ENDING GOVERNMENT BAILOUTS AS WE KNOW THEM
A Policy Workshop
Thursday, December 10, 2009
Stauffer Auditorium
Hoover Institution

PURPOSE
Fear that failure of a large complex financial institution can cause severe damage to the economy has created a pervasive bailout mentality among policymakers in the United States. As a result the federal government has committed huge amounts of taxpayer dollars, intervened in a host of normally private-sector activities, and induced excessive risk-taking by people expecting the bailout policy to continue. Americans are understandably angry about a policy which rescues the people who take risks and fail at the expense of everyone else. But how can we reduce the bailouts? As George Shultz puts it, “If clear and credible measures can be put into place that convince everybody that failure will be allowed, then the bailouts, and the expectations of bailouts, will recede and perhaps even disappear.” The purpose of this workshop is to propose, present, and debate such measures.

AGENDA
Session I – Chair: John B. Taylor, Hoover Institution and Stanford University
8:30 AM–9:10 AM Opening Remarks
George P. Shultz, Hoover Institution and Stanford University
Paul Volcker, former chairman of the Federal Reserve Board (by video)

9:10 AM–10:00 AM Lessons Learned from the Lehman Bankruptcy and the Financial Crisis
Kimberly Summe, Partner Fund Management, LP
Gary Stern, former president, Federal Reserve Bank of Minneapolis

10:00 AM–10:20 AM Break

Session II – Chair: Kenneth Scott, Hoover Institution and Stanford Law School
10:20 AM–11:10 AM Winding Down Plans to Facilitate the Exit of Large, Complex Financial Institutions
Richard Herring, University of Pennsylvania
Joseph Grundfest, Stanford Law School

11:10 AM–12:00 NOON A New Contractual Approach to Restructuring Financial Institutions
Darrell Duffie, Stanford Graduate School of Business
David Skeel, University of Pennsylvania

Luncheon Address: Room 115; Lou Henry Hoover Building
12:00 NOON–1:30 PM Fifty Years in the Business: From Wall Street to the Treasury and Beyond
Nicholas Brady, Darby Overseas Investments

Session III – Chair: Michael Boskin, Hoover Institution
1:30 PM–2:20 PM Defining Systemic Risk Operationally
John B. Taylor, Hoover Institution and Stanford University
Monika Piazzesi, Stanford University

2:20 PM–3:10 PM Expanding FDIC Resolution Authority
William F. Kroener, Sullivan & Cromwell, LLP
Chuck Morris, Federal Reserve Bank of Kansas City

3:10 PM–3:25 PM Break

Session IV – Chair: John Cogan, Hoover Institution
3:25 PM–4:15 PM A Proposed Chapter 11F
Tom Jackson, University of Rochester
Peter Wallison, American Enterprise Institute

4:15 PM–4:45 PM Criteria for Evaluating Failure Resolution Plans
Kenneth Scott, Hoover Institution and Stanford Law School

4:45 PM–5:00 PM Conclusions and Recommendations
George P. Shultz, Hoover Institution and Stanford University
John B. Taylor, Hoover Institution and Stanford University