Laurence D. (Larry) Fink (’76), BlackRock’s chairman and CEO, returned to the UCLA campus Thursday, April 22 and offered a sobering view of the country’s financial industry as well as prescriptions for restoring its vitality and the confidence of the nation.

Fink, the namesake (along with his wife Lori) of Anderson’s Fink Center for Finance and Investments, joined UCLA Anderson Dean Judy Olian on the Korn Convocation Hall stage for a wide-ranging conversation before a standing-room-only audience. In her opening remarks, Olian described Fink, whose company manages over three trillion dollars in assets as “a giant on Wall Street” whose advice is sought by other CEOs and governments. She reminded the mostly-student crowd that Fink’s success was “all because of UCLA Anderson.”

“We were a society, from the president to the individual, that allowed us to lived way beyond our means, and we had a financial system that encouraged it, and we encouraged it to a point where we had a cataclysmic fall,” Fink said. “We were very close to ... going into another depression. We were almost at the cusp of a severe breakdown where society as we know it would have changed. It is time now for us to rebuild a system in which we are not allowing ourselves to be in that position again.”

Fink said he believes “financial reform is necessary,” comparing the need to changes in traffic regulations when cars replaced horses “and the country needed stop lights and curbs on the roads.”

“That cost a lot of money,” Fink said. “Now we need better curbs in the roads, better stop lights to regulate our system, making sure that we have a system that is sounder, safe but more importantly, a system in which we as investors can feel comfortable that we’re more protected and a greater opportunity to win.”

Alluding to regulations proposed by President Barack Obama, Fink said BlackRock was entirely supportive, noting that he had conveyed the same point of view to members of congress and others in the administration as well.

Several times throughout the evening, Fink stressed the dangers posed by highly-leveraged institutions and the need to protect society against over-leveraging. He said he believes that more structure of leveraged institutions will lead to greater dependency on capital markets.

“We’re going to see more capital-raising in the financial markets, whether it's the
bond market or the equity market," Fink said, a reference to the record amounts of bond issuance worldwide and record numbers of IPOs in China and other parts of the world. "We're actually seeing the capital markets play a much more significant role not just here in the United States but in Asia and in Europe and now that societies are more dependent on these capital markets, now we need to put more structure in the capital markets."

Olian reminded Fink that he last addressed an Anderson gathering in September 2008 as major Wall Street institutions were collapsing, an appearance in which he expressed concerns about the financial industry and the country's future at that time. Nineteen months later, Fink said he is much more optimistic.

"We have done more 'construction destruction' than any Western country," Fink said, citing as one example, the auto industry where bankruptcies and reforms have significantly reduced the cost of producing cars.

Fink applauded the strength of U.S. corporations, which, despite loss of business, were not irreparably harmed by the credit crises. "Business dropped a lot, but they were strong going into (the crisis) and they're stronger now. We are the country that created Google and Apple ... we are a dynamic force."

"We're a much improved country," he said. "I'm very bullish on the United States."

UPCOMING EVENT

Title: Private Equity Summit
Date: October 21-22, 2010
Location: UCLA Anderson

This summit will bring together key players in the private equity space to discuss today's most pressing issues, featuring cutting-edge academic research as well as lively panel discussions with heavy emphasis on audience participation. Confirmed panelists include Morten Sorensen (Columbia Business School), Per Stromberg (Stockholm School of Economics, University of Chicago Booth School of Business) and Richard Henkel (Arizona State Retirement System).

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- Hire an Anderson MBA or MFE as an intern.
- Serve as a guest lecturer for a finance class at Anderson.
- Contribute financially to the Fink Center and the Anderson finance program.