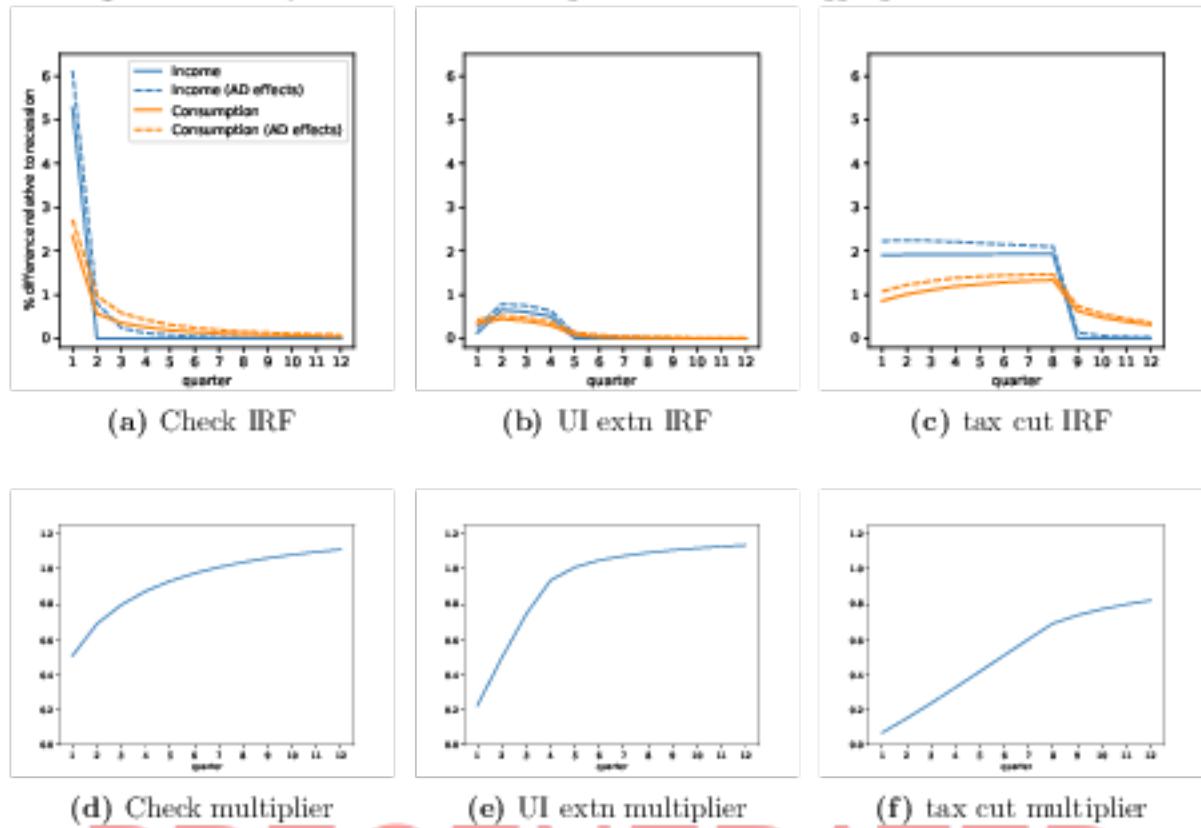


**Figure 1** Policy effectiveness during recessions with aggregate demand effects



Note: This figure compares policy effectiveness during recessions (Section ??). Recessions are characterized by **higher** unemployment rates and increased economic uncertainty. The model demonstrates that UI extensions become particularly effective during recessions due to better targeting of high-MPC households. Stimulus checks maintain effectiveness but with diminished relative performance compared to UI extensions. Payroll tax cuts show the least effectiveness across all economic conditions, confirming the robustness of the main policy rankings.