

April 7 - 10

Automatic Stabilizer incorporation:

$$\frac{G_t}{Y_t} = \bar{a} \bar{g} - \bar{a} \tilde{Y}_t$$

Biden's Industrial policy:

- large checks to particular domestic industries
 - subsidies/payments

- Semiconductors: CHIPS ACT
 - "national security"

- Inflation Reduction Act:
 - also includes deal these subsidies
 - corporate tax reform / R&D Funding
 - clean energy incentives

Is the govt. better at picking winners than the market?

Great Depression & Great Recession

Recession:

NBER definition:

- significant decline economic activity
- Depressions are also bad recessions

Great Depression was global

- Summer 1929: peak of industrial production, enters minor recession
- Industrial production fell 40%
- falling prices & Deflation