PSL Quarterly Review, vol. 64 n.258 (2011), 189-191

Introduction

ALESSANDRO RONCAGLIA*

The financial and economic crisis is still with us, though it continues to assume new forms over time. Specifically, speculation is now focused on the euro area: on the sovereign risk for countries like Greece, Ireland, Italy, Portugal and Spain, but clearly involves the very survival of the European Monetary Union (Quadrio Curzio, 2011). Meanwhile, the economic and policy debate continues unabated (in our journals, see for example Tonveronachi, 2010; Masera, 2010), but with very little impact on policy decisions. These are mainly taken in immediate response to specific events, while the most relevant issue, that of re-regulating the financial side of the world economy, is still in its infancy. The current situation is discussed in D'Ippoliti and Roncaglia (2011), published in the parallel issue of Moneta e Credito.

The present issue of PSL Quarterly Review is also fully devoted to the problems connected to the crisis. The papers published here are a selection of those originally presented at the Symposium "Where to direct proposals and action to make financial reforms effective for systemic resilience and sustainable growth" held in Rome on 1-2 June 2011, and revised in the light of the discussion at the Symposium and in answer to the referees' suggestions. The Symposium was organized to present the initial results of a research on the financial crisis sponsored by the Ford Foundation in collaboration with the Associazione Paolo Sylos Labini, under the leadership of Mario Tonveronachi.

The first paper, by Elisabetta Montanaro and Mario Tonveronachi (2011), provides a rather critical evaluation of the European approach to financial reforms. It is argued that while the viability of the EU construction requires particularly resilient financial systems, the current reform process, based on a more stringent version of prudential regulation, fails to get to the roots of financial fragility. Moreover, the

* Sapienza University of Rome, email: alessandro.roncaglia@uniroma1.it.

few structural proposals, as the one coming from the Vickers Commission, do not go far enough: much more radical interventions are called for. The second paper, by Jan Kregel (2011), considers the US financial market, and specifically the proposed restrictions on proprietary trading on the side of financial institutions and on derivatives. Kregel's conclusions are also severe, showing the insufficiency of such regulations to render the financial market more stable. Stress is instead laid on the need to make "naked" credit default swaps illegal.

Two other papers, by C.P. Chandrasekhar (2011) and Dic Lo with Guicai Li and Yingquan Jiang (2011), focus on the Asian and Chinese financial systems. The article by Chandrasekhar discusses the role of international banks in Asian emerging markets, stressing that the changes in banking behavior consequent to their growing role imply increasing financial instability and lower growth. Dic Lo and colleagues illustrate the evolution of the Chinese banking system, pointing out that past institutional changes have not solved the long-standing problem of allocative efficiency, although the gains in productive efficiency seem to have more than compensated for it.

Finally, the paper by Jayati Ghosh (2011) points to the destabilizing role of financial speculation in primary commodity markets, engendering increases in price volatility, and considers alternative strategies for the regulation of financial activity in these markets within the US and the EU.

REFERENCES

CHANDRASEKHAR C.P. (2011), "Rethinking regulation: international banks in Asian emerging markets", *PSL Quarterly Review*, vol. 64 n. 258, pp. 249-266.

D'IPPOLITI C. and RONCAGLIA A. (2011), L'Italia una crisi nella crisi, *Moneta e Credito*, vol. 64 n. 255, pp. 189-205.

GHOSH J. (2011), "Implications of regulating commodity derivatives markets in the USA and EU", *PSL Quarterly Review*, vol. 64 n. 258, pp. 287-304.

KREGEL J. (2011), "Will restricting proprietary trading and stricter derivatives regulation make the US financial system more stable?", *PSL Quarterly Review*, vol. 64 n. 258, pp. 227-247.

LO D., LI G. and JIANG Y. (2011), "Financial governance and economic development: making sense of the Chinese experience", *PSL Quarterly Review*, vol. 64 n. 258, pp. 267-286.

MASERA R. (2010), "Reforming financial systems after the crisis: a comparison of EU and USA", *PSL Quarterly Review*, vol. 63 n. 255, pp. 299-362.

MONTANARO E. and TONVERONACHI M. (2011), "A critical assessment of the European approach to financial reforms", *PSL Quarterly Review*, vol. 64 n. 258, pp.

TONVERONACHI M. (2010), "Empowering supervisors with more principles and discretion to implement them will not reduce the dangers of the prudential approach to financial regulation", *PSL Quarterly Review*, vol. 63 n. 255, pp. 363-378.

QUADRIO CURZIO A. (2011), "Economie in crisi: Eurolandia dalla resistenza alla ricostruzione", *Moneta e Credito*, vol. 64 n. 254, pp. 105-114.