

CERN Discovers New Particle Called The **FERIR**

CERN has just announced the discovery of a new particle, called the "**FERIR**".

This is not a fundamental particle of matter like the Higgs Boson, but an invention of economists. [CERN](#) in this instance stands not for the famous particle accelerator straddling the French and Swiss borders, but for an economic research lab at MIT—whose initials are coincidentally the same as those of its far more famous cousin.

Despite its relative anonymity, MIT's CERN is far more important than its physical namesake. The latter merely informs us about the fundamental nature of the universe. MIT's CERN, on the other hand, shapes our lives today, because the discoveries it makes dramatically affect economic policy.

CERN, which in this case stands for "**Crazy Economic Rationalizations for aNomalies**", has discovered many important sub-economic particles in the past, with its most famous discovery to date being the **NAIRU**, or "Non-Accelerating Inflation Rate of Unemployment". Today's newly discovered particle, the **FERIR**, or "Full Employment Real Interest Rate", is the anti-particle of the **NAIRU**.

Its existence was first mooted some 30 months ago by Professor Larry Summers at the 2013 IMF Research Conference. The existence of the **FERIR** was confirmed just this week by CERN's particle equilibrator, the *DESiGn*.

Asked why the discovery had occurred now, Professor Krugman explained that ever since the **GFC** ("Global Financial Crisis"), economists had been attempting to understand not only how the **GFC** happened, but also why its aftermath has been what Professor Summers characterized as "Secular Stagnation".

Their attempts to understand the **GFC** continued to fail, until Professor Summers suggested that perhaps the **GFC** had destroyed the **NAIRU**, leaving the **ZLB** ("Zero Lower Bound") in its place.

This could have happened only if there was a mysterious second particle, which was generated when a **NAIRU** equilibrated with a **GFC**. Rather than remaining in equilibrium, as sub-economic particles do in *DESiGn*, **NAIRU** apparently vanished instantly when the **GFC** appeared. Something else must have taken its place. *DESiGn* was unable to help here, since it rapidly returned to equilibrium—while the real world that it was supposed to simulate clearly had not.

CERN's attempts to model this phenomenon in *DESiGn* were frustrated by the fact that a **GFC** does not exist inside a *DESiGn*—in fact, the construction of the *DESiGn* was predicated on the non-existence of **GFCs**.

The ever-practical Professor Krugman recently suggested a way to overcome this problem. Why not turn to the real world, where **GFCs** and its particle family, the **ECs** ("Economic Crises") exist in abundance, and feed one of those into the *DESiGn*?

Unfortunately, the experiment destroyed the *DESiGn*, since the very existence of a **GFC** within it put it through an existential crisis. However, before it broke down (while mysteriously singing the first verse of "[Daisy, Daisy, give me your answer do](#)"), the value for the **NAIRU** in *DESiGn* suddenly turned negative.

This led Professor Summers to the conjecture that perhaps there was a negative anti-particle to the **NAIRU**, which he dubbed the **FERIR**.

Lacking a functional *DESiGn* at the time, Summers fed a **GFC** into the older **SL-IM** equilibrator lovingly maintained by Professor Krugman—and he discovered that the **NAIRU** took on a negative value

there. Since the **NAIRU** cannot be negative, Professor Summers realised that he had discovered a new particle—the **FERIR**. When the **FERIR** interacted with a **ZLB**, the outcome was Secular Stagnation.

Professor Summers—who expects to receive the Nobel Prize for his discovery—had some harsh words for critics who had rubbished the very attempt to explain the **GFC** using a sub-economic particle equilibrator.

“They accuse us of adding ‘epicycles’ to our models to make them fit the data. That’s nonsense: that’s so 15th century. We’re way beyond that now,” sneered Professor Summers at length. “These days, we add new fundamental particles to our sub-economic menagerie: that’s way more sophisticated.”

The **FERIR** may now help economists understand the persistence of the **ZLB**, which has confounded all predictions to date. Having expected the **ZLB** to evaporate and be replaced fairly rapidly by an **NRI** (“Natural Rate of Interest”), economists have been flummoxed by its persistence—eight years now and counting.

“We have shown that the **FERIR** equilibrates with and maintains the **ZLB**,” Professor Krugman explained. “So Larry’s discovery is really, really important”.

Now that economists have explained the persistence of the **ZLB**, they can now turn their attention to understanding its perverse effects. The real problem of the **ZLB** for economists has been that it inverts the status and behaviour of all other sub-economic particles. In particular:

- **Growth**, which was high, is now low;
- **Inflation**, which was bad & everywhere, is now good & nowhere;
- **CBs** (“Central Banks”) which prevent inflation, now try to cause it; and
- **HMDs** (“Helicopter Money Drops”) which were mad, are now sane

These inversions are causing real problems for economists, who find themselves arguing for policies they used to oppose, while using unaltered logic. Professor Summers hopes that knowledge of the existence of the **FERIR** will make it easier for economists to argue that night is day and rainbows are grey, as they provide policy advice in these troubled times.

POSTSCRIPT: Written with the inspiration of Axel Leijonhufvud’s brilliant parody “[Life Among the Econ](#)” firmly in mind.

POST-POSTSCRIPT: The **NAIRU**—the “Non-Accelerating Inflation Rate of Unemployment”—was a fiction of Milton Friedman’s imagination, and countless hours were wasted by economists trying to calculate it. I fully expect a new generation of economists to waste their time trying to calculate the **FERIR** as well.

POST-POST-POSTSCRIPT: The serious intent to this parody is the observation that the approach to economics that failed to anticipate the **GFC**—and that even believed such events were impossible—is unlikely to be able to advise what to do in the aftermath to the **GFC**. We need a new theory, not merely a new fictional acronym in the fantasy universe of mainstream economics.