From Compensated Dollar to 100% Money

Irving Fisher's Answer to the 1929 Crisis

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Abstract: In this paper, we examine the factors internal to Fisher's thinking that explain why, after the 1929 crash, he developed the 100% Money (1935) at the expense of the compensated dollar. Our interpretation challenges Friedman and Schwartz's (1970) assumption that Fisher includes deposits in his definition of money and would then consider necessary a credit control policy. In our opinion, it is not the nature of bank credit that changes for Fisher, but its role in triggering and spreading crises.

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