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Accountability Expert Available To Discuss Federal Report On 2008 Financial Crisis

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DURHAM, N.H. – A University of New Hampshire expert who researches accountability is available to discuss the Financial Crisis Inquiry Commission's report on the 2008 financial crisis, which will be released Thursday, Jan. 27, 2011.

Melvin Dubnick, professor of public administration, can be reached at 617-803-6020 (mobile) and mdubnick@gmail.com. According to Dubnick:

"One consequence of this situation is the temptation to declare the crisis as systemic and thereby declare a universal 'no fault' that permits all those who played central roles, through decisions or actions, to escape any blame or responsibility. By doing so, these best and brightest of the financial world admit to being either dupes or dopes.

Alternatively, one can blame the lack of accountability. For most commentators, this shifts the blame to failures in the regulatory system, which, in turn, is generalized as a failure of government rather than a failure of the financial services market.

Adopting this view not only shifts attention away from the banking community, but also implies that any changes or reforms should be limited to relatively minor adjustments in the regulatory system rather than in the financial market itself. This is the approach that has won the day among advocates for change. Unfortunately, it does little more than kick the can down the road. Regulatory accountability has proven to be easily circumvented or undermined over time, and minor tweaks in the regulatory system are not likely to be more than a temporary fix.

The likely long-term solution lies elsewhere. Both the systemic and regulatory approaches ignore a primary factor at work in the financial services market: the absence of a sense of moral responsibility. Neither radical changes in the market nor reform of the regulatory system will work unless there are some fundamental changes in how key actors assume that they have a 'moral' responsibility to the communities they serve. The calls for greater accountability make for fine rhetoric, but unless steps are taken to change the moral culture of the financial services community, no change to either the structure or oversight of that industry will suffice for very long."

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UNH Experts available for comment:

- Melvin Dubnick