from governments, feeding a growth in inequality (Chapter 7)
  + Global flows of finance more broadly present challenges to state authority (pp. 300-301)