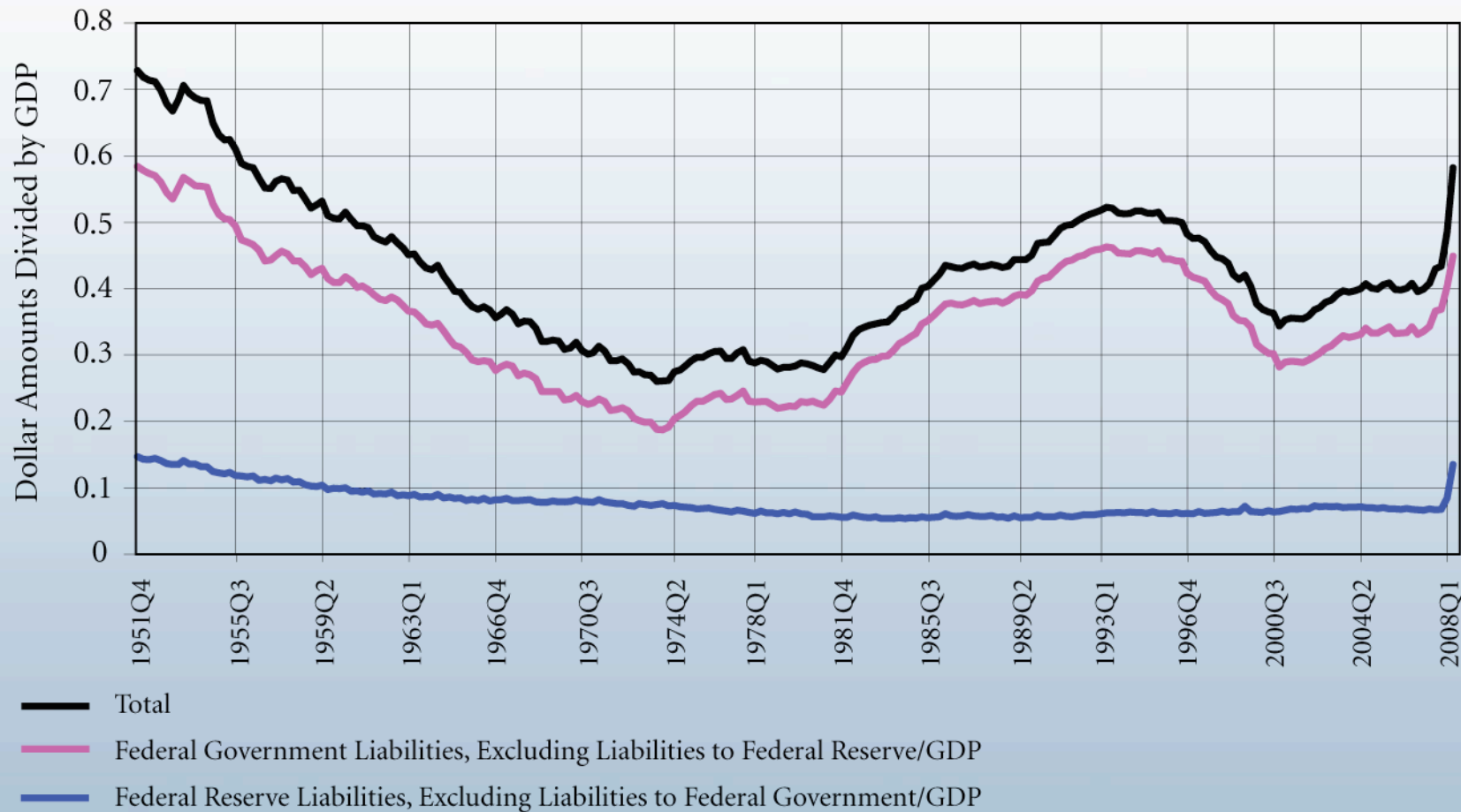




18th Annual Hyman P. Minsky Conference

**MEETING THE CHALLENGES
OF FINANCIAL CRISIS**

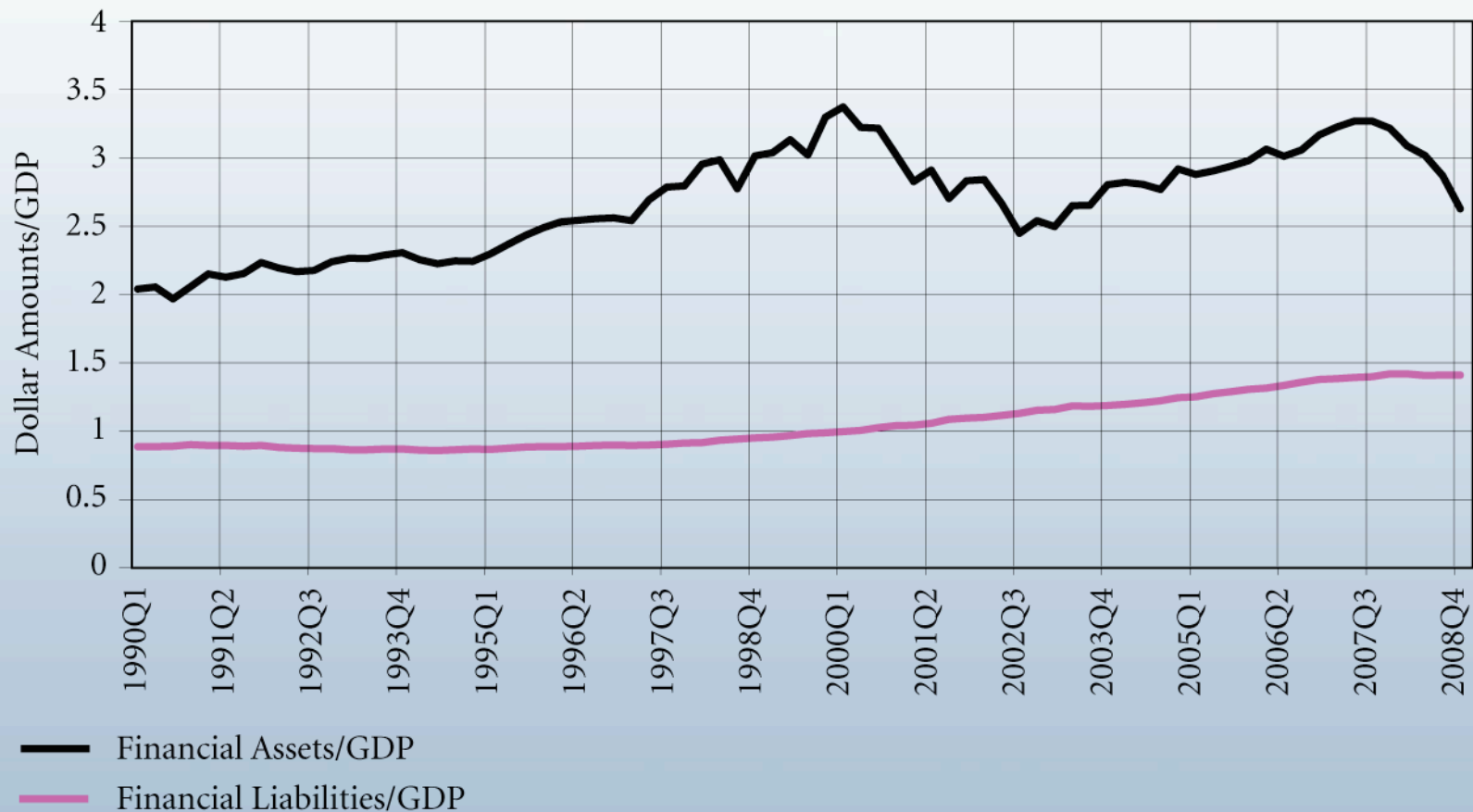
FIGURE 1 Liabilities on the Consolidated Federal Government / Federal Reserve Balance Sheet



Note: Series shown in blue equals total Fed liabilities minus checkable deposits due to federal government; series shown in fuschia includes total federal government liabilities minus Treasury securities held by the Fed minus nonmarketable securities held by pension funds minus Treasury currency held by the Fed. Data not seasonally adjusted.

Sources: GDP, Bureau of Economic Analysis; liabilities series, Federal Reserve

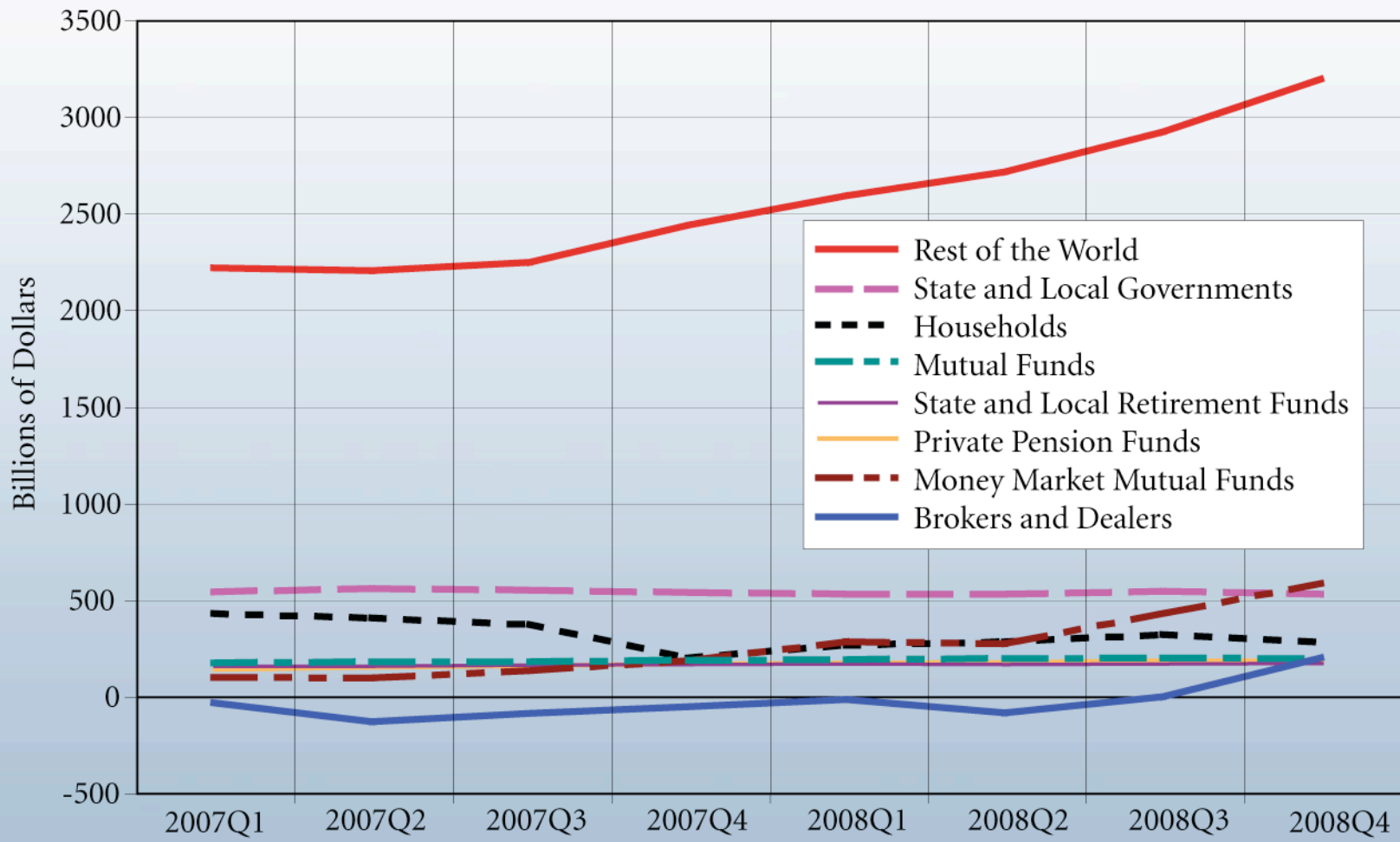
FIGURE 2 Personal Sector Financial Assets and Liabilities



Notes: Personal sector comprises households, nonprofit organizations, and nonfarm, noncorporate business. Data not seasonally adjusted.

Sources: Assets and liabilities, Federal Reserve; GDP, Bureau of Economic Analysis.

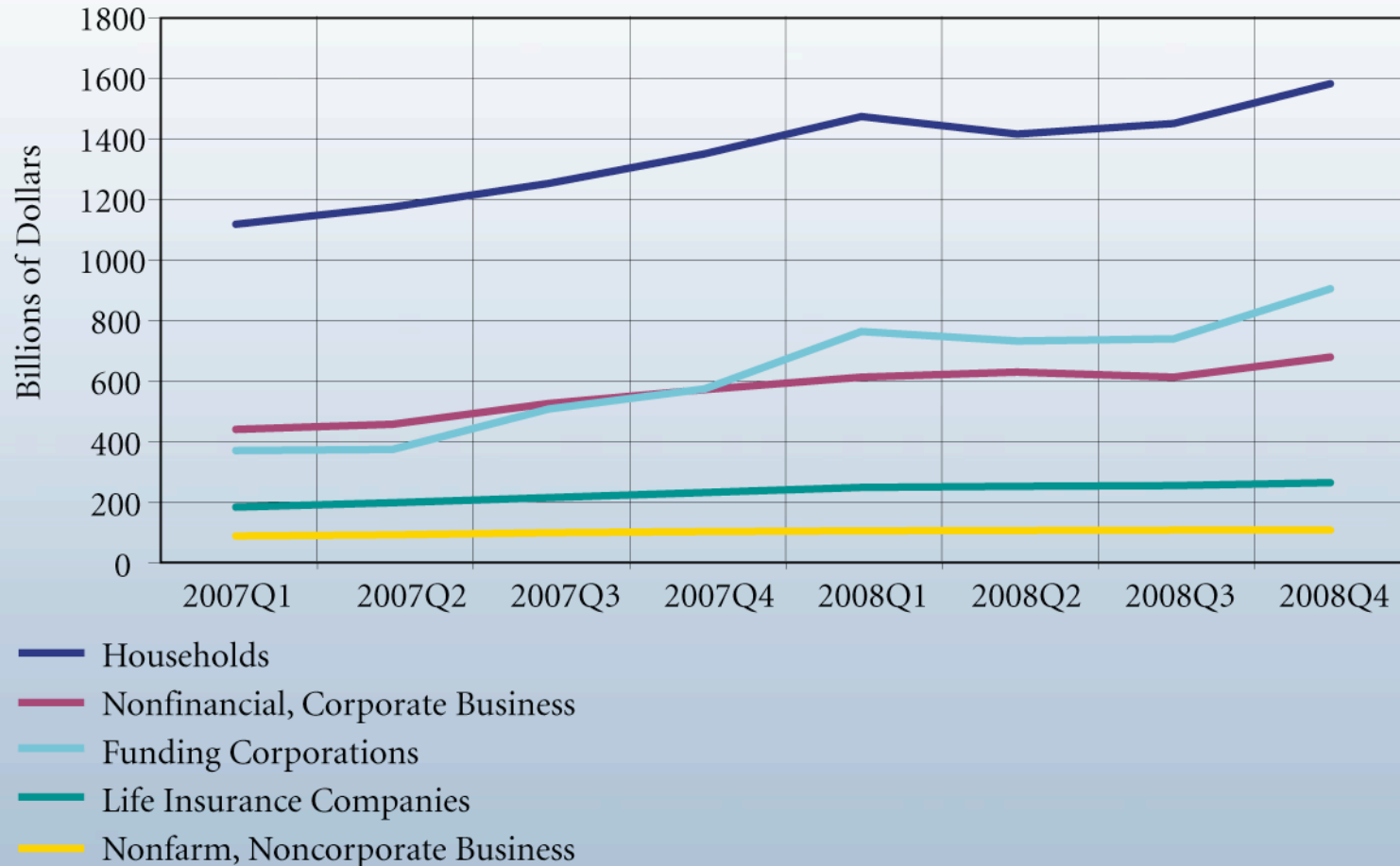
FIGURE 3 Treasury Securities Holdings by Sector



Note: Chart shows all sectors that held more than \$100 billion in Treasury securities as of the fourth quarter in 2008. Data not seasonally adjusted.

Source: Federal Reserve

FIGURE 4 Money Market Mutual Fund Holdings by Sector



Note: Chart shows all sectors that held more than \$100 billion in money market mutual funds as of the fourth quarter, 2008. Data not seasonally adjusted.

Source: Federal Reserve

The Conceptual Framework



Accounting Identity of Financial Balances



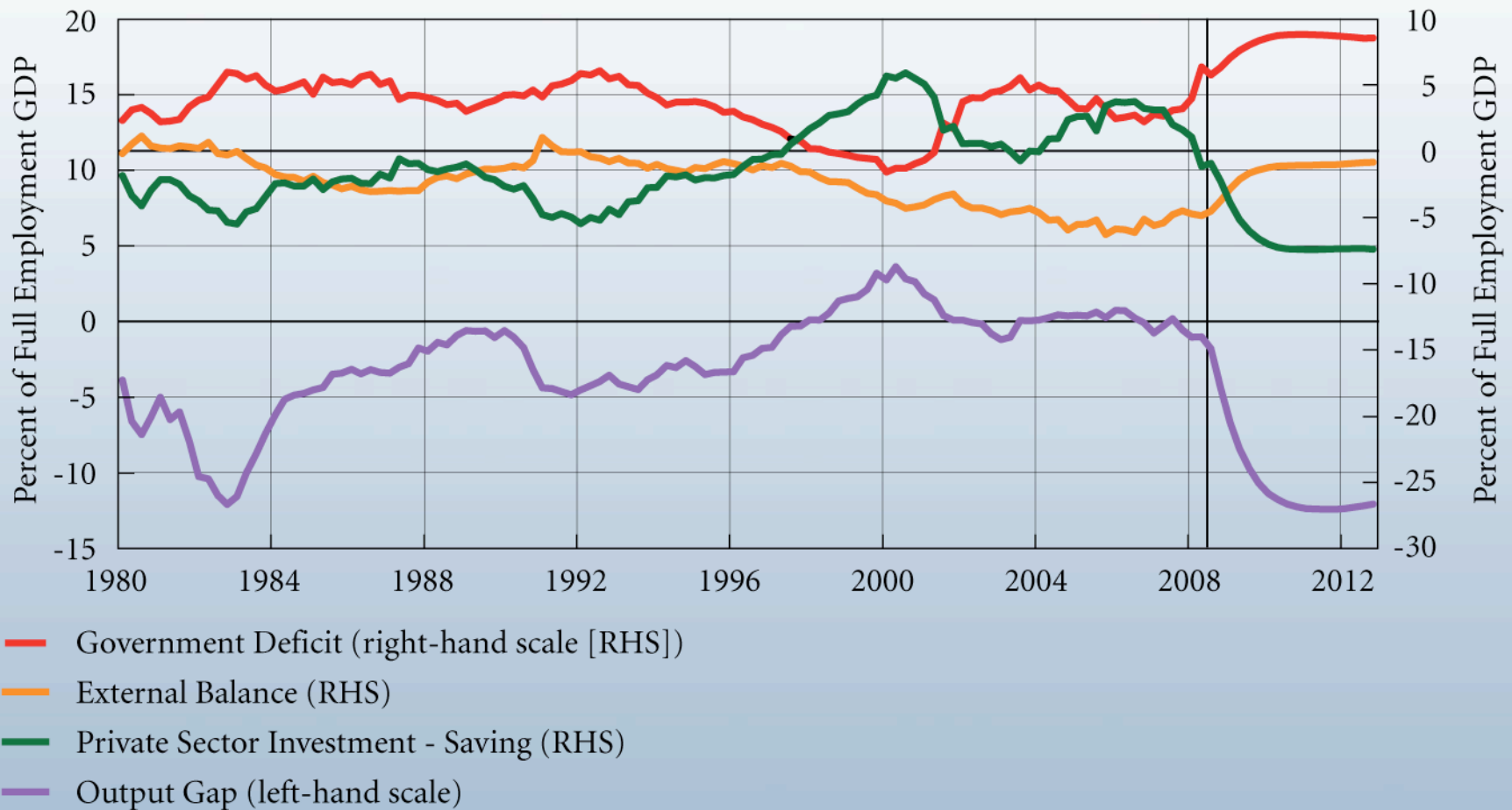
In 2007 the identity was roughly like this:

-2.2% of GDP -3% of GDP = -5.2% of GDP

In 2008 the identity was roughly like this:

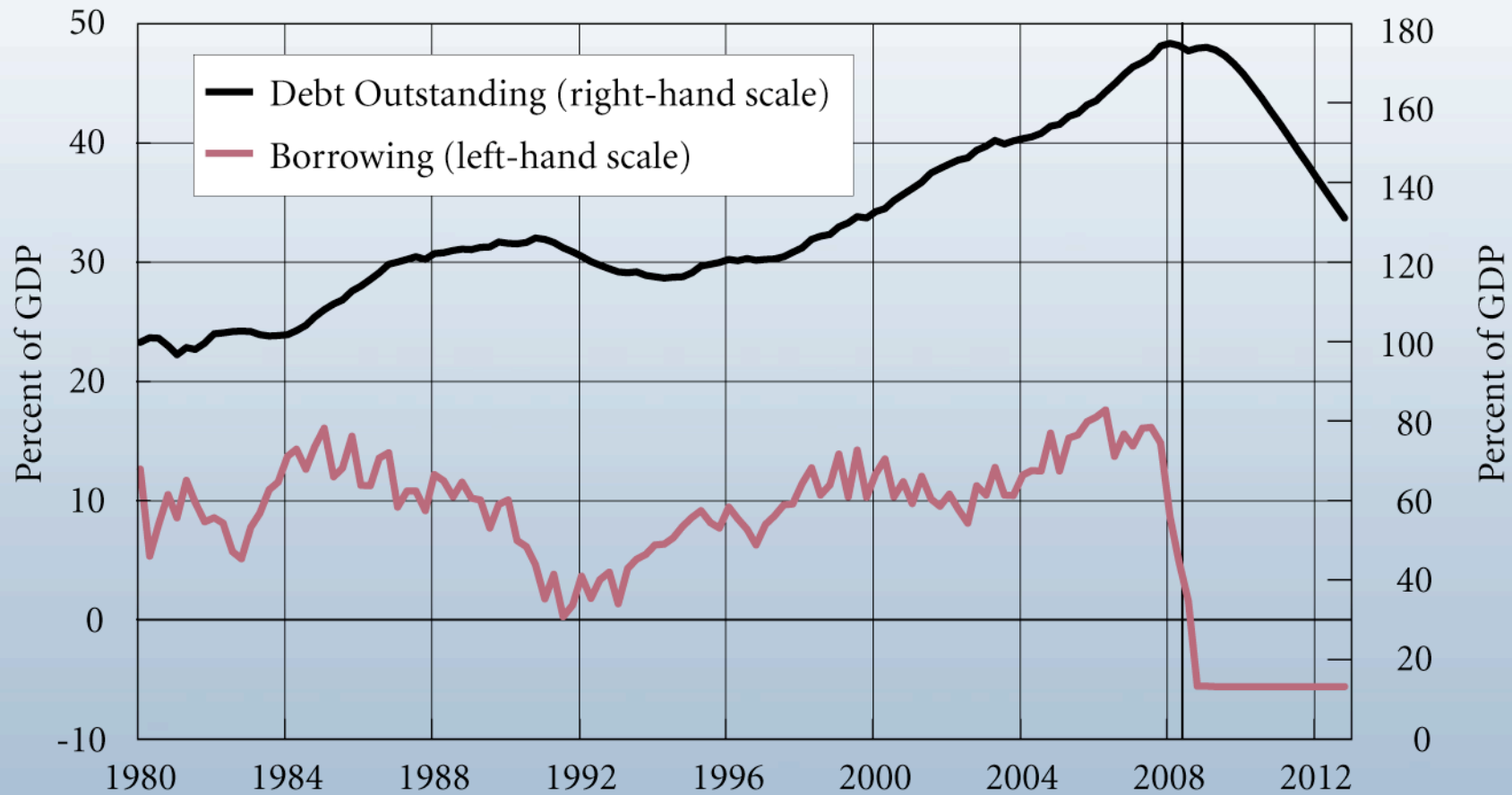
1.1% of GDP -4.6% of GDP = -3.5% of GDP

FIGURE 5 U.S. Main Sector Balances and Output Gap



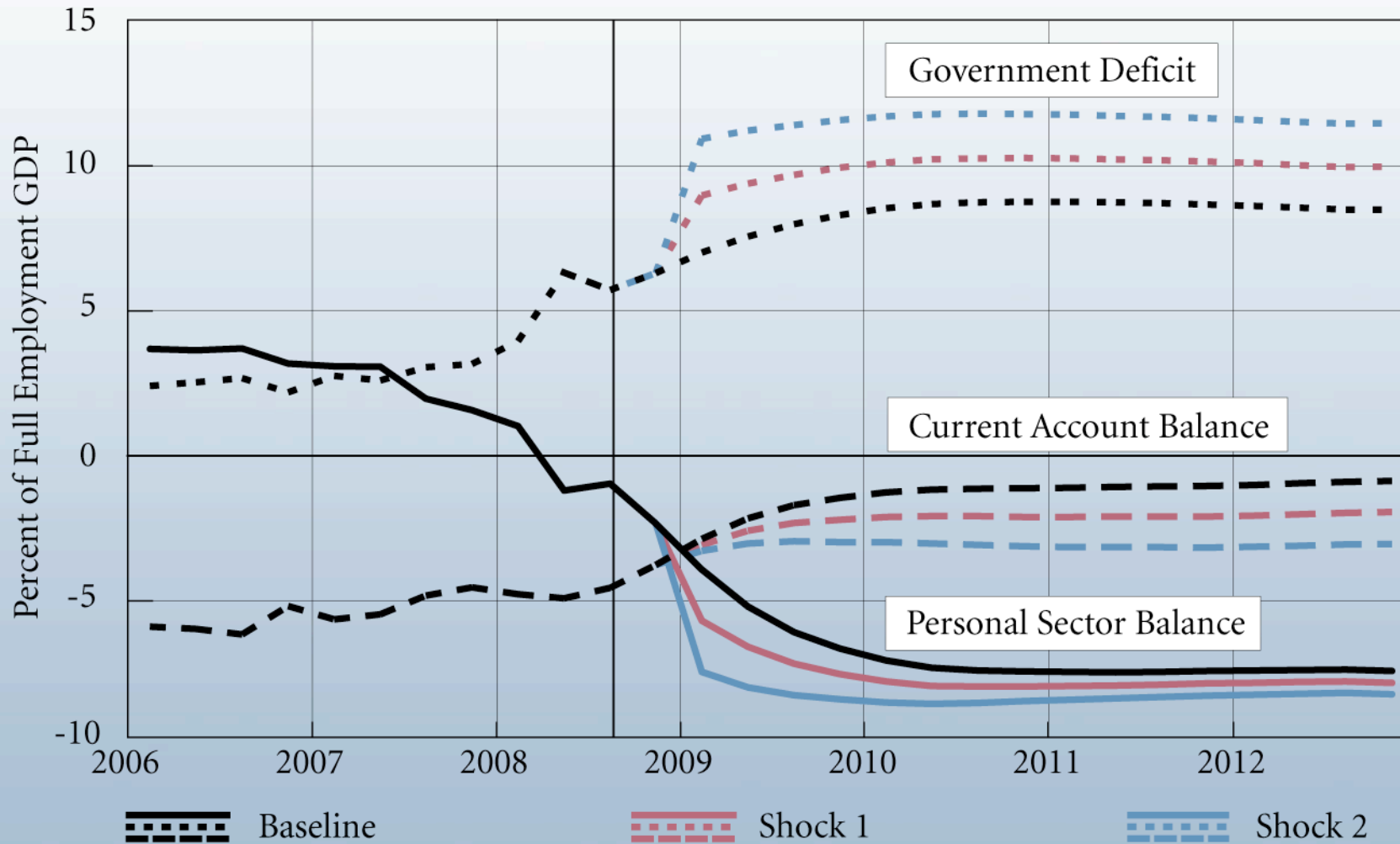
Sources: Federal Reserve and authors' calculations

FIGURE 6 Private Sector Borrowing and Debt



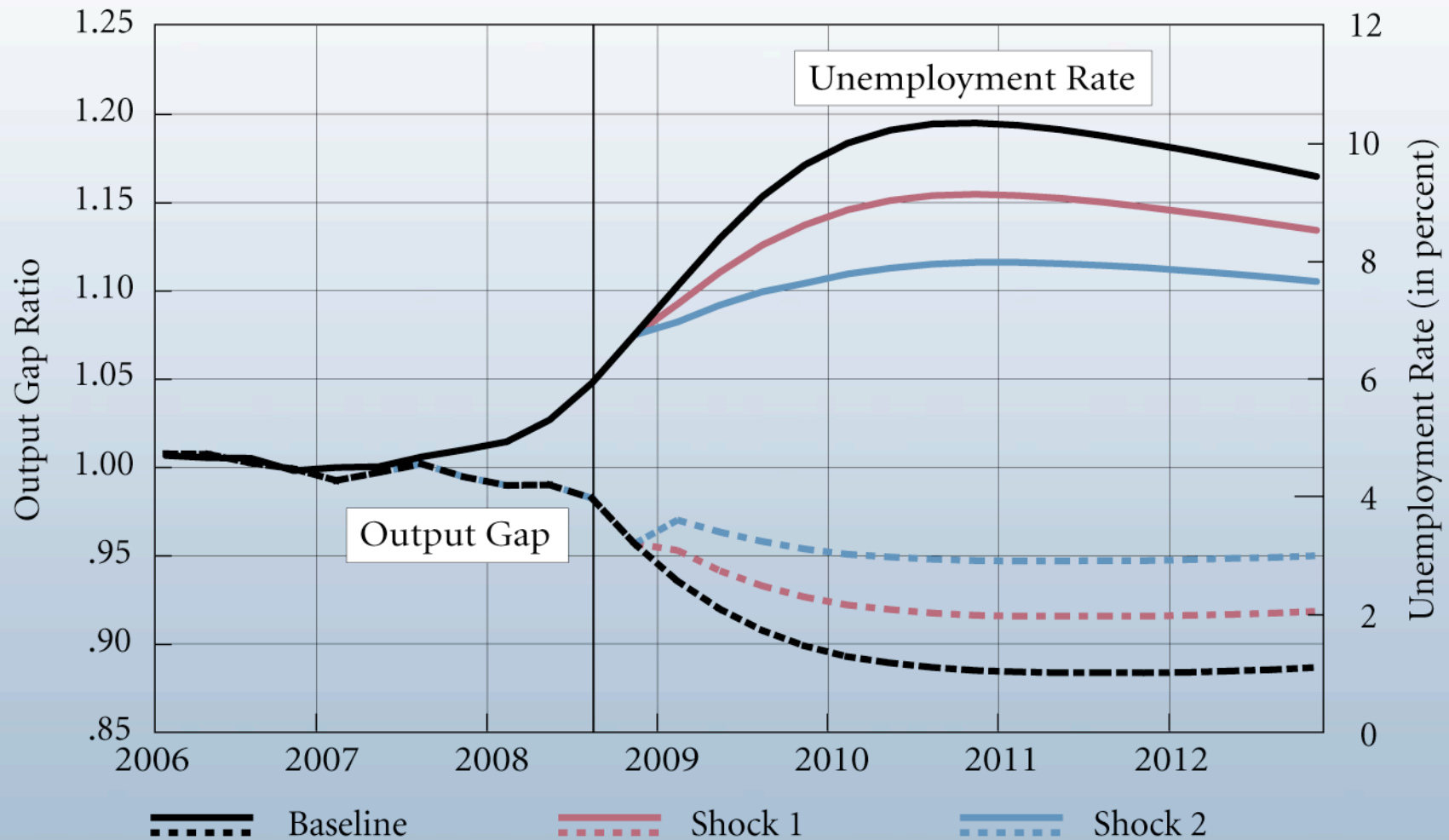
Sources: Federal Reserve and authors' calculations

FIGURE 7 U.S. Main Sector Balances



Sources: Federal Reserve and authors' calculations

FIGURE 8 Output Gap and Unemployment



Sources: Federal Reserve and authors' calculations



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