

Macro-Financial History and Macro-Prudential Policy

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Abstract

What can the long-run macroeconomic and financial history of advanced economies teach us about economic instability, financial crises, asset prices movement, business cycles, and the role of economic policies? In this course I will review some of my research over the last decade with various collaborators to investigate this question. Part one will focus on the tasks of original data creation, and how those discoveries reveal new facts about the workings of money and credit. I then examine the ability of credit to predict financial crisis events and the severity of business cycle downturns. Part 2 will look at broader correlates of credit cycles in the wider economy, and will explore some big questions for macroprudential policy: does bank capital have role to play in mitigating crises? and what can other macroprudential actions like credit controls achieve as compared to using the standard interest rate tool of monetary policy?