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Alfred P. Sloan Foundation Funds New Initiative to Address the Financial Market Crisis

(New York, NY) - The Alfred P. Sloan Foundation announces a major new initiative to study the ongoing financial market crisis and to improve public understanding of economics and finance. This new effort will analyze the causes and consequences of the economic turmoil as well as explore alternative institutional and regulatory reforms for improving market performance. Four initial grants, totaling \$2.7 million, signal a recommitment to the Foundation's historical role in developing economic understanding that can help institutions and individuals make wise decisions.

"As the world works through the current crisis, we need careful analyses of recent financial market performance, institutions, and regulation," said Dr. Paul L. Joskow, the distinguished economist and former head of the MIT Economics Department who was appointed President of the Alfred P. Sloan Foundation in January 2008. "In funding research and outreach activities by many of the nation's leading economists," Joskow continued, "our goal is to provide theoretical, empirical, and practical foundations for the improvement of financial decision making."

The new initiative launches with three grants totaling \$1.7 million to the Brookings Institution, the National Bureau of Economic Research (NBER), and the Wharton Financial Institutions Center. Sloan trustees also approved a \$1 million grant to PBS's *The NewsHour with Jim Lehrer* for a new biweekly series to improve public understanding and literacy in economics and finance. The Foundation anticipates soliciting further grant proposals on topics such as international financial market institutions and regulation, rating agencies, financial risk management processes, future U.S. regulatory frameworks, consumer decision-making, and financial literacy.

At [The Brookings Institution](#), Foundation funding will support cutting-edge research about financial markets and institutions. Results will appear in the unique journal *Brookings Papers on Economic Activity*, whose commissioned articles and lively conferences are presented in an accessible style in order to maximize their impact on academics and policymakers alike. Brookings is a nonprofit public policy organization whose mission is to conduct high-quality, independent research, and to use it to advance innovative, practical public policy recommendations.

Alfred P. Sloan Foundation funding will allow the National Bureau of Economic Research ([NBER](#)) to establish three interconnected working groups focused on security design; incentives within financial institutions; and relations among financial institutions, including liquidity and counterparty risks. Leading researchers from dozens of universities

will share data, formulate models, hold conferences, and publish papers examining competing explanations and proposed reforms. NBER is a private, nonprofit, nonpartisan research organization dedicated to promoting greater understanding of how the economy works.

A grant to the [Wharton Financial Institutions Center](#) will support development of theoretically and empirically sound frameworks for guiding regulatory policy in the financial services sector. Wharton will act as a focal point for research on banking and for interaction between academics and practitioners in this field. Founded at the University of Pennsylvania in 1992 with Alfred P. Sloan Foundation funding, the Financial Institutions Center now has dozens of sponsors and hundreds of affiliated scholars at leading institutions worldwide.

“This credit crisis challenges long-standing theories and policies,” said Dr. Daniel L. Goroff, the Program Director responsible for these three research grants. “How we understand and reform the financial sector going forward will benefit from data, models, evidence, and analysis vetted by top researchers representing a variety of approaches and viewpoints.”

At [The NewsHour with Jim Lehrer](#), one of the most respected and influential news shows on television, Foundation funding will help create a regular biweekly series about the fundamentals of economics and finance geared toward the average viewer. “This new effort will seek to improve America’s financial literacy by explaining the basic principles of economics as they relate to daily life in an accessible and engaging manner, both on-air and online,” said Doron Weber, Sloan Program Director for Public Understanding.

About the Alfred P. Sloan Foundation:

The [Alfred P. Sloan Foundation](#), established in 1934, makes grants to support original research and broad-based education related to science, technology, and economic performance; and to improve the quality of American life. The Foundation believes that a carefully reasoned and systematic understanding of the forces of nature and society, when applied inventively and wisely, can lead to a better world for all. Please visit the Foundation’s Web site at <http://www.sloan.org>.