Bull by the Horns: Fighting to Save Main Street from Wall Street and Wall Street from Itself

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From Reader Review Bull by the Horns: Fighting to Save Main Street from Wall Street and Wall Street from Itself for online ebook

Juliana Philippa says

Really interested in reading this, but what a horrible cover! Who was responsible for that? When I saw the little preview icon of it, I honestly thought I must be mistaken and I hadn't found the correct book, because it looked like the cover of a steampunk novel.

Bill Brewer says

Ms. Bair states “A dirty little secret of the(financial) crisis is that the majority of the toxic mortgages were not made to expand home ownership; they were refinancings aggressively marketed to home owners as a tax-advantaged way to pull cash out of their homes”. Page 349 The careless action of some hurt those people who bought prudently with 20% down prior to the collapse but found themselves needing to sell due to a job loss or the impending crisis. So much for Hank Paulson’s, Timothy Geithner’s and Alan Greenspan’s hands off capitalism. Timothy Geithner as head of the New York Federal Reserve was charged with monitoring the big New York investment banks and we know how that worked out. And Paulson spent years at Goldman Sachs fully aware of the fact that a huge amount of money was being made on derivatives. They come across in Bull by the Horns as a couple of kids who made a mess of the house and were trying to clean it up before the parents got home. They did get it presentable but the damage still lingers with over $4 trillion dollars of debt held by the Fed in various bonds, $1.4 trillion in student loans incurred as people scrambled to retool their careers, trillions of dollars in lost retired and home equity especially by the Baby Boomers just as they were retiring. The first baby boomer hit 65 years of age in 20111 the very bottom of the housing recession for most of the country.
Ben Bernanke arrived on the scene as Chairman of the Federal Reserve after the damage had been done and Shelia Bair arrived as Chairman of the Federal Deposit Insurance Corporation in 2008 when it was a full blown crisis. They definitely come across as the “adults in the room”.
“Bull by the Horns” is a book worthy of a second reading. It could almost serve as reference book. Ms. Bair goes over the nature of a bank’s balance sheet and how the undisciplined use of leverage and the intoxicating profits it generated led to the crisis. This is not an indictment of all banks, the vast majority of which behaved as they should but it is an indictment of the big Wall Street Investment banks, Bear Stearns, Lehman Brothers, Merrill Lynch to name a few. It is also an indictment of their supposed overseers who were AWOL during the lead up to the crisis.
As a full time manager of a fairly large real estate branch office for the past 25 years I saw the problem grow, stumble and fall. Ms. Bair answers several questions that many Realtors were asking themselves as we struggled to explain to our clients what was happening. For example, after spending weeks working a homeowner through a “short sale” why we received notice that the home had been foreclosed on. Ms. Bair explains how she lobbied for prevent such from happening to no avail. Additionally her recommendation that there should be “one point of contact” for the distresses seller fell on deaf ears. She may not have been a member of the o’ boy Wall Street club.
Realtors are the unsung laborers in the resolution of financial debacle. The countless hours spent, financial statements filled out, hand held , faxes sent were and short sales granted or denied have never fully appreciated.
If I could ask Ms. Bair a question it would be why these loans, or at least some of them, could not be granted a waiver of the “due on sale clause” thus enabling the loans to be assumed by an investor, friend, relative or

parent. The fact that during the recessions of the early 1980s so many loans could be assumed tempered the decline in house prices. The ability to assume a loan would have been a very viable option that could have saves millions of homeowners from losing everything.
These were bleak times as the financial fortunes of hundreds of thousands of Americans were turned upside down. There was no outright rebellion and probably a lot of quiet shame and yes many brought it on themselves. Ever since the beginning of the 30 year fixed rate loan Americans have been proud of having been granted one. Then with the relaxation of the separation between commercial banking and investment banking in the early nineties the wolves were let loose to ravage the American public who gullibly thought they had “earned the right” to borrow far beyond their capacity to repay
When it all started to come down the investment bankers wanted to get relief from the commercial banks that had the backing and oversight of Sheila Bair’s FDIC. In the end Ms. Bair helped bring the Dodd-Frank Law into being. She offers, at the end of her book, things that will make our financial institutions work better:
1. Raise Capital Requirements
2. Maintain a Ban on Bailouts
3. Break up Mega Institutions
4. Impose an assessment or tax on Large Financial Institutions
5. Keep the Consumer Agency
6. Abolish Government Sponsored Enterprises (GSE) Fannie Mae and Freddie Mac
7. Stop subsidizing leverage through the tax code
8. Tax earned income and investment income at the same rate
9. Reduce the National Debt

Joseph says

I enjoyed the author's account of her time in Washington during the financial crisis. As other reviewer's have mentioned, she writes clearly and directly and gives the reader an understanding of the difficulty a Republican public servant had in a supposedly pro-consumer Democratic administration! Two important conclusions (offered tongue-in-cheek) is that she is not a customer of Citibank (she absolutely eviscerates Citibank's management) and thinks that Tim Geithner is the anti-christ of an effective Treasury secretary.

It was nice to read about a Republican who doesn't think government regulation is evil and who thinks there is something wrong when taxpayers have to bailout ostensibly capitalist bankers. Her account also serves to give future public servants a wake-up call as to how power politics works--just because you have good intentions and are honest doesn't mean that people will do whatever they have to do to "win" the policy game of protecting business interests. Its like going to a meeting where you think you have a consensus but then hanging around to ensure the next meeting doesn't usurp what you thought you previously agreed to.

It was also interesting to read that despite her competence and her skirting around the fact that the rules of the game may be different for men and women in powerful positions in Washington, D.C, that she was concerned about whether people liked her and how her physical appearance was portrayed in certain publications. Despite being seemingly sensitive about these aspects she stayed stoic and purposeful in trying to do right by the American public and it was nice to read the complimentary comments she had for the people who worked under her at the FDIC.

In conclusion, an interesting read by an effective public servant who comes across as respectful to those who work under her and who is not afraid to challenge entrenched interests on behalf of the American public. I ended up with a lot of admiration for her personally at the conclusion of her book and her recommendations for preventing future financial crises are sensible and offered without a particular partisan agenda.

Breakingviews says

By Antony Currie

There is one clear and simple message from “Bull by the Horns,” Sheila Bair’s account of her five years in charge of the U.S. Federal Deposit Insurance Corp: financial regulators still need a good kick up the backside. Bair is not one to pull her punches - she delivers her poor opinion of several financial CEOs in the first couple of pages of her tell-all, and doesn’t stop there in her critiques of America’s banking system.

Much of her ire, though, is reserved for fellow watchdogs, almost all of whom she regards as too chummy with their charges. Tim Geithner, the Treasury secretary and former head of the New York Federal Reserve, receives much of her scorn - not least for appearing to put Citigroup’s survival above most other considerations during the height of the financial crisis that began in 2008. The most troubling part of her argument is the contention that not enough has been done since the crisis to remedy such biases.

Of course, as America’s credit-fueled housing and private equity bubbles inflated in 2006, most financial regulators looked pretty supine, including the FDIC. Bair bypasses most of this, preferring to concentrate on what she seems to feel she and her organization got right. That’s to be expected from an autobiography, especially one written by a long-time Washington insider - she was an adviser to Senator Bob Dole in the 1980s and made an unsuccessful run for a seat in the U.S. Congress in 1990.

But as the primary regulator - or from the vantage point of failing institutions the grim reaper - for thousands of banks the FDIC arguably failed to quell the rapid rise in real-estate lending or the growing tendency among some banks to seek out less secure forms of balance sheet funding. That could have avoided the regulator having to seize some 450 banks since 2008. In one telling example, she confesses that neither she nor her senior staff knew what structured investment vehicles were until they collapsed in 2007 - despite a number of banks having sizable SIV operations for almost two decades.

That, though, is a symptom of how lax supervision of America’s banks had become, regardless of which of the many - too many - regulators was ultimately responsible. Recall this was an era in which the hapless Office of Thrift Supervision, which was supposed to keep tabs on big failures like Washington Mutual and IndyMac, called the banks it was supposed to oversee “customers” and allowed some of them to backdate capital infusions so they looked healthier than they in fact were.

What distinguished Bair from other watchdogs was her quick adaptation to new realities as the crisis afflicting the financial services industry grew more apparent. According to her account, she was one of the few to try to tackle both the ever weakening mortgage-lending standards in the early days of the crisis, and to reject the groupthink mentality that convinced some of her peers, not to mention many bank CEOs, to ignore obvious problems.

That was apparent, in Bair's telling, in the failure of two big retail banks during the crisis, Washington Mutual and Wachovia. The FDIC was convinced that both were in trouble, while their primary regulators - the OTS and the Office of the Comptroller of the Currency, respectively - were adamant that both were just fine. The absurdity of their position hits home most obviously when, just hours after a joint regulators call in which OCC staff repeat their absolute faith in Wachovia, the agency's boss John Dugan calls Bair to tell her that his team was wrong: Wachovia was going under.

Worse, Bair doesn't just accuse other regulators of allowing banks to arbitrage their regulators - that is, allowing them to choose the most pliant watchdog. She also describes how they fostered this race to the bottom themselves by proposing rules or alterations to rules that would, on the surface at least, leave their banks looking fine while penalizing those falling under other agencies' purview.

Some of Bair's heroics, of course, are due to the FDIC's unique structure as the only regulator that principally relies on self-funding rather than taxpayers. It charges banks a fee for insuring their deposits, and uses those levies to finance the cost of failing banks, giving it skin in the game. Bair cites this as a source of some tension as Geithner and his predecessor at Treasury, Hank Paulson, enviously regarded the FDIC's reserves during the crisis. Bair relates how the two of them essentially forced onto her agency the plan to guarantee bank debt and to offer financial support for Citi's ultimately failed bid for Wachovia. Wells Fargo later trumped Citi in a deal brokered by Bair herself.

Bair's tell-all has some faults. She adopts a rather simplistic view of securitization, appearing not to understand that players were taking risks, but simply ignoring them. Her contention that Bear Stearns did not need saving appears at odds with her more sanguine take on Lehman Brothers. Still, Bair has laid out a convincing manifesto that bank regulators need to be mindful of their priorities to protect taxpayers and the system over the needs of bankers. Above all, she raises the bar for the inevitable accounts of the historic crisis to come from Geithner, Fed Chairman Ben Bernanke and others.

Julian Haigh says

While anyone could pick this up and with a bit of concentration understand what was going on, effort will likely be required to catalog both bureaucratic acronym (FDIC, OCC, TARP, FHFA...)and people and companies. Emphasizing the decision-making process of the 2008 bank bail-out, it was an eye opening account (for me) and I have developed a strong dislike for Tim Geitner.

Note to Sheila Bair. First: thank you for writing the book, I really enjoyed it; and second: please include an list of major actors and acronyms in any future editions! This book was exactly as it needed to be, I felt your passion come out (it's great!) and only hold it back to three due to readability (which bureaucracy makes great strides to reduce!)

Srinivas Varadarajan says

Sheila Bair's book is simple and direct. The Global Financial Crisis (GFC) of 2008 was an inherently complex affair and the responses to deal with it were equally complex and controversial. This book is user friendly and tries to demystify the arcane matter. Sheila's approach to regulation and rule making has been led by common sense with the interest of home-owners and main-street at heart.

Sheila has been critical of the actions of officials in the collegium of regulators. Especially at the receiving end of her stick is Tim Geithner - the current US Treasury Secretary and former New York Fed chief. Sample this - "I couldn't think of one Dodd-Frank reform that Tim strongly supported. Resolution authority, derivatives reform, the Volcker and Collins ammendments - he had worked to weaken or oppose them all." (page 229 in the chapter , The Senate's Orwellian Debate).

Before coming to a conclusion we should listen to both sides. It would be useful if Tim Geithner writes a book on the events. He proposes to step down as Treasury secretary after the US Presidential election (he will have ample time to write his version if he so chooses). Further, in the interests of demonstrating no conflict of interest he should refrain from offering his services to the big financial institutions he regulated and whom he is supposed to have helped during the crisis as per the book.

Kimberly Goulart says

In Bull by the Horns, Shelia Bair introduces the reader to the key players that will dominate the pages to come, and sets the scene (a refresher for some) for the greatest financial meltdown that will plague our financial system since the Great Recession.

Regardless of politics, and Bair makes many attempts to remind you that she is a credible conservative (a Bush II appointee), she artfully explains the crisis from the perspective of the FDIC. The FDIC can be seem as the ugly step-sister or the runt of the litter, but after reding her book you get a deeper understanding of the FDIC's role in insuring solvency for "Main Street," particularly in a financial regulatory system that seems to be laser-focused on the global markets, hedge funds and highly-leveraged investment firms (once seen as "too big to fail").

Bair hits the populism nerve that needs to be hit (IMHO), even if she can be a bit preachy in near the end. She allows the reader to relive the Dodd-Frank regulatory reform debate and argues strongly for its strengths and puts forth ideas to address its weaknesses. Few are safe from her criticism, save for Ben Bernanke who seems to have played tertiary role in her tenure. However, she gives credit where credit is due.

While the writing style often mimics a conversation, which can be a bit trite, she walks through credit default swaps, capital standards, tranches and Basel I (and II) with the ease of a professor. Though many may chose to overlook her book at first blush, a second look is warranted to better understand our financial system's mistakes and gross oversights to ensure we don't experience the same economic turmoil of 2009.

Dan Raymo says

A great, surprisingly candid recap of the financial crisis by the former head of the FDIC. It offers a good picture of how both functional and dysfunctional our government can be and why. I didn't really like the title though -- I might have gone for something that hit more accurately on the main thrusts of the book:

Suggestion 1: **Why I want to Bash Tim Geithner's Head in with a Two-hole Punch -** She really let's Tim have it in this book, exposing him as the corporate shill he appears to be. She really has little respect for this guy.

Suggestion 2: **How to be a Republican for Dummies -** A life-long Republican, Ms. Bair touts traditional conservative ideas that make sense. She describes events in a completely non-partisan way, giving credit (and criticism) where due, regardless of party. Every Republican legislator should read this to be reminded what it means to be a Republican. *Salutes* Thank you for your service Ma'am.

Suggestion 3: **Does this Political Appointment Make My Butt Look Big?** She also touches on being a powerful woman in a man's world. Not in a complaining way, but acknowledging the "boy's club" mentality and talking candidly and humorously of the vanities of being a woman.

Molly says

Written by a former FDIC head, this book is a very sobering and detailed look at, generally, the banking system in the U.S., and specifically, the subprime debacle, the practice of securitization, the home mortgage lending industry, and the difficulty FDIC, the Federal Reserve, the Treasury Dept, and a couple of banking regulation organisations had in working together to try to solve the problems. I particularly appreciated the explanations of subprime mortgages and securitization; less interesting to me were the political meetings and machinations. I highly recommend this for anyone interested in U.S. banking.

Mehrsa says

This is probably the best memoir written about the financial crisis--and believe me, I have read them all. It's not the easiest read nor is it all that accessible to those without some financial background, but it's such an honest background. And man does she hate Geithner. But really, it's about the fundamental difference between regulators--Treasury is political and FDIC has skin in the game. So of course she was cautious and Geithner wanted to save all the banks.

She also reveals the sexism in finance. I had read the other books and all of them talked about Bair and Warren and Brooksley Born as though they didn't know anything. But I think history will be much kinder to them than to Geithner or Paulson or Bernanke. It's good to be outside the boys club. And also, in this #metoo moment, it's important to consider the actual tangible effects of sexism and exclusion--maybe if more women were taken seriously, consumers would have been protected (Warren), derivatives would have been regulated (born), Banks would have had more capital (Anat Admati), and homeowners would have had more mortgage modifications and fewer banks would have been bailed out (Bair)

Richard J. says

Highly entertaining and clearly written alternate view of the 2006-present financial follies, from the point of view of the former head of the FDIC. Tim Geithner comes across as little more than a shill for Citigroup throughout and Bair raises interesting questions about how little an Obama presidency has done to wean the big financial institutions from the public, well, you know.

Clay says

Fascinating read about the 2008 housing crisis and aftermath as seen through the eyes of the then-FDIC chair. It was refreshing to see a government official that knows exactly what her job is, makes efforts to make complicated jobs under her aegis easier to do and better understood by the public, and knows who she ultimately works for (the people). Plenty of good advice about what can and should be done to ensure that taxpayers don't end up bailing out the "too big to fail" banks that take un-leveraged risks with our money and how Congress could streamline the way Wall Street operates and is regulated. Also, some trials and tribulations of a woman playing in the deep end of the "Big Boys Club."

Siddharth Khadiya says

Sheila Bair has written down her experiences as the Head of the FDIC during and after the Global Financial Crisis of 2008. The message of this book is clear. Financial Corporations, when allowed to have no Skin in The Game, will end up chewing away at the economy and hurting Main Street people.

The book begins with an in depth analysis of what led to the Crisis. Skewed financial incentives and lax regulation with regards to capital adequacy and derivatives trading are shown to be the major drivers of the economic downturn.

The role of the regulators of banks other than the FDIC, that is the FRB, OCC and OTS is also put under intense scrutiny. Geithner, who succeeded Hank Paulson as the Treasury Secretary, and was previously the Chairman of the NY Fed, is consistently shown to be opposing rules which prohibit the big banks (a la Citi Group) from maintaining low amounts of good capital (Equity) and advocating for laws which were not a far cry from the BASEL II norms, following which led to the banks in Europe to be in even greater trouble than their US counterparts.

Common sense changes like abolishing GSEs (Fannie and Freddie), merging the SEC and CFTC, etc which will make the whole of financial system in the USA work better are also suggested in the penultimate chapter of the book.

I think Sheila Bair has done a great job at making each facet of the crisis clear before her readers. The roles of each financial institution and their interplay is well explained.

Her role in crisis is vindicated by the stances she took as the Chairman of FDIC like advocating for stricter capital requirements, assessments on the largest financial corporations, and her role in the worldwide adoption of these higher standards.

When the dust settles down and people turn back the pages of the history book, they will look back at Sheila Bair very favourably and her account of the crisis will be the one they will use and not the one by the big banks soldiers (Geithner, Rubin et al).

Blair says

I am cleaning out my books and realized I had put this back on the shelf after having read all but 5 pages. It feels a little cheaty, but I finished it. This was an interesting read, even for those of us in the financial services industry. I think it's written in a way that many who are NOT involved could understand and for that, Bair is to be commended. It's a complicated world. On the flip side, there was a little too much finger-pointing and snark. I could have done without that; it was disappointing in someone I admire.

Anyway, worth a read. And don't think it's dated; it's sort of interesting to contemplate her suggestions and what went wrong through the lens of the current administration and in light of new pronouncements both from the regulators and accountants. I don't think her suggestions have made much headway, which you may or may not see as a shame. But it's a conversation-starter!

Alvin says

Solid, fascinating account of the politics and decisions made during the financial crisis from the perspective of the head of the FDIC. I thought reading this book would make me mad. It did not. It made me furious.

Sheila pulls no punches and names names, including poorly managed institutions, individuals and agencies who worked at cross purposes. All the dysfunction and infighting you're familiar with at your own company? Imagine that on a government wide scale, with an industry that has most of the regulatory agencies captive and millions of homeowners in the lurch.

I was heartened to hear about the changes which made it into law in the Dodd-Frank bill and how that bill was constucted, and have been inspired to follow this story to see how the industry (with congressional help) is presently lobbying to delay, defeat and eliminate its implementation.

I appreciated the chapter on "too small to save" which gives an account of the day to day operations of the FDIC - just how do they go about resolving failing institutions? Great insight. That chapter also highlights how politically charged some of these resolutions can be, for example almost any bank in Chicago falls into this category.

Highly recommended. Thoroughly researched, engaging narrative with clear perspective given on potentially complex issues.