

The Buttonwood Gathering 2015***Balancing Government with Growth*****February 10th 2015**

The role of the state and finance is changing.

The global financial crisis and its aftermath incited an era of unprecedented fiscal and monetary intervention. Today, stagnant growth and rising inequality have led to a backlash against free markets, free trade, immigration and the elites.

The state is getting bigger and more consequential. Political dysfunction has led to the rise of populist politics in Europe and America. Geopolitical tensions in other parts of the world have also surged. Russia's meddling in Ukraine, for example, has brought concerns of a new cold war.

The relationship between the state and companies has also changed. The current climate of fear due to the criminal prosecution of firms poses a number of longer-term risks to the financial system. In America, a growing body of regulation has led to a decreased number of public corporations and alternative corporate structures have emerged. Shares on Wall Street have been hitting record highs. But rather than investing in fundamental pillars of innovation like research and development, many firms have been setting aside their funds to buy back shares. All this is impacting the outlook for long-term growth.

Still, there is hope. A burgeoning middle class of taxpayers around the world, more educated than its previous generations, is pushing governments for change, more transparency and more open markets. Countries like Mexico and India are trying to reform the state. How will these forces, coupled with trends in technology and globalisation, shape the outlook for finance and the global economy?

The Economist's 6th annual Buttonwood Gathering, chaired by the newspaper's Editor-in-chief, Zanny Minton Beddoes, will examine the relationship between the state and finance today. We will bring together leaders in finance, economics, business, academia and government to debate the most pressing questions facing the global economy. The programme features a variety of lively formats, from fireside chats to provocative debates to our keynote Bagehot lecture. The Buttonwood Gathering will tackle some of the most urgent questions facing finance today: How do government officials around the world intend to reshape finance? As governments are beginning to recognise that they need business to drive growth, but how do they effectively define and manage that relationship? How is the relationship with the state in the developed and developing world advancing corporate goals? As investors and business leaders begin to bridge the divide from economic uncertainty to determined growth, this conference will arm delegates with critical information to innovate, lead and drive growth for the year ahead.

Confirmed speakers

Liaquat Ahamed, author, "Lords of Finance: The Bankers Who Broke the World"

Kyle Bass, Chief investment officer, Hayman Capital Management

Olivier Blanchard, Chief economist, International Monetary Fund

Rodney Brooks, Chairman and chief technology officer, Rethink Robotics

Greg Case, Chief executive, Aon

Ashvin Chhabra, Chief investment officer, Merrill Lynch Wealth Management

Richard Clarke, Former US National Coordinator for Security, Infrastructure Protection and Counter-terrorism

Suzan DelBene, US Congresswoman (D-WA 1st District)

Dag Detter, Managing director, Whetstone

David Foley, Senior managing director and chief executive, Blackstone Energy Partners

Jason Furman, Chairman, President's Council of Economic Advisers

Diane Garnick, Founder and chief executive, Clear Alternatives

Tim Geithner, Former US Secretary of treasury and author of "Stress Test"

James Gutierrez, Co-founder and chief executive, Insikt; Founder, Oportun (Progreso Financiero)

Kevin Hassett, Director of Economic Policy Studies, American Enterprise Institute

Douglas Holtz-Eakin, President, American Action Forum

Todd Kantor, Founder and portfolio manager, Encompass Capital Advisors

Brad Katsuyama, Co-founder and chief executive, IEX

Stephen King, Chief economist, HSBC

Maya MacGuineas, President, Committee for a responsible federal budget

Yannis Manuelides, Partner, Allen & Overy

Dr. James Manyika, Director (senior partner) McKinsey & Company and director, McKinsey Global Institute

Raul Mendoza, Vice President of Supplier and Contractors Development, PEMEX

Douglas Merrill, Chief executive, ZestFinance

Annette L. Nazareth, Partner, Davis Polk and former SEC Commissioner

Rebecca Patterson, Managing director and chief investment officer, Bessemer Trust

Arun Sundararajan, Professor and NEC faculty fellow, New York University

David Siegel, Co-chairman, Two Sigma

David M. Solomon, Co-head of investment banking, Goldman Sachs

Peter Thiel, Co-founder, PayPal and Partner, Founders Fund

8.00 am **Registration and networking**

8.30 am **Welcome and opening remarks**

Zanny Minton Beddoes, Editor-in-chief, *The Economist*

8.45 am **Global economic outlook—Where we are and where we are going**

Rising deficits, limited resources, technology and renewed competition among nation states are shifting power dynamics and reshaping global markets. Will

democratic governments in the developed economies function well enough to meet their respective policy challenges for the short and long run? If not, what are the prospects for performance. Will dysfunctional politics and inequality in the West erode to capitulation as the world's dominant economic leader? As governments around the world look to stimulate growth, what are the mechanisms at play and what lessons can be learned from reform initiatives in emerging markets?

Olivier Blanchard, Chief economist, International Monetary Fund

Jason Furman, Chairman, President's Council of Economic Advisers

Stephen King, Chief economist, HSBC

Moderator: Zanny Minton Beddoes, Editor-in-chief, *The Economist*

9.30 am

Leviathan as capitalist—To privatise, or not to privatise?

From railroads to utilities to the Internet to space exploration, governments pave the way for new industries to flourish. With public indebtedness at its highest peacetime level, a new wave of privatisation is underway. What do governments and investors need to learn from past waves of privatisation? What opportunities will privatisation and public-private partnerships, from energy in Mexico and Greece, mail in UK, aerospace and defense in the US, airports in Brazil, alternative energy in Australia and beyond, represent for investors? Is government and industry investing enough in R&D and infrastructure development to ensure long-term social dividends? What benefits can privatisation promise and where may it fall short?

Dag Detter, Managing director, Whetstone

Yannis Manuelides, Partner, Allen & Overy

Raul Mendoza, Vice President of Supplier and Contractors Development, PEMEX

Moderator: Philip Coggan, Buttonwood columnist and capital markets editor, *The Economist*

10.15 am **Morning break and refreshments**

10.45 am **Shaping regulation before it shapes you—How technology is shaping regulation and what government can learn from it**

Technology innovation is leading to significant accelerated change throughout society. When the internet began to go mainstream in the mid 1990s, the White House set out to support it by establishing principles such as the “tax free internet.” What can regulators do to lead from the front to promote growth, innovation and safety as technology paints a new competitive landscape across other sectors? The business models of Airbnb and Uber, for example, have enabled them to play outside burdensome rules established for the hotel and taxi industries, though not without conflict. At what stage does an innovative fintech business model require regulating and when does it make sense to allow it to operate as a non-bank entity? Will these on-going battles lead to a lifting of antiquated rules or new standards for all? When does “disruption” and rapid expansion cross the policy and fair competition boundary?

Suzan DelBene, US Congresswoman (D-WA 1st District)

James Gutierrez, Co-founder and chief executive, Insikt; Founder, Oportun (Progreso Financiero)

Arun Sundararajan, Professor and NEC faculty fellow, New York University

Moderator: Patrick Foulis, US business editor and NY bureau chief, *The Economist*

11.30 am

Shifting power dynamics—Economic implications of escalating conflict and geopolitical tension

A quarter of a century since the fall of the Berlin Wall, political tension and mistrust has resurrected between the US and Russia, and their respective allies. But more than that, instability abounds throughout the Middle East and Northern Africa, as well as pockets in Asia and Latin America. Will the lost legitimacy of regimes from Libya, Syria and beyond, give way to new order based on sect or ethnicity? With the cost of “disruption” dropping dramatically while the costs of establishing and policing order steadily rising, how can we best mitigate political and economic risks? How great and imminent are the military and cyber security threats? What can companies and investors do to protect themselves against financial and brand exposure? What policies may help? What are the implications of a blossoming Sino-Russian relationship? What do these changes mean for energy prices, exchange rates and beyond? How will competition between the US and Saudi Arabia for market share in global oil production continue to play out? What are the short and long term implications for energy investments, renewables, and oil independence?

Richard Clarke, Former US National Coordinator for Security, Infrastructure Protection and Counter-terrorism

David Foley, Senior managing director and chief executive, Blackstone Energy Partners

Todd Kantor, Founder and portfolio manager, Encompass Capital Advisors

Moderator: Zanny Minton Beddoes, Editor-in-chief, *The Economist*

12.15 pm

The Bagehot interview

Tim Geithner, Former US Secretary of treasury and author, "Stress Test"

Moderator: Zanny Minton Beddoes, Editor-in-chief, *The Economist*

12.45 pm

Lunch: When haystacks keep moving – Harnessing accuracy in a rapidly evolving data landscape

Sponsored by Juniper Networks

With the unprecedented and rapidly growing amount of data circulating the internet, having the tools to synthesise, analyse and react to the right information effectively will be paramount to value creation. What strategies can be implemented to drive value in the markets? How are leading businesses using real-time data to drive revenue? As the global financial crisis and flash crashes of 2010 revealed, much can be missed in terms of scope and context when relying on computer models programmed to analyse data. Has machine learning advanced enough to apply judgment and instinct to rapid decision making? How is big data changing the landscape of finance?

Greg Case, Chief executive, Aon

Douglas Merrill, Chief executive, ZestFinance

David Siegel, Co-chairman, Two Sigma

Moderator: Philip Coggan, Buttonwood columnist and capital markets editor, *The Economist*

2.15 pm

This is not your father's job—Big changes ahead for tomorrow's workforce

Long-term demographic, geopolitical, business and educational trends are shifting workforce compositions. For many, gone are the days of a forty-year career climbing the same corporate ladder to gain a pension and comfortable retirement at 65. Job-hopping and free agency are the new normal for millennials, in part, by choice but also as a reflection of recent unemployment

levels and uncertain job markets. How do companies prepare for this new paradigm? What do changes in technology and human resource priorities mean for tomorrow's workforce. How will robotics and machine learning continue to change manufacturing, retail, delivery services and more? What is the impact of minimum wage and immigration policies on hiring, employment and growth? What do education and employment regulation need to look like to secure a prosperous workforce and healthy economy for tomorrow?

Rodney Brooks, Chairman and chief technology officer, Rethink Robotics

Diane Garnick, Founder and chief executive, Clear Alternatives

Dr. James Manyika, Director (senior partner) McKinsey & Company and director, McKinsey Global Institute

Moderator: Matthew Bishop, Globalisation editor, *The Economist*

3.00 pm

Representation with(out) taxation—A debate on tax reform: Which geese can hiss the loudest?

Since the time corporate tax was introduced in the US in 1909, so too have existed means to evade paying it. Rising in popularity are corporate pass-through structures such as master limited partnerships (MLP) as well as tax "inversion" takeovers. Europe has determined to cut taxes and OECD's has issued an "Action Plan on Base Erosion and Profit Shifting" to tackle the problem. Would a streamlined, lower (zero?) corporate tax system stimulate hiring, growth and investment domestically? Could the resulting increase in taxable income generated and potential for alternative revenue collection through capital gains tax reform, for example, be enough to offset the losses of forgone corporate tax? Or, would a lower corporate tax only exacerbate inequality, resentment towards business and populist politics? Should taxes be maintained, if not increased, to

provide government with the funds it needs to provide infrastructure, security and opportunity for all its citizens (including corporations).

Kevin Hassett, Director of Economic Policy Studies, American Enterprise Institute

Douglas Holtz-Eakin, President, American Action Forum

Jason Furman, Chairman, President's Council of Economic Advisers

Maya MacGuineas, President, Committee for a Responsible Federal Budget

Moderator: Tom Easton, American finance editor, *The Economist*

3.45 pm

Afternoon break

4.15 pm

Reform on Wall Street—Finance's new cultural and market environment

What are the business and cultural ramifications of new regulations for financial institutions and investors? Despite regains in the stock market, trading volumes are declining toward historical lows. Is this an ancillary result of regulations aimed at making the markets less volatile, or a reflection of hesitation by traders and retail investors' still leery of the economy in the wake of the financial crisis? What can be expected from expanded financial stability requirements and restrictions on speculative proprietary trading? While financial institutions adjust to the impacts of increased oversight, Main Street remains weary and resentful of Wall Street. When will trust be regained? What role should self-regulation and realignment of incentives play? Can macroprudential regulation prevent the next asset bubble? What lessons do previous periods of financial instability provide for determining what lies ahead?

Liaquat Ahamed, author, “Lords of Finance: The Bankers Who Broke the World”

Brad Katsuyama, Co-founder and chief executive, IEX

Annette L. Nazareth, Partner, Davis Polk and former SEC Commissioner

David M. Solomon, Co-head, investment banking, Goldman Sachs

Moderator: Patrick Foulis, US business editor and NY bureau chief, *The Economist*

5.00 pm

What tomorrow will bring—Challenges and opportunities that lie ahead

How are technology, data and globalisation shaping the evolution of investing and the function of the capital markets? What is the impact on portfolio management and investing strategies? What markets and sectors do leading investors see primed for growth? What are the biggest risk factors they see to achieving a healthy return on investment? What can we expect sustainable returns to be and for how long?

Kyle Bass, Chief investment officer, Hayman Capital Management

Ashvin Chhabra, Chief investment officer, Merrill Lynch Wealth Management

Rebecca Patterson, Managing director and chief investment officer, Bessemer Trust

Moderator: Philip Coggan, Buttonwood columnist and capital markets editor, *The Economist*

5.45 pm

Keynote interview

Peter Thiel, Partner, Founders Fund and co-founder, PayPal

Interviewer: Matthew Bishop, Globalisation editor, *The Economist*

6.15 pm

Closing Remarks

6.30 pm

Drinks and networking