

You are kindly invited to attend the Joint Macroeconomic Seminar

by

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on

Recovery of 1933

(co-authored with Margaret M. Jacobson and Bruce Preston)

Abstract

When Roosevelt abandoned the gold standard in April 1933, he converted what had been effectively real government debt into nominal government debt to open the door to unbacked fiscal expansion. We argue that he followed a state-contingent fiscal rule that ran nominal-debt financed primary deficits until the price level rose and economic activity recovered. Theory suggests that government spending multipliers can be substantially larger when fiscal expansions are unbacked than when they are tax-backed. VAR estimates find that primary deficits made quantitatively important contributions to raising both the price level and real GNP from 1933 through 1937. The evidence does not support the conventional monetary explanation that gold revaluation and gold inflows, which were permitted to raise the monetary base, drove the recovery independently of fiscal actions.

The seminar will take place on **Tuesday, January 28th, 2020** from **16:30** until **18:00** in the Auditorium of the National Bank of Belgium (**Room A1**), entrance: rue Montagne aux Herbes potagères 61, Brussels.

Please reply by email to nbbmacro.seminar@nbb.be if you wish to participate to this seminar or if you want to have an appointment with the speaker. **Due to security measures it is necessary that you register before Monday evening January 27th.** Without registration, you will not be allowed in the seminar room.

In case you want to access the NBB Parking (rue Montagne aux Herbes potagères 41), please also provide us with your name and the license plate of your car.

Kind regards,

R. Kollmann (ULB), F. De Graeve (KU Leuven), L. Pensieroso (UCL), R. Wouters and X. Debrun (NBB)