



RESERVE BANK OF AUSTRALIA

6 December 2018

Australian Business Economists Annual Dinner

# Lessons and Questions from the GFC

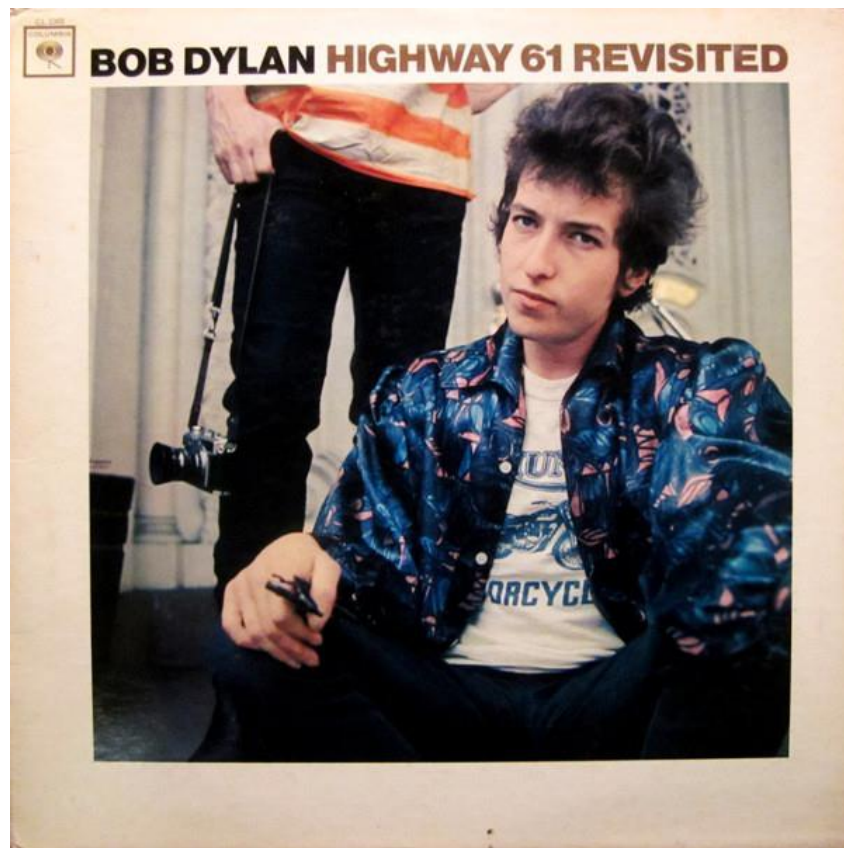
Guy Debelle

Deputy Governor

# **GFC Track List**

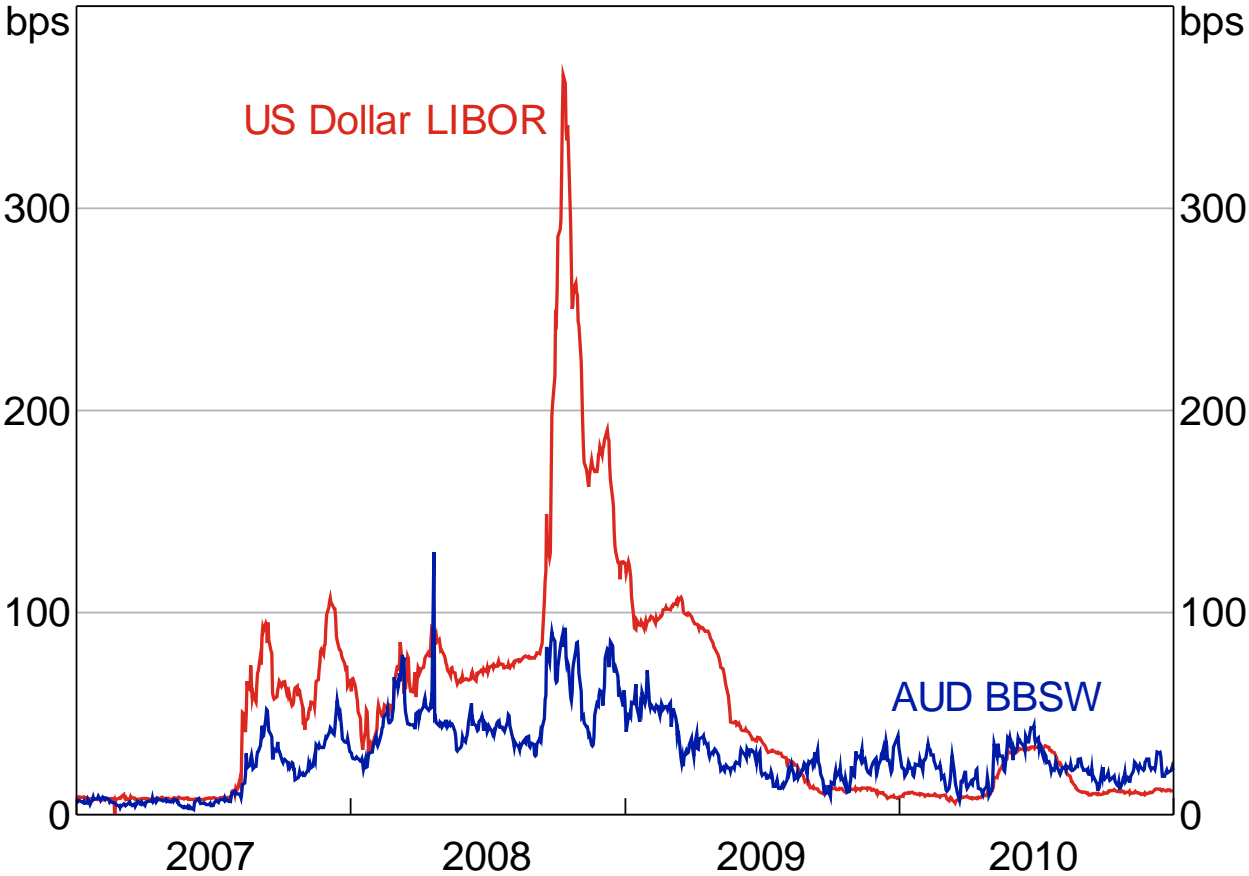
1. **Ballad of a Thin Man**
2. **Everything Flows**
3. **Karma Police**
4. **How Much is Enough**
5. **History Never Repeats**

# Ballad of a Thin Man



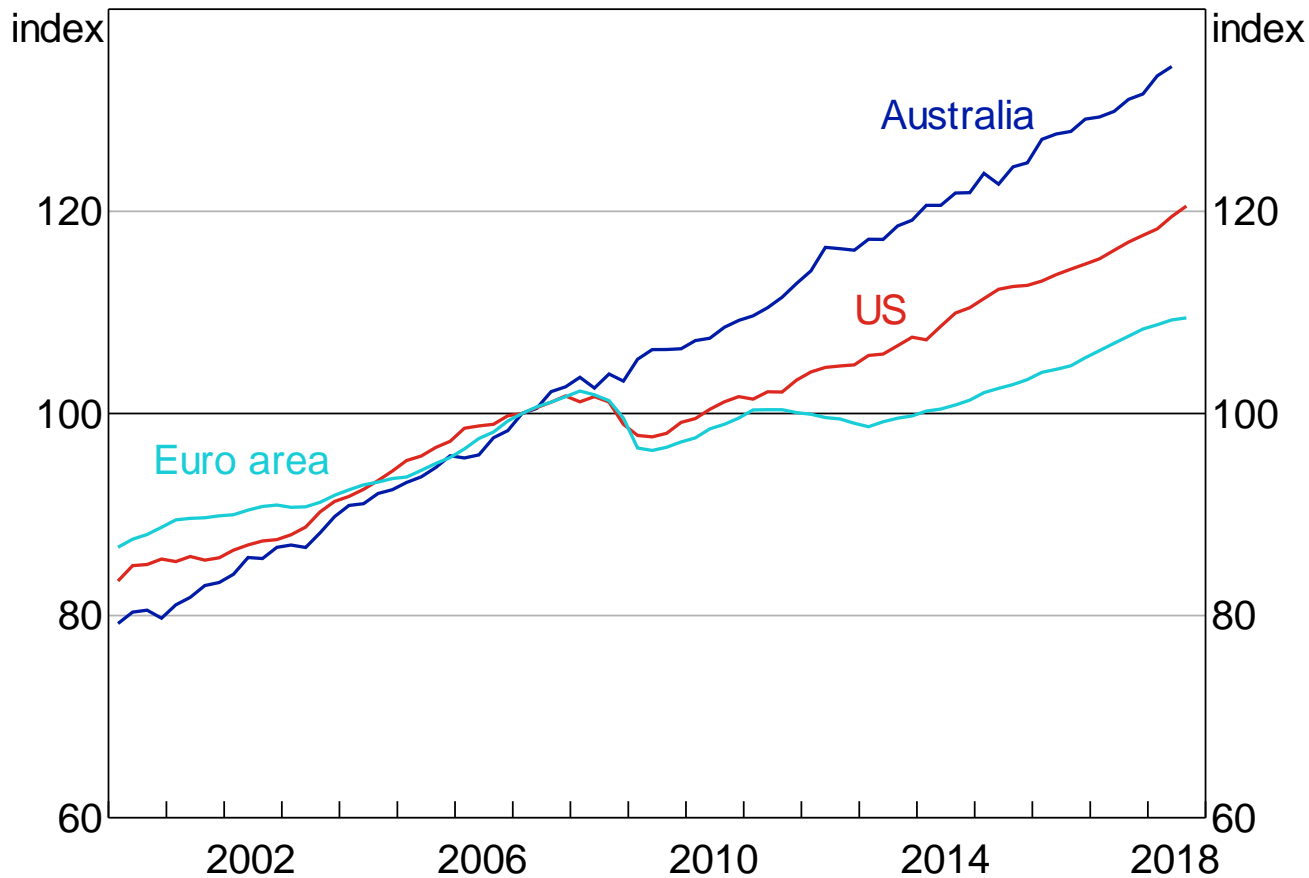
# Short-term Interbank Lending Rates

Spread to three-month overnight indexed swaps (OIS)



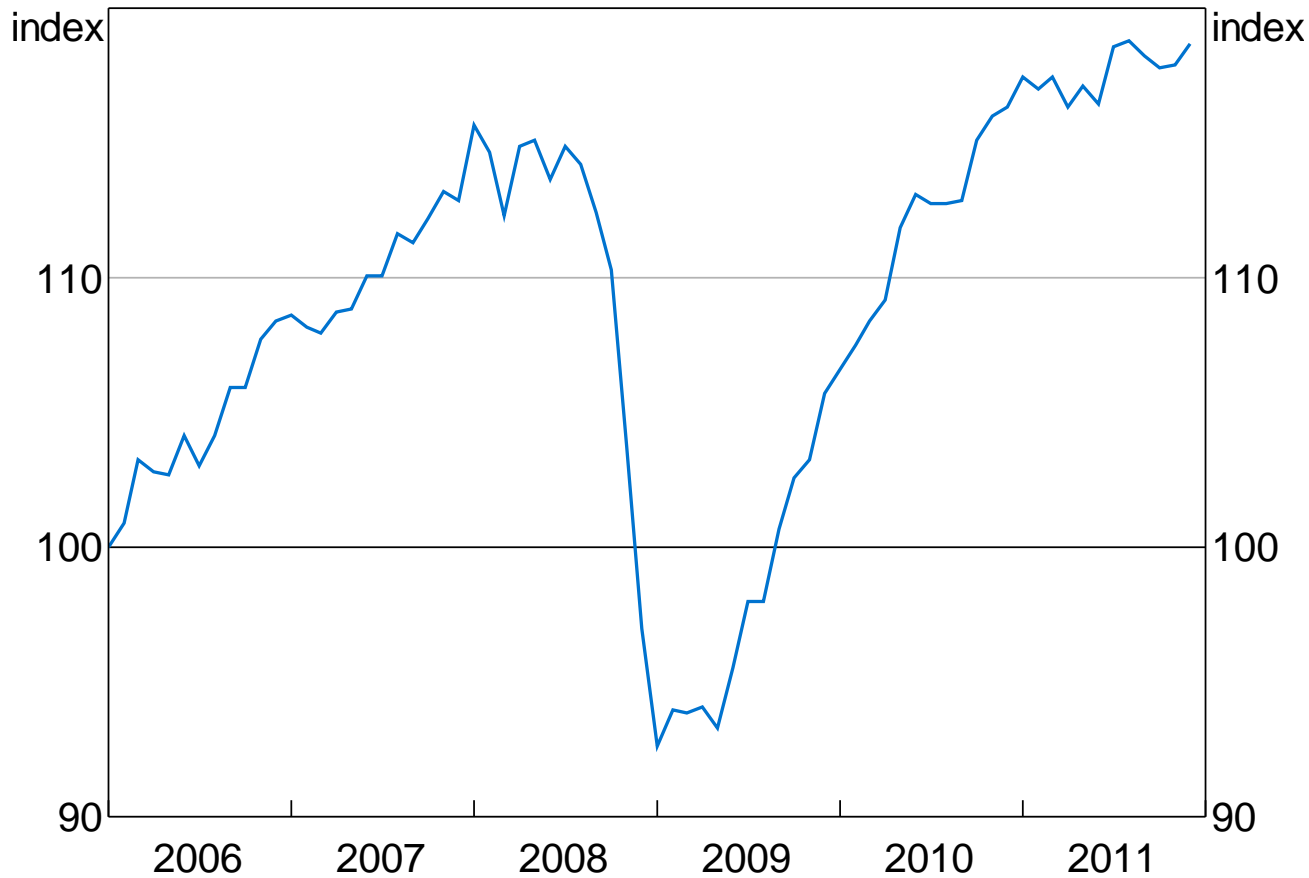
# Real GDP

March quarter 2007 = 100



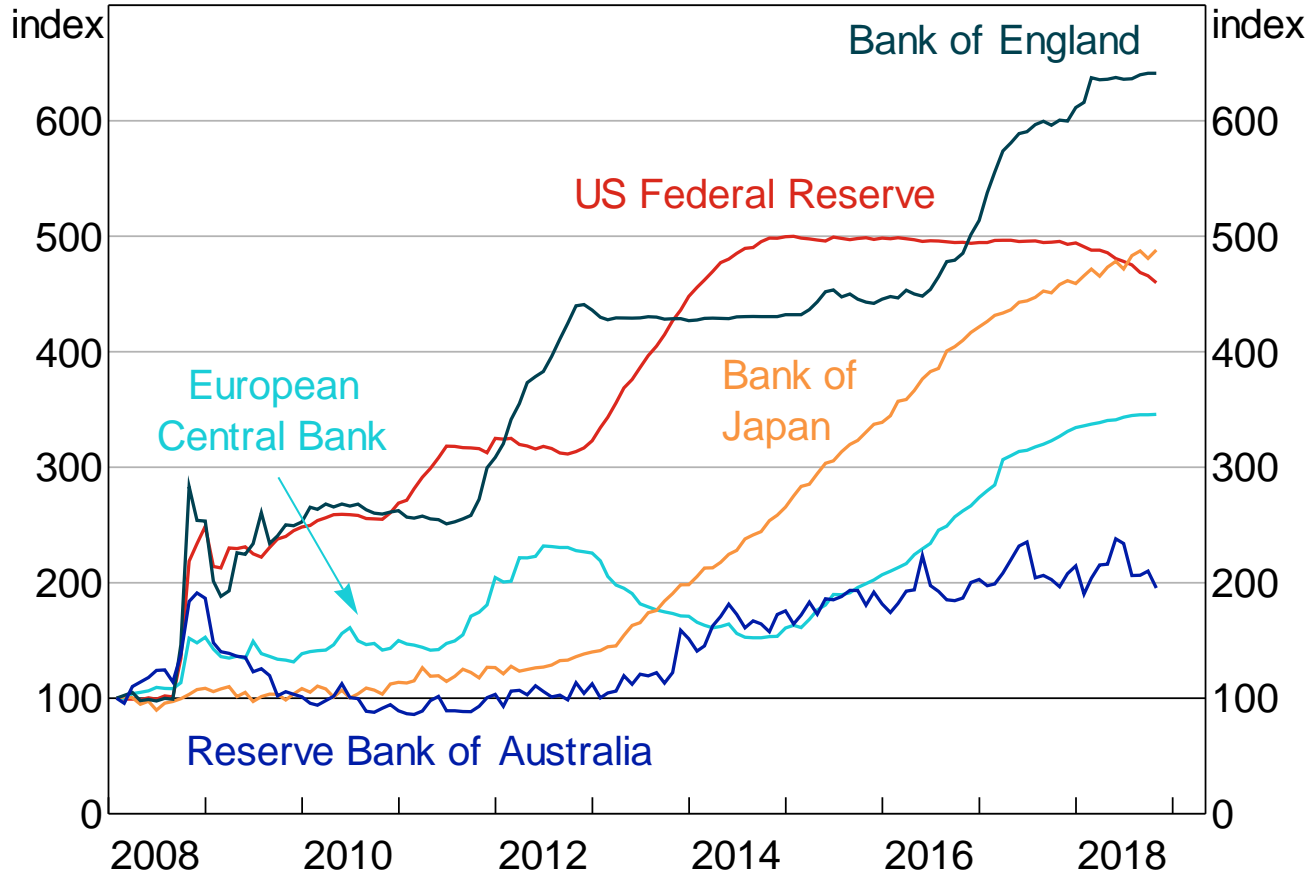
# Global Merchandise Trade

January 2006 = 100



# Central Bank Balance Sheets

Total assets; 31 January 2008 = 100



# Everything Flows





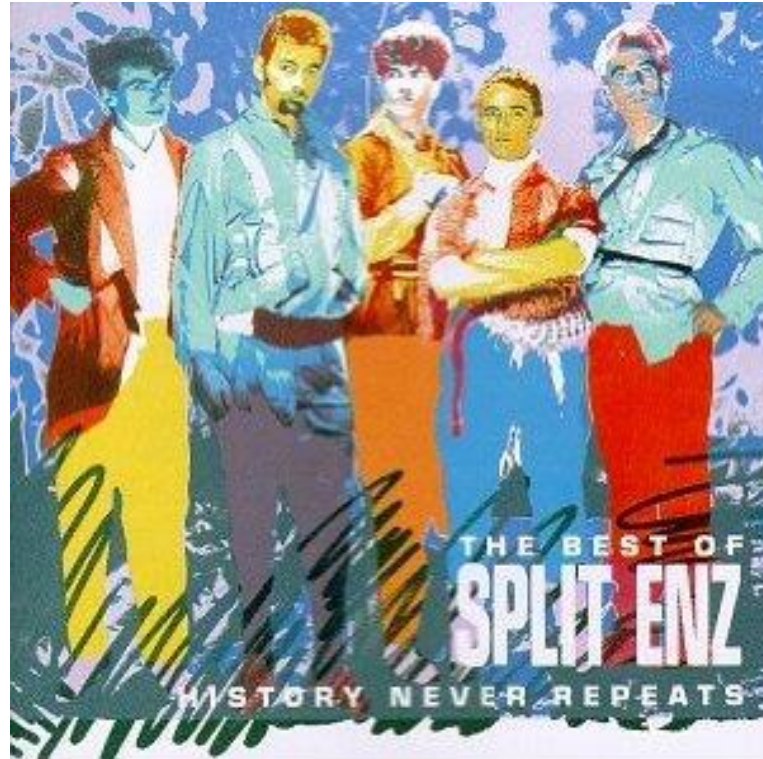
# Karma Police



# How Much is Enough



# History Never Repeats?



# GFC Lessons

1. Leverage matters
2. Timely policy responses are effective
3. In a crisis, don't die wondering
4. Keep the credit flowing
5. Bagehot pricing
6. How Much Debt is Enough?



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