

---

# Reflections on the Evolution of Financial Crises: Theory, History and Empirics

Michael Bordo\*<sup>†1</sup>

<sup>1</sup>Rutgers, The State University of New Jersey [New Brunswick] (RUTGERS) – 100 George Street, New Brunswick, NJ 08901, United States

## Abstract

The world has seen five global financial crises since 1880. They usually involved shocks transmitted from the core countries to the periphery but sometimes the reverse happened. Theories of financial crises as well as empirical evidence on them has evolved greatly in the past century and a half. This paper surveys the history, theory and empirical evidence on financial crises. A key development in recent years has been the growing connection between financial crises and fiscal crises. This reflects the increasing importance of government guarantees of the banking system and other parts of the financial sector. The paper focuses on this connection. I provide evidence on crisis incidence, the costs of financial crises, the determinants of crises, and the feedback loops between fiscal and financial crises.

---

\*Speaker

<sup>†</sup>Corresponding author: [bordo@econ.rutgers.edu](mailto:bordo@econ.rutgers.edu)