

POLICYMAKING IN AN INTEGRATED WORLD: GENERAL DISCUSSION

In the general discussion, **Robert Eisenbeis, Charles Freedman, Agustin Carstens and Abel Mateus** all expressed amazement or concern that Chilean-style taxes should be labeled a pillar of the international financial system. They felt these controls are an inferior alternative to improving prudential regulation and that they encourage inappropriate policies. **John Murray** observed that while the industrial countries were surely not blameless, the lack of serious problems in their banking systems suggests that their regulatory systems were working and that the onus for improvement lies with the emerging markets. In a final response, **Eichengreen** pointed out that advocates of Chilean-style taxes do not expect them to prevent needed adjustment of overvalued currencies but to serve as a third line of defense as long as the banks' own risk management and the country's banking regulation is inadequate.