
Preface

As a world economic crisis developed in 2008 and lasted longer than most economists predicted, it became increasingly clear that beliefs about macroeconomics and macroeconomic policy needed to be thoroughly examined. In the throes of the crisis, policymakers had to improvise. What should be done when interest rates reach the zero floor? How is liquidity best provided to segmented financial institutions and markets? How much should fiscal policy be used when starting from high levels of debt?

After the initial fires were put out, many questions remained. Is inflation targeting the right way to conduct policy, or should the monetary authority watch a larger set of targets? Should central bankers develop and use new tools, so-called macroprudential instruments? Could fiscal policy be used more efficiently? Were the precrisis targets for public debt the right ones? Should there be limits on current-account imbalances? Should countries use capital controls? Should there be better mechanisms to deliver global liquidity? What, if anything, can policymakers do to turn anemic recoveries into robust ones?

We at the International Monetary Fund badly needed answers or at least beginnings of answers to these questions. To begin the process, David Romer, Michael Spence, and Joseph Stiglitz helped me organize a conference at the IMF on March 7–8, 2011, for prominent academics and policymakers. We organized the Conference on Macro and Growth Policies in the Wake of the Crisis around six themes—monetary policy, fiscal policy, financial regulation, capital-account management, growth strategies, and the international monetary system. For each theme, David and I wrote a short note that listed some questions on the topic. We asked for views on these themes, not for formal papers. The conference

proceedings are published in this book. They include the notes we wrote for each session, the contributions from the panelists, and my concluding remarks.

By the end of this fascinating conference, we knew that we had entered a brave new world and that the crisis is generating enough questions to fill our research agendas for years to come. It will take many years to uncover the answers. I am hopeful that this book contributes to the journey.

Organizing a major conference, getting very busy authors to write their contributions in time, correcting their mistakes in style and thinking, and getting the book out less than a year after the conference took place is a remarkable achievement. We are deeply thankful to Tracey Lookadoo and her team at the IMF for organizing the conference, to the MIT Press for going all-out to deliver on time, and especially to Josh Felman for his contribution from beginning to end.

Olivier Blanchard

This is a section of [doi:10.7551/mitpress/9451.001.0001](https://doi.org/10.7551/mitpress/9451.001.0001)

In the Wake of the Crisis

Leading Economists Reassess Economic Policy

Edited by: Olivier Blanchard, David Romer, Michael Spence, Joseph E. Stiglitz

Citation:

In the Wake of the Crisis: Leading Economists Reassess Economic Policy

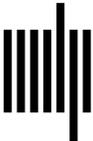
Edited by: Olivier Blanchard, David Romer, Michael Spence, Joseph E. Stiglitz

DOI: 10.7551/mitpress/9451.001.0001

ISBN (electronic): 9780262301831

Publisher: The MIT Press

Published: 2014



The MIT Press

© 2012 International Monetary Fund

All rights reserved. No part of this book may be reproduced in any form by any electronic or mechanical means (including photocopying, recording, or information storage and retrieval) without permission in writing from the publisher.

Nothing contained in this book should be reported as representing the views of the IMF, its Executive Board, member governments, or any other entity mentioned herein. The views expressed in this book belong solely to the authors.

MIT Press books may be purchased at special quantity discounts for business or sales promotional use. For information, please email special_sales@mitpress.mit.edu or write to Special Sales Department, The MIT Press, 55 Hayward Street, Cambridge, MA 02142.

This book was set in Sabon by Toppan Best-set Premedia Limited. Printed and bound in the United States of America.

Library of Congress Cataloging-in-Publication Data

In the wake of the crisis : leading economists reassess economic policy / edited by Olivier Blanchard . . . [et al.].

p. cm.

Conference proceedings.

Includes bibliographical references and index.

ISBN 978-0-262-01761-9 (hardcover : alk. paper)

1. Global Financial Crisis, 2008–2009—Congresses. 2. Fiscal policy—Congresses. 3. Monetary policy—Congresses. 4. Economic development—Congresses. I. Blanchard, Olivier.

HB37172008.I6 2012

339.5—dc23

2011040553

10 9 8 7 6 5 4 3 2 1