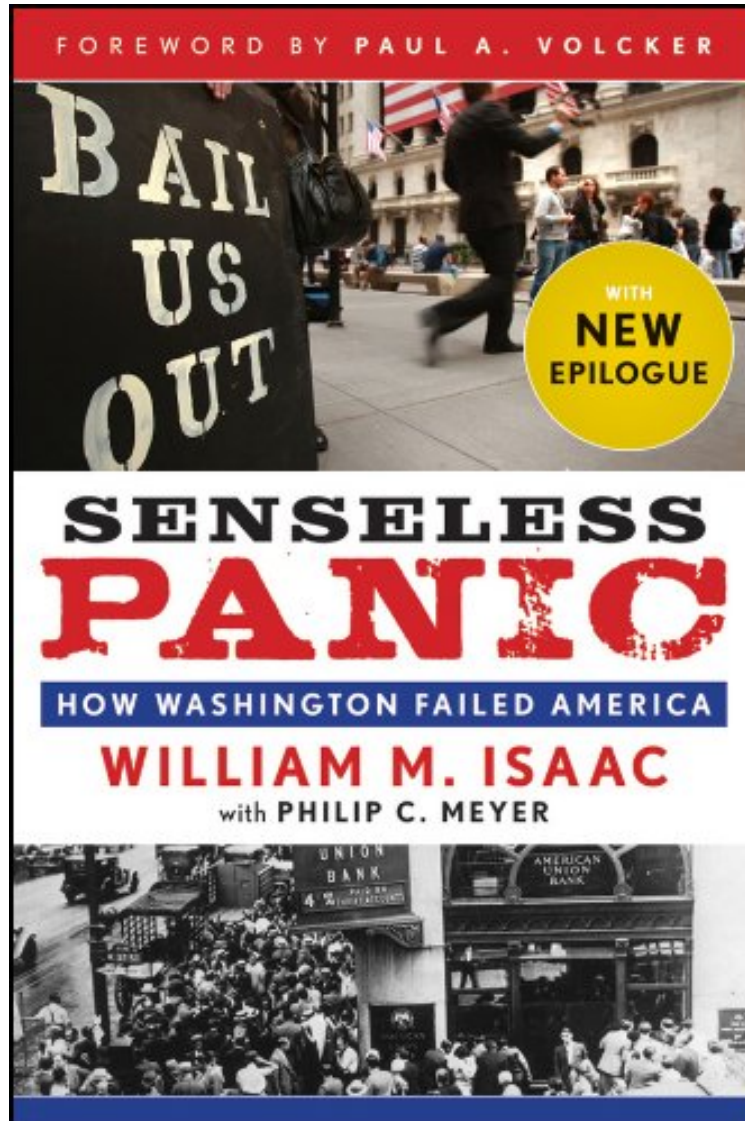


## Senseless Panic: How Washington Failed America

*William M. Isaac*

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**William M. Isaac : Senseless Panic: How Washington Failed America** before purchasing it in order to gage whether or not it would be worth my time, and all praised Senseless Panic: How Washington Failed America:

7 of 7 people found the following review helpful. Quintessential Isaac: Thoughtful, concise, and eminently understandable; essential reading  
By JamesI read Bill Isaac's "Senseless Panic: How Washington Failed America" for a couple of reasons. First, the recent financial spasm was a signal event in the history of the United States financially, sociologically, and we shall see how else. I wanted to read a concise and no-nonsense analysis of the events we are living through, gain more understanding of how those events occurred despite the mountains of legislation that for

almost 40 years have followed every banking hiccup, seek explanation of why it came to pass that we followed prescriptions that practically brought banking, the very cornerstone of capitalism, to its knees along with the essential institutions it supports, and follow an informed path of logic to superior alternatives. Second, I wanted to hear it from Bill Isaac himself, and here's why. "Senseless Panic" describes, as an introduction to a discussion of their current relevance, various upheavals of the 80's; the mammoth thrift problem, the disaster in the oil patch, the collapse of a major banking chain in Tennessee and Kentucky, the failure of the quite large Continental Illinois Bank, and others. Bill Isaac served FDIC as Chairman during this period. Those knowledgeable of the challenges that all of those events brought to FDIC and the banking industry and the public are well aware (and history undoubtedly will underestimate) how fortuitous was the intersection of Bill Isaac's FDIC tenure and all the aforementioned events. Serving as Chairman Isaac's Director of Bank Supervision during this era, I quickly grew to appreciate his thoughtful and proactive approach to problem solving. He was always attentive to everyone who wished to contribute good thought, delighting in thoughtful criticism, fond of well-informed common sense and refusing to let issues accumulate but rather dealing with them promptly, and in their turn. Under Bill Isaac's leadership and with his excellent ability to communicate with all parties, including media, bankers, Washington officialdom, the public and FDIC employees at all levels, FDIC spoke confidently with one voice, and everybody knew how FDIC would react in any circumstance when all the facts were in. That was (IMHO) FDIC's high-water mark, and it was Bill Isaac's legacy to those who gained satisfaction and benefit from a slick-operating, cohesive, collegial, focused, efficient, responsible and universally-respected servant of the U. S. Citizen. As I read the book, it was clear that although the facts have changed and evolution during the last 25 years is whatever it is, Bill has the same nonuse for half-baked solutions no matter their source. In a different venue now, the challenge is not a bunch of eager-to-excel FDIC bank examiners and a banking industry looking for answers, but a group of accident-prone policymakers with the predilection for prescribing more bureaucracy and a thousand felled trees to record their often misfocused expediciencies and sides of pork. So, Bill again compellingly seeds the financial public policy discussion among his readers with real facts and flawless thought, confident as always that an informed public will cause common sense to reemerge as an important integral of public policy. Bureaucracies are created and existing ones made greater in the smoke and fog of confusion, lack of appreciation of cause and effect, and refusal to pause and listen to reason. Read "Senseless Panic". It is so well and concisely written that it is practically an IV feeding of essential understanding of what just happened to you, your country, and the world, and why it was "Senseless". Information is power, and this is the real thing.

0 of 0 people found the following review helpful. The Advantage of Experience  
By Bill Thomas  
I have found William Isaac's book, Senseless Panic, to be useful, instructive, and a timely read. His experience as chairman of the FDIC during a very turbulent period in our nation's more recent banking history lends credibility to his observations about the current economic challenges facing our country and, by extension, developed economies across the globe. Having heard Isaac in a radio interview about the book, I was prompted to purchase it in order to get a better sense of how we got into the mess we are in, and more importantly, how we might work our way out without doing irreparable harm to the economy. Isaac's viewpoint is at odds with that of our current national leadership, but alternative voices need to be heard and their ideas pondered. In fact, his descriptions of battles with not only economic policy leaders but congressional and political influences are probably very similar to what exists today on Wall Street and on Capitol Hill. The book is an easy read, that is, it doesn't go too deep into the weeds about banking and regulatory policy, but offers clearly articulated ideas and opinions about producing responsible solutions to the economic issues facing us today.

0 of 0 people found the following review helpful. An insider's view  
By Bruce Weide  
I am thoroughly enjoying this book. I might be a nerd about how the inner workings and decisions that effect the very stability of our financial system take place, but I have to say that this is a page-turner for me. I will reserve final judgement as to the correctness of Mr. Isaac's and associates actions and decisions were during his tenure (and since... because he does jump into the fray) until I complete the book. The book takes us into some of the darker places of government "turf wars" at arguably the cost of the well-being of our citizens. And I appreciate what Mr. Isaac confesses were some of his lonelier moments at the top, with the mantle of responsibilities that most of us would rather throw stones at than ever assume ourselves. Overall, the book is a great insight into how things get done, or don't, at the top. Perhaps I'll post again when I finish.

The truth about the 2008 economic crisis from a Washington insider  
The 1980s opened with the prime interest rate at an astonishing 21.5 percent, leading to a severe recession with unemployment reaching nearly 11 percent. Depression-like conditions befell the country, the entire thrift industry was badly insolvent and the major money center banks were loaded with third world debt. Some 3,000 bank and thrifts failed, including nine of Texas's ten largest, and Continental Illinois, which, at the time, was the seventh largest bank in the nation. These severe conditions were not only handled without creating a panic, the economy actually embarked on the longest peacetime expansion in history. In Senseless Panic: How Washington Failed America, William M. Isaac, Chairman of the Federal Deposit Insurance Corporation (FDIC) during the banking and SL crises of the 1980s, details what was different about 2008's meltdown that allowed the failure of a comparative handful of institutions to nearly shut down the world's financial system. The book also tells the rousing story of Isaac's time at the FDIC. Details the mistakes that led to

the panic of 2008 and 2009 An updated paperback revision of the bestselling book on the 2008 economic crisis, including a fascinating new Epilogue Demystifies the conditions America faced in 2008 Provides a road map for avoiding similar shutdowns and panics in the future Includes a foreword by Federal Reserve Chairman Paul Volcker Senseless Panic is a provocative, quick-paced, and thoughtful analysis of what went wrong with the nation's banking system, a blunt indictment of United States policy, and a road map for making sure it doesn't happen again.

.com Product Description The 1980s opened with the prime interest rate at an astonishing 21.5 percent, leading to a severe recession with unemployment reaching nearly 11 percent. Depression-like conditions befell the agricultural sector, a bubble burst in the energy sector, a rolling real estate recession swept the country, the entire thrift industry was badly insolvent and the major money center banks were loaded with third world debt. Some 3,000 bank and thrifts failed, including nine of Texas's 10 largest, and Continental Illinois, which, at the time, was the 7th largest bank in the nation. These severe conditions were not only handled without creating a panic, the economy actually embarked on the longest peacetime expansion in history. In *Senseless Panic: How Washington Failed America*, William M. Isaac, Chairman of the Federal Deposit Insurance Corporation (FDIC) during the banking and SL crises of the 1980s, details what was different about 2008's meltdown that allowed the failure of a comparative handful of institutions to nearly shut down the world's financial system. The book also tells the rousing story of Isaac's time at the FDIC. With accessible and engaging prose, Isaac: Details the mistakes that led to the panic of 2008 and 2009 Demystifies the conditions America faced in 2008, and Provides a roadmap for avoiding similar shutdowns and panics in the future Senseless Panic is a provocative, quick-paced, and thoughtful analysis of what went wrong with the nation's banking system and a blunt indictment of United States policy. Exclusive: fom Professor Cornelius Hurley Before "too big to fail" became part of our lexicon, there was Bill Isaac, Chairman of the FDIC in the 1980s. Drawing on his experience from that era leading the banking system out of a potential catastrophe, Isaac in his new book, *Senseless Panic* has provided us with a must-read analysis for anyone looking to understand the 2008 economic crisis. *Senseless Panic* offers both fresh insight and devastating analysis, showing how a pattern of governmental inaction and regulatory failures played leading roles in the meltdown. During the critical days in September 2008, when Congress was debating the original bailout package, Isaac was called on by a bipartisan group of legislators to educate Congress on the failings of the Government's plan. He played a crucial role in defeating the initial proposal in the House. Though it eventually passed, Isaac presents a clear-eyed critique of TARP as an unnecessary and waste of taxpayer money. Isaac first gives readers a succinct and straightforward look at how in the 1980s the FDIC and Paul Volker's Fed managed to stave off a brewing bank panic with unpopular but necessary steps. He provides a roadmap on how later the lack of political will, agency turf wars and boneheaded policy responses to the bank and SL crises of the 1980s led to the current debacle. Isaac explains how banking regulators need to have the courage to promote unpopular countercyclical strategies to protect the financial markets. Isaac shows how the regulators botched the job, calling out a bipartisan collection of economic and political leaders including treasury secretaries, the SEC and FASB for their failed policies and poor reaction to the crisis of 2008. *Senseless Panic* is an important book, one that should be on the reading list of anyone interested in America's economic well-being. Isaac shows how the failure to understand and appreciate the banking crises of the 1980s turned the inevitable economic downturn in 2008 into an economic force of destruction. For the next generation of economic policymakers looking to head off an economic tsunami, *Senseless Panic* is the place to start. Professor Cornelius Hurley Executive Director, Morin Center for Banking Financial Law Boston University Former Assistant General Counsel, Federal Reserve Board it has the wisdom of experience. (The Economist, July 2010). This book certainly contains words of wisdom. (Financial World, September 2010). From the Inside Flap From 1980 through 1991, some 3,000 banks and thrifts failed, including many of the largest in the country. The failed banks and thrifts had \$650 billion of assets (roughly \$3.5 trillion in terms relative to today's banking system) and cost the FDIC fund more than \$100 billion, and taxpayers nearly \$150 billion. It was an extremely difficult period, but the public's confidence in the banking system held, and financial panic was averted. Contrast this result with the global financial panic that hit in the fall of 2008 and threatened to push the world into an economic depression. The economy was actually quite strong in 2007 and 2008, unlike 1980-1982, so why did we experience such different outcomes in the financial markets? In *Senseless Panic*, William Isaac, who headed the FDIC during the financial crisis of the 1980s, describes what was different about the 2008 crisis that allowed the failure of a comparative handful of institutions to nearly shut down the worldwide financial system. Isaac, one of the foremost authorities on banking regulation, explains how we were able to navigate the treacherous economic and banking waters in the 1980s without creating a financial panic and why we failed to contain the less serious problems in 2008 that nearly sank the financial system. He identifies the policy mistakes over the two decades from 1990 to 2008 that led to the crisis of 2008 and the bungling of the crisis by top government leaders, such as Treasury Secretary Henry Paulson, which turned that crisis into a panic. Having lived through the banking and SL crises of the 1980s, he examines the lessons we learned, and those we failed to learn, from that period and identifies the mistakes that led to what he calls the "Senseless Panic of 2008." It was a panic that would not have happened had our political leaders acquired even a passing knowledge of what happened during the 1980s and how we

dealt with those enormous problems. Isaac shows how the banking and SL crises of the 1980s were misunderstood by our political leaders, what wrong "fixes" were put into place during the 1990s, and how those actions led us directly into the banking crisis of 2008. In *Senseless Panic*, he demystifies the conditions we faced then and now, and provides a strong road map for the future.