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By James Quinn for Telegraph UK, February 16, 2010

Hank Paulson calls for tighter US financial reforms

Mr. Paulson, who was chairman of Goldman Sachs prior to joining the Bush administration in 2006, believes that reforms currently on the table need to be widened to encompass not just banks but all financial institutions.

Writing in the New York Times, Mr. Paulson noted that US politicians must learn from the crisis and swiftly legislate to ensure such problems can not happen again.

Hitting out at the delays to the reforms – which he first suggested in March 2008 but have yet to become law – Mr. Paulson argued: "Delays are creating uncertainty, undermining the ability of financial institutions to increase lending to the businesses of all sizes that want to invest and fuel our recovery."

Mr. Paulson's column has appeared just two weeks after the publication of his book On the Brink, which is his take on the financial crisis. It comes at a key time, with politicians from both sides of the political spectrum arguing over what should be included in the financial reform bill, not to mention the debate over the introduction of the Volcker rule designed to curb risk-taking.

Mr. Paulson says that the bill should include the creation of a systemic risk regulator "to monitor the stability of the markets," as well as giving the US government the power to "orderly liquidate any failing financial institution to minimize its impact on the rest of the system."

Senator Chris Dodd, the Democrat chairs the Senate banking committee, said last week that "doing nothing would mean that lawmakers 'failed to respond to the most significant economic crisis since the 1930s'. "

Sticking points include the creation of a consumer protection agency, and whether the Federal Reserve should be they key banking watchdog or whether those powers should be given to a new super-regulator.