LECTURE 21

LONG-RUN EFFECTS OF FINANCIAL CRISES
APRIL 11, 2013

I. INTRODUCTION

II. REINHART & ROGOFF’S BASIC FACTS

III. WHERE COULD THESE FINDINGS BE COMING FROM?

IV. DISTINGUISHING BETWEEN THE AD AND POTENTIAL OUTPUT VIEWS
   A. General Considerations
   B. Some Evidence

V. HOW COULD ONE TEST FOR OVERHEATING BEFORE THE CRISES?
   A. General Considerations
   B. Some Evidence

VI. THE SELECTION OF CRISES
   A. Reinhart and Rogoff’s Approach
   B. Lopez-Salido and Nelson’s Approach
   C. Lopez-Salido and Nelson’s List of U.S. Postwar Banking Crises
   D. Example: 1973–1975
   E. How Does This Affect the Evidence about the Aftermath of Crises in the U.S.?

VII. FINAL THOUGHTS
   A. Concluding Thoughts on Reinhart and Rogoff
   B. A Little about the Current Episode