

Small Variation in Production

Large Variation in Production

%

Change

in Production







The Great Depression

Government successfully
reduced the severity of the
output fluctuations

Economy Self Adjusts



Government Manages the Economy





-20

-

1

5

-10

—

5



5

10

1

5

1870

1880

1890

1900

1910

1920

1930

1940

1950

1960

1970

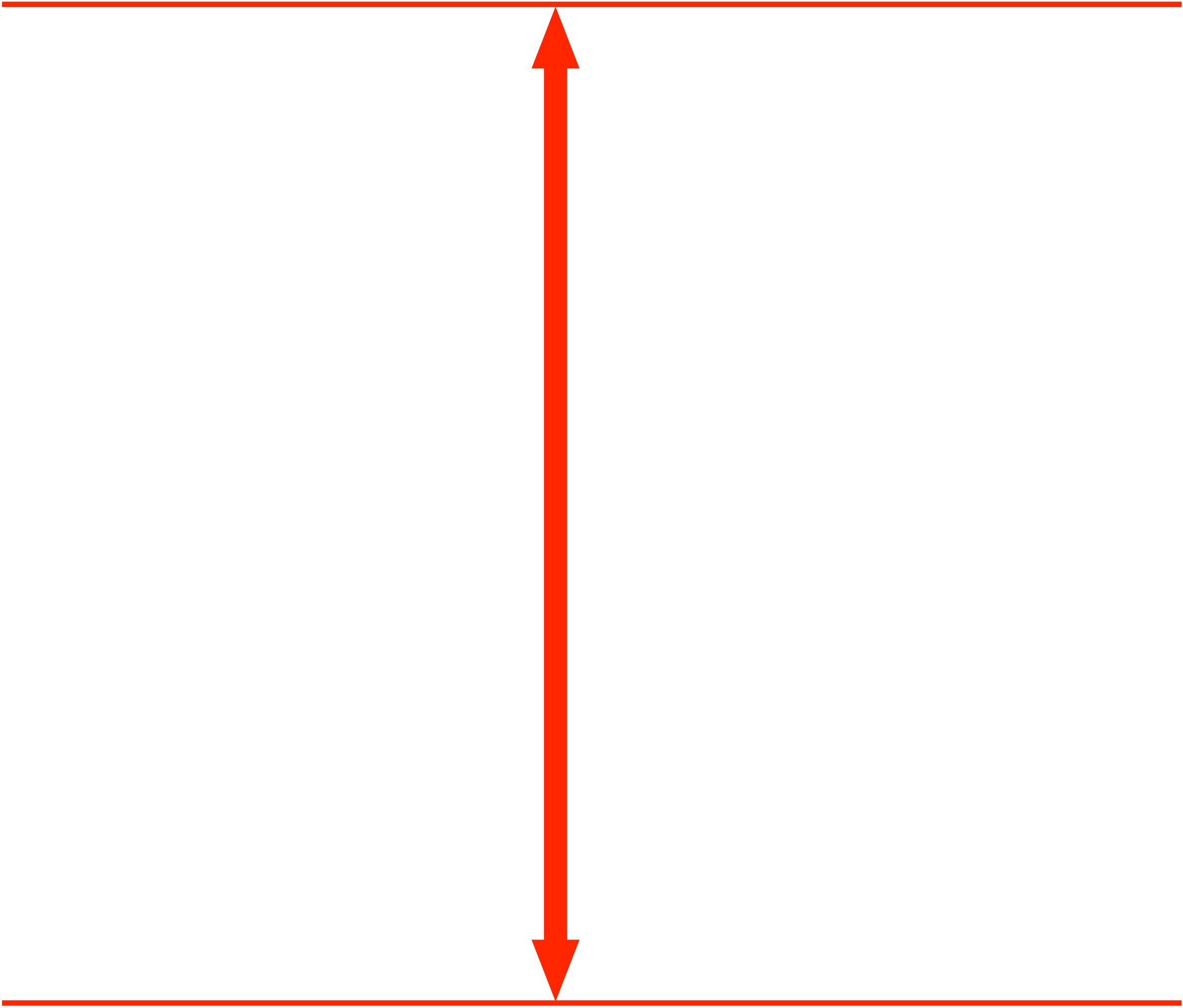
1980

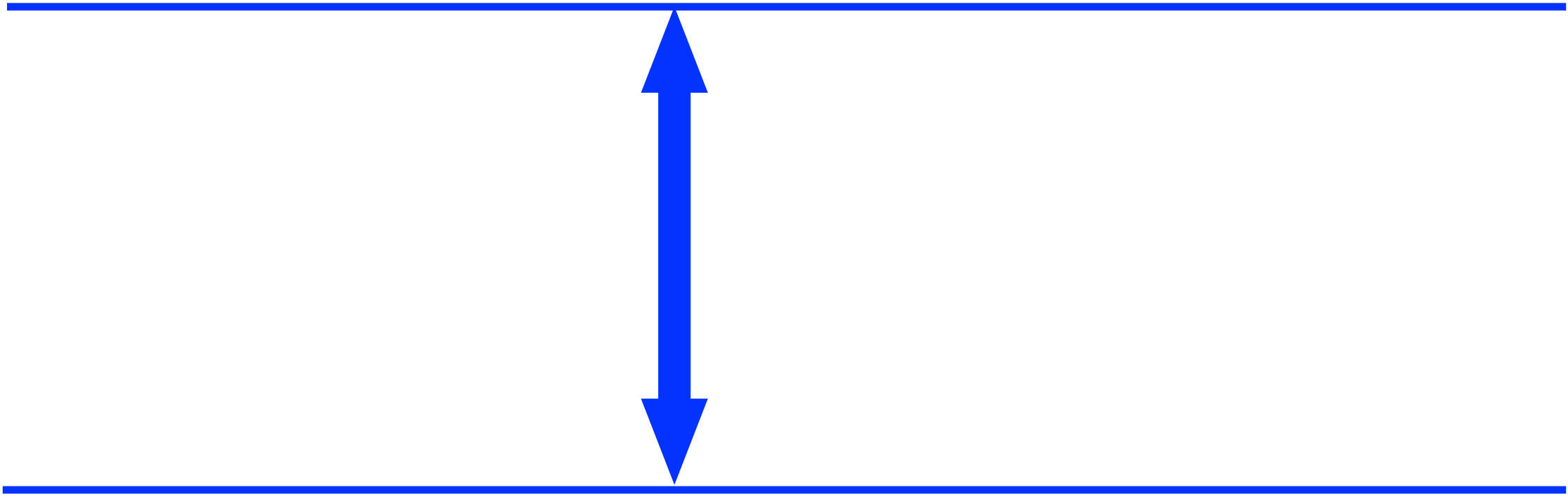
1990

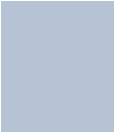
2000

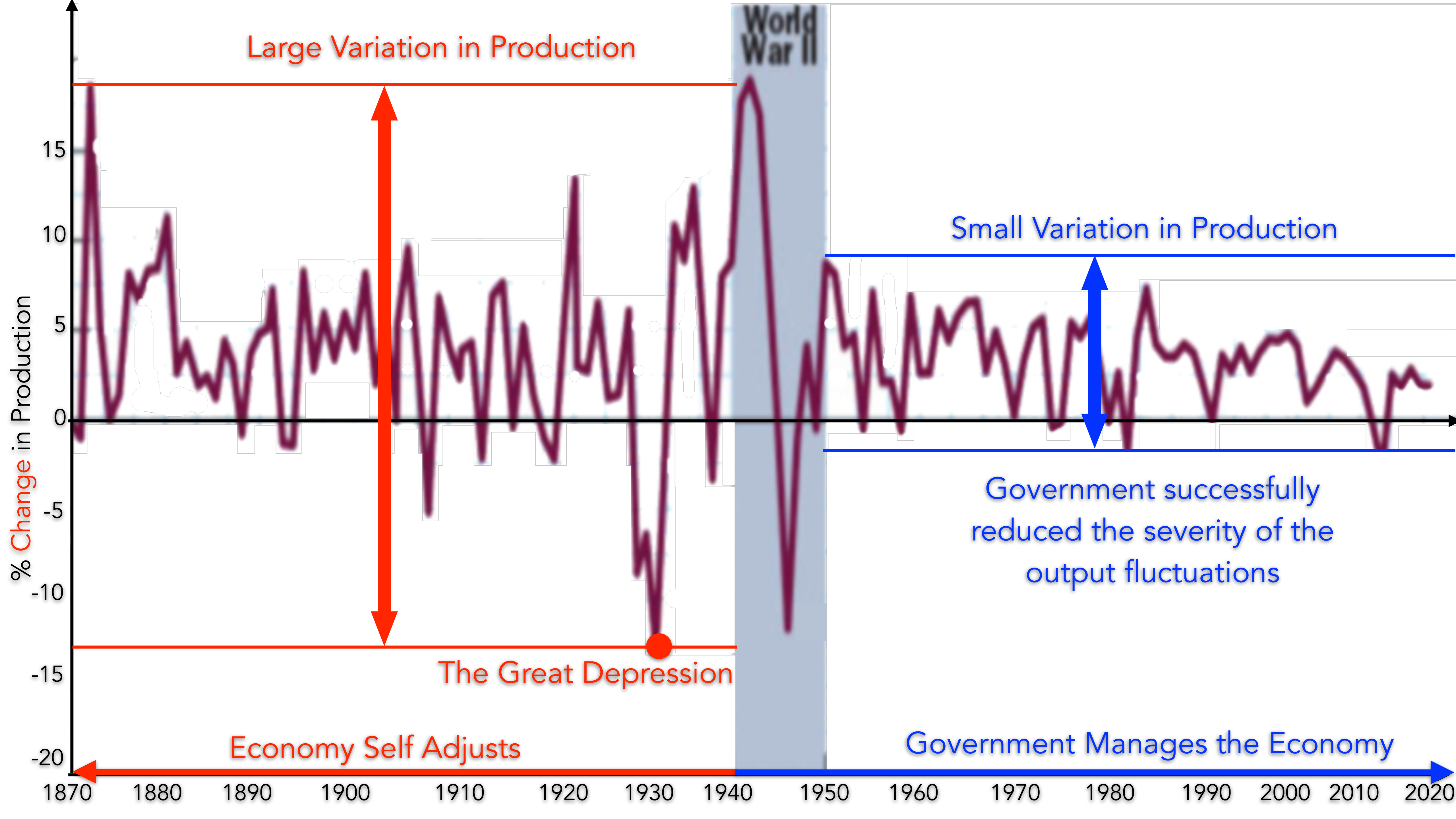
2010

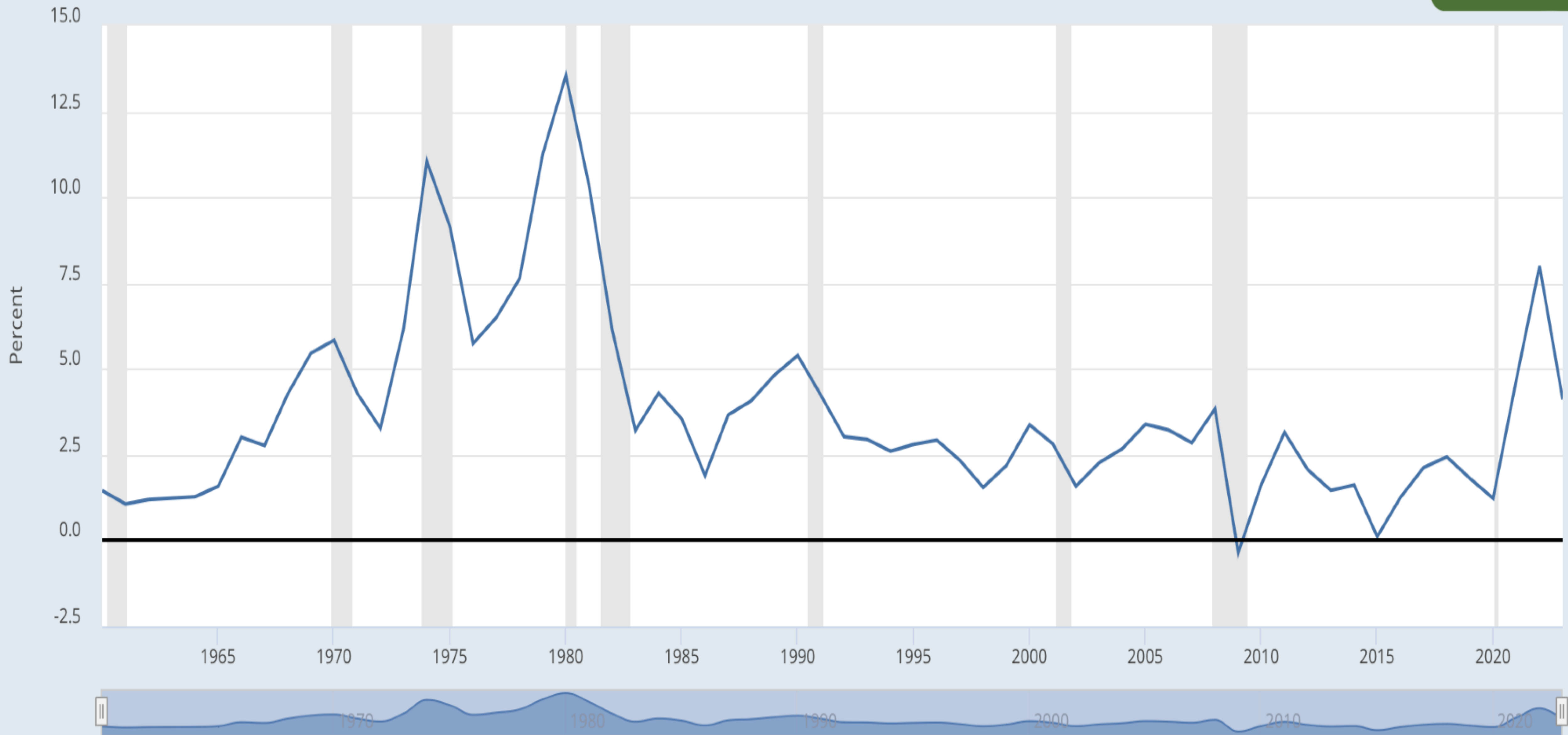
2020











Shaded areas indicate U.S. recessions.

Source: World Bank

fred.stlouisfed.org

