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ARTICLE

Conceptualizing resistance to the Americanization of finance in advanced economy states: The case of the Canadian-dollar system

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Abstract

This article derives four propositions for conceptualizing resistance to the Americanization of finance in advanced economy states. Resistance entails truncation of market-based financial innovations in line with political profit-sharing arrangements between governments, bankers, and other coalitional interests locked in a game of bank bargains. Resistance transpires through two key power structures in the national architecture for economic statecraft: the political executive and the financial supervisory system. Since change does not occur in a vacuum, resistance manifests as political bricolage amid idiosyncratic enabling and constraining factors comprising the broader public policy environment. Lastly, resistive capacity by state bricoleurs is contingent upon leeway for executive power and coherence of the financial supervisory system in relation to the underlying system of representative democracy. Using Canada as an exploratory case, it is shown that federal policymakers effectively truncated the Americanization of Canadian finance through strategic political and regulatory interventions geared toward preserving the incumbent profit-sharing arrangement with its Big Six banks. In line with the growing body of scholarship illuminating neoliberalism as governance through markets rather than a freeing of market forces, the findings suggest that truncation enabled re-regulation of Canadian finance along the grain of financial globalization as opposed to deregulation *per se*.

Keywords: Americanization; bricolage; CAD system; paradigmatic change; truncation

Introduction

Since the 2007–2009 Global Financial Crisis (GFC) a comprehensive rethink of money and finance has preoccupied scholars in previously obscured corridors of government, finance, and a range of academic faculties (Dutta et al., 2020; Murau and Pforr, 2020; Samman et al., 2022). Long the exclusive domain of academic economists, mainstream research has since come to encompass open reappraisal of their ultimate origins, nature, and predominant contemporary forms. Though in spite of this welcome trend, the aptly named *new finance studies* retains multiple underexplored themes (Samman et al., 2022). This study speaks to the theme of expanding and deepening the field by addressing an enduring research gap in critical macro-finance (CMF): how to think about domestic resistance to the Americanization of finance in countries that have embraced market-based financial innovations (Gabor, 2020: 48). In doing so, it contributes to a growing body of research seeking to broaden CMF beyond the US context.

Despite the ongoing proliferation of research on the global monetary periphery, at its first decennial CMF boasts only a handful of studies that speak to Americanization even implicitly. Following from Gabor (2020), Americanization refers to 'the export of the US model of financial capitalism with its evolving liquidity practices' to non-US financial systems in the global monetary periphery. Originally conceived transnationally in terms of US structural power emanating through Federal Reserve (Fed) swap lines, CMF recasts Americanization domestically in terms of evolutionary change *within* peripheral liquidity regimes. It does so through foregrounding institutional changes in the plumbing for securities markets that underlay production of (shadow) money forms in market-based financial systems (Gabor, 2020: 46–47).

Research to date on peripheral state resistive capacity in the face of Americanization pressures embodies three distinct themes: capacities for fostering macro-financial stability in the midst of changing growth fundamentals (Dafermos et al., 2023) as well as for reinforcing (Braun, 2018) and resisting structural change in domestic liquidity regimes (Gabor, 2016; Gabor, 2018; Petry, 2020). Among the latter, Gabor (2016; 2018) highlights the short-lived efforts of select advanced economy (AE) monetary authorities to the resist the repo-liquid sovereign imperative of the 1990s. Whereas Petry (2020) illuminates how the Chinese government actively variegated financialization of its capital market through strategic development of state-owned securities exchanges. This article speaks to the latter sub-theme for a subset of states possessing the greatest relative exposures to – and capacities for resisting – Americanization pressures. Building on Petry's (2020) observation that states can partially control, shape, and manage financialization processes, this study investigates how resistance to the Americanization of national finance transpires in AEs using Canada as an exploratory case.

In addition to their greater economic firepower contra emerging market and developing economies, AEs exhibit more liberalized bond markets and internationalized banks and are thus the most enmeshed with cross-border finance (Duttagupta and Pazarbasioglu, 2021; Kedward et al., 2024, 5).[1] Given the differential exposures and policy capacities of developmentally distinct states, it makes sense to segment how we conceptualize state resistance in line with salient typological categories. For doing so, this study embraces a broad definition of shadow money encompassing the primary forms synonymous with US-led financial globalization in the pre-GFC period: money market mutual funds (MMF), asset-backed commercial papers (ABCP), and repurchase agreements (repos).

Although a categorical consensus over what counts as shadow money remains elusive, Murau and Pforr (2020) derive a baseline position using conceptual criteria held in common among scholars harboring differing perspectives: origination via a credit creation mechanism, substitutability for and par clearance with bank deposits on demand. In their view, enduring conceptual divergences essentially boil down to the stringency with which researchers apply those criteria in empirical case studies (Murau and Pforr, 2020: 60). In other words, they are essentially a function of one's research agenda. Accordingly, a broad view of shadow money is pertinent for conceptualizing how resistance to evolutionary change transpires within peripheral liquidity regimes. If CMF points to the structural transformation of peripheral monetary systems in line with the US model of financial capitalism (Gabor, 2020), then the full gamut of prospective shadow money forms need to be scrutinized empirically. For conceptualizing AE resistance to Americanization, Canada embodies an ideal starting point given its close political, cultural, and economic affinities with the US system of political economy.

In addition to their common colonial histories, Canada and the US are both AE states with representative-democratic political institutions and longstanding commitments to market-based capitalism (Esping-Andersen, 1990; Hall and Soskice, 2001). As Canada was among the first non-US states to embrace financial globalization and, until recently, the largest US trading partner (Chant, 1997; Torres, 2023), one would expect a generalized convergence toward the US model of financial capitalism. Yet in spite of those affinities, Canadian policymakers proactively truncated convergence in the pre-GFC period. Taking paradigmatic change in the public-private hybridity of the US monetary-financial system as an archetypal baseline for Americanization (Murau, 2017a; 2017b), it is shown that Canada experienced a narrower paradigmatic shift compared to the US as a consequence of state interventions geared toward preserving the profit-sharing arrangement between the federal government and its Big Six banks.[2]

Whereas US monetary and fiscal authorities accommodated MMF shares and repos into the USD money supply, only repos collateralized with investment-grade (i.e. government desk) collateral were accommodated in Canada. For explaining Canada's divergent outcome, this study builds on prior comparative research by illuminating new aspects of familiar political power structures at the heart of modern finance (Chant, 1997; Calomiris and Haber, 2014; Bordo et al., 2015). It shows that the Government of Canada (GoC) effectively truncated Americanization of the Canadian-dollar (CAD) financial system through strategic interventions by key members of Cabinet and the Financial Institutions Supervisory Committee (FISC) along three key policy frontiers: national banking regulation, foreign bank participation, and modernization of CAD securities markets. Together those efforts enabled re-regulation of Canadian finance along the grain of financial globalization as opposed to deregulation *per se*.

In line with recent research depicting neoliberalism as governance through markets rather than a freeing of market forces (Monnet, 2023; Best, 2020; Crouch, 2009), this study demonstrates that Canada's shift to a neoliberal governmentality transpired through activist state programming in the interrelated domains of monetary, fiscal, and financial policymaking. In this way, Canada typifies other AEs whose financial sectors initially contracted from international lending with the Third World debt crisis before being re-regulated in line with the repo-sovereign liquidity imperative and subsequently re-internationalized in the latter 1990s (Gabor, 2020; Cornford, 2004; Pauly, 1990). Hence although Canada's status as a well-banked country that has never suffered a systemic financial crisis makes it an outlier in terms of financial stability (Calomiris and Haber, 2014), it nonetheless exemplifies AEs whose exposure to cross-border finance necessitated a particular mode of engagement with financial globalization. Based on Canada's globalization experience, four theoretical propositions are derived for beginning to think systematically about resistance to the Americanization of national finance.

Proposition 1 contends that resistance by AE states to the Americanization of national finance entails strategic truncation of emergent market-based financial innovations in line with political profit-sharing arrangements among governments, bankers, and other coalitional interests locked in a perennial game of bank bargains. Next, resistance transpires through two key power structures in the national architecture for economic statecraft: the political executive and the financial supervisory system (Proposition 2). Since structural change does not occur in a vacuum, resistance entails shrewd political bricolage amid idiosyncratic enabling and constraining factors comprising the broader policymaking environment (Proposition 3). Resistive capacity of state bricoleurs is contingent upon leeway for executive power and coherence of the financial supervisory system in relation to the underlying system of representative democracy (Proposition 4). In supporting those propositions the remainder of the paper unfolds as follows.

Section 1 illuminates re-regulatory efforts along three policy frontiers central to Canada's globalization response: national banking regulation, foreign bank participation, and modernization of CAD securities markets. Section 2 utilizes Steffen Murau's money accommodation model for illuminating the systemic impact of those efforts in terms of the truncated paradigmatic change in the public-private hybridity of the CAD system. This section's descriptive analysis builds on the prior section by illuminating how re-regulation contained the proliferation of new shadow money forms in the pre-GFC period.

The final section synthesizes these findings with prior comparative research for explaining how the GoC effectively truncated convergence toward the US model of financial capitalism. This section's synthetic analysis supports the four theoretical propositions.

Financial re-regulation in historical context

At the turn of the millennium, the state of Canadian finance was depicted as follows:

> Canada has not openly embraced unfettered international access to its own banking system. Instead, [it] has aimed to give the appearance of liberality, while jealously guarding its largest banking institutions against the possibility of foreign takeover. Canada has clung to this strategy even while engaging in a series of sweeping banking law reforms designed to modernize the Canadian banking system and make it internationally competitive. (Gouvin, 2001: 395)

The events culminating in this snapshot were initiated by twin imperatives for greater international competitiveness and reviving domestic growth (Pauly, 1990; Thomas and Walter, 1991). By the time financial globalization achieved liftoff velocity in the 1980s, Canadian policymakers were undertaking to re-regulate national finance along three policy frontiers.

In the realm of national banking, re-regulation entailed reversal of prior domestic competitiveness provisions toward a universal bank model intended to foster internationally competitive universal banks. Toward that same end, federal officials engaged in sustained efforts to refract foreign competition; first through rules restricting foreign bank participation and subsequent emulation of exclusionary US branching laws. For modernizing CAD securities markets, re-regulation entailed deliberative Americanization through construction of new plumbing for CAD repo markets in line with the repo-liquid sovereign imperative. By the time re-regulation culminated with the 1997 revision of Canada's *Bank Act*, its financial system had been discriminately Americanized and was on track toward truncated paradigmatic change.

Shifting course on national bank regulation

Canada's shift toward a universal banking model transpired amid the twin specter of rising international bank competitiveness and protectionism from its largest trading partner. The former was stoked by US reforms intended to foster comprehensive financial services groups alongside regulatory arbitrage amongst provincial securities regulators bent on establishing Toronto and Montreal as Canada's pre-eminent securities supermarket (Thomas and Walter: 1991, 112; Harris, 1998: 534–535).[3] In conjunction with pressure from its national business roundtable, the latter compelled the GoC into talks for a Canada-US Free Trade Agreement (CUSFTA) as the bite of protectionist measures were felt in earnest (Frizzell et al.: 1989, 8; Dyck and Cochrane, 2014: 222). The actual trigger for change came in November 1985 when the Bank of Nova Scotia (Scotiabank) blithely sidestepped federal restrictions barring commercial banks from participation in Canada's investment banking industry.

For its part, Scotiabank was betting the GoC would refrain from enforcing the letter of a *Bank Act* provision allowing temporary ownership of distressed investment dealers. The scene had been set the foregoing year when proposals for federal financial reform were succeeded by a pledge from Ontario's Minister of Finance to permit commercial bank ownership in provincially incorporated security dealers. That announcement was made without federal consultation and followed shortly thereafter by lobbying from the

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Canadian Bankers Associations (CBA) for complimentary federal provisions (Pauly, 1990: 36; Harris, 1998: 537–541). An ensuing federal Cabinet shuffle accented prior signs of change as the incumbent Minister of State for Finance was replaced with another junior cabinet member seen as sympathetic to regulatory reversion (Thomas and Walter, 1991: 111). In conjunction with those events and the 'Big Bang' on London's securities market, Scotiabank's gambit compelled the GoC to abruptly reverse course on the prior trend toward enhancing domestic competitiveness.

In December 1986, the GoC unveiled its new approach for fostering internationally competitive universal banks, precipitating a comparatively 'Little Bang' with the desegmentation of Canada's financial system (Wood, 1988). Together with the Ontario securities reform, the 1987 revision of Canada's *Bank Act* precipitated the rise of universal banking by permitting commercial bank ownership of investment dealers and MMF subsidiaries (Freedman, 1998: 9–12; Bordo et al., 2015: 26–27). In short order, Canada's five pillar system contracted into three as the Big Six moved to absorb the major investment banks and subsequently the non-bank loan and trust companies (Seccareccia and Pringle, 2020: 327–328). Bank concentration continued apace through the ensuing decade with the Big Six gradually emerging as internationally competitive super-banks (Williams, 2022: 249). Toward that same end, concurrent rounds of trade negotiations compelled federal officials into a defensive posture vis-à-vis foreign competition for Canadian banks.

Refracting foreign bank participation

In the run-up to CUSFTA, fears abounded that a prior trickle of liberalizing reforms would form a tide with freer continental trade (Frizzell et al., 1989: 9). The antecedent *Bank Act* revision had broken the mold of full-fledged barriers to cross-border banking in permitting market entry by foreign-owned subsidiaries up to a designated threshold. In doing so, it created a tiered system in which Canadian and foreign banks were respectively dubbed Schedule 1 and 2 institutions with differential statutory entitlements (Freedman, 1998: 5–9). Contrary to widespread expectation, the specter of a foreign competitive windfall never materialized as federal officials moved to refract substantive expansion of Schedule 2 privileges; initially through rules restricting foreign bank participation, and subsequently emulation of exclusionary US branching laws.

Along with its national treatment provision, the CUSFTA broke new ground via Canada's retraction of the Schedule 2 threshold and a 25% foreign ownership limit for Schedule 1 banks (Chant, 1997: 17).[4] Rather than changing the immediate status of US banks, the subsequent North American Free Trade Agreement (NAFTA) entailed a principles-based approach for enhancing market access in the context of future trade revisions (White, 1994: 4–12). Meanwhile Canadian negotiators continued to resist US pressure to relinquish standing barriers to foreign bank branching. For their part, federal regulators insisted on a *Bank Act* provision requiring foreign banks to register subsidiaries on the grounds that Canadian law should apply to entities operating within Canada (Jordan, 1993: 48). It was only during the 1997 WTO negotiations that the *Bank Act* provision disallowing foreign branching was relinquished.

By this time Canadian negotiators were keen to access to lucrative Asian and European markets amid an ongoing push to entrench most-favored-nation treatment amongst WTO members (Cornford, 2004: 2–3). At long last, the 1997 *Bank Act* revision permitted foreign branching in Canada, thereby eliminating all perceivable distinctions between Schedule 1 and 2 banks (Engert et al., 1999: 152). However, this time Canadian regulators opted to emulate US laws through restriction of foreign-owned banks from retail deposit-taking as well as additional reporting and capital requirements (Gouvin, 2001: 398–399). Simultaneous retention of the *widely held rule* limiting ownership of a Schedule 1 bank to just 10% for individual shareholders effectively precluded foreign takeover of any

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Canadian bank. Hence, with robust competitive exclusions still in place, Canadian banks continued to predominate the national marketplace.

The 1997 Bank Act revision marked the zenith of financial re-regulation in Canada as subsequent reviews took up ancillary issues like bank concentration and regulatory efficacy (Daniel, 2003: 3; Department of Finance, 2006: 6). In its immediate aftermath, the mentioned revisions were dubbed 'essentially cosmetic – appearing to make foreign access more liberal while in reality changing the status quo very little' (Gouvin, 2001: 399–404). In the meantime, the regulatory shift toward international competitiveness necessitated additional structural and regulatory reforms for modernizing CAD securities markets.

Modernizing Canadian securities markets

Reform of national securities markets in line with trending global developments was accomplished in spite of sub-national jurisdiction over the regionally fragmented CAD market. For doing so, key FISC members moved to construct CAD repo market plumbing in line with the repo-liquid sovereign imperative in the immediate wake of provincial regulatory and market-based developments. Changes set in motion by the 1987 'Little Bang' entailed consecutive structural and regulatory reforms, together culminating in the modernization of CAD securities markets (Nowlan, 2001). In the near-term, however, market reforms entered a vortex of inter-governmental conflict that was eventually resolved through regulatory talks amongst the US Securities and Exchange Commission (SEC) and Canadian provincial regulators (Coleman, 1992).

In collapsing the barrier between commercial and investment banking, the 1987 *Bank Act* revision stoked a regulatory scrimmage amongst the Office of the Superintendent of Financial Institutions (OSFI) – Canada's central financial regulator – and an Ontario Securities Commission (OSC) now jointly responsible for securities dealing chartered banks. Confusion over the precise milieu of inter-jurisdictional responsibility culminated in an accord clarifying the respective turfs of OSC and OSFI; a peace that transpired amid commencement of talks between provincial securities regulators and the SEC over a Multi-Jurisdictional Disclosure System (MJDS) for harmonizing national regulatory regimes. In response to the fragmented CAD marketplace, the ensuing bilateral scrum saw OSC christened as Canada's *de facto* national regulator through the SEC proposing for it quasi-national power over domestic prospectus rulings. The SEC's move prompted lesser provincial regulators to lobby Canada's Department of Finance (DoF) for a centralized national authority, though by this time the feds were remiss to acquiesce, evidently satisfied with the *de facto* national solution for standardizing repo prospectuses (Jordan, 1995: 582–583). In the meantime, the DoF and BoC enacted adjacent structural and regulatory reforms for building out CAD repo market plumbing.

Initial demands from US-based dealers for repo market infrastructure was accommodated through consecutive reforms by the DoF and BoC in close conjunction with key market actors (Morrow, 1995: 68–69; Nowlan, 2001: 6). Over the next half-decade, GoC bonds were placed on a centralized clearing platform while debt issuance practices were harmonized with those of the US Treasury via regularized benchmark auctions (Gravelle, 1999: 7; Garriott and Gray, 2016: 6). In conjunction with talks for the MJDS, repo documentation was standardized by the Investment Dealers' Association of Canada and broker screens were introduced on the trading desks of Canadian securities exchanges, greatly enhancing daily repo volumes (Morrow, 1995: 68–69). Regulatory changes included clarifying the status of CAD repos as loans rather than asset dispensations, exempting cross-border transactions from withholding taxes, and formal recognition of banks' rights to pledge repo collateral (Morrow, 1995: 69–70; Boulay, 1997: 11). These were followed by revised primary and secondary market rules as well as changes to GoC debt issuance practice in line with federal efforts to reign-in Canada's debt (Harvey, 1999: 30–34; Nowlan,

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2001: 6–7). By the turn of the millennium, Canada boasted a full-fledged market-based financing system and an accompanying array of CAD shadow money markets. However, unlike the US – where shadow banking proliferated outside the formal banking sector – CAD shadow banking proliferated within the regulatory perimeter of the Big Six banks.

In response to the foregoing policy interventions, Canada experienced a narrower set of evolutionary changes within its national liquidity regime and a truncated paradigmatic change in the public-private hybridity of its monetary-financial system vis-à-vis the US. The following section utilizes Murau's money accommodation model for illuminating those changes in terms of their compositional impact on the CAD money supply.

Truncating paradigmatic change in the Canadian-dollar system

For Murau (2017a; 2017b), money accommodation is a recurrent political-economic process in which *shadow money* – or privately created substitutes for money proper (i.e. publicly insured bank deposits) – is periodically integrated into the *public* money supply of a currency-issuing monetary jurisdiction. From a systemic perspective, money accommodation entails extending key aspects of the public-private partnership for public money creation in a designated unit of account to previously subaltern forms of money (Murau, 2017b: 812–814). The accommodation model's descriptive methodology entails a powerful framework for assessing the extent of systemic convergence toward the US model of financial capitalism. Taking paradigmatic change in the US monetary-financial system as an archetypal baseline for Americanization, this section assesses the extent to which Canada converged toward the US model of financial capitalism in its policy response to the GFC. For doing so, the model entails two discrete stages that new money substitutes must traverse before receiving accommodation as money proper.

The initial 'pre-accommodation' phase entails three consecutive sub-phases: preliminary development of a new shadow money form, establishment of par clearance with money proper, and systemic proliferation of the new money substitute. The latter entails four discrete criteria for systemic relevance: size (i.e. too-big-to-fail), interconnectedness (i.e. network effects), complexity (i.e. market transversality), and non-substitutability. The subsequent 'accommodation' phase entails two consecutive sub-phases: crisis in the expanding network of privately created debt claims and accommodation into the public money supply. Assuming systemic relevance is satisfied, the latter entails central bank accommodation of the foundering shadow money form(s) market directly onto its balance sheet and into the public money supply; instantaneously altering the public-private hybridity of the monetary-financial system (Murau, 2017a: 80–90).

Pre-accommodation phase: Precipitating paradigmatic change

The initial development and par clearance sub-phases for CAD repos were effectively bypassed through procedural emulation in the wake of antecedent US innovations, initially on the balance sheets of Canadian NBFIs, and subsequently the Big Six (Morrow, 1995: 68; Boulay, 1997: 6).[5] Systemic relevance followed from sustained federal regulatory efforts to construct new plumbing for a CAD repo market.

The 1994 to 2008 period saw rapid expansion of GoC benchmarks and a corollary rise in gross repo volumes from C$1 trillion to C$5 trillion (Gravelle et al., 2013: 61). Exponential growth of government collateral ensured that virtually the entire CAD repo market was collateralized using investment-grade securities. Although concurrent efforts to reign-in the federal public debt precipitated an incipient market for non-investment-grade (i.e. credit desk) collateral, its growth was stemmed by consecutive monetary and fiscal interventions geared toward supplementing the decline in GoC benchmarks offerings

(Harvey, 1999: 29; Coletti et al., 2016: 42). By the eve of the crisis, CAD repos comprised a core CAD funding market collateralized overwhelmingly by investment-grade securities (Fontaine et al., 2009: 43; Gravelle et al., 2013: 61).[6] Criteria for interconnectedness and complexity were evidenced as an inherent function of the repo business model and exponential growth in cross-border transactions from 27% to 157% of Canadian GDP between 1985 and 1993 alone (Committee on Payment and Settlement Systems, 1995: 9; Morrow, 1995: 70). Non-substitutability was implicit in the BoC's crises-era backstop support when the market dried out for all but the most liquid CAD collateral (Bank of Canada, 2008: 12). As with repos, the initial development and par clearance sub-phases for CAD ABCPs were effectively bypassed via the market's emulation of US developments.

CAD ABCPs initially provided an outlet for excess bank funds. Only later were they used *en masse* to supplement cash shortfalls linked to GoC debt restructuring and a shift among depositors toward mutual funds (Freedman, 1998: 27; Toovey and Kiff, 2003: 43–48). Bank domination was evidenced by the fact that 90% of the gross domestic market were issued by bank-sponsored conduits as of the early millennium. Interconnectedness was inherent in the ABCP business model, however complexity was evident only for a subset of 'third-party' ABCPs that emerged in the early millennium. Until that time, virtually the entire market was securitized with CAD assets, with a 10% withholding tax ensuring that it remained transversal strictly within Canada (Toovey and Kiff, 2003: 43; Gravelle et al., 2013: 59–60). Proliferation of bank-sponsored ABCPs gradually exhausted underlying domestic asset supplies, prompting the rise of 'third-party' NBFI issues securitized with US MBSs (Posiewko, 2008). In terms of size, the gross volume of CAD ABCPs rose exponentially from C$1 billion in the mid-1990s to just under C$110 billion by the first wave of the crisis (Business Development Bank, 2020: 10). Although it is not unambiguously clear whether this was sufficient for non-substitutability of the market at large, an ensuing series of events suggests the negative.

The decision by banks to absorb conduit liabilities at losses during the first wave of the crisis suggests that the C$78 billion bank-sponsored market segment was sufficiently small for them to autonomously support par clearance (Allen et al., 2011: 2). As for NBFI issuers, a DoF statement from December 2008 claiming Canada could withstand the failure of the C$32 billion third-party market is taken to mean that it embodied a non-systemic segment of the market at large (Halpern, 2016: 138). For similar reasons it is presumed that the C$70 billion bank-dominated CAD MMF market fell short of systemic relevance as the combined force of bank sponsorship and BoC backstop support for NBFI portfolio-end collateral stemmed a brief run on the market in September 2008 (Zorn et al., 2009: 15; Longworth, 2012: 10–11). Although interconnectedness and domestic transversality were satisfied for CAD MMFs, the overall volume of shares outstanding appears to have proliferated non-systemically (Toovey and Kiff, 2003: 43; Canadian Foundation, 2010: 4). In August 2007, when the ABCP crisis took shape and US market instability precipitated a parallel series of crises in Canada, an ensuing truncated paradigmatic change revealed federal endeavors to contain new shadow money forms in the pre-crisis period.

Accommodation phase: Truncating paradigmatic change

Just days after the default of Countrywide securities, cross-border panic precipitated the failure of a major third-party CAD issuer. In short order, a consortium was organized amongst bank and NBFI sponsors with the aim of stemming a generalized run on CAD ABCPs. Ensuing negotiations produced a market-based backstop for the frozen NBFI market, while bank sponsors agreed to absorb their conduits' losses for reputational reasons (Scavone and Waters, 2009; Allen et al., 2011: 2). In the interim, the BoC consecutively unveiled and expanded new emergency and standing facilities for repo-issuing banks.

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In the first instance, repo market contagion transpired through de-leveraging Canadian banks with significant cross-border US operations and concurrent knock-on effects in the form of increased market funding costs and abbreviated repo collateral requirements; driving all but the most liquid CAD collateral out of the market (Bank of Canada, 2008: 12). Repo accommodation first occurred in December 2007 when the BoC unveiled its emergency Term Purchase and Resale Agreement (PRA) facility for primary dealers and members of the national payments system.[7] At that time, the Term PRA was merely intended to enhance Canadian banks' market-making capacities through support for funding liquidity. Subsequent Term PRA expansions were intended to support market liquidity once it became apparent that traditional backstops were insufficient for getting liquidity to market (Zorn et al., 2009: 7; Allen et al., 2011: 8–9).

The Term PRA was twice expanded in terms of collateral eligibility and auction frequency during waves two and three of the crisis. The first occurred alongside expansion of the BoCs Standing Liquidity Facility (SLF); intended for upgrading collateral that could subsequently be pledged in Term PRA auctions or unimpaired segments of the repo market (Zorn et al., 2009: 7; Allen et al., 2011: 9). Together the SLF and Term PRA functioned like the Fed's Term Securities Lending Facility (TSLF) and Primary Dealer Credit Facility (PDCF); with the Term PRA emulating the PDCF by enabling banks to pledge repo collateral that was no longer trading in the open market (Murau, 2017b: 818–820). The BoC's post-mortem depicts the Term PRA as the 'backbone' of its crisis response, overwhelmingly in support of provincial and federal agency debt (Zorn et al., 2009: 8, 13). Although the ensuing credit crunch was less dramatic in Canada compared with other AEs, the freezing of CAD repo markets for all but the shortest terms using only GoC bonds compelled the BoC to drag a critical segment of that market onto its balance sheet. Though this has never been officially acknowledged in such stark terminology, it is evidenced by the fact that federal agency MBSs and provincial government securities together comprised 30% of gross CAD repo collateral in the run-up to the crisis and into the post-crisis period (Zorn et al., 2009: 7–11; endnote 6). An adjacent run on CAD MMFs was swiftly backstopped through bank sponsors and portfolio-end emergency support by the BoC.

The period between August 2007 and September 2008 saw CAD MMF sales jump from C$50 to C$70 billion in response to the ABCP-induced dash-for-cash. By the third wave of the crisis, a sudden reversal was promoted when the US Primary Reverse Fund 'broke the buck'. Ensuing cross-border panic amongst CAD investors was quickly stemmed by concurrent public and private backstops, the former through a separate Term PRA for Private Sector Money Market Instruments (PSMII) available to NBFIs with demonstrably large money market activities and the latter through bank-sponsor balance sheets. The Term PRA-PSMII enabled NBFIs to pledge investment-grade portfolio collateral through primary dealers' intermediaries in exchange for cash with which to manage investor redemptions (Zorn et al., 2009: 15; Longworth, 2012: 10–11). Though the backstops unveiled during the 2007–2009 period were intended as a temporary fix to an unprecedented crisis, their impact entailed permanent transformation of the CAD money supply in conjunction with corollary post-crisis regulatory changes.

Post-crisis re-regulation: Consolidating paradigmatic change

For illuminating the microeconomic composition of inter-temporal structural change, the accommodation model utilizes a matrix of money forms depicting the gross money supply in an archetypal currency-issuing monetary jurisdiction. In line with the model's two-phase periodization, the matrix conceptualizes money in its pre- and post-accommodation forms as private (i.e. shadow money) and public (i.e. money proper) monies respectively (Murau, 2017a: 78–82).[8] Figures 1 and 2 depict the US and Canadian money matrices on both ends of the crisis.

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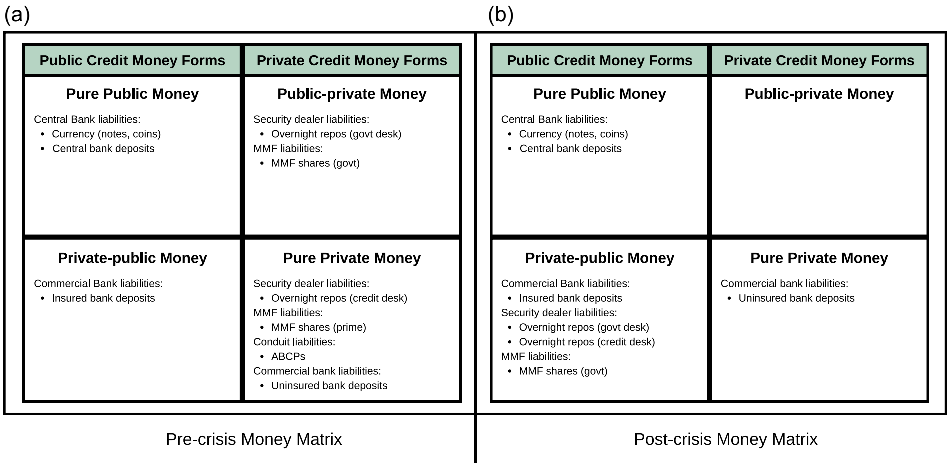

Figure 1. The USD money matrix. *Source*: Author's own, adapted from Murau (2017b).

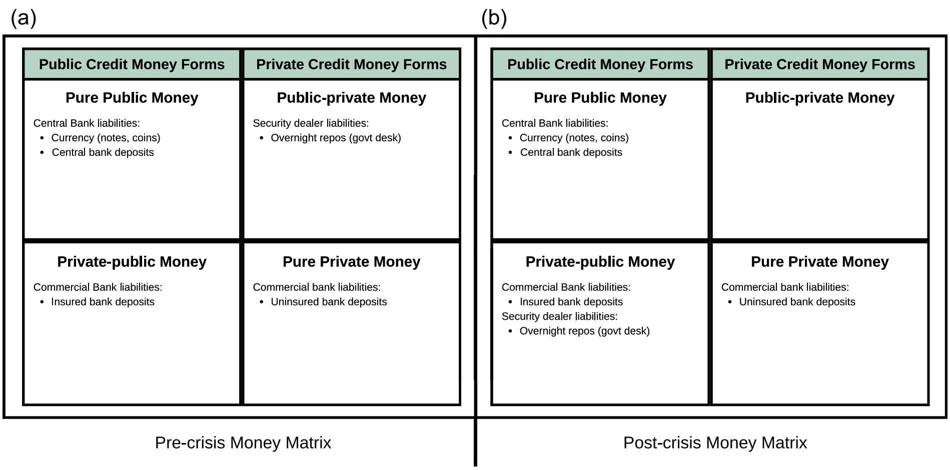

Figure 2. The CAD money matrix. *Source*: Author's own.

Drawing from Murau's (2017b) analysis of the US crisis experience, Figure 1 depicts multiple systemic shadow monies in the pre- and post-crisis periods. The left-hand cell depicts the pre-crisis USD money supply as encompassing various familiar shadow monies; repos collateralized with investment- and non-investment-grade securities, ABCPs, and shares issued by government and prime MMFs. The right-hand cell depicts the post-crisis money supply in the wake of accommodation and post-crisis regulations that elevated government MMFs and both grades of repo to the status of money proper while effectively de-monetizing ABCPs and prime MMFs (Murau, 2017b: 823–829). Conversely, only investment-grade repos attained 'money proper' status in the CAD system.

In conjunction with the foregoing analysis, Figure 2 shows that their ascension to the public CAD money supply and subsequent accommodation as money proper was affirmed unambiguously during the crisis when the BoC dragged approximately one-third of the CAD repo market onto its balance sheet. In conjunction with the fact that the vast majority of repos are issued at terms ranging from one to seven days, it is implausible that even the mighty Big Six could have maintained par for a core funding market in which liquidity was constrained along all funding terms (Bank of Canada, 2008: 12; Zorn et al., 2009: 7). Accordingly, the contrasting cells in Figure 2 illustrate the paradigmatic change induced in the public-private hybridity of CAD system via the BoC's SLF and Term PRA facilities.

By extending the public-private framework for backstopping private credit money to repos, the BoC effectively elevated investment-grade repos to a privately issued form of money proper alongside publicly insured bank deposits. However, as in the US, extension of the analogous framework for deposit creation on shadow money remains an ongoing project as neither liquidity nor solvency backstops have accrued to CAD repos. Instead, the framework for backstopping repos was made permanent in a similar fashion to the Fed's Reverse Repo Facility as the Term PRA remains a permanent part of the BoC's toolkit (Zorn et al., 2009: 9). Consecutive developments included an unsuccessful effort by the GoC to establish a national Securities Act that was subsequently deemed unconstitutional and additional perfunctory efforts to establish a macro-prudential authority in line with Basel 3 guidelines. As with the ongoing efforts for a central repo counterparty platform, the latter were hamstrung by sub-national fragmentation of CAD securities markets and the corollary vortex of inter-governmental conflict (Anand and Peihani, 2019: 18–27; Coleman, 1992: 140). As for the remaining shadow monies, their market-based proliferation at a sub-systemic level effectively excludes them from the CAD money matrix.

If the systemic standing of CAD MMFs and ABCPs was ambiguous before the crisis, their ensuing relative statuses was clear in its aftermath. From a crisis-era peak of C$110 billion, the remaining bank-sponsored market for CAD ABCPs declined to just under C$40 billion where it remained through the 2010s (Business Development Bank, 2020: 10).[9] Contrasted against the DoFs crisis-era declaration – that the C$32 billion third-party market comprises a marginal CAD market segment – it is clear that the outstanding bank-sponsored market persists sub-systemically. Similarly, the gross volume of CAD MMFs outstanding issues had fallen from a crisis-era high of C$70 billion to just C$30 billion in 2012 while declining still further thereafter (Gravelle et al., 2013: 63; Investment Funds Institute, 2021: 10). Hence, each of these shadow money forms is categorically unfit for inclusion in the post-crisis CAD money matrix. Based on comparison with Figure 1, it is clear that the CAD system experienced a truncated convergence toward the US model of financial capitalism in the post-war period of financial globalization.

For systematically explaining how truncation was achieved, the following section builds on prior research comparing divergent US-Canadian developments in relation to key state power structures. In doing so, it illuminates new aspects familiar state power structures at the heart of modern finance. Four theoretical propositions are drawn for future empirical stress-testing.

Conceptualizing resistance to the Americanization of national finance

The GFC entailed a watershed 'Minsky moment' not just for the global USD system, but also for ancillary systems in the monetary periphery. Successive macro-financial shockwaves emanating from US shadow money markets spurred concurrent paradigmatic shifts within peripheral monetary-financial systems that had previously embraced market-based financial innovations, expeditiously revealing political efforts to resist Americanization. Canadian re-regulatory efforts are an ideal starting point for beginning to think systematically about how resistance transpires among the subset of AE states.

Except for a sprinkling of heterodox and policy studies (Jackson, 2013; Lavoie and Seccareccia's, 2013), research juxtaposing divergent US-Canada financial developments in relation to state power derives entirely from the political economy of finance tradition (Chant, 1997; Calomiris and Haber, 2014; Bordo et al., 2015). In seeking to explain divergent financial stability outcomes among distinct systems of representative democracy,

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Calomiris and Haber (2014) find that countries like Canada whose political systems effectively limit populist pressure over executive power are less prone to systemic financial crises. Stability in the Canadian context derives from political profit-sharing amongst the GoC and an oligopolistic banking sector that is perpetually shielded from foreign competition in exchange for strong regulation. In a similar vein, Bordo et al. (2015) find that systemic risks are more easily contained in countries like Canada with concentrated financial systems and a coherent regulatory system. With regard to financial reform specifically, Chant (1997) shows that state capacity for mediating rival distributional demands is contingent upon political leeway for executive power in relation to the underlying system of representative democracy. The present study builds on these studies to construct four propositions that systematically conceptualize how those power structures are utilized for resisting Americanization of national finance.

On the nature of resistance

The first proposition states that resistance entails strategic truncation of market-based financial innovations in line with incumbent political profit-sharing arrangements amongst the national government, domestic bankers and other coalitional interests locked in a perennial game of bank bargains. The overarching logic derives from Calomiris and Haber's (2014) study on the political determinates of financial stability among different types of representative democracy.

Those authors identify the underlying constitutional structure of politics as the key determinate of long-run financial stability. They find that countries like Canada whose parliamentary institutions eschew populism by design are much less prone to domestically rooted financial crises with corollary prospects for long-term stability. Conversely, countries like the US with Congressional institutions designed to empower populist coalitions tend toward frequent crises of systemic proportion (Calomiris and Haber, 2014: 20–21). The key source of outcome variability across is the property-rights system underlying nationally chartered banks, which is inexorably contingent upon political deal-making endemic to democratic politics.

For explaining this functionalist aspect political deal-making, Calomiris and Haber (2014) envisage a perennial 'game of bank bargains' in which governments, bankers, and other potential coalitional partners instantiate exclusive profit-sharing arrangements with pervasive ramifications for financial stability. For their part, governments are driven by a multifaceted political imperative for financing growth, trade, welfare and security ventures required for fostering political stability. Conversely, private-sector agents seek to maximize their pecuniary imperatives through political rent-seeking in concert with coalitional collaborators (Calomiris and Haber, 2014: 12–14). Hence, in spite of their common political, economic, cultural, and colonial traditions, the game of bank bargains yields unique structural proclivities toward financial stability in the US and Canada in line with their respective democratic traditions.

In conjunction with its aristocratic Parliamentary tradition, the early consolidation Canada's banking system around an oligopoly of large banks enabled the rise of a robust profit-sharing arrangement geared toward long-run financial stability. This enduring 'grand bargain' hinges on a political executive capable of mediating distributional demands amongst the GoCs electoral constituents and its Big Six coalitional partners, all while satisfying its own stability imperative (Chant, 1997: 38–39; Calomiris and Haber, 2014: 20–21; Bordo et al., 2015: 33). It is this characteristic of Canada's political economy that enabled the GoC to embrace financial globalization while containing the proliferation of shadow banking, simultaneously enhancing Big Six competitiveness both at home and abroad with diminishing associated systemic risks. In doing so, the GoC effectively truncated the convergence of the CAD system toward the US model of financial capitalism.

The foregoing analysis shows that truncation occurred along three policy frontiers: national banking regulation, foreign bank participation, and modernization of CAD securities markets. Together those efforts contained the rise and systemic spread of new shadow money forms within the domestic regulatory perimeter. By ensuring that the regulated banking sector subsumed emergent shadow money markets, the GoC preserved its longstanding profit-sharing arrangement with Canada's Big Six banks; reinforcing an already oligopolistic banking sector in exchange for strong regulation and long-term financial stability.

On the power structures of resistance

The second proposition proclaims that resistance by AE states to the Americanization of national finance transpires via two key power structures in the national architecture for economic statecraft: the political executive and the financial supervisory system. In Canada's Parliamentary system, both are politically subordinated to the federal Minister of Finance (MoF).

Next to the Prime Minister, the MoF is Canada's most powerful Parliamentarian and member of Cabinet owing to their mandates for federal monetary, banking, fiscal and financial policymaking (Lang and Schmidt, 2020). As the chief executive political officer in Canada's economic policy architecture, the MoF resides atop its national coordinating body for regulating and supervising domestic financial institutions. Figure 3 depicts the institutional structure of Canada's financial supervisory system essentially as it lay in the immediate wake of the 'Little Bang'.[10] In conjunction with their statutory responsibility for the entire FISC ecosystem, the MoF possesses incredible power with which to contain the rise and spread of financial innovations in Canada. The analysis in section 1 shows that this process was initiated through the July 1986 Cabinet shuffle at the behest of the CBA. The ensuing replacement of Canada's Minister of State for Finance with a more amenable junior cabinet member was followed in short order by interventions along three policy frontiers.

In the realm of national banking regulation, these entailed successive revisions of Canada's *Bank Act* for enabling domestic bank participation in previously segmented securities and investment fund markets (Freedman, 1998: 9–15). By the mid-1990s, the Big Six came to dominate CAD repo markets to such an extent that the entire cohort of US dealers closed down their Canadian operations (White, 1994: 10). By the turn of the millennium, those same banks predominated the CAD MMF market so thoroughly that it effectively served to supplement their traditional deposit bases rather than entailing a market-based substitute for bank deposits. Meanwhile, the OSFI moved to contain the proliferation of ABCPs through limiting the extent of securitizations and off-balance-sheet activities by conduits and bank sponsors (Bordo et al., 2015: 26, 33). Those developments transpired alongside intensified efforts by the Big Six to preserve their hold on CAD money markets amid creeping foreign competition (White, 1994: 10).

The incipient tide of foreign incursion let loose by the 1980 *Bank Act* revision met successive protectionist breaks in the form of an intransigent MoF bent on refracting substantive competition from foreign-owned banks. Initial reforms for relinquishing the size threshold on Schedule 2 banks entailed little to no discernible effect as it was never constraining in the first place (White, 1994: 9–10). Meanwhile, successive rounds of trade negotiations saw Canadian negotiators resist US demands for extending market access privileges at the behest of their political masters in Ottawa. For their part, Canadian regulators saw the CUSFTA and subsequent NAFTA negotiations as clandestine venues for extraterritorial application of US banking laws and insisted that foreign participants register subsidiaries enclosed within Canada's regulatory perimeter (Jordan, 1993: 48). It was only with the specter of a global competitive disadvantage that they relented on their

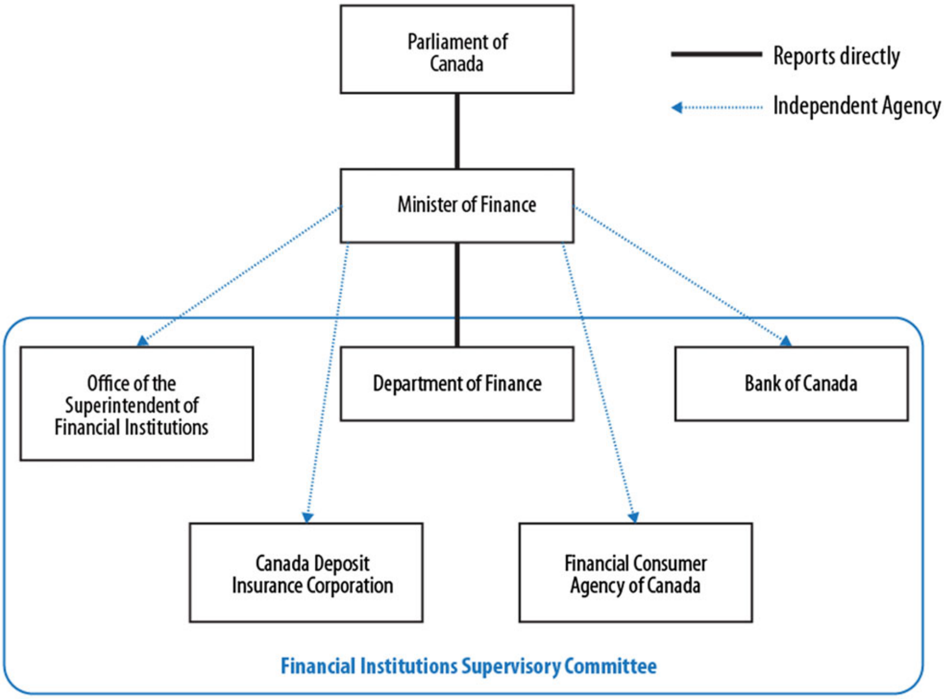

Figure 3. The Canadian financial supervisory system. *Source*: Jackson (2013).

historic aversion to foreign branching (Engert et al., 1999: 152; Gouvin, 2001: 398). However, the MoF's retention of the widely held rule alongside exclusive foreign branching provisions continue to entail formidable non-tariff barriers that blunt the competitive potential of foreign rivals (Gouvin, 2001: 399). The final frontier of Canada's policy response was the modernization of Canadian securities markets in line with trending global developments.

Post-1987 efforts to build new plumbing for CAD repo markets were co-led by the DoF of the Ministry of Finance and the BoC in close conjunction with key market actors (Morrow, 1995: 68–69; Nowlan, 2001: 6). The ensuing structural and regulatory reforms transpired alongside *Bank Act* and OSFI rulings clarifying the right of banks to make collateralized repo transactions, while consecutive monetary and fiscal policy interventions served to offset the decline in GoC benchmark offerings (Morrow, 1995: 70). The latter included a BoC buy-back program for preserving the average maturity of GoC debt along the yield curve and a liquidity enhancement program for federal agency MBSs (Harvey, 1999: 29; Coletti et al., 2016: 42). With the benefit of hindsight, it is possible to holistically assess the precise manner in which FISC and Cabinet members enacted this series of policy changes.

On the method of resistance

The third proposition proclaims that resistance to the Americanization of national finance entails shrewd political bricolage amid idiosyncratic enabling and constraining factors comprising the broader public policy environment. At a general level, bricolage refers to the use of pre-existing and readily available materials for constructing new works or objects (Oxford Reference, n.d.). In the context of policymaking, it refers to construction of solutions for novel problems through reorganization of existing institutional structures

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that simultaneously differ from and resemble old ones (Campbell, 1997: 22). Bricolage as such was evident in the efforts of key Cabinet and FISC members to reorganize the Canadian finance system in line with trending globalization pressures.

Bricolage in national bank regulation entailed re-regulating the Canadian financial system toward a universal banking model and internationally competitive banks, all while containing systemic risks. Re-regulation ensued from a battery of enabling factors reflecting higher order structural changes in the global political economy. These were consecutive liberalization pressures from provincial securities regulators and a CBA seeking complimentary national reforms alongside pressure from Canada's business roundtable for freer continental trade (Harris, 1998: 537–541; Dyck and Cochrane, 2014, 222). Constraining factors included a prior trend toward greater domestic competitiveness and campaign-era rhetoric against freer trade and expansion of chartered bank powers (Frizzell et al., 1989, 8; Thomas and Walter, 1991, 111). By the summer of 1986, those constraints ceased to bind as the GoC found itself burdened with more new imperatives for revitalizing domestic growth and international competitiveness. The ensuing Cabinet shuffle marked the beginning of a wholesale reorganization of Canada's financial system that was implemented without further constraints in the realm of national bank regulation owing to the MoF's statutory prerogative over the *Bank Act*. Toward that same end, federal efforts to refract substantive foreign competition were met with a consecutive flow self-imposed constraints in the form of intercessional US demands for a liberalized financial sector.

In their initial approach to liberalizing trade rounds, Canadian regulators bargained with a successive ebb of inconsequential regulatory concessions followed by shrewd emulation of exclusive US branching laws. In conjunction with its imperative for upholding the federal bank bargain, the MoF's statutory prerogative enabled a piecemeal strategy of trade concessions on liberalized banking reforms that did little to change the market power of foreign-owned firms (White, 1994: 9; Chant, 1997: 17). Only once the specter of competitive disadvantage threatened to compromise Canada's position vis-à-vis its trading partners did federal regulators relinquish longstanding barriers to foreign branching. Even then, posterior analysis revealed these to be 'essentially cosmetic' as the MoF retains formidable non-tariff barriers in the form of the widely held rule and corollary exclusive provisions in the mirror of US branching laws (Gouvin, 2001: 399). By the late 1990s, the liberalizing trend in Canadian financial services culminated in a domestic marketplace dominated by six global super-banks and a financial system subsequently ranked as the world's safest (Bordo et al., 2015; Williams, 2022: 249). Meanwhile, consecutive bricolage efforts entailed construction of new plumbing for CAD repo market via FISC-led structural and regulatory reforms.

In line with the repo-liquid sovereign imperative, reforms were a function of FISC member mandates over fiscal and monetary policies required for modernizing CAD market infrastructures. The sole constraint along this policy frontier was provincial jurisdiction over the regionally fragmented domestic marketplace that was overcome unwittingly through the OSCs emergence as Canada's *de facto* regulator (Jordan, 1995: 600–601). Concurrent regulatory and structural developments were enabled by a battery of enabling factors collectively embodying the repo-liquid sovereign imperative: investment dealer pressure for modernized securities markets, the revolution in financial information technology, a shift from deposits toward market-based portfolio investment amongst the baby boom generation and corollary structural demand for market liquidity ensuing from ongoing interest rate volatility (Morrow, 1995: 68–69; Engert et al., 1999: 142). Stability of the expanding CAD repo market was enhanced through BoC and DoF interventions to supplement the decline in GoC benchmarks through collateral enhancement strategies that subsequently dried out the incipient non-investment-grade repo market (Harvey, 1999: 29; Coletti et al., 2016: 42). By the early millennium, Canada boasted a modernized

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repo financing system under the regulatory auspices of a coherent financial supervisory system. In addition to the ebb and flow of situational factors, Cabinet and FISC members were at the whim of inborn structural constraints endemic to Canadian Parliamentary democracy.

On the capacity for resistance

The final proposition proclaims that resistive capacity by state bricoleurs is contingent on political leeway for executive power and coherence of the financial supervisory system in relation to the underlying system of representative democracy. Together these entail functional capacity limits on the aperture and consequent effectiveness of state efforts to resist the Americanization of national finance. Returning to Calomiris and Haber (2014) regarding the functional characteristics of constitutional systems, we see that the aristocratic foundations of Parliamentary democracies entail an edge for executive resistive capacity compared to Congressional ones.

In Canada's case, systemic insulation of senior Parliamentarians from populist pressure enabled the federal Cabinet to coordinate a sustained three-front effort for truncating Americanization (Calomiris and Haber, 2014: 20–21). In contrast to the US Congressional system, where executive and legislative powers are clearly delineated, Canada's Parliamentary system confers both functions upon Cabinet. For maintaining legislative continuity, the Cabinet enforces party discipline over incumbent Parliamentarians through veto over major legislation, entailing a singular pathway for partisan lobbying efforts (Chant, 1997: 36–37). It is this intense concentration of power that makes the GoC an effective policy bricoleur and coalitional accomplice in the interminable game of bank bargains. Conversely, Congressional democracies like the US lack such acute capacity for fostering legislative continuity and thus financial stability.

In line with its bifurcated power-sharing system, the US executive lacks sufficient disciplinary capacity to balance the demands of electoral constituents and coalitional collaborators. Accordingly, political lobbying is broadly directed at individual legislators whose constituent interests align with those of specific firms and industries (Chant, 1997: 36–37). This peculiar profit-sharing arrangement was enshrined by a 19th century agrarian populist-unit banker alliance that successfully exploited the federal legislative structure to its advantage; first at the state-level where banks were regulated, and subsequently through federal banking laws. In the post-war era of financial globalization, profit-sharing amongst government, banks, and partisan interests involved in unregulated securitization markets entailed mutual prosperity amid an excess of cheap credit (Calomiris and Haber, 2014: 18–19). In other words, the Executive Branch lacks sufficient disciplinary authority to ensure legislative and policy continuity. Out of their differential bank bargaining arrangements the US and Canada developed divergent regulatory cultures and proclivities for containing the rise of new shadow money forms. Figures 3 and 4 depict the relative institutional coherence and capacities for fostering stability amongst US and Canadian regulators.

Per its unique political profit-sharing model, systemic financial instability is a recurrent US phenomenon ensuing from its fragmented financial supervisory system. Figure 4 depicts the patchwork of federal agencies comprising its bank and non-bank components. This fragmented regulatory ecosystem effectively invites regulatory venue shopping amongst private-sector interest groups and a corollary dearth of collective resolve for systemic regulatory consistency. Accordingly, the US financial supervisory system was in no position to stem the systemic proliferation of new shadow money forms in the post-Bretton Woods period, enabling the proliferation of shadow banking beyond its regulatory perimeter (Bordo et al., 2015: 24–25). Conversely, Canada's supervisory system is headed by a coherent committee of five arms-length agencies that are collectively responsible for

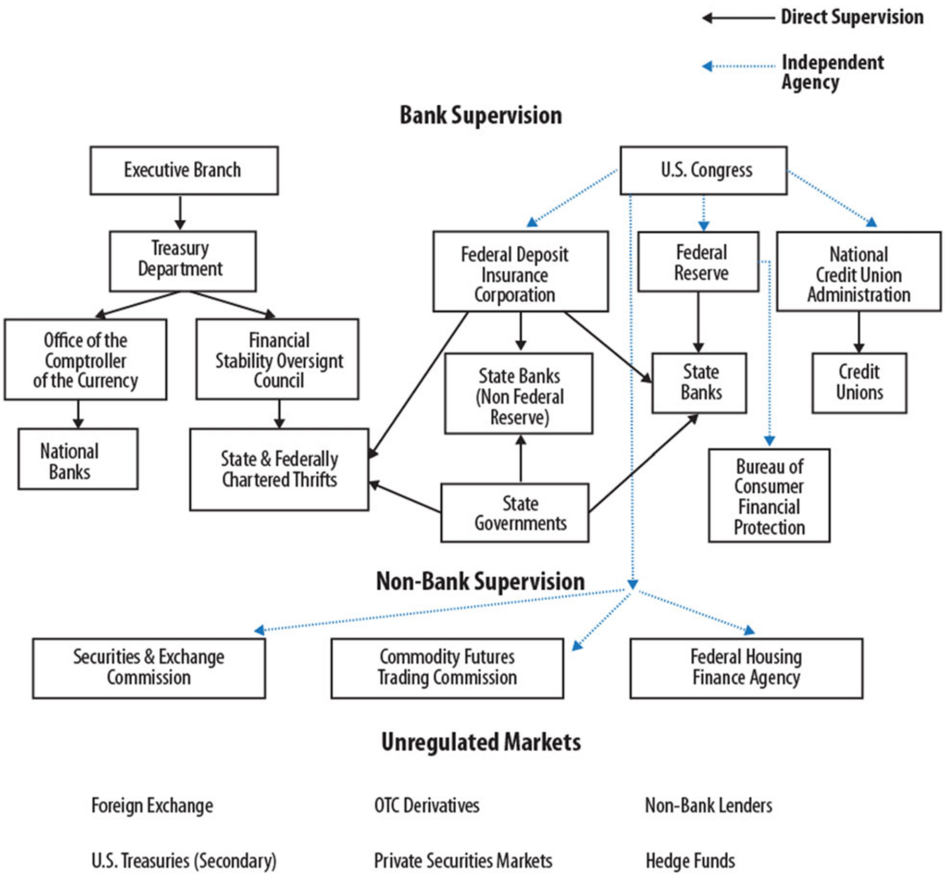

Figure 4. The US financial supervisory system. *Source*: Jackson (2013).

regulatory policymaking and financial supervision. Each agency reports either directly or indirectly to the MoF, who in turn reports to Parliament. However, in the daily course of political life, OSFI plays a lead coordinating role that effectively rouses a unified supervisory framework (Jackson, 2013: 12–14). Bordo et al. (2015: 3) identify this as a key factor behind Canada's enduring record of financial stability and an essential component of its historic 'grand bargain'.

Conclusion

The GFC was a watershed moment not only for open economy financial systems, but also the study of money and finance along critical lines of inquiry. This article has contributed to the CMF literature with four theoretical propositions illuminating how to begin conceptualizing domestic resistance to Americanization in countries that have openly embraced market-based finance. Taking Canada as an exploratory case, it has shown that resistance transpired through two key power structures in the national architecture for economic policymaking: the political executive and the financial supervisory system. Future research should seek to test their conceptual limits by illuminating whether those power structures were used and, if so, the extent to which they were successful in truncating Americanization in other peripheral case studies along similar lines.

Prior CMF and adjacent political economy research suggests that designated AE states experience structural change associated with financial globalization in similar yet variegated ways owing to variable degrees of centralized executive and supervisory authority (Pauly, 1990; Calomiris and Haber, 2014; Bordo et al., 2015; Murau and van't Klooster, 2022; Dafermos et al., 2023). Beyond the narrow subset of AE states, CMF research also suggests that developmentally subaltern states experience such changes in decidedly less harmonious ways given their differential policymaking capacities (Petry, 2020; Musthaq, 2023). Accordingly, it stands to reason that the propositions developed here will likely fail to generalize beyond the universe of AE states. Apart from the issue of peripheral state resistance, this study entails additional insights for research perspectives seeking to advance debate on just and effective approaches to green transition policymaking.

This study's synthetic analysis suggests that state capacity for managing transformative change is contingent upon revision of incumbent profit-sharing arrangements endemic to democratic politics. For critical research geared toward fostering deep transformation (Babic and Sharma, 2023), the perennial game of bank bargains is a site of epistemic importance in attempting to move aspirational visions for change along the continuum from political imaginary to effective grand strategy. For doing so, critical research needs a clear understanding of how prospective bargaining arrangements between governments, bankers and would-be coalitional accomplices may enable or elide mission-driven policy efforts with multivocal normative aspirations (Bezemer et al., 2023; Mazzucato and Kattel, 2023). Without systemic analysis of the proclivities for transformative change endemic to diverse systems of representative democracy, it seems unlikely that green credit policy interventions can be coordinated for addressing the myriad challenges embodied by the climate crisis. Especially given the ever-shrinking window for transformative change (Babic and Sharma, 2023; Kedward et al., 2024).

Notes

1. Aside from China, India, Brazil, Russia, and Qatar, the largest 100 global banks are incorporated across nineteen AE states – five of which are Canadian (Jimenea et al., 2024).
2. The Big Six are the Toronto-Dominion Bank, the Royal Bank of Canada, the Canadian Imperial Bank of Commerce, the Bank of Nova Scotia, the Bank of Montreal, and the National Bank of Canada (McKeown, 2017: 2).
3. Canada is the only AE state without a national securities regulator. Instead, provinces and territories are constitutionally empowered to govern securities activity within their jurisdiction (Jordan, 1995: 601–602).
4. All foreign banks were exempted from the 25% threshold under the GATS treaty (Gouvin, 2001: 398).
5. Today the Big Six originate approximately 60% of CAD repos (Anand and Peihani, 2019: 15).
6. By then CAD repo collateral comprised GoC benchmarks (≈70%) as well as government MBSs (≈15%) and provincial government debt (≈15%) (Chang et al., 2016: 31–32).
7. Primary dealers are overwhelmingly subsidiaries of large Canadian banks (Bank of Canada, n.d.). Although a few NBFIs have payments system access, the vast majority of Canada's NBFI security dealers lack direct access to the BoC's standing and emergency facilities (Investment Industry Regulatory Organization of Canada, 2022).
8. In line with Murau (2017b: 811–812), *pure* public and private monies are respectively issued on public and private balance sheets against publicly and privately issued assets. *Private-public* and *public-private* monies are respectively issued against public and private assets on private-sector balance sheets.
9. By 2009, the third-party market was exhaustively dried out as the private market consortium merely supported orderly liquidation of outstanding issues (Business Development Bank, 2020: 10).
10. The Financial Consumer Agency of Canada (FCAC) is the only FISC member created in the post-1987 period. Created in 2001, FCAC consolidated oversight of protection measures for consumers of Canadian financial services (Daniel, 2003: 12–13).

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