POLS/ECON 409 · *Contours of Economic Change*

price stability	shadow banking	fiscal policy
full employment	central bank	monetary policy
volatility	financial leverage	Keynesian economics
recession	asset bubble	financial bubble
commercial bank	moral hazard	

1. Quiggin discusses two periods in recent economic history: the Golden Age of Capitalism and the Great Moderation. When were these periods? What characterized them? How did each period end?

2. Quiggin argues that the so-called Great Moderation actually involved more instabilty in individual economic fortunes and in financial markets. How can this paradox be explained?

3. In what ways has the Great Recession discredited the macroeconomic policies and theories of the previous decades, according to Quiggin?

4. Eichengreen argues that the course of the Great Depression and the course of the Great Recession had many similarities. In what ways were these events similar, and how were they different? How did later policymakers knowledge of the Great Depression help them respond to the Great Recession, and in what ways was that knowledge a hinderance?

5. Why did policymakers in 2008 resist saving Lehman Brothers? What are some reasons policymakers support or oppose bailouts of financial institutions?

6. Why did support for fiscal stimulus wane over the course of the Great Recession? What explains the differences in stimulus and austerity in the US and Europe?

7. If a recession is caused by a financial crisis, will it be harder to fight, or easier? What reasons does Eichengreen provide?

8. Eichengreen compares the euro to the gold standard of the 1920s and 1930s. Why does he raise this comparison? How has the common European currency affected Europe's response to financial crisis?

9. Galbraith criticizes explanations of the 2008 financial crisis that emphasize its aberrational nature ("black swans", "fat tails", and "bubbles") relative to some "normal" economic state. What are these explanations, and what is Galbraith's critique?

10. Galbraith notes some explanations of the 2008 financial crisis focus on government policy and inequality rather than on banks. What do these theories claim? What would need to be true for these theories to be persuasive?

CHRISTOPHER ADOLPH
UNIVERSITY OF WASHINGTON
8 JANUARY 2015