

Rivera's Analysis and Summary

	Great Depression	Now	What we've learned from the Great D
Unemployment	24.90%	6.1% (forecasted to reach as high as 7-8%)	Exacerbating the situation in the 1930s, few women worked, so if the "man of the house" was unemployed, there likely was no income. Conversely, today, because many households have two incomes, losing one income is difficult but not necessarily as devastating. Many of today's jobless workers can collect unemployment insurance, a federal program that grew out of the 1930s experience.
Banks going belly-up	10,000 out of 25,000 banks	15	Consumer spending, the bulwark of the economy, ground to a halt after the 1929 stock market crash and bank failures. What turned a recession into the Great Depression was a drop in consumer spending that we cannot explain through income or wealth effects.
Monetary Policy	The US was on the gold standard in the 1930s, which constrained the Federal Reserve from lowering interest rates	Paper currency	Today's Fed is not shackled by trying to defend an exchange rate, so there is a great deal of flexibility
International trade	The government famously (or infamously) enacted the protectionist Smoot-Hawley tariff in the 1930s, aiming to stop imports in their tracks. But it simultaneously choked off exports, a Pyrrhic victory at best.	Exports continue to bolster the economy. U.S. exports have risen 15 percent since December	Provides an important outlet for U.S. industries seeking to offset weak domestic demand
Fiscal policy	When income fell in the Great Depression, after-tax income and expenditures fell a lot too	Today our fiscal policy reduces taxes as incomes fall, and expenditures tend to rise as incomes fall through social policies. The impact of a dollar decline in GDP is offset by some automatic government spending increases and tax decreases	Today's tax structure, while not entirely progressive, has more automatic stabilizers than that of the 1930s
GDP	Fell 50% from 1929 - 1933	Still in positive territory and expected to climb 1.8% this year	A classic definition of a depression is an annual decline in gross domestic product of 10 percent or more.
Safety Nets			A raft of New Deal programs is already in place to protect consumers and safeguard the system. Deposit insurance, unemployment insurance and Social Security all directly target consumers. Other institutions, like the Securities and Exchange Commission, regulate the stock market to protect investors.