

## INTRODUCTION TO ROUNDTABLE DISCUSSION ON MONETARY AND REGULATORY POLICY IN AN ERA OF GLOBAL MARKETS

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In our final session we've invited four preeminent experts to discuss the future. By this I mean we want to focus for the next hour or more on what hasn't worked and what we can learn from the experiences that we've already had. Has the moral hazard issue been dealt with successfully? We tend to think about moral hazard in a financial sense, but I would suggest that there may be a political component to moral hazard as well. Perhaps we can talk a little bit about this as we get going.

Where does the antiglobalization movement fit into this process? I was struck over the course of the last day or so that one of the big failures for many economists in the United States, and in the developing world as well, is the failure to get across the full message that, in fact, globalization and trade have benefits. If you would look at that discussion merely from what has gone on so far in the United States, you would think that trade was bad and that nobody benefited. I don't think that is the proper perspective. When you think about what we have been hearing in the course of discussions of the papers, everybody else seems to be trying to open up their economy and to improve access to markets and capital. That doesn't sound like an anti-globalization movement to me, but there seems to be a mismatch here in the process.

What are some of the implications of the financial integration that we have been talking about? What are the implications for the regulatory structure over all and the efficacy of individual regulatory structures? And where are we with regard to international coordination and cooperation? I think more fundamentally, and I will put it bluntly, there is the question of whether Basle is a good thing or a bad thing in terms of the impacts of kinds of activities that the Basle committee has been pursuing. This question is particularly relevant with regard to capital standards.

Does dollarization seem to be a lasting trend or not? What kinds of implications would a significant move to dollarization have for the United States, particularly from a monetary policy perspective? Should this possibility be something that we are concerned about and take into account over the longer haul as we think about how we conduct monetary policy?

And finally I pose the question, under what circumstances is it actually feasible for countries to maintain local currencies? We have seen and heard an awful lot about the costs of trying to maintain a currency. We have seen lots of lost gross domestic product as shocks have

hit economies and countries have tried to maintain their currencies. The Europeans have decided to give up their local currencies and adopt a large, single currency. Is that the wave of the future for other blocks around the world?

These are just some of the things that have occurred to me as we have thought about the conference themes. At this point, I would like to give each of our panelists just a few minutes to express some of their thoughts and reflections and then we'll open it up for discussion.