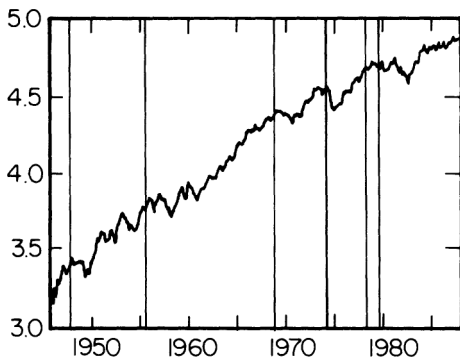
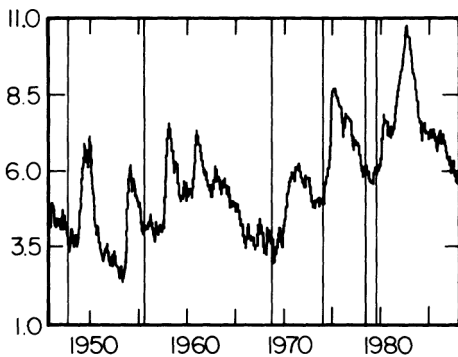


Figure 1 ECONOMIC ACTIVITY AND MONETARY SHOCKS.

a. Index of Industrial Production (in logarithms)



b. Unemployment Rate (percent)



*Notes:* Vertical lines are drawn at the dates of monetary shocks. The actual dates are October 1947, September 1955, December 1968, April 1974, August 1978, and October 1979. The sources of the data are described in the text. The data have been seasonally adjusted by a regression on monthly dummy variables.