06-17-09

Harkin welcomes Obama's financial reforms – but wants more

By Agri-Pulse Staff

Senate Agriculture Committee Chair Tom Harkin (D-IA) welcomed President Obama's announcement Wednesday of a detailed plan to reform the nation's financial regulatory system. But Harkin said he remains concerned that "this plan does not do enough to prevent financial institutions from becoming 'too big to fail' in the first place." He added that he will continue to pursue the derivatives legislation he introduced earlier since the President's plan to require derivatives to trade on regulated exchanges would apply only to standard derivatives contracts, not to one-off customized derivatives.

Reacting to the President's proposals, Harkin said:

- "In the aftermath of the near meltdown of our financial sector and the deep recession it caused, it is painfully clear we must reform oversight of the financial system in order to rebuild our economy on a sound foundation. I commend the President for taking action in making today's proposal. As we move forward, it is critical to enact additional reforms not covered in today's outline and to make sure those reforms are vigorously carried out and enforced."

- "I was pleased that the proposal begins to get a handle on the free-wheeling derivatives markets that many economists name as a key player in causing the recent economic downturn. As Chairman of the Senate Agriculture Committee, I introduced legislation earlier this year to bring these types of financial transactions onto regulated exchanges in order to add openness, transparency and integrity in futures trading. I believe all – not some – derivatives need be fully regulated and I plan to move forward with this bill.

- "I am pleased that this proposal includes greater protections for consumers, a sector of the economy which has been largely neglected by current regulators, and advocates for much more stringent capital requirements for financial institutions. However, I remain concerned that this plan does not do enough to prevent financial institutions from becoming 'too big to fail' in the first place. While we do need to increase regulation of systemically important firms, the record of the Federal Reserve leading up the present crisis has not convinced me that they will be the strict and independent watchdog that we need."

#30