LECTURE 2
OVERVIEW OF THE GREAT DEPRESSION
January 24, 2013

I. EVOLUTION OF THE MACROECONOMIC ENVIRONMENT
   A. Declining role of agriculture
   B. Development of nominal rigidity
   C. Macroeconomic institutions and policy tools

II. THE 1920S
   A. GDP growth and inflation
   B. Rising inequality
   C. Stock price bubble

III. THE GREAT DEPRESSION
   A. Centered in the U.S., but spread to the rest of the world
   B. Stock market crash
   C. Financial panics, the decline in the money supply, and deflation
   D. Fiscal policy
   E. International factors
   F. Severity of the downturn

IV. THE RECOVERY FROM THE GREAT DEPRESSION
   A. Timing and strength
   B. Monetary policy at the zero lower bound
   C. Fiscal expansion
   D. The recession of 1937-38

V. WORLD WAR II
   A. Impact of the fiscal expansion
   B. Consequences of rising debt