

## Volcker Fights On

Paul Volcker sounds like he's getting more and more fed up, no pun intended.

The former Federal Reserve chairman and current head of President Obama's Economic Recovery Advisory Board told a group of bankers and other company and public sector execs last week, "Wake up, gentlemen."

Today, we were able to read a full account of his comments in the Wall Street Journal, nuggets of which had already been on the blogs last week.

"I can only say that your response is inadequate," he said when asked to comment on the proposals the group had made at the Wall Street Journal's Future of Finance Initiative in London, where the execs suggested ways of improving the financial system. "I wish that somebody would give me some shred of neutral evidence about the relationship between financial innovation recently and the growth of the economy, just one shred of information. I am getting a bit wound up here."

Volcker also made a renewed plug for a resolution facility for "too big to fail" commercial banks. "What can that resolution facility do? If one of you fails and has systemic risk, then it steps in, takes you over and either liquidates or merges you, but it does not save you. That ought to be a kind of iron cross."

Volcker also gave Germany's "Der Spiegel" a more personal, nuanced interview during his European trip last week, where he reflected on his Depression-era upbringing, his appreciation for former Chancellor Helmut Schmidt, and observed that America has lost much of its former influence these days.

Asked by the interviewer about the lack of political will to make real regulatory changes in Washington, Volcker responded, "I will do the best I can to fight any tendency to water it down. What we need is broad international consensus to make things happen."

Keep up the good fight, Mr. Volcker.