

9-22-2010

Robert Shiller - Ron, Steve Mintz, AP 12-noon

Notes by:

Adam

08 - Subprime solution

Paul

"more sociological than most accounts"

"Don't stop there... why bad dealings?"

animal
spirits

Oklet - "social epidemic... change in ways of thinking"

" Δ culture brought on other things"

Bob - Δ with whom?

"a boom psychology" - trust high

Mintz - "Why don't learn"

"This time is different"

"World Δ in confusing ways"

"amazing thing people think we would have a HP decline. we don't have to build into models"

Bob - HP - how bubble starts

"classic bubble... preceded in US by other bubbles"

"saw P & it's a no-brainer, buy 3 houses & borrow as much as I can"

"off market they seemed to go strong"

Bob - Is any HP on fundamentals?

I. land

II. construct material } see like auto...

III. construction

"no one worried about

and p getting out of hand

cars & homes are more similar"

"If you think of housing as structures then not a good investment"

- People always thought of the land
"Manhattan Model - Buying home buying land went everywhere ... even say Vegas"

BoF - Homeowners - "Not professionals"

"One I don't understand, no professional interest in trading these things"

BoF - Lenders - motivations -

"Committed of New World Order"
"Sense of mission in dealing w/ low-income borrowers"
"Cynical securitize"

BoF - HP driven by securit?

can have bubble w/o bank Δ , smaller but still a bubble"

"Bubble thinking at"

FDIC & OCC

"Found these people who thought about thought no authority to crack down"

"Strange thing was that info getting out was not getting out"

(See how price)

"No data"

87 crash - survey - no one else did A

Bor - Flat period in HP
→ GI bill, gov behind
"not much bubble thinking"
? - When did process Δ-thinking?

Bor - C-S Index (Most Quoted) & Bias?

ofco - Slow to recognize boom
- bias in aftermath, a lot of foreclosure sales (we did not exclude)

"Indices that we wanted traded"

Bor → concerns of OS peak over a selected sample

→ Only Δ prices, 2005 → suggest elim 2nd Home purchase as anomalous

"Reacting viscerally to the data"

"Not a pinicula capitalist system... yet"

"eliminate the tremendous momentum"

Bor - ABX index? Top bubble?
data & timing... possible

The Street

Bor- mentality on WS?

MM - trying to secure

"Screened next OTC

"Market \$ on real estate not open to

Future markets"

Rel to legislation
→ exchange markets big but not as big
spreads
"social epidemics" "fashion food"

"Sympathetic to Dodd-Frank but putting
on exchange"

Bor. are they irrational or rational?
"career moment ... or fired if do something
unusual ~~is~~ it's wrong"

Squam Lake - hold back some salaries

Bor. - SL - incentives bad @ what level?
- want executive to be penalized
- more than compensation, regulate
capital required

Not bringing more under capital control
↳ no whole scale incorporation
"haven't confronted shadow banks"

level still
"anger ~~is~~ still rising"
"I worry about other movements* that may develop"
* Not tea party that seems harmless + patriotic

"Shouldn't get carried away"
→ like to see more pedestrian causes of
crisis = desire to blame on politically motivated

"Am on target"

SPV - to defraud... to
disguise a balance
sheet

"Booms & busts like this are not the
end of the world"

"Drama"

"Ultimately leads to great things...
sys system repeated boom - bust

"Not overreact to this. Need to see bio
system reinvigorated."

↳ see Dodd-Frank on exchanges

"TARP was a good thing"

"People really were panicked by Lehman"
Mint ≡ More so than Bear?

L. "Was a big event"

Surprised by quickness of recovery

Bos - How close to collapse

→ take it as a real warning?

"Almost 130's style collapse now."

Bor → What else should we add -
look at fraud & aspiration
↳ criminologist perspective

@ least to '97 & DIDMEX

→ Was it time politically feasible to

"we can file w/ a supreme idem that
charges highlight to low income cit to show
rather (1) don't wait for books."