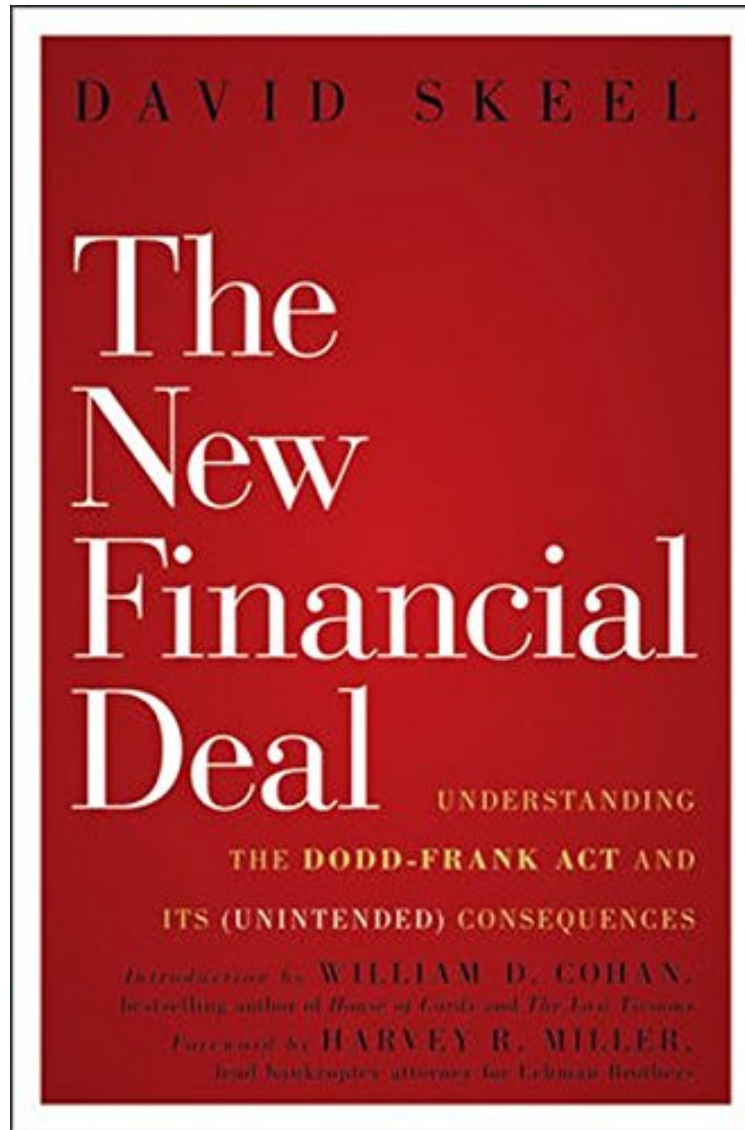


(Free pdf) The New Financial Deal: Understanding the Dodd-Frank Act and Its (Unintended) Consequences

# The New Financial Deal: Understanding the Dodd-Frank Act and Its (Unintended) Consequences

David A. Skeel

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**David A. Skeel : The New Financial Deal: Understanding the Dodd-Frank Act and Its (Unintended) Consequences** before purchasing it in order to gauge whether or not it would be worth my time, and all praised The New Financial Deal: Understanding the Dodd-Frank Act and Its (Unintended) Consequences:

10 of 10 people found the following review helpful. The Consequences of Institutionalized BailoutsBy Banking FinanceDavid Skeel provides an invaluable--and extremely impressive, given the book's speed of publication, depth of

research, and elegance of writing--service with his new book, *The New Financial Deal*. Skeel, one of the leading bankruptcy scholars and commentators in the country, outlines the main features of Dodd-Frank and explains how the very features touted as ending "Too Big To Fail" will, in fact, guarantee a form of bailouts that give preference to the politically well connected, and do little to prevent the kind of systemic crises that brought the global economy to its knees in 2008. Skeel's analysis of the Act will be the stepping stone for scholars engaging in these issues for decades to come. But the book is not pitched simply to a scholarly audience: any concerned citizen will find in the book an able, readable guide to the Act and its potential pitfalls. Skeel's main argument is to give bankruptcy a chance -- when large, complex banking organizations start to teeter, Skeel argues, they should prepare for and eventually take advantage of the bankruptcy process. Skeel explores the arguments against bankruptcy, and finds them largely without depth and merit. Bankruptcy, Skeel argues, is the best way to allow private firms--regardless of how complex--to fail without imposing their losses on to the rest of us. One of the greatest strengths of the book is Skeel's willingness to peer into the future of the Act and make predictions about how the Act will--or will not--fulfill its goal of ending taxpayer bailouts. Here, the reader need not agree with Skeel's bankruptcy preference in order to benefit from his analysis. Even Messrs. Dodd and Frank themselves can hardly dispute the fact that bankruptcy was not seriously considered as a viable option for allowing large, complex banks to fail. Skeel asks the hard questions about why this was so, to the benefit of anyone who thinks seriously about these issues. 0 of 0 people found the following review helpful. An excellent book which give the reader a detailed understanding of ...By LarryAn excellent book which give the reader a detailed understanding of the financial crisis, the government's responses, and where we should go in the future. I especially liked the second chapter which details how the Lehman bankruptcy did not unleash "tidal wave of consequences that nearly brought down the American Economy." Exceptionally well written and clear for such a complex subject. 0 of 0 people found the following review helpful. Provides good high-level understanding of the Dodd-Frank Act and its implicationsBy JOSEPH N MUTUGUVery well written and can be easily understood by people without knowledge of or experience in financial markets. Highly recommended as a must-read for regulators of financial markets around the world.

The good, the bad, and the scary of Washington's attempt to reform Wall Street The Dodd-Frank Wall Street Reform and Consumer Protection Act is Washington's response to America's call for a new regulatory framework for the twenty-first century. In *The New Financial Deal*, author David Skeel offers an in-depth look at the new financial reforms and questions whether they will bring more effective regulation of contemporary finance or simply cement the partnership between government and the largest banks. Details the goals of the legislation, and reveals that how they are handled could dangerously distort American finance, making it more politically charged, less vibrant, and further removed from basic rule of law principles Provides an inside account of the legislative process Outlines the key components of the new law To understand what American financial life is likely to look like in five, ten, or twenty years, and how regulators will respond to the next crisis, we need to understand Dodd-Frank. *The New Financial Deal* provides that understanding, breaking down both what Dodd-Frank says and what it all means.

From the Inside FlapAfter watching the government bail out Bear Stearns and AIG in 2008, and pump well over one hundred billion dollars into Citigroup, Bank of America, and the other largest banks the same year, Americans realized that the existing regulatory framework did not work. The Dodd-Frank Act, which President Obama signed into law in July 2010, was Washington's answer. The legislation created an entirely new set of rules for both the instruments and the institutions of contemporary finance. Although the reforms were desperately needed, they were drafted by the same people who designed the bailouts of 2008, and it shows. In *The New Financial Deal: Understanding the Dodd-Frank Act and Its (Unintended) Consequences*, David Skeel explains where the legislation came from, tracing its assumptions back to the 2008 crisis and offering an inside account of the key moments in the legislative process. He analyzes each of the main components of the Dodd-Frank Act, explaining how they will work and showing that the new regulatory framework depends on precisely the qualities that Americans found so offensive about the bailouts of 2008: special treatment of the largest financial institutions and ad hoc intervention in the event of trouble. Skeel's assessment is not entirely pessimistic, however. He argues that a few features of the Dodd-Frank Act are genuine improvements, such as its regulation of financial derivatives, and he outlines several simple bankruptcy reforms that would curb the worst excesses of the new partnership between the government and the largest financial institutions. From the Back CoverPraise for *The New Financial Deal* "While we wait and wonder what the true denouement of the Dodd-Frank Act will be, we are blessed with Professor David Skeel's timely, informative, and lucid explanation of the ins and outs of the new law. For readers trying to understand what Dodd-Frank will likely mean for Wall Street's future and for ours Skeel skillfully dissects the Act's nuances and intricacies and provides regulators a road map for how to make sure Wall Street doesn't double-cross us again anytime soon. It's a must-read." From the Introduction by William D. Cohan, bestselling author of *House of Cards* and *The Last Tycoons* and an upcoming title on Goldman Sachs to be published in 2011 "The *New Financial Deal* is mandatory reading for all those interested in the financial markets and the global economy. David Skeel is to be commended for casting sunlight, the best

disinfectant, on the events preceding the enactment of the Dodd-Frank reform, its efficacy, and the potential consequences, intended and unintended." From the Foreword by Harvey R. Miller, Senior Partner at Weil, Gotshal Manges LLP and the lead bankruptcy attorney for Lehman Brothers Holdings Inc., et al. "In this work, David Skeel leads us through the most important elements of the complex 2,300 page Dodd-Frank Act, not just making its principal elements clear but also providing us with his own, invariably balanced, judgments. Readers might not agree with his every view, but will not be in doubt about why and how he got there." Peter J. Wallison, Arthur F. Burns Fellow in Financial Policy Studies, American Enterprise Institute

About the Author DAVID SKEEL is the S. Samuel Arsht Professor at the University of Pennsylvania Law School. He is author of *Icarus in the Boardroom: The Fundamental Flaws in Corporate America and Where They Came From*; *Debt's Dominion: A History of Bankruptcy Law in America*; and numerous articles on bankruptcy, corporate law, and other topics. His commentary has appeared in the *New York Times*, *Wall Street Journal*, *Weekly Standard*, *Books Culture*, and elsewhere.