





< Working Papers

Crisis and Responses: the Federal Reserve and the Financial Crisis of 2007-2008

Stephen G. Cecchetti

















WORKING PAPER 14134

DOI 10.3386/w14134

ISSUE DATE June 2008

Realizing that their traditional instruments were inadequate for responding to the crisis that began on 9 August 2007, Federal Reserve officials improvised. Beginning in mid-December 2007, they implemented a series of changes directed at ensuring that liquidity would be distributed to those institutions that needed it most. Conceptually, this meant America's central bankers shifted from focusing solely on the size of their balance sheet, which they use to keep the overnight interbank lending rate close to their chosen target, to manipulating the composition of their assets as well. In this paper, I examine the Federal Reserve's conventional and unconventional responses to the financial crisis of 2007-2008.

Download a PDF

Information on access

Acknowledgements and Disclosures

Citation and Citation Data

V

Published Versions

Stephen G. Cecchetti, 2009. "Crisis and Responses: The Federal Reserve in the Early Stages of the Financial Crisis," Journal of Economic Perspectives, American Economic Association, vol. 23(1), pages 51-75, Winter.

Related

TOPICS Macroeconomics

Monetary Policy

PROGRAMS Monetary Economics

More from the NBER

In addition to working papers, the NBER disseminates affiliates' latest findings through a range of free periodicals — the NBER Reporter, the NBER Digest, the Bulletin on Health, and the Bulletin on Entrepreneurship — as well as online conference reports, video lectures, and interviews.



2025, 17th Annual Feldstein Lecture, N. Gregory Mankiw," The Fiscal Future"

FELDSTEIN LECTURE

PRESENTER: N. GREGORY MANKIW

N. Gregory Mankiw, Robert M. Beren Professor of Economics at Harvard University, presented the 2025 Martin Feldstein...





Methods Lecture, Summer Institute 2025 Uncovering Causal Mechanisms: Mediation Analysis and Surrogate Indices

Raj Chetty, Harvard University and NBER Kosuke Imai, Harvard University July 24, 2025

<u>2025, Methods Lecture, Raj Chetty and Kosuke Imai, "Uncovering Causal Mechanisms: Mediation Analysis and Surrogate Indices"</u>

METHODS LECTURES

PRESENTERS: RAJ CHETTY & KOSUKE IMAI

SlidesBackground materials on mediationImai, Kosuke, Dustin Tingley, and Teppei Yamamoto. (2013). "Experimental Designs...



International Trade and Macroeconomics, Summer Institute 2025

Panel on The Future of the Global Economy

Oleg Itskhoki, Harvard University and NBER Paul Krugman, City University of New York and NBER Linda Tesar, University of Michigan and NBER July 8, 2025 PRESENTERS: OLEG ITSKHOKI, PAUL R. KRUGMAN & LINDA TESAR

Supported by the Alfred P. Sloan Foundation grant #G-2023-19633, the Lynde and Harry Bradley Foundation grant #20251294...

National Bureau of Economic Research

Contact Us
1050 Massachusetts Avenue
Cambridge, MA 02138
617-868-3900
info@nber.org
webaccessibility@nber.org

HOMEPAGE

Accessibility Policy
Diversity Policy
Privacy Policy

FOLLOW











© 2025 NATIONAL BUREAU OF ECONOMIC RESEARCH. ALL RIGHTS RESERVED.