This chapter studies the globalization of finance. The world economy today reflects a systemic experiment involving, on the one hand, the unleashing of cross-border capital movements and, on the other, the dispersion of the political authority necessary to oversee and, when necessary, stabilize the markets through which vast amounts of capital now flow. Resulting tensions become most obvious during financial crises, when those flows suddenly stop or reverse their direction. In the late twentieth century, most such crises began in emerging-market or developing countries and had limited systemic consequences. In 2008, however, the global experiment capital market openness, now far along in its evolution, almost failed catastrophically when policy mistakes in the United States combined with large national payments' imbalances and a broad economic downturn to spawn a worldwide emergency. Shortly thereafter, Europeans at the core of the system narrowly escaped a similar disaster at the regional level. The chapter then explores key implications for contemporary global governance. It calls particular
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attention to the increasingly difficult and variegated politics of systemic risk assessment, emergency management, and future crisis prevention as the experiment continues.