Key Elements of the U.S. Response

Use of the Fed’s lender-of-last-resort authorities beyond the banking system, for investment banks and funding markets.

An expansive use of guarantees to prevent runs on money market funds and a broad array of financial institutions.

An aggressive recapitalization of the financial system, in two stages, backed by expanded FDIC guarantees.

A powerful use of monetary and fiscal policy to limit the severity of the recession and restore economic growth.

A broad mix of housing policies to prevent the failure of the GSEs, slow the fall of home values, lower mortgage rates, and aid in refinancings.

An extension of dollar liquidity to the global financial system, combined with international cooperation and Keynesian stimulus.