

ANZSOG INSTITUTE FOR GOVERNANCE SEMINAR SERIES



ANZSOG INSTITUTE FOR GOVERNANCE: LUNCHTIME SEMINAR

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Friday 16 July 2010, 12.30pm - 1.30pm
Building 6, Level C, Room 34, University of Canberra

TITLE

The New Politics of Financial Regulation, Globalisation and the State

ABSTRACT

The financial crisis and recession of 2008-10 has dramatically shaken up the politics of financial regulation across the world. The politics of deregulation have been partly superseded by the politics of re-regulation. However, the new regulatory politics do not hark back to direct intervention in markets, but retain a neoliberal focus on attempting to improve market performance and promote competition through arms'-length regulation while at the same time attempting to develop anti-cyclical regulatory policies to prevent further "bubbles." Nevertheless, while there is a vague consensus that extensive reforms are needed, debates are deep and contentious across a number of specific policy issues: ensuring adequate capitalization of banks, especially with a view to developing anti-cyclical rules; increasing transparency in a world where financial services are increasingly opaque; evaluating and regulating particular types of financial instruments, especially derivatives, in the light of the failure of private rating agencies to do so; confronting the "moral hazard" problem by controlling the size and remits of different kinds of private sector financial institutions; restructuring public regulatory institutions themselves, whether consolidating particular institutions, giving one particular institution overall oversight, or creating new bodies (or both at the same time); regulating the pay and contractual conditions of executives of financial institutions; strengthening consumer protection and fraud prevention; revising accounting regulations, whether reconsidering "rule-based" *versus* "principles-based" regulation or revising "historical value" *versus* "mark-to-market" benchmarks; restricting the leverage; ensuring adequate liquidity; regulating offshore markets; and many others. These debates are far from being resolved, and positions are often entrenched on all sides of each issue -- not to mention the problems of bringing them together into coherent regulatory reform packages. Furthermore, each of these issue-areas has a critical transnational dimension that cannot be easily reconciled given the lack of any overarching international institutional authority or global financial architecture. Finally, the more debates focus on quasi-Keynesian economic stimulus packages and monetary easing *versus* the new austerity epitomized by the Conservative-Liberal coalition government in the United Kingdom, the more that "business as usual" has been coming back and lobbies and political factions will be able to both obstruct reform and shape it to their own interests. Therefore although there has been a "new politics" of financial regulation emerging rooted in a strong belief in its necessity for preventing future crashes, it lacks both domestic and international coherence and is in danger of being strangled at birth through regulatory fatigue.

SPEAKER DETAILS

Philip G. Cerny is Professor Emeritus of Politics and Global Affairs at the University of Manchester (United Kingdom) and Rutgers University (U.S.A.). He studied at Kenyon College (Ohio) and the Institut d'Études Politiques (Paris), and holds a PhD from the University of Manchester. He also taught at the Universities of York and Leeds (U.K.) and held visiting positions at Harvard University, Dartmouth College and New York University. He is the author of *The Politics of Grandeur: Ideological Aspects of de Gaulle's Foreign Policy* (Cambridge University Press 1980; French edition, Flammarion 1984), *The Changing Architecture of Politics: Structure, Agency and the Future of the State* (Sage 1990) and *Rethinking World Politics: A Theory of Transnational Neopluralism* (Oxford University Press 2010). He has edited or co-edited several volumes, most recently *Power in Contemporary Politics* (with Henri Goverde, Mark Haugaard and Howard Lentner: Sage 2000) and *Internalizing Globalization: The Rise of Neoliberalism and the Erosion of National Varieties of Capitalism* (with Susanne Soederberg and Georg Menz: Palgrave Macmillan 2005). He has published articles on state theory, globalization and financial regulation in journals including *International Organization*, the *European Journal of Political Research*, the *European Journal of International Relations*, *Millennium: Journal of International Studies*, *New Political Economy*, *Civil Wars*, the *Naval War College Review*, the *Review of International Studies* and *Policy Studies* as well as a number of chapters in edited books.

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