

On page A4 of today's *Wall Street Journal*, there's an article entitled "[An Old Hand Counsels Lawmakers](#)

," which discusses

[William Isaac](#)

's involvement in helping Members of Congress understand the current crisis and the best way to respond to it. Mr. Isaac was formerly the chairman of the Federal Deposit Insurance Corp (FDIC). Congressman Pence met with Mr. Isaac and found his experience and advice compelling..

In contrast to Treasury Secretary Henry Paulson, who has demanded that his agency be given a \$700 billion credit line and wide authority to buy financial firms' troubled assets, Mr. Isaac says the banking system can be stabilized through relatively simple regulatory changes.

Mr. Isaac has proposed reviving a 1980s-era FDIC program that helped shore up troubled savings-and-loan associations by issuing them promissory notes to buoy their capital bases and start lending again. Mr. Isaac also has proposed easing an accounting requirement known as the "mark-to-market rule," which requires firms to declare values on mortgage-security holdings that reflect their short-term worth. In the current environment, Mr. Isaac says, that rule effectively forces firms to value their assets at "unrealistic, fire-sale" levels. Mr. Isaac also has called for restrictions on "naked selling," in which investors short a stock without actually possessing it.