

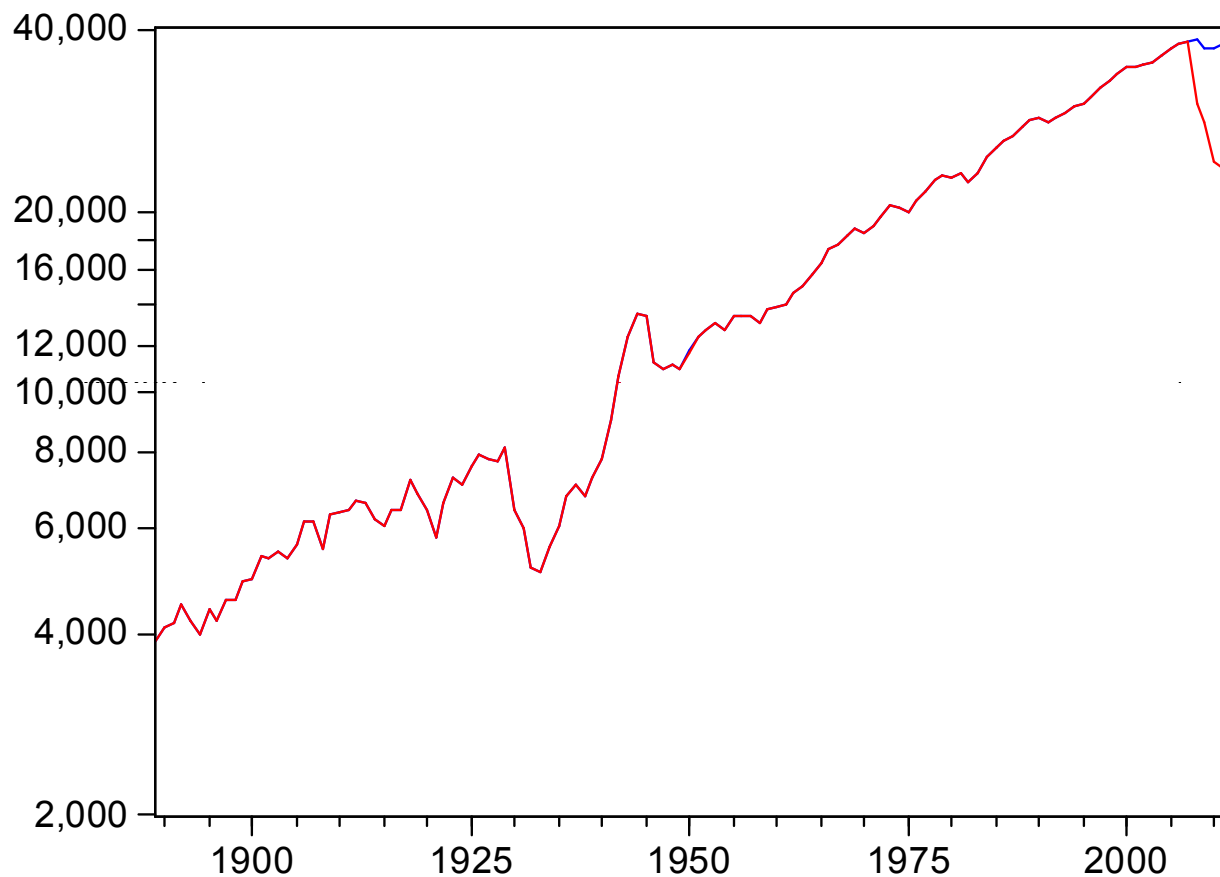
# **A Few Thoughts on Restoring Prosperity -- in the Spirit of Prof. Prescott's Work •**

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May 2013

# Great Depression, Redux???: Ed's Humphrey-Hawkins Diagram , 1890-2012 US Real Output per capita



**— 2009 - 2012: GDP growth equals 1929 -1932 "growth".**

**— 2009 - 2012: GDP growth equals lower bound of FOMC range\***

\* From Federal Reserve Monetary Policy Report to Congress, 24 February 2009.

# Some “Time Inconsistency” Policy Issues for Today

- Recovering from Sandy
- Bailouts/ Debt Restructuring
- Ultra-easy Macro Policy in Advanced Economies
- Upshot: We need more and better rules; less seat of the pants discretion.
- “In theory, there is no difference between theory and practice; in practice, there is.” (attributed to van de Snepscheut, Yogi Berra, Karl Marx, others).