

Maintaining American Prosperity



Remarks by Allstate Chairman, President and CEO Thomas J. Wilson
to the U.S. Chamber of Commerce Sixth Annual Capital Markets Summit

The strength of U.S. capital markets is essential to maintaining American prosperity and ensuring a stable economic future for businesses and individuals.

U.S. Capital Markets Are Vital to the Economy. Now is the Time to Ensure Their Future Health

- Capital markets transfer and disperse risk and act as a shock absorber to volatility. They provide the certainty needed for individuals and institutions to invest in economic growth.
- The U.S. capital markets provide a clear global competitive advantage. We have the strongest, most vibrant and adaptable capital markets in the world.
- Any changes implemented in the wake of the financial crisis must enable our capital markets to continue to drive American prosperity and stay true to our principles of free and open markets.

More Effective Regulation of Credit Rating Agencies is Needed

- Credit rating agencies are hard-wired into the fabric of our capital markets. Faulty credit ratings were key contributors to the financial market turmoil in 2008 and 2009.
- Credit rating agencies provide investors with analysis of entities that seek capital, much like public accounting firms provide information to investors. One provides letters; the other provides numbers.
- A regulatory structure should be created for credit rating agencies similar to that used for the public accounting profession.

The Federal Reserve Should Pursue a Single Mandate to Promote Price Stability

- The Federal Reserve can control inflation over the long term. Monetary policy cannot control long-term employment.
- It is not possible to accurately trade off inflation and employment.
- Society should not ask central bankers to reallocate wealth. The Federal Reserve should not decide how much wealth to take from savers to increase employment.
- Inflation is highly volatile and requires the Fed's undivided attention to protect American prosperity. Inflation can escalate rapidly and quickly destroy vast amounts of wealth.
- Capital markets function best in pricing risk with minimal artificial interference.

“Congress, the private sector and regulators need to come together as One America. It is time to put aside our differences and make sure the U.S. capital markets remain a competitive advantage in competing globally.”