

AUTOMATIC
FISCAL
POLICIES TO
COMBAT
RECESSIONS

LAURENCE S. SEIDMAN

C
M.E. Sharpe
Armonk, New York
London, England

Contents

Acknowledgments	ix
Introduction	xi
Part I	
1 Fiscal Policy to Combat a Severe Recession	3
2 An Automatic Transfer (Tax Rebate)	21
3 An Automatic Temporary Consumption Tax Cut	40
4 Fiscal Discipline With NUBAR (Normal Unemployment Balanced Budget Rule)	53
5 A Fiscal Policy Advisory Board	58
Part II	
6 Recent Empirical Studies Relevant to Countercyclical Fiscal Policy	71
7 The Tax Rebate in the 1975 Recession	96
8 The Tax Rebate in the 2001 Recession	114
9 Early Studies of Automatic Fiscal Policy	139
Part III	
10 Early Challenges to Countercyclical Fiscal Policy	153
11 The New Classical Counterrevolution: A False Path for Macroeconomics	179
12 Fiscal Policy and the Ending of the Great Depression	209
References	219
Index	223
About the Author	241