



**TÜRKİYE CUMHURİYET  
MERKEZ BANKASI**

## **Closing Remarks**

**Erdem Başçı  
Governor**

**September 14, 2012  
ICBS, Istanbul**

# Two Approaches to Financial Stability

## ➤ The Greenspan Doctrine

- Financial crises are *unavoidable*
- NIMTOF principle

## ➤ The Ingves Doctrine

- Financial crises are *avoidable*
- HD-WU-HD principle

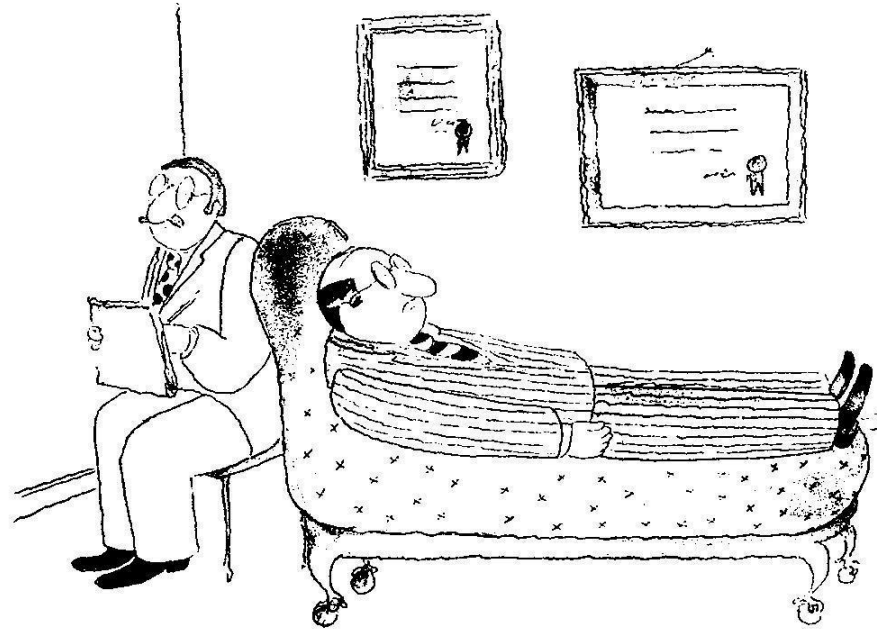
# Two Approaches to Financial Stability

- The Greenspan Doctrine
- The Ingves Doctrine

# An Ignored Financial Bubble Leads to...



THE NEW YORKER



*Victoria Roberts*

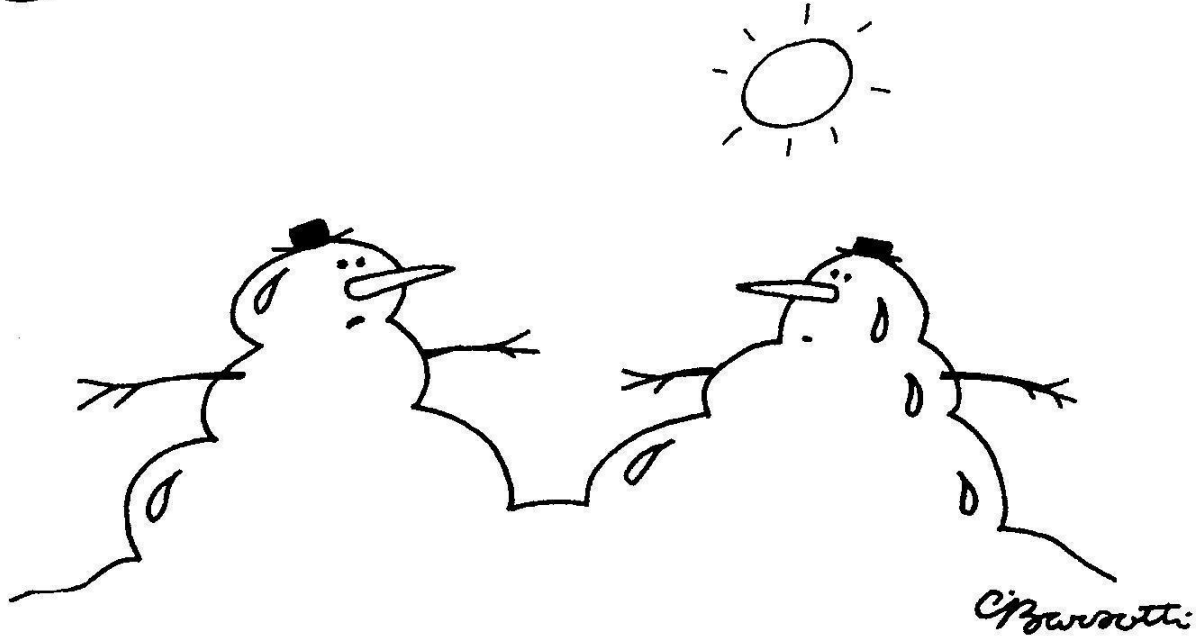
*"The things that should bother me don't—should I be worried?"*

WEDNESDAY  
MAY 18

# ... A Financial Meltdown



THE NEW YORKER



*"Yeah, yeah, maybe it's cyclical but I don't feel any better."*

MONDAY  
MARCH 28

# ... Lost Homes



THE NEW YORKER



*"Honey, we're homeless."*

*New Year's Day (observed) (Ireland, NZ, UK, Australia—except NSW)*

MONDAY  
JANUARY 3

# ... Lost Jobs



THE NEW YORKER



*"Sorry. We don't need anyone at the moment."*

SAT/SUN  
JUNE 11/12

# ... Lost Taxpayers



THE NEW YORKER



*"A group of taxpayers are here to give you your bonus, sir."*

MONDAY  
JANUARY 24



# ... Lost Banks



THE NEW YORKER

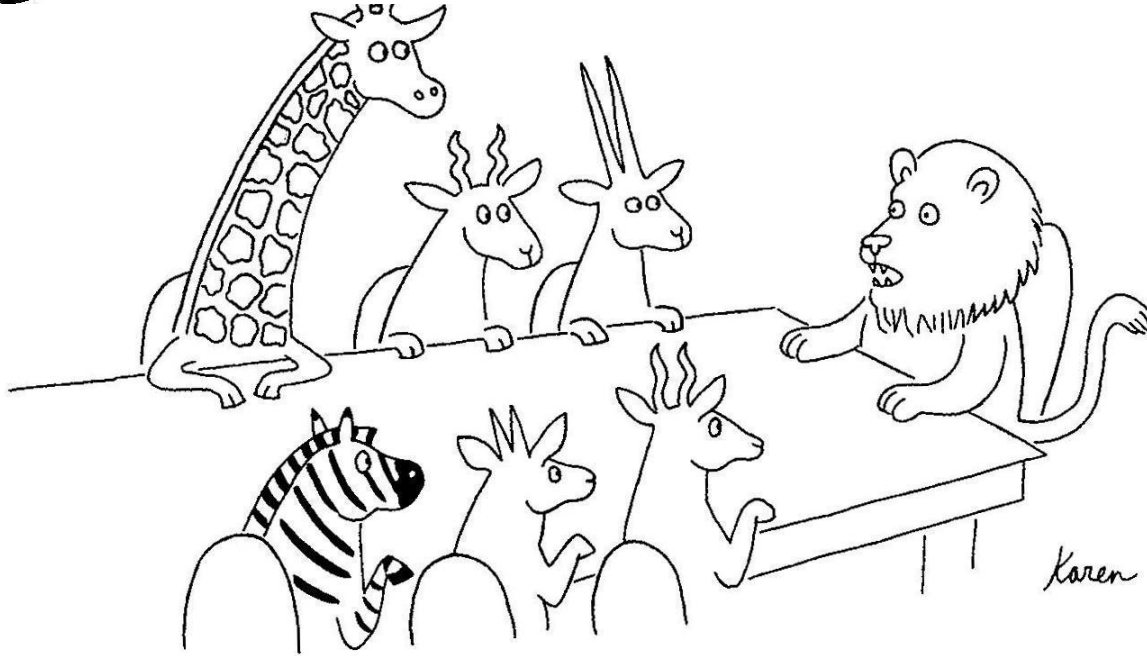


WEDNESDAY  
APRIL 13

# ... Leads to Fiscal Expansion



THE NEW YORKER



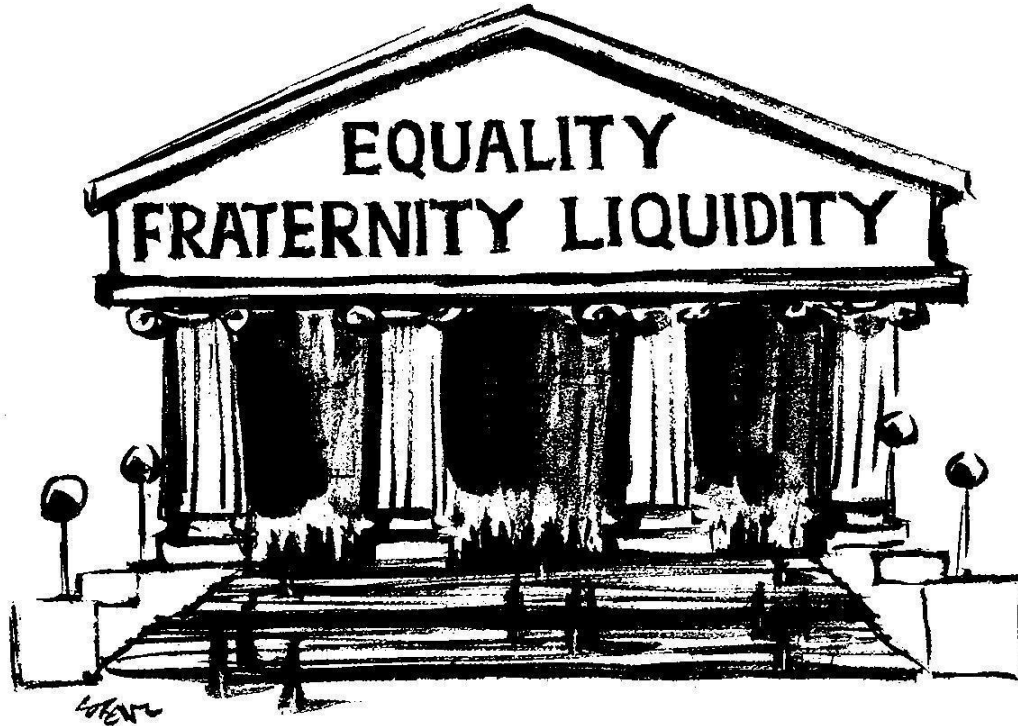
*"In light of recent events, I'm afraid I'm going to have to eat some of you."*

THURSDAY  
AUGUST 18

# ... and to Monetary Expansion



THE NEW YORKER



TUESDAY  
MAY 17

... with QE.



THE NEW YORKER



*"You'll see, this is going to cause real trouble."*

MONDAY  
NOVEMBER 14

# Two Approaches to Financial Stability

- The Greenspan Doctrine
- **The Ingves Doctrine**

# Macroprudential policy helps ...



THE NEW YORKER



*"Oh my God—I just remembered I can fly."*

TUESDAY  
MAY 10

... if not circumvented.



THE NEW YORKER



*"These new regulations will fundamentally change the way we get around them."*

FRIDAY  
JUNE 3



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