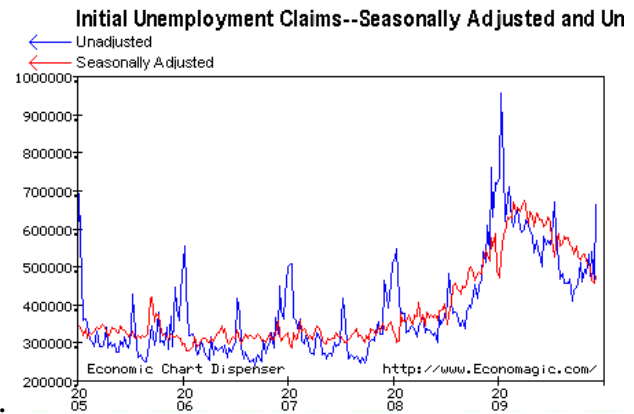
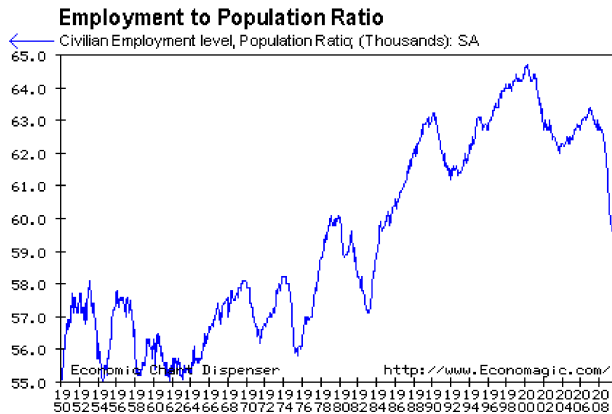


J. Bradford DeLong's Grasping Reality with a Prehensile Tail

The Semi-Daily Journal of an Economist: A Fair, Balanced, and Reality-Based Look at the World

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December 15, 2009

links for 2009-12-15

- [Lieberman supporting a public option in 2006](#)

- [Buce: Calvin Coolidge on Race](#)

- [Thoreau: Peace in our time \(cont.\)](#)

One of the most peaceful administrations ever is considering whether or not to send flying killer robots into a large Pakistani city...

- [Joe Conason: The ACORN Tapes Were Lies](#)

- [Plurk Labs: Microsoft China rips off Asia's No. 1 Microblogging Service](#)

- [Daniel Davies: Grasping reality with one hand and my wallet with the other ...](#)

- [Charles W. Calomiris, Stanley D. Longhofer and William Miles \(August 4, 2008\): Housing Collapse Ahead? Not According to the Data](#)

Turmoil in the housing market has led to fears that home prices will drop precipitously, particularly if foreclosures force large numbers of homes onto the market in the coming year. Recently, these fears have driven financial stocks down and led to the government rescue of Fannie Mae and Freddie Mac. But the projected losses have been wildly exaggerated. Most Americans have not experienced any significant decline in the value of their homes -- nor are they likely to. Only four states -- Arizona, California, Florida and Nevada -- have had declines of more than 4 percent in home prices over the past year, according to the house price index of the Office of Federal Housing Enterprise Oversight. Some worry that OFHEO's index may be missing the full extent of the crisis because it doesn't include very high-priced homes with "jumbo" mortgages or homes bought with subprime loans -- the ones being hit hardest. While one could argue that the index would be more representative if it included...

- [Binyamin Appelbaum: Regulators close Reston-based Greater Atlantic Bank](#)

Regulators closed Reston-based Greater Atlantic Bank Friday night, the first bank failure in Virginia since 1993. The failure does not affect the bank's customers. The Federal Deposit Insurance Corp. sold the bank's deposits and virtually all of its assets to Sonabank, based in McLean, which will reopen Greater Atlantic's four branches on their normal schedules. Customers can continue to write checks and withdraw money from ATMs over the weekend. Greater Atlantic was sunk by rising losses on commercial real estate loans, both its own and those it purchased from other banks, according to FDIC spokesman David Barr. Lending to real estate developers was a common focus for small banks in recent years, particularly in high-growth areas. Now defaults on those loans have emerged as an outstanding threat to banks, particularly in the overdeveloped suburbs of Sun Belt cities. Local banks have so far fared relatively well. Greater Atlantic is only the second to fail, following the January sei...

- [Ezra Klein: Is Robert Rubin more important than the U.S. Congress?](#)

The issue here is not that Taibbi should be nicer to the Obama administration.... Taibbi... has imbued them with a lot more power than they have. If the result of the 2010 election is that Obama fires his economics team and moves his administration to the left, but the Republicans pick up 60 seats... American public policy outcomes move to the right. Conversely, if Obama brings Bob Rubin back as his vice president, but Kanjorski picks up 65 allies in the next election, then outcomes move to the left. "At a minimum," Taibbi concludes, "Obama should start on the road back to sanity by making a long-overdue move: firing Geithner." I'm... among those who think Obama should probably fire Geithner... Geithner's presence is a liability for moving better bills through the Congress... But so long as the media keeps telling the story of American policy outcomes primarily in terms of the opinions and skills of the executive branch, it's going to be very hard to make anything better

- [Matthew Yglesias: Health Insurance, Death, Michael Cannon, and the Cato Institute](#)

If "no health insurance means bad health care" or "bad health care can lead to death" were some kind of wildly counterintuitive propositions at odds with sound theory, then I think we might have good reason to doubt these results [as Michael Cannon claims to]. But in fact they're perfectly intuitive results that accord perfectly with, among other things, the elementary economic theory that says people wouldn't pay for health insurance unless it provided something of value. The bulk of empirical studies also seem to confirm this. Lack of insurance is associated with low-quality health care which is associated with enhanced risk of death.

- [Ezra Klein on the Immoral Idiocy that Is Chuck Lane and Joe Lieberman - Venomous responsibility](#)

My colleague Chuck Lane accuses me of a "venomous smear" against Joe Lieberman today, which is fair enough. He's hardly the first to see it that way. What is surprising is that Lane, well, agrees with my venomous smear. "I understand that [Lieberman] seems to bear a grudge against the Democratic liberals who tried to unseat him in 2006 because of his vote for the war in Iraq," writes Lane, "and that he might be engaged in a little pay back right now." That's pretty much the ballgame...

- [Tony Judt: What Is Living and What Is Dead in Social Democracy?](#)

- [Episteme \(Michel Foucault\)](#)

- [Nate Silver: Greg Mankiw, Stimulus Critic: So Wrong He's Actually Right](#)

So, to summarize: Mankiw is wrong that the stimulus consists mostly of Keynesian-type investments. So far, it has been closer to the tax cut end of the spectrum. But he's also wrong that the stimulus is not working. By the benchmark that he implicitly endorses -- GDP -- it's done very well. Mankiw is so wrong, in other words, that he may actually be right: the stimulus looks a lot like one he might have designed, and it's helping the economy.

- [Gerben Bakker](#)

- [Along the River During the Qingming Festival](#)

- [Copenhagen Climate Talks SUSPENDED. In Chaos. As Countries Walk Out Of The Conference \(UPDATED\)](#)

Brad DeLong on December 15, 2009 at 12:04 AM | [Permalink](#)

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Comments

christofay said...

QingMing Festival, Tomb Sweeping Day, isn't until late Spring. so that reference should be held till then.

Let's stay seasonally appropriate, please.

[Reply December 15, 2009 at 12:27 AM](#)

[Research Paper Help](#) said...

Many institutions limit access to their online information. Making this information available will be an asset to all.

[Reply December 15, 2009 at 01:46 AM](#)

[Ken Houghton](#) said...

The commenters at Ezra's place get it right: the Obama team (1) didn't move for reform and (2) didn't put a "line in the sand" on what the minimum requirements for "financial reform" are.

Given that, there's no influence from the Executive Branch.

Is (the not-dead) Michael Porter spinning in his grave now, or is there just no leadership from the Executive Branch? Passing the blame onto Congress for Executive Inaction is cute, but not viable in Economic Theory.

If you want to pretend that Executives provide Leadership, and that's why they are paid more, then you can't just blame the workers when the Exec doesn't lead.

[Reply December 15, 2009 at 07:18 AM](#)

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