

Stephen Mihm 7/29/10
as a historian, the crash has
been to the Depression, are
there better comparisons?

G, H, K
F, G, H, J
Corp Bonds
Mort Pools

Q Causes?

Consensus - "regulators not at peak capacity. +
WS operati in ways that were highly
risky"

-> Roots back much further than what ab
Chaos - S

{ - "First, Fin sector undergone dramatic Δ over
the past 40 yrs, Comp risen dramatically"

* Thomas Phillips - NYU sur
"dramatic rise in comp 1920s... then 1970s
uptick again"

{ "People in hard sciences enter hard job
market + eventually go to WS... of at
least Fin firms"

✓ "Blame is diffuse here"

tendency to change

Kevin Trillen

- "No longer C students running Fin sector
but now the A-students"

Q Tom - Why comp + A-students go over cliff?

- "structured Fin complex for complexity sake"
"made Fin system more opaque. Created a
shadow system..."

the idea that the
could
certia Comp
"Prejudice against firm attracting best & brightest, I believe its a misallocation of society's resources"
↳ reward system was short term
"When failed didn't lose job & certainly not \$ since it wasn't there to begin w/."

Hand-in-hand with firms going public
Est - request on comp spend?

II. Inequality

- Many things were response to...
 - ↳ deindustrialize & tech-jobs overseas
 - incomes stagnant for some people
 - declining social opportunities [working class]
 - void filled by easy to obtain credit
- "Not a conspiracy or policy choice"
- ↳ explain why new firm products embraced
- another structural basis

Est - measures, say FICO, or others?

↳ Credit reporting Δ

- access stag wages - Census figure
↳ average home size double

CD not income

Allen Personal Bankruptcy?

- give you a run-up

"If you know bankruptcy is closed to you, you get perverse story for lenders"

Cooper - Borrow from home?

"exacerbated plight people now face"
ABLOC

III. Perception of Gov & Regulator

"If reg in 1960s, people wouldn't bookies at you. It wasn't considered a dead-end job"

"Reputation of regulator just collapsed"

↳ people went to private sector

"Doesn't matter reg on books; it matters what regulators you have to enforce them"

↳ ~~reg~~ were not great, but people quality down

↳ Ivy grads at time what did they do

"Preposterous # to finance" *laissez*

IIIa - "Historical end of Cold War"

↳ former com states became sources of fin crises

"Certain high stakes to cap sys running well"

Glut - "makes our spending seem like China's (III) fault"

i Housing? - Me
→ "ownership society"
= "More orchestrated policy"
= Real entrenched in US since 1940s, it
became ~~if~~ borrow that's where you went"
= Home ownership prior to WWII was
much more rare"

Historical statistics of US

look at lowest quartile of homes
against real income

- Alex Pollock

↳ portfolio managers at pension & mutual
funds - reward for short term gain

↳ how are portfolio managers

01-08

- Short-term-ish

John Bogle of Vanguard

↳ angered by it

→ Fidelity Vanguard

