

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

DO GLOBAL STANDARDS
AND CODES PREVENT FINANCIAL CRISES?
SOME PROPOSALS ON MODIFYING THE
STANDARDS-BASED APPROACH

No. 177
April 2005



UNITED NATIONS

DO GLOBAL STANDARDS AND CODES PREVENT FINANCIAL CRISES? SOME PROPOSALS ON MODIFYING THE STANDARDS-BASED APPROACH

*Benu Schneider**

No. 177
April 2005

** The views expressed are those of the author and do not necessarily express the views of UNCTAD or the United Nations Financing for Development Office, Department of Economic and Social Affairs. The author thanks Palgrave-Macmillan for permission to use some of the material from "Implications of Implementing Standards and Codes: A Developing Country Perspective," published in "The Road to International Financial Stability: Are Key Financial Standards the Answer?", Benu Schneider, ed., 2003. The author also thanks Cinthya Ramirez for excellent research assistance.*

The opinions expressed in this paper are those of the author and do not necessarily reflect the views of UNCTAD. The designations and terminology employed are also those of the author.

UNCTAD Discussion Papers are read anonymously by at least one referee, whose comments are taken into account before publication.

Comments on this paper are invited and may be addressed to the author, c/o the Publications Assistant, Macroeconomic and Development Policies, GDS, United Nations Conference on Trade and Development (UNCTAD), Palais des Nations, CH-1211 Geneva 10, Switzerland (Telefax No: (4122) 9070274). Copies of Discussion Papers may also be obtained from this address. New Discussion Papers are available on the website at <http://www.unctad.org>.

JEL classification: *E42, F02, F33, G28, G39*

Contents

	<i>Page</i>
<i>Abstract</i>	1
I. INTRODUCTION AND POLICY CONCLUSIONS	2
II. BACKGROUND	4
III. INCENTIVES FOR IMPLEMENTATION, SOURCES OF INFORMATION AND THE DEGREE OF COMPLIANCE	6
A. The incentive structure of the Standards and Codes initiative	6
B. The sources of information and evidence on the degree of compliance	8
1. Assessing ROSCs	8
2. The case of the eStandards Forum	14
IV. THE LINKS BETWEEN BRETTON WOODS INSTITUTIONS AND THE PRIVATE SECTOR	18
A. The private sector	19
B. Assessing transparency	20
C. The BWI: Monitoring and surveillance	23
V. DEVELOPING COUNTRIES	25
VI. THE WAY FORWARD	32
ANNEX	35
1. Countries participating in standard-setting bodies	36
2. Membership in FSF working groups	37
3. FSAP per fiscal year (country groups)	38
4. Standards and Codes: Outreach activities of the IMF and the World Bank	39
5. Observations on fiscal transparency	42
6. Summary of compliance with key financial standards	46
7. The role of ROSCs in risk assessment and methodologies by rating agencies	47
REFERENCES	49

DO GLOBAL STANDARDS AND CODES PREVENT FINANCIAL CRISES? SOME PROPOSALS ON MODIFYING THE STANDARDS-BASED APPROACH

Benu Schneider

*Financing for Development Office, Department of Economic and Social Affairs
United Nations*

And I have become convinced that it is in the interests of stability – and of preventing crises in developing countries and emerging market economies – that we seek a new rule-based system: a reformed system of economic government under which each country, rich and poor, adopts agreed codes and standards for fiscal and monetary policy and for corporate governance. ... over time – the implementation of codes and standards should be a condition of IMF and World Bank support ...¹

Abstract

After the crises in emerging market economies beginning with that of Mexico in the mid-1990s, the adoption of internationally recognized standards and codes (S&C) of financial best practices came to be seen as a way to strengthen the international financial system. The S&C initiative was launched as such in 1999 but included within its scope work on standards for the different subjects included which had often already been under way for some time. This paper evaluates the progress made so far and considers some of the basic assumptions of the S&C initiative. In particular it examines how far S&C can be instrumental in preventing financial crises, and focuses on issues raised by the initiative from a developing-country perspective. It devotes special attention to both the process of surveillance of S&C by the Bretton Woods institutions (BWI) and to the information which this process generates. In this context it appraises the use of this information by the private sector whose increased engagement with emerging markets is a major part of the rationale of the exercise.

¹ Gordon Brown, Chancellor of the Exchequer, United Kingdom, in his speech at the Federal Reserve Board, New York on 16 November 2001.

I. INTRODUCTION AND POLICY CONCLUSIONS

The standards and codes (S&C) initiative has its genesis in its present form in the East Asian financial crisis in the late 1990s and the subsequent problems in Latin America and Russia.² “Standards and codes play a central role in the new international financial architecture being developed to promote greater financial stability following crises in Asia and elsewhere. The emphasis in Standards and Codes reflects a view that vulnerabilities are reduced if transparency in the institutional and regulatory structures of the economic and financial sectors, and in the information these sectors provide to the public, reflects the good practices that many countries follow.”³

Five years have elapsed since the initiative was launched. This paper evaluates the progress made so far⁴ and considers some of the basic assumptions and rationale of the S&C initiative and examines how far this initiative can be instrumental in preventing a financial crisis. It considers some issues that arise while analyzing the initiative from a developing country perspective and further explores those related to surveillance mechanism and the information generation system set up at the Bretton Wood Institutions (BWI). In addition, it appraises the response of the private sector whose increased engagement with emerging markets is the basis for this exercise. The main points of debate are:

- 1) ***A global initiative?*** Although the initiative on S&C was taken in response to the financial crises of the 1990s in developing countries, difficulties with compliance and implementation also exist in the industrialized countries as recent events in the United States and other industrialized capital markets have illustrated. Despite this the incentive structure for implementing standards and codes – other than those dealing with money laundering and terrorist financing – applies primarily to developing and transition countries that borrow from the private financial markets or from bilateral or multilateral official sources.

The standards and codes exercise is not the result of a participatory process jointly owned by all countries; rather, it is designed mainly by the Group of 7 (G7) and other industrialized countries.⁵ This is why developing countries need a greater voice at the FSF. Issues as appropriateness and ownership, as well as the resources for implementation are a major concern.

- 2) ***Re-defining the objective function.*** The objective of the standards and codes exercise is global financial stability. But the present prioritization of countries and codes for monitoring compliance by the BWI indicate that global financial stability was not the main objective in

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_10342

