

Geithner: Simplify regulatory system

by UPI

WASHINGTON -- U.S. Treasury Secretary Timothy Geithner, in his second appearance this week, told a House panel Thursday a comprehensive approach to regulation is imperative.

Geithner told the House of Representatives Financial Services Committee the current financial crisis is the result of regulatory failure and a system that rewarded short-term gains at the expense of long-term growth. Geithner said the United States needs more consumer protections and the regulatory system needs to be simplified so financial institutions cannot cherry-pick the entities that will provide supervision.

"We have an opportunity we have not had in generations to put in a more substantial system," Geithner said.

Geithner also noted that because the U.S. economy is so interlinked with the world economy other countries must also act to shore up regulation as well.

"High standards at home need to be complemented by higher international standards," Geithner said, adding U.S. President Barack Obama will push that issue at the Group of 20 meeting in Britain next month.

"New rules must be simpler and more effectively enforced," Geithner said, adding that the system must be able to adapt and evolve.

Geithner said the objective is to "make our system more stable in the future" and to allow the government to act more quickly in the event of crisis.

But, he noted, "We won't be able to save all people from making bad judgments" or prevent "all future financial crises."

The administration has said it wants authority to take over non-bank institutions on the verge of collapse. Currently, the federal government can seize only banks.

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