
In the Wake of the Crisis

Leading Economists Reassess Economic Policy

edited by Olivier Blanchard, David Romer,
Michael Spence, and Joseph Stiglitz



The MIT Press
Cambridge, Massachusetts
London, England

Contents

Preface ix

I Monetary Policy

Questions: How Should the Crisis Affect Our Views of Monetary Policy? 3

- 1 Monetary Policy in the Wake of the Crisis 7
Olivier Blanchard
- 2 Conventional Wisdom Challenged? Monetary Policy after the Crisis 15
Guillermo Ortiz
- 3 Lessons for Monetary Policy 25
Otmar Issing
- 4 Macroeconomics, Monetary Policy, and the Crisis 31
Joseph Stiglitz

II Fiscal Policy

Questions: How Should the Crisis Affect Our Views of Fiscal Policy? 45

- 5 Fiscal Stimuli and Consolidation 49
Parthasarathi Shome
- 6 What Have We Learned about Fiscal Policy from the Crisis? 57
David Romer

- 7 Fiscal Policy Responses to Economic Crisis: Perspectives from an Emerging Market 67
Sri Mulyani Indrawati

- 8 Fiscal Policy 73
Robert Solow

III Financial Intermediation and Regulation

Questions: How Should the Crisis Affect Our Views about Financial Intermediation and Regulation? 79

- 9 Financial Crisis and Financial Intermediation: Asking Different Questions 83
Y. V. Reddy

- 10 Global Liquidity 91
Hyun Song Shin

- 11 Optimal Financial Intermediation: Why More Isn't Always Better 101
Adair Turner

- 12 Process, Responsibility, and Myron's Law 111
Paul Romer

IV Capital-Account Management

Questions: How Should the Crisis Affect Our Views of Capital-Account Management? 127

- 13 Notes on Capital-Account Management 129
Ricardo Caballero

- 14 Remarks on Capital-Account Management and Other Macropolicy Topics 133
Arminio Fraga

- 15 Capital-Account Management: Key Issues 137
Rakesh Mohan

- 16 The Case for Regulating Cross-Border Capital Flows 145
José Antonio Ocampo

V Growth Strategies

Questions: How Should the Crisis Affect Our Views of Growth and Growth Strategies? 153

17 Do We Need to Rethink Growth Policies? 157

Dani Rodrik

18 Is the Chinese Growth Model Replicable? 169

Andrew Sheng

19 Growth in the Postcrisis World 175

Michael Spence

VI The International Monetary System

Questions: How Should the Crisis Affect Our Views of the International Monetary System? 187

20 The Implications of Cross-Border Banking and Foreign-Currency Swap Lines for the International Monetary System 191

Már Guðmundsson

21 The International Monetary System 199

Olivier Jeanne

22 International Monetary System Reform: A Practical Agenda 209

Charles Collins

23 Liquidity and the International Monetary System 215

Maurice Obstfeld

Concluding Remarks 225

Olivier Blanchard

List of Contributors 229

Index 233