



FEDERAL RESERVE BANK *of* NEW YORK

Modern Recipes for Financial Crises

James McAndrews, for presentation at the University of Iowa
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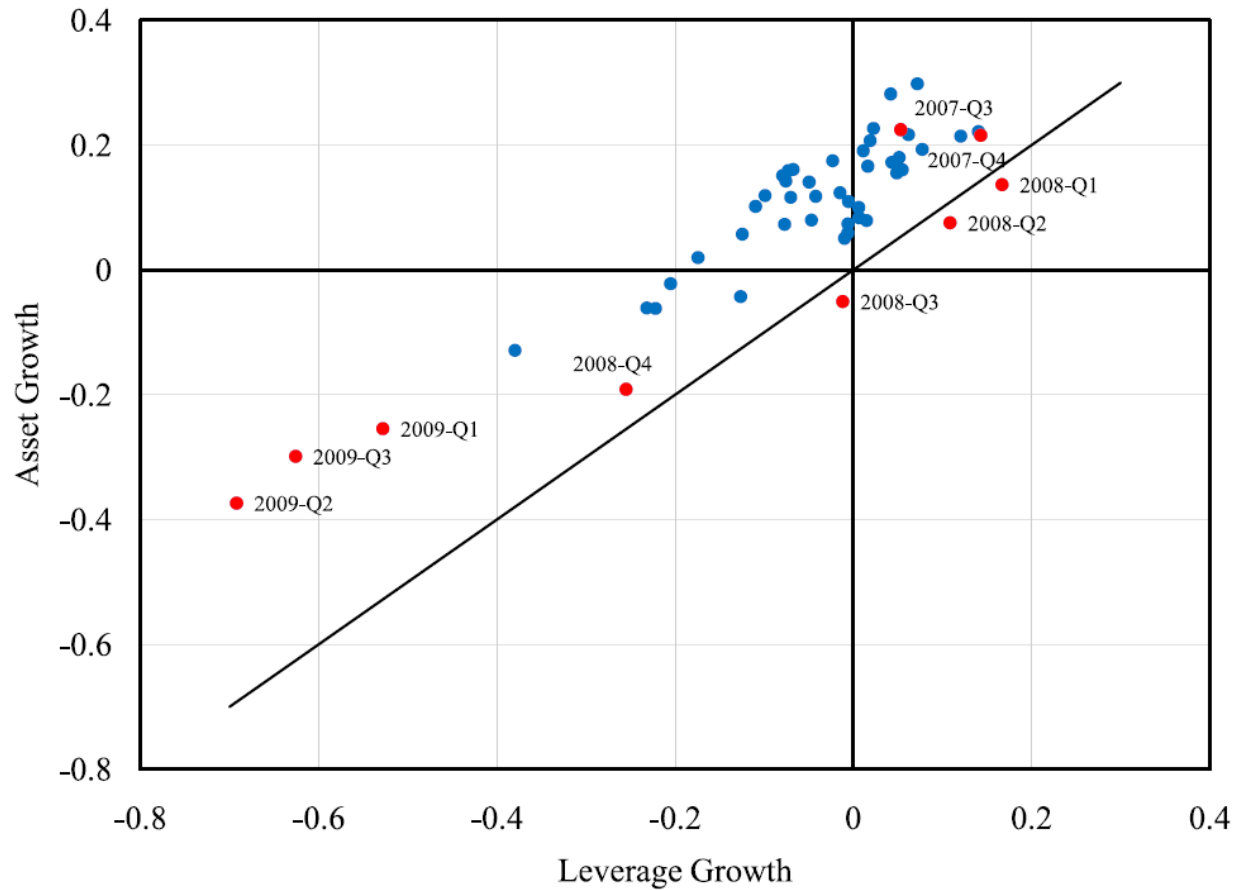
Banking Crisis Outcomes

Median Outcomes of Banking Crises in Advanced Economies, 1970-2011		
In Percent of GDP	Output Loss	32.9
	Increase in Debt	21.4
	Fiscal Costs	3.8
In Years	Duration	3

Source: Laeven & Valencia (2012)

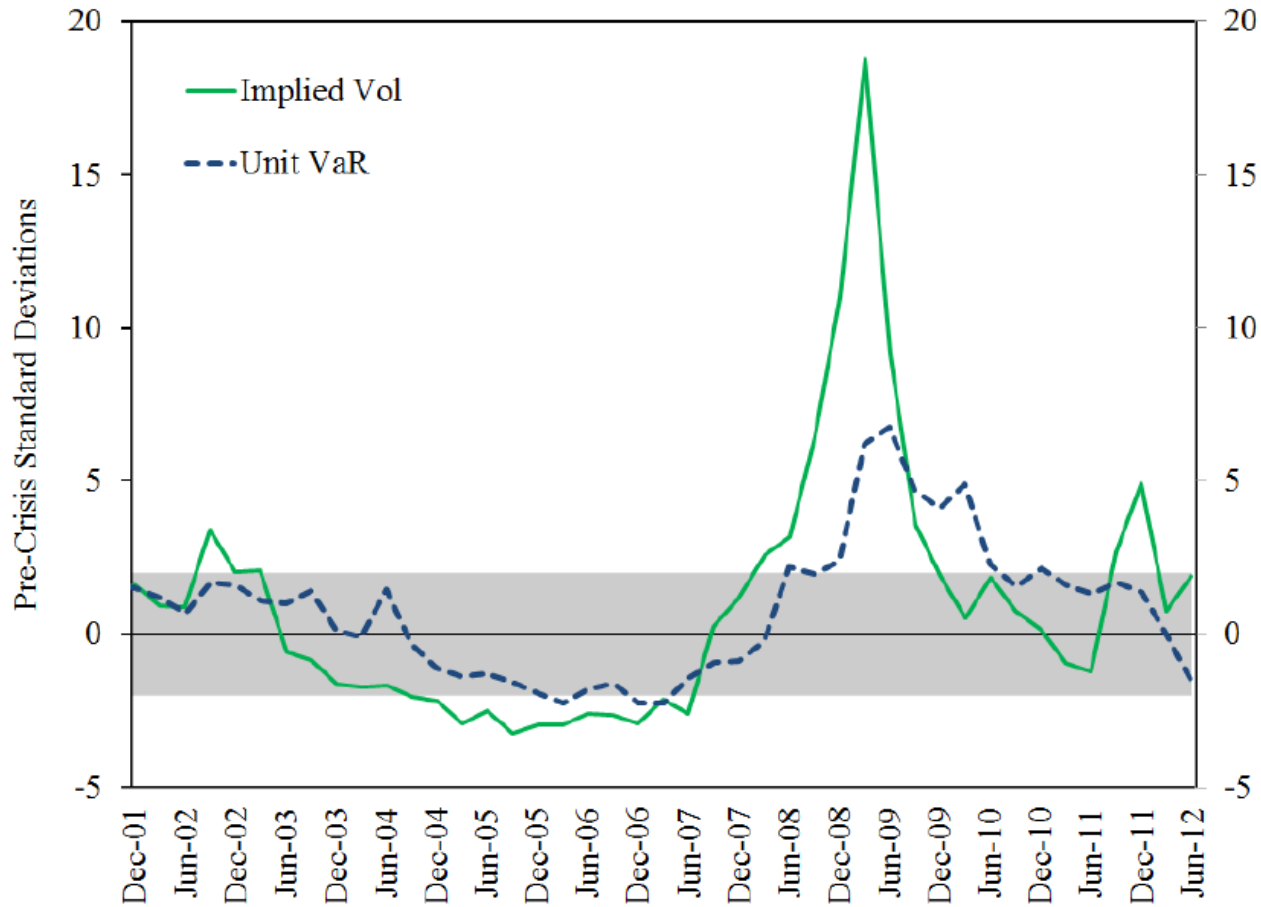


Procyclicality of Leverage



Source: Adrian & Shin (2014), updated by the author

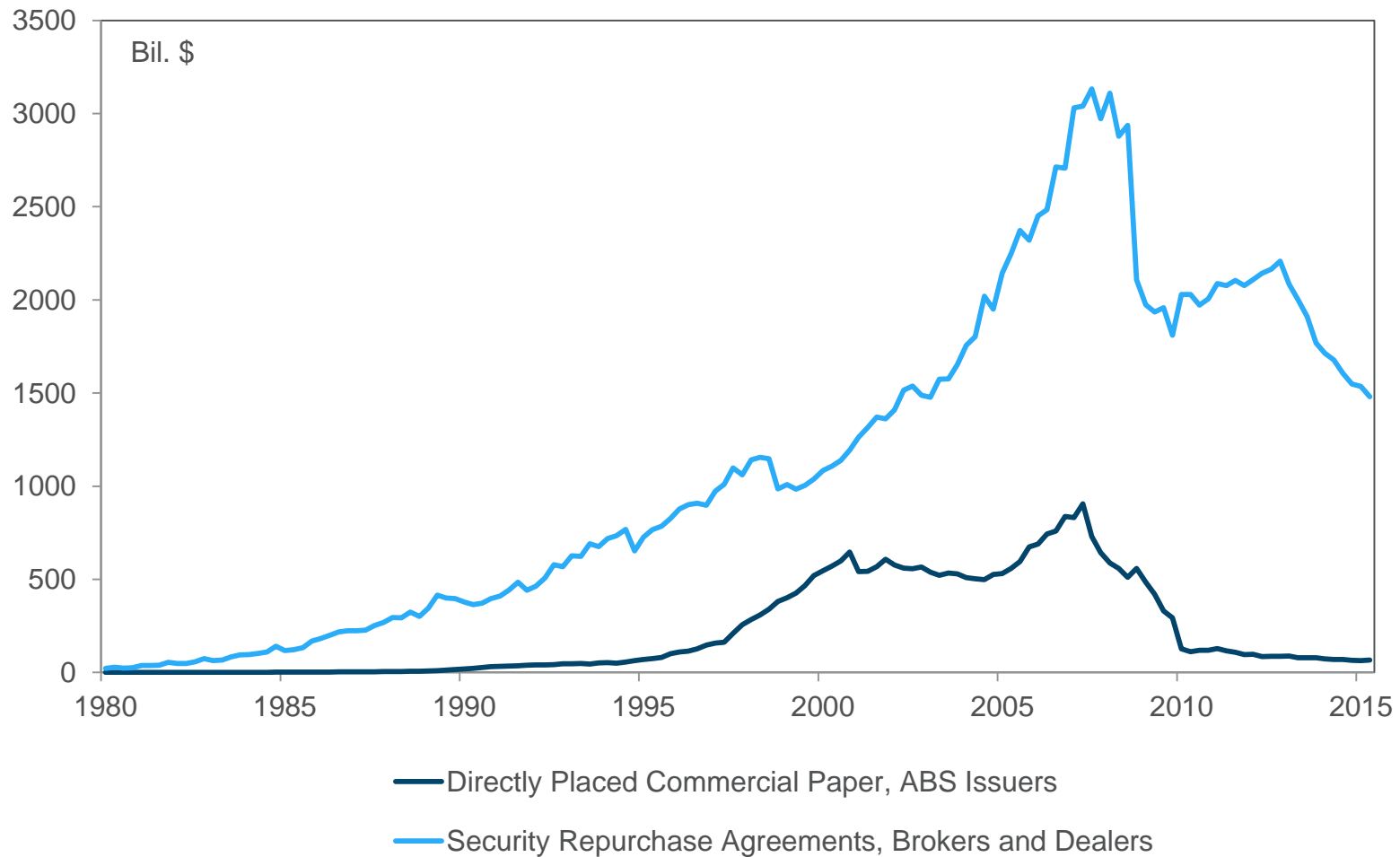
Leverage Management and VaR



Source: Adrian & Shin (2014)

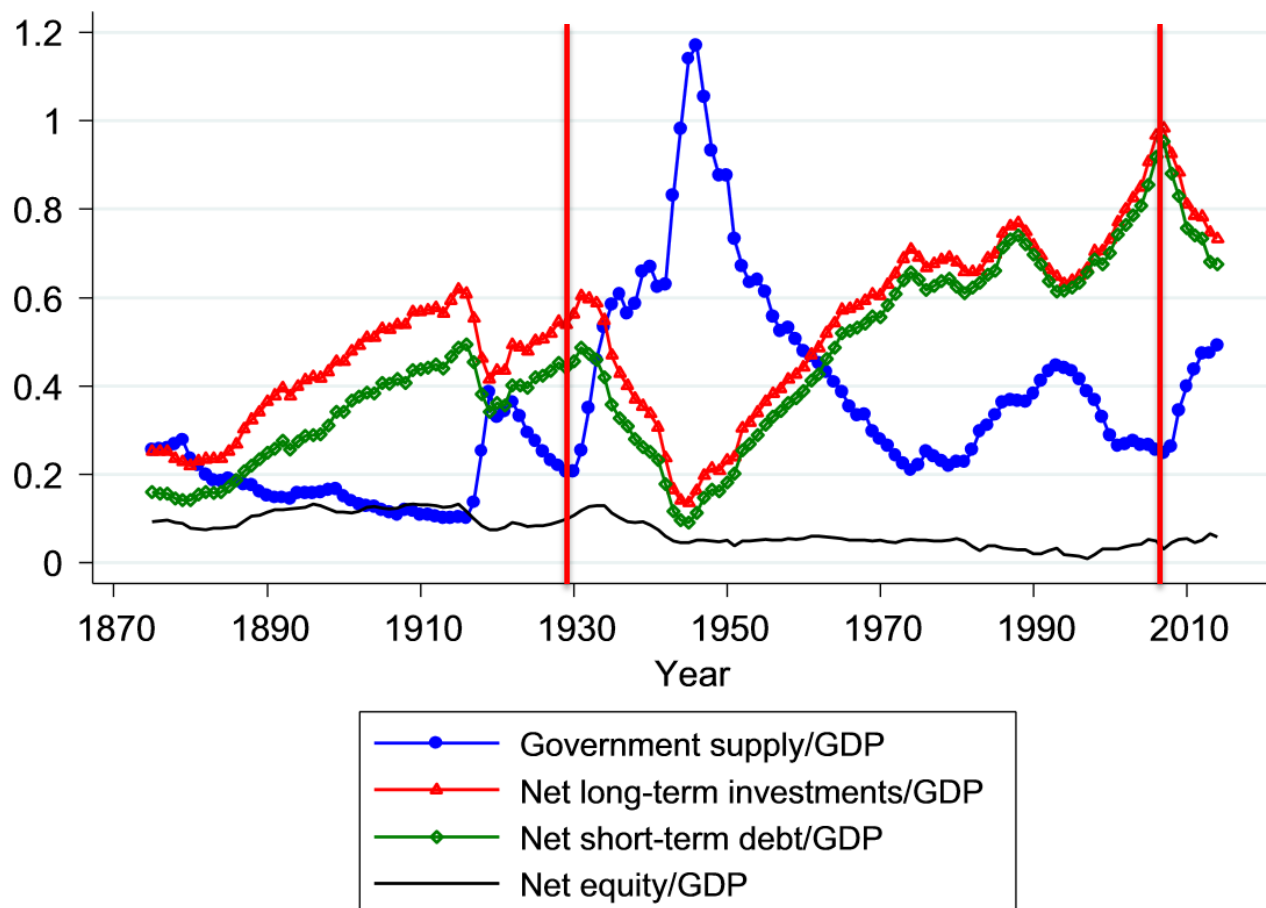


Collateralized Private Money: Boom and Bust



Source: Federal Reserve Board and Haver Analytics

Impact of Money Supply and Crises



Source: Krishnamurthy & Vissing-Jorgensen (2015)

