

A reaction and research paper on the hbo film movie review

[Business](#), [Management](#)



Personal Reflection

The movie was a real eye opener for me. Until I saw it, I never really understood what happened to cause the 2008 meltdown. I never understood what the big deal was about home mortgages. All I knew then was that the U. S. and the world were in a financial crisis.

The movie made me realize how complex and complicated it all was. It was quite surprising for me to learn that the fate of the American economy - probably even that of the world - lay in the hands of a few powerful men. I was especially struck by what Timothy Geithner told Henry Paulson on a call. He remarked about how people were just going about their business and how they had no idea that things were about to fall down. This was true, too. People were so unaware and oblivious to what was happening “ behind the scenes” that, looking back now, it seems quite laughable and scary at the same time. It also makes me feel thankful to everyone involved for being able to somehow pull everyone through.

I believe the actors acted their parts really well because just watching the movie made me feel how intense and stressful that time was. I also felt the weight that it bore on the shoulders of the people involved. I admired their strength, determination, and persistence in trying to find a solution to the problem. I especially admired Henry Paulson for his leadership skills, his strength of character, and his decisiveness. Although Paulson continues to receive much criticism for the decisions he made then, I believe that he and the others did what they thought was best at the time.

Biography of Henry Paulson

Henry “ Hank” Paulson was born in Palm Beach, Florida on March 28, 1946, but was raised on a Barrington, Illinois farm. In 1968, he received “ his Bachelor of Arts in English Literature from Dartmouth College” (“ The Biography of Henry Paulson”) where he was a Phi Beta Kappa member and an All East, All Ivy, and an “ honorable mention All American football” (“ The Biography of Henry Paulson”). A devout Christian Scientist, he was also a Sigma Alpha Epsilon fraternity member, a Green Key Society member, an intramural sports and lacrosse player, and president of the Christian Science organization. He received his degree in the Master of Business Administration from Harvard Business School in 1970.

He and his wife, whom he met during his senior year in college, have two children and keep their homes both in Barrington, Illinois and in New York City.

In 1974, he joined the Chicago office of Goldman Sachs. In 1982, he was made a partner and from 1983-1988 he led the Midwest Region’s Investment Banking group. In 1988, he was made a managing partner in the bank’s office in Chicago and became an Investment Banking co-head from 1990-1994. He was finally made CEO and successor to Jon Corzine in 1994 and he held this position until 1998. An estimation of his net worth was said to be at more than \$500 million.

Aside from his career, he is also involved in a number of civic activities. A nature lover, he’s been a member and Board chairman of the Nature

Conservancy, as well as co-chair of the organization's Asia Pacific Council. This enabled him to work with former Chinese president Jiang Zemin in preserving the Tiger Leaping Gorge in the Yunnan province. In addition, he donated a million dollars worth of his shares at Goldman Sachs to a family foundation that aims to provide environmental and conservation education. He was also Tsinghua University's founding chairman of the Advisory Board of the School of Economics and Management, as well as a member of the Peregrine Fund's Board of Directors.

In 2006, President Bush nominated Paulson to replace John W. Snow as Treasury Secretary and was confirmed two months later. It was notable that he included the widening gap between the poorest and the richest Americans in the list of long-term economic problems that need to be addressed. It was also during his term when the 2008 meltdown happened where he refused to bail out the Lehman Brothers and was responsible for the creation of the TARP or the Troubled Assets Relief Program (Riddix) in efforts to prevent a financial crisis or at least minimize its impact.

Although he later got a lot of disapproval over the passage of TARP, I believe that he did what he could at the time, given the time constraints. He was running out of options and he had to make a decision fast. Understandably, he didn't have the time to determine the feasibility and the long-term effects of the decisions he had to make. He was under a great deal of pressure, but I believe that he made his decisions with the best of intentions. It should also be noted that the meltdown was due mostly to the lack of regulations on Wall Street (Upegui), a structure that was already in place even before

Paulson stepped in, and which Paulson could not be expected to change on short notice.

After his stint as Treasury Secretary, he joined Johns Hopkins University's Paul Nitze School of Advanced International Studies in the early part of 2009 (Journal). This graduate school is dedicated to international relations studies. Here, he would become a "fellow at the Bernard Schwartz Forum on Constructive Capitalism" (Journal).

He also wrote a book titled *On the Brink: Inside the Race to Stop the Collapse of the Global Financial System*, which was published in early 2010 (Riddix). In this book, he recounted -- from a first-person perspective -- the chain of events that led to the 2008 meltdown, as well as the thought processes that led him to make the decisions he made (Riddix).

Wall Street Analysis

A global financial services firm, Morgan Stanley provides products and services to customers and clients that include individuals, financial institutions, governments, and corporations (Higgins). The company operates in 3 segments, namely Asset Management, Global Wealth Management Group, and Institutional Securities.

During the 2008 meltdown, Morgan Stanley needed financial support that amounted to millions of dollars from the government in order to ensure its survival. They also received aid from the Mitsubishi UFJ Financial Group.

The bank incurred its first annual loss in 74 years in 2009. In early 2010, they were able to reduce their risk levels and regain their profitability after

James P. Gorman replaced John J. Mack as chief executive, although the profit levels were still not at par with those of competitors such as JPMorgan Chase or Goldman Sachs.

In mid-2010, Morgan Stanley sold its retail asset management business, including Invesco Ltd. and Van Kampen Investments, Inc. By the end of that year, the company had completely disposed of CityMortgage Bank, which was based in Moscow.

In the latter part of 2011, James Gorman replaced John J. Mack as chairman of the board while serving as chief executive at the same time. This move to combine the roles of the chairman and the chief executive was met with skepticism as corporate governance watchdogs would normally encourage organizations to have a non-executive chairman, which enables the board to have “ a more independent voice against management” (Higgins).

In the third quarter of 2011, Morgan Stanley’s stock price dropped by 41%, which was at par with what the rest of the financial industry was experiencing (Higgins). For example, the shares of Citigroup was down by 38%; the Bank of America fell by 44%; and even Goldman Sachs, the supposed strongest giant on Wall Street, had their shares drop by over 28% (Higgins).

As another indicator of Morgan Stanley’s financial health, the cost of Morgan Stanley’s debt insurance for 5 years through credit-default swaps reached the heights that it did during the financial meltdown. Investors were concerned that Morgan Stanley didn’t have as large a deposit base as the

big commercial banks like the Bank of America and JPMorgan Chase. In addition, it was found through regulatory filings that Morgan Stanley had a vast exposure to poorly performing French banks.

Although Morgan Stanley is still not back to the financial health it enjoyed prior to the 2008 meltdown, it's still very much "in the game," and is still struggling to regain its old glory.

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