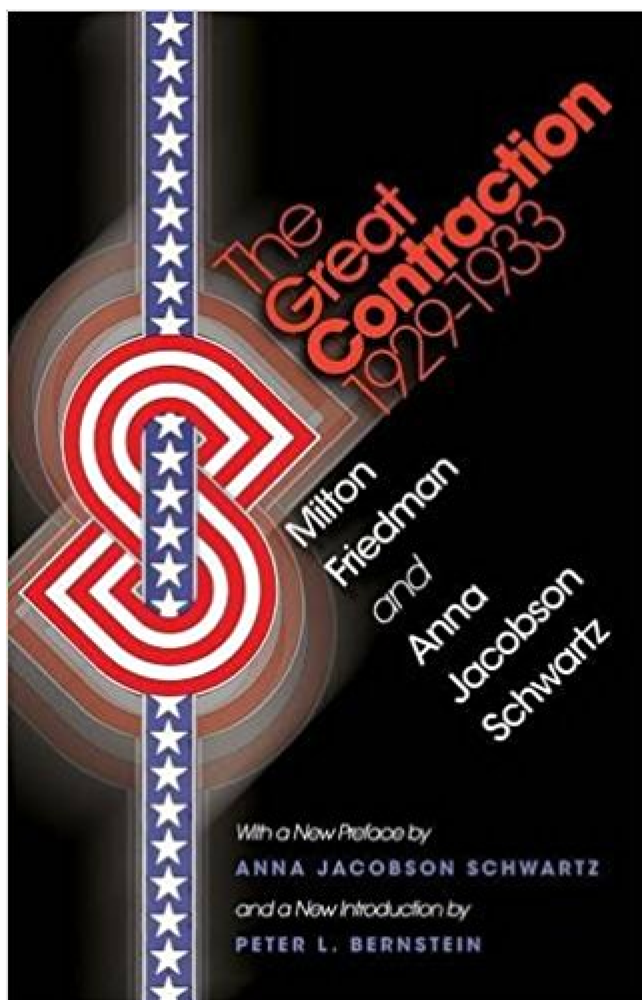
Ebook Directory
the best source of ebook

The book was found

The Great Contraction, 1929-1933 (Princeton Classic Editions)



Synopsis

Friedman and Schwartz's A Monetary History of the United States, 1867-1960, published in 1963, stands as one of the most influential economics books of the twentieth century. A landmark achievement, the book marshaled massive historical data and sharp analytics to support the claim that monetary policy--steady control of the money supply--matters profoundly in the management of the nation's economy, especially in navigating serious economic fluctuations. The chapter entitled "The Great Contraction, 1929-33" addressed the central economic event of the century, the Great Depression. Published as a stand-alone paperback in 1965, The Great Contraction, 1929-1933 argued that the Federal Reserve could have stemmed the severity of the Depression, but failed to exercise its role of managing the monetary system and ameliorating banking panics. The book served as a clarion call to the monetarist school of thought by emphasizing the importance of the money supply in the functioning of the economy--a concept that has come to inform the actions of central banks worldwide. This edition of the original text includes a new preface by Anna Jacobson Schwartz, as well as a new introduction by the economist Peter Bernstein. It also reprints comments from the current Federal Reserve chairman, Ben Bernanke, originally made on the occasion of Milton Friedman's 90th birthday, on the enduring influence of Friedman and Schwartz's work and vision.

Book Information

Series: Princeton Classic Editions
Paperback: 265 pages
Publisher: Princeton University Press (August 31, 2008)
Language: English
ISBN-10: 0691137943
ISBN-13: 978-0691137940
Product Dimensions: 5.5 x 0.7 x 8.5 inches
Shipping Weight: 12 ounces (View shipping rates and policies)
Average Customer Review: 4.4 out of 5 stars 7 customer reviews
Best Sellers Rank: #154,704 in Books (See Top 100 in Books) #125 inÃ Â Books > Business & Money > Economics > Money & Monetary Policy #496 inÃ Â Books > Business & Money > Biography & History > Economic History #1625 inÃ Â Books > Textbooks > Business & Finance > Economics

Customer Reviews

Milton Friedman (1912-2006) was awarded the Nobel Prize in Economics in 1976. He was a Senior Research Fellow at the Hoover Institution and had previously taught at the University of Chicago from 1946 to 1976. He was also a member of the research staff of the National Bureau of Economic Research from 1937 to 1981. Anna Jacobson Schwartz is a research associate at the National Bureau of Economic Research, which she joined in 1941. She is a Distinguished Fellow of the American Economic Association and a Fellow of the American Academy of Arts and Sciences. During her distinguished career, she has made major contributions to the economics of business cycles, banking, monetary policy, and financial regulation.

A wondeful scholarly analysis of the Depression from a true Capitalist with insights that few others provide. Too bad Chairman Bernanke does not seem to see the world through Friedman's eyes.

Nice product.

The book is what I expected from the very beginning, a masterpiece demonstrating the true behind the great recession. His last book and in the field of reality, one of the best.

I bought this book for my father for Christmas last year. While it is considered a classic text and does provide many insights about our current financial crisis, it is too arcane for the average reader. Don't buy it unless you have an extensive background in economics.

Friedman and Shwartz see two causes of the Great Contraction: 1) to a small extent bank failures; and 2) to a large extent a series of poor and inconsistent policies from the Federal Reserve System.Popular belief is that the Stock Market crash of 1929 caused the Great Depression. From a statistical monetary analysis this is obviously false. For a year after the stock market crashed the economy experienced a recessionary business cycle but monetary factors remained relatively stable. After the bank panic of 1930 that all changed. The bank panics of 1931 and 1933 made matters far worse and at an accelerating rate. The United States caused the Great Depression which would later lead to an international depression.If the Federal Reserve had followed a policy of monetary easing the bank panic of 1930 probably would not have happened. This would have required a very small amount, ~$80 million, in order to solve. The 1931 panic could have been prevented, even accounting for the 1930 panic with a ~$250 million injection of capital into banks. The 1933 crisis could have been prevented with ~$1 billion injection of capital. Instead the Federal

Reserve decided to disregard conventional theory, which while not perfect would have solved the crisis, and submit to a deflationary set of policies. In the end it came down to the Federal Reserve System lacking internal leadership and acting in a fractured manner.The Great Contraction only partially explains the monetary history of the Great Depression. I highly recommending Friedman and Shwartz's 'Monetary History of the U.S., 1867-1960' for those wishing to know more.Unfortunately, Friedman and Shwartz's analysis only partially explains the Great Contraction and the subsequent Great Depression. From Gregory Mankiw's bestselling textbook 'Macroeconomics':"This fact provides the motivation and support for what is called the money hypothesis, which places primary blame for the Depression on the Federal Reserve for allowing the money supply to fall by such a large amount. the best-known advocates of this interpretation are Milton Friedman and Anna Schwartz, who defend it in their treatise on U.S. monetary history...Using the Is-LM model, we might interpret the money hypothesis as explaining the Depression by a contractionary shift in the LM curve. Seen in this way, however, the money hypothesis runs into two problems.The first problem is the behavior of real money balances. Monetary policy leads to a contractionary shift in the LM curve only if real money balances fall. Yet from 1929 to 1931 real money balances rose slightly, because the fall in the money supply was accompanied by an even greater fall in the price level. Although monetary contraction may be responsible for the rise in unemployment from 1931 to 1933, when real money balances did fall, it cannot easily explain the initial downturn form 1929 to 1931.The second problem for the money hypothesis is the behavior of interest rates. If a contractionary shift in the LM curve triggered the Depression, we should have observed higher interest rates. Yet nominal interest rates fell continuously form 1929 to 1933.These two reasons appear sufficient to reject the view that the Depression was instigated by a contractionary shift in the LM curve. But was the fall in the money stock irrelevant? Next, we turn to another mechanism through which monetary policy might have been responsible for the severity of the Depression--the deflation of the 1930's."(Mankiw then goes on to explain why Keynes' Paradox of Thrift was the leading cause of the Great Depression)Friedman and Schwartz's chapter on the Great Contraction is a truly remarkable work in economics.

It is somewhat a morose sense of timing that a new edition of this book just came out. The authors write what is probably the definitive study of the monetary factors behind the great depression, and hopefully, provide enough information to avoid a repeat. As should be evident by the subject, a highly technical book, even for someone with a background in economics, not light bedtime reading, but well worth reading for someone with an interest in the subject.

In these days, in which we are discussing and fighting over the issue of the financial crisis, nothing is better than this chapter of Milton Friedman "Banking History" which reviews carefully and seriously the causes resulting in The Great Contraction 1929-1933, and sent the world into the greatest depression of modern times. Men who do not know history are bound to repete the errors of the past. We hope it will not happen due to Dr. Friedman excelente study

Download to continue reading...

The Great Contraction, 1929-1933 (Princeton Classic Editions) Princeton Seminary (1812-1929): Its Leaders' Lives and Works Theory of Games and Economic Behavior (Princeton Classic Editions) The Great Bahamas Hurricane of 1929: The Story of the Greatest Bahamian Hurricane of the Twentieth Century Princeton Readings in Islamist Thought: Texts and Contexts from al-Banna to Bin Laden (Princeton Studies in Muslim Politics) The Princeton Field Guide to Prehistoric Mammals (Princeton Field Guides) The Princeton Field Guide to Dinosaurs: Second Edition (Princeton Field Guides) The Princeton Field Guide to Dinosaurs (Princeton Field Guides) Nate the Great Collected Stories: Volume 1: Nate the Great; Nate the Great Goes Undercover; Nate the Great and the Halloween Hunt; Nate the Great and the Monster Mess Essential MG T Series and Pre-War Midgets: The Cars and Their Story 1929-55 Four-Part Chorals of J.S. Bach. (Volumes 1 and 2 in one book). With German text and English translations. (Facsimile 1929). Includes Four-Part Chorals Nos. 1-405 and Melodies Nos. 406-490. With Music. The Snazzy Jazzy Nutcracker: Hot, Hot, Hot in 1929! The Golden Age of Cinema: Hollywood, 1929-1945 Stalin: Waiting for Hitler, 1929-1941 Six Days in October: The Stock Market Crash of 1929: A Wall Street Journal Book for Children The Women's War of 1929: Gender and Violence in Colonial Nigeria The American Cinema: Directors And Directions 1929-1968 Stanley Tools 1929 Catalog Reprint Uruguay and the United States, 1903-1929: Diplomacy in the Progressive Era (New Studies in U.S. Foreign Relations) A History of Slavery and Emancipation in Iran, 1800-1929