The Political Economy of LIBOR's Demise:
Infrastructural Vulnerability, Benchmark Interest Rate Reform, and Redistributive Decentralization

Aaron M. Medlin*

Boston College

First draft: August 17, 2023
This draft: December 30, 2025

Abstract

For more than three decades, the London Interbank Offered Rate (LIBOR) anchored global dollar credit markets. This article asks why states cooperated to dismantle—rather than reform or reconstitute—such a deeply embedded financial infrastructure. I argue that LIBOR's demise reflects *redistributive decentralization*: a mode of international cooperation in which states deliberately dismantle a shared transnational arrangement and re-embed its core functions within national jurisdictions, redistributing control asymmetrically in the process. This outcome becomes likely when monetary governance depends on foreign-controlled or privately governed infrastructures whose failures, under crisis conditions, become politically and institutionally untenable. Drawing on congressional testimony, enforcement records, and regulatory documents, the article shows how the global financial crisis and the LIBOR manipulation scandal activated U.S. infrastructural vulnerability and enabled coordinated replacement with nationally governed benchmarks. Although the resulting regime was formally symmetric, its effects were asymmetric—reducing U.S. exposure while reinforcing the hierarchical organization of dollar-based finance.

Keywords: LIBOR, benchmark interest rate reform, infrastructural power, monetary governance, regulatory enforcement.

JEL Codes: F33, G18, G28, H77.

* My thanks to Gerald Epstein and Kevin Young for feedback on earlier versions of this paper. All errors are my own. Email: aaron.medlin@bc.edu. Comments, suggestions are welcome.

1 Introduction

June 30, 2023, marked the effective completion of a decade-long international effort to reform benchmark reference rates. The London interbank offered rate (LIBOR), long described as the "world's most important" reference rate, has been retired and replaced by new rates created and administered by central banks in most major jurisdictions.[1] This transition represents a significant shift in the governance of financial benchmarks—from privately administered, offshore arrangements toward public-sector control embedded within domestic monetary authorities.

Benchmark reference rates play a critical role in modern financial systems by shaping borrowing costs and debt service obligations. They are used to price a wide range of instruments, including consumer and commercial loans, bonds, mortgages, floating-rate notes, and derivatives such as interest rate and currency swaps. By anchoring the repricing of trillions of dollars in contracts, benchmark rates influence credit allocation, risk pricing, and financial stability more broadly. As a result, benchmark design has direct implications for how monetary policy transmits through financial markets and into the real economy.

From a central banking perspective, reference rates are central to the operation of the interest rate channel of monetary policy transmission. Central banks typically target short-term interest rates—such as the federal funds rate in the United States or, pre-crisis, Swiss franc LIBOR in Switzerland—to influence conditions in interbank markets and, by extension, borrowing costs throughout the financial system (European Central Bank, 2019). Therefore, when benchmarks diverge from or respond weakly to policy rates, monetary control can be impaired.

LIBOR originated in the expanding market for offshore U.S. dollar ("eurodollar") deposits in the 1960s and gained prominence in London, where banks coordinated lending rates for syndicated loans to multinational firms and governments (Hou & Skeie, 2014). The British Bankers' Association (BBA) formalized this process in the 1980s, publishing daily benchmark rates based on submissions from a panel of major banks. Over time, LIBOR became the dominant reference rate across multiple currencies. Among these, U.S. dollar LIBOR was by far the most consequential, underpinning hundreds of trillions of dollars in global financial contracts.

The vulnerabilities embedded in this arrangement became visible during the Global Financial Crisis of 2007–08. As offshore dollar funding markets seized up, LIBOR diverged sharply from domestic policy rates, disrupting monetary transmission and tightening credit conditions (Sheets et al., 2018). In response, the Federal Reserve took extraordinary measures, including deploying large-scale currency swap lines that supplied dollar liquidity to foreign central banks to stabilize dollar funding markets (McCauley & Schenk, 2020; McDowell, 2017; Medlin, 2024). These interventions underscored a deeper structural problem: LIBOR, a privately governed, offshore benchmark, had become a core component of domestic monetary governance in the United States.

Revelations of systematic LIBOR manipulation in 2012 transformed this technical vulnerability into a political one. Evidence that panel banks had distorted submissions to protect reputational standing or trading positions raised fundamental concerns about the integrity of benchmark-based pricing. What had previously been treated as a market convention was recast as a governance failure with direct consequences for households, firms, and the conduct of monetary policy. Benchmark reform thus emerged as a domestic and international regulatory imperative.

[1] "The world's most important number" is a moniker frequently used in the financial press; see, for example, Enrich (2017) or Vaughan and Finch (2017).

The reform process culminated in the dismantling of LIBOR and the redistribution of benchmark governance to central banks within their respective jurisdictions. Rather than strengthening or constituting the existing benchmark, authorities coordinated on its replacement with distinct national reference rates—such as SOFR in the United States, SONIA in the United Kingdom, and €STR in the euro area—each embedded in different money markets and monetary-policy operating frameworks. This outcome reflects a form of coordinated decentralization in global financial governance.

This article argues that LIBOR's demise exemplifies what I term *redistributive decentralization*: a mode of international cooperation in which states collectively restructure reliance on a shared transnational arrangement or infrastructures in ways that decentralize authority across jurisdictions while redistributing costs, rents, or control asymmetrically among participants. This framework extends existing accounts of cooperative regulatory decentralization (Helleiner & Pagliari, 2011) by incorporating insights from theories of redistributive cooperation (Oatley & Nabors, 1998) and research on the infrastructural foundations of monetary governance. It highlights how efforts to resolve interstate infrastructure vulnerability can produce decentralized yet entrench hierarchical outcomes in global finance.

The argument proceeds as follows. Section 2 develops the theoretical framework by integrating cooperative decentralization and redistributive cooperation in the context of infrastructural vulnerability. Section 3 traces the politics of LIBOR's demise, showing how crisis and scandal revealed, and politicized, LIBOR vulnerability. This section also examines how enforcement, standard-setting, and institution-building enabled coordination on national benchmarks. Section 4 analyzes the resulting redistribution of monetary authority and the implications for U.S. influence in the international financial system. The conclusion discusses broader implications for global financial governance and the infrastructural dimensions of contemporary monetary power.

2 Theoretical Framework

This section develops the conceptual foundation for analyzing the demise of LIBOR as a political, rather than merely technical, process of infrastructural transformation. It proceeds in four steps. First, it reconceptualizes benchmark interest rates as monetary infrastructures and explains why their governance has political implications. Second, it situates the LIBOR case within existing typologies of international regulatory outcomes and shows the limits of prevailing explanations. Third, it introduces the concept of *interstate infrastructure vulnerability*. Finally, it develops the concept of *redistributive decentralization* as a mode of cooperation that dismantles, rather than harmonizes, transnational infrastructures.

2.1 Benchmark Rates as Monetary Infrastructures

Benchmark interest rates are more than technical reference points. They are "financial infrastructures"—the organizational, informational, and institutional arrangements through which credit markets price risk, coordinate expectations, and transmit policy signals (Braun, 2018; Braun & Gabor, 2020). Their infrastructural function has three dimensions.

First, benchmarks operate as pricing coordinates. They anchor heterogeneous credit relationships—consumer loans, business lending, derivatives, and short-term wholesale funding—into a

standardized structure of interest rate resets (Duffie & Stein, 2015; Hou & Skeie, 2014). The vast notional volume referencing LIBOR created powerful network effects that reinforced its centrality.

Second, benchmarks perform an essential *transmission function*. Adjustable-rate contracts respond mechanically to changes in benchmark rates. When a benchmark diverges from a central bank's policy rate, monetary transmission is impaired. This was visible in 2007–08, when the surge in LIBOR—far above the federal funds rate—tightened credit conditions independent of monetary policy (McDowell, 2017; Sheets et al., 2018).

Third, benchmarks structure *cross-border monetary relations*. When the infrastructure underpinning domestic monetary control is governed offshore—located in foreign financial centers, administered by private associations, or subject to foreign legal systems—states become dependent on external actors for the effective transmission of their own monetary policy (Braun & Gabor, 2020).

LIBOR's crisis-era malfunction and subsequent manipulation revealed this dependence. The Federal Reserve's extraordinary swap lines in 2008 were responses not only to global liquidity shortages but to the failure of an offshore infrastructure that had become integral to U.S. monetary governance . Understanding benchmark reform therefore requires shifting from technical governance concerns to questions about the political reconfiguration of monetary infrastructures.

2.2 Locating Benchmark Reform Within Regulatory Outcomes

LIBOR's demise also raises a broader theoretical puzzle within the study of international financial regulation. Helleiner and Pagliari (2011) provide a useful typology of regulatory outcomes summarized in Table 1.

The pre-crisis Basel Accords exemplify the upper-left quadrant: strong international standards negotiated through cooperative processes. Post-crisis OTC derivatives reforms, by contrast, moved toward the upper-right: states coordinated broad principles but retained domestic discretion, resulting in *cooperative decentralization*. G20 commitments established shared objectives—central clearing, trade reporting, standardized contracts—yet compliance was shaped by national legal orders and market structures, producing coordinated diversity rather than uniformity (Helleiner, 2014).

Benchmark reform ostensibly resembles this latter pattern—FSB and IOSCO articulated principles, while jurisdictions built their own benchmarks. Yet this description obscures a fundamental anomaly: international cooperation served to *dismantle* a global infrastructure rather than harmonize or recalibrate it. LIBOR was not simply decentralized; it was terminated. None of the quadrants capture cases where cooperation facilitates the elimination of a transnational infrastructure.

These existing theories focus on regulatory rules, not infrastructures. The typology presumes that cooperation results in new standards or parallel national frameworks. But LIBOR was not a rule; it was a *financial infrastructure*—a deeply embedded cross-border system of pricing, communication, and coordination. Its removal therefore requires a theoretical lens oriented not toward merely regulatory divergence or harmonization, but toward a political economy of infrastructural transformation.

Table 1: Typology of international regulatory outcomes

	Regulatory convergence	**Regulatory divergence**
Interstate cooperation	Strong international standards	Cooperative decentralization
Absence of interstate cooperation	Informal convergence	Fragmentation

Source: Helleiner & Pagliari (2011), Table 2, p. 192.

2.3 Limits of Existing Approaches

Illuminating the political economy of benchmark interest rate reform requires engaging several influential literatures in international political economy while also identifying the limits of their explanatory reach in cases where states cooperate to dismantle, rather than reform, entrenched financial infrastructures such as LIBOR.

Cooperative decentralization. Helleiner and Pagliari's (2011) framework captures the *shape* of post-crisis governance outcomes: nationally administered benchmarks operating under shared international principles. This perspective is useful for understanding why benchmark reform did not culminate in a single harmonized global replacement for LIBOR. However, cooperative decentralization treats decentralization primarily as an emergent accommodation to domestic diversity and implementation complexity. It does not explain why states would pursue decentralization as a *strategic objective*, nor why cooperation would be mobilized to displace an incumbent transnational infrastructure rather than to adjust or repair it.

Redistributive cooperation. Oatley and Nabors' (1998) theory of redistributive cooperation offers one of the most powerful accounts of international financial regulatory politics. Writing in the context of the Basel Accords, they argue that powerful states pursue international standards not simply to correct market failures but to externalize domestic adjustment costs onto foreign competitors. Their core insight is motivational: cooperation may be driven by opportunities for *redistribution*, not just by shared functional goals. This perspective is highly valuable for understanding the political economy of benchmark reform.

Yet redistributive cooperation, as formulated by Oatley and Nabors, generates *convergent* outcomes—shared regulatory standards that impose uneven adjustment burdens. It does not theorize the dismantling of governance infrastructures, nor situations in which states pursue *divergence* as the preferred outcome of cooperation. In their framework, exit or regime replacement appears as a breakdown of cooperation rather than as a strategic object of cooperation itself.

Infrastructural power. Work on infrastructural power by Braun (2018) and Braun and Gabor (2020) highlights how central banks depend on specific financial market infrastructures—such as repo markets, collateral frameworks, payment systems, and benchmark interest rates—to implement and transmit monetary policy. Because central banks govern *through* these infrastructures rather than merely regulating them, disruptions to their functioning can directly impair monetary

transmission, compelling central banks to intervene to stabilize the markets upon which their policy capacity depends. This logic helps explain why the Fed initially acted to preserve LIBOR during the global financial crisis, using large-scale dollar swap lines to stabilize offshore funding markets and maintain the transmission of U.S. monetary policy to the domestic economy.

At the same time, this account is oriented toward explaining the conditions under which infrastructural dependence generates incentives for *support and stabilization*. It does not theorize when dependence on a foreign-controlled or weakly governable infrastructure—such as LIBOR—may instead generate incentives for *exit, replacement, or dismantlement*. In this sense, infrastructural power theory explains why central banks initially act to preserve benchmark-based transmission, but not when infrastructural entanglement itself becomes a source of political vulnerability that motivates the construction of national alternatives.

Taken together, these approaches illuminate outcome patterns, distributional motivations, and infrastructural constraints. However, none theorizes cooperation oriented toward the deliberate removal of a deeply embedded transnational infrastructure. Explaining the LIBOR case therefore requires two distinct analytical advances: first, to explain why dependence on a shared benchmark became a source of political vulnerability; and second, to explain how states were able to cooperate to dismantle that infrastructure and reallocate governance authority through decentralization. While developed in the context of benchmark reform, these moves have potentially broader relevance for the politics of financial infrastructure which we will revisit in the conclusion.

2.4 Interstate Infrastructure Vulnerability

To explain why states sought to abandon LIBOR, this article introduces the concept of *interstate infrastructure vulnerability*. Such vulnerability arises when three conditions are present: a state's monetary governance depends on an infrastructure located outside its jurisdiction; that infrastructure is governed or operated by actors the state cannot effectively regulate; and the infrastructure becomes unreliable in ways that impose material or political costs. Interstate infrastructure vulnerability concerns not general interdependence but the *operational core* of monetary authority.

LIBOR met all three conditions. Its administration was located in London; its panel submitters were predominantly European banks; and its malfunction during the global financial crisis impaired U.S. monetary transmission. The Federal Reserve's extraordinary swap lines were responses to disruptions in offshore dollar markets whose pricing hinged on a foreign-controlled benchmark. When manipulation became public, the political costs of continued dependence intensified, transforming a technocratic weakness into a democratic liability.

Interstate infrastructure vulnerability thus becomes politically salient only when latent dependence is activated by crisis or scandal. Once activated, it generates pressure not merely for reform but for exit—especially when the infrastructure in question lies beyond the effective regulatory reach of the state most exposed to its failure.

2.5 Redistributive Decentralization

If interstate infrastructure vulnerability explains *why* states sought to abandon LIBOR, what mode of cooperation explains *how* they were able to do so despite deep institutional lock-in? I define *redistributive decentralization* as a *mode of international cooperation* in which states collectively re-

structure a shared governance arrangement in ways that decentralize authority across jurisdictions while redistributing costs, rents, or control asymmetrically among participants. Unlike efficiency-enhancing cooperation, redistributive decentralization produces winners and losers by design; unlike regulatory convergence, it yields divergent institutional outcomes rather than a single shared standard.

This concept extends existing accounts of post-crisis regulatory cooperation in two respects. Building on cooperative decentralization, it shifts the focus from nationally differentiated implementation of common rules to cases in which cooperation facilitates the displacement of an incumbent transnational arrangement. At the same time, it extends redistributive cooperation by recognizing that redistribution may occur not only through convergent standards, but through decentralization itself—when cooperation dismantles a shared regime and replaces it with multiple nationally governed alternatives.

Redistributive decentralization may operate through a variety of mechanisms, including coordinated standard-setting, asymmetric enforcement, market-access leverage, and domestic institution-building. Which mechanisms are deployed depends on the degree of institutional lock-in, the distribution of exposure, and the capacities of leading states. In the case of benchmark reform, these mechanisms operated through the reconfiguration of financial infrastructure.

Three elements were central in the LIBOR case. First, *coordinated standard-setting* delegitimated the incumbent regime. Principles articulated by IOSCO privileged transaction-based benchmarks, establishing criteria that LIBOR—rooted in expert judgment and thin interbank markets—could not satisfy. Second, *asymmetric enforcement* altered the incentive structure sustaining the incumbent. U.S. investigations and prosecutions imposed substantial costs on LIBOR panel banks— disproportionately European—weakening institutional support and accelerating exit. While coercive enforcement was especially salient in this case, redistributive decentralization does not require coercion per se; its defining feature is the asymmetric redistribution of adjustment burdens, not the specific instruments employed. Third, *the construction of national institutional alternatives* rendered decentralization credible. The creation of SOFR, SONIA, and €STR allowed states to replace a single transnational benchmark with nationally governed reference rates embedded in distinct money markets and monetary-policy operating frameworks. Although this architecture was formally symmetric, its distributional consequences were not: the United States eliminated reliance on an offshore benchmark while consolidating control over the reference rate anchoring global dollar credit markets.

Redistributive decentralization therefore blends cooperation with conflict. Rather than merely harmonizing standards or reforming an incumbent regime, it removes the status quo from the feasible choice set and replaces it with a decentralized configuration whose distributional effects reflect underlying asymmetries of exposure and power. The sections that follow trace how these dynamics unfolded in the benchmark reform process.

3 The Politics of LIBOR's Demise

The theoretical framework developed in Section 2 identifies interstate infrastructure vulnerability as the motive force behind redistributive decentralization. This section traces how that vulnerability became politically salient and generated pressure for LIBOR's replacement. The crisis revealed U.S. dependence on an offshore benchmark; the manipulation scandal transformed a technical con-

cern into a political liability; and the domestic backlash against regulators who had failed to act created pressure for a decisive response. The result was a coordinated campaign—spanning enforcement, international standard-setting, and domestic institution-building—to dismantle LIBOR and replace it with a domestically administered alternative.

3.1 The Financial Crisis and Revelation of Vulnerability

LIBOR's problems predated the manipulation scandal. During the 2007–2008 crisis, the benchmark diverged sharply from domestic policy rates, signaling dysfunction in offshore dollar funding markets. As interbank lending froze amid uncertainty about counterparty risk, some banks could not borrow at LIBOR and paid higher rates to secure funding (Sengupta & Tam, 2008). Panel banks, meanwhile, faced incentives to underreport their borrowing costs to avoid the stigma of appearing distressed—submissions were public, and elevated rates drew scrutiny from creditors and the financial press (Mollenkamp, 2008; Mollenkamp & Whitehouse, 2008). The result was a benchmark that obscured rather than revealed stress in the financial system.

The Federal Reserve's response illustrates the importance of LIBOR for monetary policy transmission. The Fed expanded currency swap lines to fourteen foreign central banks in total. Notably, only jurisdictions with LIBOR panel banks received unlimited lines that persisted post-crisis—the European Central Bank, Bank of England, Swiss National Bank, Bank of Canada, and the Bank of Japan (Medlin, 2024). Peaking at nearly $600 billion of outstanding loans in November and December 2008, these lines of credit were designed to provide dollar liquidity to offshore markets and compress the spread between LIBOR and the fed funds rate (Sheets et al., 2018). The Fed was effectively acting as international lender of last resort to the eurodollar system—an extraordinary intervention that demonstrated how deeply LIBOR had become embedded in U.S. financial governance. Fed officials understood that lowering LIBOR would impact domestic businesses and households, given that many U.S. contracts—including the majority of subprime adjustable-rate mortgages—were indexed to LIBOR (McDowell, 2017).

Yet the intervention also exposed the costs of deep global integration around LIBOR. To stabilize offshore dollar funding markets, the Federal Reserve originated more than $10 trillion in liquidity, the bulk of it directed to European banks as they made up the majority of LIBOR panel banks—even though the benchmark whose dysfunction precipitated these measures was administered by a private trade association in London (Medlin, 2024). The swap lines were effective, but they revealed a structural vulnerability: U.S. monetary transmission depended on a foreign-governed benchmark, a dependence that became politically untenable once the manipulation scandal brought LIBOR into greater public scrutiny.

Table 2 underscores the degree to which USD-LIBOR functioned as a core component of U.S. monetary and financial infrastructure rather than a merely offshore benchmark. By 2013, USD-LIBOR was embedded across the principal channels of domestic dollar credit creation—including syndicated lending, securitization, and interest-rate derivatives—linking hundreds of trillions of dollars in contracts to a privately governed rate produced outside U.S. jurisdiction. No other currency exhibited a comparable breadth of integration across domestic asset classes.

Other jurisdictions were also exposed, though in qualitatively different ways. In Switzerland, CHF-LIBOR was sufficiently central to domestic monetary operations that the Swiss National Bank used it directly as its policy target, rendering manipulation and market dysfunction an immediate threat to monetary control. Japan, by contrast, relied primarily on domestic benchmarks such

Table 2: LIBOR market footprint by currency and asset class (2013)

	USD	**GBP**	**EUR**	**JPY**	**CHF**
Notional outstanding ($Tn)[1]	150–160	30	2	30	6.5
Asset class[2,3]					
Syndicated Loans[4]	97%	100%	4%	Medium	50–70%
Business Loans[4]	30–50%	68%	Low	20%	40–60%
Commercial Mortgages[4]	30–50%	60%	–	0%	15–20%
Retail Mortgages[4]	15%	1–2%	–	0%	10–20%
Consumer Loans[4]	Low	Low	–	0%	–
Retail Loans[4]	15%	Low	Low	0%	10–20%
FRNs	24%	Medium	Low	65%	100%
Securitization[4]	High	Medium	Low	60%	Low
OTC Derivatives	65%	63%	0.01%	58%	80–100%
ETDs	98%	80%	0.01%	100%	100%
Deposits[4]	Low	Low	Low	Low	Low

[1] Notional outstanding is the volume estimated to be linked to LIBOR reference rates by currency.
[2] Where avaialable, estimated share of market linked to currency LIBORs. High: more than $1 trillion USD; Medium: between $1 trillion and $100 billion; Low: less than $100 billion.
[3] There is some overlap between Syndicated loans and Corporate business loans. Business loans include loans for large commercial firms, small to medium-sized firms, and commercial mortgages. Retail loans include retail mortgages to households, auto loans, credit cards, consumer loans, and student loans. FRNs refer to floating rate notes. OTC (over-the-counter) Derivatives consist of interest rate swaps, interest rate options, and cross-currency basis swaps products. ETDs refer to exchange-traded derivatives, which include instruments like interest rate options and futures. Deposits include retail, corporate, and non-corporate business deposits.
[4] Domestic estimates only for USD-LIBOR and GBP-LIBOR (global estimates otherwise).
Sources: Financial Stability Board [FSB], 2014a, 2014b.

as TIBOR (Tokyo interbank offered rate), with JPY-LIBOR occupying a more limited role. In the euro area, Euro-LIBOR likewise played a subordinate role relative to EURIBOR (euro interbank offered rate) and national money-market rates that were already embedded in the ECB's operational framework, limiting the extent of infrastructural dependence on an offshore benchmark. These variations meant that while several states had incentives to reform benchmark governance, exposure—and therefore potential gains from reform—was highly asymmetric.

As with U.S. bank leverage exposure prior to the Basel Accords, disproportionate integration created a political economy in which the United States stood to gain the most from restructuring the existing regime. Benchmark reform thus offered joint welfare gains through enhanced monetary control, but also entailed redistributive consequences across jurisdictions—conditions under which U.S. leadership, and ultimately coercion, became politically feasible.

3.2 Scandal and Political Backlash

On June 27, 2012, the U.S. Department of Justice (DOJ) and Commodity Futures Trading Commission (CFTC), jointly with the U.K. Financial Services Authority, announced a settlement with Bar-

clays. The bank admitted to manipulating LIBOR submissions and agreed to pay approximately $453 million in fines (U.S. Department of Justice [DOJ], 2012a). The settlement revealed that traders had systematically rigged the benchmark for profit, coordinating submissions across banks and currencies. Internal communications showed contempt for the benchmark's integrity—one external trader promised to open "a bottle of Bollinger" after a Barclays trader agreed to pass along a request for lower LIBOR (Verdier, 2019, p. 248).

The scandal triggered significant public backlash. Resentment toward the financial industry, still palpable from the 2008 crisis and bailouts, intensified. LIBOR affected not just wholesale markets but household borrowing costs—adjustable-rate mortgages, student loans, credit cards—and the revelation that banks had manipulated it for profit fueled demands for accountability.

The scandal also brought congressional scrutiny to the Federal Reserve's handling of LIBOR post-crisis. Lawmakers learned that New York Fed officials had been aware of potential manipulation as early as 2007 and had communicated concerns to the Bank of England and BBA, but had not taken decisive action (BBC News, 2013). Fed Chair Bernanke and, by then, Treasury Secretary Timothy Geithner—formerly the President of the New York Fed—faced intense questioning in July 2012 hearings. Geithner was rebuked by Congressman Scott Garrett for not bringing concerns to Congress sooner: "if this is the crime of the century, as so many people are reporting it to be, never once did you ever come and mention it as being a problem" (Financial Stability Oversight Council [FSOC], 2013, p. 30).

The exchange between Senator Pat Toomey and Bernanke was paradigmatic. Toomey pressed Bernanke on why regulators had allowed transactions referencing LIBOR to continue when they knew the benchmark was flawed:

> Senator TOOMEY: Here is what I do not understand... you and many other regulators understood that there were serious questions about the integrity of this... and yet everybody allowed these transactions to continue... Why have we allowed it to go on the old way when we knew it was flawed for the last 4 years, with trillions of dollars of transactions?
>
> Mr. BERNANKE: Because the Federal Reserve has no ability to change it... It is constructed by a private organization in the U.K., and so our direct ability to influence that is limited. (U.S. Senate Committee on Banking, Housing, and Urban Affairs, 2012, pp. 18–20)

Bernanke's response highlighted the core problem: LIBOR was constructed outside U.S. jurisdiction, and the Fed lacked authority to reform it directly. Senator Menendez pressed further, emphasizing the stakes—"millions of consumers, investors, pension funds, municipalities, counties, Governments, all affected by LIBOR"—and demanded to know how the U.S. would "ensure the integrity of this banking system." Bernanke indicated that addressing the problem would require international cooperation: "it is going to have to be an international effort because—LIBOR is constructed by the U.K. organization" (U.S. Senate Committee on Banking, Housing, and Urban Affairs, 2012, pp. 19–20).

From these exchanges, it was clear U.S. lawmakers expected the Fed to take the lead on the LIBOR problem. Four years of inaction, despite known problems with the benchmark's integrity, was no longer acceptable.

3.3 The U.S. Regulatory Response

The domestic backlash catalyzed a coordinated regulatory response. In April 2013, the Financial Stability Oversight Council—the inter-agency body created by Dodd–Frank to identify systemic risks—declared reliance on LIBOR a vulnerability to financial stability:

> Council members believed that in the absence of both an explicit and transparent link between LIBOR and market transactions and strong governance of reference rates, price signals for capital and risk allocation and risk measurement may become distorted, possibly leading to misallocation of capital and risk and a mis-measurement of risk. Identifying alternatives anchored in observable transactions with appropriate governance structures... would mitigate the risks of LIBOR to U.S. financial stability. (FSOC, 2013, p. 137)

The Fed took the lead in organizing a replacement. The Federal Reserve Board and New York Fed convened the Alternative Reference Rate Committee (ARRC), a working group of major financial institutions—including JP Morgan Chase, Citigroup, Bank of America, Goldman Sachs, and several foreign multinationals such as Barclays, Deutsche Bank, and Credit Suisse—along with Fed, Treasury, and other regulatory officials. ARRC was tasked with identifying transaction-based alternative rates, establishing best practices for contract robustness, and supporting orderly transition (Alternative Reference Rates Committee [ARRC], n.d.). Other jurisdiction followed suit, creating their own working groups to administer the transition dollar-LIBOR and other LIBORs in their own currencies.

In June 2017, ARRC selected the Secured Overnight Financing Rate (SOFR) as its preferred replacement (ARRC, 2017). SOFR is based on repo transactions—overnight loans collateralized by Treasury securities—and reflects actual market activity rather than survey-based estimates. Administered by the Federal Reserve Bank of New York, SOFR gave the Fed direct oversight of the benchmark that would anchor dollar credit markets.

The choice of SOFR over alternatives reflected the strategic logic of eliminating infrastructure vulnerability. A reformed LIBOR—even one based on actual transactions—would remain under U.K. jurisdiction. Only a domestically administered benchmark could re-embed dollar credit pricing within U.S. regulatory control.

3.4 Cooperative Standard-Setting and Benchmark Delegitimation

Even before the formation of ARRC or any alternative benchmark rate, the United States helped spearhead an international effort to redefine what counted as a legitimate benchmark. In November 2012, the G20 instructed the International Organization of Securities Commissions (IOSCO) to review the governance and design of financial benchmarks (G20 Finance Ministers and Central Bank Governors, 2012). IOSCO's 2013 "Principles for Financial Benchmarks" emphasized that reference rates should be anchored in observable market transactions, supported by robust underlying markets, and subject to strong governance and transparency requirements (International Organization of Securities Commissions [IOSCO], 2013).

U.S. regulators were among the most forceful advocates within the IOSCO process for anchoring benchmarks in observable market transactions and strengthening governance safeguards. As

part of the CFTC offensive against LIBOR, Gensler's 2012 testimony before the European Parliament articulated nearly the same principles IOSCO adopted the following year, and U.S. officials served on the IOSCO task force charged with drafting the new standards (IOSCO, 2012, 2013).

These principles posed a direct challenge to LIBOR. The collapse of unsecured interbank lending after 2008 meant that few actual transactions existed at the maturities LIBOR purported to measure. As IOSCO and the Financial Stability Board (FSB) began to assess major benchmarks against the new standards, LIBOR increasingly appeared as an artifact of a vanished market structure. The FSB's Official Sector Steering Group (OSSG), tasked with coordinating global reform, endorsed a move toward nearly risk-free, transaction-based reference rates (FSB, 2014b).

Market participants, by contrast, reportedly preferred a reformed "LIBOR+" model, in which the benchmark would be retained but based on an expanded transaction set and strengthened governance. The FSB's Market Participants Group (MPG) report reflected this view, concluding that no single alternative could fully replace LIBOR and that reforming the existing benchmark would be the most seamless transition path (FSB, 2014a, pp. 53–55, 81). Banks that sat on the LIBOR panel had strong incentives to preserve the benchmark; as one account put it, they "wanted Libor kept in-house so that they could continue to influence it" (Enrich & Colchester, 2012).

Official-sector standard-setting thus became a second prong of the strategy to remove LIBOR. By establishing principles that the incumbent could not meet, IOSCO and the FSB delegitimized transaction-light benchmarks and strengthened the case for nationally administered alternatives. U.S. officials were especially forceful in articulating LIBOR's structural deficiencies. In testimony before the European Parliament, CFTC Chairman Gary Gensler emphasized that unsecured interbank lending—the supposed foundation of LIBOR—had "sharply reduced over the years," leaving "little to no activity" for many maturities and rendering the benchmark increasingly detached from observable market transactions. He warned that benchmarks lacking a transactions base suffer from limited credibility and heightened vulnerability to misconduct, noting that "a benchmark separated from real transactions is more vulnerable to misconduct."(Gensler, 2012, pp. 2-3). Gensler concluded by posing the central question facing regulators worldwide: whether LIBOR could be "sufficiently mended, or [whether] it's better to be replaced," given that the underlying market had "largely diminished." (Gensler, 2012, p. 16). These interventions helped cement an international consensus that LIBOR was irreparably misaligned with modern money markets. IOSCO's principles provided the conceptual foundation; FSB assessments supplied the technical diagnosis; and U.S. regulatory rhetoric translated these evaluations into a powerful delegitimizing narrative. Together, they shifted global benchmark governance toward transaction-based rates embedded in domestic money markets and set the conditions under which LIBOR's elimination became not only possible, but necessary.

3.5 Enforcement Power and Redistributive Leverage

A third prong of the U.S. strategy was the aggressive deployment of enforcement power against LIBOR panel banks. Between 2012 and 2018, regulators imposed approximately $9.2 billion in penalties related to LIBOR manipulation (Table 3). U.S. authorities—including the Department of Justice, the Commodity Futures Trading Commission, and state regulators—accounted for roughly two-thirds of this total, despite the fact that the banks involved were predominantly European.

The scale and distribution of penalties illustrated what Verdier (2019) terms the "new financial extraterritoriality": U.S. prosecutors applied domestic law to conduct occurring largely abroad,

Table 3: Regulatory Penalties for LIBOR Manipulation (2012–2018)

Bank (Domicile)	U.S. Fines	U.K. Fines	EU Fines	Other Fines	Total
Barclays (UK)	$360	$93	—	—	$453
UBS (Switzerland)	$1,200	$259	—	$64	$1,524
RBS (UK)	$625	$137	—	—	$762
Rabobank (Netherlands)	$800	$170	—	$96	$1,066
Lloyds (UK)	$191	$178	—	—	$369
Deutsche Bank (Germany)	$2,175	$344	$983	—	$3,502
JPMorgan Chase (US)	—	—	$187	—	$187
Citicorp (US)	$175	—	$95	—	$270
Société Générale (France)	$750	—	$309	—	$1,059
Total	**$6,276**	**$1,181**	**$1,574**	**$160**	**$9,192**

Note: All figures in millions USD. U.S. fines include DOJ and CFTC penalties. EU fines reflect European Commission penalties. "Other" includes Swiss FINMA and Dutch PPS. Some totals differ from gross figures due to immunity reductions granted to Barclays and UBS by the European Commission for cooperation.
Sources: Author's calculations from Commodity Futures Trading Commission [CFTC], 2012, 2016; European Commission, 2013, 2014; Financial Conduct Authority [FCA], 2012; DOJ, 2012a, 2012b, 2013a, 2013b, 2014, 2015, 2018a, 2018b

imposing heavy sanctions on foreign banks whose LIBOR submissions nonetheless affected U.S. dollar contracts. Fines were accompanied by detailed statements of facts and mandated reforms to internal compliance systems, further eroding the legitimacy of LIBOR's private governance arrangements.

Foreign officials worried that the magnitude of U.S. penalties would weaken bank balance sheets and destabilize European financial systems. ECB President Mario Draghi and Bank of England Governor Mark Carney both called for better coordination of fines, while U.K. Chancellor George Osborne wrote to Federal Reserve officials complaining that proposed settlements were several times higher than previous actions for comparable violations (Fleming, 2014; Bisserbe & Enrich, 2014). These concerns underscored the coersive character of the enforcement campaign, which raised not only the financial but reputational cost of being associated with LIBOR.

Enforcement thus complemented standard-setting and domestic institution-building. IOSCO and FSB principles provided a template for what a legitimate benchmark should look like; U.S. enforcement actions dramatized LIBOR's failure to meet those standards and delegitimized the panel banks that had administered it; and the development of SOFR and other national benchmarks created concrete alternatives around which market participants could coordinate. Section 4 returns to the distributive implications of these fines and the broader redistribution of authority that accompanied LIBOR's demise.

3.6 Cooperative Decentralization in Practice

The post-LIBOR benchmark landscape confirms Helleiner and Pagliari's (2011) observation that international financial cooperation can produce coordinated diversity rather than convergent standards. Rather than replacing LIBOR with a single global benchmark, the FSB-coordinated reform process yielded a patchwork of national rates, each reflecting distinct market structures and policy priorities.

Table 4 summarizes this divergence across major currency jurisdictions. The new benchmarks differ in fundamental ways: some are based on secured repo transactions (SOFR, SARON, CORRA), while others rest on unsecured overnight lending (SONIA, €STR, TONAR). Some draw exclusively from interbank markets; others incorporate broader wholesale funding activity. These differences have material implications for pricing, risk characteristics, and cross-border basis risk in derivatives markets.

This decentralization was cooperative in the sense that it proceeded through FSB coordination, IOSCO principles, and national working groups operating in parallel. Yet it was not neutral. The principles themselves—particularly the emphasis on transaction-based benchmarks—systematically disadvantaged LIBOR while permitting diverse national implementations. The result was fragmentation by design: each jurisdiction gained control over its own benchmark infrastructure, but the terms of that fragmentation were set through a process shaped by U.S. regulatory leadership.

4 Redistributive Outcomes

The LIBOR transition illustrates how redistributive decentralization reshapes the material and institutional foundations of global finance. Once U.S. authorities resolved to eliminate the vulnerability created by reliance on an offshore benchmark, their three-pronged strategy—domestic institution-building, cooperative standard-setting, and extraterritorial enforcement—reallocated rents, regulatory authority, and infrastructural influence across jurisdictions. These redistributive effects were integral to dismantling a deeply entrenched transnational infrastructure and re-embedding benchmark governance within national monetary institutions. This section traces the principal channels through which redistribution occurred.

4.1 Loss of Rents and Governance Privileges in London

The first redistribution concerned the concentrated rents and governance privileges historically associated with the City of London and the LIBOR panel banks. For decades, LIBOR anchored a London-based ecosystem of financial activity. The BBA licensed the benchmark globally, generating revenue, while panel membership conferred reputational standing, informational advantages, and influence over benchmark governance (Enrich & Colchester, 2012).[2] These arrangements reflected LIBOR's origins in the Eurocurrency markets, which operated beyond domestic regulatory authority and vested benchmark construction in a small group of private banks (Stenfors, 2013).

[2] These rents transferred temporarily to LIBOR's post-crisis administrator. In 2014, the FCA stripped the custodianship of LIBOR administration from the BBA, leasing the rights to Intercontinental Exchange (ICE), an American financial services firm, for £1 (Hale, 2017).

Table 4: Benchmark Reform Across Major Currency Jurisdictions

Jurisdiction	**Original Benchmark** (money market basis)	**New Benchmark** (money market basis)	**New Administrator**
U.S.	USD-LIBOR (unsecured, interbank)	SOFR (secured, repo)	New York Fed
U.K.	GBP-LIBOR (unsecured, interbank)	SONIA (unsecured, wholesale)	Bank of England
Eurozone	EURIBOR / EUR-LIBOR (unsecured, interbank)	€STR (unsecured, wholesale)	European Central Bank
Switzerland	CHF-LIBOR (unsecured, interbank)	SARON (secured, repo)	SIX Swiss Exchange*
Japan	JPY-LIBOR / TIBOR (unsecured, interbank)	TONAR (unsecured, interbank)	Bank of Japan
Canada	CDOR (unsecured, commercial loans)	CORRA (secured, repo)	Bank of Canada

Note: SOFR = Secured Overnight Financial Rate, SONIA = Sterling Overnight Index Average, EURIBOR = Euro Interbank Offered Rate, €STR = Euro Short Term Rate, SARON = Swiss Average Rate Overnight, TIBOR = Tokyo Interbank Offered Rate, TONAR = Tokyo Overnight Average Rate, CDOR = Canadian Dollar Offered Rate, CORRA = Canadian Overnight Repo Rate Average. EURIBOR continues under a reformed methodology alongside €STR.
* Private institution.
Sources: FSB, 2014b; J.P. Morgan, 2019

Panel membership also created structural incentives for strategic behavior. Even absent explicit collusion, banks faced pressures to shade submissions to avoid signaling funding stress or to marginally benefit derivatives positions. As Stenfors (2013, pp. 193–194) documents, stigma effects and portfolio exposures generated systematic deviations from true funding costs. The BBA's trimmed-mean methodology removed only extreme quotes, leaving scope for incremental adjustments within the distribution. Because submissions were correlated rather than independent, small, coordinated shifts could influence the fixing despite formal governance safeguards.

Beyond governance rents, LIBOR also generated substantial *income rents* for banks through its embedded credit-risk component. As a credit-sensitive benchmark, LIBOR tended to rise during periods of financial stress, shifting higher borrowing costs onto firms and households with floating-rate debt. For banks, this feature functioned as a form of insurance: increases in interest income partially offset higher funding costs when credit conditions tightened. Using loan-level evidence, Jermann (2020) estimates that during the GFC this mechanism generated as much as $30 billion in additional interest income on adjustable-rate business loans alone. By contrast, risk-free replacement rates such as SOFR remain comparatively stable in stress episodes, lowering debt service burdens for borrowers but compressing banks' interest margins.

Benchmark reform eliminated both sets of advantages. As administration shifted to public au-

thorities and reference rates were constructed from observed transactions in deep, secured markets, panel banks lost the capacity to shape benchmark outcomes and the governance rents associated with submission-based benchmarks. At the same time, the transition away from credit-sensitive benchmarks curtailed the income transfers embedded in LIBOR-indexed contracts. In markets adopting secured overnight rates such as SOFR, benchmark construction reflects activity across a broad set of institutions—primary dealers, money market funds, GSEs, and non-banks—rather than a small club of international banks. Influence and income dispersed accordingly.

For London, the consequences were especially pronounced. The institutional rents accruing to the BBA disappeared, and while SONIA now anchors sterling markets, it lacks LIBOR's global reach and its embedded credit-risk premium. The City thus experienced a clear loss of both income and infrastructural centrality.

4.2 Relocation of Regulatory Authority to Central Banks

A second redistribution followed from the transfer of benchmark governance from a private association to national central banks. Under LIBOR, the BBA controlled methodology, oversight, and licensing, exercising effective authority over a core component of global credit pricing. U.S. monetary authorities depended on this offshore arrangement for domestic monetary transmission—a dependence rendered politically untenable once infrastructural vulnerability was revealed.

The reform process reversed this relationship. IOSCO and FSB principles delegitimized survey-based benchmarks and established international expectations that reference rates should be transaction-based and publicly governed (FSB, 2014b; IOSCO, 2013). As jurisdictions implemented these principles, central banks assumed responsibility for benchmark administration: the Federal Reserve Bank of New York for SOFR, the Bank of England for SONIA, the ECB for €STR, and parallel arrangements elsewhere.

Benchmark governance thus moved inside the legal and operational domain of monetary authorities. Methodological design, contingency planning, and oversight now occur within national regulatory institutions rather than private associations. For the United States, this relocation reduced exposure to offshore infrastructures; for the United Kingdom, it marked a contraction from global benchmark governance to domestic-currency administration.

4.3 Reconfiguration of Structural Monetary Power

A third redistributive outcome concerned the reconfiguration of structural monetary power. Under LIBOR, dollar credit conditions were anchored to a benchmark produced in London and mediated by offshore interbank markets. The Federal Reserve could influence LIBOR only indirectly, and stabilizing the benchmark during crisis required extraordinary interventions such as swap lines.

SOFR alters this configuration. Derived from transactions in the U.S. Treasury repo market and administered by the New York Fed, SOFR is embedded within the institutional ecology of U.S. monetary policy. The Federal Reserve now shapes benchmark conditions through administered facilities such as the overnight reverse repo and standing repo facilities, which directly influence repo market dynamics (Gellert & Schlögl, 2021). The infrastructure anchoring dollar credit pricing has therefore moved from a private offshore association to a U.S. public authority.

This shift also deepens global dependence on U.S. financial infrastructures. As SOFR becomes embedded in dollar-denominated contracts worldwide, funding conditions increasingly re-

flect market dynamics in U.S. government securities. While other jurisdictions gained control over their own benchmarks, none acquired a reference rate with global reach comparable to SOFR. Infrastructural power thus shifted toward closer alignment between dollar finance and U.S. state capacity.

This reconfiguration of benchmark infrastructure produced a formally symmetric governance architecture—each major jurisdiction now administers its own reference rate—but with sharply asymmetric distributional effects. The United States eliminated reliance on an offshore benchmark while gaining control over the reference rate anchoring global dollar credit. London lost governance rents, institutional status, and a central infrastructural role in global finance, while panel banks lost both their influence over benchmark construction and the informational advantages associated with panel membership.

In this sense, benchmark reform exemplifies the dynamics of redistributive decentralization. Motivated by interstate infrastructural vulnerability, U.S. authorities dismantled a transnational benchmark regime and replaced it with nationally governed alternatives. Formal authority over benchmark administration diffused across jurisdictions, yet monetary power re-concentrated within the core of the dollar-based system. Efforts to resolve infrastructural dependence thus simultaneously decentralized governance and reinforced the hierarchical structure of global finance.

5 Conclusion

The demise of LIBOR reveals how the politics of financial infrastructure shape the distribution of power in global finance. What began as a private, lightly regulated benchmark evolved into a governance-critical infrastructure whose malfunction exposed the vulnerabilities created by cross-border monetary entanglement. Once the 2007–08 crisis and the manipulation scandal made those vulnerabilities unmistakable, the United States mobilized cooperative standard-setting, extraterritorial enforcement, and domestic institution-building to dismantle the incumbent benchmark and re-embed its core functions within national authority. The resulting transition exemplifies what this article has termed *redistributive decentralization*: the strategic elimination of a transnational infrastructure and the construction of national alternatives that redistribute rents, regulatory authority, and infrastructural influence.

This analysis extends three strands of IPE scholarship. It demonstrates that cooperative decentralization can be deliberately engineered when powerful states seek to resolve infrastructural vulnerabilities, rather than emerging merely from institutional inertia or divergent national preferences. It shows that redistributive cooperation can underpin regulatory *divergence*, not only harmonization, when dismantling an incumbent infrastructure is necessary to address structural risks. And it expands the concept of infrastructural power by highlighting that central banks may seek not only to preserve the infrastructures on which they depend, but to eliminate and replace them when those infrastructures lie beyond domestic jurisdiction and generate politically untenable vulnerabilities.

The LIBOR episode also offers a broader caution for the governance of global financial infrastructures. The scandal revealed the dangers of delegating core monetary functions to unaccountable private associations and of relying on regulatory philosophies that privileged market autonomy over public oversight. British regulators, having long championed light-touch supervision, were unable to defend the credibility of an infrastructure they had failed to oversee. Their weakened

position created space for U.S. authorities to reshape the benchmark regime through standard-setting and enforcement, illustrating how legitimacy failures can invite—and legitimate—external intervention.

At the same time, the transition underscores a deeper paradox. The elimination of LIBOR removed a significant vulnerability from the dollar system and replaced it with a more resilient benchmark whose behavior the Federal Reserve can influence directly, especially in periods of stress. In that sense, benchmark reform has made global finance more stable. Yet it has also deepened the infrastructural foundations of U.S. monetary power by tying global dollar credit conditions more closely to markets and institutions under U.S. control. Other jurisdictions gained authority over their own benchmarks, but the hierarchy of the international monetary system remained intact—and, in some respects, more entrenched.

The case thus reveals a central dynamic of contemporary financial governance: efforts to mitigate infrastructural vulnerability may decentralize formal authority while simultaneously reinforcing the underlying hierarchies of global finance. As other domains—from payments and clearing to collateral and liquidity infrastructures—face similar pressures, the politics of infrastructural design will continue to shape not only market stability but the distribution of power within the international monetary order.

Lastly, the logic of redistributive decentralization is unlikely to remain confined to benchmark governance. Other shared financial infrastructures that mediate cross-border monetary and financial relations may become similarly contested as states reassess the vulnerabilities created by dependence on foreign-controlled systems. Global payments and messaging networks—most prominently SWIFT—have already been politicized through sanctions enforcement and exclusion threats, revealing how infrastructural centrality can be transformed into coercive leverage (Farrell & Newman, 2019; McDowell, 2023). In response, rival powers have explored alternative arrangements designed not to overturn the dollar system, but to reduce exposure to its most sensitive chokepoints, such as China's Cross-Border Interbank Payment System. As in the LIBOR case, these dynamics do not signal de-globalization or monetary fragmentation so much as strategic efforts to re-embed critical infrastructures within national or regional authority while preserving functional interoperability. Where infrastructural dependence becomes politically salient—through sanctions, crisis management, or failures of monetary transmission—states may again mobilize cooperative mechanisms to dismantle or bypass incumbent regimes and redistribute governance authority. Redistributive decentralization thus provides a framework for understanding how future struggles over payments, clearing, collateral, and liquidity infrastructures may reshape the international monetary order without displacing its underlying hierarchy.

References

Alternative Reference Rates Committee. (2017, June). The ARRC selects a broad repo rate as its preferred alternative reference rate. https://www.newyorkfed.org/medialibrary/microsites/arrc/files/2017/ARRC-press-release-Jun-22-2017.pdf

Alternative Reference Rates Committee. (n.d.). *About* [n.d.]. https://www.newyorkfed.org/arrc/about

BBC News. (2013, February). *Timeline: LIBOR-fixing scandal* [Accessed: 2025-03-26]. https://www.bbc.co.uk/news/business-18671255

Braun, B. (2018). Central banking and the infrastructural power of finance: The case of ecb support for repo and securitization markets. *Socio-Economic Review*, *18*(2), 395–418. https://doi.org/10.1093/ser/mwy008

Braun, B., & Gabor, D. (2020). Central banking, shadow banking, and infrastructural power. In P. Mader, D. Mertens, & N. van der Zwan (Eds.), *The routledge international handbook of financialization* (pp. 241–252). Routledge.

Commodity Futures Trading Commission. (2012, June). CFTC orders Barclays to pay $200 million penalty for attempted manipulation of and false reporting concerning LIBOR and Euribor benchmark interest rates. https://www.cftc.gov/PressRoom/PressReleases/6289-12

Commodity Futures Trading Commission. (2016, May). CFTC orders Citibank to pay $250 million for attempted manipulation and false reporting of U.S. Dollar ISDAFIX benchmark swap rates. https://www.cftc.gov/PressRoom/PressReleases/7371-16

Duffie, D., & Stein, J. C. (2015). Reforming LIBOR and Other Financial Market Benchmarks. *Journal of Economic Perspectives*, *29*(2), 191–212. https://doi.org/10.1257/jep.29.2.191

Enrich, D. (2017). Libor: A Eulogy for the World's Most Important Number [Online article]. *The Wall Street Journal*. https://www.wsj.com/articles/libor-a-eulogy-for-the-worlds-most-important-number-1501170720

Enrich, D., & Colchester, M. (2012). Before scandal, clash over control of Libor. *The Wall Street Journal*. https://www.wsj.com/articles/SB10000872396390443847404577631404235329424

European Central Bank. (2019). *What Are Benchmark Rates, Why Are They Important and Why Are They Being Reformed?* [Accessed: 2019]. https://www.ecb.europa.eu/ecb/educational/explainers/tell-me-more/html/benchmark_rates_qa.en.html

European Commission. (2013, December). Antitrust: Commission fines banks € 1.49 billion for participating in cartels in the interest rate derivatives industry. https://ec.europa.eu/commission/presscorner/detail/en/IP_13_1208

European Commission. (2014, October). Antitrust: Commission fines banks € 94 million for participating in cartels in the interest rate derivatives industry. https://ec.europa.eu/commission/presscorner/detail/en/IP_14_1189

Farrell, H., & Newman, A. L. (2019). Weaponized interdependence: How global economic networks shape state coercion. *International Security*, *44*(1), 42–79. https://doi.org/10.1162/isec_a_00351

Financial Conduct Authority. (2012, June). Barclays fined £59.5 million for significant failings in relation to LIBOR and EURIBOR. https://www.fca.org.uk/news/press-releases/barclays-fined-%C2%A3595-million-significant-failings-relation-libor-and-euribor

Financial Stability Board. (2014a). Market Participants Group on Reforming Interest Rate Benchmarks: Final Report. https://www.fsb.org/2014/07/r_140722b

Financial Stability Board. (2014b). Reforming Major Interest Rate Benchmarks. https://www.fsb.org/2014/07/r_140722

Financial Stability Oversight Council. (2013). 2013 Annual Report. https://home.treasury.gov/system/files/261/FSOC-2013-Annual-Report.pdf

G20 Finance Ministers and Central Bank Governors. (2012, November). *Communiqué of the Meeting of G20 Finance Ministers and Central Bank Governors* [Accessed: 2021-12-05]. http://www.g20.utoronto.ca/2012/2012-121105-finance-en.html

Gellert, K., & Schlögl, E. (2021). Short rate dynamics: A fed funds and sofr perspective. https://arxiv.org/pdf/2101.04308.pdf

Gensler, G. (2012, September). Remarks of Chairman Gary Gensler, European Parliament Economic and Monetary Affairs Committee. https://www.iosco.org/library/speeches/pdf/20120924-Gensler.pdf

Hale, T. (2017, April). *ICE Bets on Data to Resurrect LIBOR's Reputation* [Online article]. https://www.ft.com/content/8941636e-13b2-11e7-80f4-13e067d5072c

Helleiner, E. (2014). Towards cooperative decentralization? the post-crisis governance of global OTC derivatives. In T. Porter (Ed.), *Transnational Financial Regulation After the Crisis*. Routledge.

Helleiner, E., & Pagliari, S. (2011). The end of an era in international financial regulation? a postcrisis research agenda. *International Organization*, *65*(1), 169–200. https://doi.org/10.1017/S0020818310000305

Hou, D., & Skeie, D. (2014, March). *LIBOR: Origins, Economics, Crisis, Scandal, and Reform* (Staff Report No. 667). Federal Reserve Bank of New York. https://ssrn.com/abstract=2423387

International Organization of Securities Commissions. (2012, September). IOSCO creates Board Level Task Force on Financial Market Benchmarks. https://www.iosco.org/news/pdf/IOSCONEWS250.pdf

International Organization of Securities Commissions. (2013). Principles for financial benchmarks: Final report. https://www.iosco.org/library/pubdocs/pdf/IOSCOPD415.pdf

Jermann, U. J. (2020). Interest received by banks during the financial crisis: LIBOR vs hypothetical SOFR loans. https://ssrn.com/abstract=3624908

J.P. Morgan. (2019). Benchmark Reform: Across the Globe. https://www.jpmorgan.com/content/dam/jpm/cib/complex/content/markets/libor-reform-across-the-globe/pdf-0.pdf

McCauley, R., & Schenk, C. R. (2020). Central bank swaps then and now: Swaps and dollar liquidity in the 1960s. https://www.bis.org/publ/work851.pdf

McDowell, D. (2017). *Brother, Can You Spare a Billion? The United States, the IMF, and the International Lender of Last Resort*. Oxford University Press.

McDowell, D. (2023). *Bucking the buck: US financial sanctions and the international backlash against the dollar*. Oxford University Press.

Medlin, A. M. (2024). *Three Essays on International Cooperation, Central Bank Swap Lines, and Benchmark Interest Rates* [Doctoral dissertation, University of Massachusetts Amherst]. https://doi.org/10.7275/54746

Mollenkamp, C. (2008). Bankers cast doubt on key rate amid crisis. *The Wall Street Journal*. https://www.wsj.com/articles/SB120831164167818299

Mollenkamp, C., & Whitehouse, M. (2008). Study casts doubt on key rate. *The Wall Street Journal*. https://www.wsj.com/articles/SB121200703762027135

Oatley, T., & Nabors, R. (1998). Redistributive cooperation: Market failure, wealth transfers, and the Basle Accord. *International Organization*, *52*(1), 35–54.

Sengupta, R., & Tam, Y. M. (2008). *The LIBOR-OIS spread as a summary indicator* (Economic Synopses No. 25). Federal Reserve Bank of St. Louis. https://files.stlouisfed.org/files/htdocs/publications/es/08/ES0825.pdf

Sheets, N., Truman, E., & Lowery, C. (2018). The federal reserve's swap lines: Lender of last resort on a global scale [Conference paper presented at "Responding to the Global Financial

Crisis," Brookings Institution, September 11–12, 2018]. https://www.brookings.edu/wp-content/uploads/2018/08/14-B-International-Swaps-Prelim-Disc-Draft-2018.09.11.pdf

Stenfors, A. (2013). Determining the LIBOR: A Study of Power and Deception. http://eprints.soas.ac.uk/16630

U.S. Department of Justice. (2012a, June). Barclays Bank PLC admits misconduct related to submissions for the London Interbank Offered Rate and the Euro Interbank Offered Rate and agrees to pay $160 million penalty. https://www.justice.gov/opa/pr/barclays-bank-plc-admits-misconduct-related-submissions-london-interbank-offered-rate-and

U.S. Department of Justice. (2012b, December). UBS Securities Japan Co. Ltd. to plead guilty to felony wire fraud for long-running manipulation of LIBOR benchmark interest rates. https://www.justice.gov/opa/pr/ubs-securities-japan-co-ltd-plead-guilty-felony-wire-fraud-long-running-manipulation-libor

U.S. Department of Justice. (2013a, October). *Rabobank Admits Wrongdoing in LIBOR Investigation, Agrees to Pay $325 Million Criminal Penalty* [Press release]. https://www.justice.gov/opa/pr/rabobank-admits-wrongdoing-libor-investigation-agrees-pay-325-million-criminal-penalty

U.S. Department of Justice. (2013b, February). *RBS Securities Japan Limited Agrees to Plead Guilty in Connection with Long-Running Manipulation of LIBOR Benchmark Interest Rates* [Press release]. https://www.justice.gov/opa/pr/rbs-securities-japan-limited-agrees-plead-guilty-connection-long-running-manipulation-libor

U.S. Department of Justice. (2014, July). *Lloyds Banking Group Admits Wrongdoing in LIBOR Investigation, Agrees to Pay $86 Million Criminal Penalty* [Press release]. https://www.justice.gov/opa/pr/lloyds-banking-group-admits-wrongdoing-libor-investigation-agrees-pay-86-million-criminal

U.S. Department of Justice. (2015, April). Deutsche Bank's London subsidiary agrees to plead guilty in connection with long-running manipulation of LIBOR. https://www.justice.gov/opa/pr/deutsche-banks-london-subsidiary-agrees-plead-guilty-connection-long-running-manipulation

U.S. Department of Justice. (2018a, August). *Royal Bank of Scotland Agrees to Pay $4.9 Billion for Financial Crisis-Era Misconduct* [Press release]. https://www.justice.gov/opa/pr/royal-bank-scotland-agrees-pay-49-billion-financial-crisis-era-misconduct

U.S. Department of Justice. (2018b, June). Société Générale S.A. agrees to pay $860 million in criminal penalties for bribing Gaddafi-era Libyan officials and manipulating LIBOR rate. https://www.justice.gov/opa/pr/soci-t-g-n-rale-sa-agrees-pay-860-million-criminal-penalties-bribing-gaddafi-era-libyan

U.S. Senate Committee on Banking, Housing, and Urban Affairs. (2012). Federal Reserve's Second Monetary Policy Report for 2012 [112th Congress. (Testimony of Ben S. Bernanke)]. https://fraser.stlouisfed.org/title/monetary-policy-oversight-671/federal-reserve-s-second-monetary-policy-report-2012-22366

Vaughan, L., & Finch, G. (2017, January). Libor Scandal: The Bankers Who Fixed the World's Most Important Number. https://www.theguardian.com/business/2017/jan/18/libor-scandal-the-bankers-who-fixed-the-worlds-most-important-number

Verdier, P. (2019). The new financial extraterritoriality. *The George Washington Law Review*, *87*(2), 239–314. https://www.gwlr.org/wp-content/uploads/2019/04/87-Geo.-Wash.-L.-Rev.-239.pdf