

Over recent weeks, I have worked to keep you abreast of the happenings surrounding the financial upheaval. Of course, there is much that we still do not know or understand about what led us to this point or about what our next steps will - or should - be. There is a lot of good information available, however, as people begin to piece together the details. Let me caution you not to trust to any single source for all of your information. This is too complex a situation for any one person to explain it all, and even the best of us make mistakes.

[This American Life](#) , for example, has produced the best primer I have found on how the failure to regulate our housing and credit markets allowed bad business practices to run rampant. They err, however, in suggesting that the original version of the stabilization act did not include the government buying equity in banks. Those who have been reading these E-mail Newsletters know that this was among the first things the House insisted on adding to the Paulson Plan. The Senate's additions were largely unrelated to the issue at hand; their greatest contribution: that they gave those who were, on Monday, blind to the need for action a second chance to get it right.

[Yale Professor Ian Ayres](#) explains some of the flaws in the housing market, but that article offers nothing on the importance of credit-default swaps, so extensively detailed by [This American Life](#), in spreading that toxicity throughout Wall Street. I have enjoyed some columns by [Paul Krugman](#) - winner of this year's Nobel Prize for Economics - and George Soros published a book subtitled ["The Credit Crisis of 2008"](#)

back in May, before much of the recent discussion has begun. The Washington Post just published

[a lengthy expose](#)

of how efforts to regulate the credit-default swaps were stymied and University of Chicago Economics Professors Doug Diamond and Anil Kashyap have a post entitled

["Everything You Need to Know About the Financial Crisis"](#)

. All of these people have many disagreements among themselves, however, and none is completely right nor, in spite of the title of Diamond and Kashyap's post, does any one of them tell the whole story. We need to understand how we got here, or we cannot hope both to get back on track and to prevent a reoccurrence. That's why Congress is holding all of these hearings: to determine the Who?, What?, When?, and How? behind it all.

I will continue to share my thoughts with you as we proceed, but I encourage you to listen to multiple and conflicting analyses. Take the opinions of different experts and set them against each other. Ask yourself what makes sense to you and in whom you believe. That's what I'm doing, as I listen to private citizens and community bankers in San Antonio and Members of

Congress and economists around the country. There are a lot of good ideas out there in a lot of different places. We need them all, working together, to understand what is best for our country.

Links:

This American Life - http://www.thisamericanlife.org/Radio_Episode.aspx?episode=365 & http://www.thislife.org/Radio_Episode.aspx?episode=355

Ian Ayres - <http://freakonomics.blogs.nytimes.com/2008/10/10/what-we-still-dont-know-about-the-mortgage-crisis/>

Paul Krugman - <http://www.nytimes.com/2008/09/22/opinion/22krugman.html>

George Soros - <http://www.georgesoros.com/creditcrisis08>

Washington Post - <http://www.washingtonpost.com/wp-dyn/content/article/2008/10/14/AR2008101403343.html?hpid=topnews>

Doug Diamond and Anil Kashyap - <http://freakonomics.blogs.nytimes.com/2008/10/15/everything-you-need-to-know-about-the-financial-crisis-a-guest-post-by-diamond-and-kashyap/>