Contributors

George J. Benston  
Business School  
Emory University  
Atlanta, GA 30322

Ben S. Bernanke  
Woodrow Wilson School of Public and  
International Affairs  
Princeton University  
Princeton, NJ 08544

Charles W. Calomiris  
Department of Economics  
Northwestern University  
Evanston, IL 60208

Mike Carhill  
Research Department  
Federal Home Loan Bank of Atlanta  
P.O. Box 105565  
Atlanta, GA 30348

Bankim Chadha  
External Adjustment Division  
Research Department, Rm 9–518  
International Monetary Fund  
700 19th Street, NW  
Washington, DC 20431

Barry Eichengreen  
Department of Economics  
787 Evans Hall  
University of California  
Berkeley, CA 94720

Peter M. Garber  
Department of Economics  
Box B  
Brown University  
Providence, RI 02912

Mark Gertler  
Department of Economics  
New York University  
269 Mercer Street, 7th floor  
New York, NY 10003

Gary Gorton  
The Wharton School  
University of Pennsylvania  
Philadelphia, PA 19104

Patric H. Hendershott  
Department of Finance  
Hagerty Hall  
Ohio State University  
1775 South College Road  
Columbus, OH 43210

R. Glenn Hubbard  
Graduate School of Business  
609 Uris Hall  
Columbia University  
New York, NY 10027

Harold James  
Department of History  
Princeton University  
Princeton, NJ 08544
Anil Kashyap  
Graduate School of Business  
University of Chicago  
1101 E. 58th Street  
Chicago, IL 60637

Frederic S. Mishkin  
Graduate School of Business  
Uris Hall 619  
Columbia University  
New York, NY 10027

Brian Olasov  
Long Aldridge & Norman  
Marquis Two Tower, Suite 1500  
285 Peachtree Center Avenue  
Atlanta, GA 30303

Eduardo S. Schwartz  
Anderson Graduate School of Management  
University of California  
405 Hilgard Avenue  
Los Angeles, CA 90024

James D. Shilling  
School of Business  
322 Commerce Building  
University of Wisconsin  
1155 Observatory Drive  
Madison, WI 53706

Steven Symansky  
External Adjustment Division  
Research Department, Rm 9–518  
International Monetary Fund  
100 19th Street, NW  
Washington, DC 20431

Walter N. Torous  
Anderson Graduate School of Management  
University of California  
405 Hilgard Avenue  
Los Angeles, CA 90024

Mark J. Warshawsky  
Mail Stop 89  
Division of Research and Statistics  
Board of Governors of the Federal Reserve System  
Washington, DC 20551
Author Index

Akerlof, George, 71, 128
Allen, W. H., 138, 140, 145, 163
Andrew, A. Piatt, 130, 132, 135, 168n16
Auerbach, Alan, 22

Bagehot, Walter, 27n1
Barth, James R., 281n12, 309, 314–18, 380n4, 381n17
Bartholomew, L., 285, 287–88, 302n2
Bartholomew, Phillip, 281n12
Benston, George J., 281n12, 309–10, 314–18, 320, 322, 380nn5, 6, 381nn10, 18, 19
Berle, Adolph, 14
Bernanke, Ben, 3, 6, 16, 27n1, 28n3, 29n16, 34, 46, 50, 56, 73–75, 94, 117, 207–14, 219, 229n1
Bernstein, Jeffrey I., 28n12
Bertola, Giuseppe, 202n12
Bhattacharya, Sudipto, 122–23, 125
Bogue, Allan, 158
Bordo, Michael D., 35, 78, 115, 116
Bouvier, Jean, 59
Bovenzi, J., 261, 280n5
Boyd, John, 127, 168n18
Boyle, P., 290
Bradley, Michael G., 316–17, 380n4
Brainard, William, 209
Branson, William, 245, 256, 257nn10, 18
Breckenridge, R. M., 116
Breeden, Douglas T., 281n6

Brennan, M., 284, 287
Brimmer, Andrew F., 99, 106nn16, 17, 18
Brumbaugh, R. Dan, Jr., 314–18
Bryant, John, 167n12
Bryant, Ralph C., 257n9
Buser, Stephen A., 270, 284
Business Week, 195

Caballero, Ricardo J., 202n12
Calomiris, Charles W., 13, 16, 27, 28n3, 72, 105n4, 118, 125–28, 130, 133, 141, 143, 148, 160, 168n18, 169n33
Campa, José Manuel, 64n6
Campbell, John Y., 6, 29n16, 207–14, 219, 229n1
Campbell, Tim, 168n18
Cannon, J. G., 119
Carhill, Mike, 281n12, 317, 320, 322, 364
Carron, Andrew S., 305
Case, Fred, 312
Cecchetti, Steven, 106n15
Chandler, Lester V., 183
Chari, V. V., 122–23, 125, 130, 135, 164, 168n21, 22, 24, 25
Choudhri, Ehsan U., 41–42
Clocca, Pierluigi, 59
Cole, Arthur H., 78
Collman, Charles A., 78, 89
Comptroller of the Currency, 381n19
Cone, Kenneth, 121–22
Cook, Timothy, 28n2
Corrigan, E. Gerald, 101
Danker, Deborah, 256n1
Dealtry, Michael, 233
Dewald, William G., 256n1
Dewey, Davis R., 114
Diamond, Douglas, 9n5, 74, 120–23, 127–29, 167nn13, 18, 20–21
Díaz-Alejandro, Carlos F., 235
Donaldson, R. Glenn, 112, 167n12
Dooley, Michael, 234, 256n2, 257n11
Douglas, Paul H., 184
Dybvig, Phillip, 9n5, 120–23, 128–29, 167n13, 168n21

Eccles, Marriner, 179, 193
Eichengreen, Barry, 33–35, 39, 41–42, 46, 57, 64nn2, 5, 130, 168n17
Einzig, Paul, 65n12

Fazzari, Steven M., 9nn1, 2, 28n8
Federal Reserve Board of Governors, 40; Annual Report, 202nn2–6, 9, 203nn23, 24, 204nn26, 27; Banking and Monetary Statistics, 204nn29, 33; Federal Reserve Bulletin, 184, 204n26
Feid, J., 285–86
Floré, J. S., 192
Fisher, Irving, 34, 73
Flannery, Mark J., 381n15
Flood, Robert P., Jr., 65n13, 202n12
Frame, Andrew J., 163–64
Fricker, Mary, 381n18
Frickey, Edwin, 155
Friedman, Benjamin M., 6, 11
Friedman, Milton, 4, 40, 50, 64n1, 70, 74, 78, 83, 89–90, 93, 115, 125, 175, 179, 183, 185–86
Fritz, Richard G., 317
Froot, Kenneth, 202n12

Gale, Douglas, 122–23
Garber, Peter M., 65n13, 202n12
Garcia, Gillian, 381n20
Gendreau, B., 161
Gertler, Mark, 3, 6, 9nn1, 3, 13, 16, 28nn3, 6, 34, 50, 69, 73
Giarla, Michael J., 281n6
Gilchrist, Simon, 28n12
Goldenweiser, E. A., 192–93
Golemba, Carter, 117–18
Goodhart, C. A. E., 168n16
Gordon, J., 285–86
Gordon, Robert J., 22

Govan, Thomas, 117
Gray, Edwin, 308, 312
Greenspan, Alan, 101
Greenwald, Bruce C., 28nn3, 72, 105n1

Haberler, Gottfried, 41
Hamilton, James, 33, 39–40, 62, 106nn14, 15, 117
Harrison, George, 179
Hasan, Ijtekar, 317, 364
Hatton, T. J., 46
Haubrich, Joseph, 116–17, 121, 166
Hawkins, Jennifer A., 116, 162
Hayashi, Fumio, 19
Hendershott, Patric, 270, 280n3, 284
Himmelberg, Charles P., 28n12
Hines, James R., Jr., 22
Hooper, Peter, 256n1
Horne, Jocelyn, 257n15
Horvitz, Paul, 381n12
Hoshi, Takeo, 28nn3, 8
Hubbard, R. Glenn, 6, 9nn1–3, 12–13, 16, 19–20, 27, 28nn3, 6, 8, 12, 29nn16, 72, 105n4, 133, 148, 160
Huizinga, John, 28nn13

International Monetary Fund, World Economic Outlook, 257n4
Isard, Peter, 234, 257n11

Jacklin, Charles, 121–22, 125, 167n13
Jaffé, Dwight, 105n2
Jagannathan, Ravi, 125, 168nn21, 22
Jensen, Michael C., 28n6
Jevons, W. Stanley, 164
Jones, Charles P., 76, 78, 89, 94, 105n8

Kahn, Charles M., 125–28, 168n18
Kane, Edward J., 275, 280nn1, 2, 281n12, 306, 311, 380n2
Karunatilake, H. S. N., 193–95
Kashyap, Anil, 9nn2, 3, 19–20, 27, 28nn3, 8, 12, 29nn16
Kau, J., 284
Kaufman, George G., 281n6, 309–10, 381n10
Keeton, William, 28n3
Kemmerer, E. W., 130, 138, 144–45, 163–64, 166n1, 168n16
Kindleberger, Charles, 36, 55, 70, 78, 161,
167n12, 169n32
King, Robert, 121
Kochin, Levis, 41-42
Koehn, Michael F., 317
Kracaw, William, 168n18
Krasa, Stefan, 125
Kremers, Jeroen, 257n15
Krueger, Paul, 187, 190, 202n12, 234, 245,
256n3, 257n18
Kuttner, Kenneth N., 11
Kydland, Finn, 35

Labich, Carol J., 281n12
Lawler, Thomas A., 28n2
League of Nations, 36, 38, 57, 64n6
Lindert, Peter, 35
Luytjes, J., 257nn5,8

Macaulay, Frederick R., 75-76
McCabe, Thomas, 203n25
Maisel, Sherman J., 106n16
Majluf, Nicholas S., 28n3, 105n1
Mankiw, N. Gregory, 71
Marchese, Grazia, 245, 256, 257nn10,18
Masson, Paul R., 257n5,8,15
Mauldin, Patrick D., 317
Means, Gardiner, 14
Meeckling, William, 28n6
Meredith, Guy, 257n5,8
Miller, Marcus, 202n12,13
Minsky, Hyman, 70, 167n12, 169n32
Miron, Jeffrey A., 112, 130, 155
Mishkin, Frederic S., 27nl, 105n13
Moe, Jon, 157
Mullineaux, Donald, 119, 125, 161, 166n2,
167n11
Muolo, Paul, 381n18
Murphy, Henry C., 180, 202n8
Murton, A., 285, 287-88, 302n2
Mullis, John W., 184
Nadiri, Ishaq, 28n12
Newell, Andrew, 46
Nicholas, Henry C., 167n4

O'Brien, Anthony, 46
Obstfeld, Maurice, 202n12
Olason, Brian, 281n12, 320, 322

Pennacchi, George, 129, 168n18
Petersen, Bruce C., 9nn1,2, 28n8
Pfizer, Paul Z., 381n18
Pizzio, Stephen, 381n18
Portes, Richard, 57
Postlewaite, Andrew, 122
Prescott, Edward, 127, 168n18

Redlich, Fritz, 117
Regalia, Martin, 309
Rogoff, Kenneth, 13
Roll, R., 285, 287-88, 302n2
Rohnick, Arthur, 167n9
Romer, Christina, 105n13, 155
Rudolf, Patricia M., 317
Russell, Thomas, 105n2

Sachs, Jeffrey, 33-34, 41-42, 46, 57,
64nn2,5
Sanders, Anthony B., 270, 284
Sauerhauf, Daniel, 314-18
Scharfstein, David, 28n3,8
Schenbri, Lawrence M., 116, 162
Schwartz, Anna J., 4, 40, 50, 64n1, 70, 74,
78, 83, 89-90, 93, 115, 125, 175, 179,
183, 185-86
Schwartz, Eduardo S., 267, 270, 284, 287,
290, 292
Schweikart, Larry, 118, 125, 127, 130, 141,
167n7
Schwert, G. William, 78, 105n8
Seltzer, Lawrence H., 197
Shoven, John, 209
Simmons, Edward C., 202n1
Smith, Bruce, 122-23
Smith, Walter B., 78
Snyder, John W., 184
Sobel, Robert, 78, 87, 89, 112
Sprague, O. M. W., 9n4, 27nl, 78, 83, 86,
89, 119, 125, 141, 161-62, 164, 166n1,
167n5
Sprould, Allen, 193, 203n21, 204n28
Stein, Jeremy, 27
Stiglitz, Joseph, 28n3, 71-72, 105nn1,5
Stock, James H., 2, 11, 16, 18, 24, 27
Strunk, Norman, 312
Summers, Lawrence H., 19
Svensson, Lars, 202n12
Swift, W. Martin, 138, 144-45, 169n30
Sylla, Richard, 76, 78, 89, 94, 105n8
Symansky, Steven, 257nn5,8
Symons, J. S. V., 46
Tallman, Ellis, 157
Temin, Peter, 33, 36, 40, 48, 59, 62, 64n4, 76
Tobin, James, 195
Toma, Mark, 203n25
Toniolo, Gianni, 59
Topping, Sharon, 317
Torous, Walter N., 267, 270, 284, 290, 292
Ulan, Michael, 256n1
U.S. Congress: Joint Committee on the Economic Report, 202n11, 203n20, 204nn26, 28; Senate Committee on Banking and Currency, 203n21; Senate Subcommittee on Monetary, Credit, and Fiscal Policies, 202n10, 203nn22, 25
Van't dack, Josef, 233
Veitch, John M., 22
Vives, Xavier, 122
Waldo, Douglas, 167n12
Wallace, Neil, 122, 302n1
Wall Street Journal, 106n18
Wang, A., 302n1
Wang, George H. K., 314–18
Warburton, Clark, 117–18
Warshawsky, Mark J., 29n16, 229
Watson, Mark W., 2, 11, 18, 24, 27
Weber, Warren, 167n9
Weiss, Andrew, 28n3, 71, 105nn1, 5
Weiss, Lawrence, 209
Weller, Paul, 202nn12, 13
Wheelock, David C., 115
Whited, Toni M., 28n12, 29n16, 229n1
Whittlesey, Charles, 197
Wiest, Phillip R., 38n17
Wigmore, Barrie, 65n17
Wheelock, David, 27
Williamson, Stephen D., 28n3, 116–17, 125
Wilson, Jack, 76, 78, 89, 94, 105n8
Zeldes, Stephen P., 19
### Subject Index

Accord. See Price-level target zone; U.S. Treasury–Federal Reserve Accord (1951)

Alternative Mortgage Transaction Parity Act (1982), cap provision in, 283–84, 286

ARMs. See Mortgages, adjustable-rate


Bank failures: in Canada, 116–17, 162; causes of, 341, 373, 379–80; in intervals surrounding panics, 149–60; in National Banking Era, 156–60

Banking panics: analyses of, 4–5; asymmetric information in, 74–75, 124–25; and bank failures, 149–60; causes of, 34, 50, 53–57, 120–21; defined, 112–13, 120, 133; and deflation, 34, 61–63; effect of, 70–75; effect of exchange rate system on, 55; effect on regulation and policy, 162–64; empirical analysis of asymmetric information vs. random withdrawal theories of, 129–62; in England, 116; gold shipments as means to resolve, 160; in Great Depression, 93; in interwar period (1921–36), 50–63; mechanism to end, 160–62; in National Banking Era (1863–1913), 115; pre-panic periods, 132; random withdrawal as source of, 121–24; seasonality of, 111, 123–24, 130–31, 145, 168n16. See also Asymmetric information theory; Random withdrawal theory

Banking system, U.S.: and Canada, 116–17, 162; cooperation in Free Banking Period (1838–63), 117–19; role in financial markets, 73–4; structure of, as contributor to panic, 54–55; and England, 116

Bank Insurance Fund (BIF), 380n1

Bank loans: liquidity or illiquidity of, 127–29; seasonality of risk exposure from, 145–48

Bank monitoring, with asymmetric information, 120–21, 124–27

Bank of France, 39–40

Bankruptcy, 98–101

Baring Brothers crisis, 161–62

Barth-Brumbaugh-Sauerhaft-Wang (BBSW) failure analysis, 314

Benston thrift failure/non-failure analysis, 314

391
Bernanke-Campbell corporate debt analysis, 207-19, 227-29
Bonds, corporate, 223-24
Business cycle risk exposure, 145

Canadian Bankers' Association, 116, 162
Cash flow, corporation, 219-23, 227-28
Central banks: effect of operational limits for, 39-44; as lender of last resort, 70, 104-5. See also Federal Reserve System
Clearing houses, bank: effect of actions by, 89, 98, 114; evolution of, 115; loan certificates of, 82-86; role of, 80, 97, 105n10, 113, 117, 119, 167n11
Commercial paper rate: in analysis of financial crises, 75-98; in October 1987 stock market crash, 101-4
Competitive Equality and Banking Act (CEBA), 1985, 381n11
Convertibility, suspension of, 130-32, 167n5
Currency demand: in bank runs, 111-13; in pre-panic periods, 132-49; seasonality of, 111, 123-24, 130-41, 148, 168n16
Currency depreciation, 41
Cyclical risk and leverage, industry, 219

Data sources: for banking panic theories, 111, 132, 135-36; for corporate debt analysis, 207-9, 211-15; for financial crises analysis, 75-77; for investment finance model, 22-23; for market value estimates, 320
Debt-asset ratio: of corporations, 215-18, 227; of industry, 218-19, 227
Debt deflation, 34
Debt deflation: as cause of banking panics, 34-35; effect of banking panics on (1921-36), 61-63; effect on financial system, 63-64; effect on international banking system, 50-57; transmission mechanisms of, 57-63, 75; in U.S. (1948-49), 183-84; worldwide, 34-44, 46-50, 63. See also Debt deflation; Price-level target zone
Deposit insurance, 311-12
Depository Institutions Deregulation and Monetary Control Act (DIDMC), 1980, 307
Deposit withdrawal. See Random withdrawal theory
Depression. See Great Depression
Diamond-Dybvig bank contract model, 121-23, 128-29
DIDMCA. See Depository Institutions Deregulation and Monetary Control Act
Dollar asset premia, 244-56
Dollar depreciation, 238-44, 250-56

Exchange rate system, 55. See also Gold standard
External position, sustainability of, 231, 244-56

Federal Deposit Insurance Corporation (FDIC), 259. See also Bank Insurance Fund
Federal Home Loan Bank Board (FHLBB), 306, 341, 350. See also Office of Thrift Supervision
Federal Home Loan Bank of Atlanta Market-Value Model (MVM), 320-22

Federal Reserve Act, 161
Federal Reserve Bank of New York, 93, 98
Federal Reserve System: effect of Glass-Steagall Act (1933) on, 178; Federal Open Market Committee (FOMC) of, 178-81, 184; as lender of last resort, 98-105, 161

Federal Savings and Loan Insurance Corporation (FSLIC): demise of, 109; establishment of, 311; losses of, 259, 317-20; simulated cost of thrift insolvency for, 375-79. See also Savings Association Insurance Fund

FHLBB. See Federal Home Loan Bank Board
Financial crises: asymmetric information in, 70-75; the Great Depression, 91-94; nature of, 70-75; in 1937-38, 94-95; Panic of 1857, 78-80; Panic of 1873, 80-83; Panic of 1884, 83-84; studies of, 2-3

Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), 1989, 311-13, 380n1, 381n11

Financial sector, 34, 49-50, 55-57
Financial structure, corporate, 224-27

Financial trade: analyses of breakdowns in, 2-4; defined, 1-2; effect of public policy on, 5-7

FIRREA. See Financial Institutions Reform, Recovery, and Enforcement Act
Foreign assets, U.S., 231-33
Free Banking Period (1838–63), 117–20
FRMs. See Mortgages, fixed-rate

GAAP. See Generally accepted accounting principles

Gam–St German Depository Institutions Act (1982), 307–8; loan limits and equity claims provisions of, 312; provision for thrift investment by, 310–11, 357

Generally accepted accounting principles (GAAP), 306, 320–22

Genoa Economic and Monetary Conference (1922), 35

Glass–Steagall Acts (1932, 1933), 109, 178

Gold shipments: as means to resolve banking panics, 160–61; in pre–panic period (1871–1909), 135–36

Gold standard: as cause of Great Depression, 33–34, 42, 44; as constraint on central bank policy, 34; effect of adhering to or leaving, 33, 36–38, 41–44, 53–54; effect on monetary contraction, 44; interwar (circa 1925–36), 35–44; as source of deflation (1920s, 1930s), 35–44; transmission of monetary contraction by, 44

Great Depression: asymmetric information during, 93–94; banking panics of, 114–15; Canada’s experience during, 116–17; causes of, 33–36; financial crisis analysis of, 91–94; role of Federal Reserve Bank of New York in, 93, 98; role of uncertainty in, 105n13; thrift institution failure during, 310; wage behavior in, 46–48


Interest expense, corporation, 219–23, 227–28

Interest rates: behavior of real, with deflation, 48–49; effect on thrift industry, 260, 267–76


Intermediation, bank, 74

Investment finance model: alternative esti- mates for, 23–25; with symmetric and asymmetric information, 13–16

Leading indicator variables: housing starts, 24; manufacturers’ unfilled orders, 24; payoff risk as, 12

Legal net worth (RAP) requirement, 306, 321–22

Lender of last resort: clearing houses as, 98–105, 114, 119; Federal Reserve as, 98–105, 161

Liquidity, in random withdrawal and asymmetric information theories, 128–29

Liquidity risk. See Banking panics; Bank loans; Currency demand

MMMFs. See Money market mutual funds

Modigliani-Miller theorem, 12–13

Monetary policy, gold standard countries, 35–44

Monetary policy, U.S.: analysis of price stabilization (1945–51), 185–200; before Fed-Treasury Accord (1951), 178–85; in interwar period, 63; under interwar gold standard, 35–44; 1945–51, 5–6, 175–201. See also Federal Reserve System

Money market mutual funds (MMMFs), 307

Moral hazard: with asymmetric information, 72; costs of, 311; reduction of, 312

Mortgages, adjustable-rate (ARMs): cap on, 283–84; contractual features of, 285–87, 299; and interest-rate fluctuations, 260, 267–76; and interest-rate risk, 283, 299–301, 308; valuation model and results for, 287–302

Mortgages, fixed-rate (FRMs), 260, 265–67, 283, 309

MULTIMOD model, 235–38

MVM. See Federal Home Loan Bank of Atlanta Market-Value Model

National Banking Era (1863–1913): asymmetric information in, 161; bank failures during, 156–60; banking panics of, 114; Canadian experience during, 116–17; data from, 111; financial crises during, 27n1

National Monetary Commission, 132, 163–64

New York Clearing House Association, 82–86, 89, 98, 114

New York Stock Exchange, 82
Office of Thrift Supervision (OTS), 323

Panic of: 1814, 113; 1839, 117-18; 1857, 78-80, 118; 1861, 113-14; 1873, 80-83; 1884, 83-84; 1890, 84-86, 161-62; 1893, 86-87, 114, 157, 159; 1896, 88, 157-58; 1907, 89-91, 156-57, 159-61

Penn Central bankruptcy (June 1970), 98-101

Price-level target zone: application of model framework for, 191-200; Federal Reserve commitment to, 195-200; framework of model for, 186-91

q: marginal and average, 18-20; as reduced-form control, 28n8

QTL test. See Qualified thrift lender

Qualified thrift lender (QTL), 311-12, 381n11

Random withdrawal theory, 111, 120-24, 128, 130-31; analysis of bank failures, 149-60; comparison with asymmetric information theory, 130-32; liquidity and illiquidity in, 127-29; public policy framework using, 164-66. See also Sequential-service constraint

RAP. See Legal net worth (RAP) requirement


Regulation, bank, 162-64

Regulation Q ceilings, 307, 327, 381n14

Reserve pyramiding, 38-39, 130, 168n15

Reserve ratio levels (1871-1909), 132-34

Resolution Trust Corporation (RTC), 375

Savings and loan industry. See Thrift institutions

Savings Association Insurance Fund (SAIF), 380n1

Sequential-service constraint: with asymmetric information, 124-27; criticism of and rationale for, 122-24; as withdrawal rule, 121

Silver standard countries, 36

Stock market crash: in 1907, 89-91; in 1929, 91, 93, 96, 98; in 1940, 95-96; in 1987, 101-4

Stock price: in analysis of financial crises, 75-98; decline in May 1940, 95-96; decline in October 1929, 96; index in prepanic periods (1871-1909), 141-49; in October 1987 stock market crash, 101-4

Tangible accounting principles (TAP), 310, 321-22, 381n9

Thrift Financial Report (TFR), 320-21

Thrift institutions: analyses of problems of, 7-9; effect of adjustable-rate mortgage caps for, 283-84; effect of interest-rate fluctuations on, 260, 267-76; failures of, 305-6, 308-20; interest-rate risk of, 260; regulations to limit activity of, 308, 312; risk-taking activity of, 309-11; shift of risk from, 307-8, 312; value of, 261-65, 275, 320-22; value of mortgage portfolios of, 265-67

Thrift institutions, southeastern: asset and liability values of, 323-30, 368-69; causes of failure in, 341, 373, 379-80; deposit growth and solvency of, 366-68; determinants of market-value net profits, 361-66; market-value solvency of, 330-54; risk-taking behavior of, 354-61, 369-70

Uncertainty in Great Depression, 105n13

U.S. Treasury-Federal Reserve Accord (1951), 175, 184-85, 191, 195. See also Price-level target zone

Wages, real, 46-48
R. Glenn Hubbard, professor of economics and finance at the Graduate School of Business at Columbia University, is also a research associate of the National Bureau of Economic Research. He is the editor of Asymmetric Information, Corporate Finance, and Investment, also published by the University of Chicago Press.

An NBER Project Report
Books of Related Interest

Asymmetric Information, Corporate Finance, and Investment
Edited by R. Glenn Hubbard
Affording valuable insights for applied research in financial markets, industrial organization, and public policy, these papers challenge a long-held precept of modern financial research by arguing that financial decisions of the firm can affect real economic activity, and that this is true for enough firms and consumers to have significant aggregate economic effects.

An NBER Project Report

The Risk of Economic Crisis
Edited and with an Introduction by Martin Feldstein
In this accessible and thought-provoking volume, Benjamin M. Friedman investigates the origins of financial crises in domestic capital markets, Paul Krugman examines the international origins and transmission of financial and economic crises, and Lawrence H. Summers explores the transition from financial crisis to economic collapse. The book also contains provocative observations by senior academics and others who have played leading roles in business and government.

An NBER Conference Report

The American Business Cycle
Continuity and Change
Edited by Robert J. Gordon
"A book that all macroeconomists will want to own. . . . Its compilation of facts and insights will provide the starting point for additional research on economic fluctuations in the years ahead."—Christina D. Romer, Journal of Economic Literature

NBER Studies in Business Cycles

The University of Chicago Press