Giampaolo Galli e Alberto Mingardi sul Wall Street Journal

Da: Adriano Teso
Inviato: giovedì 29 gennaio 2009 12.12
A: Alberto Mingardi
Oggetto: [IBL] Giampaolo Galli e Alberto Mingardi sul Wall Street Journal - Da A.Teso

Caro Alberto,

Concordo sul fatto che crisi non è dovuta ad una eccessiva deregolamentazione finanziaria, ma è dovuta ad una assenza di controlli delle autorità e della giustizia soprattutto USA, (ricordo che anche nel Far West vi erano leggi, sceriffi e giudici), per semplici e comuni norme di Codice Civile, quali reati per conflitto di interessi, truffa, pubblicità mendace, contrattazione leonina, trasparenza e leggibilità dell'offerta, circonvenzione di incapaci, etc etc etc. Ed è mancata la difesa del risparmo, come recita anche la nostra Costituzione.

Ciao,

Adriano

Da: Alberto Mingardi
Inviato: giovedì 29 gennaio 2009 11.44
A: Adriano Teso
Oggetto: [IBL] Giampaolo Galli e Alberto Mingardi sul Wall Street Journal

Caro Adriano,

Mi fa piacere trasmettere con questa e-mail un articolo di Giampaolo Galli (Direttore Generale dell'ANIA e membro del Board of Trustees dell'Istituto Bruno Leoni) e mio, uscito oggi su The Wall Street Journal.

L'articolo si sforza di dimostrare l'infondatezza dell'opinione comune, secondo la quale la crisi in atto sarebbe conseguenza di un'eccessiva deregolamentazione finanziaria, avvenuta negli Stati Uniti.

Spero che la lettura possa risultare di un qualche interesse. L'Istituto Bruno Leoni pubblichera' a breve un libro a piu' voci, "La crisi ha ucciso il libero mercato?", che speriamo possa essere utile per portare un po' di equilibrio, nel dibattito di questi mesi.

Grazie per l'attenzione e molti cari saluti,

Alberto Mingardi

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LAX REGULATION DIDN'T CAUSE THIS CRISIS

by Giampaolo Galli and Alberto Mingardi
[Wall Street Journal Europe, 29 gennaio 2009]

European governments are rightly wondering which lessons they should learn from the current financial crisis. Recently, the European Commissioner for Internal Markets, Charlie McCreevy, commented that "our supervisory systems are not up to the mark," implying that a regulatory fix is much needed. For sure, if Europe's policy makers are to make the right decisions, they should resist the current political mythology -- whose basic tenet is that the crisis exploded largely because of a wild deregulation of American financial markets.

Comparing regulatory systems across time or space is a daunting exercise. There are probably more pages and volumes of financial regulation today, on both sides of the Atlantic, than ever before. This may be justified, at least in part, by formidable increases in the size and sophistication of markets, accompanied by what may have been the greatest amount of financial innovation since the Italians invented double-entry accounting in the Middle Ages.

However, let's go back to just a few months before the subprime crisis erupted. The argument back then was that U.S. financial markets were overregulated -- and as a results were losing competitiveness. This was said to be to the advantage not only of emerging Asia but of the Old Continent -- which, through the single EU market, was innovating and liberalizing finance.

In January 2007, New York City Mayor Michael Bloomberg and New York Sen. Charles Schumer -- both far from being champions of unfettered competition -- published a report which emphasized the movement of IPOs from the U.S. to the EU. From 2001 to 2007, the value of IPOs in the EU grew from 28% of those in the U.S. to 239%.

The costs and risks of doing business in the U.S. were perceived as being high -- and growing -- due to taxation and financial regulations such as those concerning corporate governance and market manipulation. Then there are all the antitrust cases and class-action securities lawsuits. Hedge funds, investment banking and private equity increasingly moved to the Old Continent from the U.S. over the last few years.

Nevertheless, some analysts have blamed the current financial crisis in part on U.S. authorities' supposed tolerance for opaque over-the-counter derivatives that grew like weeds. But if this is the case, then the EU does not look more virtuous than the U.S. According to the Bank for International Settlements, in 2007 the average value of daily transactions in OTC derivatives peaked at nearly $1.7 trillion in Europe, almost three times the figure for the U.S.

Likewise, if overleveraging by U.S. banks was a consequence of regulatory laxity, we should then note that European authorities were no less in thrall of laissez-faire than their American counterparts. Many of the largest and most highly regulated European commercial banks were much more leveraged than those supposedly unregulated American investment banks. Indeed, they were hit by the fire at its very inception, in August 2007.

Aggressive or even predatory lending practices, leading to unsustainable levels of household debt, are often cited as yet another aspect of U.S. regulatory laxity. Whatever the merits of this argument, one should know that in many European countries the ratio of household debt to disposable income is as large or even larger than in the U.S. According to the OECD, this ratio is 107% in Germany and Spain, 134% in Sweden, 135% in the U.S., 141% in Ireland and 159% in the U.K. It reaches as high as 246% in Holland and 260% in Denmark.

American financial regulatory bodies have historically been fragmented. In a report published in November 2007, the U.S. Financial Services Round Table counted 10 different federal regulatory bodies with over 30,000 employees, and that's not even counting regulators for the 50 states. The report frequently describes U.S. financial regulation as prescriptive, complex, formalistic, expensive and inefficient. Regulations often overlapped, making the same financial institutions subject to different rules and different enforcers. The U.S. regulatory landscape may resemble a jungle, but only because of all the choking vines.

This short catalog should make us wonder if lax regulation truly was an important factor behind the crisis -- or if the crisis is, so to speak, regulation-blind, i.e. it wasn't caused by the alleged laxity of U.S. regulators nor would it be necessarily "solved" if we now introduced different rules.

If so, the lessons EU governments should learn are to be found elsewhere, and justify no further curtailment of market freedom. Since moral hazard is widely recognized as one of the key causes of the current crisis, perhaps further consideration should be given to not creating more of it with complex regulatory systems.

Regulation is inherently distortive. By changing the framework within which individuals act, it creates an incentive to take risks that would otherwise not have been taken. Up to a certain extent this can be sustainable, but when too much and too confused regulation pushes too many individuals to take too large risks - then you have paved the road to disaster.

Once we review the facts, it becomes easy to imagine rules and controls that would have prevented this crisis. Our challenge, however, is to look to the future. A clear understanding of the limits of regulation is needed now more than ever. Certainly, "laissez-faire les financiers" was never a rule, anywhere. Policy makers trying to prevent the next crisis should not work from the false premise that it was.

Mr. Galli is a professor of economics at Luiss University in Rome and director general of ANIA, the trade association of Italian insurance companies. Mr. Mingardi is director general of Istituto Bruno Leoni in Milan.

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