In reviewing crisis policy responses it is useful to differentiate between the containment and resolution phases of systemic restructuring (see Honohan and Laeven, 2003; and Hoelscher and Quintyn, 2003, for further details). During the containment phase, the financial crisis is still unfolding. A financial crisis is any of a broad variety of situations in which some financial assets suddenly lose a large part of their nominal value. In the 19th and early 20th centuries, many financial crises were associated with banking panics, and many recessions coincided with these panics. Other situations that are often called financial crises include stock market crashes and the bursting of other financial bubbles, currency crises, and sovereign defaults. Financial crises directly result in a loss of First, containment is distinct from financial regulation, crisis prevention and resolution. Containment is brief; it targets the immediate term. It involves claims of emergency, rule-breaking, time inconsistency and moral hazard. In contrast, regulation, prevention and resolution seek to establish sound incentives for the long term. Keywords: Financial crisis, systemic crisis, systemic risk, economic emergency, financial regulation, crisis containment, macroprudential regulation, financial regulation, IMF, central bank, Japan, Indonesia, Argentina, Great Depression, Gold Clause, bankruptcy. JEL Classification: K20, K23, N22, N25, N26, O16, H63, G33, G20, G18, G15, F42, F30. Suggested Citation: Gelpern, Anna, Financial Crisis Containment (May 7, 2009).