

Exploring “The Only Game in Town”: Central Banks Instability and Avoiding the Next Collapse

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Abstract: *To most people, the financial crisis of 2008 hit hard, almost out of nowhere. All people heard was of how banks were supposedly screwing the little guy and that government bungled the entire response. Few, however, really know what went on behind the scenes and who the players were.*

Keywords: Banks, crisis, interest rates, globalizations, growth

1. Introduction

Research Methods

Though there are no such research methods but the financial crisis which hit hard in 2008 and the financial crisis that happened globally have been depicted in the article.

Major players in the Financial Crisis

The major players in the financial crisis where the central banks is the belonging one of which was the federal reserve bank of the United States of America from where the fact was published. It was surely the one that seemed to be at the forefront. Few people know how a critical role these financial institutions play in the day-to-day economy of any given country. These central banks are state owned and manage the money supply for the entire country in many cases, a single move by one bank can have spread impact on the entire system of financial system globally. Before the 2008 crisis, central banks were content with raising and lowering interest rates in happens to either stimulate or slow down economic rate. However, after the 2008 crisis, their powers grew exponentially and, in many ways, they did not expect nor were the new role they were to take on. The financial caused banks to venture off into terrain they previously had no business being in.

Rare change of lowering interest rates

In the summer of 2014, the European central bank lowered interest rates to negative levels. This was a rare and unprecedented move. We usually think that we should get a return on money we place in the bank, however now, you were paying to store your money with the bank, however now, you were paying to store money with the banks; a complete change in the business models. The reason for the negative rate was to flush the system with cheap easy money. The reason was that of encouraging people to save money, it was encouraging them to take money out of the banks and spend it in general economy in hopes of stimulating it in the end. It did to exact opposite, it become a penalty for those who were saving. This is still unfolding and it is likely there will be much fallout from this negative interest rate policy in the near future.

High stagnating growth and unemployment are worrying the central banks

The Central banks managed to finally get control of the markets. The intervention helped calm those choppy waters. Although that is certainly a good thing, it did not help create

economic growth. In fact, it appears the actions may have created new problems. Because of intense monetary intervention, it is now harder for the stronger economies to produce any meaningful and sustainable growth. The growth is needed very much to improve the broader economics of any given country. In order to mitigate this, the larger economies put pressure on other countries to print more money. This would encourage cheaper exports and more expensive imports. In many ways, the larger economies that need growth badly are “stealing” growth from smaller countries. Despite this tactic, growth has still remained elusive. In fact, unemployment has skyrocketed in many areas of the world. Greece for example is now at 25% of unemployment rate with a youth unemployment of 50%. This has caused a political uproar and has encouraged many right-wing groups to take up power, not only in Greece, but other countries as well.

Various social and institutional disruptions are plaguing the world

It is ironic that despite the benefits of globalizations mainly that it has brought poorest countries to a more equal footing with richer ones on a macro scale. On a macro scale however, income inequality between rich and the poor citizens of these countries is widening more than ever. According to the OECD or the organization for Economic development, the average income of the 10% of the west are nine times that of the lowest 10%. That is a staggering amount, the highest at any point within at least the past 50 years. The very wide income gap has very wide-ranging repercussions. The top 10% cannot have acres to. This a recipe for civil unrest. People are increasing losing faith in the books and in the governments as a whole. We now see political dysfunction prevail because of this income inequality.

The future financial and economic landscape

Discussing the future financial research and economic Landscape Md El - Eriem believe that there are 4 potential economies of the future.

- 1) Those that will prosper such as the United States and India. Their growth will eventually constantly eclipse others.
- 2) Those that will slow growth like China with a steady 5 - 6 percent annual growth rate.
- 3) Those that will be in perpetual stagnation such as Japan that has been hovering in the 0.2 percent growth mark. He also includes most of Europe in his category.

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- 4) And those with an unsure future such as Greece and Russia that have seen their economics swing widely either because of austerity measures and sanctions respectively.

2. Summary

We know for sure that these central banks were instrumental in swing the global economy from collapse during the 2008 financial crisis. There is no arguing that; but at the same time their intervention has caused a wide spread stagnation in the world economy in order to stabilize this situation, it may require that a single entity help manage this. The IMF is perhaps the most well suited to do this job. The overall economics must be streamlined and a single conductor of the economy might be necessary.

He is an Egyptian American economist and businessman. He is President of Queen's College, Cambridge University Allianz Advisor Gramercy Chair of Under Armour Board, Former P/M Co CEO/ CO - COO. He happened to the very top of the global well pyramid. As the Group Bilinear are 120%. He is an advisor to the g/c Investments Strategies committee. He also chairs the Board of under Armour and serves on the board of the National Beau of Economic Researcher (NBER). He joined P/M Co. in 199 as a Senior member of the portfolio management strategy Allianz's global brand strength provides a solid foundation of the trust. His literal meong is the beggar "the naked fakir" He is the Chief Economic Advisor since 1890, the worldwide. Allianz Group has been working hard to secure peoples' lives. As a wholly owned subsidiary of Allianz Group, Allianz Australia has been insuring customers for over 100 years. Mario Skoric is the Chief Executive Officer of Allianz Investment Management (AIM). The Allianz Group's one of leading insurers and asset managers, and is head quartered in Munich, Germany 20 May 2020.

Allianz the global financial services company was founded in 1890 making it 135 years old in 2025. Bajaj Finance Services said on Tuesday that Allianz SE is considering extra its life and general insurance celebrating Allianz anniversary 135th on February 5.

Life of Allianz's

The Flow of Book

The only game in town, By Mohammad A. El - Erian is a very good road. It is clearly for the coowd who already have some back ground in the financial markets. His ideas are well thought out and eloquently presented. It is a wonderful read.

Conclusion

It is our goal to give you the most concise review of books without sacrificing quality. Other review services tend to lead light on information. We don't make that mistake. Summary shorts publications are available in several formats for your convenience we are going to offer other interesting and education services our sites, including SHORT FACTS, a short video series teaching random facts from the books we review

In depth study of the book

Mohammad A. E - Erian in his wonderful book "The only game in town: Central banks, Instability, and avoiding the next collapse". He goes into some in - depth study as to how the central banks stied to stave the complete collapse. In this review he tries to analyze and summarize the key points. Most would agree the great recession of 2008 was unprecedented. Although it was not quite like the depression of 1929, it was worse in other ways. It took most government politicians and central banks off guard and so they had to scramble to find allocution to the underlying causes. They took the ones completely on themselves to solve the issue. They have effectively become the only game in town when it comes to growing the economy.

Style and Language

The style and language used in the article is very simple as I have followed Word's Worth's language "The language should be the language of every common man".

Citations

No citations are given at the end only the list of reference are given at the end.

References

- [1] The central banks are trading unknown Terrain.
- [2] High Employment and stagnate growth are worrying the central banks.
- [3] Various social and Institutional disruptions are plaguing the world.
- [4] The Global political environment in Tense that threatens the Financial world.
- [5] Certain risks are way too high, while others are way too low.
- [6] Four steps that can be taken to improve the Global economy.
- [7] Four Groups of countries will represent the future Financial and landscape.