

FINANCE, ECONOMICS & TRADE

The Strengthening America's Future Initiative

Issue Paper

A Project of the
Center for the Study of the Presidency and Congress

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The views expressed in this report do not necessarily reflect the views of the individual members of this issue team or their institutions. In some cases issue team members have offered dissents to specific sections of the issue paper.

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Strengthening America's Future Initiative (SAFI)

Finance, Economics & Trade

Summary

The economic crisis of 2008 and 2009 has led to wide-ranging proposals for restructuring economic and financial regulation. Our government plays a vital role in setting up the rules and institutions that create a healthy economy over the long term. Government policy should have three primary objectives: 1) supporting a dynamic and innovative economy with free and fair trade 2) supporting household saving, which is the best source of investment capital for businesses and helps to buffer households against periodic economic downturns, and 3) preventing isolated failures at financial institutions from rippling through the entire economy.

The SAFI Finance, Economics & Trade Issue Team offers recommendations in four areas that are particularly important as the United States emerges from the current crisis and returns to more robust economic growth.

I. America and the World

- We approve signing and implementing international Free Trade Agreements and working with our trading partners to cap tariffs at current levels.
- We support the Obama Administration's new initiative to quickly identify and respond to barriers initiated by our trading partners.
- We oppose the 'buy American' and 'hire American' features built into the recent stimulus and banking bills.
- We support expanding the H-1B visa program for non-immigrant workers, while also supporting efforts to curb its abuses. The current student visa and tourist visa programs should be augmented with a joint student/tourist visa.

II. A More Stable Financial Services Sector

- The regulatory agencies collectively responsible for monitoring and regulating systemic risk should retain their authority and should be strengthened.
- We support enabling regulators to swiftly take over and resolve distressed financial institutions, both inside and outside of the banking sector.
- We encourage reform of all of the Government-Sponsored Enterprises, including Fannie Mae and Freddie Mac. The re-chartering of the Mortgage GSEs should clarify their role: enhancing liquidity in the secondary market for mortgages

III. Enhancing Shareholder Control

- We support the Obama administration's moves to realign compensation at financial institutions in a way that rewards long-term performance.
- Congress should resist temptations to respond to the crisis by interfering with accounting standards.
- A healthy and well-funded Securities and Exchange Commission (SEC) is vital for the proper functioning of capital markets. We support efforts to increase the stability and size of the SEC's budget.

IV. Supporting American Household Financial Security

- ‘Increasing Household Saving and Investment’:
 - We propose the creation of a National Retirement Savings Corporation – a Congressionally-chartered non-profit entity modeled after the Federal Employee Thrift Savings Plan. The NRSC will offer low-cost, privately managed portfolios to those without access to employer-sponsored retirement plans.
- ‘Protecting Saving and Wealth’:
 - The consumer financial regulatory powers of Federal Reserve, FDIC, OCC, OTS, NCUA, FTC, and HUD, should be evaluated and strengthened where appropriate to ensure the effectiveness of policy going forward.
 - Disclosure around financial products, particularly mortgages, should be enhanced. In the case of consumer financial products, enhanced disclosure must principally involve increasing the clarity and transparency rather than the quantity of information.
- We support establishing a National Retirement Security Council to coordinate policy affecting household saving and retirement.

Appendicies

- I. Appendix A – America and the World Dissent**
- II. Appendix B – Federal Reserve Dissent**
- III. Appendix C – CFPA Dissent**

Introduction

The U.S. economy, which has lost 7.2 million jobs since January of 2008ⁱ, now appears to be recovering. Financial markets have rebounded from their March lows, and the industrial production and other measures of economic performance appear to have started recovering during the second half of the year.

Despite emerging positive signs, American households are still suffering from the recent losses of jobs and wealth. The unemployment rate in October, 2009 was 10.2 percent, its highest level since April of 1983, remained high at 10 percent into early 2010.ⁱⁱ Having put out the fire of the current crisis, we now need to develop policies that will prevent similar crises in the future.

Economic and financial regulation must balance two aims: fostering innovation and economic growth and supporting a reasonable level of stability in the financial system. Even with the best possible set of institutions, businesses will occasionally fail in a dynamic market-based system. In fact, the failure of inefficient and unsuccessful businesses helps to keep the overall economy healthy. Government must play two roles: limiting the adverse impact that economic turnover can have on household well-being, and making sure that individual failures do not escalate to system-wide crises.

This document outlines the proposals of the Finance, Economics and Trade Issue Team of the Strengthening America's Future Initiative (SAFI). The policy proposals are divided into four sections. The section 'America and the World' covers trade in goods and services as well as some aspects of America's immigration policy. The section 'A More Stable Financial Services Sector' covers proposals for enhancing the stability of American capital markets. The section 'Enhancing Shareholder Control' focuses on proposals for enhancing shareholder access to information about the firms that they own. The section 'Supporting American Household Financial Security' focuses on proposals to help American households build and protect wealth. The collective goal of these recommendations is to help support policy promoting household well-being in a dynamic market economy.

I. America and the World

International trade has grown rapidly during the postwar period. Between 1962 and 2000, exports as a share of GDP grew by more than a factor of three, both in the United States and worldwide.ⁱⁱⁱ This increasing trade benefits the American and international economies and enhances peace and prosperity worldwide.

Trade has been an important tool for increasing overall American household wealth, but the past decades have also seen troubling and persistent increases in income inequality.^{iv} The share of income going to the top 10 percent of households, after remaining stable at 30-35 percent from 1942 to 1980, has now risen to over 45 percent. This increasing inequality, and the rapid loss of many types of manufacturing jobs, has led to stagnating or declining real incomes for many households. Although research does not convincingly support this view, many influential voices have linked economic trade to the pattern of stagnating wages and economic inequality.

Reacting to the challenge of wage stagnation by moving toward protectionism would be counterproductive and would damage the economy's long-run performance. The real challenge is to promote both free trade and policies that support wage growth throughout the income distribution. Policies such as adjustment assistance, retraining opportunities, and portable healthcare will help households while ensuring that our economy is dynamic and open. Our policy should be focused on helping our manufacturers succeed on a fair international playing field, rather than erecting barriers to the flow of goods and services.

It is important for the United States to revitalize the Doha round of the WTO. We should work to liberalize agricultural trade, with the U.S. and EU leading by reducing agricultural subsidies. We should work to prevent the creation of new trade barriers in this period of financial and economic turmoil.

Increasing economic anxiety has led to the scapegoating of immigrants as well as trade. The recent stimulus and banking bills contained ‘hire American’ and ‘buy American’ provisions that were both reflections of nativist sentiment and were bad economic policy. There have been persistent and troubling reports of abuses in the H-1B program, including allegations that firms have occasionally exploited H-1B workers’ relative inequality at the bargaining table to push down wages. Nevertheless, the best available economic evidence now shows that H-1B immigrants promote scientific innovation and are associated with increases in patenting, an important driver of economic growth.^v Abuses in the H-1B program should be addressed directly, but our view is that the program is important for innovation and should continue.

We must also welcome and cultivate foreign students. The U.S. needs to make its immigration policies and procedures more manageable for foreign students, in particular those who want to pursue advanced mathematical, engineering, and scientific training. Creating a smoother process for foreign students to study in the United States will help keep our colleges and universities global leaders, and will also promote and advance America’s image in the world.

Specific proposals:

- We encourage Congress to quickly approve and implement the Free Trade Agreements that have already been signed with Colombia, Korea, and Panama.
- We encourage the United States Trade Representative to work with our trading partners towards locking in current levels of tariffs across the board as an absolute ceiling.
- We support the new initiative between the USTR and the Departments of State, Labor, Commerce, and Agriculture to quickly identify and respond to barriers initiated by our trading partners. Free trade needs to be free in both directions, and it is appropriate to harness extra resources to ensure that our partners honor their trade commitments.
- We oppose the ‘buy American’ and ‘hire American’ features built into the recent stimulus and banking bills, although we would not oppose Congress commissioning a study by the Congressional Budget Office to explore the costs and benefits of these measures.
- The H-1B visa program for non-immigrant workers should be continued, with its abuses curbed. Data collection and dissemination on H-1B visa applications is good and appropriate. This data collection should be augmented with ongoing collection of information on H-1B workers from their sponsoring firms. This enhanced data collection effort would enable more rapid identification of employers who abuse the H-1B system.
- The current student visa and tourist visa programs should be augmented with a joint student/tourist visa. The current system is inappropriately complicated for foreign students who travel and study in sequence. Creating a more flexible program would be a small step towards making study in the United States more inviting for international students.

II. A More Stable Financial Services Sector

After a long period of relative stability, recent years have seen a large number of financial institutions failing or receiving government support. In the 8 years between 2000 and 2007, only 27 FDIC-insured institutions failed, but 150 institutions have failed during the 23 months since January of 2008. These individual disruptions have rippled through the entire financial system and the broader economy, leading to the sharpest recession in a generation. In response to this crisis, the government has intervened in the economy and in the financial sector in unprecedented ways.

Proposals for restructuring financial regulation now abound. In our view, the old regulatory environment suffered from a particularly important failure: the absence of a credible resolution authority for systemically important non-bank financial institutions such as AIG or Lehman Brothers. Without a credible resolution authority, regulators facing a distressed and systemically important firm had an unfortunate choice between ad-hoc bailouts and potentially disruptive failures.^{vi}

In particular, between 2004 and 2008 the major broker-dealers were regulated under the Securities and Exchange Commission's Consolidated Supervised Entities (CSE) program. This program failed to establish a credible resolution mechanism for distressed broker-dealers. Whatever the specifics of the new regulatory environment, we must never again allow a situation such as existed in September of 2008, when distress at Lehman Brothers left regulators facing the choice between bailout and potential chaos.

The CSE program has been rightly criticized and ended. Our view is that its failures provide a useful roadmap for the characteristics of a better regulatory framework.^{vii} For one thing, the scale of regulatory oversight must be well-matched to the scale of the regulated institutions. Under the CSE program, the five large broker-dealers were regulated by a small group of individuals at the SEC. Regulators must also be able to set limits on simple measures of total leverage, in addition to the 'risk-weighted' risk measures that were the focus of the failed CSE program.

Any roadmap for reform must also consider the role of the Government-Sponsored Entities (GSEs), in particular Freddie Mac and Fannie Mae. These institutions, originally established to create a liquid secondary market for mortgages, ended up holding large and risky portfolios of assets. It has been expensive to bail them out. We support re-chartering or abolishing all of the GSEs, and refocusing the housing GSEs on their original mission. New charters should be explicitly limited-life charters, in order to prevent mission creep beyond their original missions.

Finally, the most important characteristic of the new regulatory environment must be the ability to identify systemically important firms, and the ability to assign them to a regulator with the authority and will to regulate them.

The Obama Administration has proposed a new council of regulators as the systemic risk monitor, with the Federal Reserve System serving as the regulator of the systemically important firms. This authority would extend beyond bank holding companies, and include any financial institutions whose activities could affect the stability of the financial system. In practice, this could make the Federal Reserve System the primary regulator for a handful of major insurance companies, mutual funds, and hedge funds.

An alternative proposal from FDIC Chair Sheila Bair would also create a council of regulators to monitor the largest financial firms, but leave regulatory authority with current regulators. Other influential views have proposed having the Federal Reserve System serve as the risk monitor, but not as the regulator of the systemically important firms. Each of these proposals has merits, and potential flaws.

- The Finance, Economics and Trade Issue Team believes that the best approach is to have a Council of regulators monitoring systemic risks and identifying systemically important firms. Primary regulation of these firms should remain with their existing regulators. We see some significant drawbacks to having the Federal Reserve regulate all of the most systemically important firms. Given the importance of industry-specific expertise in regulating insurance companies, mutual funds, or hedge funds, we would question the wisdom of taking the largest and most important of these types of firms and assigning them to the Federal Reserve, whose deepest expertise is in commercial banking. Another drawback to making the Fed the regulator of all of the systemically important firms would be that the expansion of its mandate

could bring it under more political pressure, potentially compromising role in maintaining stable inflation.

- We agree with the Administration's view that exceptions to the general regulatory approach for financial institutions should not be allowed. As an example, we propose converting existing Industrial Loan Companies to banks and regulating them under the National Banking Act. Thrift holding companies should be subjected to parent-level regulation in a manner similar to bank holding companies.
- We support the Administration's view that simpler and more transparent leverage measures are a necessary supplement to risk-based capital measures. Systemically important financial institutions must never again be allowed to operate with only thin layers of capital.
- Finally, we encourage significant reform of all of the Government-Sponsored Enterprises, such as Fannie Mae and Freddie Mac. All of the GSEs should be re-chartered, with perpetual charters replaced with limited-life charters. Limited-life charters will help prevent the 'mission creep' that has characterized GSEs during recent decades. The re-chartering of the Mortgage GSEs should clarify their role: enhancing liquidity in the secondary market for mortgages. The Federal Agricultural Mortgage Corporation (Farmer Mac), a shareholder-owned GSE of dubious social utility, should be fully privatized.

III. Enhancing Shareholder Control

Market capitalism has served America well over the past 200 years, and privately-owned corporations are a foundation of our economy. Many have pointed to the current financial crisis as a symptom of capitalism run amok, and the government's response has rapidly expanded its footprint in capital markets and the larger economy. We disagree with the diagnosis of our current problems as a 'crisis of capitalism.' In our view, the recent crisis reflects an excessive societal bias towards borrowing and away from saving, failures of judgment by some industry leaders and regulators, and some problems inherent in the current model of corporate governance.

Many commentators have blamed fair value accounting causing or exacerbating the current crisis. In general, our view is that the economy will function better when investors have more information to help them understand the value of assets on bank balance sheets. Reasonable approaches that accomplish this goal have been proposed: in particular dual presentation of earnings per share, both including and excluding mark-to-market fluctuations in asset values, seems appropriate. In addition, for assets that are valued according to models, more information about the assumptions behind those models would enhance investor confidence in banks' financial reports.

In addition to accounting, many commentators have claimed that incentive problems at financial institutions played an important role in the crisis. Our view is that there have been some systematic failures along these lines, with improperly incentivized employees at senior levels and below were failing to act in their shareholders' interest. The appropriate solution is to take steps to enhance shareholder control over the financial institutions that they own.

Specific proposals:

- Shareholders in financial companies should know how employees (from executives to lower level staff) of the companies are compensated. Firms should tie incentive-based compensation arrangements to multi-year performance, with clawback arrangements for pay in the event of significant deterioration. This will guard against employees making damaging decisions based upon short-term gains. These principles for compensation should apply throughout organizations.

- Congress should resist well-meaning interference with accounting standards. We support the work of the Public Company Accounting Oversight Board, a private, non-profit organization created by the 2002 Sarbanes-Oxley Act to oversee public company auditing. As we move forward, our bias should be towards more disclosure rather than less. For example, the process of valuing assets according to model-implied valuations (derided by Warren Buffett as ‘marking to myth’) will be more effective as firms reveal more about the underlying models that they are using.
- A healthy and well-funded Securities and Exchange Commission (SEC) is vital for the proper functioning of capital markets. To date, funding for the SEC has been insufficient in both amount and in year-to-year predictability. While its budget has increased steadily over the past decade and a half, year to year authorizations have fluctuated in growth by as much as 2.8 to 39.4 percent.^{viii} In FY2006 and FY2007, the SEC’s budget was cut by 2.7 and 0.7 percent respectively.^{ix} Increasing the level and stability of funding for the SEC is vital for ensuring the future stability of capital markets.

IV. Supporting American Household Financial Security

An American household savings crisis was building even before the recent financial meltdown. The rapid decline in the aggregate savings rate fell to record lows of just above one percent in 2005 and 2008.*^x More troubling is the fact that these aggregate rates, which lay dangerously below our nation’s 50 year average of 6.83 percent, still mask stark differences across households.^{xi} Many households have failed to save at the levels needed in order to ensure decent retirement or a security net for a future rainy day.

The financial and economic crisis has intensified concern about household asset accumulation. The fall in equity values dramatically reduced balances in 401(k) accounts and other retirement savings vehicles. Hewitt Associates, in its study of 2.7 million eligible employees, found that the median 401(k) rate of return in 2008 was negative 28.3 percent.^{xii} Furthermore, falling home prices have hurt household balance sheets, particularly among those whose homes were mortgaged and those who were planning to use home equity to finance retirement.

Our society’s tendency toward borrowing has been an important precipitating factor in the crisis. For promoting both economic stability and household well-being, we need to focus on ways to help American households build and protect wealth. Policies designed to help households build and protect wealth should be viewed as an important part of a broader set of policies focused on supporting a dynamic market economy.

The Obama Administration has proposed the creation of a Consumer Financial Protection Agency (CFPA), ostensibly to protect household savers from abuse. While we agree with the Obama Administration’s desire to protect consumers and investors from financial abuse, we do not support the creation of the Consumer Financial Protection Agency (CFPA). Our team believes that it is more appropriate to get existing agencies to execute their responsibilities effectively – which may require the development of new competencies – than to create a new federal agency.

We have specific proposals along three dimensions, although there is some overlap among these groups. The first set of proposals is called ‘Increasing Household Saving and Investment,’ the second set ‘Protecting Saving and Wealth,’ and the third set ‘Ensuring Retirement Security.’

Specific proposals:

- ‘Increasing Household Saving and Investment’:

- Many households do not have access to retirement savings vehicles that match the 401(k) and 403(b) vehicles available to employees of large firms and non-profits. For these 35 million households, we propose the creation of a National Retirement Savings Corporation – a Congressionally-chartered non-profit entity modeled after the Federal Employee Thrift Savings Plan. The NRSC will offer low-cost, index-based portfolios to employees of firms that do not otherwise provide an employer-sponsored retirement plan. These portfolios will be managed by private portfolio managers, as with the current Thrift plan. Administration of the program will leverage existing government infrastructure, including the IRS, SSA, and the Federal Retirement Thrift Investment Board. This program will close a gap in household access to low-cost savings vehicles, and help level the playing field between large and small enterprises, with minimal burden imposed on employers.
- The Obama Administration’s proposal for the CFPA has been criticized on the grounds that it could raise the cost to serving households, and particularly low- and moderate-wealth households. This critique has some basis in fact, and makes expanding government-sponsored, privately managed savings options even more important should the CFPA be created.
- As a spur to saving, households should have the option to receive part or all of their Federal tax refunds in the form of savings bonds. We support the Treasury Department’s recent initiative to allow consumers to take part of their tax refunds in the form of Savings Bonds. This initiative will increase households’ access to a cheap, safe saving vehicle, particularly for households with low levels of financial assets.
- ‘Protecting Saving and Wealth’:
 - The consumer financial regulatory powers of Federal Reserve, FDIC, OCC, OTS, NCUA, FTC, and HUD, should be evaluated and strengthened where appropriate to ensure the effectiveness of policy going forward.
 - Disclosure around financial products, particularly mortgages, should be enhanced. In the case of consumer financial products, enhanced disclosure principally involves increasing the clarity and transparency rather than the quantity of information.
- ‘Ensuring Retirement Security’: A National Retirement Security Council should be created to coordinate policy that affects household savings and retirement. Policy that affects retirement is set at a wide range of agencies, including the IRS, Social Security Administration, Employee Benefit Security Administration, and the PBGC. This policy should be coordinated with overall national objectives with respect to wealth accumulation and retirement. The National Retirement Security Council should be charged with ensuring that all of the policies are designed with a consistent eye towards promoting retirement security and household wealth accumulation across the entire income distribution.

V. Appendix A – America and the World Dissent:

While we support most of the report, we must dissent from the views on trade policy expressed in the “America and the World” section. We do not dispute the assertion that America’s trade policies benefited our economy and helped increase American household wealth for the first few decades after World War II. However, we ceased reaping these benefits long ago.

This is because our government has failed to develop strategies to deal with the anti-competitive practices being used by a number of our trading partners, particularly those in Asia. These practices include barriers to imports, forced technology transfers, and underpriced currencies. Our failure to counter these mercantilist policies has resulted in a long series of massive annual trade deficits and has also incentivized our major companies to outsource more and more of their production to such countries in order to stay competitive and increase returns to their shareholders. While such practices may help those companies, at least in the short run, they have weakened our nation’s manufacturing and technological base and have diminished the ability of domestic companies to innovate and produce new cutting edge products in this country. These developments have hindered our economic growth and have strengthened the innovative capacity of competing economies, weakening our geopolitical position.

We have also let ourselves become dependent on the Chinese and other foreign governments to finance the debt that results from our trade deficits with them in addition to our national spending. Former Fed Chairman Paul Volcker recently commented on this trend by noting: “You cannot be dependent on these countries for three to four trillion dollars of your debt and think that they’re going to be passive observers of whatever you do.” We need to make some dramatic changes in our economic and trade policies to reverse these trends. As a first step, we should halt the adoption of new trade agreements until we develop a comprehensive national economic strategy that will support the creation of good jobs right here at home. While the trade policies of recent years have enriched some in our society, overall they have been detrimental to the standard of living of the vast majority of Americans and have reduced our nation’s relative power in the world. A change in these policies, while essential, is just one facet of the national competitiveness strategy we must develop.

VI. Appendix B – Federal Reserve Dissent:

A majority of the Finance, Economics, and Trade Team support having a council of regulators charged identifying systemically important financial firms, but leaving regulation, where possible, with the firms' current regulators. A minority support having a council of regulators identifying the systemically important firms, and endowing the Federal Reserve System with the responsibility to serve as primary regulator for these firms, both inside and outside of the banking sector. In practice, this would make the Federal Reserve primary regulator for the largest hedge funds, insurance companies, mutual funds, banks, and broker-dealers.

The Federal Reserve has a number of characteristics that make it well-suited for this role. First, the Federal Reserve has a staff with an extremely high level of financial and economic expertise. Second, the Federal Reserve has the ability to act quickly and with real resources to stem financial crises. This distinguishes the Federal Reserve from the Treasury, which must go to Congress to get appropriations in order to devote resources to stemming a financial crisis. Third, the Federal Reserve System has proven itself to be, at least in a relative sense, less politically influenced than other parts of the regulatory structure. Although the Federal Reserve, like other regulators, has not been free from error, the Federal Reserve has in the past year played a vital role in stabilizing an economy that had been in free fall.

In addition, the minority supporting Federal Reserve regulation for all major financial institutions points to accelerating financial innovation in support of their view. Transactions with similar economic function can be accomplished through any one of a variety of channels or institutional forms. Insurance companies, banks, hedge funds, and mutual funds are all in the business of assessing and taking risk. Having the same regulator for all of the major financial institutions, regardless of how the institution is labeled, will be important to prevent the regulatory arbitrage that could be available with separate regulators for the major firms.

VII. Appendix C – CFPA Dissent:

Failure to protect financial consumers is a root cause of the recent boom and bust in the American economy. While the jurisdictions of existing agencies have included consumer protection, their track records suggest that consumer protection has received short shrift at agencies with multiple competing missions.

Protecting financial consumers from harm is particularly important because an important subset of consumers is poorly served by more laissez-faire approaches to the regulation. When confronted with often deliberately obtuse information about financial products, these households do not always make decisions that match their long-run best interests.

Rather than making consumer protection a secondary concern of multiple agencies, we support establishing a single agency that will both have federal rulemaking authority and primary enforcement authority. This new agency should establish standards of fairness and honesty in financial products and services, and should promote honest and simple disclosure.

Particular attention should be paid to the establishment of benchmark ‘plain’ financial services and contracts. These ‘plain’ financial products, such as 30-year fixed-rate mortgages, should enjoy ‘light touch’ regulation relative to products with more complicated terms and features.

Many industry leaders have noted that creating a CFPA with real teeth will make it difficult for many households to access financial services. In particular, this may impede access to credit and make it difficult for some households to borrow as readily as they have in the past. We do not necessarily view this as bad. Establishing a CFPA fits neatly with the expansion of the Federal Thrift Saving program as part of a larger mission to re-prioritize household saving.

In establishing the CFPA, we must take care to avoid creating a regulatory safety net with holes. The Agency should have the right to look broadly across the economy and regulate consumer financial services wherever they are found. This would give the CFPA the ability to regulate payday lenders and even financial service providers in the gray and underground economies.

Establishing a CFPA with both rulemaking and enforcement authority is an important part of protecting the American consumer, and is an important part of placing household saving at the center of economic policy.

Endnotes

ⁱ Bureau of Labor Statistics data:

http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=CES0000000001&output_view=net_1mth

ⁱⁱ Bureau of Labor Statistics data:

http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LNS14000000

ⁱⁱⁱ <http://cepr.org/meets/wkcn/2/2315/papers/yi.pdf>

^{iv} <http://gesd.free.fr/blueblue.pdf>; and <http://www.jourdan.ens.fr/piketty/fichiers/public/Piketty-Saez2001.pdf>

^v http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1316942

^{vi} <http://judiciary.house.gov/hearings/pdf/Moss091022.pdf>

^{vii} <http://www.sec.gov/news/press/2008/2008-230.htm>, and <http://www.sec-oig.gov/Reports/AuditsInspections/2008/446-a.pdf>

^{viii} U.S. Securities and Exchange Commission, “Frequently Requested FOIA Document: Budget History – BA vs. Actual Obligations,” June 23, 2009, <<http://www.sec.gov/foia/docs/budgetact.htm>>.

^{ix} U.S. Securities and Exchange Commission, “Frequently Requested FOIA Document: Budget History – BA vs. Actual Obligations,” June 23, 2009, <<http://www.sec.gov/foia/docs/budgetact.htm>>.

* *Aggregate Personal Savings reflect quarterly indicators for 2005 and 2008.*

^x U.S. Bureau of Economic Analysis, “Personal Saving Rate,” <<http://www.bea.gov/BRIEFMR/SAVING.HTM>>.

^{xi} **Matt to determine:**

<http://chartingtheeconomy.com/?p=1384>, or

<http://economix.blogs.nytimes.com/2009/06/26/savings-rates-rising-toward-mediocrity/>

^{xii} Emily Brandon, “Did Your 401(k) Lose More Money Than Your Peers?” U.S. News & World Report, May 19, 2009, <<http://www.usnews.com/money/blogs/planning-to-retire/2009/05/19/did-you-lose-more-in-the-stock-market-than-your-peers.html>>.