SWEDISH HOUSE OF FINANCE | STOCKHOLM SCHOOL OF ECONOMICS

# An evening with Anat Admati.

Location: Swedish House of Finance.

Monday, October 15, 2018.

6:00 – 8:00 pm.

# Banking, Governance, and Politics

Anat Admati

*Stanford Graduate School of Business*

Swedish House of Finance and Stanford GSB Alumni Chapter
Stockholm, October 15, 2018

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THE WALL STREET JOURNAL.

TUESDAY, SEPTEMBER 16, 2008 · VOL. CCLII NO. 65 $2.00

# AIG, Lehman Shock Hits World Markets

*Focus Moves to Fate of Giant Insurer After U.S. Allows Investment Bank to Fail; Barclays in Talks to Buy Core Lehman Unit*

The convulsions in the U.S. financial system sent markets across the globe tumbling, as two of Wall Street's biggest firms looked set to exit the scene and insurance titan American International Group Inc. turned to the Federal Reserve and the state of New York for assistance.

*By Susanne Craig, Jeffrey McCracken, Jon Hilsenrath and Deborah Solomon*

The U.S. stock market suffered its worst daily point plunge since the first day of trading after the Sept. 11, 2001, terrorist attacks. Financial markets were rattled by the rushed sale Sunday of Merrill Lynch & Co. and the bankruptcy-court filing of Lehman Brothers Holdings Inc., which scrambled Monday to sell its most-prized businesses before too many employees and customers walk out the door. (Please see related article on Page C1.)

All day Monday, top Lehman officials were huddled in Manhattan at their Seventh Avenue

... ing. For much of the day, the major U.S. market indexes were down 2%, which, while a good-sized decline, was smaller than many had thought would be the case. But in the final hour of trading, a wave of selling hit, driven by concerns about the fate of AIG. The Dow Jones Industrial Average ended down 504.48 points on Monday, off 4.4%, at its daily low of 10917.51, down 18% on the year. Of the Dow industrials' 30 components, all but one—Coca-Cola Co.—fell, led by a 60.8% plunge in AIG.

In Europe, London's FTSE 100 index dropped 3.9%. Several Asian markets, including Japan and China, were closed Monday due to holiday. By Tuesday, Tokyo shares were down 5.1% in early trading, and Hong Kong's Hang Seng index was down 6.1%.

Monday's action was the latest fallout in a widening financial crisis that began a year ago with the fall of American housing prices and is now reordering the U.S. financial system. Steps unveiled by the Federal Reserve to expand its emergency lend-

DJIA ▼504.48

## AIG Faces Cash Crisis As Stock Dives 61%

By Matthew Karnitschnig, Liam Pleven And Serena Ng

American International Group Inc. was facing a severe cash crunch last night as ratings agencies cut the firm's credit ratings, forcing the giant insurer to raise $14.5 billion to cover its obligations.

With AIG now tottering, a crisis that began with falling home prices and went on to engulf Wall Street has reached one of the world's largest insurance companies, threatening to intensify the financial storm and greatly complicate the government's efforts

# THE WALL STREET JOURNAL.

WEDNESDAY, SEPTEMBER 17, 2008 · VOL. CCLII NO. 66

## U.S. to Take Over AIG in $85 Billion Bailout; Central Banks Inject Cash as Credit Dries Up

*Emergency Loan Effectively Gives Government Control of Insurer; Historic Move Would Cap 10 Days That Reshaped U.S. Finance*

BY MATTHEW KARNITSCHNIG, DEBORAH SOLOMON AND LIAM PLEVEN

The U.S. government seized control of American International Group Inc.—one of the world's biggest insurers—in an $85 billion deal that signaled the intensity of its concerns about the danger a collapse could pose to the financial system.

The step marks a dramatic turnabout for the federal government, which had been strongly resisting overtures from AIG for an emergency loan or some intervention that would prevent the insurer from falling into bankruptcy. Just last weekend, the government essentially pulled the plug on Lehman Brothers Holdings Inc., allowing the big investment bank to go under instead of giving it financial support. This time, the government decided

surance businesses, giving the Fed some protection even if markets continue to sink. And if AIG rebounds, taxpayers could reap a big profit through the government's equity stake.

"This loan will facilitate a process under which AIG will sell certain of its businesses in an orderly manner, with the least possible disruption to the overall economy," the Fed said in a statement.

It puts the government in control of a private insurer—a historic development, particularly considering that AIG isn't directly regulated by the federal government. The Fed took the highly unusual step using legal authority granted in the Federal Reserve Act, which allows it to lend to nonbanks under "unusual and exigent" circumstances, something it invoked when Bear Stearns Cos. was rescued in March.

As part of the deal, Treasury

ance industries, while Wall Street has watched two of its last four big independent brokerage firms exit the scene.

The U.S. on Sept. 6 took over mortgage-lending giants Fannie Mae and Freddie Mac as they teetered near collapse. This Sunday, the U.S. refused to bail out Wall Street pillar Lehman Brothers, which filed for bankruptcy-court protection and is now being sold off in pieces. That same day, another struggling Wall Street titan, Merrill Lynch & Co., agreed to sell itself to Bank of America Corp.

The AIG deal followed a day of high drama in Washington. The Treasury's Mr. Paulson and Federal Reserve Chairman Ben Bernanke convened in the early evening an unexpected meeting of top congressional leaders. Late in the trading day Tuesday, anticipation that the government might assist the insurer

**Urgent Mission**

Plunging shares, soaring credit costs push the government to step in.

DJIA daily close

Overnight dollar Libor

Fed chief Ben Bernanke

## Lending Among Banks Freezes

BY CARRICK MOLLENKAMP, MARK WHITEHOUSE AND NEIL SHAH

Banks abruptly stopped lending to each other or charged exorbitantly high rates Tuesday, threatening to spread the troubles of American International Group Inc. and Lehman Brothers Holdings Inc. to a broad range of financial institutions and the global economy.

The breakdown came despite efforts by central bankers to keep money flowing. Central banks in the U.S., Europe and

“

My daughter came home from school one day and said, ‘daddy, what’s a financial crisis?’

And without trying to be funny, I said, ‘it’s the type of thing that happens every five, seven, ten years.’

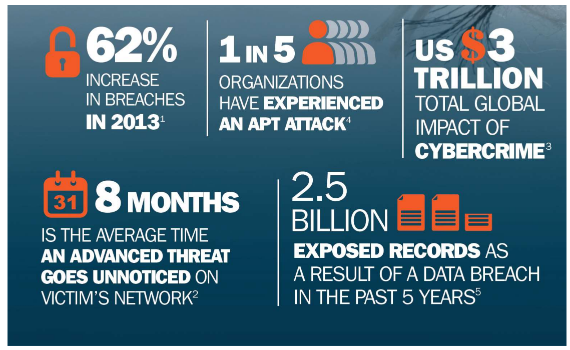
Jamie Dimon, January 2010
(to Financial Crisis Inquiry Commission)

”

"The Sequel to the Financial Crisis is Here"
Frank Partnoy, *Financial Times*, July 31, 2017

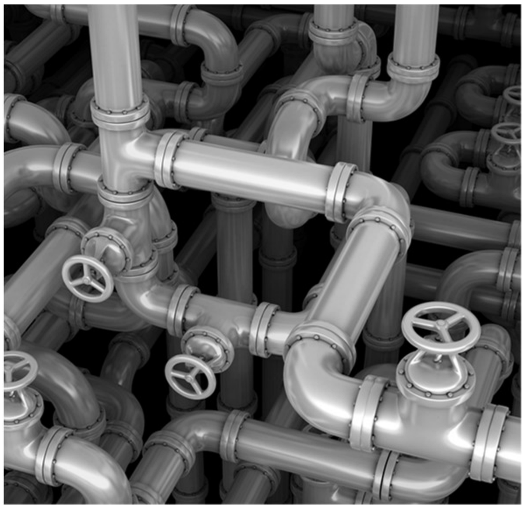
"The Next Financial Crisis is Closer than You Think,"
Tim Lee, *Washington Post*, October 10, 2018

Italy political crisis hits financial markets
BBC News, May 29, 2018

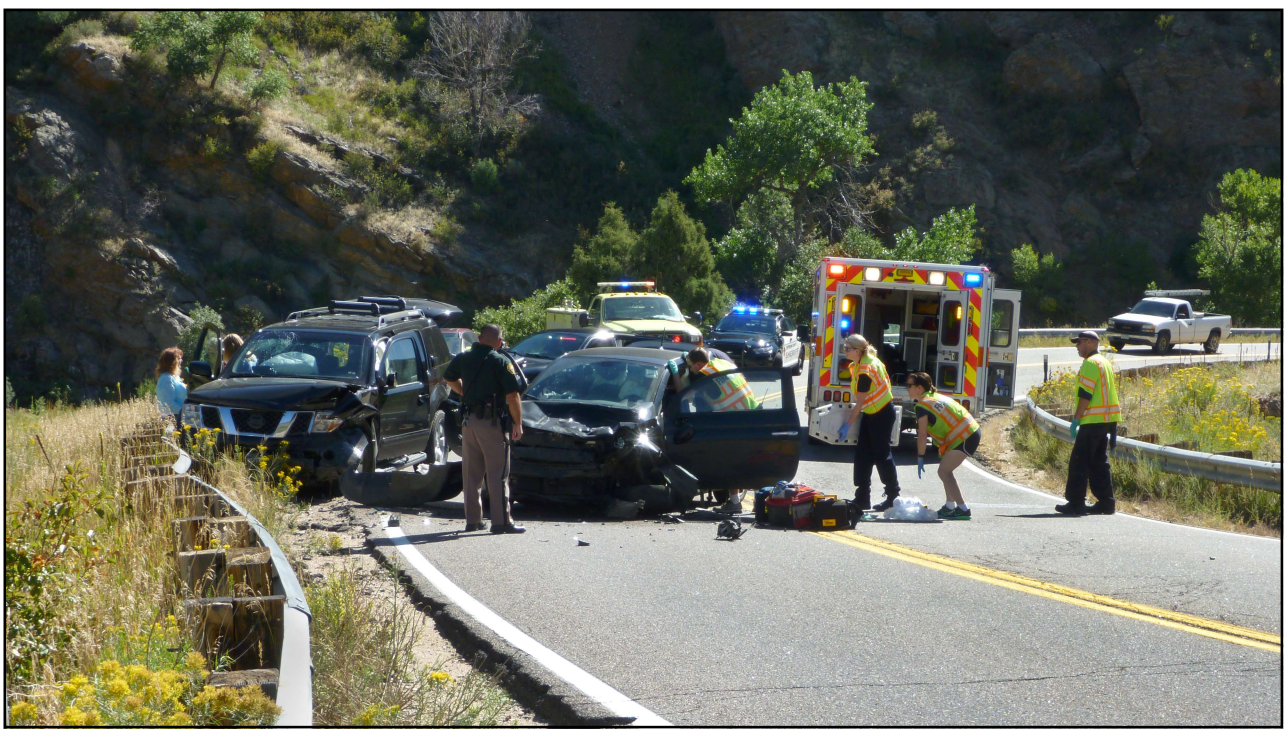


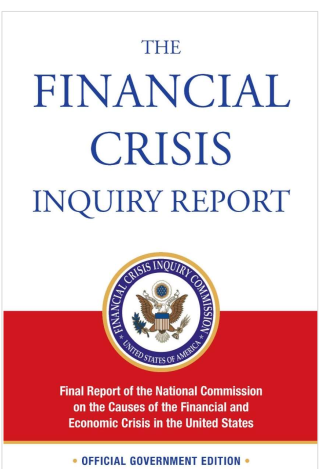

Natural Disaster? Sudden "Shock?" "100-year flood?"

A Liquidity Problem?



“A Classic Bank Run?”


Delivered January 27, 2011

The financial crisis was avoidable

Widespread failures in financial regulation

Breakdown in corporate governance

Explosive and excessive borrowing.

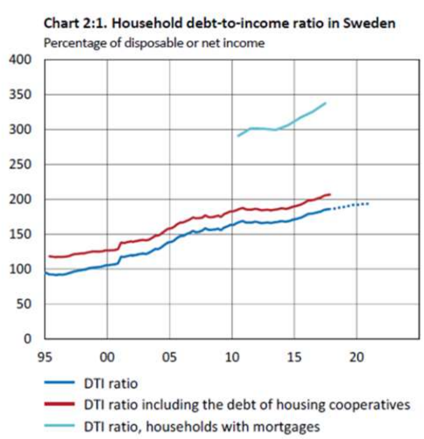
Lack of transparency

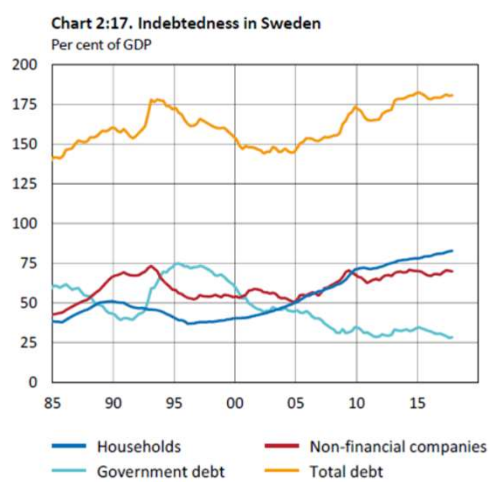
Government was ill-prepared and responded inconsistently

Widespread breaches in accountability at all levels.

The crisis reflected distorted incentives and failure of rules and governance.


# Household and Other Debt in Sweden




Source: Financial Stability Report, Riksbank 2018

To Spot the Next Financial Crisis, Look Who Was Spared by the Last One

James Mackintosh, *Wall Street Journal*, April 26, 2018


"Leading the list are Australia, Canada and Sweden.

Sweden offers a case study in financial crises.

Private debt in general and mortgage debt in particular is one of the most reliable indicators of trouble ahead.

Sweden's indicator of financial vulnerability is higher than ahead of its 1992 crisis.

Riksbank, Sweden's central bank, has been warning about the risks from the housing market, and worrying in public about the strength of its banks."

**$400,000 - $380,000 = $20,000**

$410,000 - $380,000 = $30,000

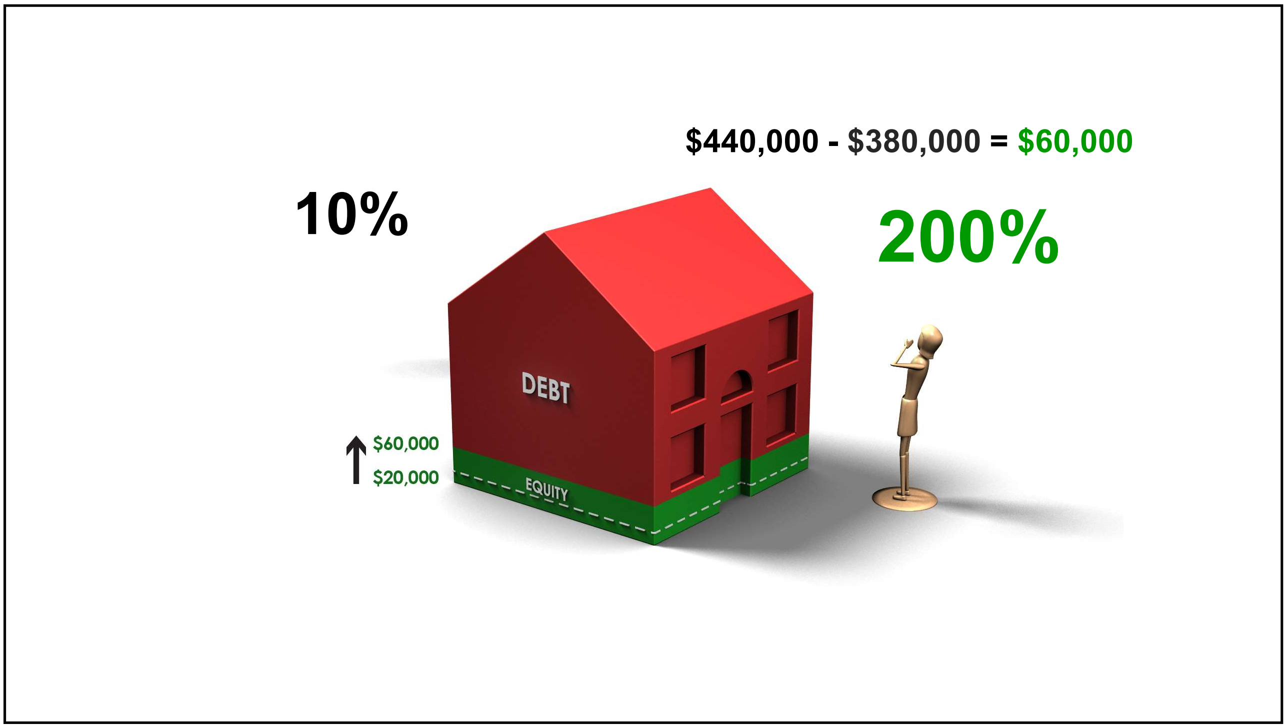
2.5%

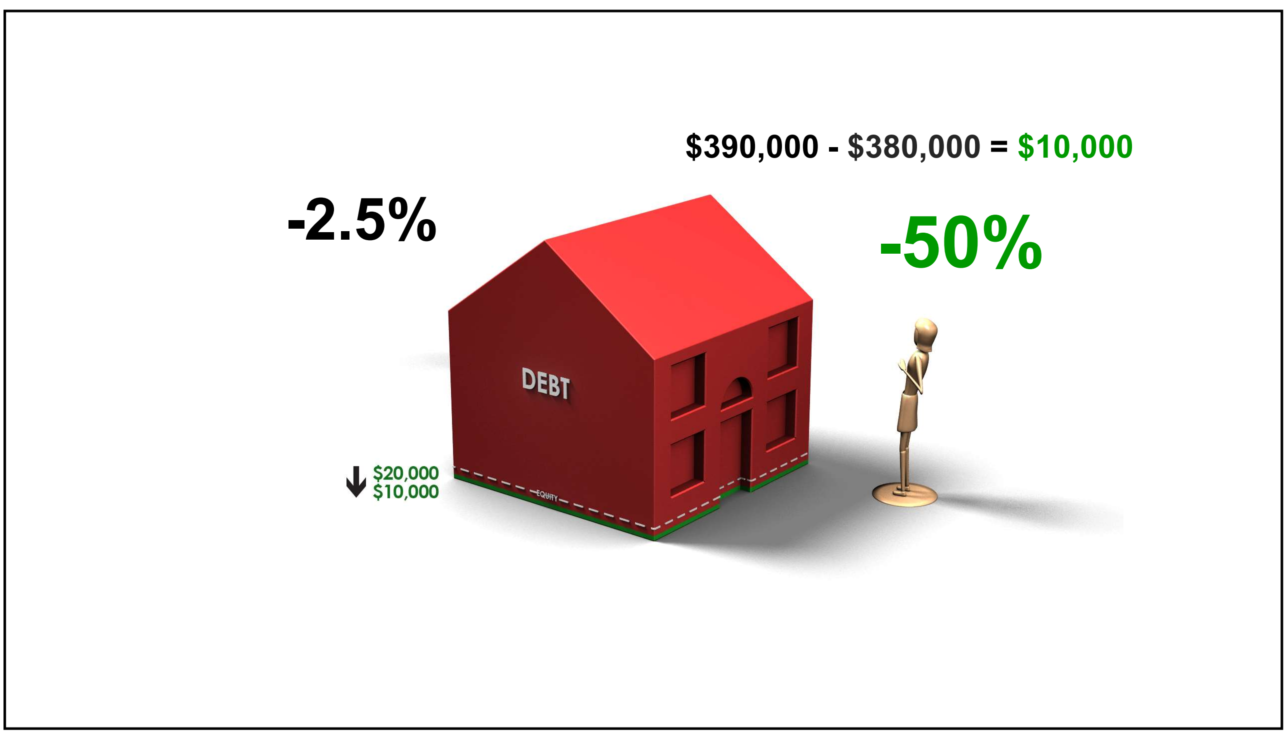
50%

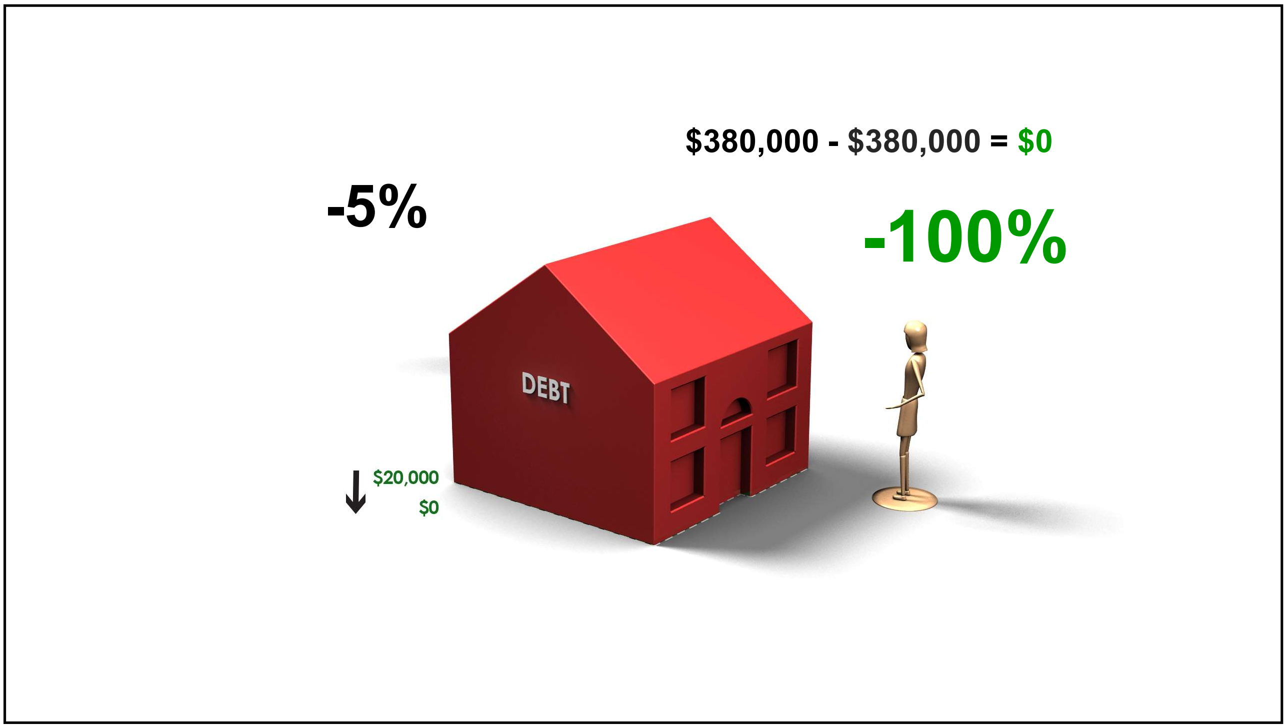

$420,000 - $380,000 = $40,000

5%

100%


$440,000 - $380,000 = $60,000
10%
200%
DEBT
$60,000
$20,000
EQUITY

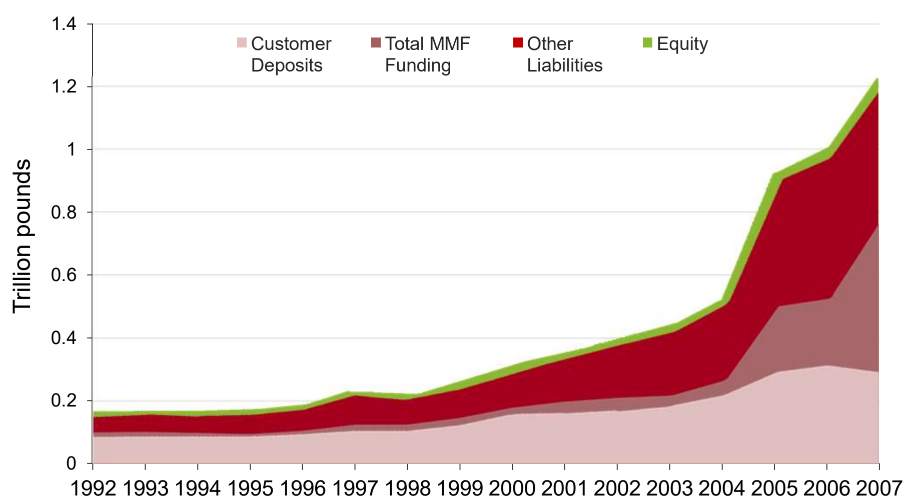

$390,000 - $380,000 = $10,000
-2.5%
-50%
DEBT
$20,000
$10,000


$380,000 - $380,000 = $0
-5%
-100%
DEBT
$20,000
$0

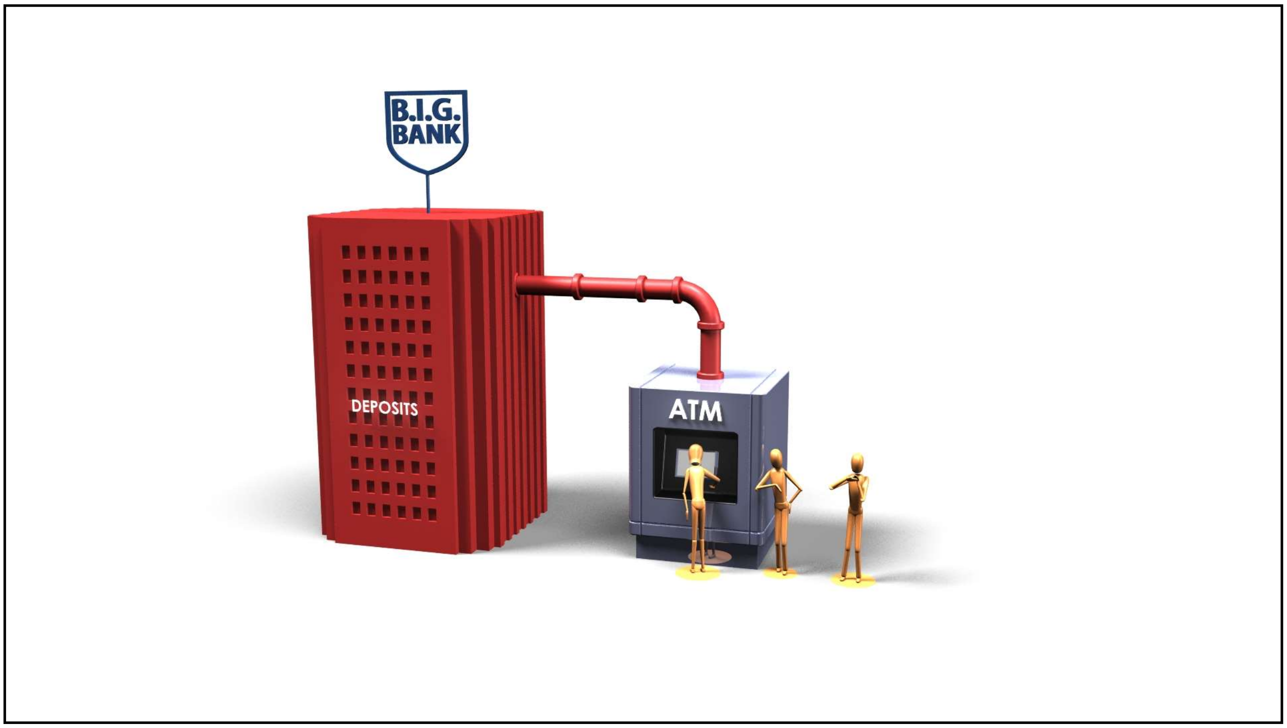

-10%
DEBT
$20,000
-$20,000

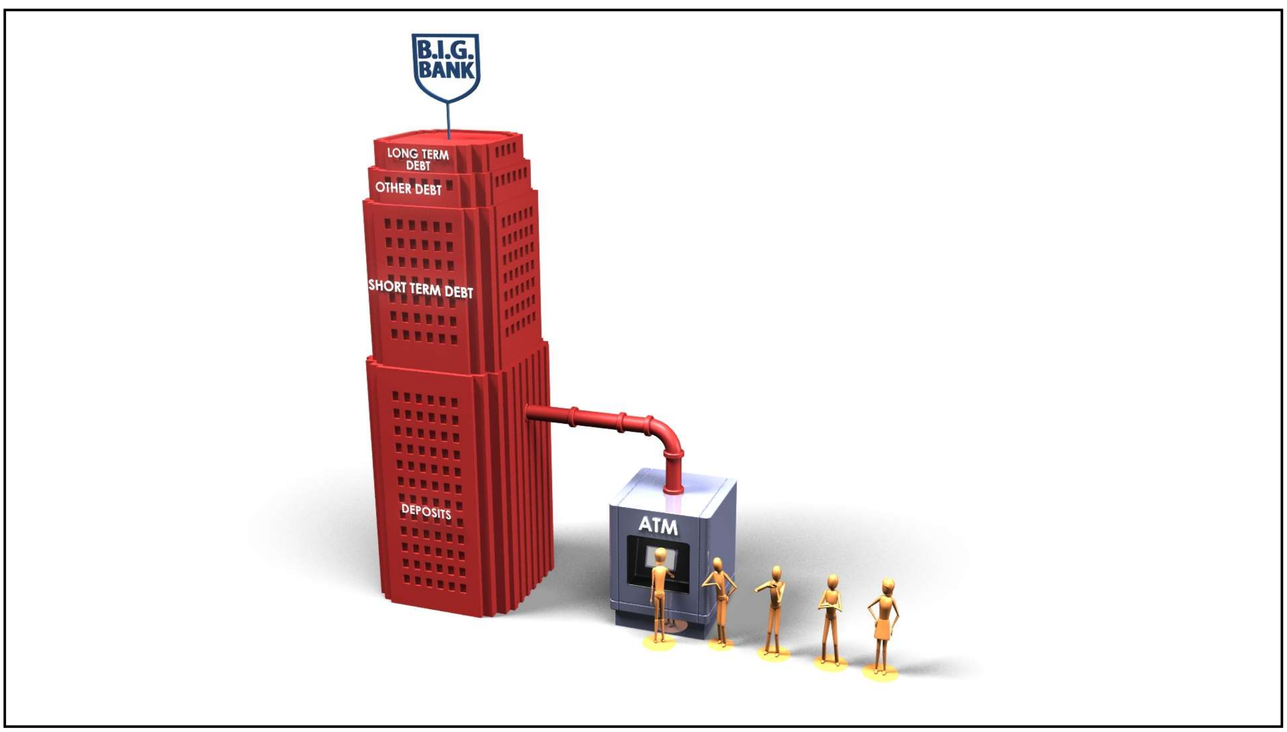
What about the lenders?

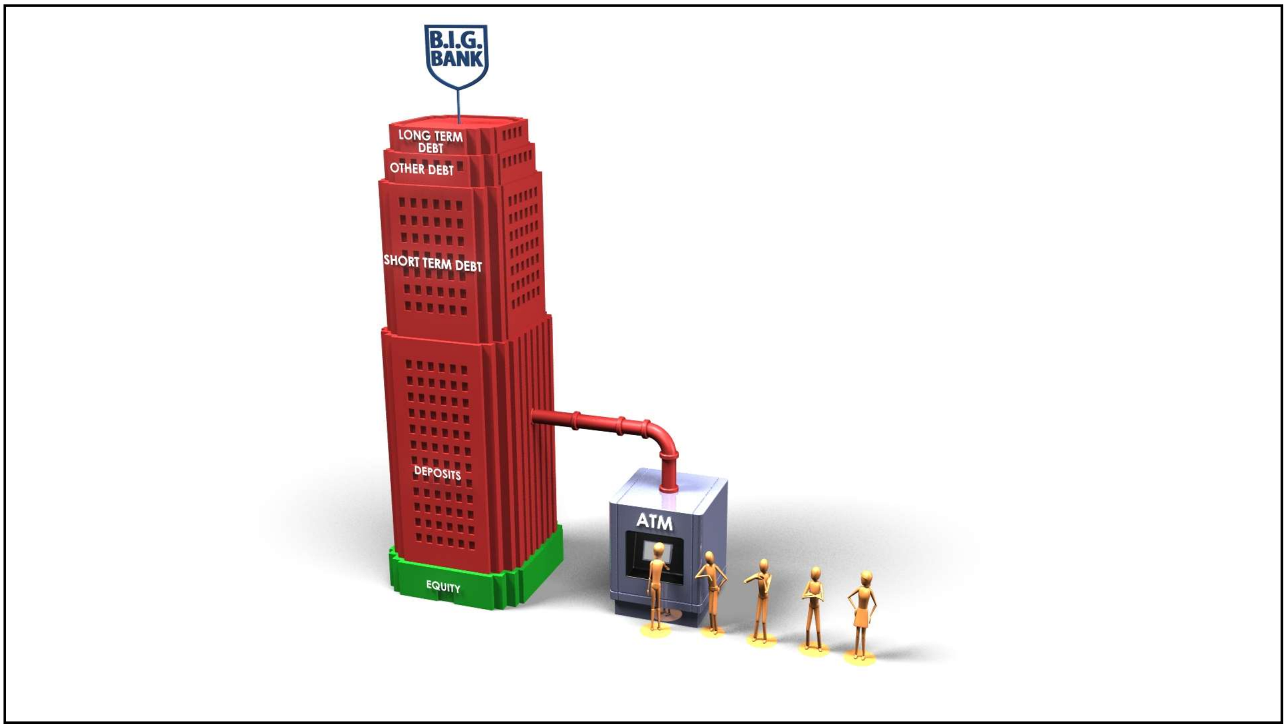
## Total Liabilities and Equity of Barclays 1992-07




Hyun Song Shin, "Global Banking Glut and Loan Risk Premium," IMF Annual Research Conference, November 10-11, 2011; Figure 22.


B.I.G. BANK
DEPOSITS
ATM


B.I.G. BANK
LONG TERM DEBT
OTHER DEBT
SHORT TERM DEBT
DEPOSITS
ATM


B.I.G.
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LONG TERM
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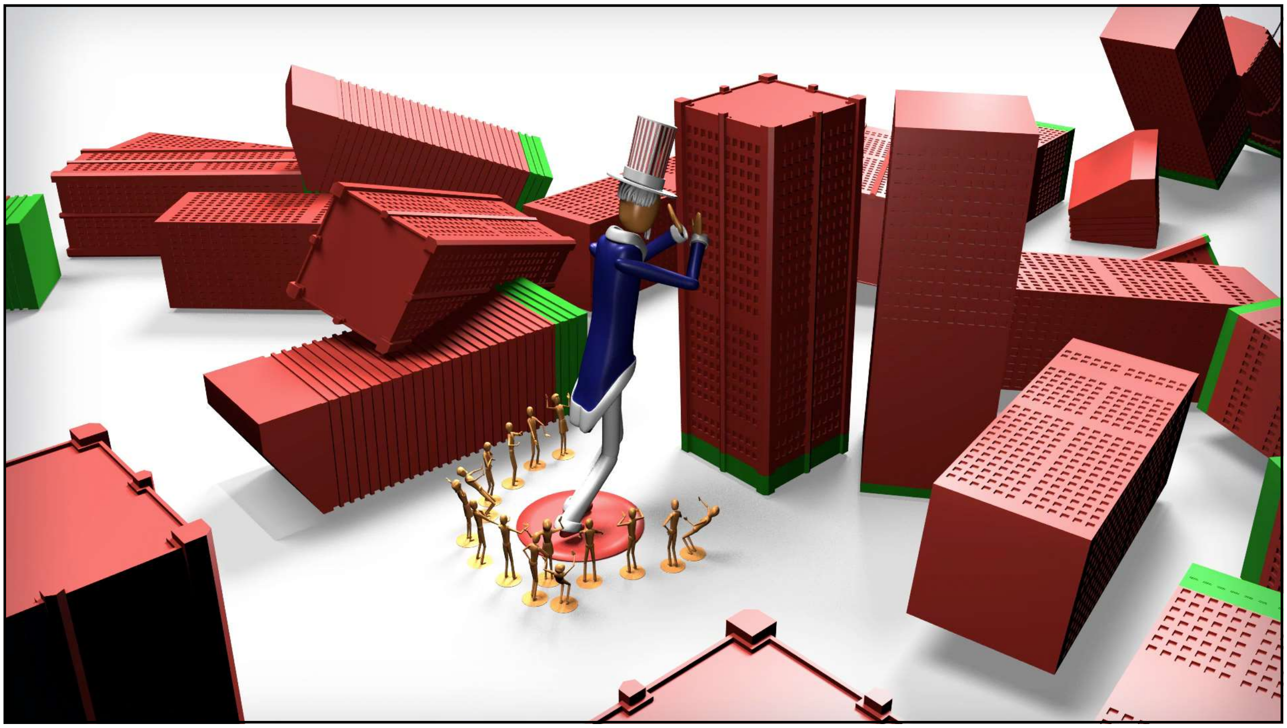
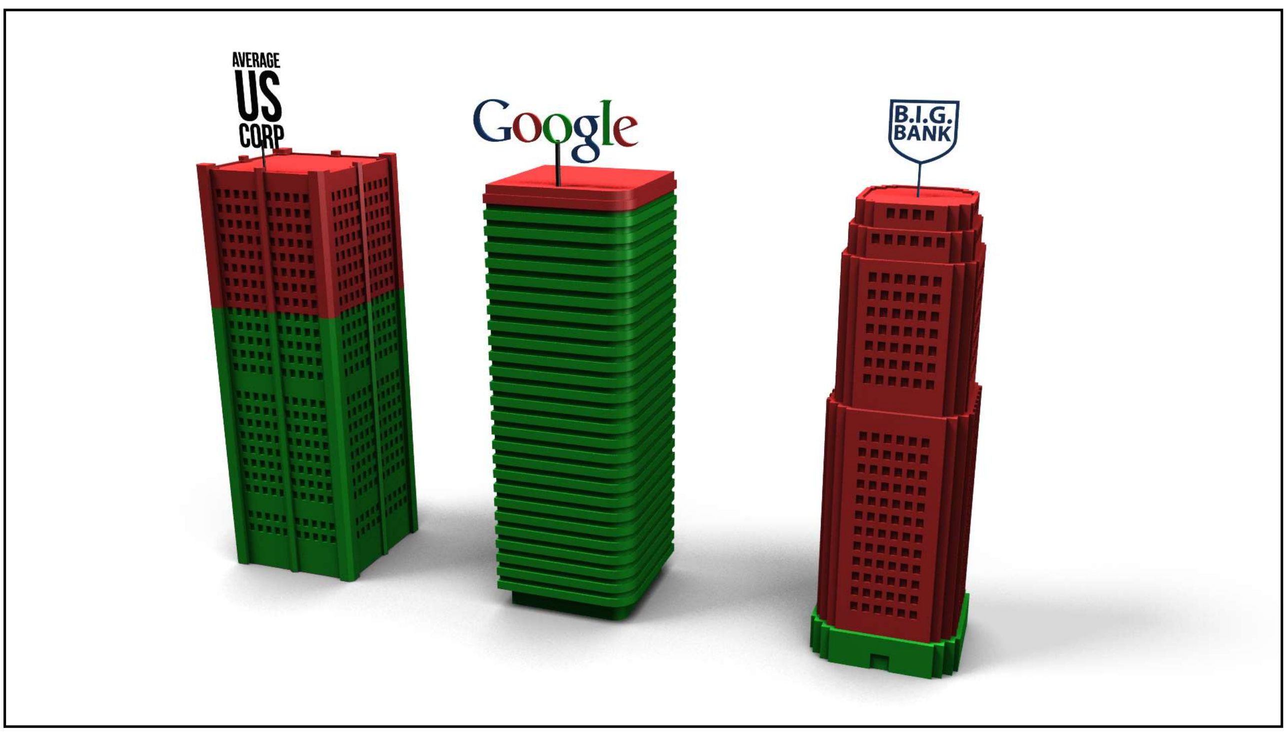
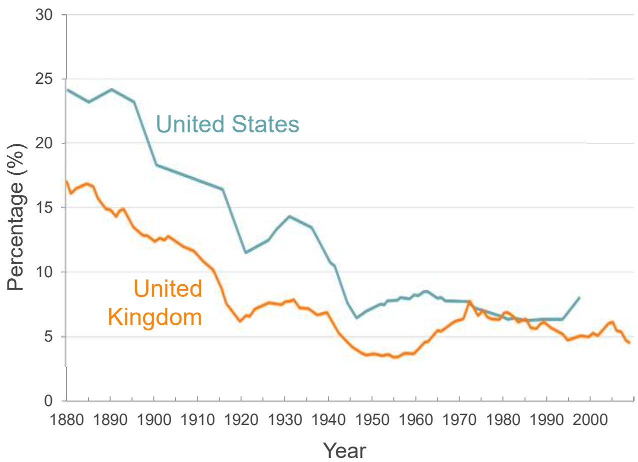



AVERAGE
US
CORP
Google
B.I.G.
BANK

# Historical Equity/Asset Ratios in US and UK




Mid 19th century: 50% equity, unlimited liability

After 1940s, limited liability everywhere in US

“Safety nets” expand

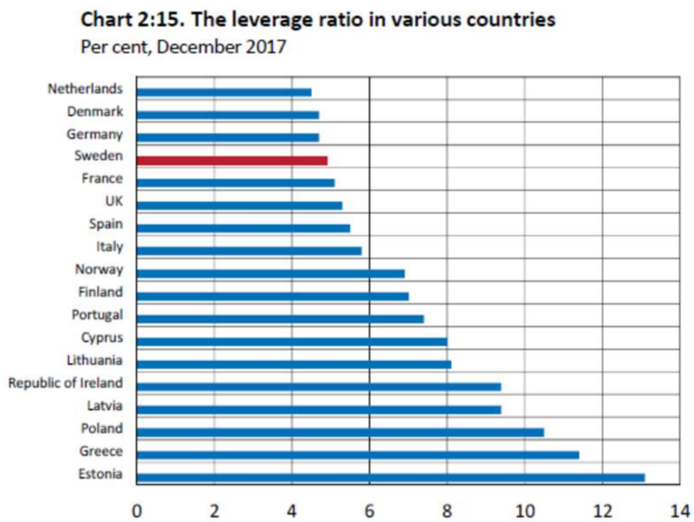
Equity ratios decline

Alesandri and Haldane, 2009; US: Berger, A, Herring, R and Szegö, G (1995). UK: Sheppard, D.K (1971), BBA, published accounts and Bank of England calculations.

# JPMorgan Chase Balance Sheet

Dec. 31, 2011 (in Billions of dollars)

## Banks Remain *Extremely* Heavily Indebted




Source: Financial Stability Report, Riksbank 2018

## The Mantra in Banking: “Equity is Expensive”

To whom?

Why?

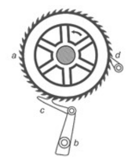
Only in banking?

**Fallacies, Irrelevant Facts and Myths in the Discussion of Capital Regulations: Why Bank Equity is Not Socially Expensive**

August 2010

(revised 2013)

**The Leverage Ratchet Effect**

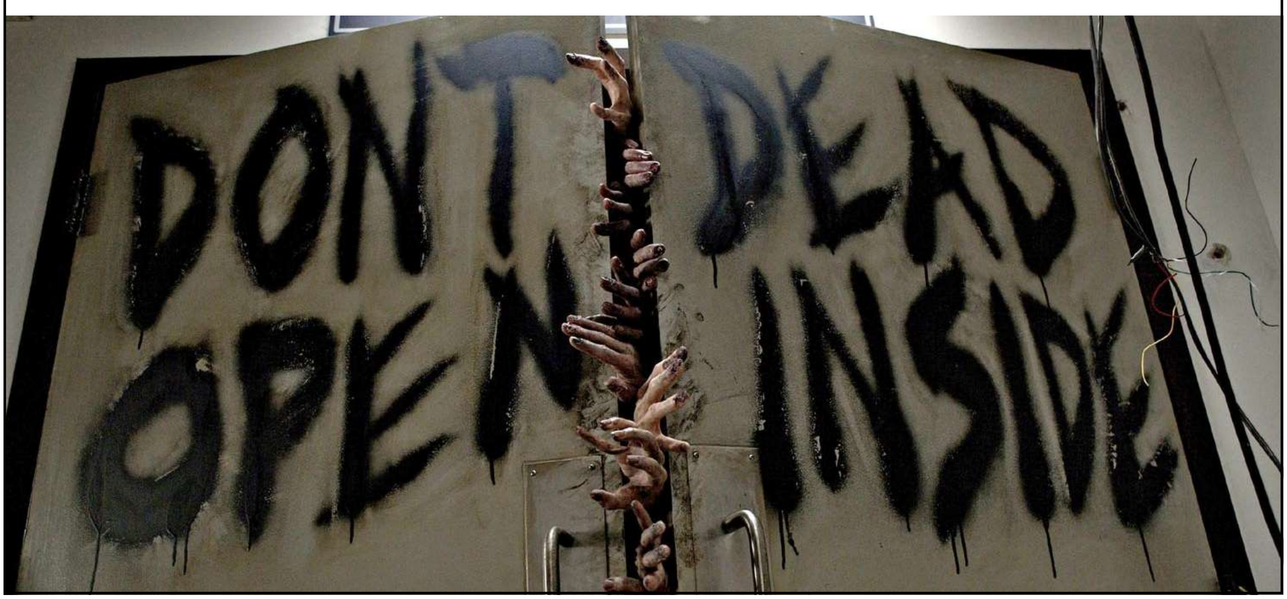


*Journal of Finance,* 2018

**Anat Admati, Peter DeMarzo, Martin Hellwig and Paul Pfleiderer**

https://www.gsb.stanford.edu/faculty-research/excessive-leverage

## Zombie (Insolvent) Borrowers: Opaque and Dysfunctional



## Zombie (Insolvent) Borrowers: Opaque and Dysfunctional


Unable to raise equity

"Gamble for resurrection"

Anxious to take cash out

Avoid equity

Sell assets, even at fire-sale prices

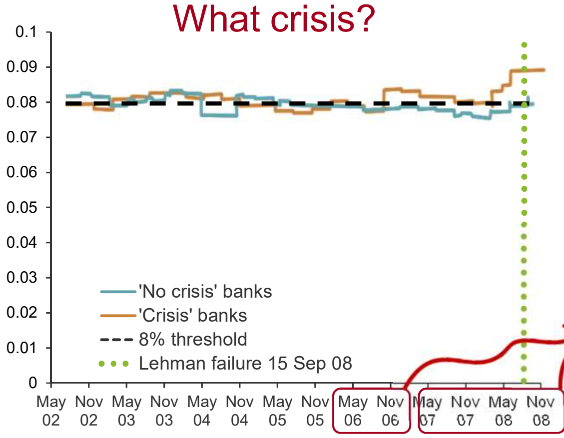
Underinvest in worthy "boring" assets

Try to hide insolvency in disclosures

Lobby policymakers for supports

## Regulatory Measures are Uninformative

"Tier 1" capital ratios:
What crisis?



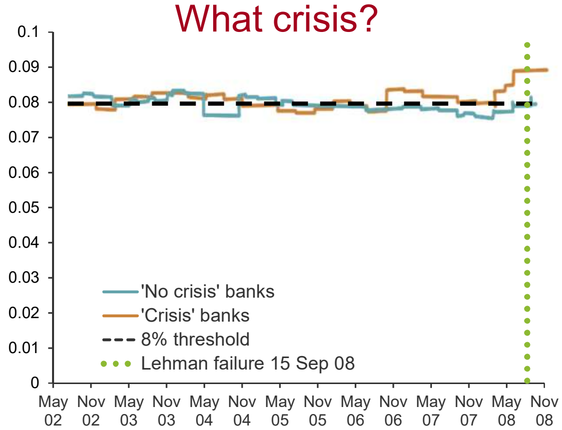

Between summer 2007 and end of 2008, the largest 19 US institutions paid out nearly $80B to shareholders.

2006 was a great year in banking

From: Andrew Haldane, "Capital Discipline," January 2011

## Regulatory Measures are Uninformative

“Tier 1” capital ratios:
What crisis?




Largest 19 institutions received ≈$160B under TARP.

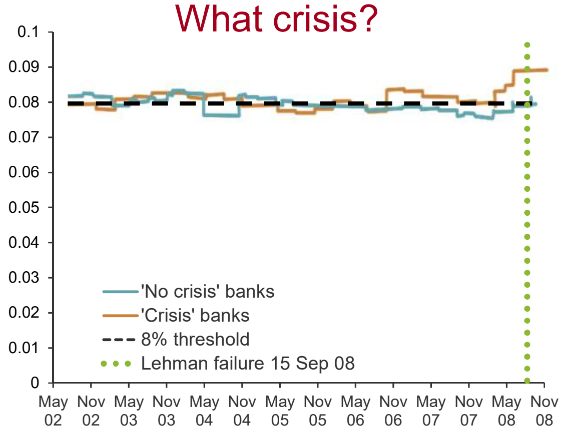
Fed committed $7.7 trillions in below-market loans to 407 banks.

Tier 2 capital proved useless to absorb losses (except Lehman).

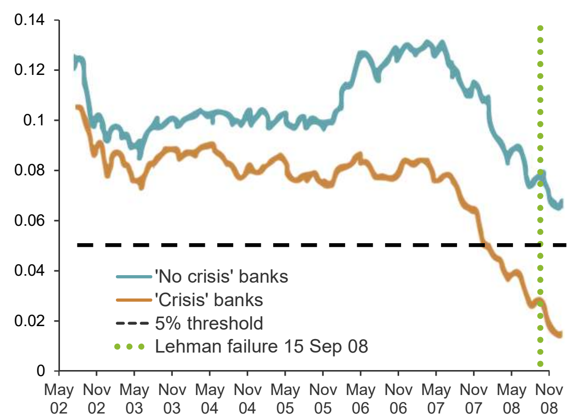
From: Andrew Haldane, “Capital Discipline,” January 2011

## Regulatory Measures are Uninformative

“Tier 1” capital ratios:
What crisis?




Market-based measures




From: Andrew Haldane, “Capital Discipline,” January 2011)

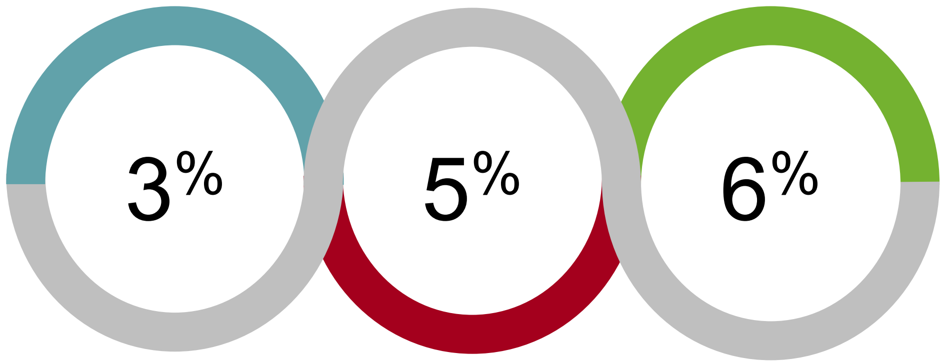
## Basel "Capital Regulation"
(No proper justification)

| Basel II (pre-crisis) | Basel III (reformed rules) |
|---|---|
| "Common equity Tier 1 capital" to risk-weighted assets: **2%** | "Common Equity Tier 1 Capital" to risk-weighted assets (RWA): **4.5%**<br>» Plus 2.5% conservation buffer<br>» Plus 1.5% "Tier 1" to RWA<br>Leverage Ratio: "Tier 1" to total<br>» Basel III: **3%**<br>» US: BHC: **5%**, insured banks: **6%** |
| "Tier 2" Loss-absorbing debt | "Tier 2"/TLAC ("loss-absorbing debt"). |

"Tripling almost nothing does not give one very much."

Martin Wolf, "Basel III: The Mouse that Didn't Roar," *Financial Times*, Sep 13, 2010

## Tough Reforms?




> If **at least 15%** of banks' total assets were funded by equity, the social benefits would be substantial. And the social costs would be minimal, if any.
>
> Temporarily restricting bank dividends is an obvious place to start.

Anat R. Admati, Franklin Allen, Richard Brealey, Michael Brennan, Markus K. Brunnermeier, Arnoud Boot, John H. Cochrane, Peter M. DeMarzo, Eugene F. Fama, Michael Fishman, Charles Goodhart , Martin F. Hellwig, Hayne Leland, Stewart C. Myers, Paul Pfleiderer, Jean Charles Rochet, Stephen A. Ross, William F. Sharpe, Chester S. Spatt, Anjan Thakor

*Financial Times*, November 9, 2010

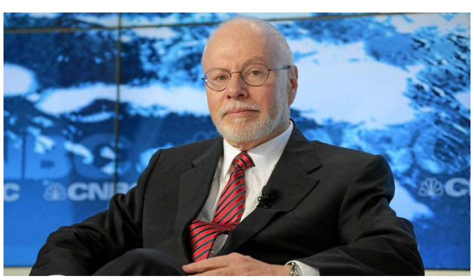
## Don’t Believe Reassurances

The system is too complex, opaque, and dangerous; “systemic (contagion) risk” is significant.

**This situation reflect policy failures**


“Investors can’t understand the nature and quality of the assets and liabilities... The disclosure obfuscates more than it informs.

Kevin Warsh, Jan. 2013



The unfathomable nature of banks’ accounts make it impossible to know which are sound. Derivatives positions, in particular, are difficult for outside investors to parse.

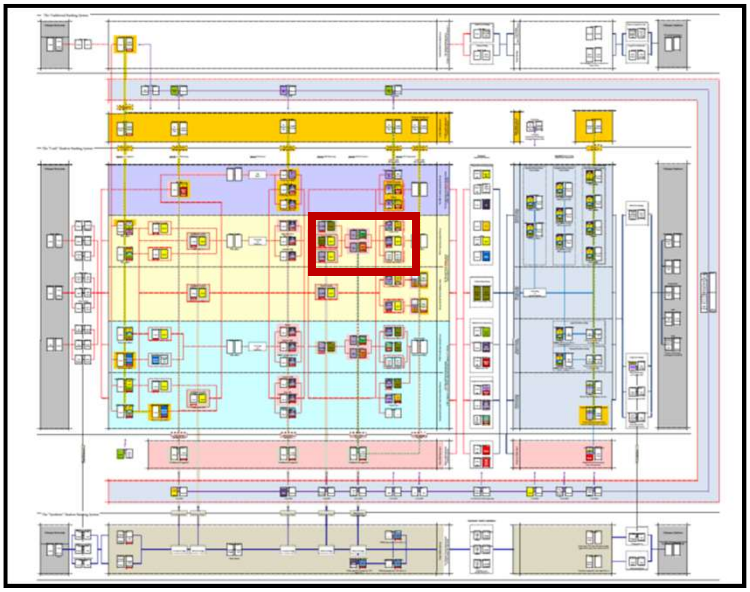
Paul Singer, Elliot Management, Jan. 2014”

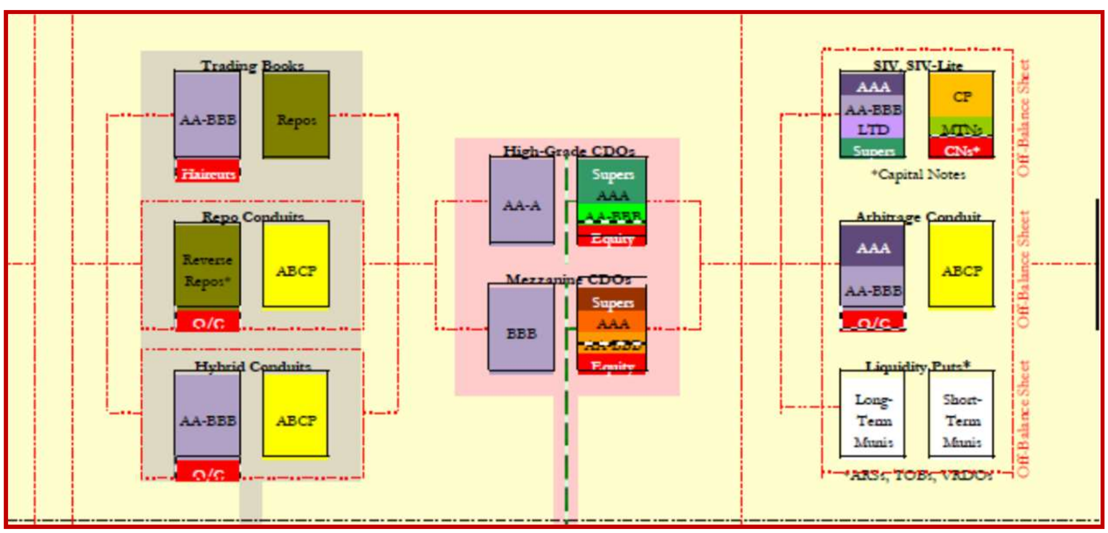
Wells Fargo: Quaint?

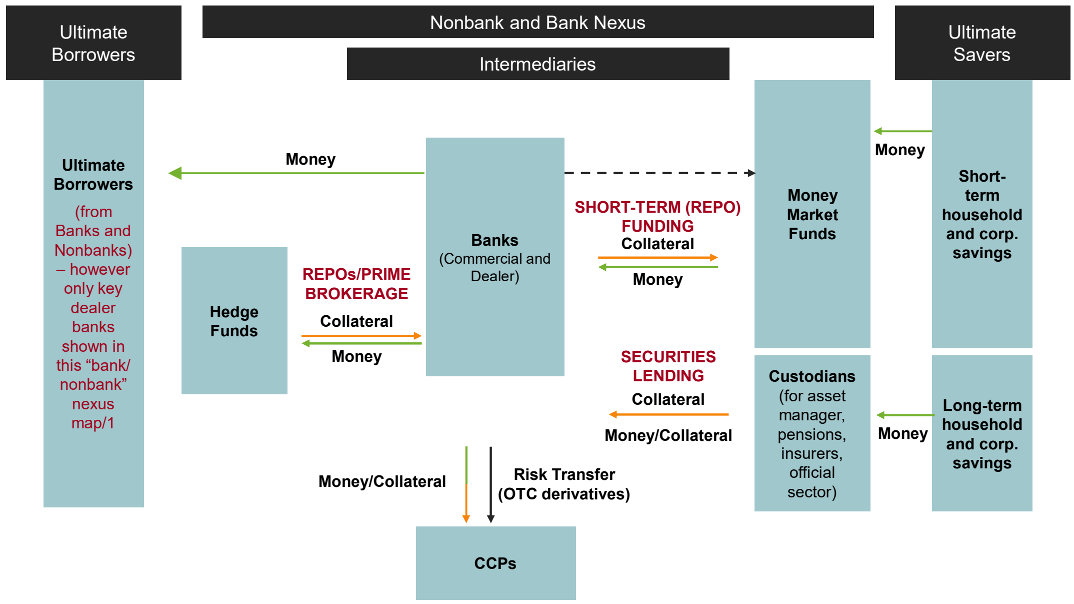
“What’s Inside America’s Banks?” Eisinger and Partnoy, Atlantic, Jan 2013

# Shadow Banking

Pozsar, Adrian, Ashcraft, and Boesky, Federal Reserve Bank of New York, July 2010: revised February 2012








Source: Collateral and Financial Plumbing, Manmohan Singh, 2014; "Leverage: A Broader View," Manmohan Singh and Zohair Alam

"The omission of off-balance sheet items in the standard measures implies a substantial underestimation of bank leverage

Off-balance sheet funding is higher now than in 2007

"Leverage, a Broader View," Singh and Alam, IMF, March 2018"

Monstrous global institutions are a symptom of failed markets and rules

"Let fail" defies credibility

## Size of 28 Global Banks

2006
$37.8 trillion total

2013
$49.2 trillion total

Average
$1.35 trillion

Average
$1.76 trillion

Sources: SNL Financial, FDIC, bank annual reports, Bank of England calculations.

## Derivatives for 21 Banks

2006
$409 trillion (notional)

2013
$661 trillion (notional)

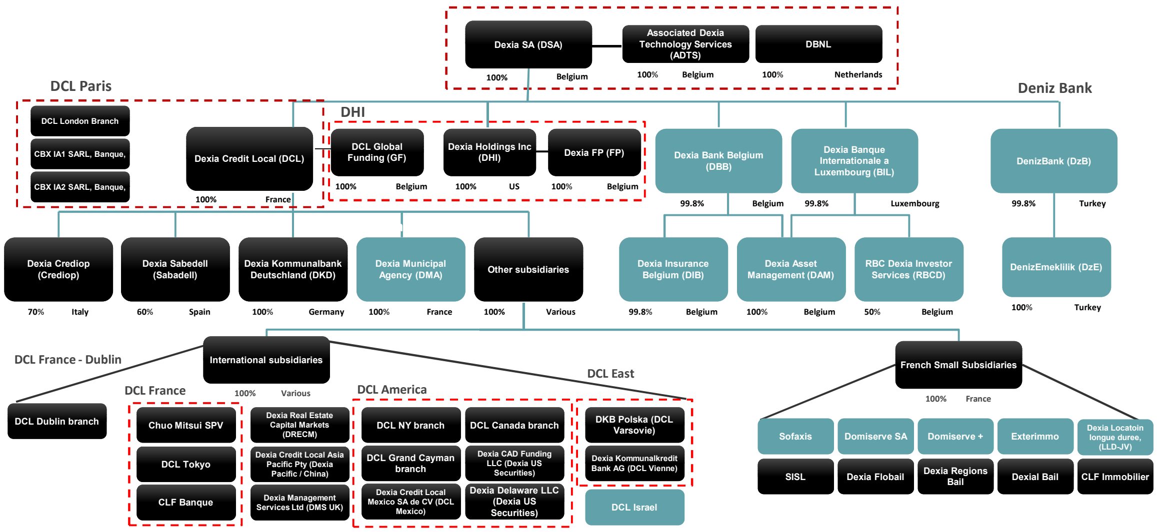
Average
**$19 trillion**

Average
**$31 trillion**

Sources: SNL Financial, FDIC, bank annual reports, Bank of England calculations.

# Too complex to Resolve?

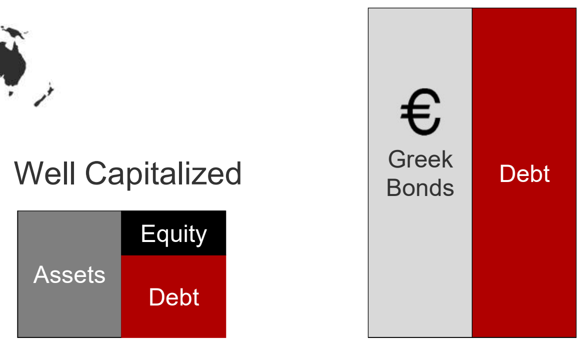
Dexia's structure, 2011



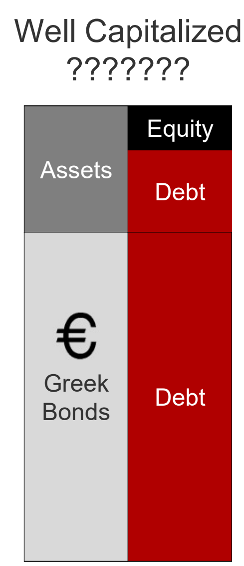

# Devil in detail

"Risk weights" to calibrate requirements are flawed, manipulable, political, source of systemic risk

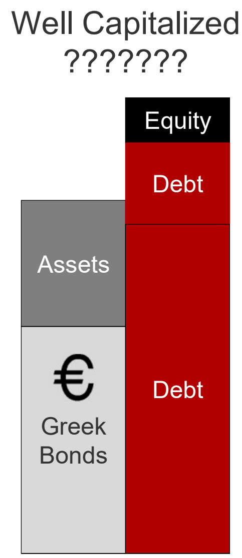
# The Impact of (Zero) Risk Weights




# The Impact of (Zero) Risk Weights



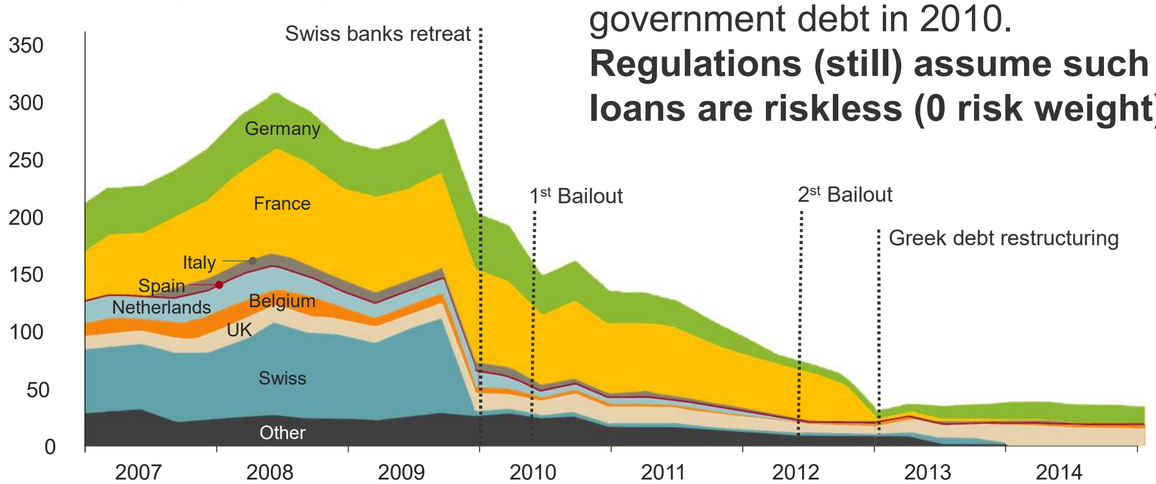
## Riskless Debt?




## Bad Regulations Matter

### The Awful Case of Greece

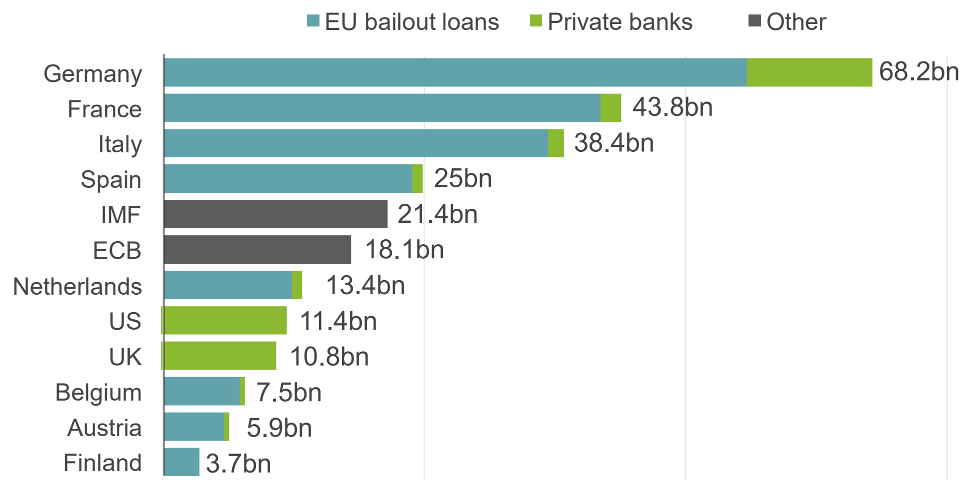
French banks owned 40% of Greek government debt in 2010. **Regulations (still) assume such loans are riskless (0 risk weight)**.




BIS (2014), Company Data, EBA (For 2010-11 Greece Exposure Data), German Bankers Association, Morgan Stanley Research

## Who Owned Greek Government Debt, July 2015

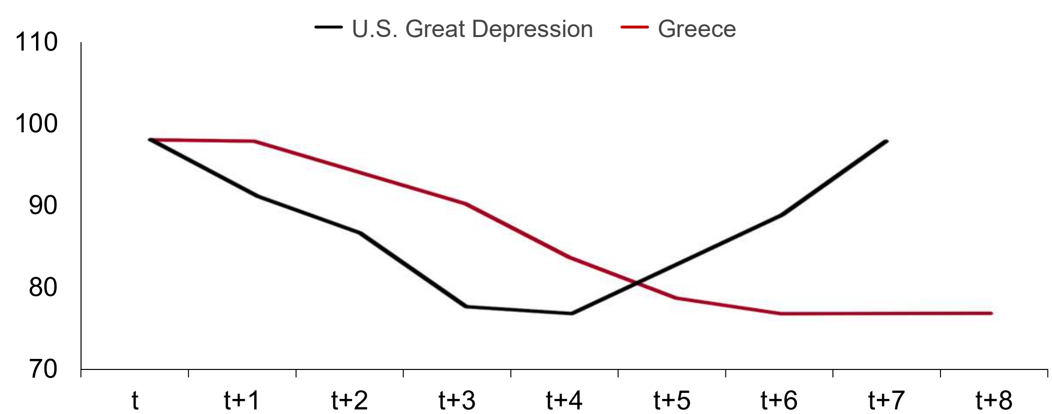
### Leading creditors (in euros)




Source: Open Europe, BIS, IMF, ECB

## The Economic Crisis In Greece

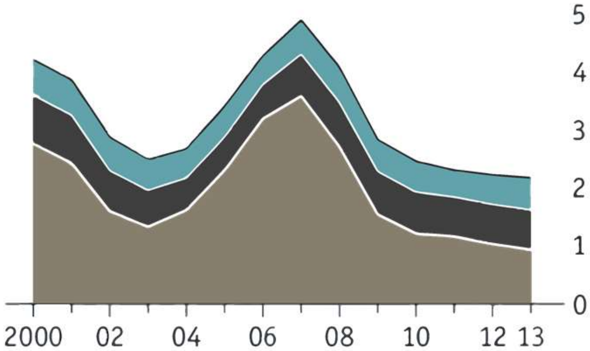
### Real Output, (Index, pre-crisis peak = 100 1/)




Eurostat; Haver Analytics; and IMF staff calculations. 1/ Pre-crisis peaks are 2007 for Greece, 1997 for Asian crisis, 2008 for Eurozone crisis, and 1929 for Great Depression. 2/ Including Indonesia, Republic of Korea, and Thailand.

# The Great Distortion: Senseless Debt Subsidies!

*The Economist*, May 16, 2015



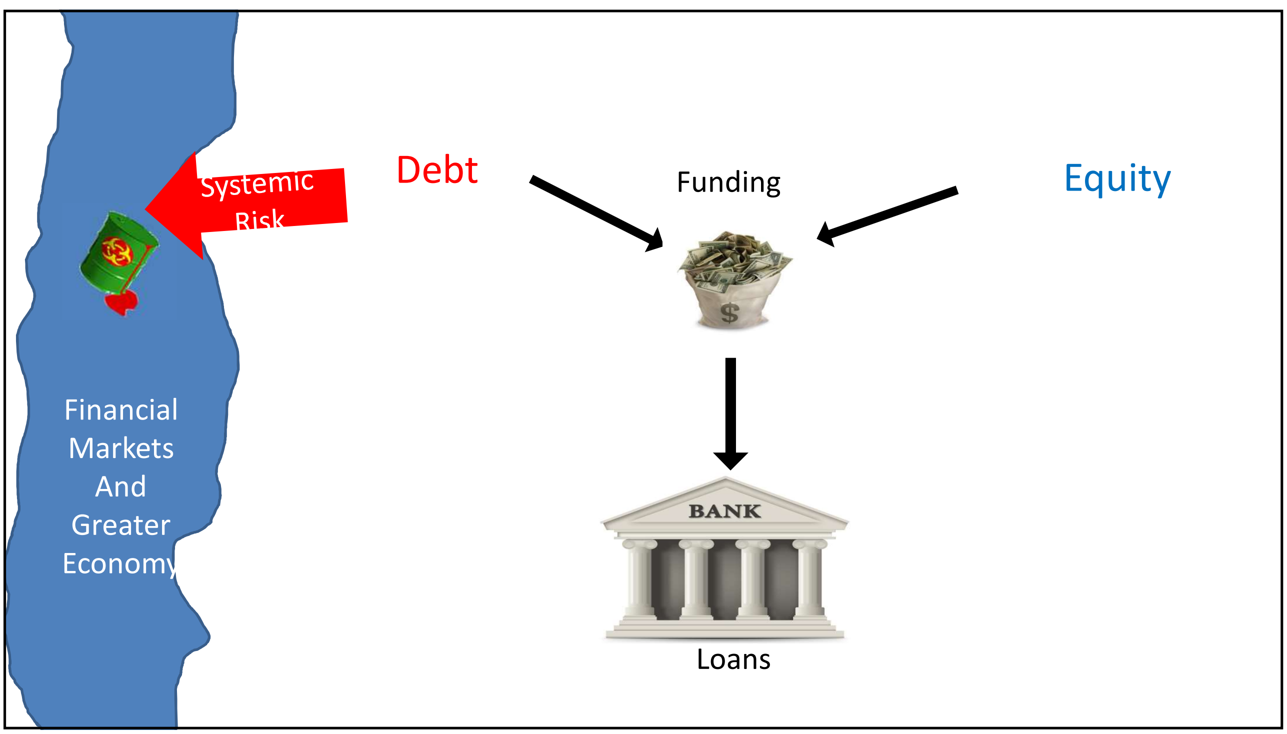

U.S. tax revenues forfeited as a result of interest deductibility as % of GDP

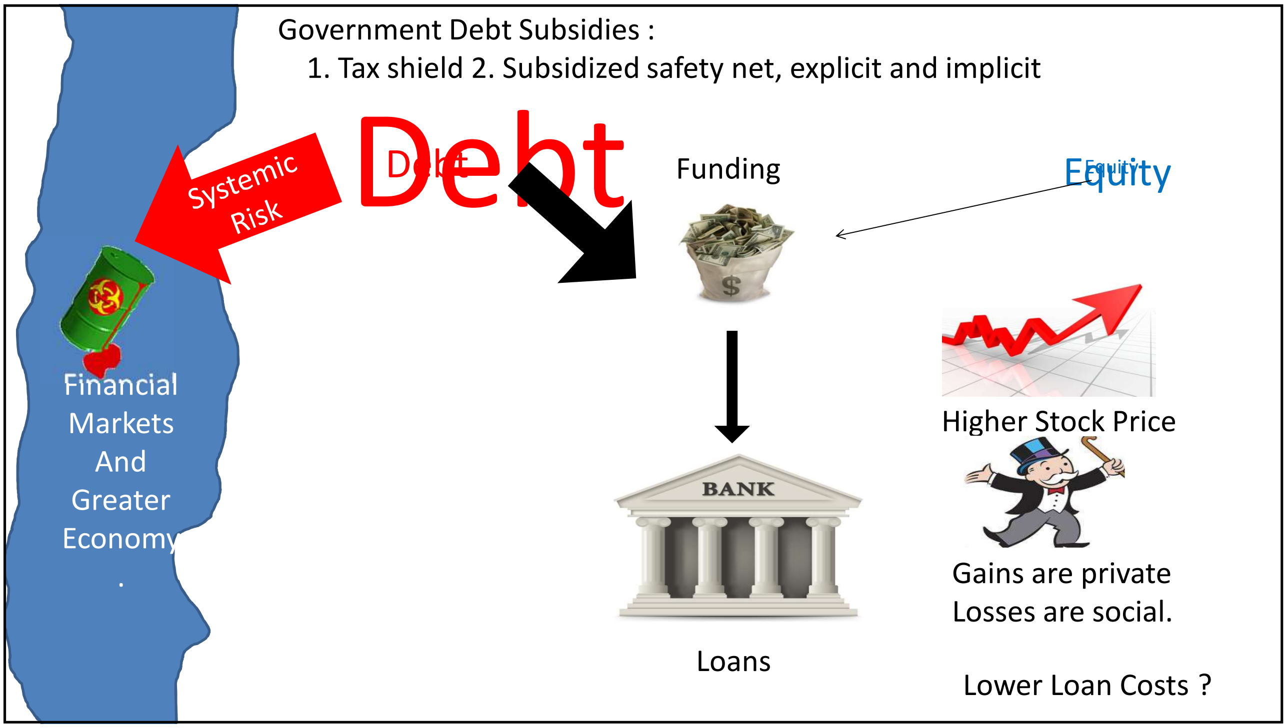
- Financial Firms
- Non-Financial Firms
- Mortgages

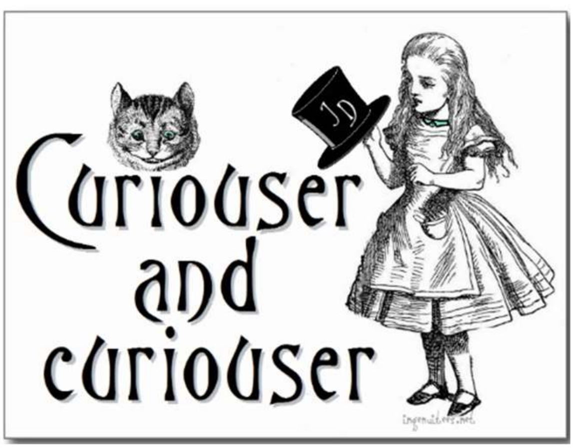
Source: Federal Reserve; Bureau of Economic Analysis; *The Economist*

**Sweden's tax loss for mortgage tax relief amounted to around SEK 20 billion in 2016.** This sum is expected to increase when interest rates rise

Riksbank Financial Stability Report, 2018






Into the rabbit hole…

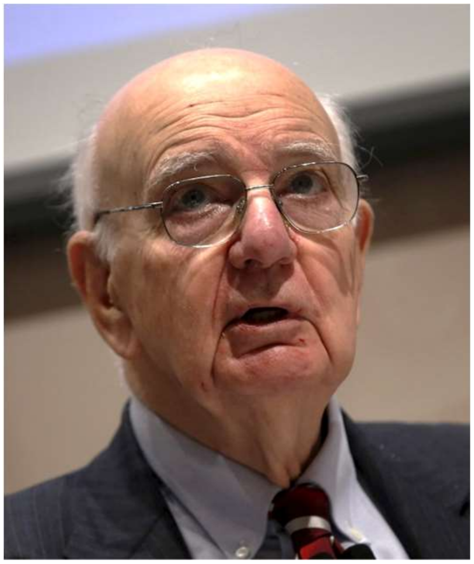
## Toxic Mix of Confusion and Politics

http://bankersnewclothes.com/

https://www.gsb.stanford.edu/faculty-research/excessive-leverage

“More equity might increase the stability of banks. At the same time, however, it would restrict their ability to provide loans to the rest of the economy. This reduces growth and has negative effects for all.”

Josef Ackermann, Deutsche Bank CEO, November 20, 2009 interview)



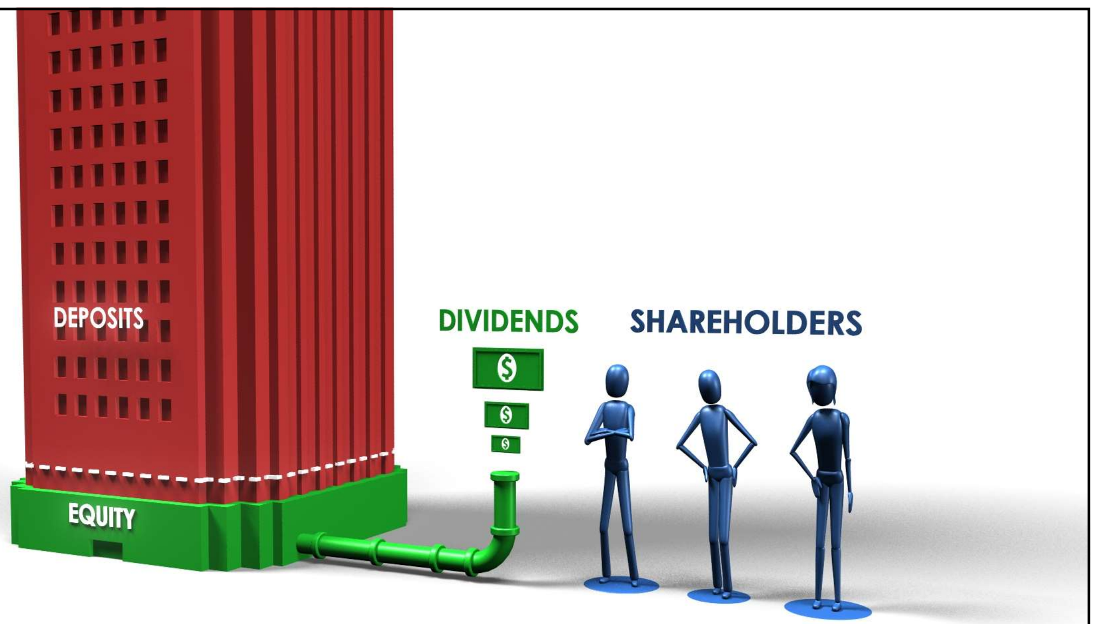
"

Just about whatever anyone proposes… the banks will claim that it will restrict credit and harm the economy….
**It's all bullshit**

Paul Volcker, January 2010

(From *Payoff: Why Wall Street Always Wins*, Jeff Connaughton, 2012)

"



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Because we 

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John Stumpf, Wells Fargo Bank CEO, 2013

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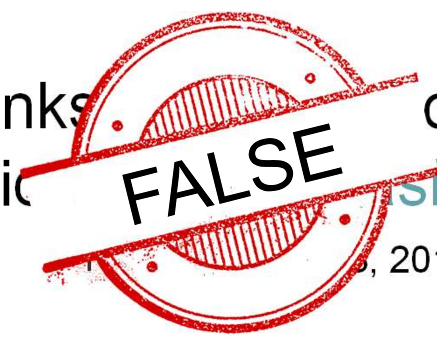
US banks 

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Steve Bartlett, Finan... oundtable, Sept 2010

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Tim Pawlenty, Financ... Roundtable, July 2015

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Banks are forc … oney and they
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FALSE

Gary Cohn, National Economic Council Director, February 3, 2017

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From Ba … Textbook

Bank capital is … the higher it
is, the lower … on equity for a
giv … ssets.

FALSE

Frederic S. Mishkin, 2013, The Economics of Money,
Banking and Financial Markets, 3rd Edition, p. 227

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Because we have substantial self-funding with consumer deposits, we don’t have a lot of debt...

John Stumpf, Wells Fargo Bank CEO, 2013

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Because we ... antial self-funding wi ... deposits, we dor ... of debt...


John Stumpf, Wells Fargo Bank CEO, 2013

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“

US banks forced to hold $68 billion in extra cash.

Telegraph. April 8, 2014

”

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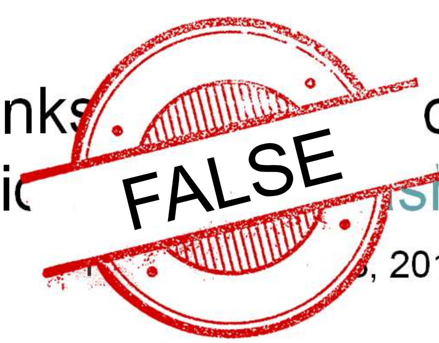
US banks 

old $68 billi sh.

, 2014

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This rule will keep
billions out of the Economy

Tim Pawlenty, Financial Services Roundtable, July 2015


This rule will keep
billions out of the Economy

Tim Pawlenty, Financial Services Roundtable, July 2015

“

## Key Person on Economic Policy
## (ex Goldman Sachs COO)

Banks are forced to hoard money because they are force to hoard capital and they can’t take any risks.. Dodd Frank prohibits them from lending.

Gary Cohn, Director of National Economic Council, February 3, 2017

”

“

Key Person on Economic Policy
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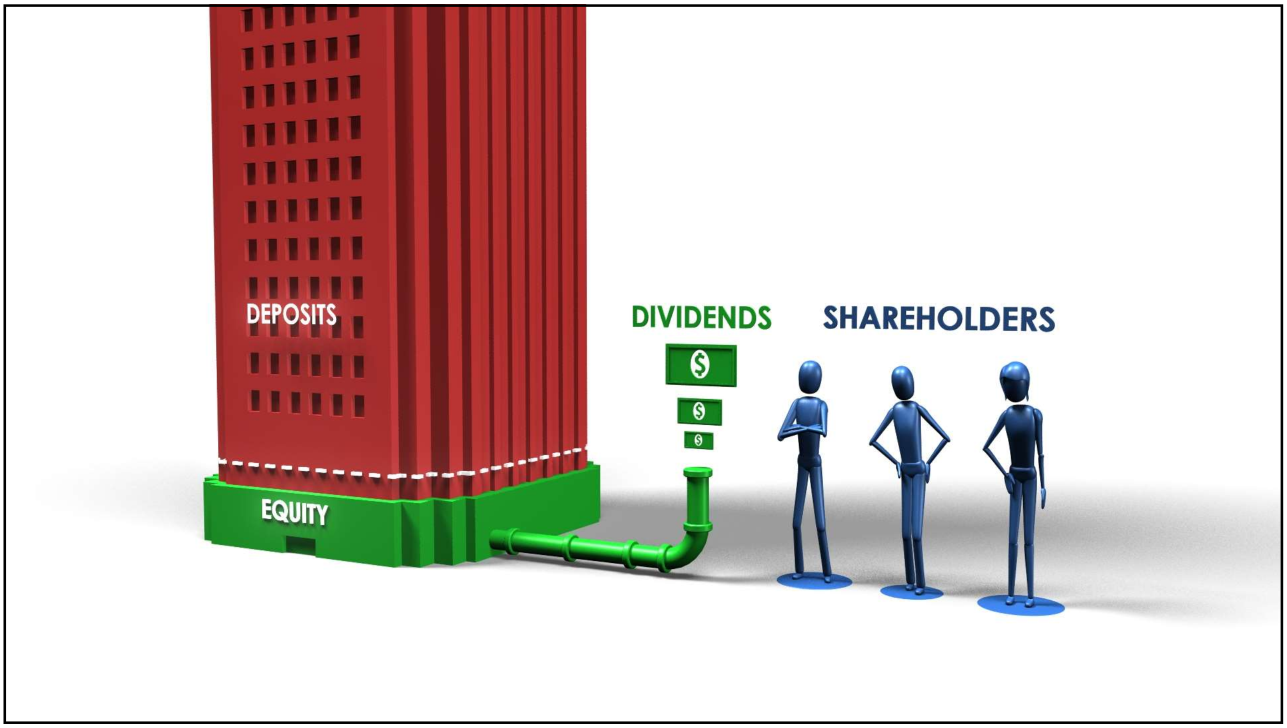


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## From Banking Textbook

Bank capital is costly because, the higher it is, the lower will be the return on equity for a given return on assets.

Frederic S. Mishkin, 2013, The Economics of Money, Banking and Financial Markets, 3rd Edition, p. 227

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## From B Textbook

Bank capital is the higher it is, the lower on equity for a giv ssets.


Frederic S. Mishkin, 2013, The Economics of Money, Banking and Financial Markets, 3rd Edition, p. 227

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## Good or Bad?

**Meaningless distinctions**

Credit

Debt

**Proper questions**

Are worthy investments funded?

Is more credit always good?

- ✓ Wasteful investments in boom
- ✓ Booms are key predictors of bust/crisis
- ✓ Debt overhangs exacerbate recession

Why subsidies debt over other funding?

- ✓ Debt subsidies create unnecessary distortions and risk
- ✓ Find better delivery for desirable subsidies!

“

Banks are still the most powerful lobby on Capitol Hill. And they frankly own the place.

Senator Richard Durbin (D-Ill), 2009

”

“

It is difficult to get a journalist
to understand something
when his access to news
depends on not understanding it.

Upton Sinclair, author

”

# Excuses, Diversions, and Spin (Flawed Claims)

"Much has been done
It's very complicated
There will be "unintended consequences"
There are tradeoffs
We must maintain level playing field
etc., etc....

"The Parade of Bankers New Clothes Continues: 31 Flawed Claims Debunked," Admati and Hellwig, revised 2015

# Politics of Banking

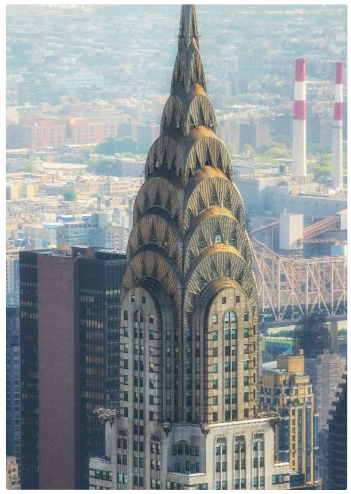
Symbiosis and "bargains" banks-governments

- "Banks are where the money is"
- "National champions"
- Guarantees appear free, invisible social cost, willful blindness
- Central banks support governments and private banks
- Banks seem sources of funding, not risk

**Banks get away with inefficient recklessness.**

## Many Enablers

- Financial sector employees (sell side)
- Institutional investors (buy side)
- Executives and boards of financial/other firms
- Auditors and rating agencies



- Supervisors and regulators
- Central bankers
- Politicians
- The media
- **Researchers/ Economists, including in academia**

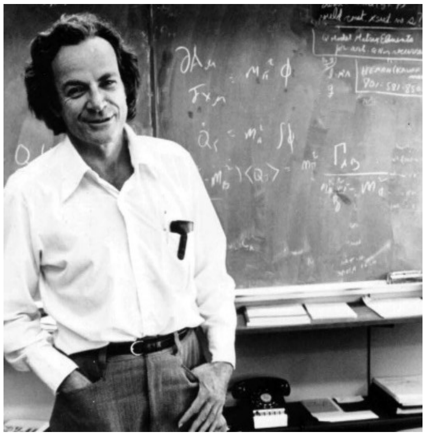
“

With such friends [as academics], who needs lobbyists?

Risk manager in a major systemic institution, 2016

”

“It Takes a Village to Maintain a Dangerous Financial System,”
Anat Admati, in *Just Financial Markets: Finance in Just Society*, Lisa Herzog (ed.), 2017



“Science is what we have learned about how to keep from fooling ourselves.”

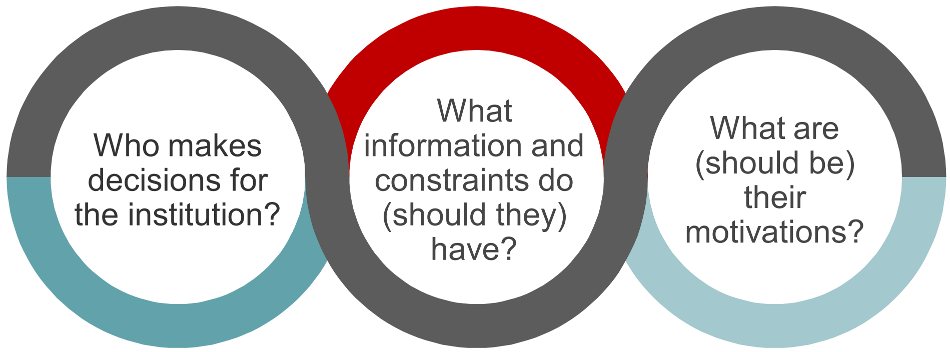
Richard Feynman

“Chameleons: The Misuse of Theoretical Models in Finance and Economics,” Paul Pfleiderer, 2014 (forthcoming, *Economica,* 2018)

Banking is an extreme example of governance and policy failures

Political bargains can *exacerbate* market failures

## Governance Questions (For All Institutions)




**Is the outcome “socially efficient?”**

## Corporations: Key Features

Abstract legal entities

Separate from stakeholders

Derive existence and legal rights from governments

- ✓ Property rights
- ✓ “Locked in” capital
- ✓ Limited liability
- ✓ Political speech (?)
- ✓ Religious (?)

“The social responsibility of managers is to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.”

Milton Friedman (1970)

“In theory, the goal of the firm should be determined by the firm’s owners….

Shareholders agree they are better off if managers maximize the value of their shares.”

*Corporate Finance*, Berk and DeMarzo, 2016

## Standard View of Corporate Governance

Corporations “owned” by shareholders

Main governance challenge:

Align managers with shareholders

- Financialized compensation
  - **Stock value**
  - **Accounting profits**
  - **Return on Equity,**

## Who are shareholders? What do they want?


Individuals or institutions?

What are their other investments?

Also employees or customers?

Ultimately citizens and taxpayers?

## The Standard Approach to Corporate Governance…

### Assumes

All markets are competitive

Contracts and "rules of society" (laws, ethics) protect all impacted others

- Employees
- Customers
- Creditors
- The public

### Ignores

Shareholders are taxpayers, may be employees, customers, creditors…

Corporations are involved in shaping rules and enforcement

The opacity of corporations

Diffuse corporate responsibility

Incentives within government institutions

Regulatory capture, revolving doors, conflicted experts ("thin political markets")

*"Yes, the planet got destroyed. But for a beautiful moment in time we created a lot of value for shareholders."*

## Governments “vs” Markets?

### False Contrast

Market    Government

### Proper questions

Which activities are best done by private sector vs public sector?

How do we ensure that governments

+ design and enforce effective rules to enable markets to work properly
+ prevent abuse of power


*Faster, Higher, Farther: How One of the World's Largest Automakers Committed a Massive and Stunning Fraud*
Jack Ewing, 2017

## “Purdue Pharma Knew Its Opioids Were Widely Abused”

(and the US government failed to intervene more aggressively)

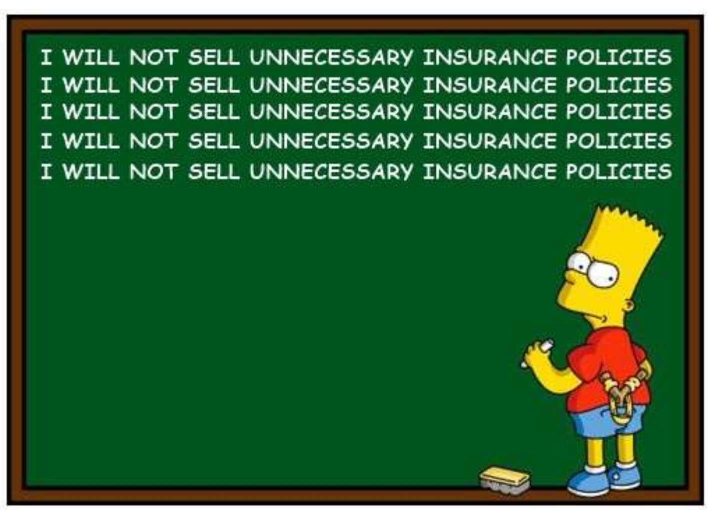
*New York Times*, May 29, 2018


## Danske’s €200bn ‘dirty money’ scandal

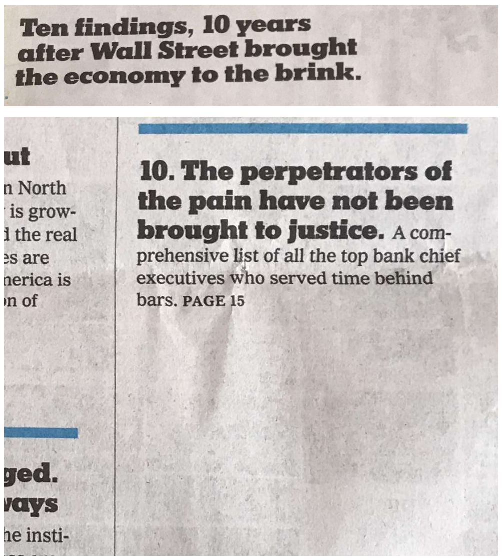
*Financial Times*, October 2, 2018

"Wells Fargo Leaders Reaped Lavish Pay Even as Account Scandal Unfolded"
*New York Times*, March 16, 2017


"Wells Fargo Hit with $1 Billion Fines Over Home and Auto Loan Abuses"
NPR, April 20, 2018




Is the justice system working in the corporate context?



Ten findings, 10 years after Wall Street brought the economy to the brink.

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**10. The perpetrators of the pain have not been brought to justice.** A comprehensive list of all the top bank chief executives who served time behind bars. PAGE 15

10. The C.E.O.s Of Wall Street Sent to Jail

intentionally left blank.

*New York Times* Business Section, September 16, 2018

## Good news: Aviation is Remarkably Safe!


FLIGHT RECORDER
TEST
NORMAL
MACH
AIRSPEED
WARNING
NO 1
STALL

# Focus on Corporations (Finance) and Society

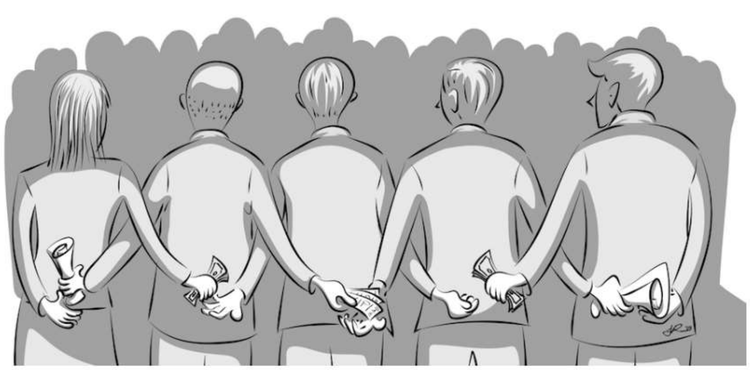
Research, teaching, advocacy, GSB Initiative

Home | Bio/CV | Research | Teaching | Advocacy | Contact

Home » Advocacy

https://admati.people.stanford.edu/advocacy

## Advocacy



I became committed to advocacy after the financial crisis of 2008, when I observed false and misleading claims prevailing over the public interest in the debate on financial regulations. I seek to expose the forces that can lead to financial crises, corporate scandals and the loss of trust in experts and institutions.

Follow @anatadmati

Advocacy by Type

- Policy Papers and Presentations
- Opinion Pieces
- Interviews and Profiles
- Media Coverage
- News Commentary

Selected Links

- 100 Most Influential People, Rana Foroohar, *Time Magazine*, April 23, 2014
- Tedx Stanford, May 20, 2014
- When She Talks, Banks Shudder, Binyamin Appelbaum, *New York Times*, August 10, 2014
- Taking on the Banks: A Conversation with Anat Admati, John Cassidy, The New Yorker, May 5, 2015
- Where is the Courage to Act on the Banks, Anat R. Admati,

THE HUFFINGTON POST

## WHAT JAMIE DIMON WON'T TELL YOU

12/04/2010 11:14 pm ET

THE HUFFINGTON POST THOMSON REUTERS ACCELUS™

An open letter to JPMorgan Chase Board of Directors

Jun 14 2011 Anat Admati

**Why the bank dividends are a bad idea**

March 14, 2012 @ 4:35 pm

By Anat Admati

The New York Times
NYTIMES.COM

Opinion | OP-ED CONTRIBUTOR

We're All Still Hostages to the Big Banks

By ANAT R. ADMATI AUG. 25, 2013

258

BloombergView

OPINION | ECONOMICS

**Where's the Courage to Act on Banks?**

Ben Bernanke and the Fed seem to have missed a key lesson of the financial crisis.

By Anat R. Admati

55 October 12, 2015, 4:00 AM PDT

National Institute Economic Review

National Institute of Economic and Social Research

No. 235 Feb 2016

**The Missed Opportunity and Challenge of Capital Regulation**

By Anat R. Admati

*Journal of Economic Perspectives—Volume 31, Number 3—Summer 2017—Pages 131–150*

## A Skeptical View of Financialized Corporate Governance

Harvard Law School Forum on
Corporate Governance and Financial Regulation

### Why Financialized Corporate Governance Works Poorly

*Posted by Anat R. Admati, Stanford University, on Wednesday, August 9, 2017*

### Financial crises, corporate scandals and blind spots: who is responsible?

LSE **blogs.lse.ac.uk**/businessreview/2018/01/25/financial-crises-corporate-scandals-and-blind-spots-who-is-responsible/

January 25, 2018

## Corporations and Society Initiative

The Corporations and Society Initiative explores the interactions between private and public sector institutions and the rest of society.

Corporations are key engines of innovation and growth. However, as they engage in their various activities and affect everyone's lives, they raise questions like these:

- What rights and responsibilities should apply to corporations and to those who control them?
- Are society's interests best served by managers focusing on "shareholder value" as measured by metrics such as stock price?
- What are the roles and responsibilities of governments as they interact in markets and as they design and enforce rules affecting everyone?

The Corporations and Society Initiative is devoted to improving our understanding of these critical issues and facilitating informed engagement to shape the future of capitalism.

**Faculty Director**

**Anat R. Admati**
Director, Corporations and Society Initiative
The George G.C. Parker Professor of Finance and Economics

Upcoming Events

Wednesday, Oct 10, 2018
6:00pm – 7:30pm

**A Conversation with John Carreyrou**
On Campus | Stanford, CA

See the Corporations and Society Visiting Speaker Series »

## Featured Reading

Blog Post

**Why Financialized Corporate Governance Works Poorly**

This post on the Harvard Law School Forum on Corporate Governance and Financial Regulation is based on Professor Admati's recent article, published in the Journal of Economic Perspectives.

Journal Article

**Why the Assholes are Winning: Money Trumps All**

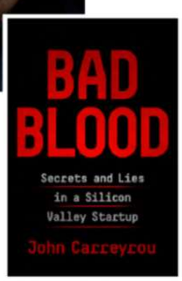
For all the lofty values and leadership aspirations we profess to hold, there is precious little evidence that real choices and behaviour, or even hierarchies of status and awards, reflect what we espouse.

**Staff Director**

Graham Steele
Director
Email

**2018–19 Student Leadership Team**

Scott Lowenstein
Karin Underwood
Owen Minoru Wurzbacher
Kate Wharton




# A conversation with John Carreyrou

INVESTIGATIVE REPORTER, *THE WALL STREET JOURNAL* AND AUTHOR, *BAD BLOOD: SECRETS AND LIES IN A SILICON VALLEY STARTUP*

Wednesday, October 10
6:00pm: Reception
6:30–7:30pm: Talk
CEMEX Auditorium | Ticket Required
*Overflow rooms will be available*

Presented by the Corporations and Society Iniatiative and the Rock Center for Corporate Governance