



Introduction

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The American Law Institute was founded in 1923 and it really had two purposes. One was to find a way to coordinate American law, which at that time was thought to be extremely chaotic with 48 states and state courts going in different directions. But the second was to help the law do a better job of meeting social needs and responding to changing conditions. Overall the ALI has done a lot in both of those directions in the 80-plus years since it was founded.

I often say the ALI's mission is to suggest improvements in imperfect American laws, but lately that has not been enough of a challenge, and so we've been working on imperfect world laws - why should we limit ourselves to the United States? One example of that is that four years ago we began programs with the European Corporate Governance Institute to consider issues at the intersection of European and American financial regulation and corporate governance.

We've had now two very good meetings in Brussels, one meeting two years ago in New York at the Federal Reserve Bank, and now here in Washington, where we're very grateful to the Securities and Exchange Commission for welcoming us.

My first task is to introduce the second sponsor of the meeting, Antonio Borges, and I'll just tell you that Antonio has had three distinguished careers as an academic and dean, as the head of the Central Bank of Portugal, and now as vice chairman of Goldman Sachs International. He's based in London.

Antonio Borges
Chairman, European Corporate Governance Institute;
Vice-Chairman, Goldman Sachs International

This is our fourth conference of the Transatlantic Corporate Governance Dialogue, and we're very fortunate to have it here at the Securities and Exchange Commission, whom I want to begin by thanking for hosting the meeting and participating in the best possible way.

As many of you may know, this project started a few years ago. It was really inspired by the European Commission. Believe it or not, there are quite a few people in the European Commission who think beyond Europe's borders, and they're very keen to know what's happening throughout the world and how Europe should fit within what's happening. They thought that it would be appropriate to debate issues of corporate governance as well as others, in the context of this dialogue.

We started this project from that guidance and were also very fortunate to find the American Law Institute to be a wonderful partner. Beyond the European Commission, we've had enormous interest and a good contribution from the Securities and Exchange Commission. And we've also had - and I must insist on this point - tremendous contribution and commitment from academics, from researchers, from specialists who have participated, contributed, taken these debates very seriously, in such a way that this Transatlantic Dialogue is now well-established as a worthy project, and it is becoming part of a far more generalised effort on the part of the United States and the European Commission to work together on the economic and financial front.

The missions of the European Corporate Governance Institute and the American Law Institute are very similar. We want to mobilise scientific research and efforts of the academics for policy action and for best practice. I have to admit that there is more of a tradition in the US than in Europe, but the Europeans are moving along in this direction in realising that there is merit in using academic research before you make decisions.

Unfortunately sometimes you don't have much time to do research before you decide, so it's best if you are prepared in advance. And that's what we try to do: we try to identify the issues that are more important and more relevant; we try to develop a body of research and put it on the table for debate; and then be prepared when decisions have to be made.

This is what's happening right now at this very moment in Europe, where some key decisions on corporate governance are taking place. Some of you have followed, probably, the debate on one share, one vote, which was very much influenced by academic research, and we are somewhat proud of ECGI's contribution to that.

But we live in a very volatile world right now, with the current financial crisis and many uncertainties and anxieties relating to it. There is a great deal of demand for intervention as all this happens. Most likely the main reason for all this turmoil is a great deal of innovation, which overall is extremely positive, and we're having some difficulties learning how to handle it.

I think it's very important that we reflect, we think, we go back to research, we understand exactly how we should intervene and, more important than that, that we work together on both sides of the Atlantic. My former colleague and boss, Hank Paulson, was the first one to admit that what makes this crisis a little more difficult is that it is more global, so that's probably the best possible incentive for us to try to work together on issues of financial regulation and corporate governance.

I think today's themes are extremely interesting and quite provocative. I hope we will leave the meeting with a great deal of food for thought, and I welcome all your interest and presence here today.