

Gary Richardson

Laffer, Arthur

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Matt Cooper + Adam Paul

10:00 am

Notes by Adam Paul

ECB - causes?

- funny animals

→ errors by Fed in 06-07

way too tight on monetary policy

Ivan Browning → \$00 - boiler story

- turn heat all the way up

+ tapping every 15 min by a hammer

- guaranteed to explode + you are guaranteed to be there

- Prices went high - justifiably so
"tight policy was a catalyst"

"System geared for higher asset values"

Similar to 99-00 crisis

↳ upped liquidity

↳ up monetary base

→ NASDAQ close later, w/ cone

"fin collapse in 2000 about as large as in 2009"

"all that varied was our response"

"Unfort in 2008-2009 we didn't do that
stepped in w/ fiscal stimulus"

I

Amack
Amack
Amack

"We responded to a traditional
financial crisis with massive redistribution"
→ made things like the 1930s

- allowed MB to expand way to slowly
↳ liquidity inventory demand for money"
↳ "Triggered financial pre-conditions for
catalyst"

stim at \$3.6T, by latter calculation
"recipients are stimulus but someone else
is destimulated"

Income multiplier is 0

admin

"Everyone looks for tooth fairs, free lunch,
Father Christmas, this one really did it.
Both W & Obama"

Why not put everything

"Every \$ of fiscal stimulus makes GDP fall
not rise"

Coop? - asked to [find context]

Very strong boom, reduction in unemployment
rate, way down, 1997 Tax Act, no
tax on owner occupied home"

→ time lag

"Huge lag on conception & execution of home"

→ accelerator effects

"instead of allowing q to adjust quickly all adjustment was in prices, once it comes on stream it gives the opposite view."

"wasn't the housing market that caused it but it clearly expanded?"

• Non-Supply constraint
"Yes"

• Fiscal + mon. raise the demand shift?

"You've got to just let the markets adjust" - want to manipulate

ADD ——— "let them all ~~fall~~ go under"

• Cooper - financial inv?

"Break & better"

"System generically wasn't caused by those"

"Leverage shouldn't surprise you - people didn't expect rate to raise"

• Non-Supply constraints

"all the land, infrastructure, builder, sell

"Time conceive new home *

↳ some time

? Gary - why + how?

"Policier were the change. Congres Δ in 2006."

"Bush wanted out" "5-yr old in horror movies"

↳ Paulson 700 billion

"would have been much smaller + over

quickly"

"let them all go under"

cropper
or
banks

? Asia 97-FTM

"Greenspan handled those perfectly"

? Ron - liquidity?

"By time Fed got involved it was over"

"That is a catastrophe + that will come
back to get us"

? That?

? Ron - stim type?

"That's what made it an economic crisis"

{Fiscal
Stim}

"Housing market was going to happen
anyway"

? Paul?

↳ "Some of them"

"windfall asset appreciation"

↳ "would have been nailed under
any circumstances"

IV

"once you turn it into fiscal or trade crisis, you impact {output/work}"

"turned it from fin to econ crisis"

↳ Non-type of asset matters?

↳ 99-20 equities, 08-housing

"I'm sure the leverage really magnified the effect"

"I'm sure there would have been a housing correction"

↳ put Lyon Home Board, moved to TN piece
↳ "call for who are you" } "Return to Prosperity"
↳ *Monetary Policy

- 2007 Housing & Farm Bill

- Paulson stimulus - concession to Pelosi/Reid

- AIG

"Same debate we are having on each of these"

"Tax elasticity for high income people is very high"

↳ afford lawyers

"Unrealized capital gains"

"Taxes redistribute people not income"

"People unemployed - it's a tragedy they are unemployed. People are causing them to be unemployed"

(V)