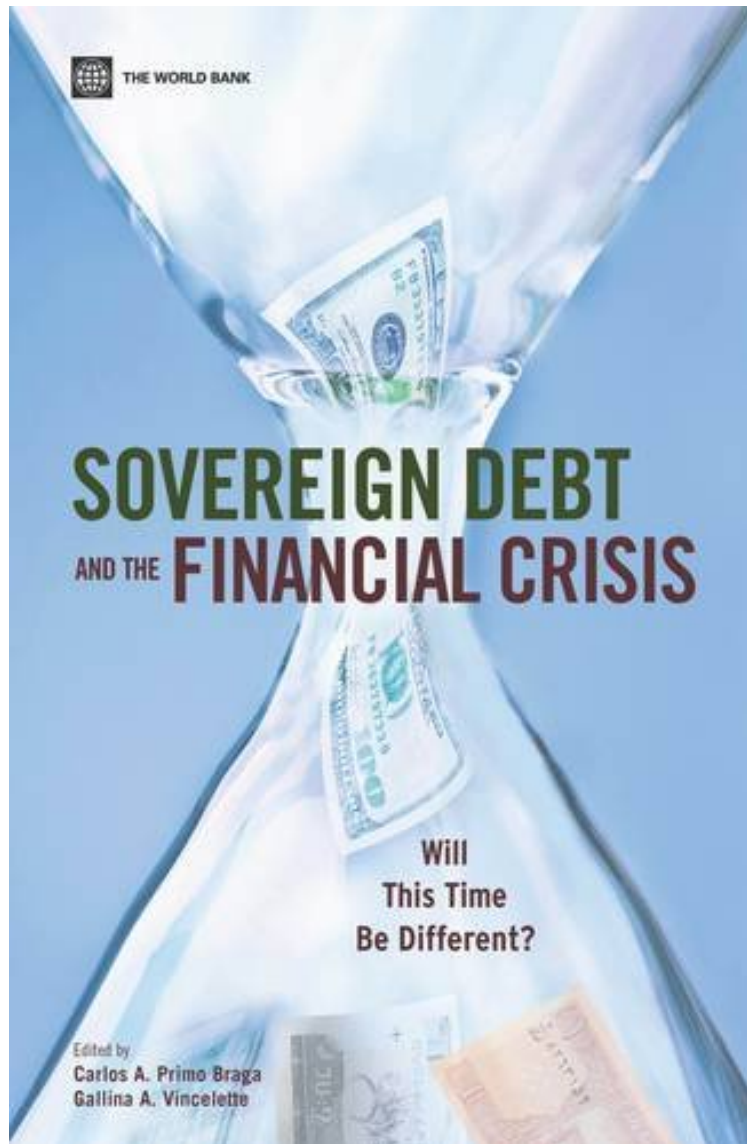


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Financial Crisis Inquiry Report: Final Report Of The National Commission On The Causes Of The Financial And Economic Crisis In The United States

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0 of 0 people found the following review helpful. The Financial Crisis By Doris R. Wimber This is the official report of the investigation led by Phillip Angelides into the mismanagement of our financial institutions which brought about the "Great Recession" of 2008. It is an interesting and well written account of the misdeeds of our trusted banks and institutions with warnings that we need to make reforms, or the devastation will happen again. 1 of 1 people found the following review helpful. THE "OFFICIAL" SUMMATION OF THE 2008 FINANCIAL CRISIS By Steven H Propp This 2011 final report of the National Commission is "must reading" for anyone striving to understand the fiscal crisis that came to a head in 2007-2009. They begin with the statement, "Our task was to determine what happened and how it happened so that we could understand why it happened... This report endeavors to expose the facts, identify responsibility, unravel myths, and help us understand how the crisis could have been avoided... our mission was to ask and answer this central question: how did it come to pass that in 2008 our nation was forced to choose between two stark and painful alternatives---either risk the total collapse of our financial system and economy or inject trillions of taxpayer dollars into the financial system... as millions of Americans still lost their jobs, their savings, and their homes?" (Pg. xv-xvi) They give a brief summary, as well: "it was the collapse of the housing bubble... that was the spark that ignited a string of events, which led to a full-blown crisis in the fall of 2008. Trillions of dollars of risky mortgages had become embedded throughout the financial system, as mortgage-related securities were packaged, repackaged, and sold to investors around the world. When the bubble burst, hundreds of billions of dollars in losses in mortgages and mortgage-related securities shook markets... The losses were magnified by derivatives such as synthetic securities." (Pg. xvi) They assert, "we do not accept the view that regulators lacked the power to protect the financial system. They had ample power in many arenas and they chose not to use it... And where regulators lacked authority, they could have sought it. Too often, they lacked the political will... as well as the fortitude to critically challenge the institutions and the entire system they were entrusted to oversee." (Pg. xviii) Later, they add, "These individuals sought and accepted positions of significant responsibility and obligation... in this instance, we were let down. No one said 'no.'" (Pg. xxiii) They note that "The kings of leverage were Fannie Mae and Freddie Mac." (Pg. xx) Nevertheless, "We conclude that these two entities contributed to the crisis, but were not a primary cause... and did not contribute to the significant financial firm losses that were central to the financial crisis." (Pg. xvi) They also state that "The Commission concludes the CRA (Community Reinvestment Act) was not a significant factor in subprime lending of the crisis." (Pg. xxvii) They add, "lenders actually made few subprime loans to meet their CRA requirements... only a small percentage of all higher-cost loans as defined by the Home Mortgage Disclosure Act had any connection to the CRA." (Pg. 220) They state that "the government's inconsistent handling of major financial institutions during the crisis---the decision to rescue Bear Stearns and then to place Fannie Mae and Freddie Mac into conservatorship, followed by its decision not to save Lehman Brothers and then to save AIG---increased uncertainty and panic in the market." (Pg. xxi) As with any "final report" prepared by a commission created by political acts, one must use discernment in accepting wholesale any of its conclusions. But as a source of information, the book is indispensable.

In the wake of the most significant financial crisis since the Great Depression, the President signed into law on May 20, 2009, the Fraud Enforcement and Recovery Act of 2009, creating the Financial Crisis Inquiry Commission. The Commission was established to "examine the causes, domestic and global, of the current financial and economic crisis in the United States." The 10 members of the bi-partisan Commission, prominent private citizens with significant experience in banking, market regulation, taxation, finance, economics, housing, and consumer protection, were appointed by Congress on July 15, 2009. The Chair, Phil Angelides, and Vice Chair, Bill Thomas, were selected jointly by the House and Senate Majority and Minority Leadership.

s from Goodreads: Thomas Gross rated it with 5 stars and had this to say, "A must-read, and very readable. This report explains a lot of what happened and is invaluable to an intelligent understanding of the Financial free-fall." Mike rated it with 4 stars and had this to say, "This is excellent. Select chapters from this book ought to be required reading for high-schoolers." Thomas Dunn rated it with 4 stars and had this to say, "An honest first appraisal. Opening chapter with the commissions several conclusions should be required high school reading." Hiro rated it with 3 stars and had this to say, "The book is the official report produced by the Financial Crisis Inquiry Commission on the financial crisis of 2007-2008. The book primarily provides a chronological history before, during, and briefly after the crisis. There are three different reports: one adopted by the majority i.e. 6 members of the 10 member commission which were chosen by the "Democratic leadership of Congress", which constitutes most of the book, and two separate dissenting reports adopted by 3 members and 1 member of the commission who were all chosen by the "Republican leadership of Congress." The majority report describes the various causes of the financial crisis in great detail as they happened, including inadequate corporate governance and oversight at financial institutions, a system which rewards short-term

profit at all levels, and lax regulatory oversight of various financial institutions especially by the federal government. The 3 member dissenting report is similar to the majority report, except that it puts more emphasis on international factors which were not considered in detail in the majority report. The 1 member dissenting report puts the blame of the financial crisis primarily on government housing policy over the years, which facilitated reduced lending standards and encouraged the creation of toxic mortgages which the borrowers had no realistic ability to ever pay off. The majority report at almost 400 pages is at many points difficult to read because of the various financial terminology which are not adequately discussed in the text or in the glossary, but at other points reads like a novel because of the suspense created by the impending catastrophe at the more readable portions of the book. Also, the majority report could have been much more effectively focused by condensing it into fewer pages. The majority report sometimes reads like a laundry list of the various causes and events leading to the financial crisis. More analysis throughout the report could have led to a more focused and informative understanding of the crisis. Despite the excessive length of the report and lack of sufficient discussions of financial terminology, the report still provides a good overview of the causes of the financial crisis. In this respect, the 3 member dissenting report, because of its brevity, provides a very focused and to-the-point analysis of the causes of the financial crisis. This leads to a very clear understanding of the conclusions of the dissenting report. On the other hand, the 1 member dissenting report is somewhat biased in its opinion on the causes of the crisis, placing blame primarily on the government. It is hard to imagine that something as complex as the financial crisis could have been caused primarily by government policies. This commission member seems to be politically charged and wants to place blame on big government. In this respect, the other 9 commission members give a more balanced view. Overall, the book is rather long and dry at parts because of the technical financial terminology, but at other parts reads like a suspense novel in anticipation of the coming financial meltdown. The book describes the dire situation that Treasury Secretary Henry Paulson and New York Fed President Timothy Geithner faced when they considered the bailout of Lehman Brothers, AIG, and many other financial institutions, and makes you appreciate that the bailout was not entirely about letting those financial institutions off the hook for irresponsible activities and risk-taking, but rather about letting the world economy collapse into chaos, which would have left absolutely nobody in the world unscathed, or saving the world economy as we know it. The book provides a thorough overview of the causes of the financial crisis even for those who have little knowledge of the modern financial system."