

Paul Krugman - New York Times Blog

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Which Textbook Is That, Exactly?

OK, on the road, and a quick post over coffee.

Ryan Avent, like me, was favorably impressed by the Nick Crafts piece on British policy in the 1930s. I was, however, slightly puzzled, in a tooting-my-own-horn fashion, by the reference — which I missed in Crafts, but was repeated and emphasized by Avent — to the “textbook approach” of raising inflation expectations to escape a liquidity trap.

Um, which textbook is that, exactly? As far as I know, among basic textbooks only Krugman/Wells even talks about the liquidity trap; certainly we were the only one talking about it before 2008. And the whole discussion of inflation expectations and monetary policy in a liquidity trap as a sort of inverted version of the usual credibility problem — in fact, the whole revival of the liquidity trap as a modern concern — dates from this paper (pdf).

This isn't purely self-promotion (although obviously that's part of it). I do think that one reason I've done pretty well in tracking this ongoing slump is that I've been thinking about liquidity trap issues for a very long time, years before almost anyone else.

OK, while I'm wrenching my arm patting myself on the back, here's Ryan Grim explaining how one critic, in his desperate attempts to create false equivalence, is forced to invent a character named “Paul Krugman” bearing little resemblance to the person of the same name.