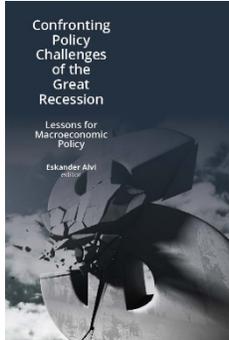




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Confronting Policy Challenges of the Great Recession Lessons for Macroeconomic Policy

Eskander Alvi, Editor

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KALAMAZOO, Mich.—By now, economists have had nearly a decade to examine the causes and consequences of the damage wrought by the Great Recession, and to assess the ensuing efforts to right the economy. The unprecedented losses, which spread across the global economy, posed extraordinary challenges for central bankers and policymakers alike, who were forced to throw out the playbook and create new, untested means for restoring growth.

A new book from the Upjohn Press presents several notable economists who describe the perils the economy faced at that time and the policies—some successful, others not so much—that were implemented and why. ***Confronting Policy Challenges of the Great Recession: Lessons for Macroeconomic Policy***, Eskander Alvi, editor, provides an encompassing account that includes comparisons with the Great Depression, the political fallout from the Great Recession and the challenges policymakers faced in restoring growth, the role of monetary policy in stabilizing the economy, the disappointing recovery, and how financial integration of developed nations around the world helped spread the downturn.

Included are:

- *The Great Recession, Fallout, and What We Learned*, Eskander Alvi
Alvi provides a useful introduction to the key issues related to the Great Recession, including its causes, widespread effects, efforts to restore growth, and its lasting impacts.

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- *The Great Depression and the Great Recession in a Historical Mirror*, Barry Eichengreen
Eichengreen presents a historical perspective on lessons learned from past economic crises and how they've been applied, usefully or not, in subsequent periods of turmoil—including during the Great Recession.
- *The Great Recession and Lessons for Policymaking*, Gary Burtless
Burtless opens his chapter by posing the question, “What policy lessons can we draw from the Great Recession?” He focuses his attention mainly on fiscal rather than monetary policy and blames the weak recovery—especially in the labor market—on the fact that policymakers underestimated the severity of the recession and became averse to adding additional stimulus when needed.
- *Central Banking in the Great Recession: New Policies, Old Principles*, Donald Kohn
Kohn, a former vice chairman of the Board of Governors of the Federal Reserve System, focuses on what the Federal Reserve did during the Great Recession to avoid a repeat of the Great Depression. The policies it implemented, he says, were “natural extensions of policies utilized in more normal times, founded on past central bank behavior and lessons learned from previous experience in tough times, here and in other countries.”
- *Fiscal Policy and Full Employment*, Laurence Ball, J. Bradford DeLong, and Lawrence H. Summers
Basing their views on the near-catastrophic events of the Great Recession, the authors argue for the continued use of “active fiscal policy” as a tool for guiding the economy to desirable levels of output and employment. This runs counter to the view of most economists, who feel that monetary policy alone is all that's needed to successfully manage the economy going forward, despite persistently low interest rates.
- *International Dimensions of the Great Recession and the Weak Recovery*, Kathryn M.E. Dominguez
Dominguez examines the detrimental effects the Great Recession had on other developed economies around the world, including reasons for the painfully slow recovery. She cites worldwide financial integration as the means of spreading the contagion of the U.S. financial crisis, and homegrown economic crises—along with events such as the 2011 tsunami and earthquake in Japan—as why economic growth and unemployment remain troubling in so many nations.

The papers presented in this volume were originally presented during the 51st Annual Werner Sichel Lecture Series held at Western Michigan University in 2014–2015. The series is cosponsored by the Department of Economics at WMU and the W.E. Upjohn Institute for Employment Research.

Confronting Policy Challenges of the Great Recession: Lessons for Macroeconomic Policy, Eskander Alvi, editor, is published by the W.E. Upjohn Institute for Employment Research. November 2017. 46 pp. \$15 paper 978-88099-636-5 / cloth 978-0-88099-637-2 / ebook 978-0-88099-638-9. Opinions expressed are solely those of the authors. We encourage you to request a review copy of this book. Contact: Rich Wyrwa

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