

FED position during the great depression and great recession

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Abstract: This article concerns about general comparison of FED's measures during Great depression and Great recession. FED released monetary condition after the Lehman Brothers collapse and save monetary aggregates from rapid drop. FED caused many bank failures in period of 1929 - 1933 because of inconvenient liquidity management of U.S. banking system. The structure of the is following: first part of the paper considers FED's position in theories which explains Great depression, second part compares magnitude of the macroeconomic drop in the first years of Great depression and Great recession, third part discuss different role of FED during the Great depression and Great recession. There was applicable shocked therapy to banking crisis 1929 - 1933 because of shortage of banking liquidity. The paper concludes that this solution was not favorable and had also negative long term effects. The Great depression recovery was postponed by solid sink in the years 1929 - 1933.

Keywords: FED, monetary policy, Great depression, Great recession

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