

< [Working Papers](#)

The Financial Accelerator and the Flight to Quality

Ben Bernanke, Mark Gertler & Simon Gilchrist

SHARE



WORKING PAPER 4789

DOI 10.3386/w4789

ISSUE DATE July 1994

Adverse shocks to the economy may be amplified by worsening credit-market conditions--the financial 'accelerator'. Theoretically, we interpret the financial accelerator as resulting from endogenous changes over the business cycle in the agency costs of lending. An implication of the theory is that, at the onset of a recession, borrowers facing high agency costs should receive a relatively lower share of credit extended (the flight to quality) and hence should account for a proportionally greater part of the decline in economic activity. We review the evidence for these predictions and present new evidence drawn from a panel of large and small manufacturing firms.

[Download a PDF](#)

[Information on access](#)

Acknowledgements and Disclosures



Citation and Citation Data



Published Versions

[Review of Economics and Statistics](#), vol. LXXVIII, no. 1, February 1996, pp. 1-15 citation courtesy of [RePEc](#)

Related

TOPICS

Macroeconomics
Business Cycles
Money and Interest Rates

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](#).



Martin Feldstein Lecture, Summer Institute 2025
The Fiscal Future

N. Gregory Mankiw, Harvard University and NBER
July 10, 2025

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**

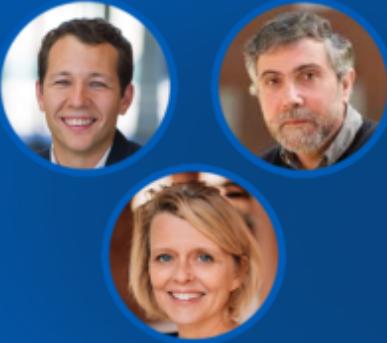
Raj Chetty, Harvard University and NBER
Kosuke Imai, Harvard University
July 24, 2025



**2025, Methods Lecture, Raj Chetty and Kosuke Imai, "Uncovering Causal Mechanisms:
Mediation Analysis and Surrogate Indices"**

PRESENTERS: [RAJ CHETTY](#) & [KOSUKE IMAI](#)

SlidesBackground materials on mediation Imai, 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

2025, International Trade and Macroeconomics, "Panel on The Future of the Global Economy"

PANEL DISCUSSION

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](tel:617-868-3900)

info@nber.org

webaccessibility@nber.org

Accessibility Policy

Diversity Policy

Privacy Policy

FOLLOW



© 2026 NATIONAL BUREAU OF ECONOMIC RESEARCH. ALL RIGHTS RESERVED.