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Ahamed, Liaquant Notes (Adam Paul) 8-2-2010

Adam Paul

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Author books of Finance

Notes by: 8/2/10 Liaguant ahamed
Adam → UB-like CB
Paul → → Fidler, Francis, Treas, Wallis
~~→~~ ↓ Ol-DA-CEO
PUB Pariba sale

ECB Lessons 1/5

A Lead-up & handling

"20s - 00 authorities both struggle w/ global imbalances"

20s - WWI debt in EU to US

00s - "looks as if GI lead to mistakes in Mon policy"

20s - low to keep EU afloat - stock bubble

00s - "low rates lead to excessive borrowing"

↳ 00s - US-UK households & EU countries

"both cases oversaw & credit did not lead to inflation"

↳ instead a bubble

"this was much more direct"

"Stokey thing was size of losses that banking system was so unstable"

↳ sequence of crises

↳ 20 - 30s

→ Uneven responses

→ exit from gold

Brookings

Nancy Wallis

↳ Res:

The New Forgetter Man, WSJ, 1975

HCLOC

-86
Tat
act
Mortgage

(I)

ECO - International Coop?

2008 = a lot of coordination very little agreement

• I CB all understood & agreed massive liquidity

II Recognize liquid → solvency problem

~~III~~ Fiscal action

III. Ball G-20

"Heads of state" meeting - undone except

• G-8 before

ECO - Bernanke lessons

"If there is one fault, it's full of

of - thought liquid problem

↳ through Bear 08

"missed opp b/t March & Sept

on solvency"

Bernanke "exactly the right things"

↳ may have given Treas ans out to not ask for more

ECO - Shadow Banking?

"most egregious liquidity mismatch & capital ~~was~~ in shadow banks"

"Repo market grown to large"

↳ not good in a crisis to finance

RBS - way too leveraged, Fortis - "didn't do job" German "landes banks"

II

- Solution

↳ capital + restrictions

"History is no guide"
2008 deposit insurance

↳ Co want to know?

- shed on bad business practices

policy-trade-offs

↳ Gold standard

"ideology of dereg"
↳ Greenspan view

↳ Price inflation?

"Fortuitous coincidence - easy credit +
innovation"

↳ new era thinking

Bear - Break the glass
plano

↳ Cooper - Other CB's?

Green bought "not sufficiently skeptical
about Great Moderation"

"obv. not interested in regulation"

BoE - King - "obsessed about moral hazard issue"
"also slow"

BoE + FSA split did not work

Tatcher →

↳ Charter

"state sign of difference"

↳ Germans mistrust Keynes

↳ China

↳ Pretty responsible

↳ appreciation reasonable

↳ fiscal expansion

↳ 2011 - German hot money

↳ like repo market today

↳ Europe & Trade

↳ recovery very nationalistic

↳ more worried about budget in recovery

BoE or Jackson v. Bittle