

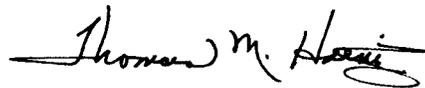
## Foreword

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World financial markets have grown tremendously in recent years. New financial instruments have emerged, and capital flows within markets and across countries have risen dramatically. While these developments have made financial markets more efficient, they have also increased the risk that events at one institution or in one market will have immediate and wide-ranging effects on the entire global financial system. Indeed, the recent crises in Southeast Asia are an example of how quickly crises can spread from one country to another.

To explore options for public authorities in adapting policies to keep the financial system safe and efficient, and to discuss response mechanisms to financial crises, the Federal Reserve Bank of Kansas City sponsored a symposium titled “Maintaining Financial Stability in a Global Economy.” The symposium, held at Jackson Hole, Wyoming on August 28-30, 1997, brought together a distinguished group of central bankers, academics, and financial market representatives from around the world.

We hope these proceedings will promote the discussion and development of effective policies and public understanding of the issues regarding financial stability. We appreciate the outstanding contributions of all those who participated in the symposium. I also want to extend special thanks to the members of the Bank’s Research Division who helped plan and implement the program.



Thomas M. Hoenig  
President  
Federal Reserve Bank of Kansas City