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Introduction:

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Panel Discussion:

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P R O C E E D I N G S

MR. WESSEL: Well, I want to thank everybody for your patience while we had those technical difficulties. I hope you agree with me that it was worth the wait. If there are people in Saul/Zilkha who would like to come in here, we have a few chairs in here.

I'm really pleased that we assembled a panel of people who have very different perspectives on the film. Starting here on the right, my colleague Don Kohn, who was at the beginning stages of the crisis as the vice chairman of the Federal Reserve Board and lived some of those sleepless nights. He's responsible for everything that worked well and not responsible for anything that failed. (Laughter)

Neil Irwin of The New York Times is one of a handful of journalists who've written just terrific books on the crisis. His is called "The Alchemist" and it's about the international side of this thing, which is extraordinary and a sense you don't get in the film of just how much this is affecting the rest of the world.

Wendy Edelberg, who is here because she was the executive director of the Financial Crisis Inquiry Commission, which provided a lot of fodder for the film and for those of us who tried to figure out what the heck just happened. She's now at CBO, but she's really here in her past role as executive director of that commission.

John Maggio, who's the director of the film and can tell us, like, how did you get all those people to talk to you? And how did you get that document, that handwritten thing, where they write in $25 billion that looks like a check at Friendly's or something.

And the our moderator's going to be Catherine Rampell, who's an excellent columnist from The Washington Post.

My hope is that we can hear a little bit about what people think about this narrative, about the importance of narrative in general, and what lessons do we draw from this. We're a little behind schedule, but I think we'll go -- Catherine will lead the panel for about 25 minutes or so and then we'll have a few minutes at the end for questions from the audience, not as many as we'd like.

So with that, Catherine, I'll turn it over to you.

MS. RAMPELL: Okay. Thanks very much to our esteemed panelists and to all of you for sticking around, including after the film has -- the main event, the film has ended.

I wanted to start with a question for John, actually, about what struck you as most surprising in your work on this film or what changed your perception the most of what happened 10 years ago? In particular because the rest of us on the panel were living with it more intensively at the time, either as journalists or as policymakers or otherwise, and you came to this with fresher eyes. So what was surprising to you?

MR. MAGGIO: Yeah. I mean, I came to this like I really, you know -- I lived it in as much as I bought my first home in like 2004 and then I sold it in 2008. And I remember the experience of looking for a house and at first it was just real estate agents. And then it was mortgage brokers at the open houses, and I bought one of those 5-1 ARMs. And so I kind of had lived the financial crisis in some way.

But I'm not a financial reporter. I don't make those kinds of films necessarily. So for me, what I was struck by and what I wanted to, hopefully, sort of achieve was two things.

A, that there were human beings behind all of these decisions. I mean, I remember, like everybody's memory, you have little snatches of moments of bipartisanship, of seeing Hank, hearing the Hank story going down on his knees. You know, there was all the sort of familiar chestnuts. But it was all this stuff in the sort of --

you know, the sleepless nights that these guys went through and this kind of really just coming at feeling like, yeah, why did we bail these guys out? What the hell was going on? And really steeping myself in the story.

But really it was the humanity behind it that I'm, as a filmmaker, always most interested in and was really my warrant was to try to kind of -- you know, you all do such a great job explaining what the economics were, but I wanted to connect people emotionally. And so the fact that those three guys really kind of trusted me, I spent a lot of time with them, and I think it shows in the film, they opened up.

And even people like President Bush, you know, and Rahm Emanuel, everybody was very emotional. Everybody kind of let their guard down. President Obama, as well, who does tend to really concentrate on every word, kind of let his guard down a little bit, too. There's something about maybe the 10 years that have gone by allowed them to be a little bit more honest. So that for me was the most interesting part of it.

MS. RAMPELL: And, Wendy, were there parts of events 10 years ago or in the lead-up to the actual crisis itself that you think that were important that were not emphasized in this narrative or do you think that might be left out of other narratives? And there have been many, of course, books and films and panels, amongst other genres.

MS. EDELBERG: So I think the film did a great job capturing the lack of transparency that was in the financial system and the interconnectedness and the liquidity risk that different firms were holding. I worry that we draw too much of a straight line in most of the narratives between the leverage in the household sector and the leverage in the financial system. They seem like they're of the same piece, but I don't think they are.

And so one of the ways to think about that is that the leverage in the household sector created a lot of losses of real estate wealth. Those should not have been large enough to bring down a financial system. So the losses in housing wealth between, say, 2007 and the beginning of 2009 were smaller than the losses in the bust of -- in the dot-com bust. And yet those two different burstings of bubbles had very different implications for the financial system.

And I think that's when you get to, well, it's because of I think largely because of the leverage in the financial system. And so I worry that we conflate the two kinds of leverage and they're very different and they have very different policy responses, I think.

MS. RAMPELL: And what about in terms of the policy responses themselves? Is there something that, I don't know, has been untapped or unexplored or misunderstood in the way that they've been covered?

MS. EDELBERG: So, again, I think if you look at the problems that we saw in the household sector, in the mortgage sector, there's been a fulsome policy response to that. And then if you look at the financial system, that's just a lot more complicated.

And I think one thing is that we've taken a different view of regulation. I think that we were talking earlier about what it means to have stress tests, what it means for regulators to come to a financial institution and say you say you have good risk management practices, you say your house is in order, but we're going to bring in some external expertise to come to our own determination about that. I would argue that's a different way or thinking about regulation than we had in the years leading up to the financial crisis.

MS. RAMPELL: Neil, one of the themes of the film, as well as many other discussions that occur around this subject, is that it could have been much worse. Right? That had the Fed and Treasury and Congress not taken the extraordinary measures that it did, that those things did, that we could have had another Great Depression.

I'm wondering if you've thought at all about a different kind of counterfactual. Right? We've heard about the counterfactual that things could have been worse. Is there a universe in which things could have been better? Are there things that policymakers could have done that would have landed us on a different course than we are on now and a better one?

MR. IRWIN: So there's two versions of that. There's in an ideal world with very wise, knowing policymakers through the system, not just at the Federal Reserve, but throughout Congress and everywhere, with great foresights could there be a better outcome, obviously. There's no reason an economy has to go through what we've been through in the last 10 years. And you can imagine a world, even if you did have -- first of all, you can imagine better regulation on the front end that prevented this overleveraged financial system from building up and all these imbalances from building. You can imagine then if you failed at that, the crisis comes along, maybe passing the TARP not after the Lehman failure, but before it.

You talk to Don or Ben Bernanke or Hank Paulson, they'll tell you there was no political way in the world they were going to get that kind of authority except in an emergency setting, which is what ended up happening. So in some perfect world obviously there's a way to avoid this.

I think the challenge is given the actual political dynamics at play, were the tactical decisions that you guys made sound and leave us in a better place than we would have been? You know, I realize plenty of people disagree with that around the world, around the country, but I think there's a pretty strong case that all things considered they're in a good spot.

MS. RAMPELL: So speaking of politics, Don, I know you are not a politician, but one of the frequent criticisms of the handling of the crisis is, in a sense, political. It's that policymakers did not sufficiently explain or communicate what they were doing; that the things that they were doing were inherently objectionable, but could have been more politically palatable both at the time and in retrospect 10 years on. And that would have, A, saved us a lot of headache at the time; and, B, maybe prevented this populist uprising that we subsequently saw in both the left and the right afterward.

When I've talked with other policymakers who were involved at the time, like former Secretary Geithner, they've said, no, it's just inherently irreconcilable that the things that you have to do to break a panic are fundamentally at odds with what American values are, and that there is no way that you could have sold that as good to the public then or in retrospect. Where do you come down on that question?

MR. KOHN: So I think I'm not quite a pessimistic as Tim about that. Maybe I'm an optimist. And we could have done a better job of explaining things and I think explaining them to ordinary people. I think a really good moment for me was Ben Bernanke going on *60 Minutes* and walking through his hometown and explaining how what he did related to, and you saw pictures, his uncle's pharmacy and how he had this in mind, saving Main Street when we were saving Wall Street. And the reason we saved Wall Street was Main Street. And I don't think that message got across hardly at all through the crisis.

Now, it was really hard because you were working 20, 24 hours a day fixing things up and trying to come up with ways of keeping the panic from spreading and keeping the system from freezing up even worse. But I think it would have been helpful, at least to some extent, to have more people out there in authority explaining more clearly why this was necessary.

Yes, it was inherently objectionable to do some of the things that we had to do, but they were done with a reason. And I think my advice for policymakers in the next crisis, and I hope it's many, many years from now, is to think more carefully about that communication piece.

MR. IRWIN: Can I add one complication on that?

MS. RAMPELL: Yes.

MR. IRWIN: What's striking to me and really surprised me during this period is that some of the things that were less Wall Street targeted and more targeted at Main Street and real people also became deeply unpopular.

MR. KOHN: Right.

MR. IRWIN: Any kind of homeowner assistance, the fiscal stimulus, these were things that were much less Wall Street and yet the entire Tea Party thing started with that Rick Santelli rant.

MR. MAGGIO: That was the big surprise to me. I didn't -- the Santelli rant, I'd forgotten about that. But you realized it was in response to a program to help the homeowner and I couldn't square that. And it was a big -- I had forgotten all about that part of it. But it is true.

And I also think -- I mean, Ben makes this point and made this point to me off-camera, which is that there was a little bit of a lag between the crisis and panic on Wall Street and actually feeling it on Main Street. And so we weren't necessarily -- I didn't understand why everybody was panicking. It would come. It would come after Obama's election and in various ways with a deeper recession as the economy contracted, but I don't think we were feeling it. Until you feel something, you know, you can't really understand. And as hard as you maybe tried to communicate that, it wasn't going to come across.

MR. KOHN: And I think what Neil pointed out is part of this Old Testament justice, the U.S. way is when if you make money you get to enjoy it, if you lose it you lose it. And I think part of this reaction on the homeowners' side was -- and I had several encounters with cab drivers and others through this period, and even before in late 2007, early 2008, in which they said I'm working overtime, I'm driving my cab so I can make my mortgage. Why should my taxes go to help my neighbor who isn't working as hard to make his or her mortgage? So there was the same kind of Old Testament justice issue with homeowners.

MS. RAMPELL: Well, there's a slightly different version of that argument, as well, which has to do with moral hazard, right, which is the idea that if people learn the lesson that they will be bailed out, then they'll behave more irresponsibly next time around.

MR. KOHN: Right.

MS. RAMPELL: And, Wendy, I'm wondering if you could talk a little bit about what you think the lasting legacy of these bailout programs would be or how regulators think about them in terms of moral hazard, or was there concern about that at the time?

MS. EDELBERG: So I think policymakers' responses to adverse financial events, I mean, those have been going on since the Great Depression and policymakers have worried about moral hazard since they set up, you know, the FDIC. So that's nothing new.

I think the system became partly more fragile because it -- since the Great Depression, for many, many decades, we really had two different financial systems that were working in parallel. We had the traditional banking system; we had the shadow banking system. And it's true that in some ways they both had access to help policymakers, I mean, really more the traditional banking system, but probably the shadow banking system, as well. But they also could help each other.

And there were a number of circumstances where there were financial shocks that occurred in either the traditional banking sector or the shadow banking sector, and the other system came to the rescue and bailed it out. It was like the spare tire theory was one of the phrases that was coined.

And what happened in the let's say 20 years leading up to the financial crisis is both systems became more and more similar over time and more and more exposed to basically the exact same -- had exposure to the exact same kinds of assets and were doing the exact same kinds of things. So now there was no sense in which they were going to be able to bail each other out if something bad happened in one system or the other system. Now the only place that both systems could turn was to policymakers. And I think that's perhaps where the worries about moral hazard become more severe.

MS. RAMPELL: So, John, on the question of legacy, quite literally in the film we have a number of the key players talking about their concerns about their legacies. They don't talk about moral hazard per se, but they talk about I don't want to be remembered as Hoover or I don't want to be remembered as Mellon, et cetera.

How much do you think that those kinds of concerns about legacy as opposed to fixing the problem at hand, like putting out the fire right now as opposed to how I'll be remembered for putting out the fire, how much do you think that informed their thinking for good or for ill? And did they succeed in securing a positive legacy for themselves? Towards the end of the film it didn't seem like they believed that.

MR. MAGGIO: You know, that's up to the audience to decide, I guess, and historians in the future. I mean, that was definitely one of the reasons I think I wanted to do this because of the reasons of not really ever feeling that they've ever fully communicated it.

I mean, one of the big things that they wanted to get across, too, which we do in the film, is that it was a success and that there was no taxpayer lost. I mean, the taxpayer actually made money. And I remember telling them, well, why don't you ever talk about that? Well, there's an argument to be made that I'll let the economists and others sort of have, but it's a message they wanted to try to get out. And I think doing this film was a big -- very much an important part of trying to sort of have a corrective even though there's been, you know, many projects done.

One of those I will tell you that I still have questions about, which I still think they're puzzling over what the answer is, is about Lehman. And, you know, at various points of getting to know these guys and talking about and working through questions was whether or not they could actually have the authority to lend to Lehman because there was no collateral there. And that seemed to be -- there are a lot of people who are curious about that.

I interviewed Adam Tooze, who's not in the film, but made the point to me that at this time the government was finding value in all sorts of garbage. And why couldn't they have found value in Lehman Brothers? So Lehman Brothers I think is going to remain a thorn in their side. I mean, we talk about the politics of it. Ben said we could have lent, but it was already too far gone.

So Lehman remains this thing. I don't think they fully have captured what the narrative will be into the future. I still think it's a question mark, at least it is for me.

MS. EDELBERG: Can I jump in for a second?

MS. RAMPELL: Sure.

MS. EDELBERG: I'm not sure that making money is the right metric, that getting a positive return is the right metric.

MR. MAGGIO: I think it might be for the people who look at it.

MS. EDELBERG: But if Ben Bernanke is hesitant in pushing that narrative, I am sympathetic to that hesitancy. I mean, so policymakers took a risk and maybe it paid off financially, but that's not, generally speaking, what we think the role of government should be. If we thought that was the role of government, there is lots of projects that the government could be investing in, lots of risky financial projects the government could be investing in that would have a positive return.

So I'm not sure that the fact that we came out making money makes it ex post a good thing.

MR. MAGGIO: I don't know. I mean, I think --

MS. RAMPELL: Looks like Don wants to weigh in, too.

MR. MAGGIO: -- the populist argument would be -- I mean, I don't know if that's a palliative to people, but it's a message they were sharing with me.

MR. KOHN: And so I agree with Wendy that whether you made money or not isn't the criteria. The criteria is whether you stabilized the system and kept the credit or return the ability of the financial system to support U.S. households and businesses as they went about their economic business, stabilized the situation and began the recovery. That's the right criteria.

However, I think the fact that the government made money, that the Fed didn't lose any money on these loans suggested that they weren't giveaways. It wasn't as if we were throwing money at folks. These were investments in banks the Treasury was making, and the banks were sufficiently solvent once the crisis and the panic had abated to go out and raise money and repay the government.

The Federal Reserve was taking collateral and trying to value it as if when the panic subsidies, what's this going to be worth? And, in fact, the panic subsided and the collateral was worth more than the loan was and the Fed ended up getting all the loans repaid and making a little bit of money. But the making a little bit of money isn't important. I think what is important is that this wasn't just throwing money at rich people or rich corporations. It was making loans, buying assets in order to stabilize the situation to help households and businesses.

MS. RAMPELL: I think for me one of sort of the tragedies, a more incidental -- a more minor tragedy, but a tragedy nonetheless, of the financial crisis and how it's remembered today is that these policymakers in many ways did things that were quite politically courageous at the time, not only in doing things they knew the public was going to object to, but even the little things behind the scenes. Like I thought one of the more striking details in the film was when Rahm Emanuel is talking about the blood oath, that they weren't going to use Hank Paulson's dry heaving for political advantage.

And, Neil, I'm just wondering, given where our politics are today, do you see any of that as possible or is there a way we could back? And it's not like things were so hunky dory back then. It was very politically divisive.

MR. IRWIN: All I can think of watching that and watching, you know, the video of Bush and Pelosi and Harry Reid and that crowd is they worked with each other, that there was real respect there. Now, you know, Nancy Pelosi and George Bush had extremely different politics and, you know, I don't think they liked each other, but they were able to sit in a room and work together. And I contrast that with what we saw this morning when Pelosi and Chuck Schumer were in the White House and it was just a very strange scene.

Now, this is an unusual President. (Laughter) But are we in a political environment where there's such deep polarization that if there is a financial crisis, a war, something geopolitical, who knows, that there can be a kind of deal-making process? First of all, is there that in the next two or six years with the current President? And when he's gone will that return? I want to hope so, but it's definitely not the world that we saw in that video from only 10 years ago.

MR. KOHN: And I think it's deeply -- the reaction is deeply worrying that in the next crisis the tools won't be there. It'll be even harder to get the capital that's going to be necessary to -- could be necessary to stop a deep crisis. It'll be harder for the Federal Reserve to make the loans, particularly to non-banks, that might be necessary in a deep crisis.

So it's going to require more really political backing and more understanding to get this done. And the reaction is worrisome about some tools were given to the policymakers: the orderly resolution in Dodd-Frank, certainly the ability to stress test the banks on a regular basis, et cetera. But I think the general political environment would be so adverse to doing anything similar, at least until these memories die out, that the next set of poor guys and gals that are faced with this are going to be faced with a more difficult situation.

MS. RAMPELL: Well, on the point about powers being taken away from the Fed as a result of Dodd-Frank following the crisis, how much were you thinking about that at the time? When you were taking measures that you knew you were extraordinary, that was the term that was even used then, when you were sort of dealing with multiple audiences, that's another theme of the film -- the audience of Congress, the audience of Wall Street, and then there's the audience of the American public -- how much were you thinking about, well, if we do these things there's going to be so much blowback that maybe the Fed will have its wings clipped? Like the long-term consequences, not just putting out the fire.

MR. KOHN: I didn't think about that at all. I thought here are these tools, these instruments, we've got to use them. And we've got to do -- we've got to explain, and perhaps, as I said before, we didn't do as good a job on that as we should have. But it didn't occur to me that I somehow should draw back and not do everything absolutely possible permitted under the law to stabilize the financial system and begin the recovery of the economy.

MS. RAMPELL: And, Neil, I'm also wondering in terms of what skills or tools would be necessary. Another one of the themes of the film was that the three key players at the time -- Bernanke, Paulson, and Geithner -- all brought different strengths that complemented each other. You know, obviously none of them were perfect, but they, to some extent, compensated for each other's weaknesses. I'm wondering if you have any thoughts on whether the skillsets that might be necessary the next time around will be different.

MR. IRWIN: Hmm. I mean, nobody is perfectly prepared for whatever the next crisis is. By definition these crises happen when lots of things get intertangled with each other that are hard to predict. It's easy to predict it's probably not going to be a crisis because systems adjust.

A lot of people thought there might be a housing bubble in 2005. I don't think too many people understood how that housing bubble was propping up the entire global financial system and where all that debt that was risky was actually buried and how it could spread and it could metamorphosize. That's a way of saying that I don't think there's any one resume, any one type of experience, so I think you want policymakers who are open-minded, who are curious about the world, who are open to changing.

You know, one thing that strikes me about the three lead characters here and a lot of the people I covered during that time is they did not let their ideology and their predispositions overwhelm their ability to kind of analyze the situation and react accordingly. Hank Paulson was a Goldman Sachs guy, a business guy, he's a Republican. He didn't want to do this stuff.

There was a real willingness to say, okay, what's the actual problem? Let's follow the evidence and try and do something about it. And I think we have to hope that we have people with similar instincts in the next crisis.

MR. MAGGIO: I think, just if I could add to that, I mean, part of the -- in the process of making the film, I mean, it started to feel a little bit to me, I wanted to be a paean, almost a tribute, to public service. Because Hank didn't necessarily even want the job, you know, and this happens on his watch. And then, you know, I have to say even with President Bush, he did -- between 9-11, Katrina, this crisis, I mean, the guy faced a lot of -- and picked good people. He would say that was his greatest strength was picking Hank Paulson in that situation.

MS. RAMPELL: Wendy.

MS. EDELBERG: So I think the policymakers who deal with the next financial or economic crisis face a very different fiscal situation than the policymakers did in 2007. And I think one skillset -- I mean, as it turns out, in the financial crisis international investors actually turned to the United States rather than away from the United States. And it's one of the reasons that interest rates on U.S. Treasuries were so low. I would hope that policymakers in the next crisis keep a watchful eye on international markets and make sure that we don't lose the trust of international investors.

MS. RAMPELL: All right, I think we're going to take some questions from the audience. And we're going to do like maybe three at a time, so let's go here first.

MR. ROSE: Thank you. Herb Rose. It's a masterful film and I really appreciate the job that you did. I thought it was great.

One thing that there were differences between the Great Recession and the Great Depression. There were different systemic causes, I think, but one of them was that a lot of people had adjustable mortgages that came due and that when they originally were granted these mortgages thought perhaps they could take care of that. But there was a lot of fraud that was committed, I think, in selling those mortgages.

MS. RAMPELL: Do you have a question?

MR. ROSE: Has anybody been convicted of fraud or any other charge? You didn't really get too much into that.

MR. KOHN: Yeah. Should I answer that now or --

MS. RAMPELL: One second.

MR. KOHN: Sure.

MS. RAMPELL: We're just going to do a few. Okay, back here.

MR. SHUTLEY: Thank you. My name is Peter Shutley, and my question builds on the last one.

Was there consideration given to having the Attorney General, Justice Department, bring a suit against some of these top financiers for various malfeasance and things? And if the public had seen, hey, wait a minute, these big cats are being hauled into court because of what they've done, I'm not the only victim of this. And if something like that had had happened, as it did in the '89/'90 savings and loan crisis where people were hauled in, that could have slowed down the public anger. Why wasn't that considered or was it considered?

MS. RAMPELL: Right here.

MR. GALLIVAN: Thank you. Karl Golivan. The point in time in history that most clarifies the situation, Andrew Jackson's farewell address of 1837. If you just Google it, scroll down and read about 2,000 words about why he ended the Second Bank of the U.S. And he warned very -- almost to the point about all the created crises that would be used to try to bring about a Third Central Bank.

And in reference to that, *A History of Central Banking and the Enslavement of Mankind* by former central banker Stephen Goodson. In essence, the world has transitioned to debt slavery from chattel slavery. And there's no constitutional basis for central bank making our money a political currency.

MS. RAMPELL: Do you have a question?

MR. GALLIVAN: Yes. The Constitution says gold and silver coin are money. I would ask of you to tell me according to law what is the definition today of the meaning of a dollar? What does the word "dollar" mean?

MS. RAMPELL: Okay, so we have a couple of questions about people held accountable, particularly by the DOJ, and another one about the meaning of money. Who wants to take either of those?

MR. IRWIN: I'll take the first one, which is that, you know, there's a book, and I'm sitting down with him tomorrow, written by Jesse Eisinger called *The Chickenshit Club*, which I highly recommend because it speaks to why Justice didn't bring charges. You know, I think these are -- and there's people who probably can speak more clearly about this, but they're very difficult cases to bring.

MS. EDELBERG: Well, so I think what that gets you, so the Financial Crisis Inquiry Commission did refer cases to Justice. These are difficult cases to bring I think in large part -- I mean, I'm by no means a lawyer or a prosecutor or anything like that, I'm an economist, but these cases are difficult to bring because your question assumes that what was being done was flagrantly illegal. And I think that the harder question is, are we okay with a financial system where what was being done was basically legal?

So that's hard, it's more complicated, it's thornier, but I think that's why you didn't see -- you're not seeing as many cases as you might expect. This was a -- all of the things that we're talking about in terms of leveraging, in terms of -- I'm going to get technical and I don't want to do that, and all of the things that -- all of the technical things that created this financial system were legal.

MR. IRWIN: I would also just mention, I was reminded when we were backstage, you know, was this the anniversary of the Madoff scandal breaking? Don't forget that Madoff happened in the middle of this and I think there was -- I mean, my feeling was when you look at someone like Dick Fuld in this film, Lehman Brothers, he seems like the villain. Right? I mean, he is the villain in this story. Well, Madoff was, also, you know, was a big villain and I think a lot of people felt like let's get all these guys. They're all that bad.

But to your point, I think they were doing legal things that we are all somewhat buying into. I got a 5-1 ARM and I got out of it before the ARM went up, you know. And I think I'm an educated, smart person, thought that I have a professional career, I've got real estate in New York that's always supposed to go up, and everything. Like everybody, we were all sort of -- I tried to make that point in the beginning, we were all taking a nice sudsy bath in low interest rates in that period.

MS. EDELBERG: So pivoting very quickly away from the housing sector and back to the financial sector, I mean, financial institutions were creating very, very risky securities that then off-balance sheet entities of those financial institutions were buying. And that was just -- I mean, there are a lot of people in this room will like raise their hand and tell me if I'm wrong, but I'm -- okay, good. So that was -- it was a self-perpetuating cycle that they created --

SPEAKER: But where were the chaperones?

MS. EDELBERG: But it was legal.

MS. RAMPELL: Okay, okay, okay.

MS. EDELBERG: It was legal.

MS. RAMPELL: You'll get your chance. You'll get your chance.

SPEAKER: (inaudible; off mic)

MS. RAMPELL: Okay, okay. It's their turn to talk now. I'll get to you guys. Okay, continue.

MS. EDELBERG: I'm done.

MS. RAMPELL: Okay. Questions.

MR. KOHN: So on the money question.

MS. RAMPELL: Oh, yes.

MR. KOHN: So a dollar is what a dollar buys. And it's been -- it's fiat money, right? It's not tied to gold. It's legal, I'm sore. The Congress has passed lots of laws respecting how the Federal Reserve should treat the price level. It's given it a price stability mandate. And I would say that the ability of the Federal Reserve to run an aggressive, simulative monetary policy from late in -- well, really through the whole crisis and then particularly late in 2008, beginning of 2009, and through the next few years, was a major reason why the economy recovered and recovered as rapidly as it did.

On the culpability thing, of course, the institutions have paid huge fines, but individuals haven't suffered, and I think that's what people miss.

MS. RAMPELL: Okay, question right here.

MR. CHECCO: Thank you. Larry Checco. I think the movie did a lot of good stuff, but it missed out on a real important part: where were the chaperones? I didn't hear the SEC mentioned. I didn't hear about the credit agencies doing their little bit. There's a lot of missing in there. And I just -- the fact that that September 11, 2018, meeting with all those folks there laughing, there are millions of people out there who are going to spend generations, literally generations, trying to get back what they lost during that recession. And I hope we understand that.

We have a lot of people up here who are very influential. They better get that straight. That's why we have Donald Trump. You're right about that. You're absolutely right. People are pissed and I hope the powers that be understand that. Not a question.

MS. RAMPELL: Okay.

MR. CHECCO: Sorry. (Laughter)

MS. RAMPELL: Back there, yeah.

SPEAKER: Hello. I'm just wondering why is this coming out now? Is there any significance to the timing of the release?

MS. RAMPELL: And let's take one more. Right here.

MR. QUINN: James Quinn. The Republicans in Congress and the White House are trying to kill the Consumer Financial Protection Board and pretty much all of Dodd-Frank. My question is, are they going to be successful? And what is really the impact going to be? And how long is it going to take to recover from whatever they accomplish?

MS. RAMPELL: Okay, so we have a question no the CFPB, we have a question on where were the chaperones, and why now for this film.

MR. IRWIN: On the chaperones, yeah, I mean, this wasn't the subject of this film, obviously, but I think studying in greater detail this question of what went wrong with financial regulation in the pre-2008 period that allowed all these problems to build to the scale that they did is just a super important one. I mean, there's been plenty of reporting over the years of banks could basically choose their regulators and decide whether to be a thrift or whether to be chartered as a bank, and subsequently competition among regulators to be the lightest regulator who, you know, banks would sign up with you. I mean, that's bizarre, but that happened.

The idea that we had all these non-bank entities that were barely regulated at all. The fact that AIG built up this insanely huge pool of financial risk, did you guys have any idea of that before this thing started?

MR. KOHN: No. They were, in theory, supervised by the Office of Thrift Supervision as well as the New York State Insurance.

MR. IRWIN: Now, look, Dodd-Frank did a lot. There's a lot more monitoring and a lot more tools to monitor that. You know, the entire shadow banking system which involves all types of money market mutual funds, all types of things that were huge pools for risk in the economy that were not properly studies and understood and reined in when necessary.

And that's what ties back to the CFPB question. It's amazing to me that the reaction not that far later is to try and hack away at some of this stuff. If you had asked me in 2008, in the heat of this, okay, there'll be a big bill in 2010. What do you think the next election will -- what direction will things point? I certainly wouldn't guess that it would be hacking away at some of this stuff.

MS. EDELBERG: The one thing I want to say, though, in particular about regulatory shopping, that was thought to be a feature, not a bug. So there were a lot of proponents of that system, that that actually disciplined regulators for not being overly onerous. So just to say that some of this stuff was on purpose.

MR. IRWIN: But that was kind of -- you know, I keep thinking now, like, oh, yeah, choosing your regulator seems like a very bizarre kind of concept. I'm sure economically there's some reason it makes sense, but that struck me when I was asking questions of those guys. I thought that seems like an odd thing.

MS. RAMPELL: And do you want to answer the question about why now?

MR. MAGGIO: Yeah, to get to that why now. I mean, there's a couple reasons. You know, I think that there's a desire to kind of do a forensic on the last election to try to figure out, well, how did we get to where we are today with populism in this country and division and deep division? And I wanted to explore those ideas, you know, and sort of figure out, well, how did we get where we are?

Obviously, it's 10 years since the financial crisis, so we wanted it to kind of come out around that period and sort of look back. It happened to be at this point because I was making another film in Korea at the time, so I had to kind of wait, so there's a little bit of lag time. So that's just a practical sort of point.

But I do think it's important to look back. You know, I'm always moved when I see, and there's a moment in the film, when Mitch McConnell is standing next to Nancy Pelosi and they're talking about solving this problem. I just can't imagine that happening today. You know, I hope that it can. I mean, it's all the same players. It's kind of remarkable that Nancy's up again to be Speaker of the House. You know, it's amazing. I make a lot of historical films. I'm always amazed at how, you know, sort of history repeats itself over and over again.

MS. RAMPELL: Well, on that optimistic or pessimistic note, depending on how you read it --

MR. MAGGIO: Right.

MS. RAMPELL: -- we've gone way over, but thank you so much for sticking around. I really appreciate it. And thank you to our panel. (Applause)

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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