

# News Release



*Controller of the State of California - Kathleen Connell*

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*For Immediate Release*

## **STATE CONTROLLER KATHLEEN CONNELL DELIVERS KEYNOTE ADDRESS TO WORLD BANK CONFERENCE ON DEVELOPING BOND MARKETS**

**Sacramento, April 3, 2002** – State Controller Kathleen Connell today delivered the keynote address at a three-day long workshop on Developing Government Bond Markets sponsored by the World Bank, USAID and the International Monetary Fund. The conference is being held in Istanbul, Turkey.

Controller Connell's speech discussed the criteria for investing in global markets used by CalPERS and CalSTRS, two of the largest pension funds in the world.

"Pension funds in the U.S. alone represent a pool of over \$5 trillion dollars," explained Connell. "That is very large pool of money that could be productively used to upgrade the capital stock of Eastern Europe."

The Controller, who is a member of both CalPERS and CalSTRS, explained the challenge countries face in attracting pension investment dollars.

"When investing on behalf of California's public employees we must identify countries that ensure human rights, the rule of law and an independent judicial system, among other factors," said the Controller. "These considerations are as much a part of infrastructure as are roads and bridges."

The Controller described the many factors the pensions funds consider when making investment decisions, including political stability, transparency and productive labor practices.

"Ultimately, the decision as to whether a country is a candidate for investment is determined by the amount of risk that the investment entails," explained Connell. "Markets are viable if they have the ability to attract and retain long-term sources of capital."

Other considerations outlined by the Controller include market factors such as liquidity and volatility, market regulation, investor protection and capital market openness.

"I believe that pension funds, and hence the workers, in each of the countries gathered here today would benefit from the stability and prosperity that this kind of economic infrastructure will bring," Connell said.

The conference, which is being held today through Friday, is called "Developing Government Bond Markets in Eastern Europe and Central Asia." It is being attended by Eastern European policy-makers, senior government officials, bankers and financial executives.

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