Preface

In October of 2008 we were in the midst of a financial and economic hurricane that was certain to leave behind massive financial and economic damage. It would eventually blow over, as all hurricanes do, but it was not too early to begin to think about what changes to the financial system can mitigate the damage and hopefully make future financial storms less likely. With one of the largest and best faculties in the world focused on finance, economics, and related disciplines – academics deeply rooted in their respective disciplines and at the same time heavily exposed to the practice of modern financial institutions, we thought that the financial crisis unfolding at the time provided a unique opportunity to harness our collective expertise and make a serious contribution to the repair efforts that are now getting underway.

We convened a small group of interested faculty, the idea caught on, and we decided to execute this project. All faculty members in the relevant disciplines at the Stern School were invited to participate if they had the time and the interest, and 33 colleagues did so. As a common format we used the "White Paper." Each starts by discussing the nature of the problem, where things went wrong and where we are today, what options are available to repair the immediate damage and prevent a recurrence at the least possible cost to financial efficiency and growth, and a recommended course of action with respect to public policy or business conduct. Each was intensively debated both formally and informally among the group over six weeks or so, although no attempt was made to enforce uniformity of views. The authors are listed at the end of this issue, which contains summaries and key findings of the White Papers. The studies themselves are available in *Restoring Financial Stability: How to Repair a Failed System*, Viral V. Acharya and Matthew Richardson (eds.), New York, John Wiley & Sons, March 2009.

This has been a unique opportunity to bring our cumulative expertise to bear on an overarching set of issues that will affect the national and global financial landscape going forward. We know that the repair process in the months and years to come will be highly politicized, and that special interests of all kinds will work hard to affect the outcomes. We also know that some of those entrusted with the repair have also been responsible for some of the damage. So we present here a set of views that are at once informed, carefully considered and debated, independent and focused exclusively on the public interest.

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