

GEITHNER AND BERNANKE VISIT FINANCIAL SERVICES LIVEBLOG (THREAD THE THIRD)

Hearing is on CSPAN3 and the committee thread.
In addition to Geithner and Bernanke, the head
of the NY Fed, William Dudley, is also here.

For my liveblog on the statements, go here (it's
mostly an excerpt of their statements).

For the first set of member questions, go here.

Last two rounds with Bernanke.

Baca: Foreign payouts?

BB: Many issues and concerns boil down to lack
of resolution regime. Europeans have protected
financial institutions. Need to work
collaboratively.

Baca: What can be done now.

BB: Regulatory system not adequate. We didn't
see it. Resolution authorities. WRT getting
money back. Again, put a lot of money into AIG.
Good collateral.

Baca: Why not prepared. Through many parts of
regulatory system, not prepared.

[Let me help you, Helicopter Ben: G-L-A-S-S-S-T-
E-A-G-A-L-L]

Baca: When was it broken?

BB: OTS small agency specializes in thrifts.

[No mention that AIG was given option of whom to
be regulated by]

BB: Larger better funded needed.

Baca: When was it broken?

BB: Many different aspects just proved in adequate.

Posey: Everybody is upset with a crisis of the day. Son of TARP, Grandson of TARP. Most businesses would approach this with a grand plan. Flow chart. where we want to go, how we measure, with contingencies. I think everybody would be so much more comfortable with a plan, and a timeline. We've got no roadmap for financial future of the country.

BB: I do think there's a plan. Treasury has 5-point plan. That covers all the major elements to get banking system going again. Avoid AIG need to undertake financial reform program. Fed has proposals, I talked about last week. I think there is a plan. A lot of battles are chaotic until smoke clears. We can see the terrain.

Posey: I appreciate that. Hope that most battles are won with good plans. 5-point plan is a hail mary, and we hope to make a touchdown. If the receiver drops the ball, what are we going to do with that first plan. That's what I haven't seen unfold. We didn't measure stuff properly.