The Legacy of Deregulation and the Financial Crisis—
Linkages Between Deregulation in Labor Markets,
Housing Finance Markets, and the Broader
Financial Markets

Damon Silvers & Heather Slavkin

I. DEREGULATION OF LABOR MARKETS
   A. The Erosion of the Collective Bargaining System
   B. Wage and Hour Laws
   C. The Decline of the Progressive Tax System
   D. Consequences: Stagnant Real Wages, Rising Inequality, Falling Savings Rates

II. DEREGULATION OF THE RESIDENTIAL MORTGAGE MARKETS
    A. History of U.S. Mortgage Regulation
    B. Deregulation of Mortgage Markets
    C. Preemption of State Consumer Protection Laws
    D. GSEs—Privatizing Public Institutions
    E. The Explosion of Subprime Lending
    F. The Community Reinvestment Act and the Subprime Bubble
    G. Conclusions

III. FINANCIAL MARKET DEREGULATION AND THE CREATION OF THE SHADOW FINANCIAL SYSTEM
    A. Early Stages of Deregulation
    B. Securitization
    C. Shadow Financial Markets
    D. The End of Glass-Steagall

IV. CONCLUSION

APPENDIX A—PRIVATE SECTOR UNION DENSITY
APPENDIX B—WAGES AND PRODUCTIVITY
APPENDIX C—PENSION COVERAGE AND UNION DENSITY

* Damon Silvers is an Associate General Counsel, AFL-CIO; Deputy Chair of the Congression Oversight Panel, overseeing the Treasury Department’s implementation of the Emergency Economic Stabilization Act of 2008. Heather Slavkin is the Senior Legal and Policy Advisor, AFL-CIO Office for Investment. The views as expressed in this article are the authors’ alone and not those of the AFL-CIO or its Congressional Oversight Panel.

The authors wish to express their profound thanks to Joseph Canovas for his assistance with this article.
The Lopez of Finance: The Journal of Business and the Financial Law

Volume 1, No. 2, 2009

The issue of this journal is dedicated to the memory of Dr. José C. Lopez, in recognition of his contributions to the field of business and finance.

The impact of finance on economic development

Dr. Lopez's research on the relationship between finance and economic development has been widely recognized. His work has shown that well-developed financial systems are crucial for sustainable economic growth.

Dr. Lopez's contributions to the field of finance

Dr. Lopez's research has significantly advanced our understanding of the role of finance in economic development. His work has been influential in shaping the field, and his insights continue to guide policymakers and practitioners.

The legacy of Dr. Lopez

Dr. Lopez's legacy lives on through the continued development of financial systems that support economic growth. His work serves as a reminder of the importance of finance in shaping our economic future.

In memory of Dr. José C. Lopez
The Legal Framework of Protection Against Discrimination

The European Union (EU) has implemented various laws to protect workers from discrimination, including the Equal Treatment Directive (2000/43/EC) and the directive on equal opportunities for men and women (75/189/EEC). These laws aim to ensure that workers are treated equally regardless of their gender, race, religion, or other personal characteristics.

In the context of the 1970s and 1980s, there was a shift in labor laws, with the introduction of collective bargaining and the establishment of labor unions. This led to the development of a legal framework that protected workers' rights and interests.

The cases in the 90s and 2000s saw a further expansion of the legal framework for employees, with the introduction of laws that protected workers from discrimination and harassment.

The case study of discrimination in the pharmaceutical industry demonstrates the importance of having robust legal frameworks in place to ensure that workers are treated fairly and equitably.
The Legacy of Deregulation and the Financial Crisis

$31,354,100,000 ($39,202,275,227 [2008 dollars]), representing .32% of GDP and $219,90 ($274.94 [2008 dollars]) per member of the workforce. In 2008 the Department of Labor budget authority was $50,400,000,000, representing .35% of GDP and $326,66 per member of the workforce. This represents a nominal increase in per-worker-member spending. However, adjusting for inflation reveals a 35% decrease in the Department of Labor Budget and a 55% decrease in per-worker-member spending between 1980 and 2008.

In 1980, the Department of Labor’s Wage and Hour Division employed 1046 investigators. In 2000, at the end of the Clinton administration, the Wage and Hour Division’s budget was $147.2 million and the Division employed 949 investigators. Finally, in 2008, the budget was $187.1 million and the Department employed 750 investigators. During this period, the workforce grew from less than 107 million to over 154 million people. As a result, even after eight years of the Clinton administration, the enforcement capacity never even approached the levels of the 1970s.


42. Budget in the U.S. Gov’t., Budget Authority and Outlays by Agency (1982); David J. Walsh, The FLSA Comp Time Controversy: Fostering Flexibility or Diminishing Worker Rights?, 20 BERKELEY J. EMP. & LAB. L. 1, 96 (1999).


45. Household Data Annual Averages, supra note 38, at 193–94.


DAMON SILVERS & HEATHER SLAVKIN

One significant force countering the weakening of administrative enforcement of the Fair Labor Standards Act and its state law equivalents, particularly around overtime rules. The growth in these cases began in the early 1990s with the Nordstrom overtime cases, and proliferated particularly in the retail sector in the 1990s. Wal-Mart is the defendant in a number of these cases. These cases generally center on the refusal of employers to consider incidental worktime such as time to change into mandatory uniforms as worktime. However, the economics of this type of litigation has tended to isolate it from larger workforces. It is less clear that this type of litigation has been broadly effective in enforcing the wage and hour laws in the large parts of the economy characterized by small firms such as construction and restaurants.

A further development that has weakened both the wage and hour regulatory system and the collective bargaining system has been the growth in employment relationships that employers have succeeded in classifying as independent contrac-
The degree of freedom of the system is less than or equal to the number of degrees of freedom of the individual components. This is because the free energy of the system is given by the sum of the free energies of the individual components. The free energy of each component is given by the sum of the free energy of the component itself and the interaction energy between the component and the other components.

The expansion of the free energy for an individual component is given by the following equation:

\[ F = U - TS + \sum_i S_{ij} \delta \]

where:

- \( F \) is the free energy of the system,
- \( U \) is the internal energy of the system,
- \( T \) is the temperature of the system,
- \( S \) is the entropy of the system,
- \( \sum_i S_{ij} \delta \) is the interaction energy between the component and the other components.

The Hamiltonian of the system can be written as:

\[ H = \sum_i H_i + \sum_{ij} H_{ij} \delta \]

where:

- \( H_i \) is the Hamiltonian of the component i,
- \( H_{ij} \delta \) is the interaction Hamiltonian between the component i and the component j.

The equilibrium distribution function of the system is given by:

\[ \rho(x) = \frac{1}{Z} e^{-\beta H(x)} \]

where:

- \( Z \) is the partition function of the system,
- \( \beta = 1/RT \) is the inverse temperature.

The equilibrium distribution function is given by the product of the equilibrium distribution function of the individual components:

\[ \rho(x) = \prod_i \rho_i(x_i) \]

The equilibrium distribution function of the system is given by the product of the equilibrium distribution function of the individual components. This is because the free energy of the system is given by the sum of the free energy of the individual components.
The Loss of Direction and the Financial Crisis
II. DEREGULATION OF THE RESIDENTIAL MORTGAGE MARKETS

A. History of U.S. Mortgage Regulation

Congress passed a series of emergency acts in the early 1930s intended to prevent the banking crisis from doing unnecessary damage to the nation’s financial infrastructure and spreading further into the real economy. Simultaneously, the federal government began the longer process of regulating the banking, securities and insurance industries. As collective bargaining has declined as a structure for labor relations, pension coverage has declined with it.

Finally, of course, all these developments combined to cause a steady, and ultimately quite significant increase in consumer spending as a percentage of GDP. This increase has been fed by unregulated consumer credit, provided through increasingly opaque capital market structures. Both developments are discussed in the next two sections of this paper. This section has shown how labor market deregulation contributed to an environment of stagnating wages and endangered benefits where policymakers in both parties were interested in finding ways to prop up consumer spending in what was fast becoming a low wage economy.

71. See Martin & Rasky, supra note 69, at 845 ("Pension plans are retirement savings programs provided by employers to employees."); A traditional defined benefit plan promises retired employees periodic payments "for the duration of their life."

72. Harrington, Raising the Retirement Savings of the Working Poor, 28 COMP. LAB. & POL’LY J. 155, 161 (2007) (concluding that the decline of collective bargaining agreements likely aided the decline in pensions); Martin & Rasky, supra note 69, at 848.

73. In 1978, consumer spending accounted for 62% of the U.S. Gross Domestic Product; today, consumer spending accounts for over 70% of GDP. Bureau of Economic Analysis, U.S. Department of Commerce, 2009, http://www.bea.gov/national/nipaweb/TableView.aspx?SelectedTable=5&TableView=78&FromView=Yes&Freq=YearlyFirstYear=1990&LastYear=2008&Place=NA&UpdateOption=New&TableNames=xMet. See Appendix D, infra, for a comparison of consumer spending and union density.

74. See generally Ralph Brincker & Kenneth N. Klee, Revived: The 1978 Bankruptcy Code Has Been a Success, 12 AM. BANKR. INST. L. REV. 273, 286 (2004) (explaining that the American economy is "dependent upon robust consumer spending that is increasingly fueled by largely unregulated consumer credit"); Programs, Federal Pre-emption of State Lawyery, 37 REV. L. LIBR. 747, 780 (1982) (arguing that consumers who "do not understand the full cost of the credit they are buying . . . will buy more credit than they can afford" and that more consumer credit [is] sold in an unregulated, imperfect market than people want.

75. See generally Scott D. Miller, Revisiting the FSLA, 19 HOFRABA L. & EMP. L.J. 1, 59-60, 72, 88 (2004) (describing how numerous factors including "weakened unions[] and industrial deregulation" mean that improvements in the "climate of job insecurity, job instability, or stagnating wages" will be slow because "unravel[ing] of the social compact since the late 1970s has decreased wages and benefits for workers and that more Americans are fixated with consumer spending.


77. Events in the housing markets in the years leading up to the Great Depression exhibited many of the same qualities as today's markets—the real estate markets were responsible for a disproportionate amount of economic activity, homeownership generally required either very large down payments or the willingness to take on interest only mortgages requiring balloon payments, lenders commonly made loans to borrowers of little regard for their abilities to repay, and speculative borrowers and irresponsible lenders stoked a real estate bubble. Recognizing that


81. FSLIC was administered by the Federal Home Loan Bank Board (FHLBB) until it went bankrupt in 1989 and the FDIC took it over and created the Savings Association Insurance Fund (SAIF). See Federal Deposit Insurance Corporation, FDIC. Learning Bank. The 1930s, supra note 76.

82. The Securities Act of 1933 established a disclosure regime for companies that sought to issue stocks for sale to the general public. See supra note 1. The Securities Exchange Act of 1934 created the Securities and Exchange Commission (SEC) and mandated companies whose stock traded on exchanges or over the counter file registration statements in connection with their initial offerings and ongoing annual disclosures. See supra note 1.
The Legacy of Depression and the Financial Crisis

Danielle Stahmer & Heather Stakaw

The Legacy of Depression and the Financial Crisis

The Legacy of the Great Depression and the Great Recession: The Legacy of the Great Depression and the Great Recession...
The presenters analyzed the commercial landscape and real estate investing. They emphasized the importance of due diligence and thorough research. The use of technology and data analytics in making informed decisions was highlighted. The sessions covered various strategies for commercial real estate investment, including market trends, financing options, and exit strategies. The overall aim was to equip participants with the knowledge and tools necessary to succeed in the commercial real estate market.
The direct and indirect effects of changing accounting standards on the financial analysis of companies. The impact of FASB's new standards on financial reporting. The role of International Financial Reporting Standards (IFRS) in global financial reporting. The challenges of implementing IFRS in emerging economies.

The Entrance to the Cathedral of St. John the Divine

The entrance to the Cathedral of St. John the Divine is located on the north side of Central Park West, between 104th and 105th Streets. The entrance is marked by a large stone gateway that leads up a flight of steps to the main entrance. The steps are flanked by two large columns, each topped with a statue of a saint. At the top of the steps, a large bronze door is set in a marble archway. The door is engraved with the name of the cathedral and the date of its consecration, 1939. The entrance is beautifully illuminated at night, with light filtering through stained glass windows at either side of the doorway.

The Cathedral of St. John the Divine is a large, Gothic-style cathedral that is considered one of the most important examples of modern religious architecture in the United States. It was designed by the architect James Renwick Jr. and was consecrated in 1939. The cathedral is known for its impressive size and beauty, with a seating capacity of over 4,000 people. It is also renowned for its Hunnicutt pipe organ, which is considered one of the finest in the world.

The entrance to the cathedral is open daily from 7:00 AM to 10:00 PM, and is free to the public. Visitors are encouraged to explore the interior of the cathedral, which features stunning stained glass windows, intricate carvings, and elaborate architectural details. The cathedral also hosts a variety of events and performances throughout the year, including concerts, lectures, and guided tours. Visitors are welcome to take photographs inside the cathedral, but are asked to be respectful of the ongoing events and services that take place there.

In addition to the entrance, the Cathedral of St. John the Divine is surrounded by a beautiful garden and park area that is open to the public. Visitors can take a stroll through the gardens, enjoy the peaceful atmosphere, and take in the stunning views of the city from the park's highest point. The cathedral is a popular destination for tourists and locals alike, and is considered one of the most important landmarks in New York City.
The Legacy of Depletion and The Financial Crisis

A recent report from the Office of Federal Housing Enterprise Oversight (OFHEO) revealed that the collapse of the housing market and the corresponding financial crisis of 2008 were caused by excessive risk-taking and overvaluation of mortgage-backed securities. The report, issued by the Office of the Inspector General, criticized the Federal Housing Finance Agency (FHFA) for its failure to adequately monitor and regulate the mortgage-backed securities market.

According to a 2009 testimony from Former OFHEO Director, an anonymous source, the agency was aware of the risks associated with mortgage-backed securities but chose not to act. The source claimed that the FHFA was influenced by political pressure and the desire to avoid disrupting the housing market.

In response to the report, the FHFA has announced a series of reforms to strengthen its oversight of the mortgage-backed securities market. These reforms include increased scrutiny of the ratings agencies, more stringent standards for mortgage lenders, and tighter regulations on the issuance of mortgage-backed securities.
The impact of the economic crisis on small and medium-sized enterprises (SMEs) has been significant, with many facing challenges in accessing finance, maintaining profitability, and sustaining growth.

Economic indicators of the impact on SMEs

1. **Access to Finance:** SMEs have reported difficulty in obtaining loans and other forms of credit, leading to reduced investment and expansion opportunities.
2. **Profitability:** Many SMEs have experienced a decline in profitability, with revenue streams affected due to reduced consumer spending and increased operational costs.
3. **Growth and Expansion:** Reduced access to finance and decreased customer demand have limited the ability of SMEs to expand or diversify their operations.

Strategies for SMEs to overcome these challenges include

1. **Innovation:** Embracing new technologies and innovative business models to enhance efficiency and competitiveness.
2. **Cost Management:** Implementing cost-saving measures to optimize operations and improve profitability.
3. **Government Support:** Utilizing government incentives, grants, and programs designed to support SMEs during economic downturns.

The future outlook for SMEs will depend on the pace of economic recovery and the effectiveness of government support measures.
Sufficient traction was also gained in efforts to promote the application of the Community Environmental and Social Inclusion Plan (COPSIP), which aims to improve environmental and social conditions in the region. The plan has been well-received, and efforts are being made to implement its provisions effectively.

In order to bring about positive changes, it is essential to look at the broader context of the challenges faced by the region. The government has taken several initiatives to address these challenges, including the introduction of new policies and programs. These efforts have been appreciated by various stakeholders, who have praised the government for its commitment to improving the quality of life for the residents.

However, it is important to note that these initiatives require sustained efforts and continuous evaluation to ensure their success. The government should continue to monitor the implementation of these initiatives and make necessary adjustments to ensure that they meet the needs of the community.

In conclusion, the achievements of the Community Environmental and Social Inclusion Plan are impressive, and the government should be congratulated for its efforts. However, it is crucial to maintain momentum and continue working towards a sustainable future for the region.
The Lack of Regulation and the Financial Crisis

The financial crisis of 2007-2008 has highlighted the need for stronger and more effective regulation of the financial sector. The crisis was caused by a combination of factors, including inadequate regulation, lack of transparency, and excessive risk-taking by financial institutions.

I. Financial Market Distortions and the Creation

The financial crisis of 2007-2008 was precipitated by a number of factors. One of the most significant was the growth of mortgage-backed securities, which allowed banks to increase their leverage and expand their lending activities. This, in turn, led to increased risk-taking and a reliance on short-term funding.

II. The Shadow Financial System

The shadow banking system played a significant role in the financial crisis. It consists of a range of financial intermediaries that operate outside the traditional banking system. These institutions, such as money market funds, hedge funds, and other non-bank lenders, were able to lend and borrow at lower interest rates than traditional banks.

III. The Lender of Last Resort

The Federal Reserve and other central banks played a crucial role in maintaining the stability of the financial system during the crisis. The Federal Reserve provided liquidity to banks and other financial institutions, helping to prevent a credit crunch and stabilize the financial markets.

IV. The Role of Regulation

Regulation is essential for maintaining the stability of the financial system. Effective regulation can help prevent future crises by reducing risk-taking and increasing transparency. However, regulation alone is not enough. It must be accompanied by effective enforcement and a culture of accountability within financial institutions.

V. Conclusion

The financial crisis of 2007-2008 was a wake-up call for policymakers around the world. It highlighted the need for stronger regulation, more effective supervision, and a greater focus on risk management. By learning from the lessons of the past, we can work to ensure that future crises are avoided.
The Legacy of Depletion and the Financial Crisis

The Legacy of Depletion and the Financial Crisis
The Legal Considerations and the Financial Crisis

The collapse of the mortgage market in 2007 and 2008 was caused by several factors. One of the primary factors was the overvaluation of mortgage-backed securities (MBS), which were created by bundling together mortgage loans into a single security. These MBS were then sold to investors, who were promised high yields in exchange for taking on the risk of the underlying mortgages.

However, the housing market was experiencing a period of rapid appreciation, and many of the mortgages underlying these MBS were not backed by sufficient collateral to repay the investors. This led to a collapse in the value of the MBS, which in turn caused the failure of several large financial institutions, including Lehman Brothers, which filed for bankruptcy in 2008.

The collapse of these institutions had a ripple effect throughout the financial system, leading to a global recession. The government responded with a series of interventions, including the purchase of assets from banks and the provision of liquidity to the financial markets. These interventions were intended to stabilize the financial system and prevent a more widespread collapse.

In the aftermath of the crisis, there was a significant amount of legal action taken against financial institutions and individuals involved in the mortgage market. Many institutions faced lawsuits alleging fraud and breaches of fiduciary duty, and individuals were charged with criminal offenses.

The legal landscape of the financial crisis remains complex, with ongoing litigation and regulatory actions. Many of the legal challenges involve issues of contract, tort, and fraud, and require a deep understanding of both the financial markets and the law.

In conclusion, the financial crisis of 2007-2008 was a complex event with many contributing factors. The legal landscape of the crisis is still evolving, with ongoing litigation and regulatory actions. Understanding the legal considerations involved in the crisis requires a comprehensive understanding of both the financial markets and the law.
The Legacy of Devaluation and the Financial Crisis

Dyson Stivers & Hathaway, LLC

In 1999, Congress passed the Gramm-Leach-Bliley Act (GLB), which regulated

The Financial Markets

The Legacy of Devaluation and the Financial Crisis

In 1999, Congress passed the Gramm-Leach-Bliley Act (GLB), which regulated
APPENDIX E—REAL DOLLAR VALUE OF THE MINIMUM WAGE

APPENDIX D—CONSUMER SPENDING AND UNION DENSITY
Appendix H—Effect of Regulation on the American Financial System

Investor Share of Securitization Products in 2007

APPENDIX G—Investor Share of Securitization Products

Mean Income in 2009 Dollars

APPENDIX F—Growth in Inequality

The Legacy of Deregulation and the Financial Crisis