OECD Economic Policy Papers

English

More On

ISSN: 2226583X (online) | https://doi.org/10.1787/2226583X

Subscribe to the RSS feed

Strengthening economic resilience

Insights from the post-1970 record of severe recessions and financial crises

Considering the deep and long-lasting impact of severe recessions, such as the 2008-09 financial crisis, it is important that measures be taken to minimise the risk of such event. But in doing so the benefits need to be balanced against the potential costs in terms of lower average growth that some of the actions to lower vulnerabilities to bad events could entail. Insofar as the risk-mitigating measures can involve a trade-off between growth and crisis risk, the most cost-effective actions need to be identified, spanning both macro and structural policies. The work summarised in this paper has explored this issue using two complementary empirical approaches, both providing insights on the impact of various policy settings on average GDP growth on the one hand, and either crisis risks or GDP growth at the (negative) tail end, on the other. The results indicate that pro-growth product and labour market policies generally have little impact on the exposure to crisis. More significant tradeoffs between efficiency and crisis risk arise in the case of financial market policies.

Less

English

More On

Keywords: financial liberalisation, GDP tail risk, resilience, severe recession, financial crisis

JEL: E02: Macroeconomics and Monetary Economics / General / Institutions and the Macroeconomy; G01: Financial Economics / General / Financial Crises; E61: Macroeconomics and Monetary Economics / Macroeconomic Policy, Macroeconomic Aspects of Public Finance, and General Outlook / Policy Objectives; Policy Designs and Consistency; Policy Coordination; F32: International Economics / International Finance / Current Account Adjustment; Short-Term Capital Movements

Click to access: PDF

You have access to all online formats

CITE THIS PAPER

EMAIL THIS PAGE

Author(s)
Aida Caldera Sánchez[i], Alain de Serres[i], Filippo Gori[i], Mikkel Hermansen[i] and Oliver Röhn[i]

[i]OECD

22 Apr 2017

29 **pages**

No. 20

https://doi.org/10.1787/6b748a4b-en