The Rise in Real per Capita Income, UK 1100-1995

14 Skousen, Mark, 'The Making of Modern Economics', p. 15

Recessions and policy instruments-on rare occasions there might be no escape

- Is this connection between the two properly taken into account?

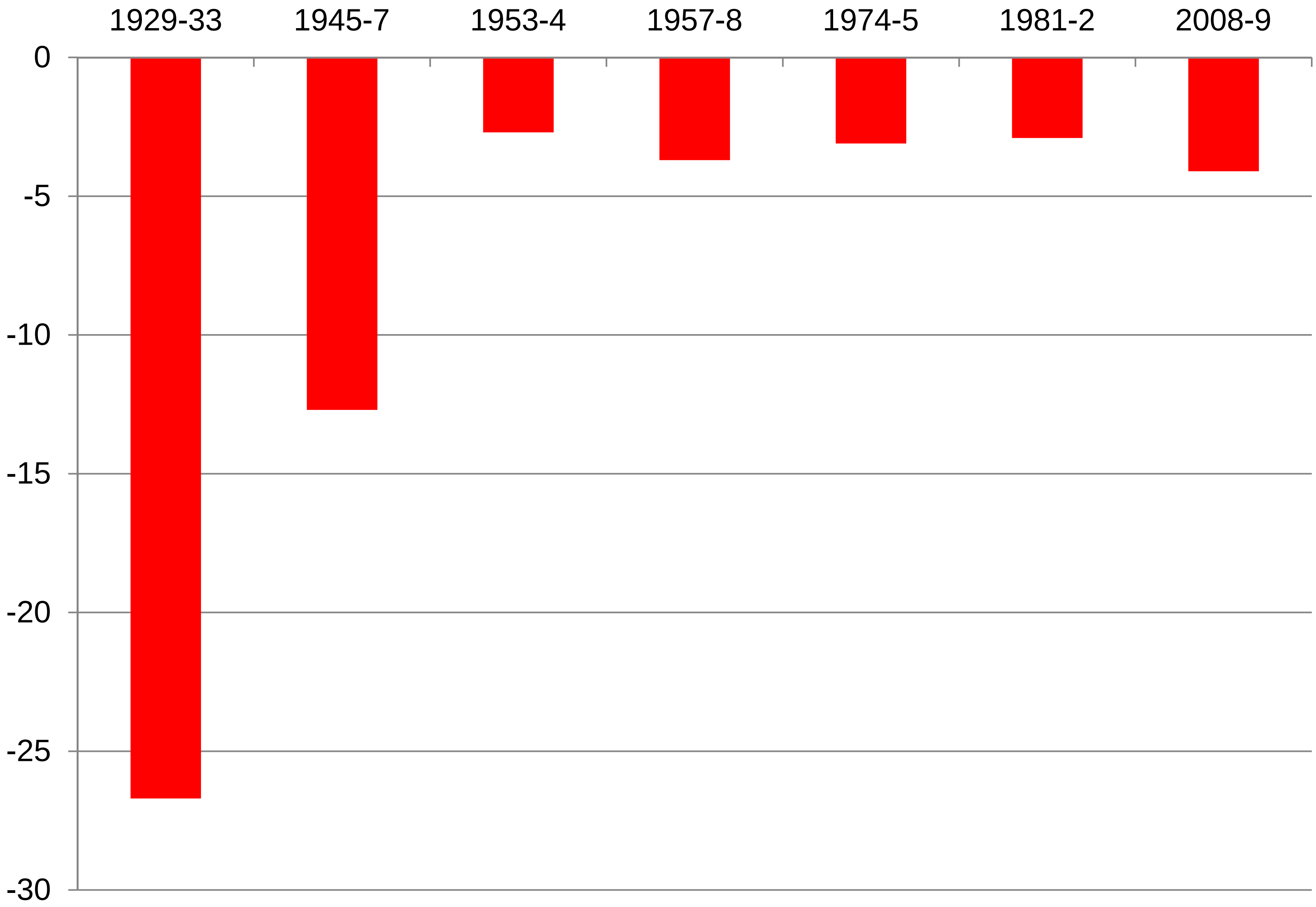
- I think it is not

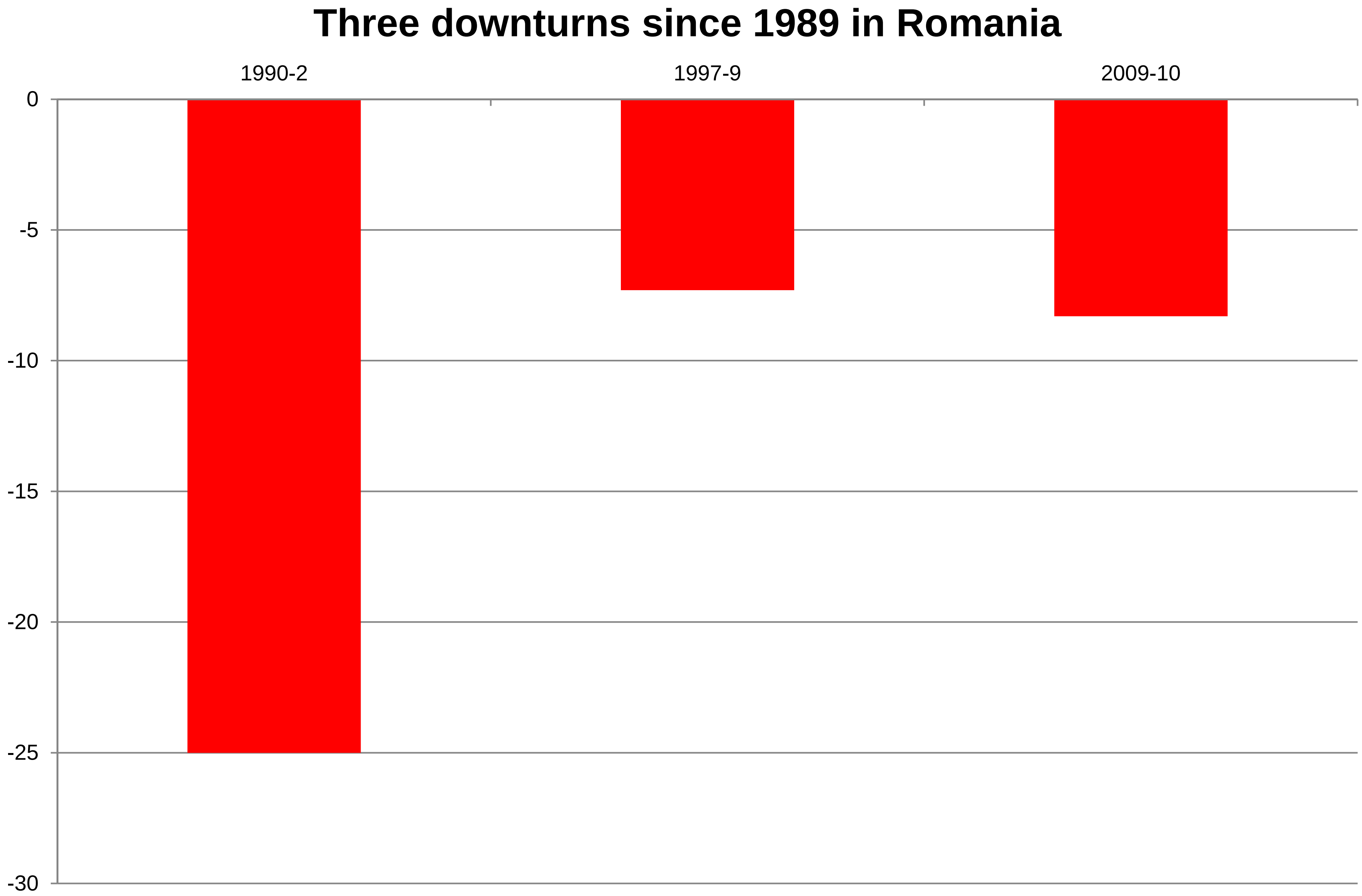
- Tinbergen:
    - for each and every policy target there must be at least one policy tool. If there are fewer
      tools than targets, then some policy goals will not be achieved

- Since 1947 (starting with the IMF becoming operational) the target to alleviate recessions benefited from the existence of appropriate policy tools

- Such tools were not used during the Great Depression period because of a wrong conception: the real bills doctrine

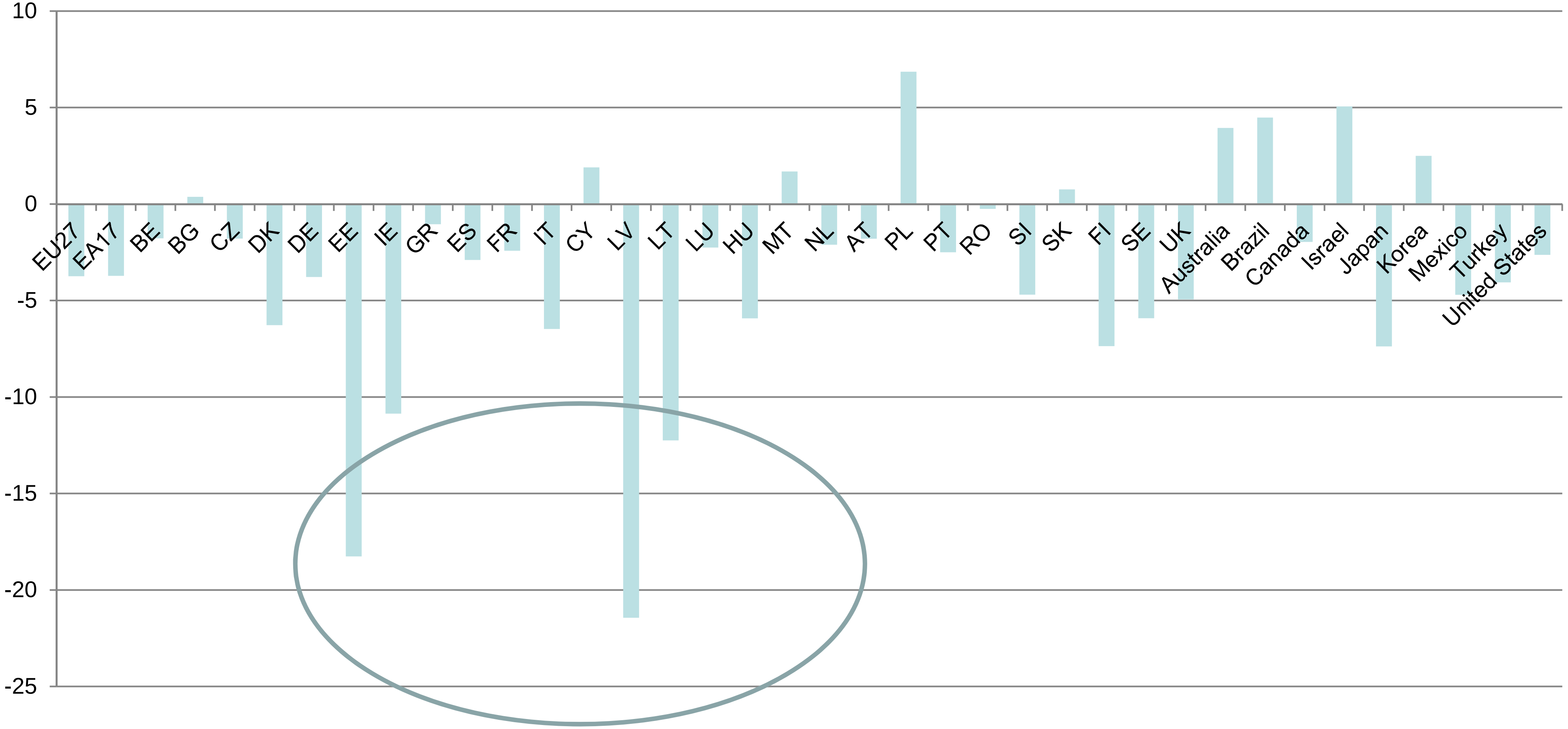
The six biggest downturns since 1929 and the Great Depression in the USA (percent)





Three downturns since 1989 in Romania
1990-2
1997-9
2009-10
0
-5
-10
-15
-20
-25
-30

2008-9 cumulated growth in EU-27 and some other economies
Some countries with currency board like monetary systems experienced deeper recessions



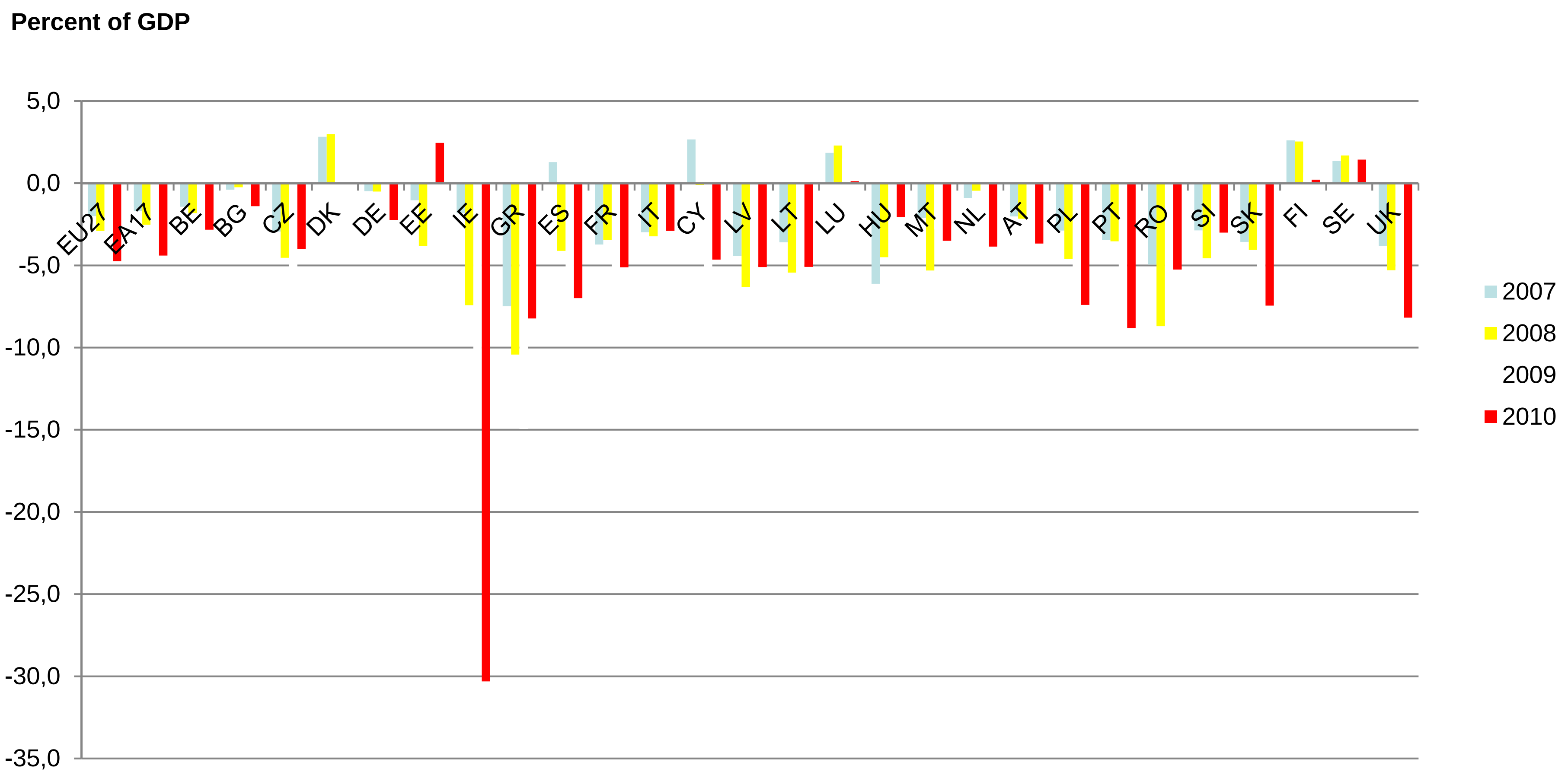
2009-10 cumulated growth in EU-27 and some other economies

Some countries with currency board like monetary systems experienced deeper recessions

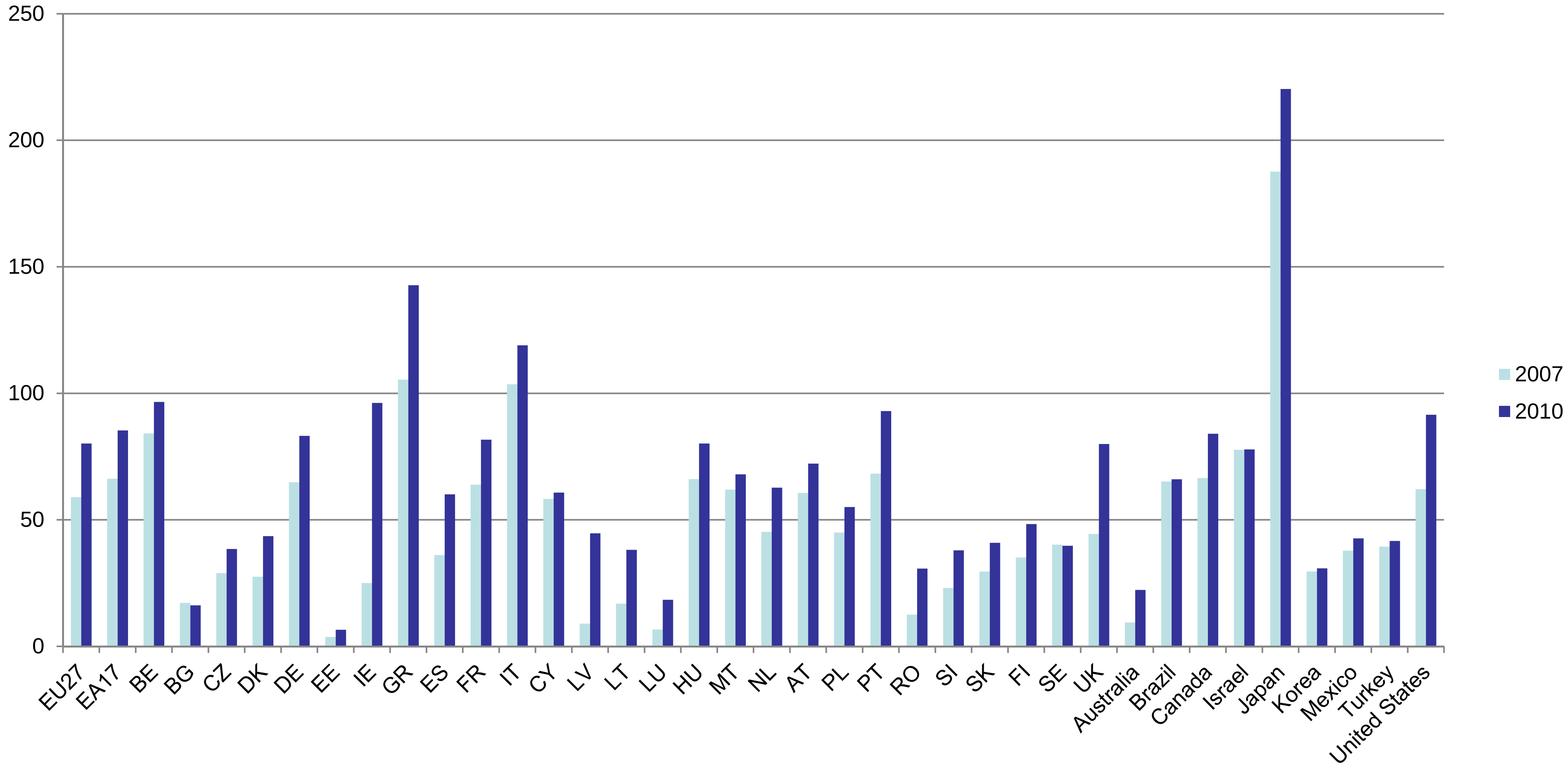
General Government cash budget deficits in the EU

DMs have borrowing financial needs double or triple as compared to their budget deficits

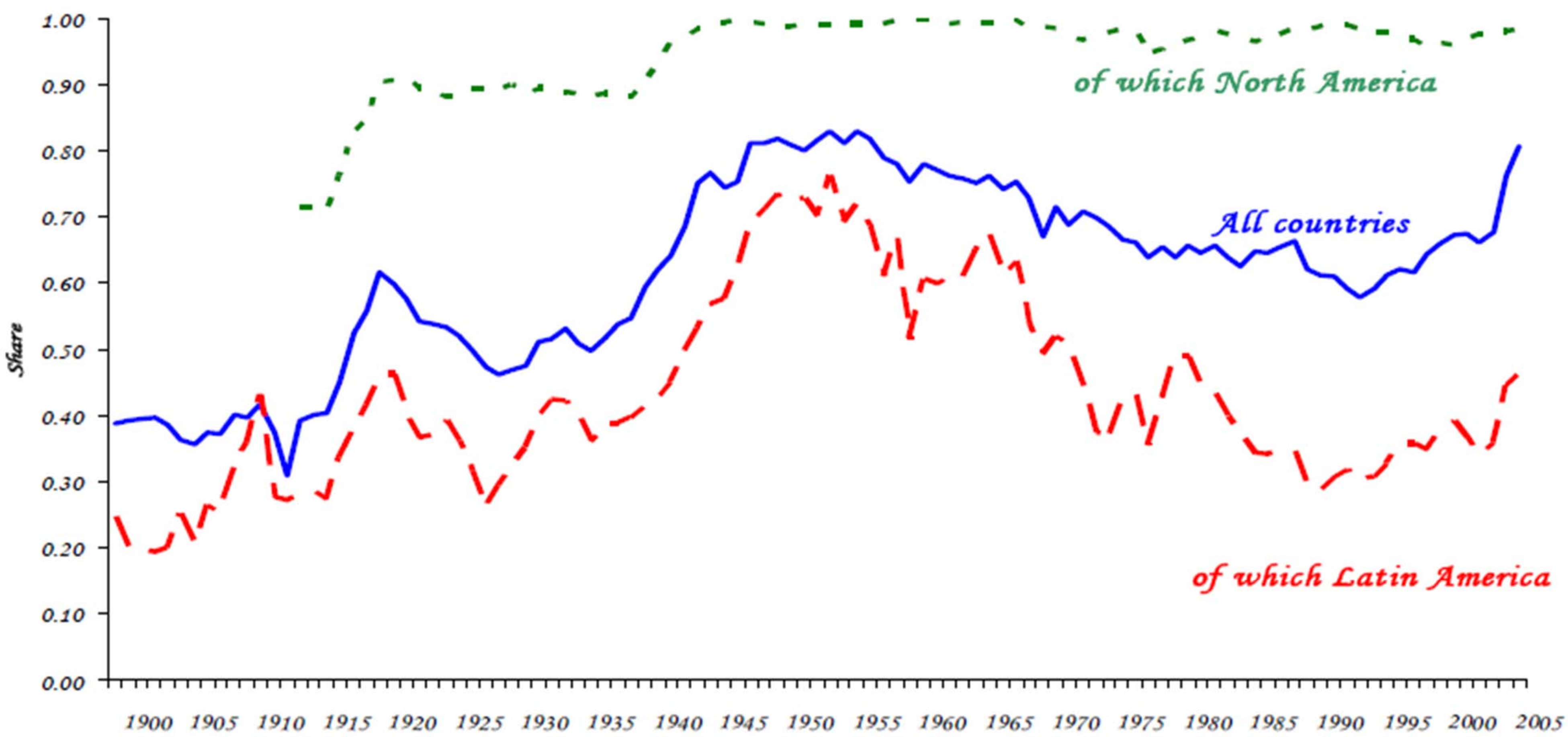
General Government structural budget deficits in the EU



Public debt as a percent of GDP

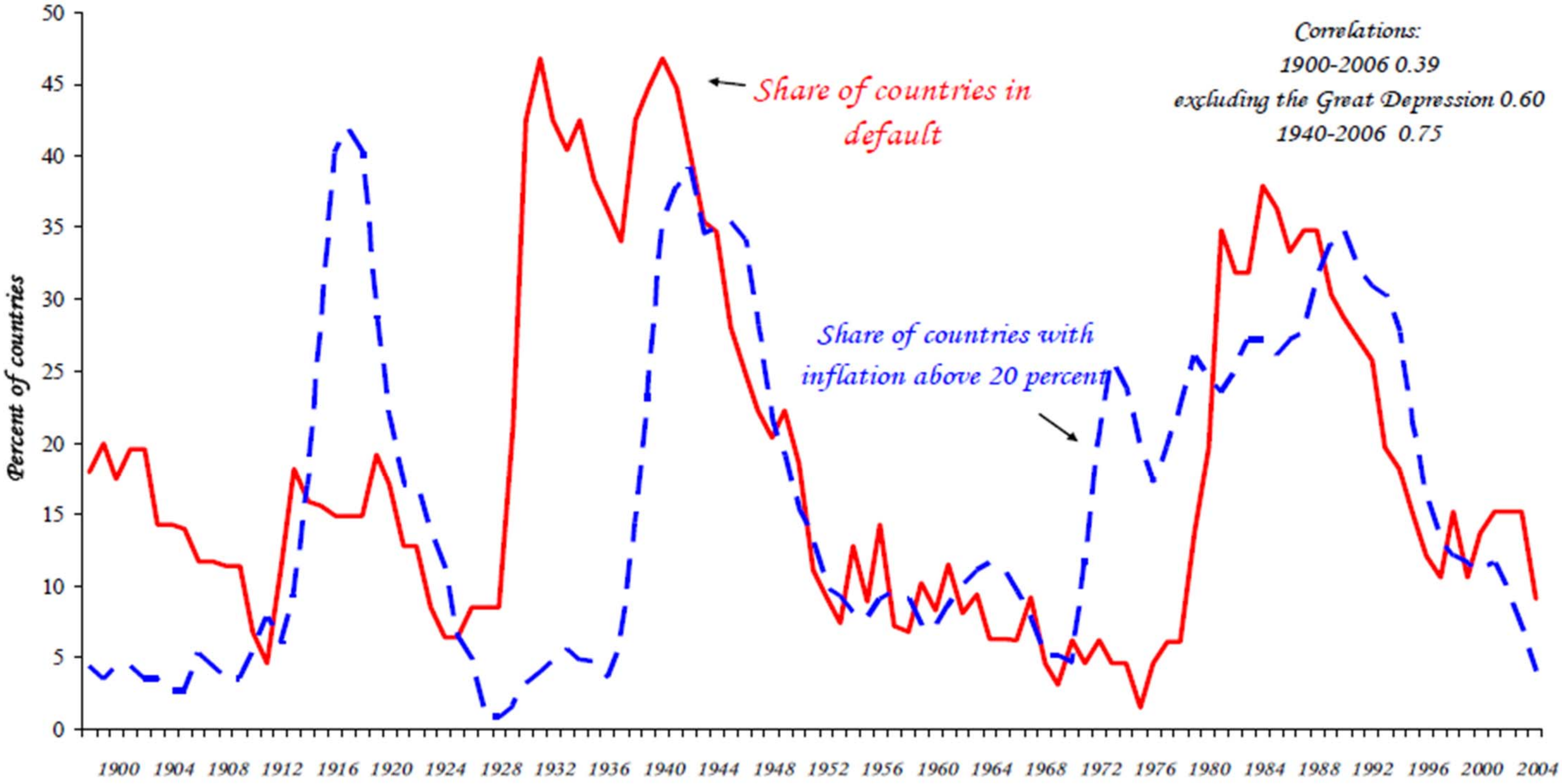


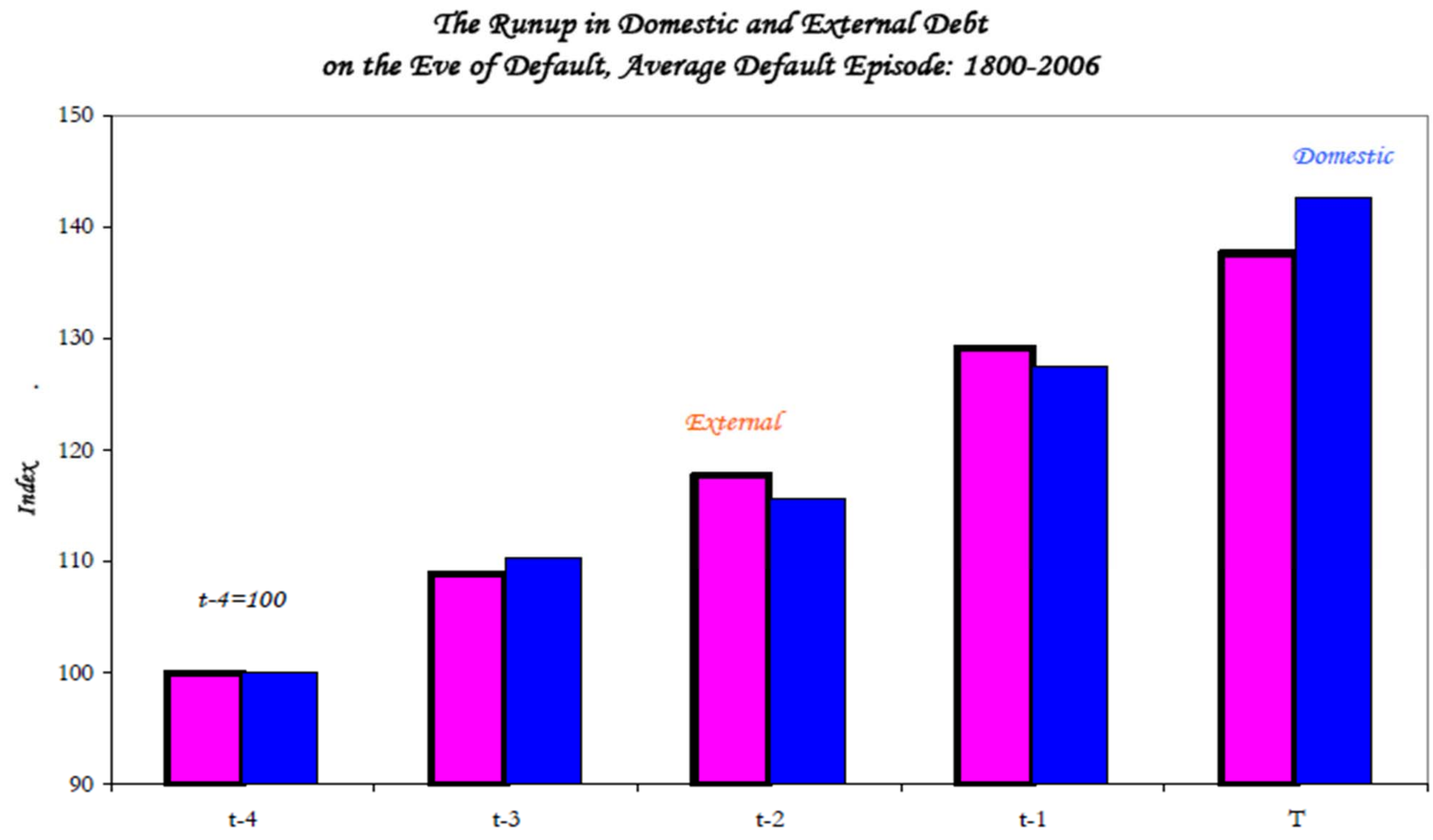
Domestic Public Debt as a Share of Total Debt, 1900-2006



Sources: The League of Nations, the United Nations, and others sources listed in Appendix II.

Inflation and External Default: 1900-2006




The Runup in Domestic and External Debt
on the Eve of Default, Average Default Episode: 1800-2006
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110
100
90
Index
Domestic
External
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t-3
t-2
t-1
T