

# Keynesians to the Rescue: Unprecedented Policy Responses Towards Unprecedented Macroeconomic Shocks (Evidence from Three Natural Experiments)

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*The Great Recession of the 2000s and the Covid Crisis of the 2020s had different causes but elicited very similar government fiscal responses in some of the largest global economies. In both cases, the governments of the United States and the Euro Area countries enacted unprecedent fiscal stimuluses on the background of unprecedented monetary expansion by the respective central banks. Despite the different causes, in both historical episodes the world economy's industrial production, employment and equity markets recovered much faster compared to another crisis that started with a similar magnitude but developed on the background of much more muted policy responses — the Great Depression of the 1930s. The current study compares the dynamics of the economic measures listed above during the Great Recession and the Covid Crisis with their dynamics during the Great Depression. It also compares the magnitude of the policy responses for the historical episodes listed above. A qualitative analysis is performed to provide background and shed light on the economic and policy developments that have resulted in the different dynamics of the above measures during the different historical episodes.*

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## **References**