

Handout for March 31 - April 2, 2015

Table 1. Budget Surplus or Deficit
(*\$ billions*)

	Federal	State & Local	TOTAL
1929	1.2	-0.2	1.0
1930	0.3	-0.6	-0.3
1931	-2.1	-0.8	-2.9
1932	-1.5	-0.3	-1.8
1933	-1.3	-0.1	-1.4
1934	-2.9	0.5	-2.4
1935	-2.6	0.6	-2.0
1936	-3.6	0.5	-3.1
1937	-0.4	0.7	0.3
1938	-2.1	0.4	-1.7
1939	-2.2	0.0	-2.2

Source: *Historical Statistics*, Series F558-F560.

Table 2. Net Shift in Full-Employment Demand
As a Percent of Full-Employment GNP

	Federal	State & Local	Total
1929	-0.4	1.8	1.4
1930	0.0	2.0	1.9
1931	1.7	1.8	3.6
1932	1.0	0.9	1.8
1933	0.5	0.1	0.5
1934	2.0	-0.4	1.5
1935	1.9	-0.3	1.6
1936	2.5	0.2	2.7
1937	0.1	0.1	0.2
1938	1.2	0.0	1.2
1939	1.4	0.5	2.0

Source: E. Cary Brown, "Fiscal Policy in the 'Thirties: A Reappraisal," *American Economic Review* (Dec. 1956): 864-865.

Table 3. Fast Recovery

	real GNP (<i>\$ Billions</i>)	%Δ of real GNP	M2 (<i>Billions</i>)	%Δ in M2
1929	203.6	6.7	46.60	0.4
1930	183.5	-9.9	45.73	-1.9
1931	169.3	-7.7	42.69	-6.6
1932	144.2	-14.8	36.05	-15.6
1933	141.5	-1.9	32.22	-10.6
1934	154.3	9.0	34.36	6.6
1935	169.5	9.9	39.07	13.7
1936	193.0	13.9	43.48	11.3
1937	203.2	5.3	45.68	5.1
1938	192.9	-5.1	45.51	-0.4
1939	209.4	8.6	49.27	8.3

Source: Real GNP: *Historical Statistics*, Series F3 and X415.

Table 4. New Deal Relief Spending, 1933-39
(*millions of \$*)

	Total Grant to States	Amount Used as Work Relief Earnings
FERA	\$3,017	\$1,238
CCC	2,622	1,734
CWA	807	718
WPA	6,804	6,586
FSA	273	100
PWA	1,791	---
		\$10,376

Source: Hughes and Cain, *American Economic History*, 4th edition, Table 25.3, p. 454; attributed to John Wallis.

Note: PWA expenditures were for public infrastructure and were therefore not counted as "relief" expenditures.

Table 5. Federal Govt Spending, 1939-1947

(Billions of \$)				
	Tax Revenue (TA)	Outlays (G + TR)	Budget Balance	BS (BD) / GNP
1939	6.6	9.4	-2.9	-3.3
1940	6.9	9.6	-2.7	-2.8
1941	9.2	14.0	-4.8	-4.3
1942	15.1	34.5	-19.4	-13.7
1943	25.1	78.9	-53.8	-30.8
1944	47.8	94.0	-46.7	-23.3
1945	50.2	95.2	-45.0	-10.7
1946	43.5	61.7	-18.2	-8.7
1947	43.5	36.9	6.6	3.0

Note: Budget balance is negative when there is a deficit and positive when there is a surplus.

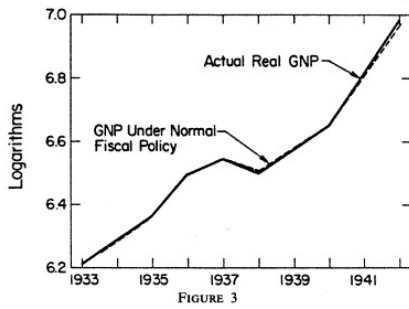
Source: *Historical Statistics*, Series Y339-Y341, F1.

**Table 6. Federal Minimum Wage,
 Years when Changes Enacted, 1938 - 2012**

Year Increase Implemented	Nominal	Real (2009 dollars)
1938	0.25	3.80
1939	0.30	4.63
1945	0.40	4.77
1950	0.75	6.68
1956	1.00	7.89
1961	1.15	8.25
1963	1.25	8.76
1967	1.40	8.99
1968	1.60	9.86
1974	2.00	8.70
1975	2.10	8.37
1976	2.30	8.67
1978	2.65	8.72
1979	2.90	8.57
1980	3.10	8.07
1981	3.35	7.91
1990	3.80	6.24
1991	4.25	6.69
1996	4.75	6.49
1997	5.15	6.88
2007	5.85	6.05
2008	6.55	6.53
2009	7.25	7.25
2015	7.25	6.77

Source:

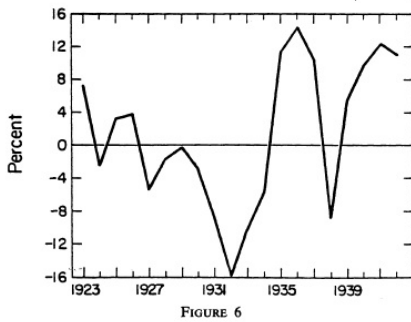
<http://www.dol.gov/whd/minwage/chart.htm>
 (accessed 3/31/2015) and CPI data downloaded from
<http://data.bls.gov/>, adjusted to 2009 base year.



ACTUAL OUTPUT AND OUTPUT UNDER NORMAL FISCAL POLICY, 1933-1942

Note: The dashed line shows the path of the log-value of real GNP under the assumption that fiscal policy was at its normal level throughout the mid- and late 1930s; the solid line shows the path of actual real GNP.
 Sources: The calculation of output under normal fiscal policy is described in the text. The source for real GNP is the same as in Figure 1.

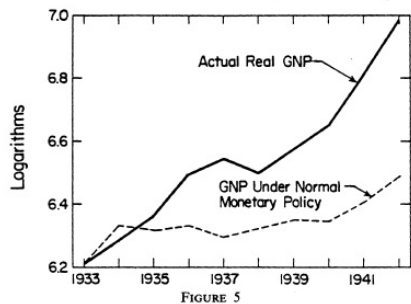
Figure 1



DEVIATIONS OF MONEY GROWTH RATE FROM NORMAL, 1923-1942

Notes: The normal money growth rate is defined as the average growth rate of M1 between 1923 and 1927. The deviations are shown lagged one year because this is the form in which they enter my calculation.
 Source: The data on M1 are from Friedman and Schwartz, *Monetary History*, table A-1, column 7, pp. 704-34.

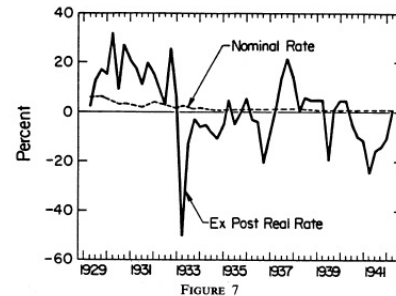
Figure 2



ACTUAL OUTPUT AND OUTPUT UNDER NORMAL MONETARY POLICY, 1933-1942

Note: The dashed line shows the path of real GNP under the assumption that the money growth rate was held to its normal pre-Depression level throughout the mid- and late 1930s; the solid line shows the path of actual real GNP.
 Sources: The calculation of output under normal monetary policy is described in the text. The source for real GNP is the same as in Figure 1.

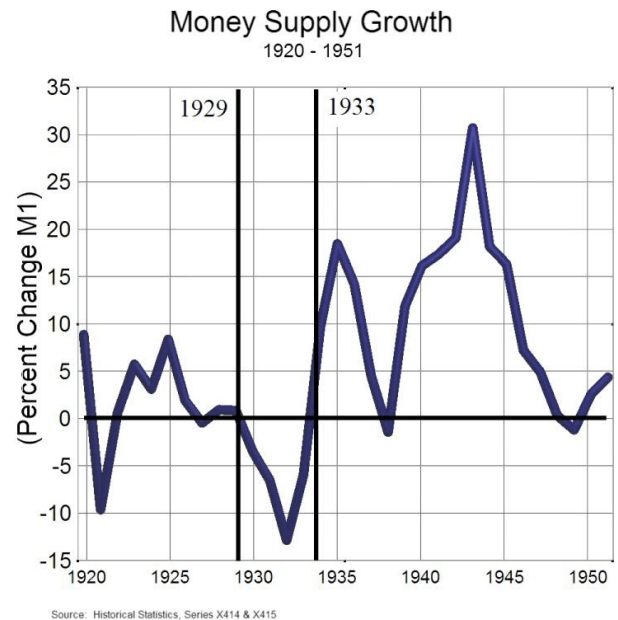
Figure 3



NOMINAL AND EX POST REAL COMMERCIAL PAPER RATES, 1929-1942

Note: The data are quarterly observations.
 Sources: The commercial paper rate data are from the U.S. Board of Governors of the Federal Reserve System, *Banking and Monetary Statistics*, 1943, pp. 448-51, and 1976, p. 674. The calculation of the ex post real rate is described in the text.

Figure 4



Source: Historical Statistics, Series X414 & X415

Figure 5

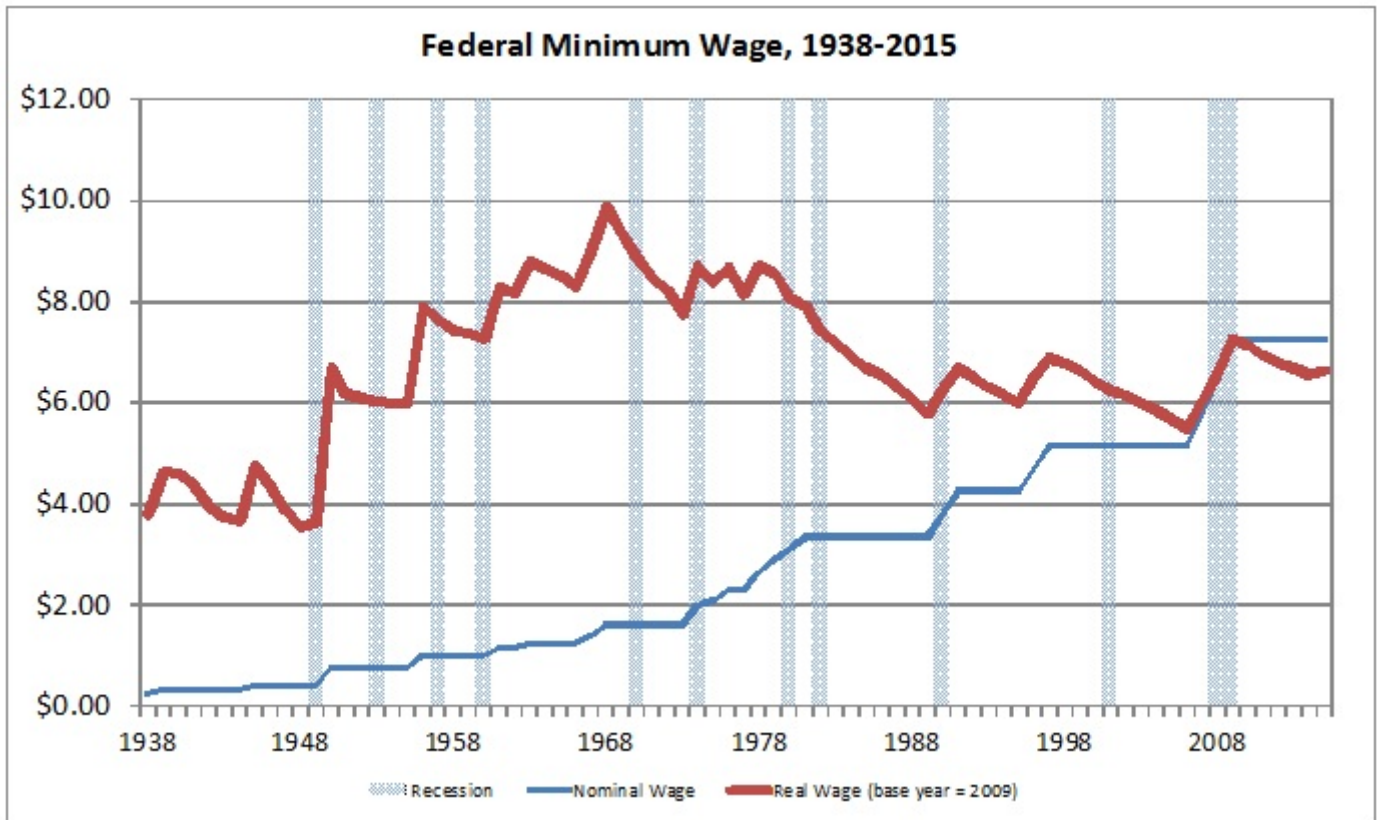


Figure 6

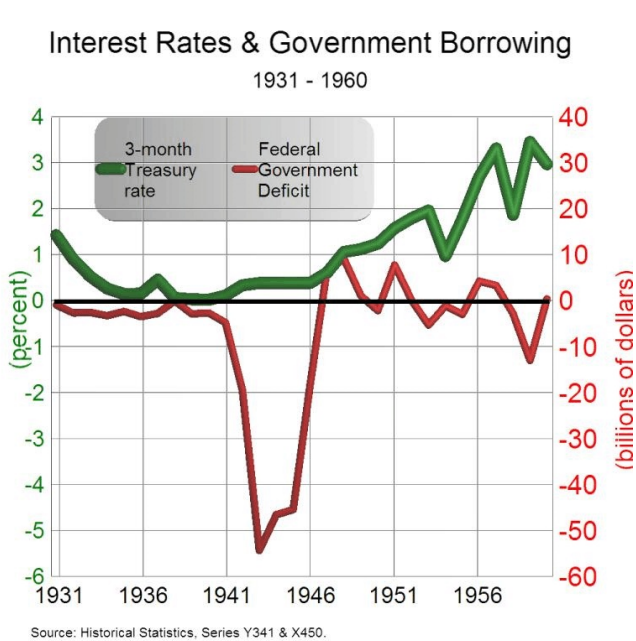


Figure 7

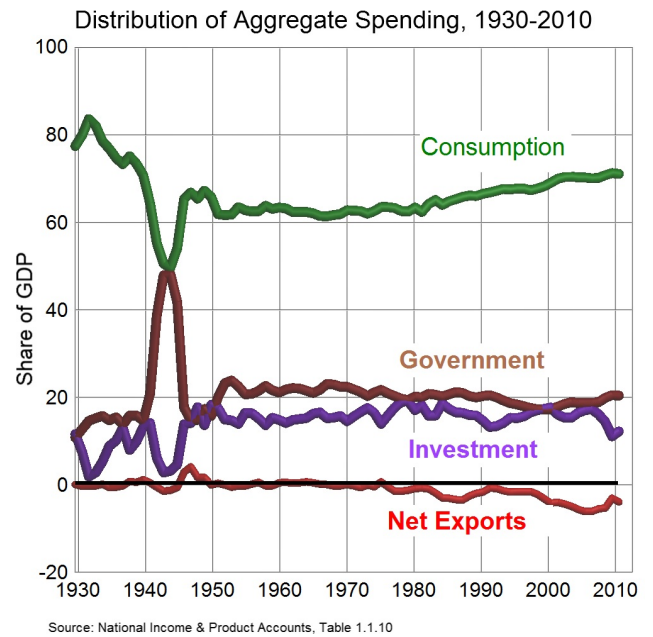


Figure 8