# Figures and tables

## FIGURES

1.1 GDP per capita in the USA, UK, Japan and eurozone 20
1.2 Median and mean income in the United States 21
1.3 US household wealth 23
1.4 Underlying inflation for the large developed countries 26
1.5 Components of US debt as a percentage of GDP 27
2.1 Real output growth forecasts during the 2007–09 recession 48
2.2 Government spending contributions to GDP growth: 2007–10 57
2.3 The GDP impact of a temporary increase in government transfers of 1 per cent of GDP 59
4.1 Small cycle in a stability corridor and large shock crisis 102
4.2 Krugman’s fourth generation crisis 107
5.1 Level of output, investment and consumption 126
5.2 Bandpass-filtered output, investment and consumption 126
5.3 Pooled (year-standardized) capital-goods firms’ sales distributions 130
5.4 Pooled (year-standardized) consumption-goods firms’ sales distributions 131
5.5 Firms’ productivity moments 132
5.6 Investment lumpiness 133
5.7 Empirical distribution of consumption-goods firms’ bankruptcy rate together with power-law fit 134
5.8 Fiscal policy experiments 138
6.1 Output gap for the USA, 1960–2008 149
6.3 Output gap in behavioural model 159
6.4 Inflation in behavioural model 161
6.5 Correlations between output gap and fraction of optimists 162
6.6 Frequency distribution of simulated output gap 164
6.7 Frequency distribution of simulated animal spirits 165
6.8 Simulated output gap in extended New Keynesian model 167
Figures and tables

6.9 Simulated output gap in extended New Keynesian model and autocorrelated errors 168
6.10 Output and inflation variability 171
6.11 Trade-offs in the behavioural model 172
6.12 Constant interest rate vs. variable interest rate 174
6.13 Long-term fiscal policy multipliers: frequency distribution 176
8.1 Mainstream macroeconomics pre-crisis: narrow version 196
8.2 Mainstream macroeconomics pre-crisis: broad version 197
8.3 Mainstream macroeconomics pre-crisis: narrow vs. broad 198
8.4 From the Great Depression to the global financial crisis 199
8.5 USA: percentage of income received by the top 1 per cent of taxpayers 200
8.6 Relative wages in the financial sector and financial deregulation, USA 201
8.7 The wage squeeze in the USA and OECD, 1960–2007 202
8.8 The leverage cycle 204
8.9 The future of macroeconomics 205
8.10 GDP gap 207
8.11 Inflation rate vs. the unemployment rate (%) 210
8.12 Unemployment and inflation rates (1960–2010) 211
8.13 Inflation volatility and real GDP growth volatility (1953–2009) 212
8.14 Simulated inflation with and without supply shocks (1964–2009) 212

TABLES

1.1 Unemployment and economic activity in the crisis of 2008 22
2.1 Models currently available in the database (November 2010) 39
2.2 RMSEs of output growth forecasts initialized with expert nowcasts 50
5.1 Benchmark parameters 125
5.2 Output, investment and consumption statistics 127
5.3 Correlation structure 128
5.4 Schumpeterian regime technological and industrial policy experiments 135
5.5 Keynesian regime fiscal policy experiments 137
5.6 Effects of interest rate for different mark-up rates 140