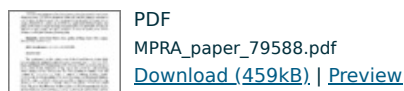


The Federal Reserve System and Eurosystem's Balance Sheet Policies During the Financial Crisis: A Comparative Analysis

Bagus, Philipp and Howden, David (2009): *The Federal Reserve System and Eurosystem's Balance Sheet Policies During the Financial Crisis: A Comparative Analysis*. Published in: *Romanian Economic and Business Review*, Vol. 3, No. 43 (2009): pp. 165-185.



Abstract

The balance sheet developments of the Federal Reserve System have received increased attention during recent events. The Fed has expanded its balance sheet and also changed its composition in order to support the financial system. As a consequence the average quality of the assets have, on average, deteriorated. In a similar way, the ECB has recently implemented novel balance sheet policies. In this article we compare the balance sheet policies of these two central banks. We assess the differences in policy strategies and deduct consequences concerning the quality of the respective currencies, as well as future directions of monetary policy.

- Item Type:** MPRA Paper
- Original Title:** The Federal Reserve System and Eurosystem's Balance Sheet Policies During the Financial Crisis: A Comparative Analysis
- Language:** English
- Keywords:** Central Bank Balance Sheets, Quality of Money, Balance Sheet Analysis, Monetary Policy, Subprime Crisis.
- Subjects:** [E - Macroeconomics and Monetary Economics](#) > [E3 - Prices, Business Fluctuations, and Cycles](#) > [E31 - Price Level ; Inflation ; Deflation](#)
[E - Macroeconomics and Monetary Economics](#) > [E5 - Monetary Policy, Central Banking, and the Supply of Money and Credit](#) > [E52 - Monetary Policy, Their Policies](#)
[E - Macroeconomics and Monetary Economics](#) > [E5 - Monetary Policy, Central Banking, and the Supply of Money and Credit](#) > [E58 - Central Banks and M - Business Administration and Business Economics ; Marketing ; Accounting ; Personnel Economics](#) > [M4 - Accounting and Auditing](#) > [M40 - General](#)
- Item ID:** 79588
- Depositing User:** [Dr. David Howden](#)
- Date Deposited:** 09 Jun 2017 04:42
- Last Modified:** 04 Oct 2019 03:40
- References:**
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