3-4-1993

Financing Prosperity in the 21st Century

Levy Institute

A Conference of

The Jerome Levy Economics Institute

of Bard College

FINANCING PROSPERITY IN THE 21ST CENTURY

March 4-6, 1993

THE JEROME LEVY ECONOMICS INSTITUTE
of Bard College

FINANCING PROSPERITY IN THE 21ST CENTURY

A Conference of the Jerome Levy Economics Institute
to commemorate the 60th Anniversary of the Banking Crisis of 1933

The Institute has organized two previous conferences as part of its public policy research program, The Reconstitution of the Financial Structure, under the direction of Hyman P. Minsky. The first conference, "The Crisis in Finance: The Nature and Necessity of Financial Reform" was held in April 1991. The conference was a response to the pressing need for an agenda for reform of the financial system in light of the report released by the Treasury outlining administration proposals for changes in the financial system. A second conference followed in November 1991 on "Restructuring the Financial Structure for Economic Growth." The task of that conference was to begin formulating policies to reinvigorate the financial system and the economy.

The third conference is being held on the 60th anniversary of the Banking Crisis of 1933. This conference will review the events which led to the banking crisis and the subsequent legislation of the Emergency Banking Act, the Banking Act of 1933, the Banking Act of 1935, and other related legislation. This structure produced the longest period of financial stability in U.S. history, lasting nearly one half of a century, and because of this success, it is important to understand the events which led to those reforms. Further, the reforms implemented in the past decade have been piecemeal, and the proposals that are on the table at present do not represent measures for long term reform.

The conference has two goals: provide an understanding of why the banking reforms enacted during the 1930s were so successful; and present a set of policy proposals which will provide the institutional provisions for both the financing of the capital development of the economy and a safe payments system. The goals for this conference are ambitious, but we believe that fundamental reforms are integral to the establishment of a financial structure to carry us well into the 21st century.

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The Jerome Levy Economics Institute wishes to express its thanks to the Franklin D. Roosevelt Library for the lending of the Banking Legislation photographs and documents.

A CONFERENCE OF THE JEROME LEVY ECONOMICS INSTITUTE OF BARD COLLEGE

Financing Prosperity in the 21st Century

March 4-6, 1993

THURSDAY, MARCH 4th

REGISTRATION 9:00 am

OPENING REMARKS 10:00 am - 10:15 am
DIMITRI B. PAPADIMITRIOU, The Jerome Levy Economics Institute of Bard College

PURPOSE OF THE CONFERENCE 10:15 am - 10:30 am
HYMAN P. MINSKY, The Jerome Levy Economics Institute of Bard College

SESSION I 10:30 am - 12:00 noon
The 1930s Reforms as a Package: Overview from Economic History

Chair: ALEX POLLOCK, Federal Home Loan Bank Board of Chicago

RICHARD SYLLA, New York University--"The 1930s Financial Reforms in Historical Perspective"

DISCUSSION
DAVID WHEELOCK, Federal Reserve Bank of St. Louis and The University of Texas at Austin
RANDALL KROSZNER, The University of Chicago

LUNCH 12:00 noon - 2:00 pm

Speaker: S JAY LEVY, The Jerome Levy Economics Institute of Bard College

THURSDAY, MARCH 4th--continued

SESSION II	2:00 pm - 3:30 pm **Federal Deposit Insurance** **Chair: HYMAN P. MINSKY**, The Jerome Levy Economics Institute of Bard College **MARK FLOOD**, Federal Reserve Bank of St. Louis--"The Great Deposit Insurance Debate"
DISCUSSION	**RICHARD NELSON**, Wells Fargo Bank **STEVEN FAZZARI**, Washington University-St. Louis
BREAK	3:30 pm - 4:00 pm
SESSION III	4:00 pm - 6:00 pm **The Chicago Plan for Banking Reform and its Derivatives** **Chair: JAMES TOBIN**, Yale University **RONNIE J. PHILLIPS**, The Jerome Levy Economics Institute of Bard College and Colorado State University--"The Chicago Plan and New Deal Banking Reform" **KENNETH SPONG**, Federal Reserve Bank of Kansas City--"Narrow Banks: An Alternative Approach to Banking Reform"
DISCUSSION	**ALBERT GAILORD HART**, Columbia University **ROBERT E. LITAN**, Brookings Institution
RECEPTION & DINNER	6:00 pm **Speaker: JOHN WEICHER**, General Accounting Office

FRIDAY, MARCH 5, 1993

COFFEE	8:30 am - 9:00 am
OPENING REMARKS	9:00 am - 9:15 am **DIMITRI B. PAPADIMITRIOU**, The Jerome Levy Economics Institute of Bard College
SESSION IV	9:15-10:30 **The Current State of Banking Reform** **Chair: R. ALTON GILBERT**, Federal Reserve Bank of St. Louis **GEORGE G. KAUFMAN**, Loyola University of Chicago--"The Current State of Banking Reform"
DISCUSSION	**ARTHUR ROLNICK**, Federal Reserve Bank of Minneapolis **BARBARA TIMMER**, ITT Corporation
BREAK	10:30 am - 11:00 am
SESSION V	11:00 am - 12:30 am **Regulatory Design** **Chair: BERNARD SHULL**, Hunter College **CATHERINE ENGLAND**, England Economics--"Designing a Regulatory Structure for the Next Sixty Years"
DISCUSSION	**PHILIP F. BARTHOLOMEW**, Congressional Budget Office **LARRY MOTE**, Federal Reserve Bank of Chicago
LUNCH	12:30 pm - 2:30 pm **Speaker: GEORGE SURGEON**, Southern Development Bancorporation
SESSION VI	2:30 pm - 4:00 pm **The International Dimension** **Chair: IAN GIDDY**, New York University **GERARD CAPRIO**, The World Bank and **LAWRENCE SUMMERS**, U. S. Treasury--"Finance and Its Reform: Beyond Laissez-Faire"
DISCUSSION	**DONALD J. MATHIESON**, International Monetary Fund **ANTHONY SAUNDERS**, New York University

FRIDAY, MARCH 5, 1993--continued

BREAK 4:00 pm - 4:30 pm

SESSION VII 4:30 pm - 6:00 pm
Roundtable on Policy Options for Financial Reform

Chair: DIMITRI B. PAPADIMITRIOU, The Jerome Levy Economics Institute of Bard College

WALTER CADETTE, Morgan Guaranty
RICHARD PETERSON, Continental Bank
RICHARD RANDALL, Federal Reserve Bank of Boston

RECEPTION & DINNER 6:00 pm

Speaker: The Honorable WILLIAM PROXMIRE

SATURDAY, MARCH 6, 1993

COFFEE 8:30 am - 9:00 am

OPENING REMARKS 9:00 am - 9:15 am
DIMITRI B. PAPADIMITRIOU, The Jerome Levy Economics Institute of Bard College

SESSION VIII 9:15 am - 10:30 am
Political Economy of Financial Reform

Chair: JANE D'ARISTA, Boston University

GILLIAN G. GARCIA, Committee on Banking, Housing and Urban Affairs, US Senate--"The Political Economy of Financial Reform in the US and the UK"

DISCUSSION **DAVID P. APGAR**, Lehman Brothers
TOM SCHLESINGER, Southern Finance Project

BREAK 10:30 am - 11:00 am

SATURDAY, MARCH 6, 1993--continued

SESSION IX 11:00 am - 12:30 pm
Setting the Policy Agenda

Chair: RICHARD S. CARNELL, Committee on Banking, Housing and Urban Affairs, U.S. Senate

JAMES R. BARTH, Auburn University and **R. DAN BRUMBAUGH**, Consultant--"The Changing World of Banking: Setting the Regulatory Agenda"

DISCUSSION **JAMES K. GALBRAITH**, The University of Texas at Austin
GARY DYMSKI, The University of California at Riverside

LUNCH 12:30 pm - 2:00 pm

Speaker: JOHN BIGGS, TIAA/CREF

List of Participants

DAVID P. APGAR

Ph.D., Rand Graduate School; Vice President, Lehman Brothers, Financial Services Group, Investment Banking Division. Dr. Apgar's responsibilities incude M&A, equity and debt products for money center and regional banks and finance companies. He has worked as a corporate strategy consultant for the Boston Consulting Group and as staff economist for Senator Bill Bradley with responsibility for international economic and banking issues.

JAMES R. BARTH

Ph.D., Ohio State University; Lowder Eminent Scholar in Finance at Auburn University. He was the Chief Economist of the Office of Thrift Supervision and prior to that the Chief Economist of the Federal Home Loan Bank Board. Dr. Barth has also been a Professor of Economics at George Washington University, Visiting Scholar at the US Congressional Budget Office, Visiting Scholar at the Federal Reserve Bank of Atlanta and Associate Director of the Economics Program at the National Science Foundation. He has published more than 100 articles in professional journals and books, is the author of The Great Savings and Loan Debacle published by the American Enterprise Institute, co-editor of The Reform of Federal Deposit Insurance: Disciplining the Government and Protecting the Taxpayers published by Harper Business in 1992 and co-author of The Future of American Banking published by M.E. Sharpe in 1992.

PHILLIP F. BARTHOLOMEW

Ph.D., University of Pittsburgh; Principal Analyst, Natural Resources and Commerce Division, Congressional Budget Office. He was a Financial Economist in the Research Division at the Federal Home Loan Bank Board and was an Assistant Professor of Economics and Coordinator of Canadian Studies at the University of Michigan-Dearborn. He has published several articles on the thrift crisis, the Canadian banking system, and the international regulation of depository institutions. He is also a member of the Conference on Consumer Finance Law.

JOHN H. BIGGS

Ph.D., Washington University; Chairman and chief executive officer of TIAA-CREF. He is a member of the President's Circle of the National Academy of Sciences and also serves as a director for the National Bureau of Economic Research, McDonnell Douglas Corporation, Ralston Purina Company, and the Life Insurance Council of New York. Mr. Biggs has authored a number of publications including Alternatives in Variable Annuity Benefit Design Transactions, published by the Society of Actuaries in 1969; A New Look at the Regulation and Taxation of Private Pension Plans, published by the Center for the Study of American Business at Washington University in 1985; and Do Social Security Benefits Crowd Out Private Life Insurance, also published by the Center for the Study of American Business at Washington University in 1987.

R. DAN BRUMBAUGH

Ph.D., George Washington University. Dr. Brumbaugh is the author of The Collapse of Federally Insured Depositories: The Savings and Loans as Precursor (Garland, 1993) and Thrifts Under Siege: Restoring Order to American Banking (Harper & Row, 1988). He is co-editor (with James R. Barth) of The Reform of Deposit Insurance: Disciplining the Government and Protecting Taxpayers (Harper/Collins Business, 1992) and co-author (with James R. Barth and Robert E. Litan) of The Future of American Banking (M.E. Sharpe, Inc., 1992). Dr. Brumbaugh has served as a consultant to financial service firms and industries, to the House of Representives Subcommittee on Financial Institutions, and most recently to the National Commission on Financial Institutions Reform, Recovery and Enforcement. He was Visiting Scholar the Federal Home Loan Bank Board, was the Deputy Chief Economist at the Bank Board and was President and Chief Executive Officer of Independence Savings and Loan headquartered in Vallejo, California.

WALTER CADETTE

Vice president and senior economist at the Morgan Guaranty Trust Company and editor of the bank's weekly publication Global Data Watch. For the past twenty years at Morgan, he has analyzed the forces shaping the American economy and written about them on Morgan publications. He has also served as an adviser to the bank's treasurer's division, its foreign-exchange group, and its financial analysis department. Mr. Cadette joined Morgan in 1970 after having worked as a foreign service officer at the State Department's Bureau of Economic Affairs and at the American Embassy in Managua. He holds an M.A. from Georgetown University, and is ABD in economics and finance at New York University.

GERARD CAPRIO, JR.

Ph.D., University of Michigan. Dr. Caprio pursues research and contributes to World Bank operations on financial sector issues in developing and reforming socialist economies. His forthcoming volume (with I. Atiyas and J. Hanson), Financial Reform: Theory and Experience draws lessons for financial reform from a wide range of case studies as well as various analytical pieces. An earlier volume (with Patrick Honohan), Monetary Policy Instruments for Developing Countries, serves as a handbook for central bankers interested in moving away from direct controls to more indirect methods of monetary policy implementation. Prior to joining the Bank, Dr. Caprio was Vice President and head of the global economics unit at JP Morgan where among other duties he wrote articles for World Financial Markets, Morgan's flagship periodical. He also worked as an economist in the International Finance Division of the Board of Governors of the Federal Reserve System.

RICHARD SCOTT CARNELL

Senior Counsel to the Committee on Banking, Housing and Urban Affairs of the United States Senate. His work for the Committee centers on the regulation of depository institutions. He was principal drafter of the deposit insurance reform provisions of the FDIC Improvement Act of 1991. He also played a major staff role in developing the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, the Proxmire Financial Modernization Act of 1988, and the Competitive Equality Banking Act of 1987. He had previously been an attorney for the Board of Governors of the Federal Reserve System. Mr. Carnell is a graduate of Yale University and Harvard Law School.

JANE D'ARISTA

Lectures on economic aspects of international banking law at Boston University where she was an associate director of the Morin Center for Banking Law Studies. She was chief finance economist for the Subcommittee on Telecommunications and Finance, House Energy and Commerce Committee, and before that served for five years as an international analyst for the Congressional Budget Office and twelve years as a member of the staff of the House Banking Committee. Her publications include Studies of U.S. Monetary policy (1972), The Operations of U.S. Banks Abroad and Foreign Banks in the United States (1976), Debt Problems of Developing Countries (1979 and 1984), International Capital Flows (1984), Financial Restructuring in the United States (1986), and Deposit Insurance Reform (1991).

GARY DYMSKI

Ph.D., University of Massachusetts-Amherst; Assistant Professor of Economics, University of California-Riverside. He was a research fellow in Economic Studies at the Brookings Institution and taught at the University of Southern California. Dr. Dymski has written extensively on banking and monetary macroeconomics. He has two co-edited volumes due to be published later in 1993. New Directions in Monetary Macroeconomics: Essays in the Tradition of Hyman P. Minsky (University of Michigan Press), co-edited with Robert Pollin, presents essays that interpret and extend the ideas of Hyman Minsky. Transforming the US Financial Systems: An Equitable and Efficient Structure for the 21st Century (M.E. Sharpe, Inc.), co-edited with Gerry Epstein and Robert Pollin and sponsored by the Economic Policy Institute, presents a set of progressive proposals for financial restructuring, investment policy, and monetary policy reform. Dr. Dymski is presently writing a book on banking, race and development in Los Angeles.

CATHERINE ENGLAND

Ph.D., Texas A & M; President of England Economics, an Alexandria, Virginia consulting firm specializing in regulatory analysis with an emphasis in the area of financial institutions. She is also an adjunct faculty member at both The American and Georgetown Universities. Dr. England was previously with the Cato Institute as Director of Regulatory Studies and Senior Editor of Regulation magazine. She is the editor of two books, The Financial Services Revolution: Policy Directions for the Future (co-edited with Thomas Huertas) and Governing Banking's Future: Markets vs. Regulation. She is the author of numerous articles in both popular and professional publications.

STEVEN FAZZARI

Ph.D., Stanford University; Associate Professor of Economics at Washington University, St. Louis. Professor Fazzari teaches macroeconomics and studies the link between macroeconomic activity and finance, particularly the financial determinants of investment spending and the impact of debt on macroeconomic stability. His recent publications include Financial Conditions and Macroeconomic Performance: Essays in Honor of Hyman P. Minsky (M.E. Sharpe, 1992) co-editor with Dimitri B. Papadimitriou and papers in the Brookings Papers on Economic Activity, American Economic Review, Economic Inquiry, and the Review of Economics and Statistics.

MARK D. FLOOD

Ph.D., University of North Carolina at Chapel Hill; Economist at the Federal Reserve Bank of St. Louis. He won the St. Louis Fed's annual award for "Best Review Article" in 1991. His research interests include financial markets and institutions, and bank market structure and regulatory policy.

JAMES K. GALBRAITH

Ph.D., Yale University; Professor at the Lyndon B. Johnson School of Public Affairs , University of Texas at Austin. He served in several positions on the staff of the US Congress, including Economist for the House Banking Committee in the mid and late 1970s and Executive Director of the Joint Economic Committee in 1981-82. He is the author of Balancing Acts: Technology, Finance and the American Future (Basic Books, 1989), and co-author with Robert L. Heilbroner of The Economic Problem, a principles text (Prentice-Hall). His new textbook, Macroeconomics, co-authored with William Darity, Jr., will be published by Houghton-Mifflin this year. He is a member of the Program Advisory Committee of the Overseas Development Council, the Research Council of the Economic Policy Institute, the National Advisory Board of the Center for National Policy, the Capital Formation Subcouncil of the Competitiveness Policy Council, and the ThinkNet Commission. Dr. Galbraith is author of the cover article in the current issue of Challenge, and of a forthcoming review of Laura Tyson's new book on high technology trade conflict, forthcoming in The American Prospect.

GILLIAN GARCIA

Dr. Garcia began her career as an Assistant Professor in the School of Business at the University of California-Berkeley. From there she became a consultant and senior economist at the Federal Reserve Bank of Chicago and then director of a new group of finance specialists and economists studying problems in the financial sector at the US General Accounting Office. She currently manages the oversight of banks, thrifts, credit unions and their regulators for the Senate Banking Committee and has worked on the FIRREA and FDICIA legislation. Dr. Garcia is a Distinguished Professorial Lecturer in the Business School of Georgetown, has published articles in the area of money, banking and the financial markets and is the co-author of four books, two on financial legislation. Her latest book is: The Federal Reserve: Lender of Last Resort.

IAN GIDDY

Ph.D., University of Michigan; Senior Fellow at the New York University Salomon Center of the Stern School of Business, where, in addition to his teaching responsibilities, he is investigating the management of market risk in banks. In the past he has been Director of the International Product Group at Drexel Burnham Lambert. He has also held appointments at the Wharton School of the University of Pennsylvania, Columbia University, the University of Michigan, the University of Chicago, and Georgetown University. He has served in the US Government at the Comptroller of the Currency and at the Board of Governors of the Federal Reserve System, and the International Monetary Fund. Dr. Giddy has also served as a consultant to a number of multinational corporations and financial institutions. He is the co-author of The International Money Market and Cases in International Finance and co-editor of the two-volume International Finance Handbook. His latest book, Global Financial Markets, will be published this year.

R. ALTON GILBERT

Ph.D., Texas A & M. He joined the Research Department of the Federal Reserve Bank of St. Louis as an Economist in 1970, was promoted to Senior Economist in 1976, to Research Officer in 1982, and to Assistant Vice President in 1984.

ALBERT GAILORD HART

Ph.D., University of Chicago; Professor of Economics Emeritus, Columbia University. Dr. Hart's numerous publications include: Debts and Recovery, 1929 to 1937; Anticipations, Uncertainty and Dynamic Planning; and Money, Debt and Economic Activity, with Peter B. Kenen.

GEORGE G. KAUFMAN

Ph.D., University of Iowa; Professor, Loyola University of Chicago and consultant to the Federal Reserve Bank of Chicago. He has also taught at the University of Southern California, Stanford University, and the University of California-Berkeley, and was a visiting scholar at the Federal Reserve Bank of San Francisco and the Office of the Comptroller of the Currency. He has published extensively in the American Economic Review, Journal of Finance, Journal of Financial and Quantitative Analysis, and other professional journals. Professor Kaufman is also the author of numerous books, including The U.S. Financial System: Money, Markets, and Institutions (fifth edition, Prentice-Hall, 1992); Perspectives on Safe and Sound Banking: Past, Present, and Future (MIT Press, 1986) (co-author); Restructuring the American Financial System (Kluwer, 1990) (editor); and the annual Research in Financial Services (JAI Press) (editor). He is presently co-editor of the Journal of Financial Services Research and is on the editorial boards of a number of major professional journals, including the Journal of Money, Credit and Banking, Journal of Financial Research and Contemporary Policy Issues.

RANDALL KROSZNER

Ph.D., Harvard University; Assistant Professor of Business Economics at the University of Chicago's Graduate School of Business where he teaches money and banking and international financial institutions and markets. His research interests include financial regulation, comparative financial history, and monetary economics. His articles have appeared in scholarly journals, including the Journal of Political Economy and the Journal of Money, Credit, and Banking, policy journals, including The Public Interest and the Cato Journal, and numerous books, including the New Palgrave Dictionary of Money and Finance. Professor Kroszner was an economist on the President's Council of Economic Advisers during 1987-88 and a visiting scholar at the Securities and Exchange Commission in 1992.

S JAY LEVY

Chairman of the Board of Governors of the Jerome Levy Economics Institute of Bard College. He began his economic career in 1946 when he and his father, Jerome Levy, started an economic forecasting business for a limited number of clients. In 1949 they inaugurated Industry Forecasts, which today is the oldest paid circulation letter devoted to economic forecasting analysis. S Jay Levy has been a consultant to major industrial and financial corporations and has lectured and written widely on economic matters. He is the co-author, with David A. Levy, of Profits and the Future of American Society, 1983.

ROBERT E. LITAN

Senior Fellow in the Economic Studies Program of the Brookings Institution, where he is also Director of the Institution's new Center for Law, Economics, and Politics. He received his law and Ph.D. degrees from Yale University. Dr. Litan currently is a member of the Presidential-Congressional Commission on Causes of the Savings and Loan Crisis and chairman of the editorial advisory board for public policy studies at the Insurance Information Institute. Dr. Litan is the author of The Revolution in U.S. Finance (Brookings Institution, 1991); What Should Banks Do? (Brookings Institution, 1987); co-author of Growth With Equity (Brookings Institution, 1993); The Future of American Banking (W.E. Sharpe, 1992); Saving Free Trade (Brookings Institution, 1986); Reforming Federal Regulation (Yale University Press, 1983); and Energy Modeling for an Uncertain Future (National Academy of Sciences, 1987); as well as the author of articles in professional journals on trade, banking and regulatory policy.

DONALD J. MATHIESON

Ph.D., Stanford University; Chief, Developing Countries Studies Division, Research Department of the International Monetary Fund. He has taught at Columbia and has previously served as an Advisor and Chief of the Capital Markets and Financial Studies Division of the Research Department. He has published in the areas of international finance, development finance and monetary theory and policy.

LARRY R. MOTE

Fulbright Scholar at the University of Cologne before doing graduate work in economics at Cornell University. He is an Economic Adviser and Vice President at the Federal Reserve Bank of Chicago. His responsibilities include supervision of the Research Department's bank merger and bank holding company casework, writing on bank regulatory topics for the Reserve Bank's bimonthly review and other publications, commenting on proposed regulatory changes. In 1991 he took a leave of absence from the Bank to serve as a visiting scholar with the Congressional Budget Office, where he helped to prepare testimony on the Treasury's proposals for deposit insurance reform. His current research interests include the effects on bank risk of entry into bank securities activities, the local impact of bank failures, the impact of deregulation on the profitability of depository institutions, and the problems of measuring the performance of bank regulatory agencies.

HYMAN P. MINSKY

Ph.D. Harvard University; Distinguished Scholar Jerome Levy Economics Institute of Bard College and former Professor of Economics Emeritus, Washington University -- St. Louis. Professor Minsky has also taught at Brown University and the University of California -- Berkeley. He is the author of John Maynard Keynes, Can "It" Happen Again? and Stabilizing an Unstable Economy as well as a contributor to many professional journals and the public press. Dr. Minsky is a member of the Board of Advisors of the Jerome Levy Economics Institute and has been a member of the Executive Committee of the Eastern Economic Association.

RICHARD W. NELSON

Ph.D., Yale University; Vice President at Wells Fargo Bank. He has also served as Chief Economist of the Federal Home Loan Bank of San Francisco, where he directed research on S&L issues, served on the Bank's Credit Committee, participated in the financial management of the Bank and marketing of its credit products, and produced the Bank's Cost of Funds Index. Previously, Dr. Nelson headed banking and financial research groups at Chemical Bank and at the Federal Reserve Bank of New York. He has served as a lecturer at the Haas School of Business at the University of California, Berkeley, and as Professor of Finance and Economics at the State University of New York, Binghamton. He is a member of the Blue Chip Financial Forecast Panel.

DIMITRI B. PAPADIMITRIOU

Ph.D., Graduate Faculty, New School for Social Research; Executive Vice President and Levy Institute Professor of Economics, Bard College and Executive Director of the Jerome Levy Economics Institute and the Bard Center. Visiting Scholar, Center for Economic Planning and Research (Athens, Greece); Wye Fellow, Aspen Institute. Dr. Papadimitriou is the editor of Profits, Deficits, and Instability (Macmillan Press and St. Martin's Press, 1992); Aspects of Distribution of Income and Wealth (Macmillan Press, 1993); with Steven Fazzari, Financial Conditions and Macroeconomic Performance: Essays in Honor of Hyman P. Minsky (M.E. Sharpe, 1992); and with Edward N. Wolff, Poverty and Prosperity in America at the close of the Twentieth Century (Macmillan Press and St. Martin's Press, 1993).

RICHARD S. PETERSON

Chief Economist of Continental Bank and Manager of the Economic Research Division. He advises senior management on the economic and financial outlook and is a member of the bank's Financial Risk Management Committee and Country Risk Committee. Mr. Peterson joined the Continental Bank as an Economist after having served in the same capacity for ten years with Bank of America, San Francisco. He was elected Vice President and economist of Continental Bank the following year, and later became a Senior Vice President. He is currently a member of the Economic Advisory committee of the American Banker Association, the Finance Committee, the American Economic Association, the Economic Club of Chicago, and the National Association Committee of the Illinois Council on Economic Education. He earned a B.A. from Washington State University.

RONNIE J. PHILLIPS

Resident Scholar at the Jerome Levy Economics Institute of Bard College and Professor of Economics at Colorado State University in Fort Collins. He received his Ph.D. at the University of Texas at Austin and previously taught at Texas A&M University. He has published articles in the Southern Economic Journal, the Jounal of International Economics, and other professional journals as well as book chapters. His most recent articles are: "Persistence of the Veblenian 'Old Japan': Organizational Efficiency as a Wellspring of Competitiveness," in Revista Internazionale di Scienze Economiche e Commerciali, forthcoming (co-authored with Terutomo Ozawa) and "How Regulation Turned a Winner into a Loser", American Banker, October 28, 1992

ALEX J. POLLOCK

President and Chief Executive Officer of the Federal Home Loan Bank of Chicago. Previously he was a visiting scholar at the St. Louis Federal Reserve Bank, President and Chief Executive Officer of Community Federal in Milwaukee and served at Continental Illinois National Bank in various responsibilities in both Europe and the U.S. The author of numerous articles on banking and management, he is a graduate of Williams College, and holds masters degrees from the University of Chicago and Princeton.

WILLIAM PROXMIRE

US Senate, Retired, D-Wisconsin. Senator Proxmire was elected to the United States Senate in 1957 and was re-elected in 1964, 1970, 1976 and 1982. He earned his undergraduate degree from Yale University and a Master's Degree in Business Administration cum laude from the Harvard Graduate School of Business and a Master's Degree from Harvard in Public Administration. The Senator is the author of five books: Can Small Business Survive?, Report from Wasteland; America's Military-Industrial Complex; Uncle Sam, Last of the Big-Time Spenders; You Can Do It! and The Fleecing of America. Senator Proxmire was the Chairman of the Senate Banking, Housing and Urban Affairs Committee and a member of the Appropriations Committee and the Joint Economic Committee.

RICHARD E. RANDALL

MBA, Babson College; Vice President in the Research Department, Federal Reserve Bank of Boston. His publications include The Financial Condition and Regulation of Insurance Companies, co-edited with Richard W. Kopcke, Federal Reserve Bank of Boston; "The Need to Protect Depositors of Large Banks, and the Implications for Bank Powers and Ownership" (September/October 1990), New England Economic Review; and "Bank Capital, Risk and the Credit Crunch" (Winter 1992) and "Uncle Sam Wants You (To Prevent Bank Failures)" (summer 1991), both in the Regional Review, among others.

ARTHUR J. ROLNICK

Ph.D., University of Minnesota; Senior Vice President and Director of Research at the Federal Reserve Bank of Minneapolis. His most recent economic research has been directed toward public policy initiatives. He has gained national attention for essays published in two recent annual reports of the Federal Reserve--one suggesting a reform of the nation's deposit insurance system and another arguing for fixed exchange rates. As a top official of the Federal Reserve Bank, Dr. Rolnick regularly attends meetings of the Federal Open Market Committee. He is a member of Minnesota's Council of Economic Advisers and the Minneapolis Star Tribune's Board of Economists.

ANTHONY SAUNDERS

Ph.D., London School of Economics; John M. Schiff Professor of Finance, New York University. He was previously a research advisor at the Federal Reserve Bank of Philadelphia and is an academic consultant to the Federal Reserve Board of Governors. He also held visiting positions at the Comptroller of the Currency and the IMF. He is the editor of the Journal of Financial Markets, Institutions and Instruments and an associate editor of six other journals. His research has been published in all the major finance journals and is currently writing a boook on Modern Financial Institutions for Irwin publishers.

TOM SCHLESINGER

Founder and director of the Southern Finance Project, a North Carolina-based research center that monitors financial markets and policy issues. Established in 1986, the Project works with a wide variety of grassroots organizations, trade unions, policymakers and journalists. In recent years, the Project's research and policy development work has focused on such subjects as banking industry restructuring, public guarantees to the insurance industry and connections between the financial industry and the natural environment. Mr. Schlesinger is also a founder and co-director of the Financial Democracy Campaign. His written work has appeared in a number of publications including The New York Times, Atlanta Journal-Constitution, San Francisco Chronicle, and Dallas Morning News. He has also been a contributor to the PBS documentary series Frontline.

BERNARD SHULL

Ph.D., University of Wisconsin; Professor in the Department of Economics at Hunter College, a member of the Graduate Faculty of the City University of New York, and a Special Consultant to National Economic Research Associates, Inc. He has also taught in the Departments of Finance and Economics at the Wharton School, University of Pennsylvania, at the University of Wisconsin-Milwaukee, and the University of Illinois. Prior to teaching at Hunter College, Professor shull held various positions with the Federal Reserve Board, including Associate Advisor to the Board of Governors, Chief of the Banking Markets Section and Research Director for the Federal Reserve's Reappraisal of the Discount Mechanism. He was also a Senior Economist in the Office of the Comptroller of the Currency and Economist at the Federal Reserve Bank of Philadelphia. Recent publications include: "How Should Bank Regulatory Agencies Be Organized," Contemporary Policy Issues, (January 1993) and "Risk-taking by Thrift Institutions: A Framework for Empirical Investigation" (with D. Golbe), Contemporary Policy Issues, (July 1991). Forthcoming publications include "Banking and Commerce in the United States," Journal of Banking and Finance and "Savings Institutions and Credit Unions," Encyclopedia of New York, and "Interest Rate Risk and Capital Adequacy" (with Gerald Haanweck).

KENNETH SPONG

M.A., University of Chicago; Federal Reserve Bank of Kansas City. He is in the Policy and Special Projects Department, engaged in research in various topics relating to the regulation, supervision, and performance of banks and other financial institutions. His research work includes the performance of banks acquired on an interstate basis, banking consolidation and competition, relationship between examiner loan classifications and subsequent loan performance, problem bank characteristics and resolutions, and banking reform issues -- deposit insurance, broader powers, and narrow banking. He has also published a book on the basics of banking regulation, which is entitled Banking Regulation: Its Purposes, Implementation, and Effects.

GEORGE P. SURGEON

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