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**Three projects for the re-organization of finance and its relation to the real economy (especially in the context of crisis): New Deal; Current Deal; Better Deal<sup>1</sup>**

	Basic institutional framework	Extending the institutional framework: quasi – governmental organizations	Preventing and managing crisis	Putting finance at the service of the real economy	From regulation to reorganization
New Deal	Strict separation between C/I banking; utility banks, disclosure regime; state polices boundary conditions (domestic and global markets)	Creation of public banks, investment funds; secondary mortgage market; GSEs; FHA; provision of liquidity and ins facilities for mortgage and banking system	RFC, HOLC, expansion of gov emergency powers; strengthening of federal reserve (new instruments monetary policy and LOLR); new regulatory regime and depositary insurance (FDIC and special bank resolution regime)	Use of federal agencies and GSEs to create new financial markets; use of tax/legal/regulatory tools to improve functioning of private credit markets	Regulation as the first step toward reorganization, in the service of the real economy
Reversal of the New Deal Agenda	Relaxation of restrictions on finance; rise of shadow banking creation of links between formal/shadow banking and between local/global markets	Privatization of GSEs & secondary mortgage market (securitization); delegation of sov to rating agencies, industry groups, internatnal banks, b/d’s via emphasis on internal risk-management	RTC, regulatory forbearance (S&L crisis) consolidation and extension of regulatory framework; extension of LOLR to shadow banking	Reorganization of GSEs; elimination of New Deal restrictions; creation of legal channels connecting official banks to shadowy sector	Incorporation of shadow banking thru generalized system of regulatory dualism

<sup>1</sup> Excerpt from Tamara Lothian, “After the Crisis: Institutional Innovation and the Alternative Futures of American Finance.” (December 1, 2010), Columbia Law and Economics Working Paper No.386. Available at SSRN: <http://ssrn.com/abstract=1721106> or <http://dx.doi.org/10.2139/ssrn.1721106>

Current Deal	Bailout of big banks and systemically imp non-banks; little banks allowed to fail	Reorganization and capitalization of GSEs; creation of new specl purpose funding & liquidity facilities thru Fed, and FDIC	Bailouts, nationalizations, debt-buybacks & guaranties; swap lines, new liquidity facilities, exp of L/ILR and access to discount window	Creation of funding and liquidity facilities by Treasury/Fed FDIC; TALF; targeted credit thru GSE	Regulation as an alternative to reorganization
	Basic institutional framework	Extending the institutional framework: quasi – governmental organizations	Preventing and managing crisis	Putting finance at the service of the real economy	From regulation to reorganization
Better Deal	Rejection of reg dualism; reorganization of big banks, little banks, non-banks, and relation to real economy	Public private partnerships, agents of restructuring and innovation, linking global/local, big/little; sophisticated/local finance	Reintroduction of limits on financial speculation; break-up of big banks w/o a purpose; temp and contingent controls on capital; restructuring as experimental reinvention	Reinvention of GSEs; GSEs as agents of strategic coordination & decentralized access to vc; risk mangement experimental restructuring; participation in global markets	Regulation as first step toward reorganization of finance and its relation to real economy:  Finance as subservient to the creation of new forms of production and new forms of finance