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Gretch Newson's Notes on July 2009 FCIC Meeting

Gretchen Kinney Newsom

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PA – missing

BB- too narrowly focused, (housing and capital flows and how it created the credit and housing bubble) process being subverted.

PA – strong statements on making sure people understand.

Using a chronology.

DHE – first outline is in question. This is how he thinks about the problem. Feels he has logged this in – Keith’s outline captures

Keith – proposes his as a substitute to current outline. At last

October – proposed this structure for the hearings. His

perception that this would be a logical structure for the hearings.

JWT – don’t start with capital flows – start with housing. Attack on Phil for change of structure of hearings.

June – 19 areas. What are reasonable baskets – then outline – circulated.

BB: back to the process. Abuse

BT: American U – core things- discussion.

DHE – likes Keith – connects different pieces of the economy.

JWT – leans toward Keith approach

BG – can’t offer an opinion without more study. Echo BB.

Level 1 outline

1. Preface

2. Capital flows

There was a credit bubble.

3. Housing & housing finance

There were bad loans.

4. Creation of toxic assets

There were bad financial assets and complex securities.

5. Behavior at [large] financial institutions

Those bad assets were concentrated and caused institutions to fail.

6. Failures of [large] institutions [& policy reaction to them]

Some of those institutions failed & policy reacted to prevent more anticipated failures.

7. Failures of markets [& policy reaction to them]

Certain markets shut down.

8. Institution and market failures tanked the economy

There was a severe recession.