



THE FEDERAL RESERVE AND THE FINANCIAL CRISIS

CHAIRMAN BERNANKE'S COLLEGE LECTURE SERIES

RELATED READINGS

Economic and Financial History

Ahamed, Liaquat (2009). *Lords of Finance: The Bankers Who Broke the World*. New York: Penguin Press.

Description: Explores the roles and actions of four central bankers before, during, and after the world economic collapse of the late 1920s.

Bernanke, Ben S. (1995). "The Macroeconomics of the Great Depression: A Comparative Approach," *Journal of Money, Credit and Banking*, vol. 27 (February), pp. 1–28.

Description: A selective survey of research on the Great Depression, with emphasis on insights drawn from a comparative approach that examines the experiences of many countries simultaneously.

——— (2000). *Essays on the Great Depression*. Princeton, N.J.: Princeton University Press.

Description: A compilation of the author's research (with various coauthors) on the macroeconomics of the Great Depression.

——— (2004). "The Great Moderation," speech delivered at the meetings of the Eastern Economic Association, Washington, February 20, www.federalreserve.gov/boarddocs/speeches/2004/20040220/default.htm.

——— (2004). "Money, Gold, and the Great Depression," speech delivered at the H. Parker Willis Lecture in Economic Policy, Washington and Lee University, Lexington, Va., March 2, www.federalreserve.gov/boarddocs/speeches/2004/200403022/default.htm.

Friedman, Milton, and Anna Jacobson Schwartz (1965). *The Great Contraction, 1929–1933*. Princeton, N.J.: Princeton University Press.

Description: Argues that the Federal Reserve could have stemmed the severity of the Depression but failed to exercise its role of managing the monetary system and ameliorating banking panics.

Gorton, Gary (1985). "Clearinghouses and the Origin of Central Banking in the United States," *Journal of Economic History*, vol. 45 (June), pp. 277–83.

Description: Examines the organization of the pre-1914 banking industry in the United States, and, in particular, the role of clearinghouses.



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McCulley, Richard T. (1992). *Banks and Politics during the Progressive Era: The Origins of the Federal Reserve System, 1897–1913*. New York: Garland.

Samuelson, Robert J. (2008). *The Great Inflation and Its Aftermath: The Past and Future of American Affluence*. New York: Random House.

Description: Traces the origins and rise of double-digit inflation in the 1970s and the decline in inflation during the recession of 1981–82.

Wicker, Elmus (1996). *The Banking Panics of the Great Depression*, Studies in Macroeconomic History. New York: Cambridge University Press.

Description: A study of five U.S. banking panics of the Great Depression. The author reconstructs a narrative of each of the disturbances, investigating their origins, magnitude, and effects.

——— (2000). *Banking Panics of the Gilded Age*. New York: Cambridge University Press.

Description: A study of post–Civil War banking panics in the United States. The author constructs estimates of bank closures and their incidence in each of the five separate banking disturbances. The author also reevaluates the role of the New York Clearing House in forestalling several panics and explains why it failed to do so in 1893 and 1907.



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Monetary Policy and Central Banking

Bernanke, Ben S. (2011). "The Effects of the Great Recession on Central Bank Doctrine and Practice," speech delivered at the Federal Reserve Bank of Boston 56th Economic Conference, Boston, October 18, www.federalreserve.gov/newsevents/speech/bernanke20111018a.htm.

Goodhart, C. A. E. (1995). *The Central Bank and the Financial System*. Cambridge, Mass.: MIT Press.

Description: Assesses the role of the central bank in the modern financial system. This book brings together 21 of the author's previously published articles about the changing functions of central banks over time, recent efforts to maintain price stability, and debates over specific financial regulation proposals in the United Kingdom.

Hester, Donald D. (2008). *The Evolution of Monetary Policy and Banking in the U.S.* Berlin: Springer.

Description: An analysis of the evolution of monetary policy and banking institutions over the past 60 years that stresses the interactions between the Federal Reserve and banking institutions that resulted from financial market innovations.

Hetzel, Robert L. (2008). *The Monetary Policy of the Federal Reserve: A History, Studies in Macroeconomic History*. New York: Cambridge University Press.

Description: Details the evolution of the monetary standard from the start of the Federal Reserve through the end of the Greenspan era.



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Financial Crisis

Bernanke, Ben S. (2010). "Monetary Policy and the Housing Bubble," speech delivered at the Annual Meeting of the American Economic Association, Atlanta, January 3, www.federalreserve.gov/newsevents/speech/bernanke20100103a.htm.

——— (2010). "Causes of the Recent Financial and Economic Crisis," statement before the Financial Crisis Inquiry Commission, Washington, September 2, www.federalreserve.gov/newsevents/testimony/bernanke20100902a.htm.

Covitz, Daniel M., Nellie Liang, and Gustavo A. Suarez (2009). "The Evolution of a Financial Crisis: Panic in the Asset-Backed Commercial Paper Market," Finance and Economics Discussion Series 2009-36. Washington: Board of Governors of the Federal Reserve System, September, www.federalreserve.gov/pubs/feds/2009/200936/200936pap.pdf.

Description: This paper examines the substantial contraction in asset-backed commercial paper (ABCP) from August 2007 through December 2007 to better understand the origins of the financial crisis. The authors conduct a comprehensive empirical analysis of runs in the ABCP market during that period.

Financial Crisis Inquiry Commission (2011). *The Financial Crisis Inquiry Report: Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States*, authorized ed. New York: Public Affairs.

Description: The Financial Crisis Inquiry Commission was established to examine the causes of the recent financial and economic crisis in the United States. The final report presents the Commission's findings and conclusions and also includes dissenting views.

Gorton, Gary B., and Andrew Metrick (2012). "Getting Up to Speed on the Financial Crisis: A One-Weekend-Reader's Guide," NBER Working Paper Series 17778. Cambridge, Mass.: National Bureau of Economic Research, January, www.nber.org/papers/w17778.

Description: The authors select and summarize 16 documents about what happened during the financial crisis of 2007–09, including academic papers and reports from regulatory and international agencies. This reading list covers facts and mechanisms in the buildup of risk, the panics in short-term debt markets, the policy reactions, and the real effects of the financial crisis.



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RELATED READINGS

Lewis, Michael (2010). *The Big Short: Inside the Doomsday Machine*. New York: W. W. Norton & Co.

Description: The author tells the story of several of the key players who bet against the run-up in house prices, thus profiting from the subsequent decline.

Mayer, Christopher, Karen Pence, and Shane M. Sherlund (2009). "The Rise in Mortgage Defaults," *Journal of Economic Perspectives*, vol. 23 (Winter), pp. 27–50, www.aeaweb.org/articles.php?doi=10.1257/jep.23.1.27&aty=1.

Description: Examines the main factors underlying the rise in mortgage defaults through mid-2008.

McCabe, Patrick E. (2010). "The Cross Section of Money Market Fund Risks and Financial Crises," Finance and Economics Discussion Series 2010-51. Washington: Board of Governors of the Federal Reserve System, September, www.federalreserve.gov/pubs/feds/2010/201051/201051pap.pdf.

Description: Examines the relationship between money market fund risks and outcomes during crises, with a focus on the asset-backed commercial paper crisis in 2007 and the run on money funds in 2008.

Sorkin, Andrew Ross (2009). *Too Big to Fail: The Inside Story of How Wall Street and Washington Fought to Save the Financial System—and Themselves*. New York: Viking Press.

Description: An account of the greatest financial crisis since the Great Depression.

Wessel, David (2009). *In Fed We Trust: Ben Bernanke's War on the Great Panic*. New York: Crown Publishing.

Description: Describes the Federal Reserve's responses to events during the financial crisis.



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RELATED READINGS

Federal Reserve Policy Responses to the Financial Crisis and the Great Recession

Bernanke, Ben S. (2009). "Federal Reserve Programs to Strengthen Credit Markets and the Economy," statement before the Committee on Financial Services, U.S. House of Representatives, February 10, www.federalreserve.gov/newsevents/testimony/bernanke20090210a.htm.

——— (2009). "Reflections on a Year of Crisis," speech delivered at the Federal Reserve Bank of Kansas City's Annual Economic Symposium, Jackson Hole, Wyo., August 21, www.federalreserve.gov/newsevents/speech/bernanke20090821a.htm.

——— (2010). "Federal Reserve's Exit Strategy," statement before the Committee on Financial Services, U.S. House of Representatives, February 10, www.federalreserve.gov/newsevents/testimony/bernanke20100210a.htm.

——— (2010). "Regulatory Reform Implementation," statement before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, September 30, www.federalreserve.gov/newsevents/testimony/bernanke20100930a.htm.

Board of Governors of the Federal Reserve System (2009). *Monetary Policy Report to the Congress*, Appendix: Federal Reserve Initiatives to Address Financial Strains. Washington: Board of Governors, February, www.federalreserve.gov/monetarypolicy/mpr_20090225_appendixa.htm.

Kohn, Donald L. (2010). "The Federal Reserve's Policy Actions during the Financial Crisis and Lessons for the Future," speech delivered at Carleton University, Ottawa, Canada, May 13, www.federalreserve.gov/newsevents/speech/kohn20100513a.htm.

Madigan, Brian F. (2009). "Bagehot's Dictum in Practice: Formulating and Implementing Policies to Combat the Financial Crisis," speech delivered at the Federal Reserve Bank of Kansas City's Annual Economic Symposium, Jackson Hole, Wyo., August 21, www.federalreserve.gov/newsevents/speech/madigan20090821a.htm.

Yellen, Janet L. (2011). "The Federal Reserve's Asset Purchase Program," speech delivered at The Brimmer Policy Forum, Allied Social Science Associations Annual Meeting, Denver, January 8, www.federalreserve.gov/newsevents/speech/yellen20110108a.htm.