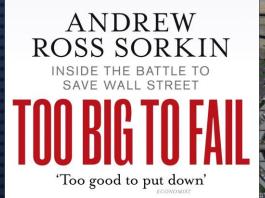
# INTERCONNECTEDNESS, STABILITY, AND THE RESPONSE TO THE CRISIS

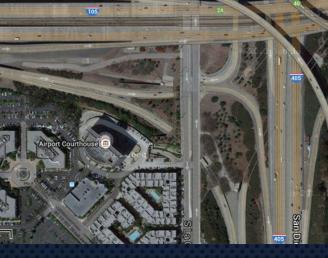
Dermot Turing Kellogg College, Oxford

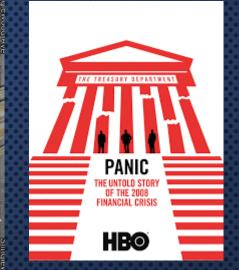


#### THE INTERNATIONAL BESTSELLER







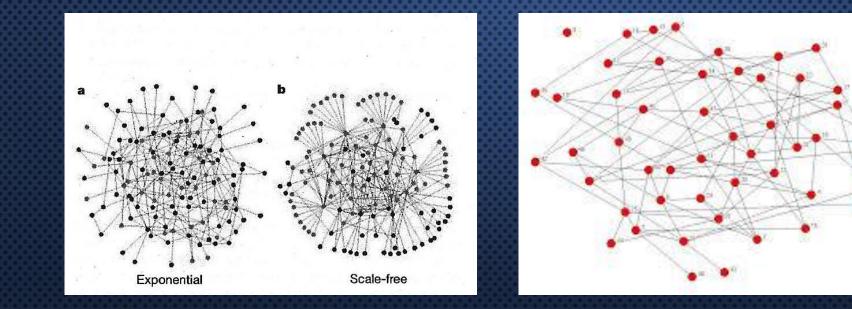


#### The Biggest Bailout in U.S. History

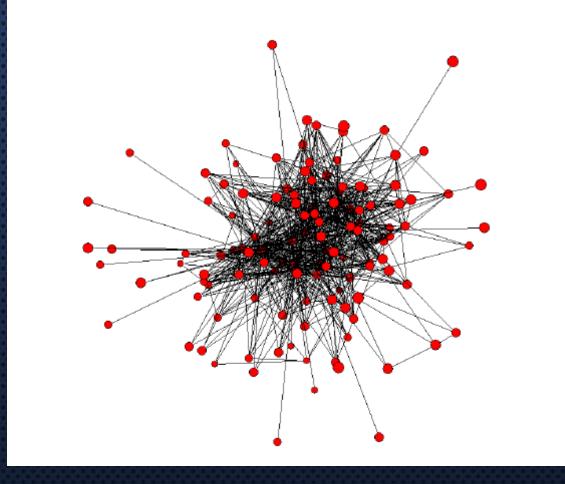


The PATH Act ends the taxpayer-funded bailout of Fannie Mae & Freddie Mac, phasing them out within five years. Learn more at financialservices.house.gov/blog | Join the conversation on Twitter with #PATHAct

#### Models



Sources: Albert et al. (2000), University of Bologna



### Real Network: Brazil

#### Source: Cont et al. (2012)



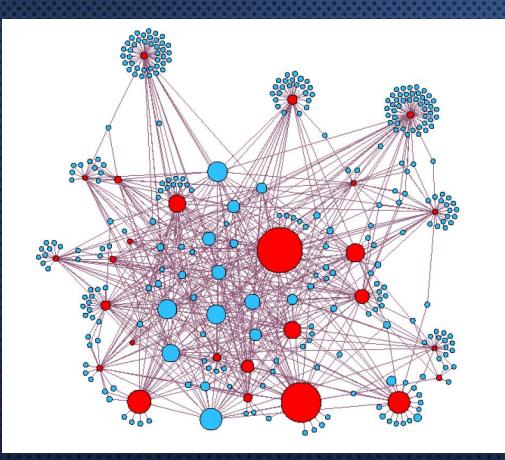
## Contagion (2)

Centrally deared trades

Counterfactual had they not been centually cleared

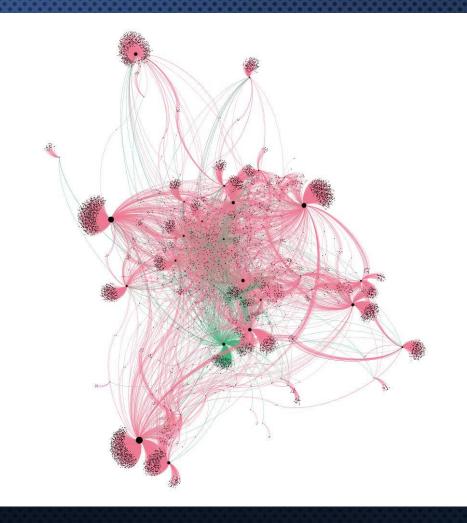
### Clearing models

Sources: Bank of England (2018), Turing (2016)



Sources: FSB (2018), Fiedor et al. (2017)

### Real Clearing



### Clearing and liquidity



# CONCLUSIONS

Interconnectedness

Loss of connectedness is destabilizing Topology impact of Type 1 contagion is substantial, but wrong question Not just a developed-world issue Post-crisis reforms

May have increased aridity risk Repo market lessons to be digested