

Fighting Financial Crises in the 21st Century: A New Playbook

Andrew Metrick, Yale

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Yale Program on Financial Stability (YPFS)

A global hub for the creation and dissemination of knowledge about financial-crisis management.

Main activities are

- 1) Annual Systemic Risk Institute;
- 2) Masters Degree in Systemic Risk @ Yale;
- 3) *Journal of Financial Crises*;
- 4) New Bagehot Project.

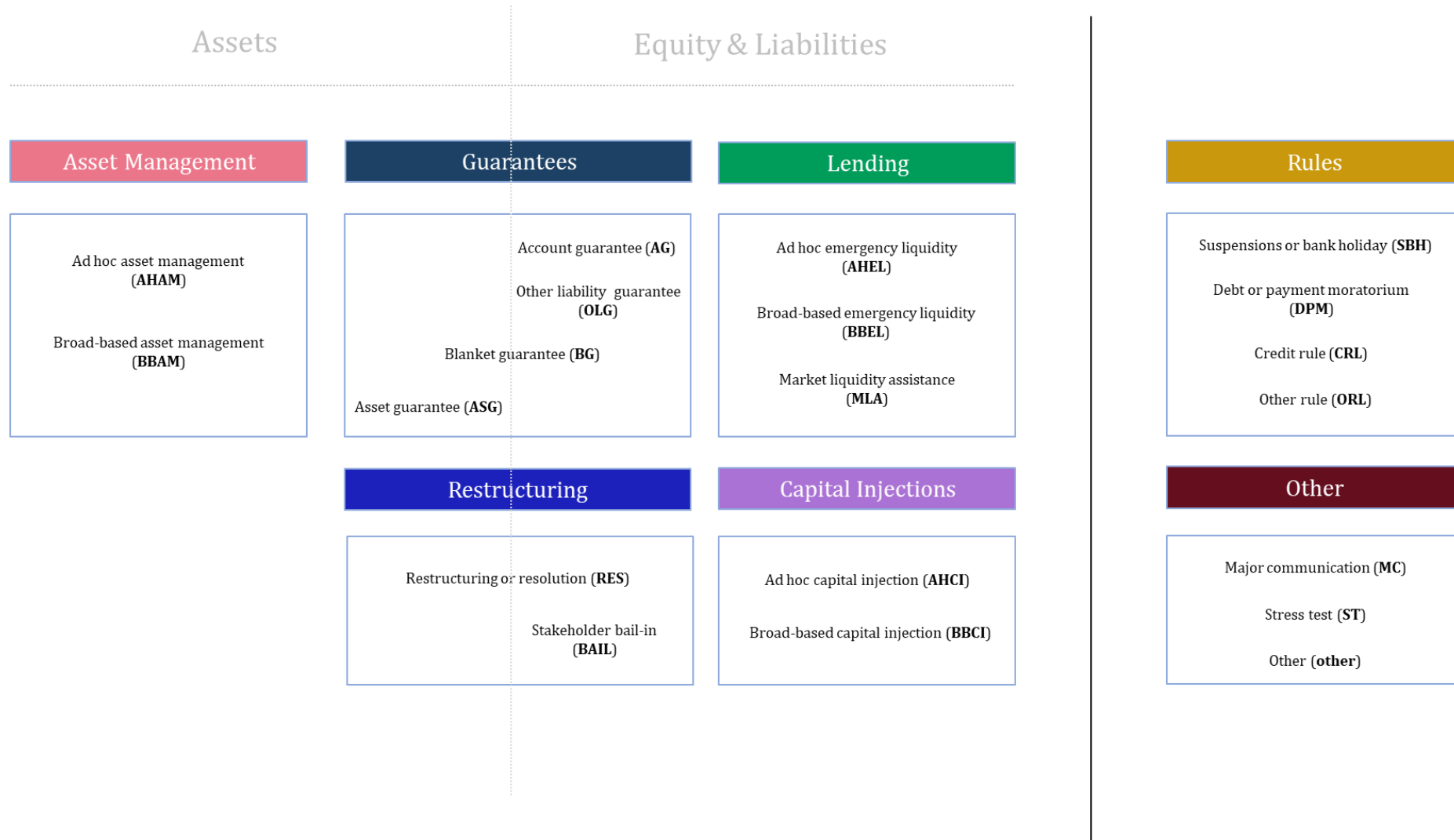
Why “New” Bagehot?

“lend freely at a penalty rate against good collateral”

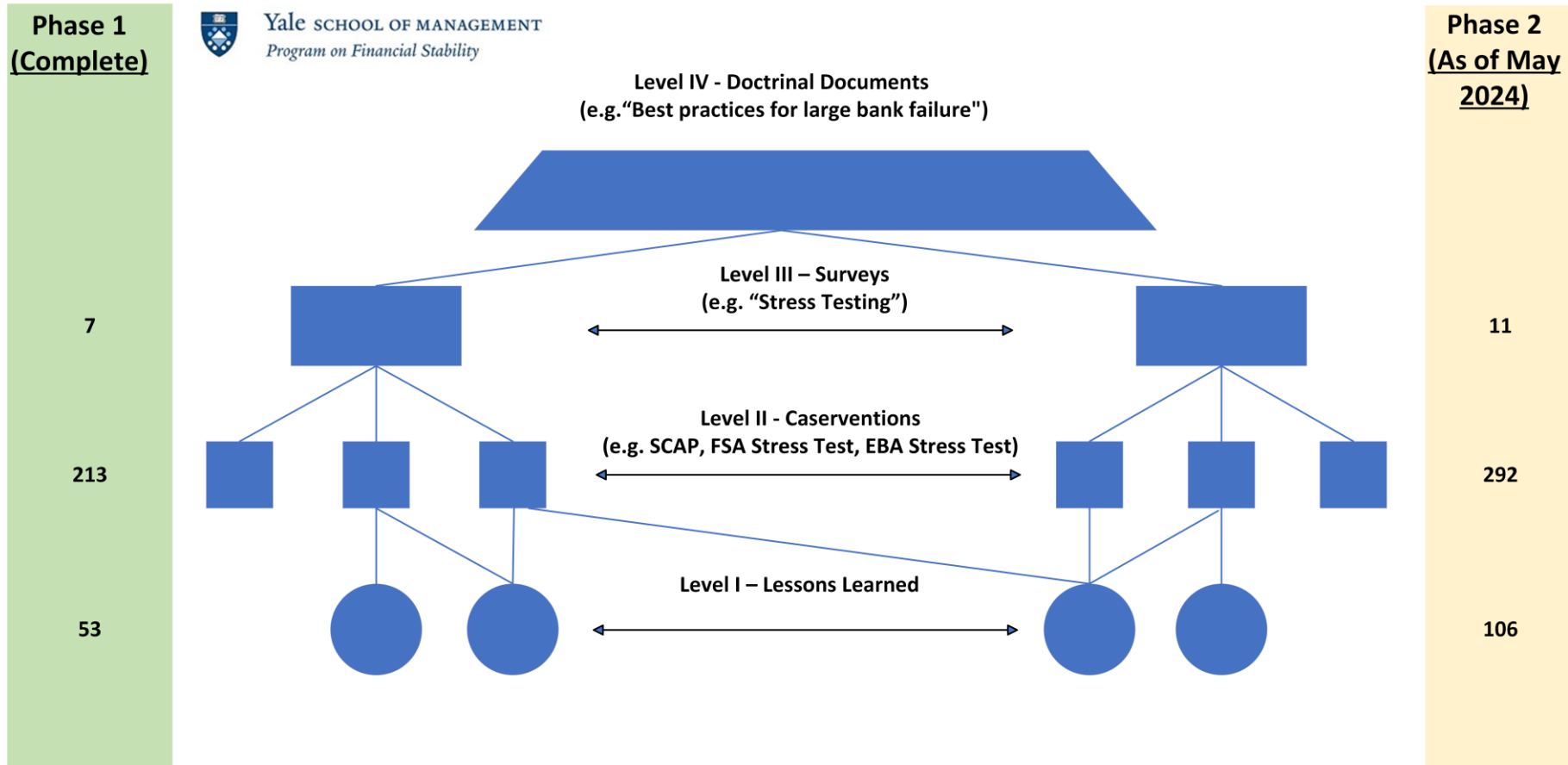
Walter Bagehot, author of Lombard Street (1873)

- Insufficient to guide the complex policy actions necessary to stabilize a 21st-century financial system

New Bagehot Project: Taxonomy of Interventions, A Balance-Sheet Perspective



New Bagehot: Knowledge Hierarchy



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- 2) Crises have two phases – acute and chronic – and interventions must be tailored for each phase.
- 3) Communications strategy is crucial.
- 4) Prepare in advance.