PREFACE

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In March 2008, the world was transfixed as it watched the unraveling of Bear Stearns, one of the world's most prestigious investment banks. What ensued was the largest financial and economic crisis since the 1930s Great Depression. The sudden and rapid decline of the financial market that led to a significant contraction in economic activity, coupled with historic levels of unemployment and a double-digit drop in housing prices, placed millions of hard-working Americans and others around the world in an impossible squeeze. Many lost jobs just as the underlying value of their homes fell by as much as 40 percent. The combined impact of lost jobs and declining home values meant that families could not afford to sell their homes. In many cases, the only choice was to take a large loss or enter bankruptcy. For most, the latter was the only option.

In making these statements, we do not absolve individuals of fiduciary responsibility any more than we absolve regulators and bankers of the obligation to fulfill their responsibilities. But it is hard not to see the rise of the populist movement, Trumpism and antiglobalism, as a backlash to the failure to help the average citizen weather the financial turmoil.

The essays contained in this compilation look back to look forward. We examine if the actions and reforms put in place in the aftermath of the financial crisis have made the financial system stronger and better positioned to withstand the next crisis when, not if, it comes.

In short, have we learned the lessons and implemented the necessary policies to mitigate future damaging effects? One common theme that runs through the

chapters is the notion of risk and its relation to liquidity in the financial system. Risk takes many forms: market, financial, strategic, and managerial. But in a number of different ways, each chapter addresses whether actions taken during and after the crisis have provided policymakers and market participants with better tools to identify, evaluate, and mitigate these risks when they arise.

Clearly, these were and are risky times for banks, creditors, regulators, and policymakers around the world. The chapter authors are well-known, leading experts in government, business, and academia on various aspects of finance and financial regulation. We hope the chapters shed light on how to think about the risky business that was the financial crisis, how ad hoc policy responses came about often in the depths of uncertainty and surrounded by controversy about effectiveness and fairness, and how we can do better in the future to manage risk and prevent crises that affect so many.

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To end where we started: the lessons presented in this volume are not abstract theories and models divorced from reality. Learning the lessons of the financial crisis is important, and getting it right matters deeply for many people. An entire generation has been shaped by the financial crisis and limited by the stranglehold of indebtedness. We owe the next generations more.

AFTER THE CRASH