Outline on International Financial Architecture

http://papers.nber.org/papers/W8634

II. Crisis Management

A. Modalities of Coordination
   1. G-7 Finance Ministers and Deputies
      a. Systemic crises
      b. Prevention
      c. Non-systemic crises
   2. Coordination among Central Bankers and BIS
   3. Paris Club

B. The Role of the G-3
   1. Lack of domestic US support for internationalism
   2. US Congress

C. Moral Hazard and Private Sector Involvement (PSI) in Crisis Resolution. Case by case.
   1. Introduction: new in the 1990’s was nature of instruments, debtors and creditors.
   3. Standstills (suspension of debt payments). Run vs. fundamentals-problem. Future cap.flows?
   5. Collective action clauses

III. Architecture to Reform the International Architecture

A. Halifax Summit, Rey Report (1995 meeting). Lending into arrears, int’l stds bank sup.,
   SDSS, IMF emergency financing mech, supplemental reserve facility.
B. G-22 Group and Reports (incl. systemic risk countries). Transparency & accountability, strengthening financial systems

C. Road to Köln and Kyasuah-Okanwa Summits of G-7

D. New Groups

1. International Monetary and Financial Committee

2. G-20: Int'l forum of finance ministers and CB governors of 19 ctrs, EU and BW institutions.


IV. Reforms for Better Crisis Prevention

- Transparency and accountability borrowers, IFIs
- Vulnerability measures (EWS)
- National balance sheets, risk management of liquidity and balance sheet risks
- Optimal public debt management
- Prudential regulation and supervision of financial systems
- Policies to maximize benefits of international capital flows
- Work on highly leveraged institutions (hedge funds)
- Work on offshore financial centers
- Reform of Basle capital standards
- Private contingent credit lines.
- Implementation of international standards and codes
- Better governance of the financial and corporate system