The Berkeley Center for Law, Business and the Economy

BCLBE

Speaker Series

Systemic Risk and the Financial Crisis: Protecting the Financial System as a "System"

Tuesday, February 25

Boalt Hall 100

12:45 - 1:45 pm

Register Now!

Steven L. Schwarcz

Duke University School of Law

How should the law help to control systemic risk—the risk that the failure of financial markets or firms harms the real economy by increasing the cost of capital or decreasing its availability? Many regulatory responses to systemic risk, like the Dodd-Frank Act in the United States, consist largely of politically motivated reactions to the global financial crisis, looking for wrongdoers (whether or not they exist). But those responses are misguided if they don't address the reality of systemic risk. Systemic risk is a form of financial risk. The primary goal for regulating financial risk is microprudential—maximizing economic efficiency by correcting market failures within the financial system—and indeed certain of those market failures can be factors in triggering systemic risk.

Systemic risk regulation should therefore try to correct those market failures. But systemic risk more directly represents risk to the financial system itself. Any framework for regulating systemic risk should also include the larger "macro-prudential" goal of protecting the financial system as a "system."

Steven L. Schwarcz is Professor of Law & Business at Duke University and Founding Director of Duke's interdisciplinary Global Capital Markets Center.

One hour MCLE credit available

Lunch provided on a first-come, first-served basis

Questions and/or RSVP:
bclbe@law.berkeley.edu

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