

Contents

Preface	v
Acknowledgments	vii
I. Special Addresses	1
Through the Looking Glass: The Links between Financial Globalization and Systemic Risk <i>John Lipsky</i>	3
The Current Financial Crisis: Will Latin America Be Caught in the Web, Again? <i>Guillermo A. Calvo</i>	11
Remarks on Systemic Risk and the International Lender of Last Resort <i>Frederic S. Mishkin</i>	27
The Crisis of 2007: The Same Old Story, Only the Players Have Changed <i>Michael D. Bordo</i>	39
II. Current State of Financial Globalization	51
Financial Globalization and Stability <i>Falko Fecht, Hans-Peter Grüner, Philipp Hartmann and Marco Lo Duca</i>	53
Does Financial Integration Improve Countries' Growth Opportunities? <i>Gianni De Nicolò</i>	85
Financial Globalization in the Asian Region <i>Philip Lowe</i>	97

The Current State of Financial Globalization — Good News, and Bad <i>Gerard Caprio, Jr.</i>	113
III. Globalization and Systemic Risk — Theory	119
Incentive Conflict in Central Bank Responses to Sectoral Turmoil in Financial Hub Countries <i>Edward J. Kane</i>	121
Systemic Risk and Prudential Regulation in the Global Economy <i>Xavier Freixas</i>	145
The Broad Yen Carry Trade <i>Hyun Song Shin and Masazumi Hattori</i>	169
Systemic Risk in a Global Context: Comment on Freixas, Hattori and Shin, and Kane <i>Richard J. Herring</i>	191
IV. Globalization and Systemic Risk — Nonbank Financial Intermediaries	205
Remarks on Globalization and Systemic Risk: Nonbank Financial Intermediaries <i>Julian Adams</i>	207
Globalization Duality and Nonbank Financial Intermediaries <i>Mohamed A. El-Erian</i>	217
Pension Plans and Systemic Risk <i>Dennis E. Logue</i>	225
V. Globalization and Systemic Risk — Banks	231
International Integration, Common Exposure and Systemic Risk in the Banking Sector <i>Nicole Allenspach and Pierre Monnin</i>	233
The Systemic Risk Implications of Originate and Distribute <i>Andrew G. Haldane</i>	251

Quantitative Modeling of Systemic Risk in a Globalized Banking System: Methodological Challenges <i>Martin Summer</i>	275
Globalization and Systemic Risk <i>Grant Spencer</i>	291
VI. Globalization and Systemic Risk — Capital Markets	297
The Sub-Prime Crisis and Systemic Risk: Evidence from US Securities Markets <i>Leonce Bargeron, Kenneth Lehn and Mehmet Yalin</i>	299
Systemic Risks in Our Global Marketplace <i>Chester S. Spatt</i>	313
What Can Central Bankers Learn from Hedge Fund Replication Strategies? <i>David A. Hsieh</i>	331
Comments on Session VI: Globalization and Systemic Risk — Capital Markets <i>Liliana Rojas-Suarez</i>	349
VII. Crisis Resolution in a Global Context	355
Global Crisis Management <i>John Lane</i>	357
EU Financial-Stability Framework: Analytical Benchmarks for Assessing Its Effectiveness <i>María J. Nieto and Garry J. Schinasi</i>	361
Crisis Resolution in a Global Context: Regulation and Supervision for Cross-Border Banking <i>Mattias Persson</i>	379
Crisis Resolution in a Global Context <i>Pascual O'Dogherty</i>	389
VIII. Where to Go from Here — Policy Panel	395
Speaking Points for Where to Go from Here? Policy Panel <i>Jaime Caruana</i>	397

The US Government's Approach to Financial Decisions <i>Kenneth W. Dam</i>	403
Globalization and Systemic Risk: Where to Go from Here — Policy Panel <i>William L. Rutledge</i>	409
Comments on Session VIII: Where to Go from Here — Policy Panel <i>Andrew Sheng</i>	415
Basel II, Regulation and the Sub-Prime "Crisis" <i>Michael W. Taylor</i>	429
International Agenda	437
Index	441