

Money & capital in Theory and Practice

2018 ASSA-AFEE

**Is China living a Minsky Moment?
Between the 'Lender of Last Resort' and the
Chinese Shadow Financial System**

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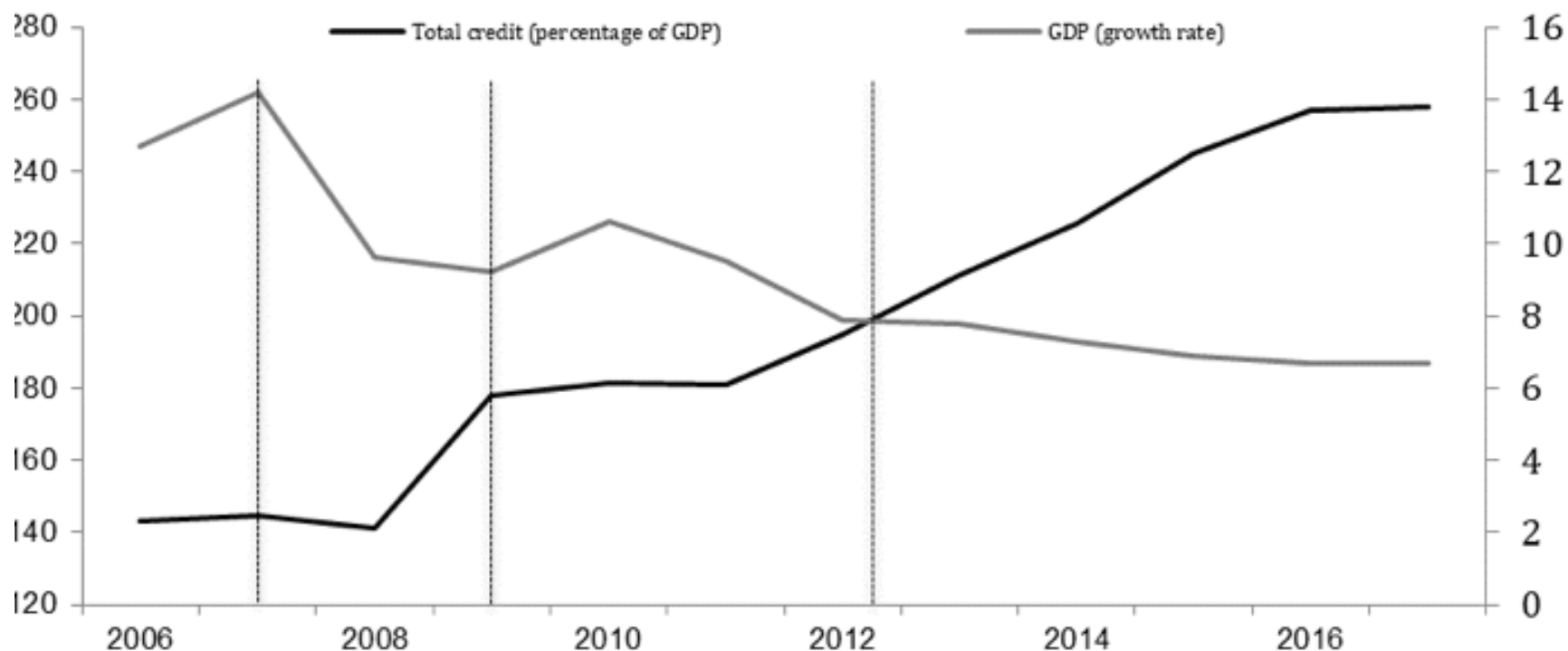
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- I. Is China Living a Minsky Moment
- II. Big Government in a Monetary Economic Production
 1. Credit to Non-Financial Corporations
 2. Credit to Households
 3. Credit to General Government
 4. Banking institutions
- III. Channeling and Financialization, a PBOC Concern
- IV. Reflections

Is China Living a Minsky Moment

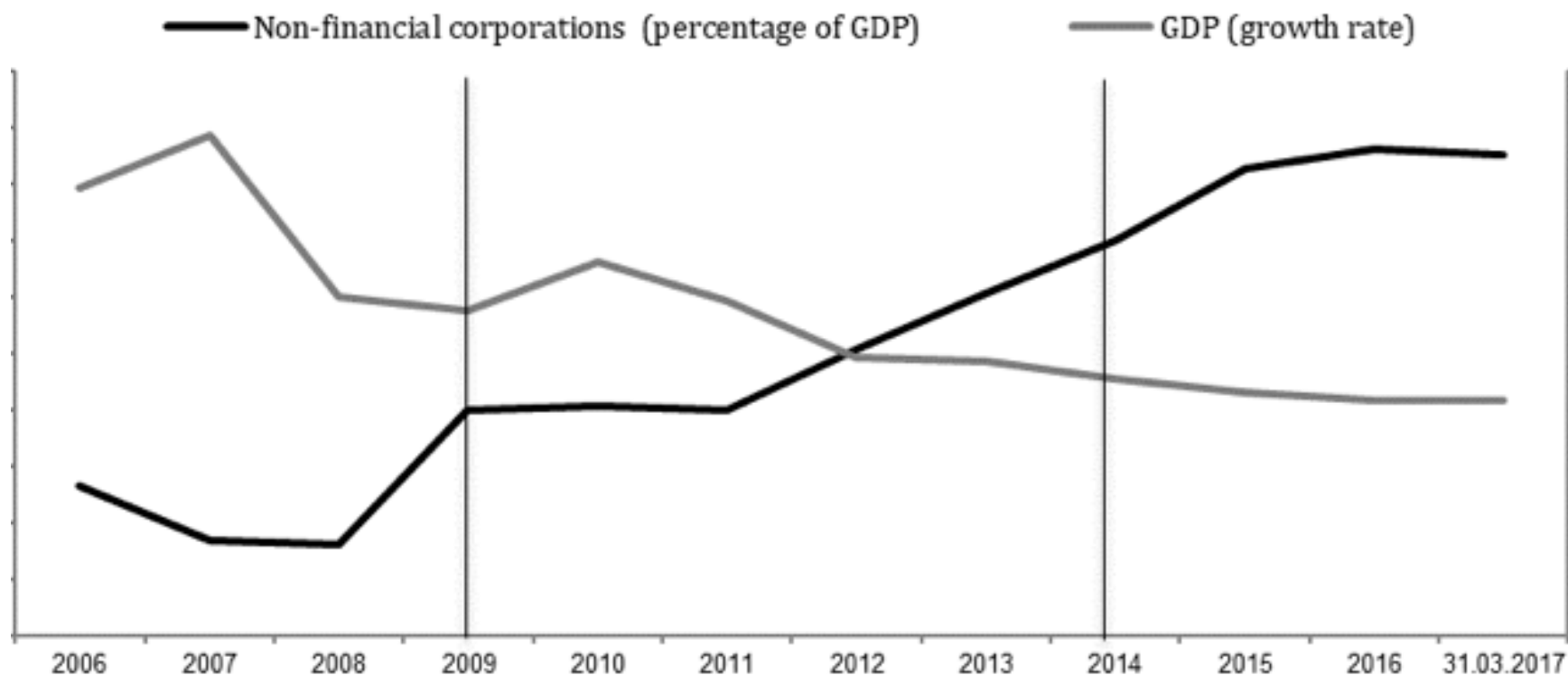
- Zhou Xiaochuan, People's Bank of China
- 19th Communist party
- Is this is true?
- China's debt explosion
- 6 trillion dollars during 2007 to 28 trillion dollars at the end of 2016;
- and from 148% to 260% of the GDP during the same period

FIGURE 1: RELATIONSHIP BETWEEN TOTAL CREDIT AND GDP



Source: Own construction based on Bank for International Settlements (2017), Long series on total credit and domestic bank credit to the private nonfinancial sector, September. Available at: <<http://bit.ly/2oEuE3w>>; IMF (2017), "World Economic Outlook Database", November 2017. Available at: <<http://bit.ly/1nh4DRU>>

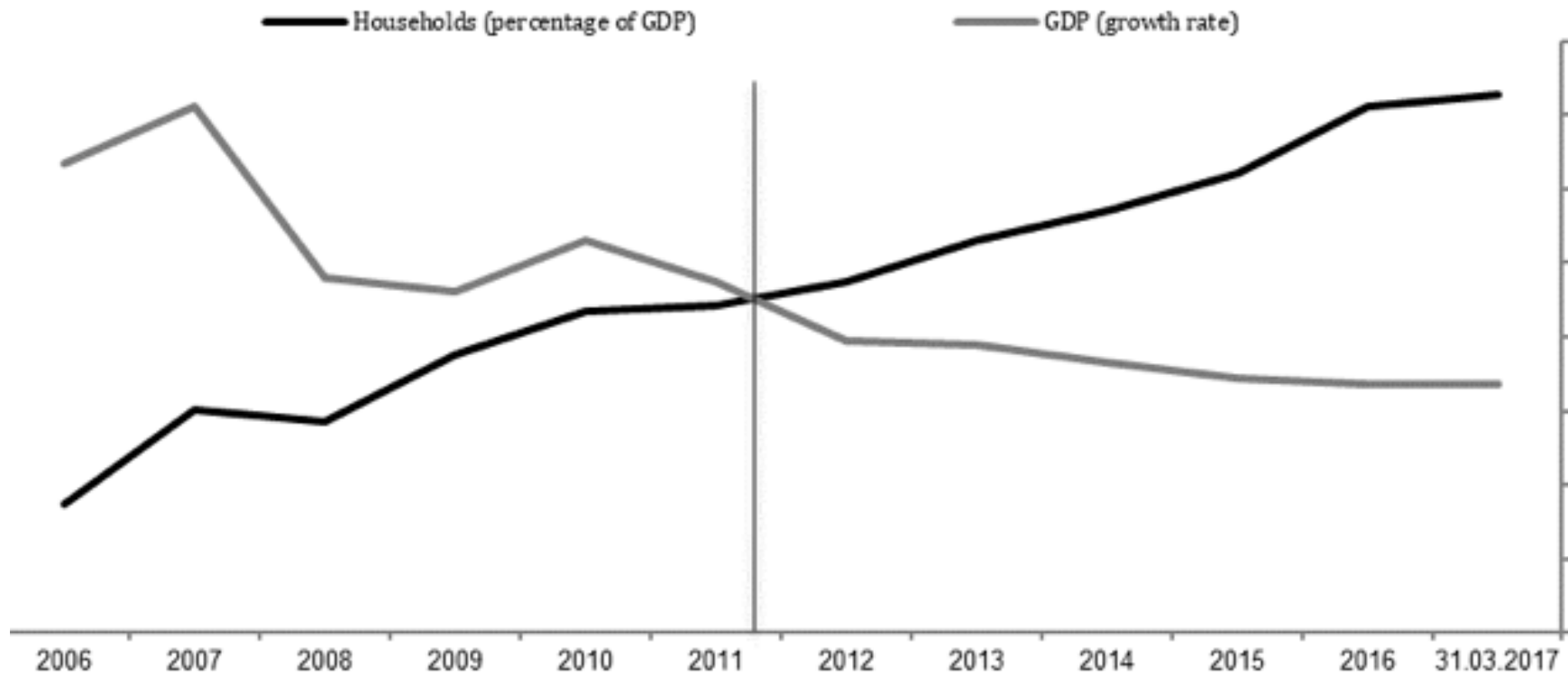
FIGURE 2: CREDIT TO NON-FINANCIAL CORPORATION



Source: Own construction based on Bank for International Settlements (2017). Long series on total credit and domestic bank credit to the private financial sector, September. Available at: <<http://bit.ly/2oEuE3w>>

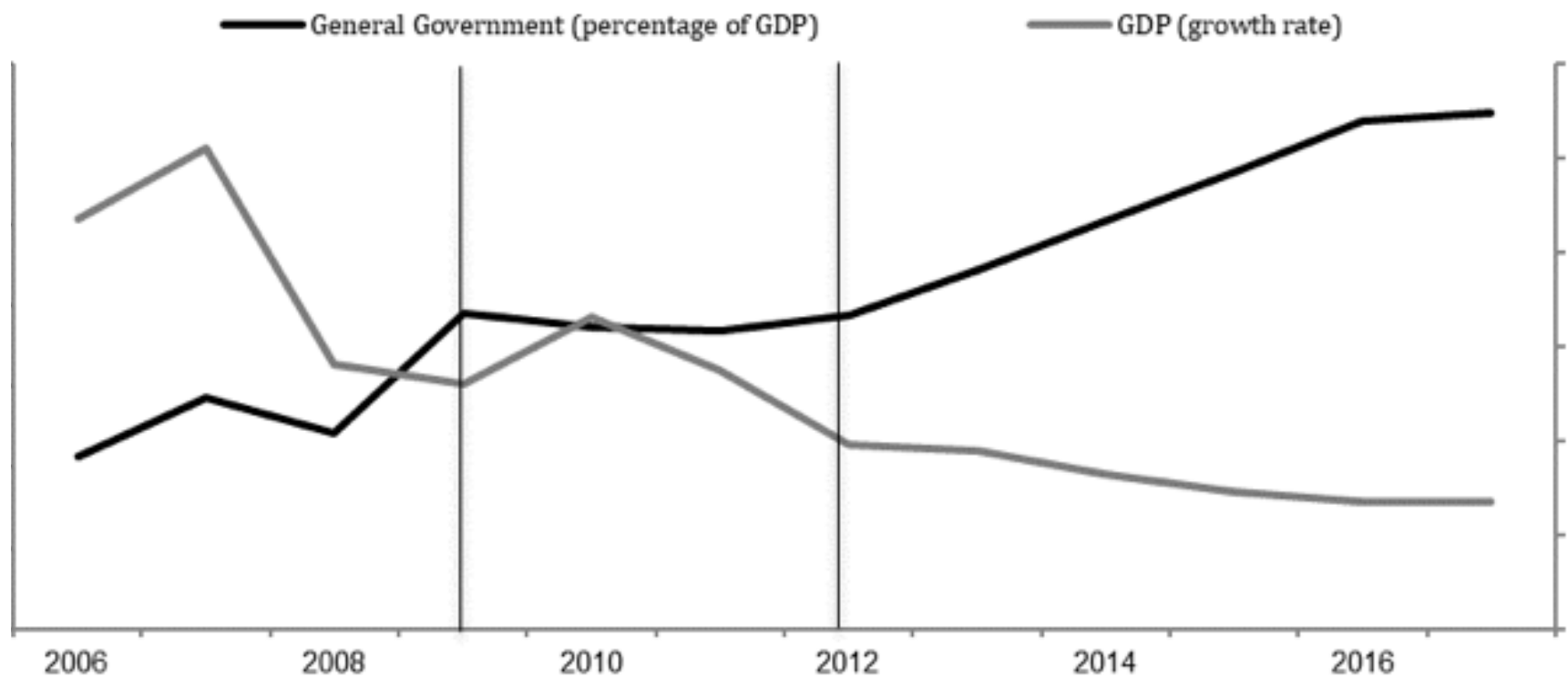
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FIGURE 3: CREDIT TO HOUSEHOLDS



ce: Own construction based on Bank for International Settlements (2017). Long series on total credit and domestic bank credit to the private financial sector, September. Available at: <<http://bit.ly/2oEuE3w>>

FIGURE 4: CREDIT TO GENERAL GOVERNMENT



Source: Own construction based on Bank for International Settlements (2017). Long series on total credit and domestic bank credit to the private nonfinancial sector, September. Available at: <<http://bit.ly/2oEuE3w>>

(Trillion USD)

Year	Total assets	Total deposits	Total loans	Profit after tax	Total liabilities
2003	3.34	2.66	2.05	n.d.	3.21
2004	3.82	3.07	2.29	n.d.	3.66
2005	4.64	3.72	2.56	n.d.	4.44
2006	5.56	4.41	3.02	n.d.	5.28
2007	6.99	5.28	3.65	0.059	6.59
2008	9.24	7.00	4.68	0.085	8.69
2009	11.65	8.96	6.23	0.098	10.99
2010	14.08	10.83	7.52	0.133	13.22
2011	17.70	12.92	9.09	0.196	16.57
2012	21.18	14.95	10.66	0.240	19.80
2013	24.62	17.41	12.47	0.284	22.96
2014	28.07	19.12	14.13	0.314	26.06
2015	32.15	22.54	16.02	0.318	29.70

Source: Own construction based on China Banking Regulatory Commission (2015), Annual Report. Available at: <<http://bit.ly/217RVgA>>

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- Is China living a Minsky Moment?