

## **Minsky 2012**

**April 11, 2012**

Good morning.

I'm Luis Ubiñas, president of the Ford Foundation and it gives me great pleasure to welcome you here today for the 21<sup>st</sup> annual Hyman Minsky conference.

This is the third year that we have had the honor of hosting this important event here at Ford.

I have to say, it has been quite a three years.

We have hosted you through collapsing financial markets.

Through the deepest recession since the Great Depression.

And now, through this tepid recovery and Eurozone crisis.

But what we have really done is hosted you during a time when economic questions have shifted from the periphery to the center of the national and global public dialogue and debate.

Who would have thought, that a financial crisis would bring our youth out into the streets -- in Athens, in New York, in London -- in a way that two Gulf Wars and a decade in Afghanistan did not.

Questions you all deal with every day are now front and center at the dinner table and on the streets.

Important questions.

What is the balance between the short term need to stimulate economic growth and the long term burden of high debt levels?

How do we set tax policy so that the government can function without begging the future, while being fair to those who have gained financial success?

What does growing income inequality mean for this country and its European partners, societies defined by now shrinking middle classes?

These questions, questions which have been discussed and debated at this conference over the last three years, are now public questions.

So, why do we -- the Ford Foundation -- with our historic record in human rights, economic equity, education, and the arts -- support a conference dedicated to the work and memory of Hyman Minsky?

The answer is that Minsky developed a unique perspective on analyzing the way the financial system operates and how we answer the kinds of questions society is now struggling with.

He showed us that the extent to which the financial system is regulated, transparent and accountable, has a direct impact on economic and political stability, and on our ability to create fair and equitable societies.

He understood that without a sound financial system in place -- credit, loans, investment, and jobs are simply harder to come by.

Without a sound financial system -- income and wealth disparities grow.

Indeed, experience in the US and in much of the Eurozone has shown us, that the impact of ill conceived economic policy is most devastating to poor and low-income families.

Like Minsky, the Foundation has long believed that sound financial governance and oversight is the linchpin of economic and social stability.

And, it is at the core of our work in this field.

Let me pause here.

I want to pause to thank Leonardo Burlamaqui, whom many of you know, and who has led this work for us.

Leonardo, thank you.

We believe that our global financial institutions need to be more transparent, more accountable and more effective in delivering financial stability.

They need to be responsive to the communities affected by their decisions.

And we believe that to achieve these goals we must support efforts to rethink the global financial regulatory regime and to expand the voices engaged in that global dialogue.

These are fragile times.

The US is wrestling with the twin burdens of modest economic growth and deficits unsustainable over the long term.

In Europe, countries, including some that were considered fiscally prudent entering the economic crisis, teeter at the edge of bankruptcy.

India and China are seeing slowing growth.

We are in a unique time when it comes to rethinking global economic governance.

We must seize this opportunity to rethink decades of policies which have weakened oversight and, as we all know, have not served even financial institutions well.

Remember, Lehman Brothers and Bear Stearns were bankrupted because deregulation allowed managers to take on new levels of risk they, in the end, simply could not manage.

We believe there is an opportunity today to rethink and restructure regulatory regimes in a way that puts financial institutions at the heart of economic development once again, that reflects our democratic values, and enables us to build a better economic future for all.

With that, let me close by wishing you all the best in your two days of deliberations.

It's my pleasure to have you here. Thank you.