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Economists' Views of *The Big Short*

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Michael Lewis's best-selling book *The Big Short* is now a popular film with a star-studded cast. The book and movie trace the origins of the subprime mortgage crisis, which fueled the larger financial crisis and Great Recession, though the stories of separate investors who bet against subprime mortgage bonds and won big.

Shortly after the book was published in 2010, Federal Reserve Bank of Atlanta economist Kris Gerardi, along with Boston Fed economists Paul Willen and Christopher Foote, wrote a pair of blog posts analyzing *The Big Short*. [The first](#) addressed what the economists viewed as the book's broad theme: that it's possible to make large amounts of money in financial markets while taking little or no risk. [The second](#) post explores the logic behind the book's contention that ignorance doomed those who bet that subprime bonds would continue to increase in value.



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