

Giovanna Adinolfi. ***Poteri e interventi del Fondo monetario internazionale [Powers and Actions of the International Monetary Fund]***. Padova: CEDAM, 2012. Pp. v + 482. €45. ISBN: 9788813332884.

Developments over the last years have dramatically changed the field of monetary law. In the aftermath of the global financial crisis, the presence of the International Monetary Fund (IMF) in mainstream media has become constant, with international lawyers increasingly focusing on financial and monetary issues. Accordingly, international economic law studies and debates have gained a prominence unseen before. Nevertheless, in spite of the great importance the IMF has acquired, academic publications dedicated to it remain rather scarce. Therefore, the book *Poteri e interventi del Fondo monetario internazionale* by Giovanna Adinolfi comes at a time when an in-depth reflection on the IMF is greatly needed, thus filling a gap in academic research.

Thanks to her background in economics and her PhD in international economic law, the author – a professor of international law in the Department of Law at the University of Milan – takes a comprehensive view and has a deep understanding of the legal issues and their macroeconomic implications and challenges. Although Adinolfi adopts an international law approach, she integrates it with significant elements of economic analysis.

In its six chapters, the book thoroughly investigates the main aspects of the functioning of the IMF – its institutional structure, resources, powers and attributions, financial assistance programs and conditionality – testing their actual effectiveness, identifying possible flaws and limits and assessing whether they need further reform.

Three thematic aspects of the Fund's activities are explored in depth as they are considered among the most relevant for the current situation of the global economy and its future developments: the IMF lending programmes to developing and heavily indebted poor countries and the attached conditionality; the Fund's role in relation to international financial crises and capital movements and the IMF's response to sovereign debt crises and restructuring.

The chapter on sovereign debt is certainly among the most interesting since it anticipates issues that were later to be raised and debated in the context of the 2012 Greek restructuring and, more recently, in relation to litigation before US courts in connection to Argentina's default (*NML Capital Ltd. v. Republic of Argentina*).<sup>1</sup>

Furthermore, Adinolfi's research, based on existing literature and official sources, expands in two main directions. The description of the IMF institutional design and practice is complemented by an explanatory analysis of their historical evolution, with copiousness of facts and examples. In addition, the author offers a new perspective by focusing on the new actors that have abruptly become driving forces of the global economy and governance, such as the G20 and the Financial Stability Board. It is along these red threads that the research evolves.

One of the merits of this book certainly lies in the fact that it sheds light upon numerous aspects of IMF law and practice, which so far have often been neglected even by experts. The information supplied is exhaustive and up to date, and a systematic analysis of the institutional structure and governance of the IMF, as well as of all of the other issues examined, is provided. Written in a manner that is both true to detail and strong in its arguments, the book weaves together a large amount of material in a very readable way, revealing insights that make it both a reference book and a teaching tool. However, the book is not just a mere description of the workings of the institution, nor is it limited to a mapping of the IMF activities, as it also takes a critical stance on the need for further reform and improvements of an international organization that, since 2008, has demonstrated the significance of its role in controlling the spreading of a crisis that could have otherwise jeopardized the stability of the international monetary and financial system.

<sup>1</sup> *NML Capital Ltd. v. Republic of Argentina*, 699 F.3d 246.

According to the author, the actual role of the IMF in safeguarding monetary and financial stability is not the result of formal amendments of its Articles of Agreement, which were mainly limited to redefine its governance structure.<sup>2</sup> Instead, the scope of the IMF activities was broadened through the 'activism' of the Executive Board that adopted a systematic and extensive interpretation of Article I (v)(vi) and of Article IV, section 1 of the Articles of Agreement (as amended in 1978 following the demise of the so-called par value system).

The case of the Financial Sector Assessment Program (FSAP) is illustrative. Although the notion of financial stability was included in the new Article IV back in 1978, it was not until the end of the 1990s that the IMF started to assess its members' financial sector in a systematic way through FSAP assessments. Moreover, only the global financial crisis prompted the Executive Board to adopt a landmark decision integrating FSAP stability assessments into IMF Article IV bilateral consultations for 25 jurisdictions with systemically important financial sectors. This decision was followed by the 2012 decision on bilateral and multilateral surveillance and by a new financial surveillance strategy. While there are critics who consider that, at least in some instances, the Executive Board practice is *ultra vires*, we maintain – together with the author – that the Executive Board's competence to interpret the Articles of Agreement is critical to preserve the centrality of the organization in a rapidly evolving global economy.

Unfortunately, the book under review is written only in Italian, a limitation that impairs its diffusion in the international academic community, while it should be made accessible to anyone with an interest in international economic law.

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<sup>2</sup> Articles of Agreement of the International Monetary Fund 1945, 2 UNTS 39.