LESSONS FROM EACH OTHER IN CRISIS RESPONSE

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Outline
1. What we all have learnt
2. What we have learnt from each other
3. What we are still trying to learn
4. What still seems hard to learn
1. What we have all learnt

- Importance of expectations and market sentiment in globalised financial markets
- Importance of avoiding protectionism
- Importance of coordinated responses
- Importance of financial markets liquidity
- Domino effects and feedback loops when bubbles burst

2. What we have learnt from each other

- Lack of macro-prudential surveillance and procyclicality of financial regulation
- Need to end complacency of financial market regulation and supervision (loopholes, unchecked accumulation of risks, unchecked spread across global markets)
- Importance of incentives and conflicts of interest (originate and distribute model, risk taking remuneration models)
- Unemployment mitigating flexible-time policies
- Importance of coordinated responses rather than “follow me” ones.
- Need for balance between fiscal stimulus and fiscal sustainability
- Importance of expectations and market sentiment in globalised financial markets for sovereign financing
3. What we are still trying to learn

- Right timing and sequencing of exit strategies
- How to minimize moral hazard of systemic institutions
- Reconcile legitimate citizens’ unease about remuneration with sound incentives
- How to address cross-border, cross-jurisdiction crises
- How to rebalance global growth
- Right balance between effectiveness and representativeness in global economic governance

4. What still seems hard to learn

- Sustainability risks from global imbalances
- Asset bubble effects from monetary policies
- Complacency with systemically risky financial business models and practices as recovery starts
- Non-cooperative jurisdictions and markets can be brought to order
- Even-handedness of IFIs' surveillance
- Balanced global representation
- (for Europe): Single voice
Thank you for your attention

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