What the speaker said

“The Warning” focuses on the key players in the economic crisis in the late 2000’s as well as how their actions in the 1990’s influenced the crisis and the American people. It introduced Alan Greenspan, Robert Reuben, and Larry Summers as the trio atop American economics and policy under the Clinton administration. Greenspan started off as a highly respected financial consultant before transitioning into his role as Chairman of the Federal Reserve under Reagan. He was a champion of Ayn Rand’s belief that government regulation was bad for the economy, and he strongly believed in free market capitalism. Robert Reuben previously served as the head of Goldman Sachs before he was appointed by Clinton as Assistant to the President for Economic Policy. He was worshipped for his success in business and shared the same free market view as Greenspan. Larry Summers served as one of Reuben’s deputies and was a Harvard educated economist who took on conflicts for Reuben. Together, the three played significant roles in deregulating the financial markets in America, making it extremely easy for firms to trade derivatives in secrecy. In the meantime, an up and coming lawyer named Brooksley Born had been appointed to take over the Commodities Futures Trading Commission, a regulatory division of the government. She immediately set out to regulate the over-the-counter derivatives trade, as she felt that it could lead to financial disaster if left unchecked. The three aforementioned men discredited her and eventually forced her out when she refused to back down from her attempts at regulating banks and fraud. Nearly 10 years later, her warnings came to fruition and lack of regulation in the banking industry destroyed the American economy as well as the global economy.

Your personal thoughts

During the financial crisis in 2007/2008, I was only eleven years old. At the time, I had only a vague understanding that groceries were getting more expensive. My mother would worry to herself that gas prices were rising, and everyday she’d listen to the radio which detailed the continuous drops in something called the “Dow”. On top of everything, my father had been laid off in 2006, making times even more difficult for her. Now that I am older, I can finally begin comprehending the crisis more. I have so much respect for my mom who stayed strong throughout, always promising that she would keep my brother and I in private school while also maintaining the roof above our heads. She followed through on what she promised, and it seemed as if nothing changed through those tumultuous times. As soon as the crisis had started, it seemed that it was over. In my Banking and Financial Management course, I’ve been able to form a broad view of the crisis, and it is definitely rooted in lack of regulation as well as poor credit and loan writing.

Synthesis of (a) and (b)

I found this video fascinating, as it provided me with my first in depth view of the financial crisis. Previously, I had no idea that the crisis had been foreshadowed by anyone, let alone a woman. To think that Brooksley Born was lobbying for stronger regulation an entire decade prior to the crisis is shocking and provides insights into the underworld of politics. Had the union between Greenspan, Reuben, and Summers never existed, Born could have single handedly prevented the crisis, or at least took steps to lessen its severity. It also highlights how much women were marginalized in the 1990’s, as Borns was demeaned despite her high level of education and experience. The crisis is a powerful teaching tool in the importance of forward thinking and willingness to evolve. As a result of lack of regulation, many industries collapsed. This ties back into the global increase in gas prices as well as the rise in grocery prices I experienced as a child. Considering that the stock market is tied directly to some of the largest corporations in the world, it’s no surprise that it crashed once the banks started defaulting and filing for bankruptcy. Through the video, I was able to piece together the history of the crisis with my actual experience during it.