Problematizing revolving doors: conflicts of interests, regulatory capture and habitus convergence

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Abstract

Focusing on investment banks in the financial sector, this paper aims at understanding the underlying dynamics of convergence amongst interests and worldviews between regulatory institutions and regulated organizations. The concept of revolving doors between public and private sectors will appear as problematically central, especially considering that their intensification in the last 30 years. Using Bourdieu's framework, we will consider these continuous revolving doors as strong participants to the convergence of actors' habitus between financial corporations and their regulatory institutions.

Working paper

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> “American society experienced a virtual explosion in government regulation during the past decade (…) The result has been higher prices, higher unemployment, and lower productivity growth. Overregulation causes small and independent business men and women, as well as large businesses to defer or terminate plans for expansion (…)
>
> Now, we have no intention of dismantling the regulatory agencies, especially those necessary to protect environment and assure the public health and safety. However, we must come to grips with inefficient and burdensome regulations, eliminate those we can and reform the others.”
>
> Ronald Reagan,
> Address Before the Congress
> February 18, 1981

The latest financial meltdown, the “subprime crisis”, has once again brought a public distrust toward multinational corporations. Since then, several social movements, such as the “99%” or “Occupy Wall Street”, show how strong is the feeling of disconnection between the “top” and the “base” in our democratic societies. Today, many agree on the existence of a global problem in elites endogenous re-production, which leads to homogeneity amnogst political and economic leaders. The “subprime crisis” and the following crisis of sovereign debts has revealed a striking tendency for government officials to have previously collaborated with and been employed by the very organizations they now regulate. This tendency has been denounced in many sectors, but finance displays one the current strongest pattern. For example, the last chapter of Roche (2012) on the investment bank Goldman Sachs offers a striking synthesis:

Chapter XXX "What have they become."		
	Used to be…	*Before…*
Robert Rubin	Co-Chairman of Goldman Sachs (1990-1992)	Becoming Secretary of the Treasury (1995-1999) for the Clinton administration
Stephen Friedman	Co-Senior Partner of Goldman Sachs (1990-1994)	Becoming head of the New York federal reserve (2008-2009)
Jon Corzine	CEO of Goldman Sachs (1994-1999)	Being elected senator of New Jersey (2001-2006)
Joshua Bolten	Head of legal affairs at Goldman Sachs in London (1994-1999)	Becoming the White House's chief of staff for George W. Bush (2006-2009)
Reuben Jeffery	Managing partner of the Goldman Sachs Paris office (1997-2001)	Being nominated chairman of the Commodity Futures Trading Commission (2005-2007)
John Thain	Co-COO of Goldman Sachs. (1999-2004)	CEO of the New York Stock Exchange (2004-2007)
Hank Paulson	CEO of Goldman Sachs (1999-2006)	Becoming Secretary of Treasury (2006-2009)
Neel Kashkari	Vice President of Goldman Sachs & Co. in San Francisco (2002-2009)	Being put in charge of TARP, President W. Bush's plan to save the banking industry
Petros Christodoulos	Trader for Goldman Sachs	Running the Greek Debt Agency and becoming n°2 at the National Bank of Greece

Considering that Goldman Sachs is far from being the only corporation in which revolving doors are used, it is astonishing how predominant this phenomenon is; and how available these information are to the public. It is not a limited, temporary circulation between some public agencies and multinational corporations; managers, partners and CEOs of the financial sector found themselves highly involved within the very public institutions that regulate finance. However, one should not hastily jump to the conclusion that revolving doors inherently imply lies, embezzlements or misappropriations.

This phenomenon of revolving doors is now well documented, produces distrust and tends to reinforce conspiracy theories - especially when one considers its extension to so many sectors: oil, pharmaceutical, military, finance, chemicals, etc. Yet, simply forbidding revolving doors is generally seen as problematic in most of the academic literature on the subject, even the most critical. Some scholars even strongly advocates for its existence and advantages. Acknowledging these different perspectives, the aim of this article is to problematize revolving doors without predicating systematic misappropriations, misconducts, embezzlements or coordinated conspiracies.

In a first time, I will examine the literature on revolving doors, focusing on the different issues raised and their eventual solutions. Two phenomenon will be distinguished for analytical proposes: one-way revolving doors (with their related issues of conflicts of interests and regulatory captures) and continuous revolving doors. The latter will lead to theorize what I will call "habitus convergence". In a second time, four case studies of official, discreet and secret meetings during the subprime crisis in 2008 will be presented. We will see how a striking and constant practice of round-trips between Wall Street and Washington has established a deeper connexion between actors, far beyond mere mutual acquaintances. Finally, we will discuss the implication of this convergence in terms of political and business elites.

Circulating between public and privates sectors: one-way or round-trip?

The phenomenon of revolving doors - defined as the circulation of personnel between regulatory institutions and regulated organisations - is not a new issue, neither is it a secret conspiracy. For a long time now, there has been a circulation of personnel between the private and public sectors. That is partly why, for example, many public servants' assets are disclosed and why profiles and careers are rendered public. In the example of the financial sector, even if many details remain unknown, several accounts of both events and actors have been made in many books (references) and documentaries (Too big to fail, etc). These information have strongly contributed to public distrust and conspiracy theories. Yet, revolving doors also have upsides that shouldn't be forgotten or denied. Therefore, a closer understanding look is needed. To problematize more revolving doors as accurately as possible, I analytically distinguish two practices: one-ways and round-trips. In doing so, I will examine the different issues raised and the solutions that have been found to address them.

One-way revolving doors: conflict of interests and risks of regulatory capture

Part of a regulatory agency's activity is to analyse information provided by corporations regarding new products and services, and to approve or reject their access to the public, mainly through the market. Considering the level of complexity of activities of both private sector corporations and regulatory institutions, finding a porous frontier between the two is not altogether surprising, or even completely problematic. Indeed, revolving doors allow industry veterans to offer their experience and knowledge in order to improve regulations (Che, 1995). And, in the other direction, former public servants can provide corporations with a better understanding of the subtleties of political, administrative and regulatory processes (Salant, 1995). Moreover, lobbyists are traditionally recruited either for their expertise of the private sector or their connexion in the public administrations, constantly bringing together actors from both sides of that porous frontier[1]. All in all, the circulation is well known and well documented. Yet, arguments and issues remain about the existence of these revolving doors.

The first classical - and obvious - issue is the rise of conflicts of interests. Considering the gigantic amounts of money circulating, it is unsurprising that democratic societies have been concerned with having public servants being biased. Although it can happen without revolving doors (as in the case of any bribery for example), a revolving door triggers the possibility for actors to know each other and facilitate the "understandings" and other "arrangements". In order to prevent misconducts, such as personal and illegitimate enrichments, the US government imposes asset disclosure to many public employees, along with codes of conducts and strong anti-corruption laws. This allows monitoring if public servants and elected officials have used their positions to benefit from it. Although this does not address important issues (i.e. hopes or promises of future rewards), it provides to the public some kind of control over abuses of positions. Indeed, despite the many rules in place to prevent conflicts of interest (asset disclosure, interdiction of private investment in regulated sectors), the multiple scandals over the last decades have proved that the revolving doors phenomenon remains problematic.

Asides from conflict of interests, many worries have arised from the fact that the circulation of personnel could alter the objectivity, honesty and transparency of regulatory processes and decisions – far beyond the mere issue of direct bribery. Indeed, this circulation presents the risk of regulatory capture, favouring industries' interests when they differ from the public interest (Stigler, 1975; Peltzman, 1976; Dal Bo, 2006). It could lead to what Fung (2007) called "tyranny of a minority faction", or an "expert tyranny" (Dahl, 1989). Consequently, revolving doors could be regarded as a mode of stabilising lobbying practices, which places corporations at the very heart of democratic institutions. As of today, regulatory committees tend to base their decisions on a model of objectivity in which only experts, specialists, elected officials and scientists offer information. However, as "objective" as this process appears to

[1] According to Eggan & Kindy (2010), three of every four oil and gas lobbyists in Washington used to work for the federal government.

be, it is problematic when revolving door dynamics are taken into account. Indeed, the idea of experts as value-neutral agents who would be carriers of objective analysis and independent proposals is an illusion since any knowledge belongs to epistemic communities, which frames the interests, beliefs, desires, projects and values of its members. According to Meghani & Kuzma (2011), it would be best to find a new approach to attaining objective regulation by inviting heterogeneous sets of stakeholders to participate in decisions and deliberations, i.e. consumer groups, environmentalists, unions, etc. They build on Harding (1998; 2004) to advocate in favour of adopting what she calls "strong objectivity". Inspired by scientific work, this notion is based on the double-blind evaluation and peer-review process. It is not about ignoring values, beliefs and interests, but rather about identifying and questioning them. Applying strong objectivity in public regulation would lead to an implication of multiple stakeholders and public deliberations during which questions of values and interests are exposed and discussed (Meghani & Kuzma, 2011).

To do: strengthen the literature on regulatory capture

Continuous revolving doors: definite regulatory capture and habitus convergence

When one-ways between the public and private sectors become round-trips, the revolving doors start to continuously turn. In cases of constant back and forth circulation between regulatory institutions and regulated organization, we will use the term "continuous revolving doors". The one-way circulation from private sector to regulatory institutions, or the other way around, raised political and ethical questions and resulted in different answers. For a public servant to enter the private sector after completion of his or her mandate is more than understandable; it is the round-trip that raises legitimate concerns.

Through continuous revolving doors, actors come not only to know one another, but to get acquainted, to collaborate, to resemble one another. The risks of regulatory capture become extremely strong: how can values and interests be clearly separated if actors go back and forth between the two sides of negotiation tables? Slowly, a community is built in which actors come to share values, worldviews, interests and beliefs. After a while, they tend to spontaneously see situations from the same perspective. When this community blurs the line between private and public sectors, regulatory processes become "objectively" biased – and captured -, far beyond establishing illegitimate arrangements, providing unofficial information or returning favours. Indeed, even if rules can be passed to frame regulatory decisions, continuous revolving doors lead to the homogenisation of a "moral community" that does not delineate a clear frontier between private and public sectors. In many cases, these continuous round-trips with regulatory institutions have become an intentional and intense strategy.

To do: develop regulatory capture and moral community
Transition toward habitus convergence

Revolving doors: issues, answers and impasses

		Issues	*Potential answer*
One-ways		Lobbying	Regulations enforcements and anti-bribery laws Codes of conducts for public servants
One-ways		Conflicts of interest	Asset disclosures for government officials (before office entry, plus regular reporting)
	Round-trips	Regulatory Capture	Strong objectivity by inviting heterogeneous stakeholders to transparent decision processes
	Round-trips	Habitus convergence	…

Habitus convergence

To do: introduction
and more articulated synthesis on habitus

The bourdieusian concept of habitus

In Bourdieu's conceptual framework, the habitus is the repertory of dispositions of an actor acquired through socializations, and his or her practices are the products of a situational dialectic between social structures (codes, constraints, field) and this habitus. Slowly acquired, the habitus is the result of a learning sedimentation within the context of a field, through a process of "interiority exteriorizing and interiorizing exteriority" (Bourdieu, 1972: 262). It allows for actors to act and react while remaining objectively adapted to the logic of this field. These relevant adaptations are made by actors through an economy of reflection, an impression of spontaneous reflexes. Consequently, actions will neither be products of pure external constraints, nor results of rational calculations. Habitus are both constraints of actors' cognitive frames (allowing them to see and understand their environment) and capacities that render their actions adapted and relevant in the framing field. Our habitus is a set of durable dispositions that we embody by and for action, through our successive socializations.

Practices have field-acquired habitus as generative grammars (Golsorkhi & Huault, 2006), allowing "to face unpredictable and constantly renewed situations" (Bourdieu, 1972: 257). This capacity to spontaneously and instantaneously adapt is accompanied, through time and habitus constitution, by a blindness that renders practices taken-for-granted, unquestioned, automatic. In the meantime, a practical sense arises, an ability to spontaneously adjust one's actions relying on one's habitus. Once this sense is acquired, actions and reactions become natural and actors act accordingly without even thinking about it. "Every agent has a practical, embodied knowledge of his/her position in the social field" (Bourdieu, 1997: 220). Yet, this practical sense is not an infallible instinct, it is a disposition slowly fashioned through social experiences. By the end, "nothing is both more free and more constraint than the action of a good player" (Bourdieu, 1987: 80). Actors who share social experiences and trajectories tend to have similar practical senses, similar habitus and will therefore be able to "play together" and adjust with an illusion of ease and coordination.

Orchestration without coordination

"Habitus, (…) as generating and structuring principles of practices and representation, can be objectively regulated and settled without at all being produces by compliance to rules" (Bourdieu, 1972: 256). Actors who share similar habitus will exhibit convergences in behaviours, interests and positions, which can perfectly be synchronous "without being the outcome of the organizing action of a conductor" (Bourdieu, 1972: 256). This synchronism without synchronizers is all the more surprising that habitus themselves are generating strategies, which gives an impression of tactics and coordination. "The habitus is at the origin of a series of strokes which is objectively organized as strategies without at all being produces by a strategic intention" (Bourdieu, 1972: 257). It does not mean an absence of coordination or communication, but rather that the impression of organization does not ultimately rely on a a hidden strategy or a conspiracy. These strategies rely on a "semi-formalized wisdom (…) subconscious principles of the ethos (that) determine 'reasonable' and 'unreasonable' conducts" (Bourdieu, 1972: 259). Oppositions and convergences do not only proceed from rational analysis and strategies, but also from simple propensities inherited from similar positions in the field leading to convergent habitus.

Habitus are repertories that integrate regular dimensions of individual trajectories, and thus will emphasize proximities between actors whose characteristics are close, without coordination or organization. As repertories, they function on the basis of "analogical schemes' transfers, allowing to find solutions to similar problems" (Bourdieu, 1972: 262). Consequently, convergences can be incidental, ephemeral and emergent, as well as appearing as a form of societal and enduring synchronised swimming. These convergences are shaped during actors' socializations, such as family education, college education or professional experience. Indeed, there is a continuity of habitus between actors of a same generation, of a same environment, of a same group. This produces an apparent synchronisation between actors with similar social backgrounds, even if they have never met. Consequently, synchronisms are not outcomes of "the mysteries of pre-established harmony" or a "conscious consultation", but are rather produced by a shared senses of actors with a similar backgrounds and trajectories. Moreover, it is a certain degree of homogeneity of habitus that will allow coordinated actions to arise, without a complex, burdensome coordination that would render them unmanageable.

"As long as we ignore the true principle of this orchestration without conductor that impart regularity and unity to practices of a group or class, this in the very absence of any spontaneous or imposed organization upon individual projects, we are condemned to a naïve artificiality which does not recognize any other unifying principle that the organizing or extraordinary of a group or a class through conscious and meditated consultation of a conspiracy" (Bourdieu, 1972: 265). Consequently, habitus harmonization, and thus the seemingly coordination of social practices, can be achieved without communication or direct interactions. It can even be achieved without the direct and conscious implication of actors. If their active participation allows to maintain the system bringing them closer, coordination mechanisms remain that are "always more or better attuned that agents know or want (…) Habitus is the universalizing mediation through which practices are, without any explicit or significant reason of a singular agent, sensible, reasonable and objectively orchestrated" (Bourdieu, 1972: 271-273).

Habitus convergence

Actions are never completely pre-determined or socially dictated, but actors carry propensities that are socially acquired. In the case of institutionalized practices, habitus allows for understanding both collective regularities and local relevant adaptations. "Practices of members of a same group (…) are given with an objective sense, both unitary and invariable, transcending subjective intentions and conscious, individual and collective, projects" (Bourdieu, 1972: 274). To understand these collective regularities and appearances of coordination, taking habitus into account leads to looking at similarities in socializations such as education and professional trajectories. Analysis can therefore not be limited to the individual level and have to include the field in which unfold meaning and coordination that actors often do not see or forget. It allows for an understanding of the *a priori* harmony between aesthetic tastes (despite being fundamentally individually experienced) or "ethical inclination" (Bourdieu, 1972: 277). Consequently whereas being always contingent, habitus allow for actors to both mobilize their past experiences and be synchronized without conscious coordination between actors.

We call "habitus convergence" the social process through which emerges a "homology between members' habitus of a same group or class" (Bourdieu, 1972: 284). This gradual integration and embodiment of exterior elements (values, constraints, rules) is achieved through "structural exercises" (Bourdieu, 1972 : 288) that can encompass intuitive trial-errors as well as explicit displays, informal interactions or personal observations. Mastering social schemes comes from an education and a socialization that, if not always consciously organized, is never insignificant in a group. Consequently, rituals, ceremonies, traditions and myths, function as symbolic prescriptions, collectively guiding actors in their individual trajectories and experiences. The influence if this convergence process is not only cognitive, it also educates bodies, intuitions, tastes and values.

Through this convergence, habitus will become the ground of "an implicit collusion between all actors who are produced through similar conditions and conditionings" (Bourdieu, MP : 209). Consequently, habitus allows understanding how actors' practices are intuitively and immediately adjusted to the logic and order of a field, with the appearance of reflexes. "Habitus spontaneously orchestrated among themselves and pre-adjusted to the situations in which they operate and of which they are the product tend to produce sets of actions which (…) are roughly attuned to each other and in accordance with the interests of the agents concerned" (Bourdieu, 2000: 145).

In the present article, the convergence of habitus brought by continuous revolving doors leads to problematizing the phenomenon without predicating misconducts. Through continuous revolving doors, a community of spontaneously agreeing decision-makers emerges from both sides of the private/public frontier. Therefore, using revolving doors as an intentional and intense strategy, corporations have secured themselves socially and morally by embedding safeguards around regulatory processes that cannot be easily dismantled.

Four accounts of the structuring and constant round-trips between Washington and Wall Street

The aim of this paper is not to “prove” revolving doors (the phenomenon has been widely documented and theorized) but to show how they can be understood and problematized through habitus convergence. Considering the importance of the “subprime crisis” in terms of consequences and implications (for the financial sector, for regulatory processes, for business education), I chose it as an illustrative context. The month of September 2008 has been important for Washington and Wall Street, going from the bankruptcy of Lehman Brother to vote of the TARP in Congress, the US economy almost collapsed. During these few weeks, many meetings and phone calls have been made between important actors, both from public and private sectors, to imagine, negotiate and propose solutions. Consequently, this period is utmost relevant in our case.

Methodology

Too big to fail: detailed and legitimate account of the few days between the collapse of Lehmann Brothers to the TARP passing congress in 2008

Day-to-day, fly on the wall narrative of public, official, unofficial, discreet and secret meetings

I chose four cases that illustrate both revolving and the role of convergences and divergences of actors’ habitus:

Four accounts to understand the effects of revolving doors

	Saving Lehmann	*Brainstorming and brain-picking*	*Formulating the TARP*	*Negotiating the TARP*
Date	September 13-15			September, 18
Place	New York Federal Reserve	Meetings and phone conversations	Offices of the Secretary of Treasury	Congress ?
Actors	Timothy Geithner	Hank Paulson	Hank Paulson	Frank Barney (D., Massachussets)
	Hank Paulson	Ben Bernanke	Neel Kashkari	Chris Dodd (D.,

			Connecticut
Neel Kashkari	Tim Geithner	Philip Swagel	Richard Shelby (R., Alabama)
Christopher Cox	Warren Buffett	Dan Jester	Nancy Pelosi (D., California)
John Thain (Merryll Lynch)		Jim Wilkinson	Harry Reid (D., Nevada)
Vikram Pandit (CityGroup)		Michel Davis	Hank Paulson
John Mack (Morgan Stanley)			Ben Bernanke
Jamie Dimon (JPMorgan Chase)			
Lloyd Blankfein (Goldman Sachs)			

Saving Lehman

During the week of September 8th, the investment bank Lehman Brothers is in free fall on the stock market. Between the previous "affairs" of the Bear Stern bailout, the rescue of Fanny Mae and Freddy Mac, panic and distrust starts contaminating the market beyond the only financial sector. Considering the ramification and potential collateral damages, the US Treasury Department, the Federal Reserve Bank of New York and the Stock and Exchange Commission start looking for responses. Hank Paulson, the Treasury Secretary refuses to consider another government bailout and wants to impose an private sector solution.

On Saturday September 13th, the 5 CEOs of the main investment banks are called to the Federal Reserve Bank of New York: John Thain for Merrill Lynch, Vikram Pandit for CitiGroup John Mack for Morgan Stanley, Jamie Dimon for JPMorgan Chase and Lloyd Blankfein for Goldman Sachs. This official goal for this discreet, high-level meeting is to help either Bank of America or Barclays to buy Lehman Brother out. One has to remember that although Lehman is one of their competitors, the complex interdependencies between render a bankruptcy problematic for the all sector. Consequently, the 5 CEOs are not completely unwilling to help. On the public side of the table are: Timothy Geithner of the Federal Reserve Bank of New York, Hank Paulson for the Secretary of the Treasury, along with his assistant Neel Kashkari, and Christopher Cox for the SEC. The following table syntheses their background:

Actors' professional trajectories on the public side

Dates		*Institutions*	*Types*
Timothy Geithner			
2013	-	Warburg Pincus	Private Finance
2009	2013	US Treasury Department	Public
2003	2009	Federal Reserve Bank of New York	Public
2001	2003	Council on Foreign Relations	Think Tank
1988	2001	US Treasury Department	Public
1985	1988	Kissinger Associates	Private Consulting
	1985	M.A. from John Hopkins University	Education
	1983	A.B. from Dartmouth College	Education Ivy League

Henry Paulson			
2011	-	Paulson Foundation	Foundation
2010	2011	John Hopkins University	University
2006	2009	US Treasury Department	Public
1982	2006	Goldman Sachs	Investment Bank
1972	1973	US Administration	Public
1970	1972	Pentagon	Public
	1968	A.B. in English from Dartmouth College	Education Ivy League
Neel Kashkari			
2009	-	Pimco	Private finance
2006	2009	US Treasury Department	Public
2003	2006	Goldman Sachs	Investment Bank
	2002	Wharton School, University of Pennsylvania	Education Ivy League
Christopher Cox			
2010	-	Bingham McCutchen LLP	Private Law
2005	2009	Chairman of the SEC	Public
1989	2005	US House of Representatives	Public
1986	1988	White House	Public
1977	1986	Latham & Watkins	Private Law
	1977	J.D. from Harvard Law School	Education Ivy League
	1977	M.B.A. from Harvard Business School	Education Ivy League
	1973	B.A. at the University of Southern California	Education

Actors' professional trajectories on the private side

Dates		*Institutions*	*Types*
John Thain			
2010	-	CIT Group	Private Finance
2007	2009	Merrill Lynch	Investment Bank
2004	2007	New York Stock Exchange	Private Finance
1985	2004	Goldman Sachs	Investment Bank
	1979	M.B.A. from Harvard Business School	Education Ivy League
	1977	B.S. from MIT	Education

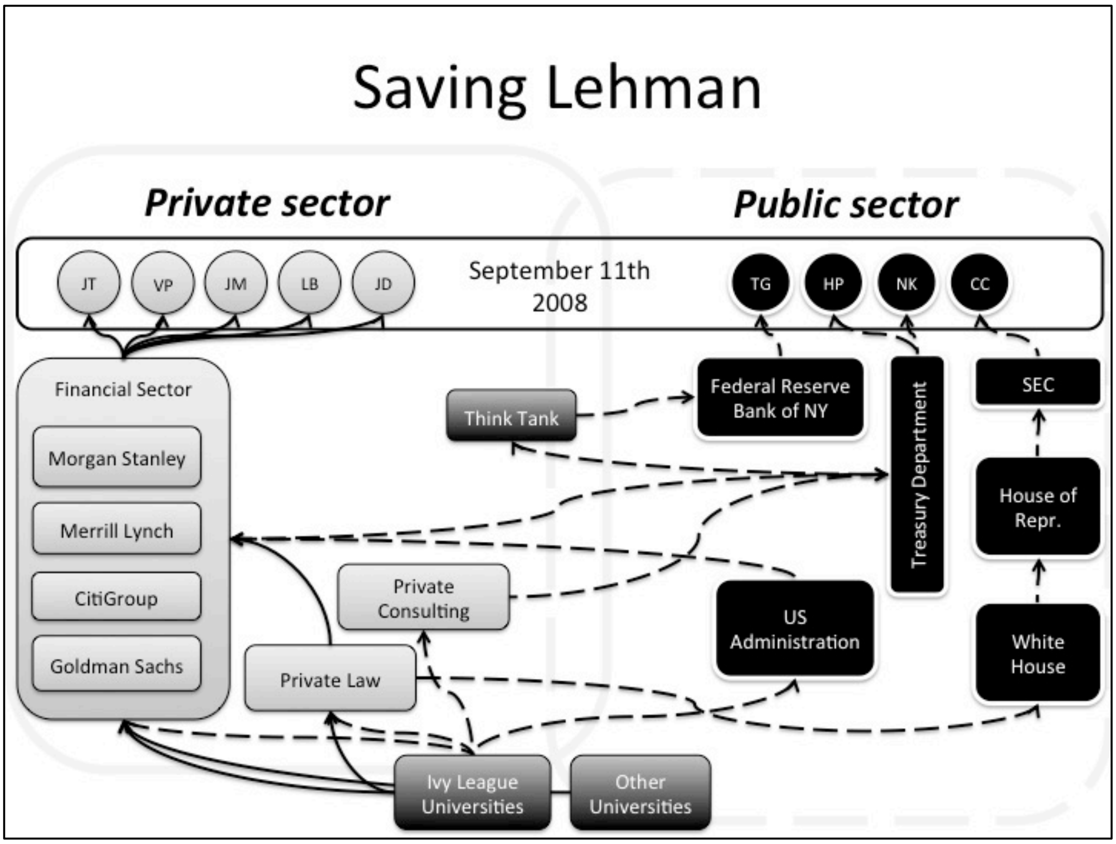
Vikram Pandit			
2012	-	TGG Group	Private
2007	2012	Citigroup	Investment Bank
2006	2007	Old Lane LLC	Private Finance
1983	2005	Morgan Stanley	Investment Bank
	1986	Ph.D. from Columbia Business School	Education Ivy League
	1980	M.B.A. from Columbia Business School	Education Ivy League
	1977	BS and MS from Columbia University	Education Ivy League
John Mack			
2005	2009	Morgan Stanley	Investment Bank
2001	2004	Credit Suisse	Private Finance
1972	2001	Morgan Stanley	Investment Bank
	1968	Graduated from Duke University	Education
Lloyd Blankfein			
1981	-	Goldman Sachs	Investment Bank
		Donovan, Leisure, Newton & Irvine	Private Law
		Proskauer Rose	Private Law
	1978	PhD in Law from Harvard	Education Ivy League
	1975	Master in Law from Harvard	Education Ivy League
Jamie Dimon			
2004	-	JPMorgan Chase	Investment Bank
2000	2004	Bank One	Private Finance
1998	2000	First Chicago Corporation	Private Finance
	1998	Citigroup	Investment Bank
1985		Commercial Credit	Private Finance
1982	1985	American Express	Private Finance
1981	1981	Goldman Sachs	Investment Bank
	1982	MBA from Harvard Business School	Education Ivy League

When everybody arrives on the morning of September 13th, practically everyone knows the other around the table. As the former CEO of Goldman Sachs, Hank Paulson is more than close to John Thain who was is number in the investment bank at that time, and obviously to Lloyd Blankfein, his replacement. Yet, this does not mean that he will be any less harsh. As a matter of fact, according to the accounts of that meeting, he appears to be the more direct and demanding than the other public sector officials in the room. As a former banker, he knows how to negotiate with his former counterparts. And when Christopher Cox starts to appeal to the patriotic fibre of the 5 CEOs, Paulson cuts to the chase because he knows how unproductive it would be. The overall impression of that meeting is that acquaintances do not automatically lead to convergences. Hank Paulson uses his past knowledge and experience to leverage the negotiation: "I did the last one, you are going to do this one".

Paulson comes close to ordering Lehman to file for bankruptcy, which Christopher Cox is uncomfortable with. He refuses to order.

Cox advocates to consider the appropriate role of government here. Paulson bullies him. Cox states that he doesn't have the power to order a company to file

The bankruptcy of Lehman was seen by the public as a strong regulatory position against the private sector. Revolving doors doesn't necessary mean pro-business decisions. Yet, it leads to blindsided decisions because done by a morally homogeneous group.


Saving Lehman
Private sector
Public sector
JT
VP
JM
LB
JD
September 11th
2008
TG
HP
NK
CC
Financial Sector
Morgan Stanley
Merrill Lynch
CitiGroup
Goldman Sachs
Think Tank
Federal Reserve
Bank of NY
Treasury Department
SEC
House of
Repr.
Private
Consulting
US
Administration
White
House
Private Law
Ivy League
Universities
Other
Universities

Brainstorming and brain-picking

Narrative presenting the episode and the stakes

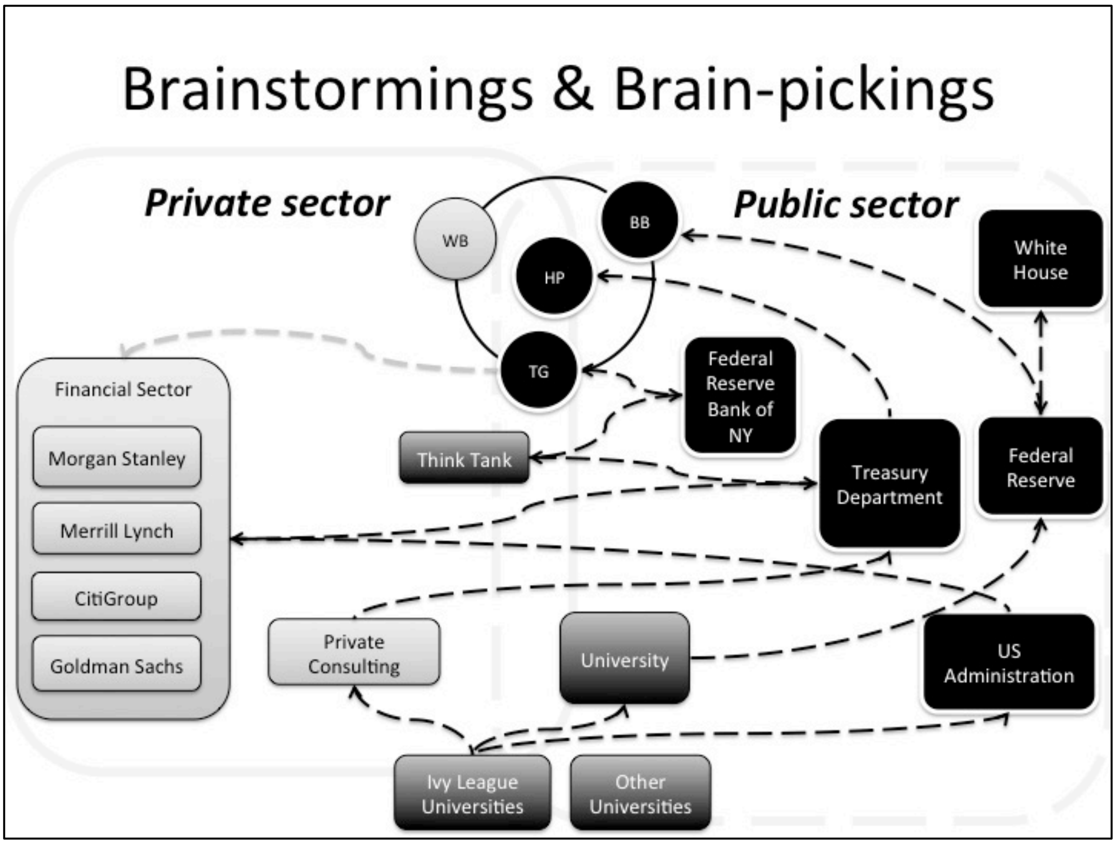
List of actors: table

Analysis of connexions and acquaintances

Ben Bernanke and Hank Paulson have weekly breakfast meetings at the federal reserve

Hank Paulson more demanding than Geithner

Synthesis of trajectories:



Preparing the TARP

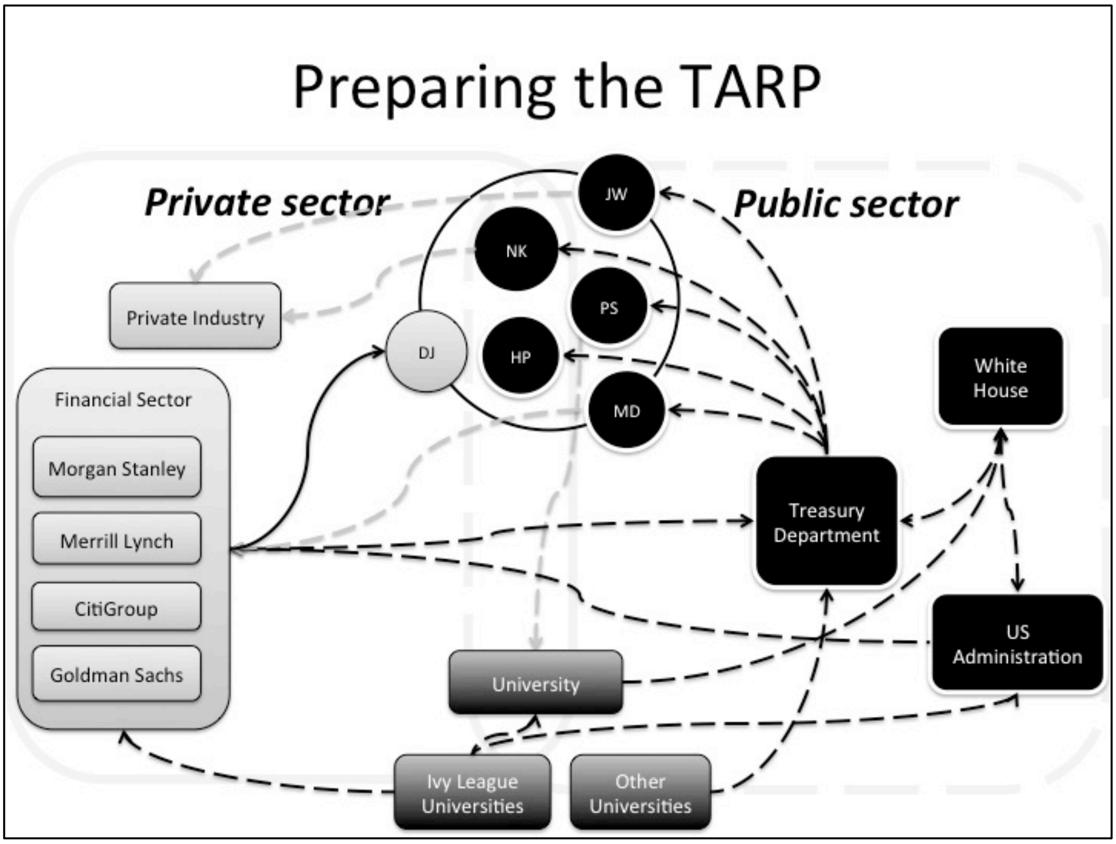
Narrative presenting the episode and the stakes

List of actors: table

Analysis of connexions and acquaintances

Michele Davis: and what do I say when they ask me why it wasn't regulated? Paulson: no one wanted it. They were making to much money

Synthesis of trajectories:



Negotiating the TARP

Narrative presenting the episode and the stakes

List of actors: table

Congress Negotiations:, presenting the initial project of TARP with no oversight:, Ben Bernanke, Frank Barney (Democrat, Massachusetts, Chairman, House of Financial Services Committee)Chris Dodd (Democrat, Connecticut, Chairman, Senate Banking Committee), Richard Shelby (Republican, Alabama, Ranking Member, Senate Banking Committee), Nancy Pelosi (Democrat, California, Speaker of the House), Harry Reid (Democrat, Nevada)

Analysis of connexions and acquaintances

Synthesis of trajectories: