Lessons Learned: Tony Fratto

Mercedes Cardona

Rosalind Z. Wiggins

Yale Program on Financial Stability

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During a crisis, it is important to have a plan.

Fratto acknowledged that dealing with the Global Financial Crisis (GFC) was like designing and building a plane in mid-air; everything was new, and the administration was building the tools to deal with the crisis while it was in full gear. Crises are unexpected, but organizations can still plan ahead for some instances, he said.

Practice for a kind of crisis, said Fratto. You don’t need to know what the crisis will be, but practice what will need to happen when it strikes—lines of communication, divisions of labor, roles and information-gathering. Do tabletop exercises to clarify the needs and issues.

“Find out where the holes are,” he suggests. “Preparation is one thing. You can prepare for a crisis without knowing what the crisis is.”

Future administrations should consider seeking out the officials who were in charge of dealing with the GFC for advice in future crises, said Fratto. “Reach out to us for advice,” he said. “We have a lot of knowledge and experience and would welcome the opportunity to come in and talk through thinking about process and the kinds of processes you have in place.”

It is extremely important to establish and maintain relationships.

Fratto’s immediate predecessor on the job, Michele Davis, was the spokesperson at Treasury during the GFC. He had worked with the team at the Fed, led by Michelle Smith, on several international crises such as the Argentina debt default earlier in the Bush administration. These relationships and those with reporters were valuable.

Briefing stakeholders on a regular basis has many benefits.

Fratto cites the example of the Defense Department, which holds regularly scheduled daily briefings in peacetime to pass on any information available. The press corps becomes used to that cadence and the staff gets to know the reporters. That can be useful during a financial crisis, when breaking news can move markets and the reaction can make the crisis worse.

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1 Lessons Learned are distilled from interviews with the principal conducted by YPFS.
“Some days you’re not going to have any new questions. You’re not going to have anything new to say, but you should probably still be out every day making sure that communications are buttoned down, that misconceptions are being dealt with in a regular way,” said Fratto.

**Educating the press corps has many benefits.**

You can’t develop a crisis communications plan for the entire country, but you can ensure that the reporters covering your agency are well-informed. Most government agencies have assigned beat reporters who cover them regularly among the largest media outlets, but when a crisis strikes, publications that don’t normally cover that beat will assign a new person, and the regular beat reporters may be supplemented with additional reporters who don’t know the beat as well.

“They were covering something over here and then the next thing you know they have to go write pieces and interview hedge fund managers on CDOs and credit default swaps and things like that,” said Fratto. “The night before, they’re looking at Wikipedia pages trying to study what credit default swaps are.”

Those reporters will need to be brought up the education curve fast, Fratto insists, to avoid the government losing control of the narrative of the crisis. Even with the usual adversarial relationship between journalists and government, those relationships are vital to avoid mistakes. Inaccurate stories are far more damaging in the grip of a crisis than accurate but unflattering ones.

“The news cycle never stops. Where are you getting this extra time to go clean up stories? You don’t have that time,” said Fratto. “You have to invest on the front end and steady, regular education. Not because it’s going to make the stories flattering. Because it’s going to make the stories accurate.”

**Don’t ignore the politics.**

The GFC exploded at the peak of a presidential campaign year. The White House saw a responsibility to bring in both major-party candidates, Sen. John McCain and President Barack Obama, into meetings, recognizing one of them would have to deal with the crisis once the Bush administration left the White House the following January.

The White House had a responsibility to help the next president be prepared for the challenge of the GFC, and the candidates, though they wanted to be briefed, didn’t want to be in the position of endorsing or rejecting the administration’s proposals while still running for office.

Meanwhile, the administration sent the Emergency Economic Stabilization Act to Capitol Hill knowing it would be unpopular back in the congressional districts where many legislators were running for reelection. “A third of the Senate and all of the House are up for election; we’re going to go ask them to make probably the most unpopular vote in the history of the
republic in real time. Political challenges such as these have to be acknowledged and treated with care,” said Fratto.

**Build a Reserve Corps**

You will need more people than you have. When a crisis hits, it’s a big story, media start pulling people from a lot of other beats and assigning them to the crisis; they might have been covering the SEC or some other financial topic, but in a crisis, they will be brought in to write pieces on topics that they are unfamiliar with. You will need more people to work with them to educate them up front so that what they write is as accurate as possible, because inaccurate information in a crisis is deadly. And you won’t have a lot of time or people to correct inaccurate information because you will be dealing with the crisis. So, plan out who these people will be and give them some periodic training, so you have this corps in reserve when the crisis hits, because you will need them.

“It would be interesting if you had a situation where you asked three other agencies to each identify one person who could be detailed to the department of Treasury by mutual consent in the case of a crisis,” said Fratto. “You train that person and teach them about trade. You tell them, ‘Keep your eye on what’s going on at Treasury.’ You come up with a reserve troop that can be called on for a crisis.”

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