



The Global Financial Crisis: Regulatory Implications

Co-sponsored by: Friedrich-Ebert-Stiftung
Initiative for Policy Dialogue

Date & location: November 13, 2008
Columbia University

Closed Meeting: 9:30am – 4:45pm: Pulitzer New World Room, Journalism School

Evening Panel: 5:30pm – 7:00pm: Rennert Hall, Kraft Center
Open to academics, students, press and general public

CONFERENCE THEME:

The actual global financial crisis poses key challenges for policy-makers and regulators worldwide. How can financial and banking markets be saved, as well as reinvigorated, without putting excessive burden on taxpayers? How can negative impacts on the real economy be minimized? Most importantly, from a forward-looking perspective, how can regulation be reformed to reduce risks of future crises, while encouraging a financial sector that serves the real economy? In particular, how can incentives be modified to reduce excessive risk-taking, how can excessive leverage best be controlled in boom times, how to avoid overvalued assets during booms from feeding into leverage, and how comprehensive should the new regulation be? How can Basel II be modified to reduce systemic risk? How can speculative behavior best be curbed? Because financial and banking markets are increasingly global and interconnected, is global regulation essential? How can it best be agreed upon? How can it ensure adequate representation of increasingly important developing countries? This conference brings together very high-level regulators, leading academics, senior parliamentarians, the UN, civil society and the private sector to address today's most critical questions on the financial crisis, its management, and its implications for financial regulation.

PROPOSED PROGRAM:

9:45am - 10:15am The US financial crisis. What went wrong? How can negative effects, fiscal and on the real economy, be minimized? What US regulatory reforms would make future crises less likely while maintaining positive aspects of financial markets?

Opening Remarks: **Christine Cumming,**
Senior Vice President,
New York Federal Reserve Bank

10:15am - 11:45am Broad lessons from the current crisis for regulation of both the US and developing countries.

- Current incentive structures and how they can be modified to encourage greater financial stability
- How can excessive leverage best be limited, especially in booms? What roles for capital, reserves and provisions? How should variations of asset prices be introduced in regulation? Should mark to market pricing be modified or compensated for? On that basis, should counter-cyclical elements be introduced into regulation and how? How can obstacles be overcome? How can any undesired effects best be avoided?
- What actors/activities/transactions are not, or insufficiently, regulated? How can regulatory arbitrage best be avoided? Should regulation be done by institutions or by transactions or both? How and how far can the principle of comprehensiveness be applied? What are the limits? Should it apply to both liquidity and solvency? What are the key criteria for regulating different actors, from both a financial stability and a real economy perspective?

Moderator: **Jose Antonio Ocampo**, Co-President IPD

Panelists: **Jane D'Arista**, Director of Programs, Financial Markets Center
Stanislaw Kluz, Chairman, Polish Financial Supervision Authority
Y.V. Reddy, Governor Reserve Bank of India 2003-2008
Jesus Saurina Salas, Director of Financial Stability, Bank of Spain

12:00pm - 1:00pm

Luncheon speaker: **Barney Frank**, US House of Representatives,
Chair - House Financial Services Committee

Measures taken to save and capitalize parts of the US financial system. How effective have they been and at what cost? What is the counterpart in terms of regulation? What are the implications for the future of the US financial system, and its regulation, as well as lessons for developing economies?

1:30pm - 3:00pm

What are the lessons from the recent crises to make future financial stability more likely?

- Speculative behavior. Should hedge funds be regulated and how? Should short-selling continue to be permanently restricted? Should carry trade of developing country currencies be curbed and how?
- How can Basel II best be modified to reduce future systemic risk, especially in the light of the recent crisis? What are the key changes? How can political consensus be reached?

Moderator: **Stephany Griffith-Jones**, Executive Director IPD

Panelists: **Hans-Helmut Kotz**, Member of the Board - German Bundesbank
Poul Rasmussen, President - Party of European Socialists
Robert Johnson, International Investor
Avinash Persaud, Founder & Chairman, Intellectual Capital

Limited

3:00pm - 3:15pm

Coffee break

3:15pm - 4:30pm

Global and national governance of regulation. The broader context is that financial markets are part of a global system. Therefore, regulation needs to be

increasingly global and reflect the needs of both developed and developing countries. The latter represent a growing share of global savings and foreign exchange reserves. How should regulatory institutions encouraging financial stability best be designed nationally and coordinated internationally? Should establishing a global financial regulator or a formal network of regulators be the ultimate aim? How can the interest of the real economy and of developing countries be assured in global institutions?

- New institutions (national – Financial Product Safety Commission and others)
- New institutions (global – Global Financial Regulator)
- Participation of developing countries

Moderator: **Joseph Stiglitz**, Co-President IPD

Panelists: **Amar Bhattacharya**, Director, G24 Secretariat
John Eatwell, President, Queens College Cambridge
James Galbraith, Professor, University of Texas
Paulo Nogueira Batista, Executive Director for Brazil, IMF

5:30 pm – 7:00pm

Evening Panel – Rennert Hall, Kraft Center

Causes and management: a critical evaluation of the financial crisis. Can future crises be avoided in the US, Europe, and developing countries? What needs to be done, e.g. in radically reforming regulation, to prevent crises?

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Panelists: **Joseph Stiglitz**, Co-President IPD
Jomo K.S., UN Department of Economic and Social Affairs
Barney Frank, US House of Representatives
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For further information on the conference please contact:

Sara Burke
Policy Analyst
Friedrich-Ebert-Stiftung
Tel: +1-212-687-0208
Fax: +1-212-687-0261
sburke@fesny.org