

### ***Dr. Frederic Jenny – Inaugural Speech***

Dr. Jenny began his speech with a brief overview of the history of regulation across the globe. He explained that 1980s was a period of deregulation. It was followed by a period of rapid development of competition law enforcement and also some infamous scandals through the 1990s and 2000s. The recent years with the onset of the financial and economic crisis since 2008 have brought attention to the disturbing reality that competitive markets can fail, he said. The current year has been a time of political turmoil in countries in Western Asia where competition law did not succeed in creating a trickle down such as the case with Egypt, Tunisia and few others. Nevertheless, the financial and economic crisis and the responses that the crisis has elicited have contributed to renew the debate on the role and effect of the regulation of financial and real markets , he emphasized.

Dr. Jenny highlighted a number of pertinent issues in his inaugural address that contributed towards setting the pace for the entire conference. Some of the questions put forth by him before the learned audience were as follows:

- 1) Can we better anticipate market failures?
- 2) Are individuals and firms as rational as we thought they were? There may be many reasons for which markets might not be as rational as once thought. We need to look into those factors and reasons.
- 3) What should be the role of behavioural economics in informing competition law enforcement?
- 4) What is the proper balance between ex ante regulation and ex-post regulation (the latter including competition law enforcement). This issue is not new however it has gained renewed importance with the failure of the financial sector regulation.
- 5) How can we better coordinate sectoral regulation across countries? For example electricity (interconnected grids) or stimulus packages need to be coordinated across countries (to eliminate the need for protectionist measures aimed at ensuring that the benefits of any stimulus package will be realized in the country where the stimulus package is implemented).
- 6) How can we make different regulatory policies more consistent with each other ? For example, financial sectoral regulation must be consistent with competition law enforcement (which is difficult because competition authorities do not usually participate in the establishment of financial regulatory policies)
- 7) How do we ensure the quality of regulation? This is not only a question of quantity of regulation but rather a question of quality of regulation. For example, a lesson may be learnt from Egypt and Tunisia where too many detailed regulations and too little protection of property rights has led to a very unequal distribution of wealth and incomes and a failure of market liberalization.

- 8) Lastly, how do we ensure the accountability of regulators? What is the appropriate design to ensure independence, responsiveness, relevance and quality of regulators in the financial and real sector?

Dr. Jenny concluded by pointing out that altogether CUTS has done a great job in putting together an ambitious program allowing us to look at all the relevant issues but we need to be careful with our expectations and make sure they are not too high.