



FEDERAL RESERVE BANK *of* ST. LOUIS

CENTRAL to AMERICA'S ECONOMY™

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Origins of the Financial Crisis: Part III

What Challenges Do We Face for Regulatory Reform?

This has been one of the biggest financial crises in many generations, and it's really showed clear weaknesses, not just in the United States' regulation of financial markets, but in the global regulation of the financial markets. The problems are complex; it's not clear how to solve them going forward. You just can't say, "We'll beef up regulation here or there." These are complicated problems because we are talking about global entities, that somehow, you need to get a handle on what they're doing. Somehow, you need to be able to resolve them when they fail. And that's the key issue for our nation, really for the world, going forward, is how to do that in a way that will really work...*if* you want to get some kind of reform that's actually going to mitigate problems going forward. If you just want to say that I did something, you know you can do lots of things that will do that, but I think that's the real challenge for us going forward.