

QUANTITATIVE MACROECONOMICS OF THE CURRENT CRISIS

**Fall Semester 2011, Call no 01234 E+ MW, 10:30–11:45 pm
Braker 118**

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Office hours: Mondays, 1:30–3:00pm; Wednesdays, 5:45–6:45pm.

<http://www.tufts.edu/~yioannid/>

September 7, 2011 (EC 191 Fall 2011 syl Sept 11.tex)

Other times by appointment. You may also contact me by email in order to set up an appointment to see me. I cannot overemphasize it that you should not hesitate to see me:

I am working for You!

A web page is available for the course at <http://trunk.tufts.edu>. My administration of the class goes principally via the web page. Class materials and announcements will regularly be made through the web page. Students who are already registered in the class will be able to log in in the usual way. Please check to see whether your email address is correct. I will add new students when they are admitted to the class. Let me know at once if you cannot log in. We are all learning Sakai, oops, Trunk, together!

This class satisfies the research paper requirement and the quantitative elective requirement for quantitative economic majors.

1 Administrative Aspects

1.1 Requirements

The course grade will be based on students' performance in a midterm, a final, a research paper, class presentation of a topic of your choice and class presentation of your research papers.

1.1.1 Course Assignments, Contribution to the Grade and Due Dates

- **The final exam** will take place at the time scheduled by the Registrar, *Friday, December 16*, 3:30–5:30pm. It will count for 30 % of the grade.
- A **midterm** will take place Wednesday, *October 19*. It will count for 25 % of the grade.
- A **research paper** will be due Wednesday, *December 7th*. It will count for 25% of the grade. Its presentation in class will count for 5%.

The **proposal** for the paper (due October 12th) and its draft (due November 16th) will count for an additional 5%.

- **Student presentations** in class will count for 10%.

Regarding the research paper, please see

<http://ase.tufts.edu/econ/resources/facultyResearchClass.asp>

for a “definition” from the faculty viewpoint.

- Your presentation to class of a topic of your choice: 5% of the course grade.
- Please note the following dates:

Monday, October 10, and Wednesday, November 24th, are holidays — no class will be held. A special class with Research Librarian Connie Reik will be held in Tisch Electronic Resources Center, Wedn. Sept. 28, during regular class time,

Our *last* class is Monday, December 12th.

Paper topics will be decided in consultation with the instructor, and class presentations based on the papers will be required and will be scheduled during the last two weeks of the term. The special session with *Connie Reik*, our research librarian in charge of economics holdings, will survey tools of research available through the library information systems.

Class participation will be expected in the usual fashion. However, in addition, material will be assigned on a voluntary basis for the purpose of brief class presentation. An appropriate assignment would be to brief the class on the issues before we go into the analytics and further details.

1.2 Class presentations

To better comprehend the nature of the crisis I have identified a number of topics among which students will choose and present to the entire class. I also supply here key references,

but you may decide on your own (and in consultation with me, if you wish) on additional resources to consult. Topics of class presentations, to be chosen by the students:

Bubbles, The Great Depression, The 1991–93 Finnish Economic Crisis, The Iceland crisis, Measuring consumer confidence, recording expectations and forecasting business conditions, The European Sovereign Debt Crisis of 2008– : Timeline and Policy Follow-up.

Some basic resources on these topics are given at the Blackboard site under resources for presentations.

1.3 Course resources

Please note the following books, which are on reserve at Tisch:

- Akerlof, George and Robert J. Shiller. 2009. *Animal Spirits: How Human Psychology Drives the Economy and Why it Matters for Global Capitalism*. Princeton: Princeton University Press. [AS]
- Rajan, Raghuram. 2010. *Fault Lines: How Hidden Fractures still Threaten the World Economy*. Oxford: Oxford University Press. [R]

These books are not texts but they provide methodological issues. Sections from **AS** will be assigned regularly. **R** will be appreciated best after we have become thoroughly familiar with key phenomena that the class explores. So, sections of it will be assigned to students who will lead the discussion (not present the material) during an one-day conference towards the end of the term. Sections from a number of other books will be assigned; they are all on reserve.

In addition, we will need a nuts-and-bolts backbone from intermediate macroeconomics, which I will do on my own and distribute class materials as appropriate. The following intermediate text

Blanchard, Oliver J. 2009. *Macroeconomics*. 5th edition Pearson Prentice Hall [B1-09] will be available on reserve at Tisch.

1.4 Other course resources on the web

There is a vast amount of freely accessible web resources on the crisis — too numerous to write up here exhaustively. Please see section on external links > Web resources on the crisis under our **Trunk** site.

2 Outline and Reading List

This class is motivated by the extraordinary events since the summer 2007 in the US and indeed the entire world economy. Most of us thought we would never experience something so extraordinary and catastrophic, putting millions and millions of people out of work worldwide, destroying century-old firms, straining the stamina of leaders worldwide. At the same time, I will argue that these events worked at least so far, as a *triumph* for academic research. As we will see few people predicted the crisis, because such crises are by their nature hard to predict; some did, however, notably Nuriel Rubini, using their scientific knowledge. However, given the crisis the response of the Fed and of President Obama has been based on state-of-the-art scientific principles more than any other major event that I can think of (with the exception of the nuclear bomb).

The European sovereign debt crisis has also unfolded following the (beginning of) recovery from the crisis of 2007–2009 and has now taken center stage. Such a crisis has been fully predicted, in principle, because of design flaws in the European Monetary Union which economists have been talking about for a long time. We will discuss the European crisis at length.

We will need to review some basic nuts-and-bolts of macroeconomic policy tools, which is to be conducted at the level of quantitative intermediate macroeconomics (or equivalent). The class will develop further macroeconomic tools, which while being at the forefront of our macroeconomic knowledge, they will actually be presenting at the level of the class.

These include models of economic growth and business fluctuations to study macroeconomic stabilization policies in the presence of different type of shocks, examining how to handle asset “bubbles” macroeconomically, and examining macroeconomic policy in a globalized environment, the role expectations and of self-fulfilling prophecies, of forecasting of consumer sentiments and confidence.

Statistical and econometric quantitative tools, at least as taught in EC 15 (or Ec 107), will also be helpful in certain parts of the course. Students will be asked to write a research paper that will satisfy the research paper requirement of the Quantitative Economics major. The econometric tools will also be helpful there.

The course emphasizes dynamics, the hallmark of macroeconomics. Most of the models we will use are set in discrete time, which are intuitive and straightforward. We will approach advanced material it slowly and carefully by emphasizing the economic intuition as we build up appropriate analytical background. As it is evident, the course aims at a balance between deep understanding some phenomena and breadth of coverage.

With the current financial crisis having erupted in our networked world, a truly **astounding volume** of material has been put online, and a fair amount of that being discussed, too, among professional economists but a portion of the general public as well. Moreover, since a

lot of serious economics research and general writing is widely available on the web, we will read extensively web-based material. I will not attempt to catalog it.

The term “background reading” below stands for (optional) material that is suggested if one wants to go deeper into that area. It will be neither required nor recommended for all you. Occasionally, we might decide to discuss some of it. I will provide hyperlinks online in **Trunk**

3 Introduction

1. Global Financial Crisis timeline (from a US perspective):

<http://timeline.stlouisfed.org/index.cfm?p=timeline>

Gorton, Gary. 2010. “Questions and Answers about the Financial Crisis.” February 20.

<http://online.wsj.com/public/resources/documents/crisisqa0210.pdf>

2. *Financial Crisis Inquiry Commission Report*, January 2011 [a disappointing document]:

<http://www.gpo.gov/fdsys/pkg/GPO-FCIC/pdf/GPO-FCIC.pdf>

3. The Crisis of 2008: What happened? To be motivated by the housing price bubble and other key events.

Bernanke, Ben. 2010. “Testimony to the Financial Crisis Inquiry Commission.” September 2, 2010.

Bean, Charles. 2009. “The Great Moderation, the Great Panic and the Great Contraction.” Lecture to the European Economic Association,

<http://www.bankofengland.co.uk/publications/speeches/2009/speech399.pdf>

Akerlof and Shiller **AS**: Preface, vii – xii.

Krugman Krugman, Paul. 2008. *The Return of Depression Economics and the Crisis of 2008*. New York: Norton. [**K**]: pp. 3-29, 165–191.

Brunnermeier, Markus K. 2009. “Deciphering the Liquidity and Credit Crunch 2007–2008.” *Journal of Economic Perspectives* 23(1):77–100. Online via Tisch.

Background material, but will return to it in more detail:

Gorton, Gary. “Questions and Answers about the Financial Crisis.” February 20.

http://papers.ssrn.com/sol3/papers.cfm?abstract_d=1557279

A prophetic piece: Samuelson, Paul A. 2008. “Fending off a long, long slump.” *International Herald Tribune*. March 18. On **trunk**.

A warning: Arrow, Kenneth J. 2008. “Risky business: The root of this financial crisis is the tension between wanting to spread risk and not understanding its consequences.” *The Guardian*, November 2. On **trunk**.

4. The Subprime Crisis [1 session]

Shiller, Robert J. 2008. *The Subprime Solution: How Today’s Global Financial Crisis Happened, and What to Do about it*. Princeton: Princeton University Press.¹, **S**: 1–26.

Background material:

Carr, David. 2008. “Daring to Say Loans Made No Sense.” *New York Times* September 29.

National Public Radio program:

5. The Housing Bubble

Shiller, **S**: 27–68.

Case, Karl E. 2008. “The Central Role of House Prices in the Financial Crisis: How Will the Market Clear?” *Brookings Papers on Economic Activity*, Fall. Online via Tisch.

Gerardi, Kristopher S., Christopher L. Foote, and Paul S. Willen. 2010. “Reasonable People Did Disagree: Optimism and Pessimism About the U.S. Housing Market Before the Crash.”

Public Policy discussion paper, Federal Reserve Bank of Boston,
<http://www.bos.frb.org/economic/ppdp/2010/ppdp1005.pdf>

6. Financial innovation? Harrowing details!

7. presentation: “Bubbles”

8. Basic business cycle facts and modelling.

Ioannides notes.

Akerlof and Shiller **AS**: Ch. 6, “Why Do Economies Fall into Depression?” 59–73.

Background material:

¹Site with hyperlinks to references:
<http://www.econ.yale.edu/~shiller/References.html>.

3.1 Macroeconomic Policy in the Long Run

[2 sessions]

1. Review of the Solow Growth Model:

Ioannides notes.

2. Real Business Cycle Theory:

Ioannides notes.

3. The role of savings:

Akerlof and Shiller **AS**: Ch. 10, “Why Is Saving for the Future so Arbitrary?” pp. 116–130.

4. Application: budget deficit, national debt and fiscal policy

Ioannides notes.

Background material:

Presentation: The Great Depression

3.2 Life Cycle Optimization and Optimal Consumption and Investment Behavior: Applications

1. **Key papers:**

Mian, Atif, and Amir Sufi. 2009. “Household Leverage and the Recession of 2007 to 2009.” presented at the Jacques Polak Conference, IMF, November. *IMF Economic Review*, forthcoming

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1463596

See an interesting discussion by Lansing, Kevin:

<http://www.imf.org/external/np/res/seminars/2009/arc/pdf/lansing1.pdf>

2. Consumption theory:

Ioannides notes. [1 session]

3. Investment theory:

Ioannides notes. [1 session]

Akerlof and Shiller **AS**: Ch. 9, “Why Are Financial Prices and Corporate Investments so Volatile.” pp. 131–148.

4. Application: bubbles in housing markets [1 session]

Akerlof and Shiller AS: Ch. 12, “Why Do Real Estate Markets Go through Cycles” 149–156.

Case, Karl E. 2008. “The Central Role of House Prices in the Financial Crisis: How Will the Market Clear?” *Brookings Papers on Economic Activity*, 2008. Blackboard.
5. Application: Stock market wealth versus housing wealth [1 session]

Background material:

Case, Karl E., John M. Quigley, and Robert J. Shiller ”Comparing Wealth Effects: The Stock Market versus the Housing Market”, *Advances in Macroeconomics*, (2005) Vol. 5, No. 1, Article 1.

<http://80-www-bepress-com.ezproxy.library.tufts.edu/bejm/advances/vol5/iss1/art1>

Case, Karl E., John M. Quigley, and Robert J. Shiller. 2011. “Wealth Effects Revisited, 1978–2009.” 2011. Yale Cowles Commission working paper.

<http://cowles.econ.yale.edu/P/cd/d17b/d1784.pdf>

3.3 Macroeconomic Policy in the Short and Medium Run

1. Review of the Keynesian IS-LM Aggregate Supply-Aggregate Demand models [2 sessions]

A Keynesian view of depressions and slumps.
2. **key sources:** Blanchard chapters 16, 17. Distributed and available on reserve.

Ioannides notes.

Romer, *Advanced Macroeconomics*, Chapter 5, “Traditional Keynesian Theories of Fluctuations,” 222–258.

Blanchard Chapter 22.

Akerlof and Shiller **AS**: Ch. 6, “Why Do Economies Fall into Depressions?” 59–73.
3. The Obama fiscal policy plan of 2009

“The Job Impact of the American Recovery and Reinvestment Plan.”

http://otrans.3cdn.net/45593e8ecbd339d074_13m6bt1te.pdf

See discussion on various blogs.

“Did the Stimulus Work? A review of the nine best studies on the subject.”

http://www.washingtonpost.com/blogs/ezra-klein/post/did-the-stimulus-work-a-review-of-the-nine-best-studies-on-the-subject/2011/08/16/gIQAThbibJ_blog.html

Feyrer, James, and Bruce Sacerdote. 2011. "Did the Stimulus Stimulate? Real Time Estimates of the Effects of the American Recovery and Reinvestment Act." NBER working paper No. 16759. www.nber.org/papers/16759/

Background readings

Presentation: *The Finnish Economic Crisis*

Pohjanpalo, Kati. 2008. "Finland Escapes Iceland's Fate Thanks to Legacy of 1991 Crisis." Oct. 14. www.Bloomberg.com.

Honkapohja, Seppo, Erkki A. Koskela, Willi Leibfritz, and Roope Uusitalo. 2009. *Economic Prosperity Recaptured: The Finnish Path from Crisis to Rapid Growth*. MIT Press. Also available as a e-book at Tisch.

Presentation: *The Iceland crisis*

4. monetary policy: Blanchard, Ch. 25

5. Business cycles and crises.

Krugman, Paul. **K**: pp. 3-29, 30–164.

Akerlof and Shiller **AS**:

Types of US depressions

Temin, Peter. 1998. "The Causes of American Business Cycles: An Essay in Economic Historiography." NBER working paper No. 6692. Online via Tisch.

Bank panics and crises

Gary Gorton. 2007. "Banks, Banking, and Crises." *NBER Reporter: Research Summary*, Number 4.

<http://www.som.yale.edu/faculty/gbg24/NBER%20Reporter%20Summary%20of%20Gorton%20Banking%20Research.pdf>

Background material:

Brunnermeier, Markus K. 2008. Deciphering the 2007-08 Liquidity and Credit Crunch. Princeton University; *Journal of Economic Perspectives* 2008. May. Downloadable from **trunk**.

Reinhart, Carmen, and Kenneth Rogoff. 2008a. "This Time is different: A Panoramic View of Eight Centuries of Financial Crises." NBER working paper 13882. Also, book with the same title, on reserve at Tisch.

6. Financial innovations and instability

Stulz, Ren M. 2010. "Credit Default Swaps and the Credit Crisis." *Journal of Economic Perspectives* 24(1):73–92.

Background material:

Barnett–Hart, Anna Katherine. 2009. "The Story of the CDO Meltdown: An Empirical Analysis." Harvard University BA Honors thesis, March.

Tett, Gillian. 2009. *Fool's Gold: How the Bold Dream of a Small Tribe at J.P. Morgan Was Corrupted by Wall Street Greed and Unleashed a Catastrophe*. New York: Free Press.

Gorton, Gary. "The Panic of 2007." Kansas City Fed Symposium, Jackson Hole, 2008. <http://www.kc.frb.org/publicat/sympos/2008/gorton.08.04.08.pdf>

7. Globalization and the Crisis

Key paper: Jagannathan, Ravi. Mudit Kapoor and Ernst Schaumburg. 2009. "Why Are We in Recession? The Financial Crisis is the Symptom not the Disease!" Presented at the Jacques Polak conference, IMF. November. online and NBER Working Paper 15404 <http://www.nber.org/papers/w15404>

Key source: Ioannides handout, online.

The facts: Eichengreen, Barry, and Kevin H. O'Rourke. 2009. "A Tale of Two Depressions." online at:

<http://www.voxeu.org/index.php?q=node/3421>

Reinhart, Carmen, and Vincent Reinhart. 2010. "After the Fall." Presented at the Kansas City Fed Jackson Hole Symposium, August.

<http://www.kansascityfed.org/publicat/sympos/2010/reinhart-paper.pdf>

Background material:

Eichengreen, Barry *et al.* 2009. "How the Subprime Crisis Went Global: Evidence from Bank Credit Default Swaps," NBER working paper No. 14904, April.

<http://www.nber.org/papers/w14826>

US current account deficits: unsustainable low national savings or comparative advantage in supplying high-quality assets?

Caballero, Ricardo J., Emmanuel Farhi, and Pierre-Olivier Gourinchas. 2008. "Financial Whac-a-Mole: Bubbles, Commodity Prices and Global Imbalances." *Brookings Papers on Economic Activity*, Fall, 1–68. Downloadable via Tisch.

8. What have we learned?

(a) **Key issue** The Leverage Cycle.

See the first two entries under

materials under course documents > additional resources used for the course > leverage cycle.

Introduction to Geanakoplos paper and entry from David Warsh Economic Principals.

Geanakoplos, John. 2010 “Solving the Present Crisis and Managing the Leverage Cycle.” *Federal Reserve Bank of New York Economic Review*, 101–131.

<http://www.ny.frb.org/research/epr/10v16n1/1008gean.pdf>

Version submitted as testimony to Financial Crisis Inquiry Commission:

<http://www.fcic.gov/hearings/pdfs/2010-0226-Geanakoplos.pdf>

Panic in the Repo market:

Gorton, Gary. 2010. “Questions and Answers about the Financial Crisis.” February 20.

<http://online.wsj.com/public/resources/documents/crisisqa0210.pdf>

For a more extensive presentation:

Gorton, Gary. 2009. “Slapped in the Face by the Invisible Hand: Banking and the Panic of 2007.”

<http://www.frbatlanta.org/news/Conferen/09fmc/gorton.pdf>

And a book-length one is:

Gorton, Gary. 2010. *Slapped by the Invisible Hand: The Panic of 2007*. Oxford: Oxford University Press.

(b) monetary policy:

(c) **Key paper:**

See entries under materials under course documents > additional resources used for the course > Traditional macro policy in the crisis: liquidity trap, fiscal policy and monetary policy:

Gauti B. Eggertsson, “Liquidity Trap,” *The New Palgrave Dictionary of Economics* 2nd ed., 2008, Online.

Akerlof and Shiller **AS**: Ch. 7 “Why Do Central Bankers Have Power over the Economy (Insofar as They Do)?” pp. 74–85.

Here is a dissenting view:

Taylor, John B. 2008. “The Financial Crisis and the Policy Responses: An Empirical Analysis of What Went Wrong.” November.

<http://www.stanford.edu/~johntayl/FCPR.pdf>

Background material:

Key sources:

Blanchard, **B-09**, Ch. 25. “Monetary Policy: A Summing up.”

(d) fiscal policy:

Key source: Blanchard, **B-09**: Ch 26. “Fiscal Policy: A Summing up.”

See also: under course documents > additional resources used for the course > Traditional macro policy in the crisis: liquidity trap, fiscal policy and monetary policy:

Council of Economic Advisers. 2009. “The Effects of Fiscal Stimulus: A Cross-Country Perspective.” Summary:

<http://www.whitehouse.gov/administration/eop/cea/EffectsofFiscalStimulus>

Full paper:

http://www.whitehouse.gov/assets/documents/CEA_International_Fiscal_Policy_Report_FINAL.pdf

An assessment by the President’s council of Economic Advisers. 2010 “Finishing the Job: The Policies Needed to Ensure Full Recovery and Fiscal Stability in the United States,” May.

http://www.whitehouse.gov/administration/eop/cea/speeches-testimony/finishing_the_job

Did the Stimulus Work? A review of the nine best studies on the subject.

http://www.washingtonpost.com/blogs/ezra-klein/post/did-the-stimulus-work-a-review-of-the-nine-best-studies-on-the-subject/2011/08/16/gIQAThbibJ_blog.html

Feyrer, James, and Bruce Sacerdote. 2011. “Did the Stimulus Stimulate? Real Time Estimates of the Effects of the American Recovery and Reinvestment Act.” NBER working paper No. 16759. www.nber.org/papers/16759/

(e) presentation: Expectations, forecasting and consumer confidence

Background material:

Leeper, Eric M. 2010. “Monetary Science, Fiscal Alchemy.” Presented at the Kansas City Fed Jackson Hole Symposium, August.

<http://www.kansascityfed.org/publicat/sympos/2010/leeper-paper.pdf>

9. Dealing with Crises:

Regulation of financial markets:

Stein, Jeremy C. 2010. “Securitization, Shadow Banking, and Financial Fragility.” *Daedalus*, forthcoming.

Acharya, Viral V., Thomas F. Cooley, Matthew P. Richardson, Ingo Walter. 2010. *Regulating Wall Street: The Dodd-Frank Act and the New Architecture of Global Finance*. Wiley and New York University Stern School of Business.

Bullard, James. 2010. "Seven Faces of the 'Peril.'" *FRB of St. Louis Economic Review*, September–October, 339–352.

Akerlof and Shiller **AS**: Ch. 3, "Corruption and Bad Faith," pp. 26–40.

Policy proposals regarding financial liberalization

10. Persistent of high unemployment, or a new natural rate of unemployment; is there a solution?

Weidner, Justin, and John C. Williams. 2011. "What is the New Normal Rate of Unemployment?" *Federal Reserve Bank of San Francisco Economic Letter*. 2011-05 February 14, 2011

Williams, John. 2011. "Will the Financial Crisis Have a Lasting Effect on Unemployment?" Presentation to the Chicago Booth Graduate School of Business Alumni Club of San Francisco San Francisco, California.

The Beveridge Curve, Job Openings and Labor Turnover Survey:

<http://www.bls.gov/jlt/news.htm>

11. Hidden Fractures still threatening the world economy?

One-class "conference" on: Rajan, Raghuram. 2010. *Fault Lines*.

12. The European Sovereign Debt Crisis

European Sovereign Debt Crisis timeline:

<http://www.nytimes.com/interactive/business/europe-debt-crisis-timeline.html?scp=2&sq=european%20crisis%20timeline&st=Search>

Basics of the EMU; lack of fiscal union.

De Grauwe, Paul. 2011. "The Governance of a Fragile Eurozone."

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1851324

http://www.econ.kuleuven.be/ew/academic/intecon/Degrauwe/PDG-papers/Discussion_papers/Governance-fragile-eurozone_s.pdf

Shorter version: www.voxeu.org

Cooley, Thomas F., and Ramon Marimon. 2011. "A credible commitment for the Eurozone." 20 July 2011 <http://www.voxeu.org/index.php?q=node/6772>

Krugman, Paul. 2010. "Accounting Identities." *New York Times*, Oct. 30.

<http://krugman.blogs.nytimes.com/2010/10/30/accounting-identities/>

<http://econspeak.blogspot.com/2010/10/>

[this-is-what-accounting-identities-look.html](http://econspeak.blogspot.com/2010/10/this-is-what-accounting-identities-look.html)

A Euro break-up will be very costly:

Deo, Stephane, Paul Donovan, Larry Hatheway. 2011. "Euro Break-up — The Consequences." Union Bank of Switzerland Investment Research, September 6.

13. Conclusion

The Queen's Question revisited and an answer by Timothy Besley and the British Academy: July 22, 2009

<http://media.ft.com/cms/3e3b6ca8-7a08-11de-b86f-00144feabdc0.pdf>

Akerlof and Shiller **AS**: Ch. 7, postscript "The Current Financial Crisis: What is to Be Done?" pp. 86–96.

Compare with what was done.

Romer, Christina. 2010. "Not My Father's Recession: The Extraordinary Challenges and Policy Responses of the First Twenty Months of the Obama Administration." September 1.

<http://www.whitehouse.gov/administration/eop/cea/speeches-testimony/not-my-fathers-recession>

Is macroeconomics up to par?

Some theoretical issues

Eric Maskin on Economic theory and the financial crisis

<http://thebrowser.com/interviews/eric-maskin-on-economic-theory-and-financial-crisis>

Krugman, Paul. 2009. "How did Economists Get it so Wrong?" *New York Times Sunday Magazine*, September 6.

[http://www.nytimes.com/2009/09/06/magazine/06Economic-t.html?
_r=1&scp=3&sq=krugman&st=cse](http://www.nytimes.com/2009/09/06/magazine/06Economic-t.html?_r=1&scp=3&sq=krugman&st=cse)

The Queen's question, again!

Reinhart, Carmen, and Kenneth Rogoff. 2008a. "This Time is Different: A Panoramic View of Eight Centuries of Financial Crises." NBER working paper 13882. Also, book with the same title, on reserve at Tisch.

St-Paul, Gilles. 2009. "A 'modest' intellectual discipline."

<http://www.voxeu.org/index.php?q=node/3996>

Frankel, Jeffrey, and George Saravelos. 2010. "Are Leading Indicators of Financial Crises Useful for Assessing Country Vulnerability? Evidence for the 2008–2009 Financial Crisis." NBER Working paper 16047.