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Title	Financial Frictions, Trends, and the Great Recession
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Abstract	We study the causes behind the shift in the U.S. economy's trend following the Great Recession. To this end, we propose a model featuring endogenous productivity á la Romer and a financial friction á la Kiyotaki-Moore. Adverse financial disturbances during the recession and the lack of strong tailwinds post crisis resulted in a severe contraction and the downward shift in the economy's trend. Had financial conditions remained stable during the crisis, the economy would have grown at its average growth rate. From a historical perspective, the Great Recession was unique because of the size and persistence of adverse shocks, and the lackluster performance of favorable shocks since 2010.
Keywords	
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