POLS/ECON 409 · *Politics of the Financial Crisis, Part 2*

1. According to Calomiris and Haber, why can't banking regulation be reduced to a technical quest for the most efficient regulations? What conflicts of interest shape the political management of finance?

    - Why can't banks exist without governments?
    - What three property rights problems do limited liability banks create?
    - What conflicts of interest arise for governments offering deposit insurance?

2. How do powerful autocracies structure banking systems? Why can't they do better? How do weak autocracies exploit the banking system, and why do banks go along?

3. How do democracies' banking systems differ from autocracies' systems? What distinguishes "liberal" states' banking practices from those of "populist" states? How clearly distinct are the concepts of liberalism and populism?

4. How do states depend on banks? In what ways did the development of the modern state parallel the development of the modern bank?

5. According to Calomiris and Haber, what are the constituents of the coalition behind lax mortgage lending in the 1990s and later, and how did that coalition come together? How does this fit into Calomiris and Haber's theory of state–bank bargains? What problems did it solve, and what conflicts of interest did it leave unresolved?

6. What roles do leverage, prudential regulation, and bank risk-taking play in Calorimis and Haber's account of the financial crisis?

7. Does Galbraith's argument about the role of financial fraud in the 2000s conflict with Calomiris and Haber's theory and narrative, or reinforce them?

8. How do McCarty, Poole, and Rosenthal characterize federal government responses to financial crisis, including the 2008 crisis?

9. Is there a tension between the coalition for loose finance hypothesized by Calomiris and Haber and the ideological and partisan patterns described by McCarty, Poole, and Rosenthal? Whose perspective better explains the course of financial reform post-2008?

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