

Discussion of  
**The Tail that Wags the Economy**

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## Summary/Intuition

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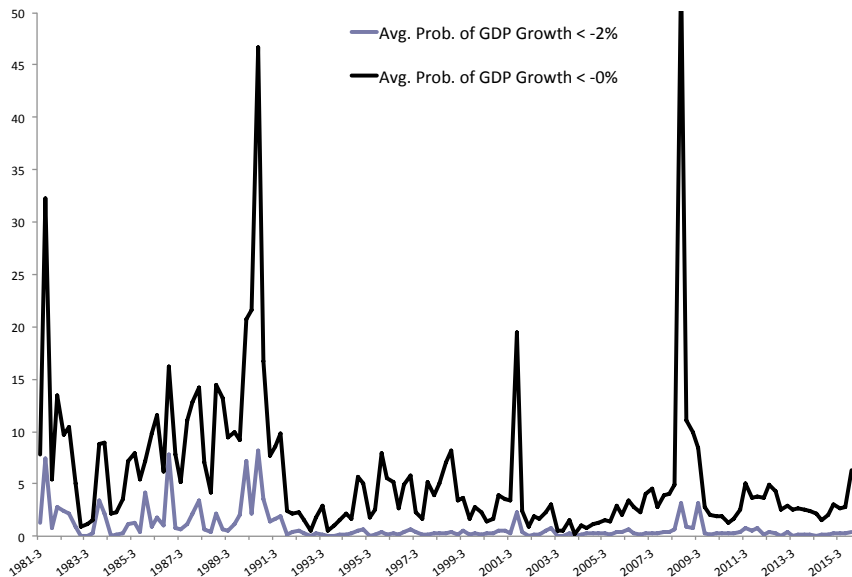
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Ex post:

- ▶ Different markets had different outcomes.

# Survey Data: SPF One Year Ahead



## Survey Data: Averages

### Averages over time

	Pr(<-2)	Pr(<0)
Pre-recession (1982-2007)	0.92	5.68
Post-recession (2010-now)	0.28	2.91

### Averages over time excl. recessions

	Pr(<-2)	Pr(<0)
Pre-recession (1982-2007)	0.84	5.14
Post-recession (2010-now)	0.28	2.91

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- Risk harder to assess using “outside” evidence.
- Liquidity trap and this paper’s mechanism are complements

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- ② Conditional on model, may be an upper bound for quantitative effect.