Contents

Preface and Acknowledgments vii

Introduction: The Crisis of 2008 and Financial Services Regulation 1 Roger B. Porter

DIAGNOSIS: ORIGINS OF THE CRISIS

Origins and Policy Implications of the Crisis 13 John B. Taylor

Underlying Causes of the Financial Crisis of 2008–2009 23 Richard A. Posner

Comments by Richard J. Zeckhauser 47

Comments by Harvey J. Goldschmid 59

Summary of Discussion 63

PRESCRIPTIONS: APPROPRIATE REGULATORY MODIFICATIONS

The Morning After: A Road Map for Financial Regulatory

Reform 77

R. Glenn Hubbard

An Ounce of Prevention: Financial Regulation, Moral Hazard, and the End of "Too Big To Fail" $\;$ 99

David A. Moss

Comments by William Poole 111

Comments by Howell E. Jackson 115

Summary of Discussion 125

vi Contents

IMPLEMENTATION: A FITTING REGULATORY STRUCTURE

Regulatory Structure and Reform: The Purpose Should Guide the Outcome 137

David G. Nason

Reengineering the Financial Regulatory System 155 James D. Cox

Comments by Joel Seligman 181

Comments by Robert K. Steel 185

Summary of Discussion 189

CONCLUDING REMARKS BY THOMAS J. HEALEY 197

KEYNOTE SPEECH BY PAUL A. VOLCKER: THE FINANCIAL CRISIS IN PERSPECTIVE 201

References 217 About the Authors 219 Index 223