

The Fed and the Great Recession

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Synopsis

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Today, there is essentially one accepted narrative of the economic crisis that began in late 2007. Overly optimistic homebuyers and reckless lenders in the United States created a housing price bubble. Regulators were asleep at the switch. When the bubble inevitably popped, the government had to bail out the banks, and the United States suffered its deepest and longest slump since the 1930s. For anyone who has seen or read *The Big Short*, this story will be familiar.

"The Fed and the Great Recession" is from the May/June 2016 issue of *Foreign Affairs*.

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