



essential information

Charles R.
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S E M I N A R

**CONSUMER EDUCATION
FOUNDATION**

BEYOND THE MELTDOWN: Regulatory Reform of the Financial Sector

January 9, 8-4 pm

National Press Club, Washington, DC

8:00 – 8:30 Breakfast and Welcome

8:30 – 10:00 PANEL #1

**WHAT DOES MAIN STREET NEED FROM WALL STREET (AND FROM
CAPITOL HILL)? The Role of the Financial Sector and Financial Regulation in the
U.S. Economy**

In 2007, financial services companies accounted for 27.4 percent of all of corporate America's profits. Finance has been the driving force in the U.S. economy throughout the decade, and the dominating influence in policy making. The current crisis suggests the need for re-thinking the role of financial institutions in the broader economy, careful examination of regulatory failures, and a reconsideration of regulatory first principles.

- What is the proper role of the financial sector in the economy?
- What led to comprehensive regulatory failure?
- What are the strengths and deficiencies of current watchdog agencies like the SEC?
- What new resources and powers does government need to regulate finance?
- What institutional structures and incentive arrangements will direct large financial actors measures can encourage more self-regulation and corporate responsibility, so that those actors who best understand finance have incentives to behave more prudently and ethically?

Confirmed Panelists:

Miles Rapoport, President, Demos: moderator

Bob Kuttner, Demos and American Prospect

Harvey Rosenfield, Consumer Education Foundation

Damon Silvers, associate general counsel AFL-CIO, member of Congressional Oversight Panel for the Troubled Asset Relief Program (TARP))

10:00 – 11:30 PANEL #2

TOO COMPLEX, TOO EXOTIC: Critical Perspectives on Financial Innovation

The last decade has seen extraordinary innovation in the financial sector. Lauded over most of that period, it is now clear that the development of complex and exotic instruments, involving very high levels of leverage, an under-appreciation (and underpricing) of risk, and opaque transactional relationship, led to systemic cataclysm. This suggests that whatever the firm-specific benefits of new instruments, the systemic risks may be far costlier, and that presumptions about acceptability of new instruments and investment vehicles should be reversed.

- What social value is created by instruments such as credit default swaps and other financial derivatives?
- Should these instruments be permitted?
- What regulatory criteria should be applied to assess existing instruments, and new ones not yet invented?
- If innovative instruments are permitted, what kinds of controls -- standards of transparency, limits on leverage, skin in the game -- should be applied?

Confirmed Panelists:

Rob Weissman, Essential Information: Moderator

Michael Barr, University of Michigan Law School

Steve Kroll, American University, former Senate Banking Committee Staff

David Smith, House Financial Services Committee (invited)

11:30 – 1:00 LUNCH

Interview with John C. Bogle, founder of the Vanguard Group and President of Vanguard's Bogle Financial Markets Research Center

Conducted by Robert Kuttner, Demos

1:00 – 2:30 PANEL #3

CHARTING A NEW COURSE: Regulation and Restructuring after the Cataclysm

The financial collapse was enabled by a regulatory collapse -- and not for the first time. The failure of regulators to anticipate and head off the financial crisis is an amplified version of prior failures with S&Ls and the accounting manipulations of Enron and related scandals. What is different now is both the scale of the crisis and regulatory failure, and the more complex and interconnected nature of the financial system. Broad regulatory principles are needed, but so too are focused rules to address pervasive problems and address -- and redress -- new financial structures.

- How should the shadow banking sector be treated? How should it be brought into the regulatory system?
- Should the credit ratings function be reserved for the government, or independent nonprofit entities not paid directly by issuers?
- Is there an opportunity and rationale for reviving Glass-Steagall principles?
- What antitrust and competition policies should be applied as the financial sector consolidates, and how and when?

Confirmed Panelists:

Bert Foer, American Antitrust Institute

Robert Auerbach, Univ. of Texas, former House Fin. Services Staff.

Dean Baker, Center on Economic and Policy Research

2:30 – 4:00 PANEL #4

CHARTING A NEW COURSE: Consumer Protections and Other Strategies to Restrain Reckless Finance

From predatory sub-prime mortgages to credit card interest rate rip-offs, financial institutions have exploited the consumers they exist to serve. Although it yielded hyper-profits for a time, this exploitation has proved so unsustainable as to endanger the very existence of the perpetrating institutions. Meaningful consumer protections thus may aid not only consumers, but the financial system itself. Other interventions similarly may promise to reduce systemic risk by curbing self-injuring behaviors of financial institutions.

- What powers and structure would a Financial Consumer Protection Agency need to afford meaningful protections to consumers?
- Can regulatory initiatives facilitate the banding together of financial consumers into an independent organization with power and standing to combat financial institution wrongdoing, and press for appropriate regulation?

- How would a financial transactions tax affect Wall Street behavior, and with what impact?
- How can incentives be switched away from a Wall Street bonus culture that encourages excessive risk taking and rewards year-to-year performance without regard to long-term impacts?

Confirmed Panelists:

Tamara Draut, Vice President for Policy and Programs, Demos: Moderator

Ellen Seidman, New America Foundation, former director Office of Thrift Supervision

Jane D'Arista, Financial Markets Center