

Fig 1: The Great Depression in the U.S.

Source: [Economic Reports of the President, Historical Statistics](#)

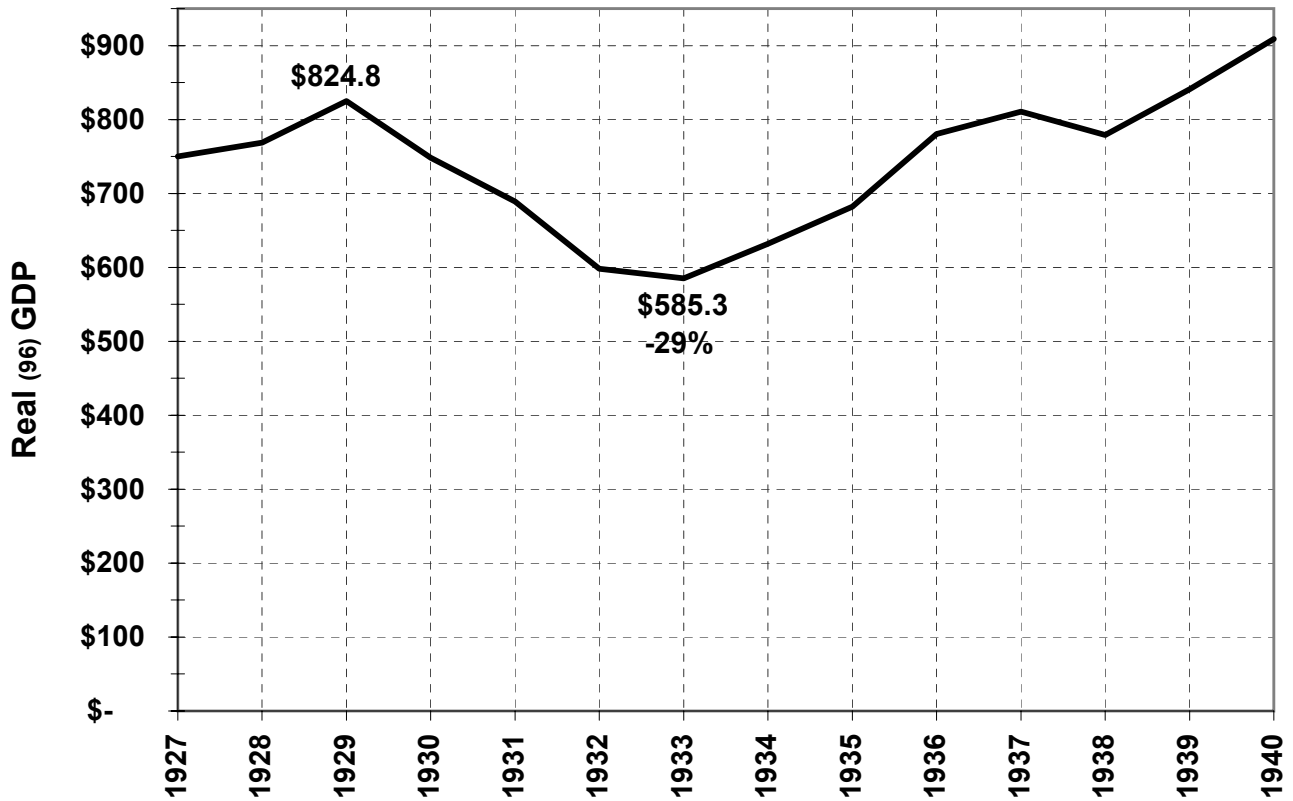


Fig 2: The Great Depression in the U.S.

Source: [Historical Statistics of the United States, Colonial Times to 1976](#)

Darby, [Journal of Political Economy](#),

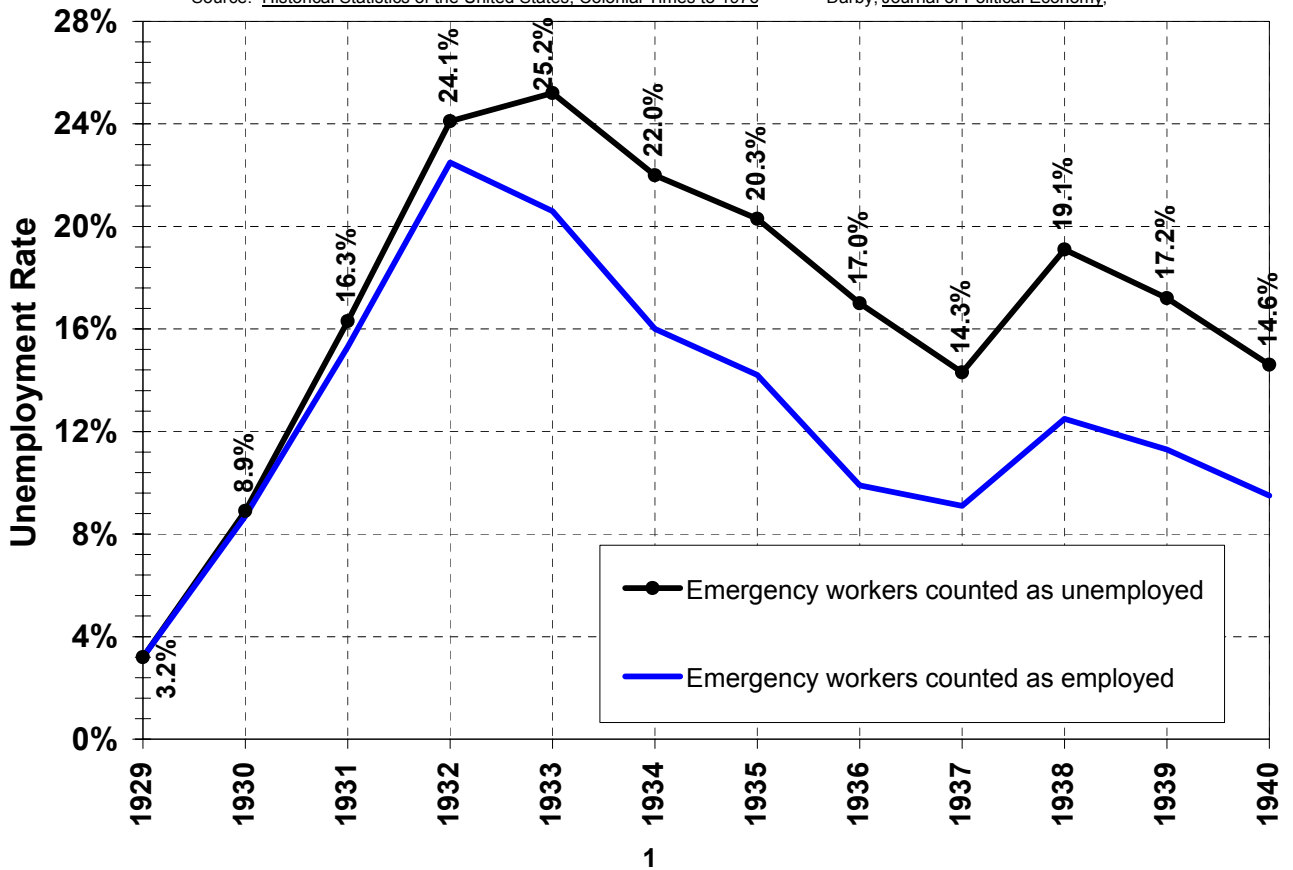


Fig 3: Holy Panicky Private Sector Batman!

Source: Economic Reports of the President

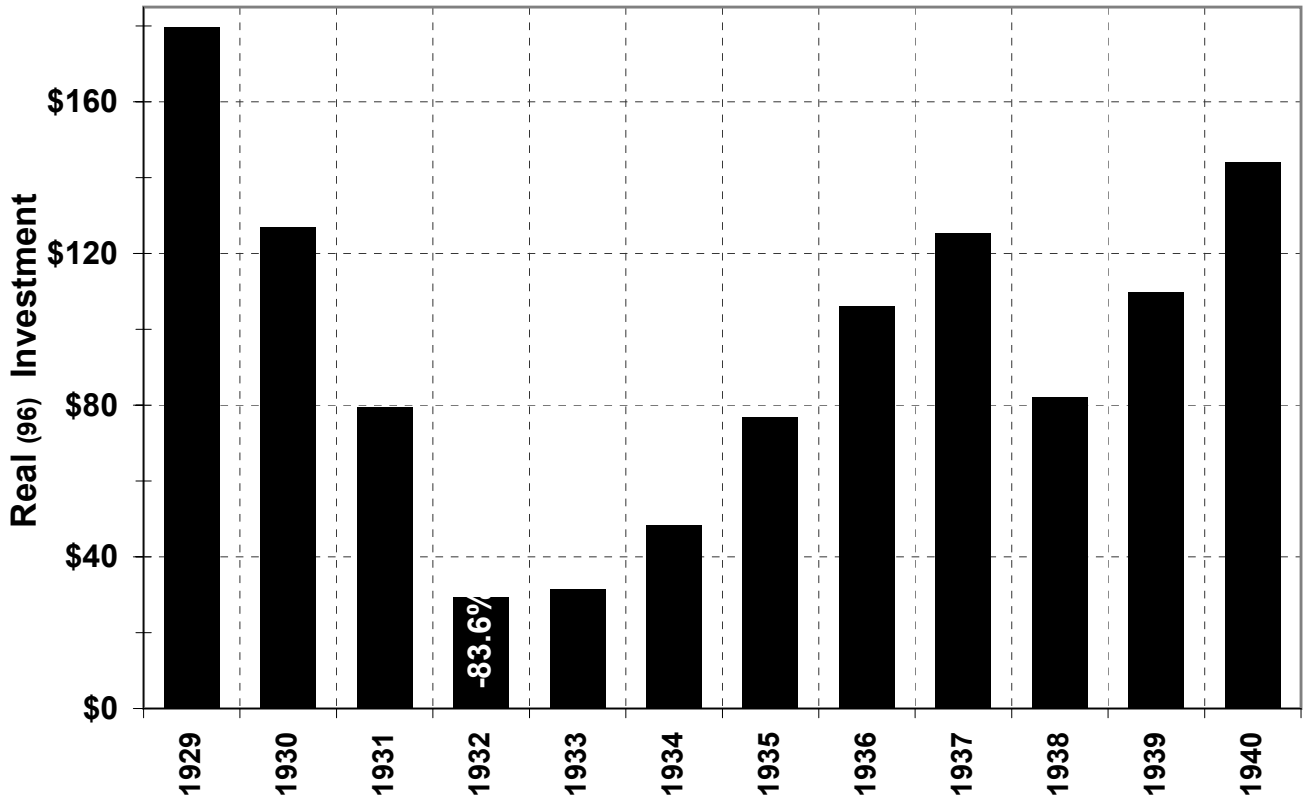


Fig 4: The Crash, ΔAD or $\Delta SRAS$?

Source: Economic Reports of the President

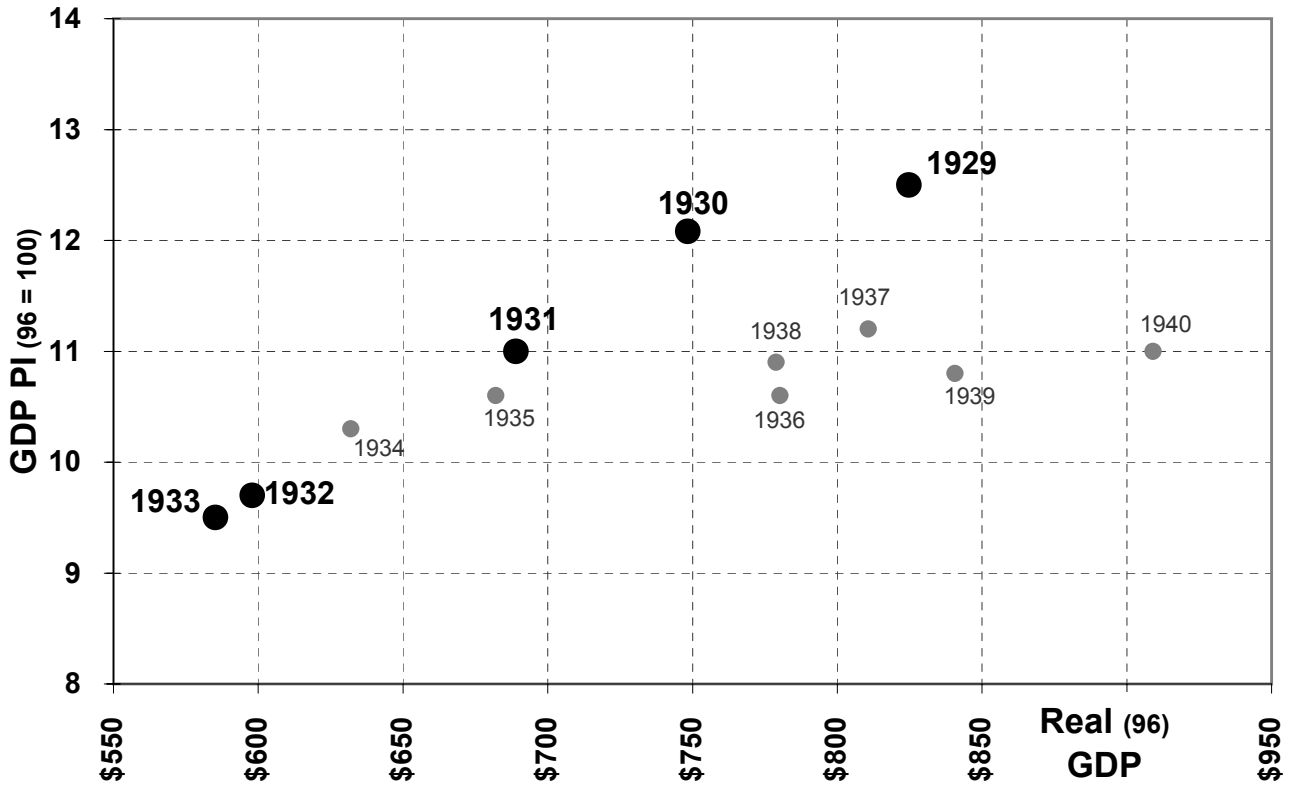


Fig. 5: What Happened to Nominal Wages?

NBER Macrohistory Database, series 08061c

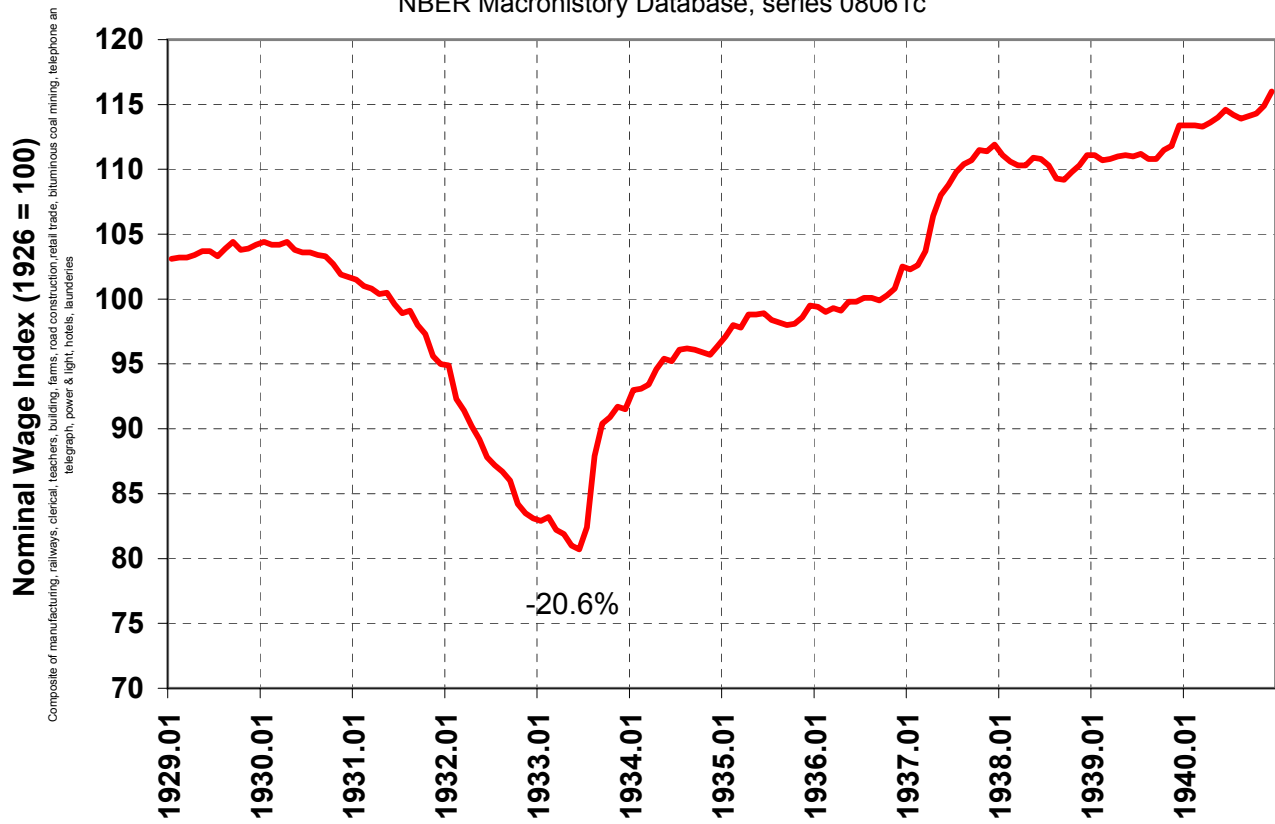
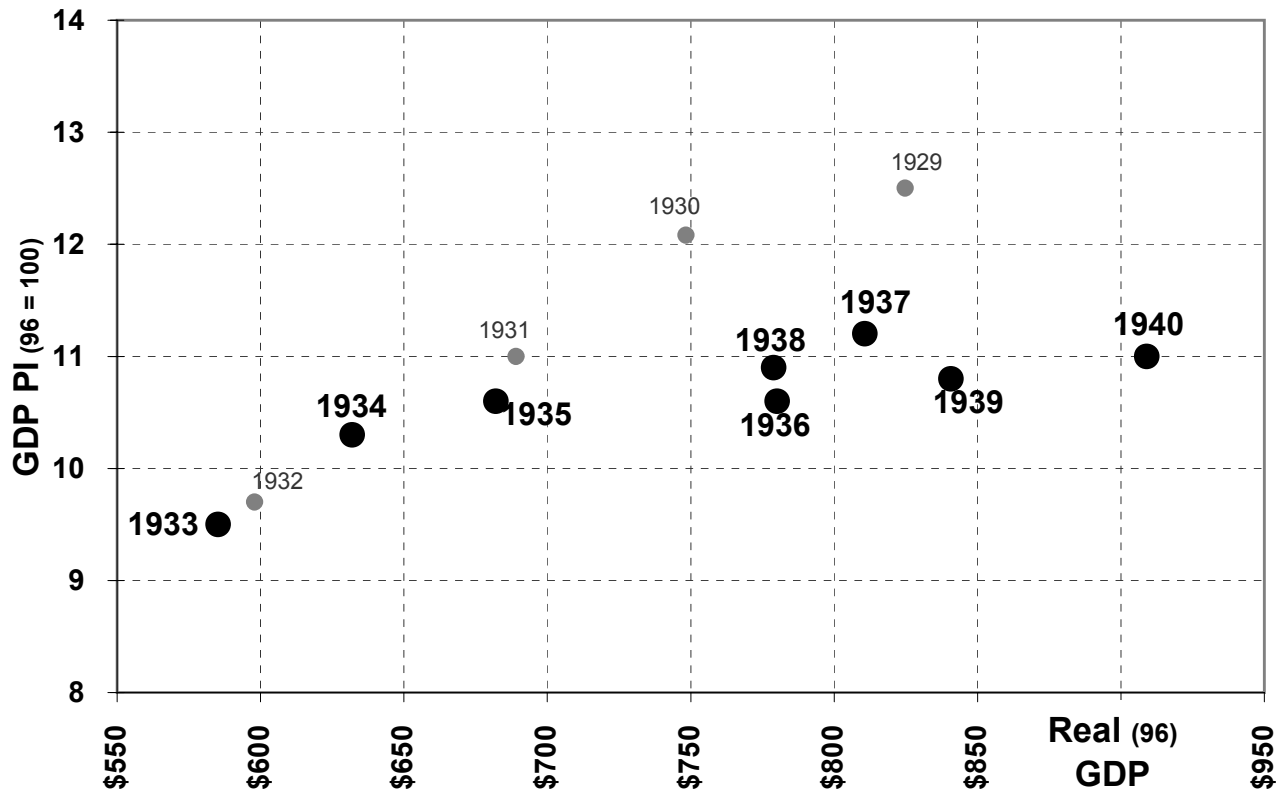


Fig 6: The Recovery, ΔAD or $\Delta SRAS$?

Source: Economic Reports of the President



Fiscal Policy and the Great Depression

What Keynes Would Recommend

No need to fear! Keynes-Man is here!



1) First, do no harm.

Allow automatic fiscal policy, i.e. don't fight the rising actual deficits.

2) Take active fiscal policy steps to save the patient.

Pursue expansionary discretionary fiscal policy; i.e. increase the structural deficit.

What Actually Happened



1) Let's fight these fight these rising actual deficits!

2) Let's pursue contractionary discretionary fiscal policy; i.e. decrease the structural deficit.

Thou shouldst truste me to cure thyne ailments for I be steeped in medical artes of



Fig. 7: The Role of Fiscal Policy

Source: Federal Reserve Economic Database

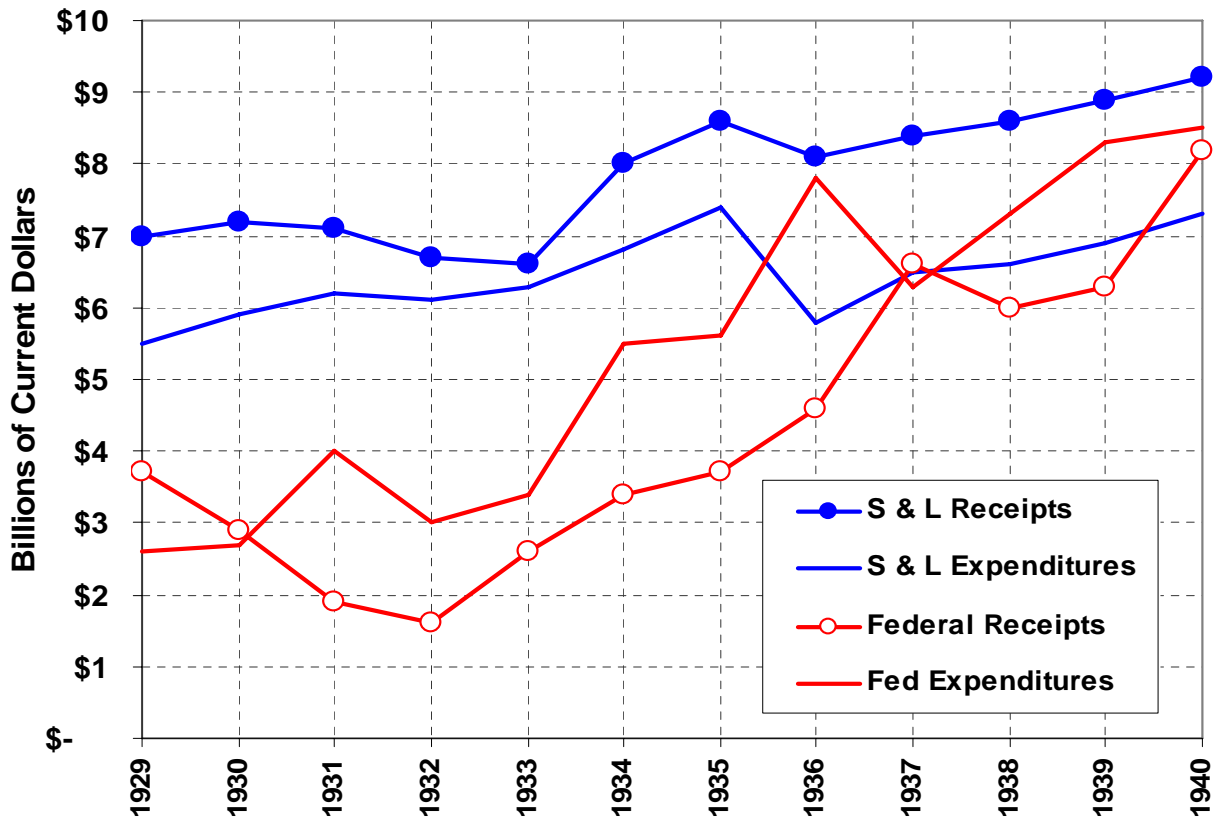


Figure 8: The Role of (Federal) Fiscal Policy

Source: Pepper, 1973, Explorations in Economic History

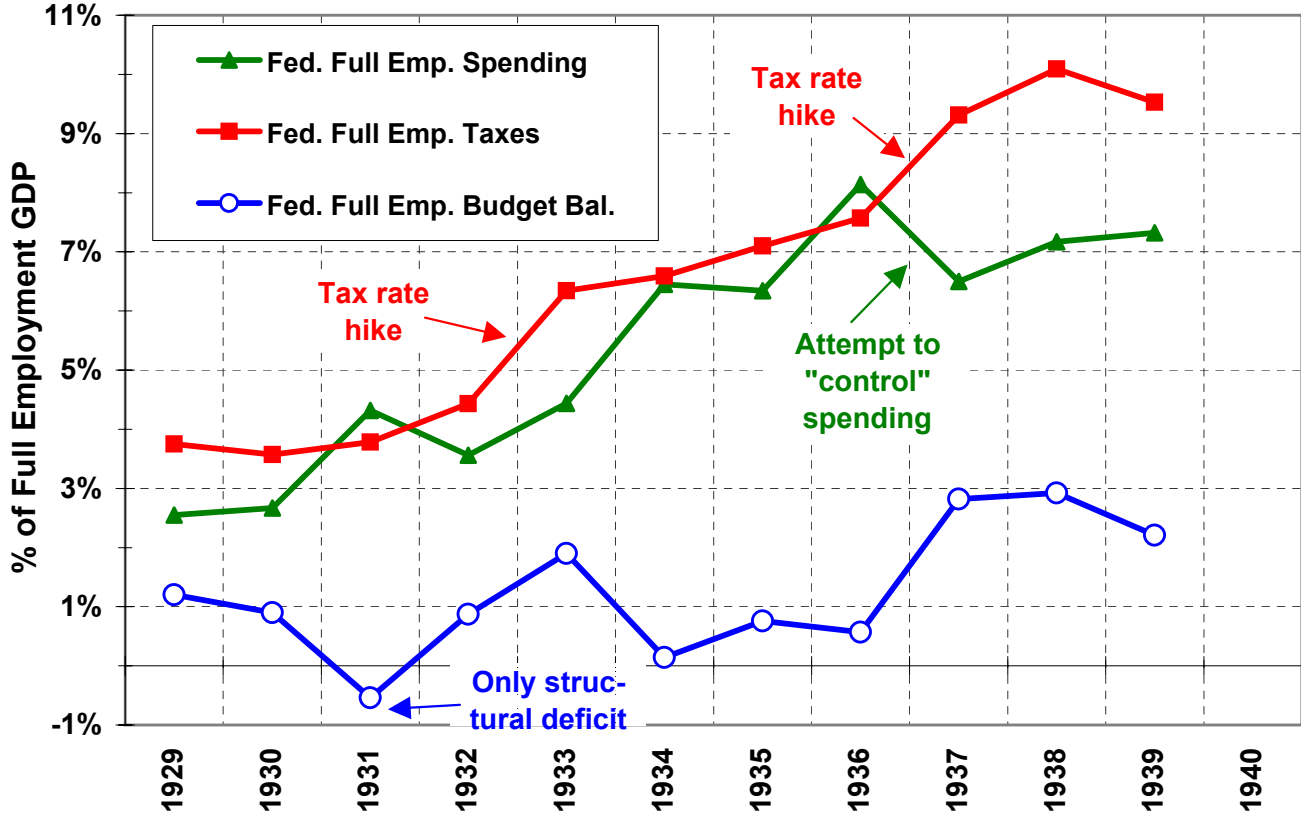


Fig 9: Did Monetary Forces Cause the Great Depression?

Source: Economic Reports of the President, Historical Statistics

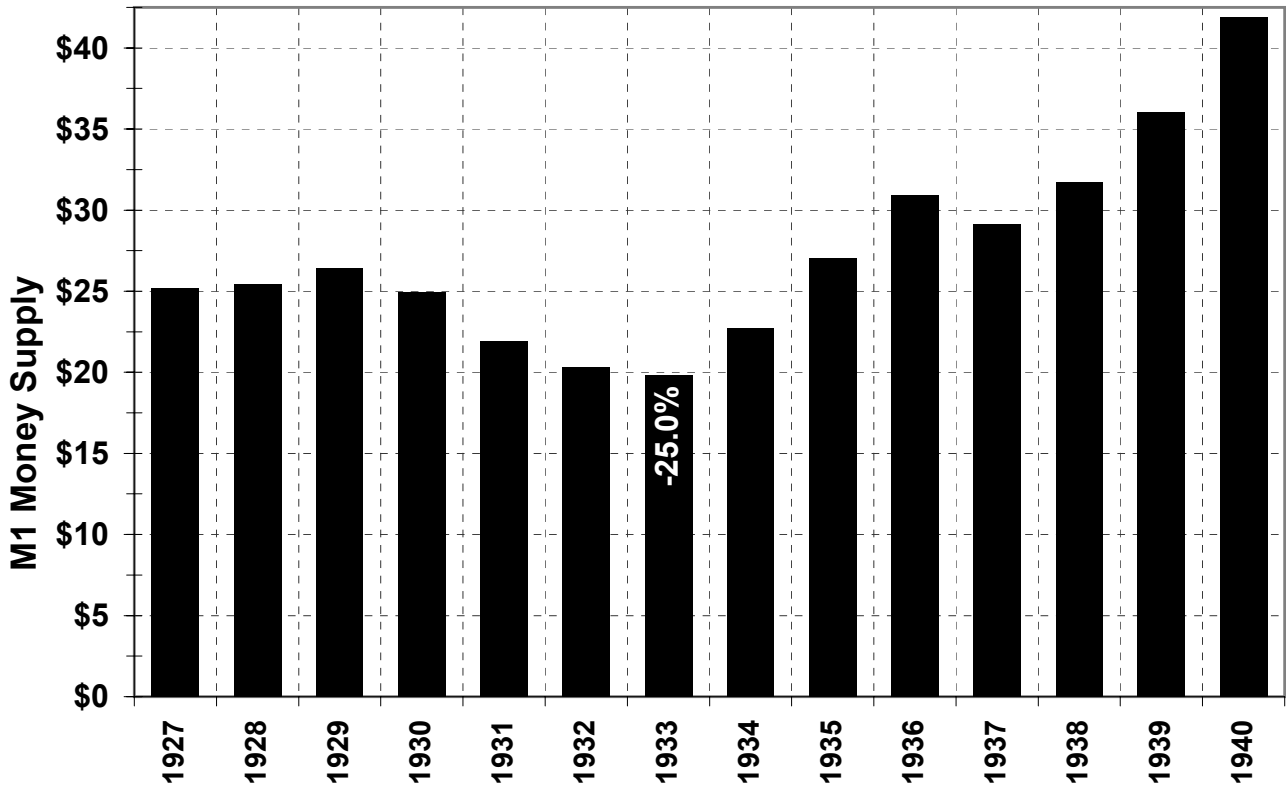


Fig. 10: The Role of Monetary Policy

Source: Federal Reserve Economic Database

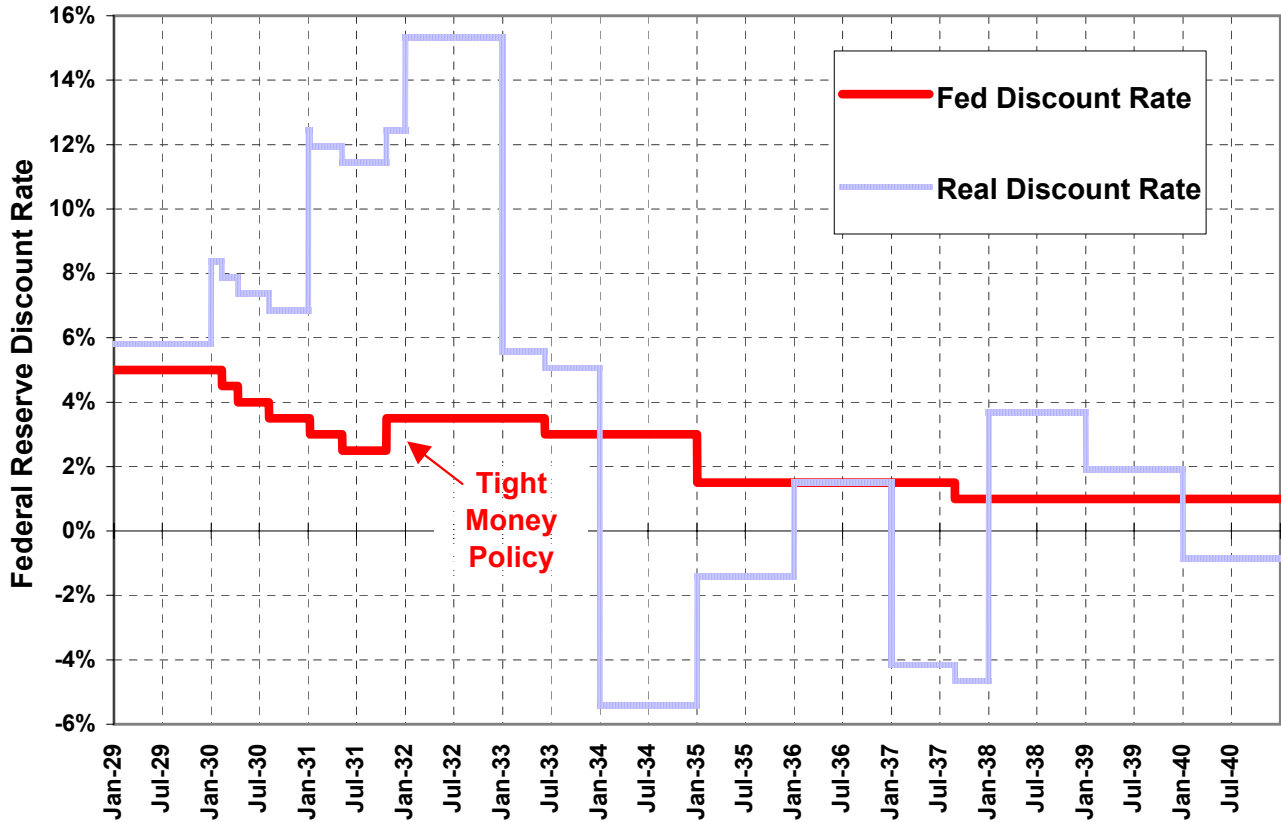


Fig 11: IS or LM? (Good & Services or Monetary Policy?)

Federal Reserve Economic Database, Economic Reports of the President

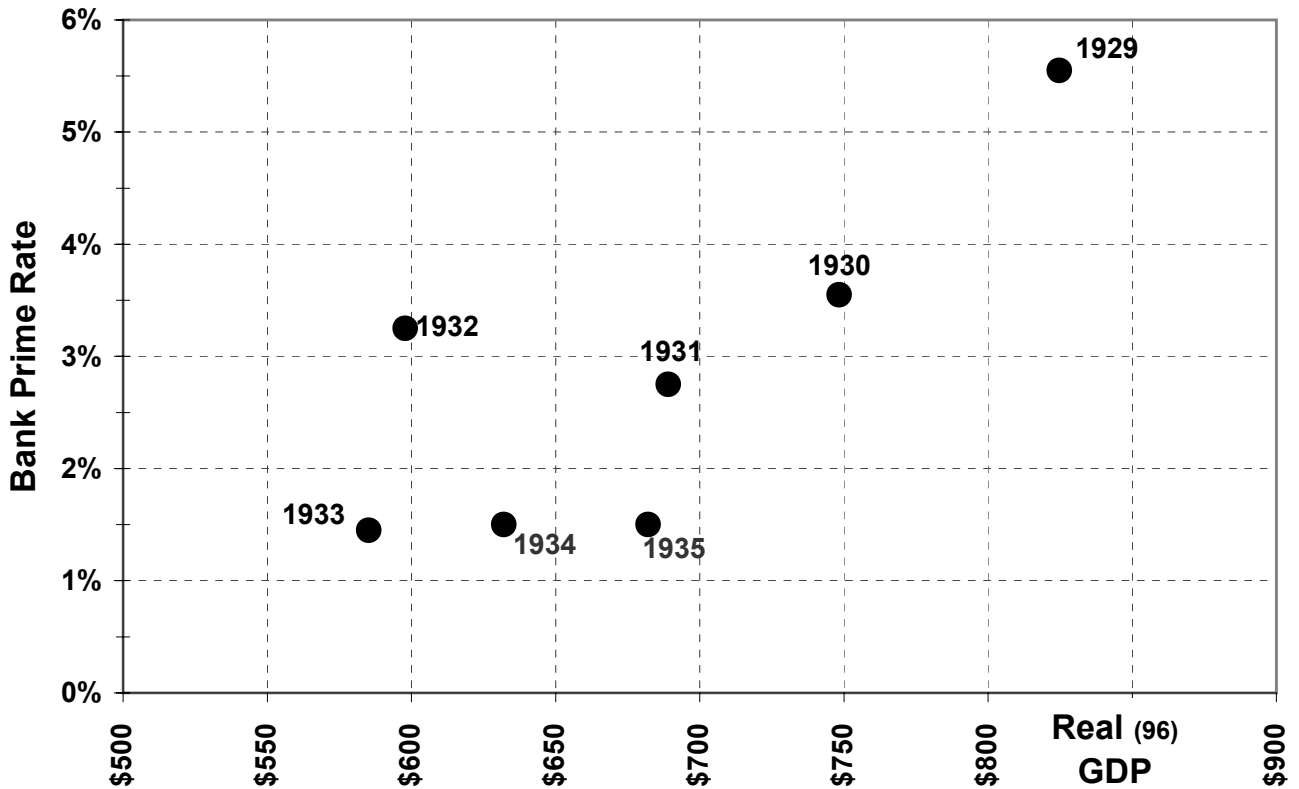


Fig 12: IS or LM? (Good & Services or Monetary Policy?)

Federal Reserve Economic Database, Economic Reports of the President

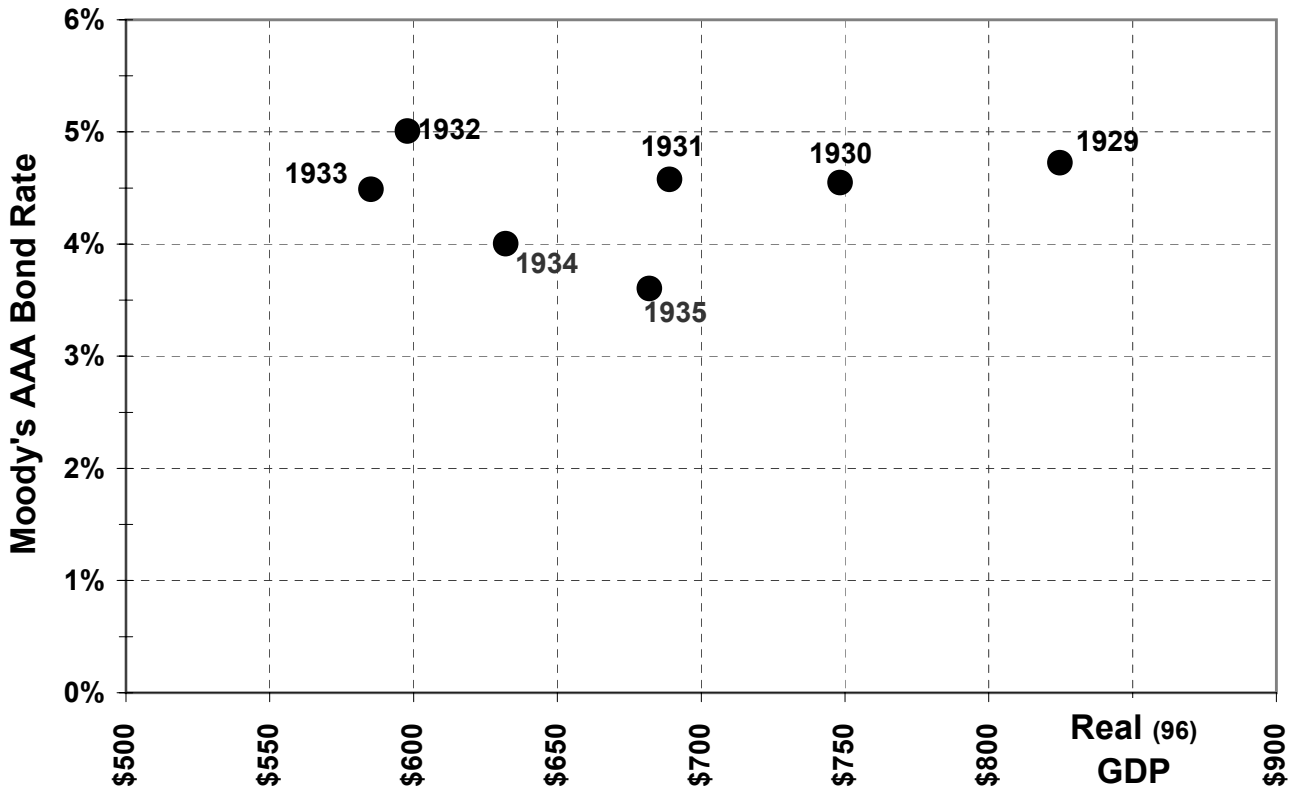


Fig 13: IS or LM? (Goods & Services or Monetary Policy?)

Federal Reserve Economic Database, Economic Reports of the President



Fig 14: IS or LM? (Goods & Services or Monetary Policy?)

Federal Reserve Economic Database, Economic Reports of the President

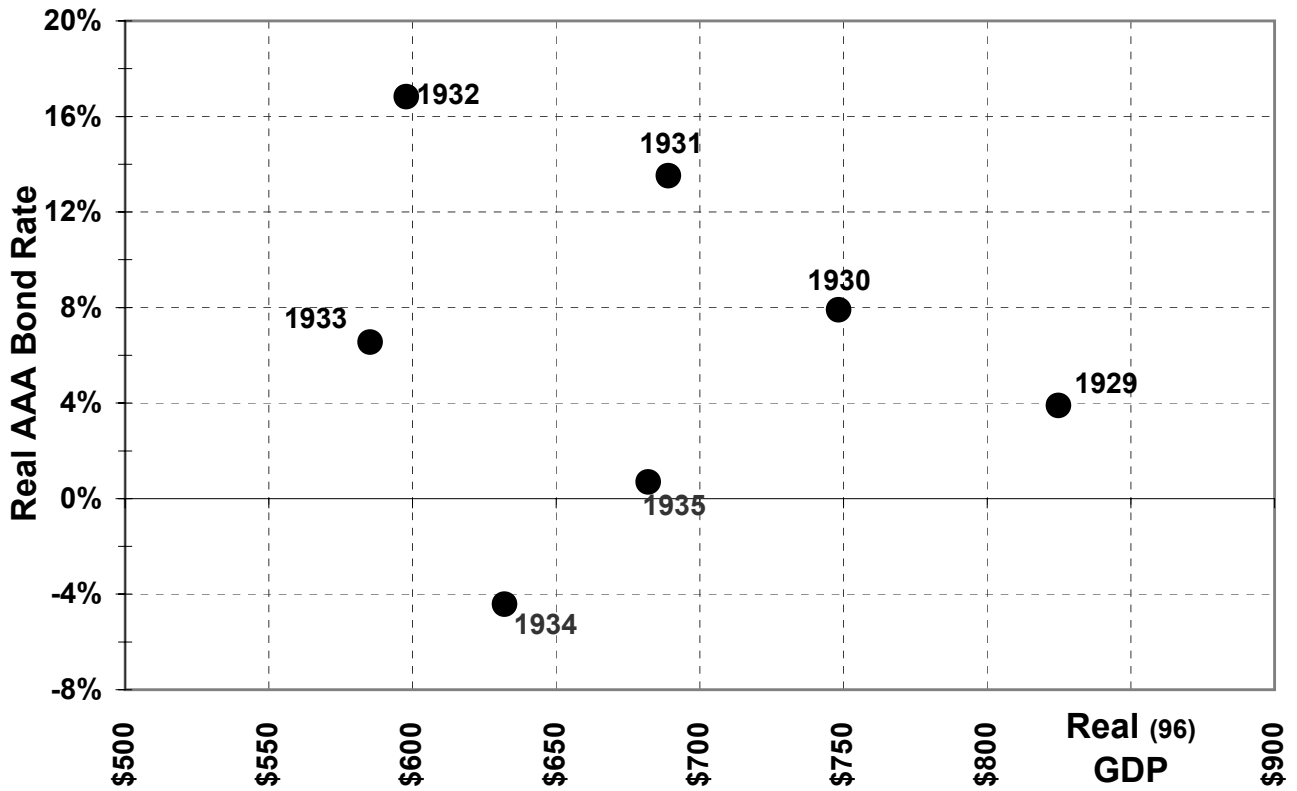


Fig 15: The Role of Debt

Source: Historical Statistics of the United States, Colonial Times to 1970

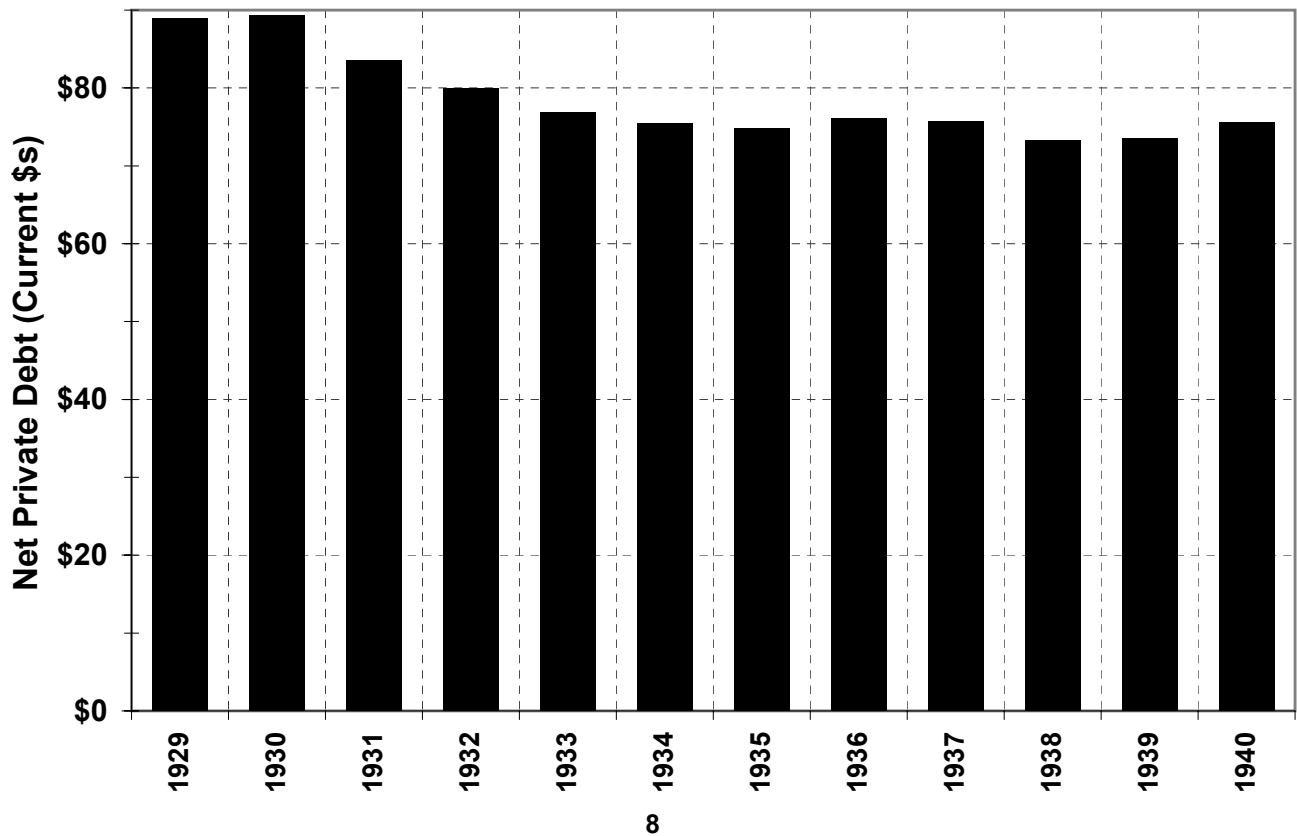


Fig 16: Holy Debt-Deflation Hypothesis Batman!

Source: Historical Statistics of the United States, Colonial Times to 1970

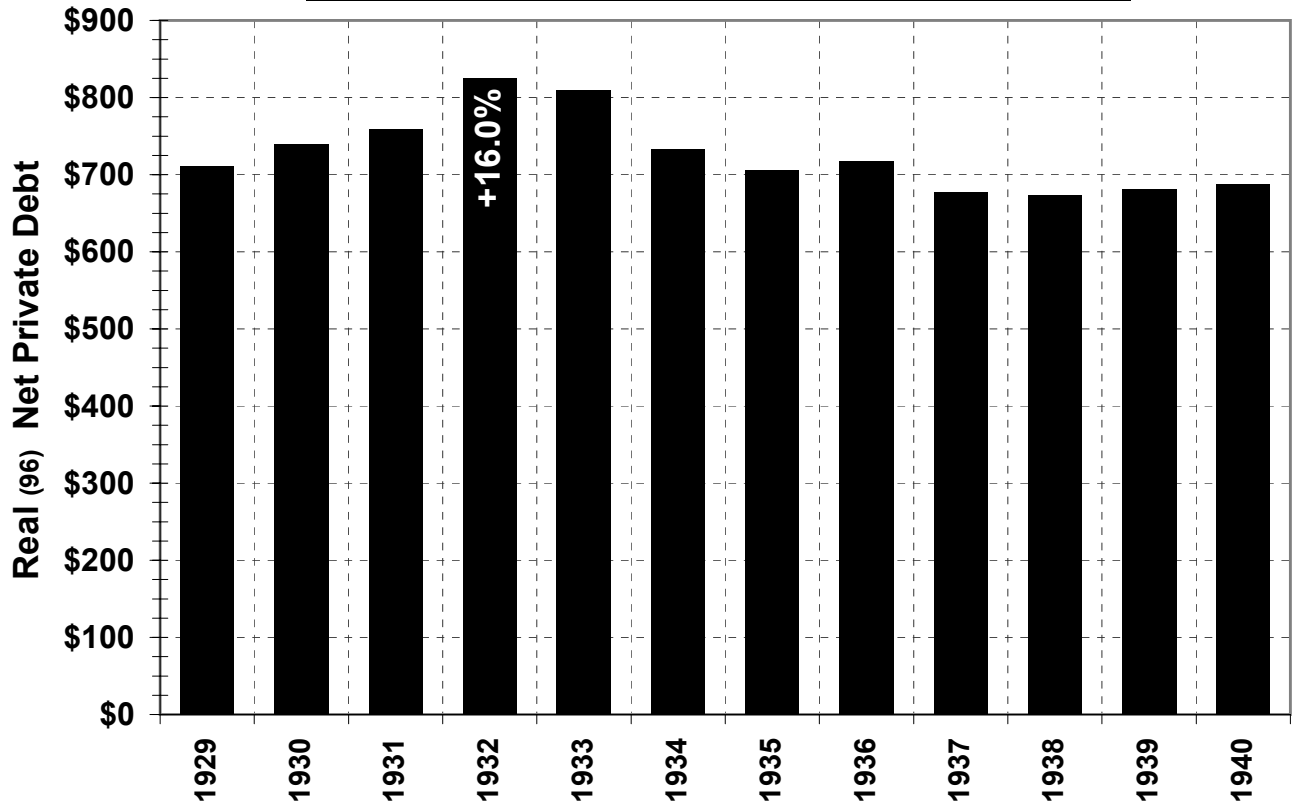


Fig 17: This is More Exciting than Fighting Criminals Batman!

Source: Historical Statistics of the United States, Colonial Times to 1970

