Insight

Financial Crisis Primer

DECEMBER 15, 2010

On May 20, 2009, Public Law No. 111-21, the Fraud Enforcement and Recovery Act of 2009, was enacted into law, creating the Financial Crisis Inquiry Commission (FCIC). According to the Act, the FCIC was established to "examine the causes, domestic and global, of the current financial and economic crisis in the United States." The law requires that today, December 15, 2010, the FCIC submit "to the President and to the Congress a report containing the findings and conclusions of the Commission on the causes of the current financial and economic crisis in the United States."

This primer contains preliminary findings and conclusions released by Vice Chairman Bill Thomas, Commissioner Keith Hennessey, Commissioner Douglas Holtz-Eakin, and Commissioner Peter J. Wallison, and represents a portion of the findings and conclusions resulting from our work on the FCIC. As the transmission of the report of the FCIC to the President and Congress requires a majority vote of the Commission, these findings and conclusions do not constitute the Commission's report. Rather, this document is an effort to reflect the clear intention of our enabling legislation.

Our views have been shaped, in part, by our knowledge of economics and financial markets generally. In the course of our examination, we have studied and drawn from the extensive work already available on the financial crisis. This crisis that we were tasked to study is neither the first nor likely the last of its type, and thus our examination of similar, previous episodes also informed our findings and conclusions. To that end, we see this document as a part of an already rich discussion of the causes of financial crises, both in the United States and around the world.

Read the entire FCIC Financial Crisis Primer here.