

FSIM DEVELOPMENTS

SPECIAL REPORT: BEN BERNANKE

November 20, 2014 No. 308

Canada **U.S.** **Europe** **Asia-Pacific** **International**

Considering Bernanke is hated by the Republicans and hated even more by the Democrats, and is currently under scrutiny for saving AIG but not Lehman, (in hindsight) with respect to issues over solvency vs liquidity, the Montreal lovefest attended by 1,100 people yesterday must have been a welcome respite.

The event organized by Finance Montreal, may have originally been intended to be hosted by Jerry Springer, but ended up being hosted by Chris Regan, professor of economics at McGill, who set new heights for the bounds of Canadian politeness and lack of controversy. For example, the only sign of controversy during the evening was when the head waiter for the evening, Steven Poloz (governor of the BOC) after introducing Bernanke, arrived at the head table with a wine bottle that was unopened. Not a problem for Moby Ben who solved the crisis by "assuming there was an opener."

Main takeaways:

1. Pending a technological change (inventing something comparable to electricity, telephone...) expect slow/lower economic growth;
2. Inflation unlikely due to slack in economy; banks also not lending and business not borrowing;
3. Count on ongoing "macroprudential" bank regulatory oversight;
4. Germany's austerity and fiscal policies impacting Europe;
5. People should buy Ben's (as he insists on being referred) book. After all, he recently received a million dollar book advance. Ben has also been featured in the following articles over the past couple of years:

WHO'S IN AND WHO'S OUT: A LIGHTHEARTED LOOK AT WHAT TO EXPECT FROM THE POLICY MAKERS

(FP – Gordon Isfeld) – Governance

From Stephen Poloz's metaphors to Ben Bernanke bowing out, it shaping up to be an interesting year in global economic circles. Jan 4, 2014

THE PERVERSITY OF MARKETS WHEN BAD NEWS IS GOOD

(CBC) – Risk / Governance

As Canada's central bank governor, Stephen Poloz, prepares for his first interest rate decision on Wednesday, the Fed's Ben Bernanke is trying again to clarify his position to the U.S. Congress. After the fortunes made and lost the last time he spoke, everyone is waiting with bated breath. July 17, 2013

LA FED A CONSENTI UN PRÊT EN DERNIER RECOURS

(Le Devoir) – Public Policy

Washington -- La Réserve fédérale américaine était très réticente à faire un prêt à l'assureur
AIG au bord de la faillite lors de la crise financière de 2008, a insisté Ben Bernanke,
l'ex-patron de.. Oct 13

[FISCAL STIMULUS – IS IT JUST A SUGAR RUSH?](#)

...turn to discredit.” Amir Sufi followed this by quoting Ben **Bernanke**, who claimed in 1983
that “the real service provided by the...the differentiation between good and bad borrowers”.
Dr **Bernanke** now knows this process no longer works as he has been unable...Andrew
Smithers October 30, 2014

[FED TALK, INEQUALITY, AND THE LAWLESS BORDER TOWN BETWEEN FISCAL AND MONETARY RESPONSIBILITIES](#)

...the Alphaville archives also house a wonky discussion. Ben **Bernanke** said in 2011 that the
Fed can only alleviate inequality indirectly...During the last few years of his tenure, Ben
Bernanke nearly pulled out what was left of his hair in repeatedly highlighting...Cardiff
Garcia October 22, 2014

[DEBATE RAGES ON QUANTITATIVE EASING’S EFFECT ON INEQUALITY](#)

...There is no doubt that raising asset prices was part of the purpose of QE. Writing in the
Washington Post in 2010, Ben **Bernanke**, former Federal Reserve chairman, said QE
worked because “stock prices rose and long term interest rates fell when investors...Chris
Giles October 21, 2014

[CAP ON BANKER BONUSES IS THE RIGHT POLICY](#)

...now afford greater detachment than some former colleagues and perhaps deeper
perspective than some regulators. To invert Ben **Bernanke**, bonus clawbacks, being
championed by the Bank of England’s Prudential Regulation Authority (report, October 17...
October 20, 2014

[PRIVILEGES OF THE PRIVATE BANKING SECTOR DISTORT THE ECONOMY](#)

Sir, As Amir Sufi points out (“**Bernanke**’s failed mortgage application exposes the flaw in
banking”, October 14), the damage done to the economic system by the tremendous...
October 19, 2014

[WHAT IS GLOBAL MARKET TURBULENCE TELLING US?](#)

...banks actually have the weapons needed to stop global deflationary forces in their tracks.
Robin Harding reminds us that Ben **Bernanke** once said, wisely, that quantitative easing
“works in practice but not in theory”. The implication is that it only...Gavyn Davies October
19, 2014

[BERNANKE REFUSAL POINTS TO BANKING FLAWS](#)

(Ft – Amir Sufi) – Risk

We must stop providing bailouts based on unrealistic models, writes Amir Sufi
Part of the rationale comes from research in 1983 by Ben Bernanke, former chairman of the
Federal Reserve, who in studying the Great Depression argued that banks have a unique
ability to intermediate credit, because of the valuable information they gather and hold. As he
put it, “the real service performed by the banking system is the differentiation [between good
and bad borrowers](#).” If we do not save the banks, the argument goes, this function will
disappear, causing further misery as good firms cannot get credit. Oct 13

[BEN BERNANKE USED A SECRET IDENTITY TO SEND EMAILS DURING THE DEPTHS OF THE FINANCIAL CRISIS](#)

(FP – Matt Reeder) - Governance

Bernanke adopted the alias Edward Quince in a series of emails with colleagues about the precarious financial situation insurance giant American International Group (AIG) found itself in during the fall of 2008, Wall Street Journal reports Oct 10

A.I.G. HAD NO BETTER OFFER, BERNANKE TESTIFIES IN TRIAL

(*NY Times* – Aaron M. Kessler) – Regulatory Issues

Ben S. Bernanke, the former Federal Reserve chairman, kept his answers brief on the stand in the lawsuit over the 2008 bailout of American International Group Oct 10

WHY BEN BERNANKE CAN'T REFINANCE HIS MORTGAGE

(*NY Times* – Neil Irwin) -

The former Fed chairman's mortgage problem may highlight the surprises an automated mortgage system can deliver on eligibility. Oct 3

EX FEDERAL RESERVE CHAIRMAN, BEN BERNANKE RECEVRA 1 MILLION DE DOLLARS POUR SA LIVRE

(*G & M* – Hillel Italie) – gouvernance

Bernanke est avec éditeur W.W. Norton & Co. pour un livre qui couvre ses années à la Fed et sa réponse à la crise économique. Norton a déclaré à l'AP mardi que le livre, actuellement sans titre, est prévu pour 2015. May 7

BERNANKE CONFIDENT U.S. ECONOMY ON THE MEND

(*G&M* – Brian Milner) – Indicator

He realizes many people believe the Fed did more for Wall Street than Main Street. "That's unfortunate." April 23

FED TRIMS BOND-BUYING BY ANOTHER US\$10B DESPITE TURMOIL IN EMERGING MARKETS

(*FP* – Jonathan Spicer, Jason Lange) - Risk

Chairman Ben Bernanke also adjourned without making any changes to its longer-term plan to keep interest rates low for some time to come Jan 29

BERNANKE-TO-YELLEN HANDOFF: THE RIGHT CENTRAL BANKER FOR THE TIMES

(*G&M* – Christopher Ragan) – Governance

Next week, Ben Bernanke will step down as chairman of the U.S. Federal Reserve Board, to be succeeded by Janet Yellen. Although it's easy to be pessimistic about the U.S. government's ability to make important decisions, we should all cheer that system's ability to select its monetary policy leaders. Mr. Bernanke was the perfect choice for the past eight years; Ms. Yellen is an equally appropriate choice for the next four. Jan 21

BERNANKE SETS OUT TO FINISH WHAT HE STARTED

(*FP* – M. Corey Goldman) - Governance

If tapering continues to go over as well with markets, it could secure BenBernanke's legacy as a shrewd central banker who brought the U.S. back from the brink Dec 20, 2013

SMOOTH SAILING SO FAR AS FED SETS STIMULUS EXIT IN MOTION

(*FP* – John Shmuel) – Risk / Governance

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SCANT INFLATION LIKELY MEANS NO FED TAPERING UNTIL 2014

(*FP* – Jonathan Ratner) – Governance / Public Policy

The Federal Reserve has all it needs to justify tapering on Wednesday, but policy changes will likely be deferred to January, Ben Bernanke's last meeting as chairman. Dec 16, 2013

BERNANKE'S U-TURN ON TAPERING HITS WALL STREET'S BOTTOM LINE

(G&M – Joanna Slater) – Governance / Public Policy

It is shaping up to be an ugly earnings season for Wall Street – and some of the blame can go to Ben Bernanke. Oct 16 2013

WHY LEHMAN WASN'T RESCUED

(Economix – Phillip Swagel) – Risk

To all eyes, the problem at Lehman was one of solvency while the issue in the other two cases (AIG/Bear Stearns) was liquidity. Oct 13, 2013

DAVID ROSENBERG: JANET YELLEN ISN'T AS SOFT AS PEOPLE THINK

(FP - Jonathan Ratner) – Risk

Despite some market chatter about Janet Yellen potentially being even more dovish than Ben Bernanke, David Rosenberg believes this is a classic case of perception and reality being “galaxies apart. Oct 11, 2013

WHAT YOU SHOULD KNOW ABOUT OBAMA'S FED PICK, JANET YELLEN

(G&M – Jacqueline Nelson – Video) – Governance

The Globe's Jacqueline Nelson takes a look at Federal Reserve vice chair Janet Yellen, who is President Obama's pick to replace Ben Bernanke as head of the Federal Reserve. Oct 10, 2013

DESPITE 'TAPER' DELAY, YELLEN STILL FAVOURITE TO HEAD FED

(G&M – Kevin Carmichael) – Risk

It was a logical choice. Since October, 2010, Ms. Yellen has served as the Fed's No. 2, put there by President Barack Obama, who could nominate her as soon as this week to succeed Mr. Bernanke as head of the Washington-based Federal Reserve Board – the world's most powerful central banker. Sept 23, 2013

U.S. FED SHOCKS MARKETS, STAYS COURSE ON STIMULUS POLICY

(G&M – Kevin Carmichael) – Risk / Public Policy / Governance

For months, Mr. Bernanke has said that any change in monetary policy would be contingent on hard evidence of a substantial improvement in hiring. Sept 19, 2013

OBAMA ACCEPTS SUMMERS'S DECISION TO NOT SEEK U.S. FED CHAIRMANSHIP

(G&M – Reuters) – Governance

Lawrence Summers, a former top economic aide to President Barack Obama and a Treasury secretary under president Bill Clinton, has withdrawn from consideration to succeed Ben Bernanke as Federal Reserve chairman, the president said on Sunday. Sept 16, 2013

THE GREENSPAN TEMPTATION: WHAT BERNANKE'S SUCCESSOR NEEDS

(CNBC – Simon Johnson) – Risk / Governance

What's wrong with an omnipotent Fed chairman? Start by considering the lasting impact of Greenspan, who believed deeply that financial deregulation would contribute to more stable economic growth. **JPMORGAN HIRING** August 30, 2013

BEN BERNANKE'S AIG BAILOUT GETS NO THANKS FROM HANK GREENBERG

(FT – Tom Braithwaite) - Governance

Fed chief ordered to testify in lawsuit over AIG financing

Fed chairman Ben Bernanke August 13, 2013

MARKET FEAR OF SUMMERS AS U.S. FED CHAIR MAY BE OVERBLOWN

(FP – John Shmuel) – Governance / Attitude and Preference Issues

The stock market has gorged itself on easy money, so it's no surprise the prospect of a monetary hawk succeeding Ben Bernanke causing alarm August 1, 2013

BERNANKE MUST TESTIFY ABOUT AIG

(WSJ – Leslie Scism) – Risk / Governance / Industry Conduct

Judge Cites Fed Chairman's 'Personal Involvement' in the 2008 Decision to Bail Out the Insurer August 1, 2013

WHO SHOULD LEAD THE FEDERAL RESERVE?

(NY Times – Debate) – Governance

What should President Obama look for in a nominee to succeed Ben Bernanke at the Federal Reserve? August 1, 2013

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FED CHAIR SMACKDOWN: SUMMERS VS. YELLEN

(CNN – Annalyn Kurtz) – Industry Conduct / Governance

A contentious debate is brewing among Federal Reserve watchers about who should lead the central bank after Ben Bernanke. July 28, 2013

BERNANKE FACES GRILLING OVER BOND BUYING

(FT – Robin Harding) – Governance

Federal Reserve Board Chairman Ben Bernanke speaks during a news conference June 19 2013 at the Federal Reserve in Washington, DC

Fed chief to be pressed on QE in final Congressional testimony. July 15, 2013

DIVERGING DEBATE AT FED ON WHEN TO END STIMULUS

(NY Times – Binyamin Appelbaum) – Risk / Attitude and Preference Issues / Governance

The Federal Reserve Chairman, Ben S. Bernanke, said on Wednesday that the Fed was likely to extend the centerpiece of its campaign to bolster the economy — keeping short-term interest rates close to zero — even as it prepares to wind down another key stimulus program that faces mounting internal opposition. July 11, 2013

HINTS OF BERNANKE'S DEPARTURE ADD TO FED POLICY WORRIES

(G&M – Kevin Charmichael) – Risk / Governance

Mr. Bernanke's current term runs until the end of January, and it would be extraordinary for a freshly minted chairman to dramatically alter existing policy. Still, any leadership transition could exacerbate an unusual level of anxiety in financial markets over the Fed's direction in the months ahead. June 19, 2013

LA FAIBLESSE DES TAUX D'INTÉRÊT ANTICIPE CELLE DE LA CROISSANCE

(Le Monde.fr) - Governance

Seule l'intervention permanente de la banque centrale dans les marchés financiers, en faisant varier la taille de son bilan pour maintenir en permanence des taux d'intérêt très bas, créerait des conditions équivalentes à celles de la finance réglementée.. Ben Bernanke, l'ex-président de. May 13