

1. PROPOSED THEME:

"ECONOMIC AND SOCIAL EFFICIENCY OF FINANCIAL MARKETS. OR, SOME PRACTICAL SUGGESTIONS ON HOW TO PREVENT THE NEXT CRISIS".

2. PROPOSED BY:

NEOPHYTOS KATHITZIOTIS (PHD CANDIDATE, UNIVERSITY OF HAMBURG)

MITJA STEFANCIC (PHD CANDIDATE, UNIVERSITY OF LJUBLJANA)

3. FRAMEWORK [AIMS, RELEVANCE, DESIRED OUTCOMES]:

The recent financial crisis calls for a substantial reappraisal of the mainstream theories in financial markets and a reassessment of both mainstream and non-mainstream approaches. General frameworks of analysis, current methodological standpoints, and extant knowledge on financial markets need to be questioned in order to provide a more exhaustive picture on these particular markets, for instance through a clearer separation of economic efficiency on the one hand, and social efficiency on the other.

The economic significance of financial markets increased over the last decades. They often shape the outcomes in the real economy; for instance, positive results seem to ensure high levels of employment and a positive attitude towards investments, whereas critical periods lead to an increase in unemployment and tend to diminish the level of confidence in investments. Particular attention shall be given to those segments that are not fully investigated yet, such as the foreign exchange and commodity market. On the other hand, special attention should be given to methodological issues in the analysis of financial markets. It is important to stress that such issues shall not be neglected by scholars nor by professional policy-makers.

The aim of the panel is to take the above-mentioned debate a step further by providing a number of valuable insights to increase the quality of financial policies and frame a new financial regulation. It aims to increase the awareness of the complexity of such markets and the fact that a better grasp on them is the best strategy to provide crises, speculation and subsequent sideeffects on the real economy. The desired outcomes from the panel should be particularly relevant to scholars focusing on financial markets and on their regulation from different perspectives, as well to policy-makers and the business community, namely: financial managers and banking executives, representatives of Central banks and other financial authorities, the regulator.

4. TOPICS:

The Panel is composed of three papers that cover different yet related arguments that relate to financial markets (note: other papers may be added by the conference organisers).

(a) The first paper by Mitja Stefancic is a methodological discussion on the potential benefits from pluralistic approaches to the analysis of financial markets. Why methodological pluralism? The idea comes from the need to fully recognise the increasing complexity of such markets and their instruments. It attempts to assess some feasible analytical strategies to address such a complexity. It investigates whether a more pronounced interdisciplinarity would provide a better analytical framework if applied to financial markets' analysis. Such an argument is inspired by the idea that financial markets represent a research topic which should be analysed from a plurality of angles. In practice, this could translate into improved financial policies which would then favour sustainable wealth creation and market efficiency.

(b) The second paper by Neophytos Kathitziotis investigates the efficiency of a particular segment of financial markets: the foreign exchange market, namely the market in which foreign currencies are traded and appraised. Inspired by Tobin (cited by Buitier, 2003) and UNCTAD (2009), it centres on a policy-oriented approach to market efficiency in this particular segment. It investigates the argument that efficient markets are those that have a positive long-term impact on the real economy. The paper further distinguishes between economic and social efficiency

in foreign exchange markets, two topics on which there is currently very little knowledge.

(c) THIRD PAPER

(d) Summary: a tentative summary with main policy recommendations will be offered at the end of the presentations.

5.KEY-WORDS (SAMPLE):

(1) financial markets; **(2)** market efficiency; **(3)** foreign exchange markets; **(4)** social efficiency in markets; **(5)** methodological approaches to financial analysis.

6.CONTACT DETAILS:

MITJA STEFANCIC: mitja.s@katamail.com; mitja.s@hotmail.it ; +393200293062 ■