Negative: Recession Prediction / Economic Forecasting

By “Coach Vance” Trefethen

***Resolved: The United States federal government substantially reform the use of Artificial Intelligence technology***

Case Summary: The AFF plan  would implement a free A.I. algorithm in order to predict and lessen the negative impact of recessions. They claim it would process 30 million points of data to ensure a 99-100% accuracy rating of predicting recessions. The solvency comes when the Federal Reserve takes extra-topical policy change measures to stimulate the economy to head off a recession.

Negative: Recession Prediction / Economic Forecasting 3

TOPICALITY 3

1. Plan depends on non-AI reform for solvency 3

Link: Plan reforms AI and Federal Reserve monetary policy 3

Violation: Opens the door to an infinite number of AFF cases 3

Impact: Abuse justifies a Negative ballot 3

2. No prima facie substantial reform 3

Link: AFF burden not met 3

Link: Federal Reserve is already using AI for economic forecasting 3

Link: Federal Reserve is already using AI to guide policy decisions. Just like AFF Plan! 4

Violation: Updating software isn’t substantial reform 4

Impact: No one affirming the resolution means Negative ballot. 4

SOLVENCY 4

1. Predicts past recessions, not future ones 4

Random Forest tool has only been tested on past recessions, up to 2014. It has not yet predicted in advance any recession 4

2. 100% accuracy isn’t possible 5

Even with Random Forest, 100% accuracy isn’t possible. Example: COVID 5

3. Federal Reserve policy bias 5

A. The Link: Federal Reserve mindset blocks the goals of the Affirmative team. The Fed values low inflation over full employment 5

B. They won’t stop: The Fed is biased against Affirmative anti-recession policies because they’re controlled by the banking industry 5

C. The Failure: Affirmative can’t fix 5

4. Federal Reserve ineffective at economic stimulus 6

Federal Reserve can’t stimulate the economy like AFF thinks they can. All they can do is run up the debt and print money 6

US Economy is too complex for the Federal Reserve to control it or fine tune it 6

DISADVANTAGES 6

1. Self-fulfilling prophecy 6

Link: Predicting a recession frightens people into being more conservative with their money 6

Link: Consumer fear leads to lower spending, which reduces aggregate demand for goods & services, causing a recession 7

Impact: Turn the Affirmative’s harms. Their plan causes more recessions to happen. 7

Backup Evidence: Recessions are primarily caused by a fall in aggregate demand, like when consumers cut back on spending. It was a big factor in the 2008-2009 recession 7

2. Inflation and poverty 8

Federal Reserve policies can’t fix economic problems. Trying to do it makes everyone poorer through higher inflation 8

3. Federal Reserve over-reach 8

Link: AFF wants the Federal Reserve to increase long term frequent intervention in the economy 8

Link & Brink: Federal Reserve interventions are getting bigger, and it’s unlikely they will ever roll back 8

Impact: Economic disaster. Increased power of the Federal Reserve has historically made everything worse 9

4. Distracting us from better policy 9

Affirmative source writing about Random Forest admits: Focus on forecasting distracts us from better understanding of the business cycle. They advocate a mindset of better recognizing the start of a current recession 9

5. Incompetent policy-making 10

Federal Reserve anti-recession policies make things worse 10

Federal Reserve historically bungles all economic improvement efforts and makes things worse 10

Negative: Recession Prediction / Economic Forecasting

TOPICALITY

1. Plan depends on non-AI reform for solvency

Link: Plan reforms AI and Federal Reserve monetary policy

Their Plan has to do 2 things to solve, but they only have power over 1 of them. First, they fiat that the Federal Reserve uses AI software to predict recessions. Fine, that’s topical. But then second, they fiat the Federal Reserve will take specific changes in monetary policies at various times in the future whenever a recession is predicted.

Violation: Opens the door to an infinite number of AFF cases

The Affirmative fiats a use of AI and then can put anything after that from any policy they want. For example, a resolution reforming transportation safety could allow a plan to make cars safer, and then reform libraries (because people drive there), football games (people drive there), and office buildings (you get the point). Once the reform authorized in the resolution is made, they have no power to fiat additional things beyond the resolution. Negatives would have to prepare an infinite amount of Negative material, and that’s abusive.

Impact: Abuse justifies a Negative ballot

Teach the Affirmative not to be abusive toward Negatives and help them learn to stay within the resolution by a Negative ballot in today’s debate.

2. No prima facie substantial reform

Link: AFF burden not met

Affirmative had a duty not only to show that the Federal Reserve hasn’t historically predicted recessions. They had a duty to prove to you that they haven’t currently started using AI to improve that track record. To prove “substantial reform,” they have to prove what they’re doing is substantially different from what the Status Quo is doing. They never did that in their 1AC, so even if we made no arguments at all, it would be an immediate Negative ballot, since they don’t present a prima facie case. But we’ll go further with the next…

Link: Federal Reserve is already using AI for economic forecasting

Sebastian Doerr, Leonardo Gambacorta and Jose Maria Serena 2021 (all are in the Monetary and Economic Department at the Bank for International Settlements ) Bank for International Settlements Working Papers No 930 Big data and machine learning in central banking <https://www.bis.org/publ/work930.pdf> (accessed 10 Jan 2022)

A large and increasing number of central banks support their economic analysis with nowcasting models drawing on big data. These models produce high-frequency forecasts that can be updated almost in real time. For example, the GDPNow forecast of US real GDP growth by the Federal Reserve Bank of Atlanta is updated up to seven times a month (Higgins (2014)). The Weekly Economic Index of the Federal Reserve Bank of New York (Lewis et al (2020)) provides a weekly estimate of economic activity based on a large number of series (eg railroad traffic or retail sales).

Link: Federal Reserve is already using AI to guide policy decisions. Just like AFF Plan!

Sebastian Doerr, Leonardo Gambacorta and Jose Maria Serena 2021 (all are in the Monetary and Economic Department at the Bank for International Settlements ) Bank for International Settlements Working Papers No 930 Big data and machine learning in central banking <https://www.bis.org/publ/work930.pdf> (accessed 10 Jan 2022)

To understand the real-time impact of the Covid-19 pandemic on economic activity and to guide policy decisions, researchers are experimenting with new data and methods. GDP nowcasting has been extensively used during the Covid-19 crisis (Foroni et al (2020)). Examples include nowcasts by the Federal Reserve Banks of New York and Atlanta, which incorporate a range of traditional macroeconomic data, often from monthly surveys, as well as unstructured data.

Violation: Updating software isn’t substantial reform

First, AFF needs to prove their software is different from what Status Quo is already using. And even if it is different, they still lose because updating some software they’re already using is absolutely not a substantial reform.

Impact: No one affirming the resolution means Negative ballot.

Affirmative isn’t affirming that we need a substantial reform of the use of AI. And the Negative is denying it. If no one affirms the resolution, then no matter who wins, you should write Negative on the ballot.

SOLVENCY

1. Predicts past recessions, not future ones

**[They feed all the data that was known, for example, as of 2008 and then ask the model what would happen in 2009, and it predicts a recession, which is accurate. That’s nice, but to actually be useful, you have to have a track record of predicting them in advance, not afterwards when all the data is known.]**

Random Forest tool has only been tested on past recessions, up to 2014. It has not yet predicted in advance any recession

Rickard Nyman and Paul Ormerod 2020 (Nyman is with University College, London. Ormerod is with Algorithmic Economics Ltd. )January 2020 “Understanding the Great Recession Using Machine Learning Algorithms” (accessed 10 Jan 2022) <https://arxiv.org/ftp/arxiv/papers/2001/2001.02115.pdf#:~:text=The%20random%20forest%20does%20not,not%20in%20fact%20take%20place.&text=Within%20each%20random%20forest%2C%20500,R%20package%20which%20we%20used>.

We emphasise that we used the default values for the various options available for inputs in the random forest algorithm.[**END QUOTE**] In other words, we did not attempt in any way to optimise the accuracy of the predictions by trying different combinations of input parameters. Further, we only used the explanatory variables from the final quarter of the estimation period and from the quarter previous to this in predicting GDP growth four quarters ahead. So, for example, in making a prediction of real GDP growth in 1990Q2, say, we used values of the explanatory variables in 1989Q1 and 1989Q2. [**THEY CONTINUE LATER IN THE CONTEXT** **QUOTE**:] We initially trained a model over the period 1970Q2 to 1989Q2. For the four-step ahead forecast, we predicted 1990Q2. We then trained the model 1970Q2 to 1989Q3 and predicted 1990Q3, and so on until we predicted 2010Q4, by which time the US economy had clearly emerged from the Great Recession of 2008/09.

2. 100% accuracy isn’t possible

Even with Random Forest, 100% accuracy isn’t possible. Example: COVID

Sheridan Kamal 2021. (master’s degree candidate, City Univ. of New York) June 2021 An Analysis of Machine Learning Techniques for Economic Recession Prediction <https://academicworks.cuny.edu/cgi/viewcontent.cgi?article=5473&context=gc_etds> (accessed 10 Jan 2022)

As the random forest model was the optimal model chosen by Iqbal and Bowman (2018) as well as Yazdani (2020) I would have expected the optimal model chosen by this project to be the decision tree classifier model, even if it would not have performed as well as those in the mentioned research papers, because random forest models combines the output of multiple 11 randomly created decision trees to generate the final output, but this was not the case. [**END QUOTE**] In Yazdani’s (2020) research the support vector model was the second best model whereas in this project the support vector classifier model was the optimal model, which could suggest that classifier models have a different effect than their non-classifier counterparts on predicting economic recessions. [**HE CONTINUES LATER IN CONTEXT QUOTE**:] It is important to note that it is impossible to predict economic recessions with 100% accuracy. There is always a chance that external factors could cause economic and financial confidence to fall, which can in turn cause the risk of an economic recession to increase. One such case is the COVID-19 pandemic that we have found ourselves in since February 2020 and remains as of the date of this paper. When the pandemic hit and cities started to shutdown mass panic and economic slowdown caused economic and financial confidence to fall and pushed us into a recession in March 2020 and the economy has yet to rebound and pull us out of the recession. The economic slowdown was not something that could be predicted although the effects could be felt.

3. Federal Reserve policy bias

A. The Link: Federal Reserve mindset blocks the goals of the Affirmative team. The Fed values low inflation over full employment

Dr. Thomas Palley 2015 (PhD; served as the chief economist for the United States-China Economic and Security Review Commission. He is currently Schwartz Economic Growth Fellow at the New America Foundation) 9 Feb 2015 “The Federal Reserve and Shared Prosperity” <https://www.epi.org/publication/federal-reserve-and-shared-prosperity/> (accessed 10 Jan 2022)

Convincing the Fed to adopt full employment policies requires persuading it to change its policy framework. In the meantime, there is an omnipresent danger that the Fed will prematurely tighten monetary policy in the name of preventing inflation, despite the fact the economy is far away from full employment.

B. They won’t stop: The Fed is biased against Affirmative anti-recession policies because they’re controlled by the banking industry

Dr. Thomas Palley 2015 (PhD; served as the chief economist for the United States-China Economic and Security Review Commission. He is currently Schwartz Economic Growth Fellow at the New America Foundation) 9 Feb 2015 “The Federal Reserve and Shared Prosperity” <https://www.epi.org/publication/federal-reserve-and-shared-prosperity/> (accessed 10 Jan 2022)

The Fed is biased against working families. That bias reflects both the Fed’s specific hardwired institutional characteristics and the political characteristics of the time. With regard to institutional characteristics, the Fed’s legal setup means it is significantly influenced by the banking industry, and it is also prone to regulatory capture by the banks it is supposed to regulate. With regard to the politics of the time, the neoliberal capture of the economics profession and society’s understanding of the economy imparts an intellectual bias to the views of policymakers and the advice of the Federal Reserve’s economic staff.

C. The Failure: Affirmative can’t fix

Affirmative can only fiat the use of artificial intelligence, not fiat a total reform of the mindset, goals, or banking industry influence over all the policy makers at the Federal Reserve.

4. Federal Reserve ineffective at economic stimulus

Federal Reserve can’t stimulate the economy like AFF thinks they can. All they can do is run up the debt and print money

John Tamny 2018 (Director of the Center for Economic Freedom at FreedomWorks, editor of RealClearMarkets, and a senior economic adviser to Toreador Research & Trading) 14 Oct 2018 “Sorry Mystics, Central Banks Cannot Finance Government Spending” FORBES <https://www.forbes.com/sites/johntamny/2018/10/14/contrary-to-what-economists-tell-you-central-banks-cannot-finance-governments/#13a1d3be5d30> (accessed 10 Jan 2022)

Bringing it all back to the United States, the humanitarian disaster unfolding in Yemen is a small-scale reminder that central banks can’t stimulate economic growth as much as they’re an effect of it. The Federal Reserve is large precisely because the U.S. economy is. It can’t finance the federal government, but it *can* buy U.S. Treasuries in size precisely because the American people who make the Fed and federal government possible produce economic growth in size. Though various economic schools relentlessly try to revive Santa Claus through their mysticism about governments, central banks and printing presses, the reality is that wealth and economic growth are always produced in the private sector. Government spending and printing presses are a consequence of the latter, and never a driver.

US Economy is too complex for the Federal Reserve to control it or fine tune it

Jeffrey A. Tucker 2018 (Editorial Director of the American Institute for Economic Research) 2 Dec 2018 “It’s a Snap to Abolish the Fed” <https://www.aier.org/article/its-snap-abolish-fed>

There is a disconnect between what the Fed says and what it does simply because the system is too complex to be run from the center. Money in circulation is determined by a combination of depositor/borrowing behavior and the risk tolerance of banks themselves. There is no money wizard in Washington who can operate the whole like some precision machine.

DISADVANTAGES

1. Self-fulfilling prophecy

Link: Predicting a recession frightens people into being more conservative with their money

Lyle B. Himebaugh and Richard C. Zipkis 2019 (Himebaugh was vice president of private client services at Credit Suisse First Boston (CSFB), where he managed and originated customized investment strategies for clients. Zipkis, partner and co-founder, has 27 years of private wealth management experience.) 12 Nov 2019 “Is It Folly To Predict A Recession?” <https://www.worth.com/advice/is-it-folly-to-predict-a-recession/> (accessed 9 Jan 2022)

Interestingly, there is more talk than usual in the media of a recession. Many anti-Trump media outlets seem to be rooting for a recession in order to increase the odds of Trump’s losing reelection. The media by itself can’t cause a recession, but it can certainly frighten people into being more conservative with their money.

Link: Consumer fear leads to lower spending, which reduces aggregate demand for goods & services, causing a recession

**[“Aggregate demand” is the sum of all the spending consumers want to do in the country. It goes up when people buy more stuff and goes down when they don’t. Demand for goods & services drives businesses to produce more and hire more workers to produce more stuff. If aggregate demand drops, businesses cut back and lay off employees.]**

Tejvan Pettinger 2019 ( Economics teacher (A-Level students) at Greenes College, UK) 4 March 2019 “Causes of recessions” <https://www.economicshelp.org/macroeconomics/economic-growth/cause-recession2/> (accessed 9 Jan 2022) (Note: the final sentence in this quote ended without a period in the original, probably due to a typographical error in the article. The next sentence begins a new paragraph and is capitalized. This quote complies with the Stoa rules of evidence citation.)

A key feature in determining the rate of economic growth is the level of consumer and business confidence. If confidence was high then higher interest rates may not reduce demand. However if confidence is low and people fear they may be made unemployed, then they will start spending less, causing AD [aggregate demand] to fall (or increase at a slower rate). Therefore this shows that expectations are very important and it is possible for “people to talk themselves into a recession”

Impact: Turn the Affirmative’s harms. Their plan causes more recessions to happen.

Whatever the bad impact of recessions is, having more of them would make the world worse off.

Backup Evidence: Recessions are primarily caused by a fall in aggregate demand, like when consumers cut back on spending. It was a big factor in the 2008-2009 recession

Tejvan Pettinger 2019 ( Economics teacher (A-Level students) at Greenes College, UK) 4 March 2019 “Causes of recessions” <https://www.economicshelp.org/macroeconomics/economic-growth/cause-recession2/> (accessed 9 Jan 2022)

[Recessions](https://www.economicshelp.org/blog/459/economics/define-recession/) (a fall in real GDP) are primarily caused by a fall in aggregate demand (AD). [**END QUOTE**] A demand-side shock could occur due to several factors, such as   
- **A financial crisis**. If banks have a shortage of liquidity, they reduce lending and this reduces investment.  
- **A rise in interest rates** – increases the cost of borrowing and reduces demand.  
**-Fall in asset prices** – negative wealth effect leads to less spending.  
- Fall in real wages – e.g. inflation outstripping nominal wage increases.  
- **Fall in consumer/business confidence** also exacerbated by the [negative multiplier effect](https://www.economicshelp.org/blog/160827/economics/negative-multiplier-effect/).  
- **Appreciation in exchange rate** – exports less competitive.   
- **Fiscal austerity** – when government cuts spending.  
- **Trade war** – Global economic downturn.  
Recessions can also be caused by  
- **Supply-side shock**, e.g. rise in oil prices cause inflation and lower spending power. (e.g. in 1970s)  
- **Black swan event** – this is an unexpected event that is very hard to predict. For example, Covid-19 flu pandemic which disrupts travel, supply chains and normal business activity. A pandemic affects both supply and demand.  
**[HE GOES ON LATER IN THE SAME CONTEXT QUOTE**:] Factors that can cause a fall in aggregate demand include:  
- Higher interest rates which reduce borrowing and investment. For example, in the early 1990s, the UK increased interest rates to 15%, this caused mortgage payments to rise and consumers had to cut back spending.  
- Falling real wages. For example, firms cutting wages (or freezing wages) but inflation erodes the real value of wages.  
- Falling consumer confidence, (e.g. negative series of events causes consumers to delay spending). Lower confidence also reduces business investment. Confidence can cause a knock-on effect, with low confidence affecting other consumers and business. Fall in confidence was a big factor in 2008/09 when bank crisis affected consumer behaviour.

2. Inflation and poverty

Federal Reserve policies can’t fix economic problems. Trying to do it makes everyone poorer through higher inflation

Richard Rahn 2011 (senior fellow at the Cato Institute and chairman of the Institute for Global Economic Growth) “Abolish Central Banks” 25 Oct 2011 <https://www.cato.org/publications/commentary/abolish-central-banks> (accessed 10 Jan 2022) (the Federal Reserve is the “central bank” of the U.S.)

I have some sympathy for the central bankers because they have been given an impossible job — namely, they are supposed to be smarter than markets “and lean against the wind.” But they aren’t smarter and they don’t know which way the wind is blowing. They also have been saddled with correcting a problem brought on by politicians of governments that are accumulating debt far faster than their respective economies are able to finance them. The central banks can get rid of the debt problem by inflating the currency (i.e., reducing its value by printing too much money) to the point where the debts are almost meaningless but, as we learned in the 1970s, inflation only serves to make almost everyone poorer.

3. Federal Reserve over-reach

Link: AFF wants the Federal Reserve to increase long term frequent intervention in the economy

They have to, for their plan to work.

Link & Brink: Federal Reserve interventions are getting bigger, and it’s unlikely they will ever roll back

Christopher Leonard 2020 (business reporter whose work has appeared in The Washington Post, The Wall Street Journal, Fortune, and Bloomberg ) 11 June 2020 “How Jay Powell’s Coronavirus Response Is Changing the Fed Forever” https://time.com/5851870/federal-reserve-coronavirus/ (accessed 10 Jan 2022)

Back in 2010, the Fed launched the second round of a controversial stimulus program called quantitative easing (QE), under which it bought $600 billion worth of U.S. debt over several months. In March, the Fed bought roughly $543 billion in a week through similar programs. In 2015, the Fed’s balance sheet hit $4.5 trillion. Analysts expect it to hit roughly $8 trillion or more by the end of this year. Perhaps most significantly, the Fed is now operating several programs in direct partnership with the U.S. Treasury by buying up corporate debt and small-business loans. These new programs are breaking down the walls of the Fed’s jealously guarded independence. Just months ago, there was speculation that the Fed might have run out of ammunition to combat an economic downturn, in part because it had kept interest rates so low for so long, but Powell’s Fed has proved that in a time of crisis it is willing to launch new programs, expand its influence and take on ever greater risks. The speed and chaos of the economic collapse during the pandemic has obscured the impact of the Fed’s actions. Behind all the numbers and complex programs, the Fed is quite simply rewriting the rules of American capitalism. In just months, the bank increased the size of its footprint in the economy by more than two-thirds and proved to investors that it would step in to buy entirely new kinds of things that it had never bought before, like corporate junk debt and Main Street business loans. As often happens with the Fed, this is all presented under the rubric of crisis management, but history shows that the Fed’s interventions are very difficult to withdraw once a crisis is over. The actions it took from 2008 to 2010, presented as temporary, remain largely in place. It is entirely plausible that the Fed will be grappling a decade from now to undo the emergency actions of today.

Impact: Economic disaster. Increased power of the Federal Reserve has historically made everything worse

Richard Ebeling 2019 (American Institute for Economic Research Senior Fellow, is the BB&T Distinguished Professor of Ethics and Free Enterprise Leadership at The Citadel, in Charleston, South Carolina) 24 Apr 2019 “Central Banking Is Central Planning” <https://www.aier.org/article/central-banking-central-planning>

By their fruits you will know them: the post-World War I inflation and depression; the 1920s false promise of prosperity and stability, followed by the Great Depression; the booms and busts of inflations and recessions in the 1950s; the monetary inflation of the 1960s and especially the high price inflation of the late 1970s and early 1980s; then a relative calm in the 1990s, but followed by the monetary expansion between 2003 and 2008 that set the stage for the great financial and housing crisis of 2008-10; and now the great experiment with “quantitative easing” and the ballooning Federal Reserve asset portfolio filled with private sector mortgages. (See my article [“Ten Years On: Recession, Recovery, and the Regulatory State.”](https://www.fff.org/explore-freedom/article/ten-years-recession-recovery-regulatory-state/)) The long history of central banking, and especially over the last 100 years of paper monies and out-of-control government deficit spending partly funded by “monetization” of the debt, has more than clearly demonstrated that the epoch of modern central banking needs to come to an end.

4. Distracting us from better policy

Affirmative source writing about Random Forest admits: Focus on forecasting distracts us from better understanding of the business cycle. They advocate a mindset of better recognizing the start of a current recession

Rickard Nyman and Paul Ormerod 2020 (Nyman is with University College, London. Ormerod is with Algorithmic Economics Ltd. )January 2020 “Understanding the Great Recession Using Machine Learning Algorithms” (accessed 10 Jan 2022) <https://arxiv.org/ftp/arxiv/papers/2001/2001.02115.pdf#:~:text=The%20random%20forest%20does%20not,not%20in%20fact%20take%20place.&text=Within%20each%20random%20forest%2C%20500,R%20package%20which%20we%20used>. (“nowcasting” means better measurements of current data to determine if we are presently in the early stages of a recession, rather than “fore”casting them in advance.)

Despite advances in forecasting techniques, computational power, as well as data quality and quantity, forecasters continue to systematically miss recessions. Harding and Pagan (2016) advise that we should know the limits of forecasting and focus research instead on better understanding the business cycle rather than trying to predict it We may need to accept that nowcasting recessions is the best we can do and build policy plans with that information in mind.

5. Incompetent policy-making

Federal Reserve anti-recession policies make things worse

Dr. Alexander Salter 2019 (PhD economics; Assistant Professor of Economics in the Rawls College of Business and the Comparative Economics Research Fellow with the Free Market Institute at Texas Tech University ) 12 Mar 2019 “The Federal Reserve: A Failure of the Rule of Law” <https://www.aier.org/article/the-federal-reserve-a-failure-of-the-rule-of-law/> (accessed 10 Jan 2022)

The 2007-8 crisis was a replay of central bank mismanagement. Bernanke’s Fed focused more on shoring up the balance sheets of politically connected banks and nonbank financial houses than combating the liquidity crunch that characterized the early day of the crisis. The result was many irresponsible banks got bailouts, while financial markets as a whole were left scrambling for liquidity. The reverberations of this misdiagnosis were not limited to financial markets: as the spike in unemployment and the precipitous decline in output demonstrate, the Fed’s actions had dire consequences for those far removed from the financial sector.

Federal Reserve historically bungles all economic improvement efforts and makes things worse

Dr. Alexander Salter 2019 (PhD economics; Assistant Professor of Economics in the Rawls College of Business and the Comparative Economics Research Fellow with the Free Market Institute at Texas Tech University ) 12 Mar 2019 “The Federal Reserve: A Failure of the Rule of Law” <https://www.aier.org/article/the-federal-reserve-a-failure-of-the-rule-of-law/> (accessed 10 Jan 2022)

It’s well accepted in macroeconomics that the Fed bears a large share of the blame for putting the “Great” in Great Depression. The turmoil that gripped not only US but global markets starting in 1929 was so disruptive, in part, because the Fed bungled its handling of the money supply. Milton Friedman and Anna Schwartz famously demonstrated this in their much-celebrated *Monetary History of the United States*. So compelling was their case that in 2002, future Fed Chairman Ben Bernanke admitted, “I would like to say to Milton and Anna:Regarding the Great Depression. You’re right, we did it. We’re very sorry. But thanks to you, we won’t do it again.” But the Fed did do it again. The 2007-8 crisis was a replay of central bank mismanagement.