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Chapter Author: Milton Friedman, Anna Jacobson Schwartz

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COMPARISON OF EARLIER ESTIMATES WITH OUR OWN

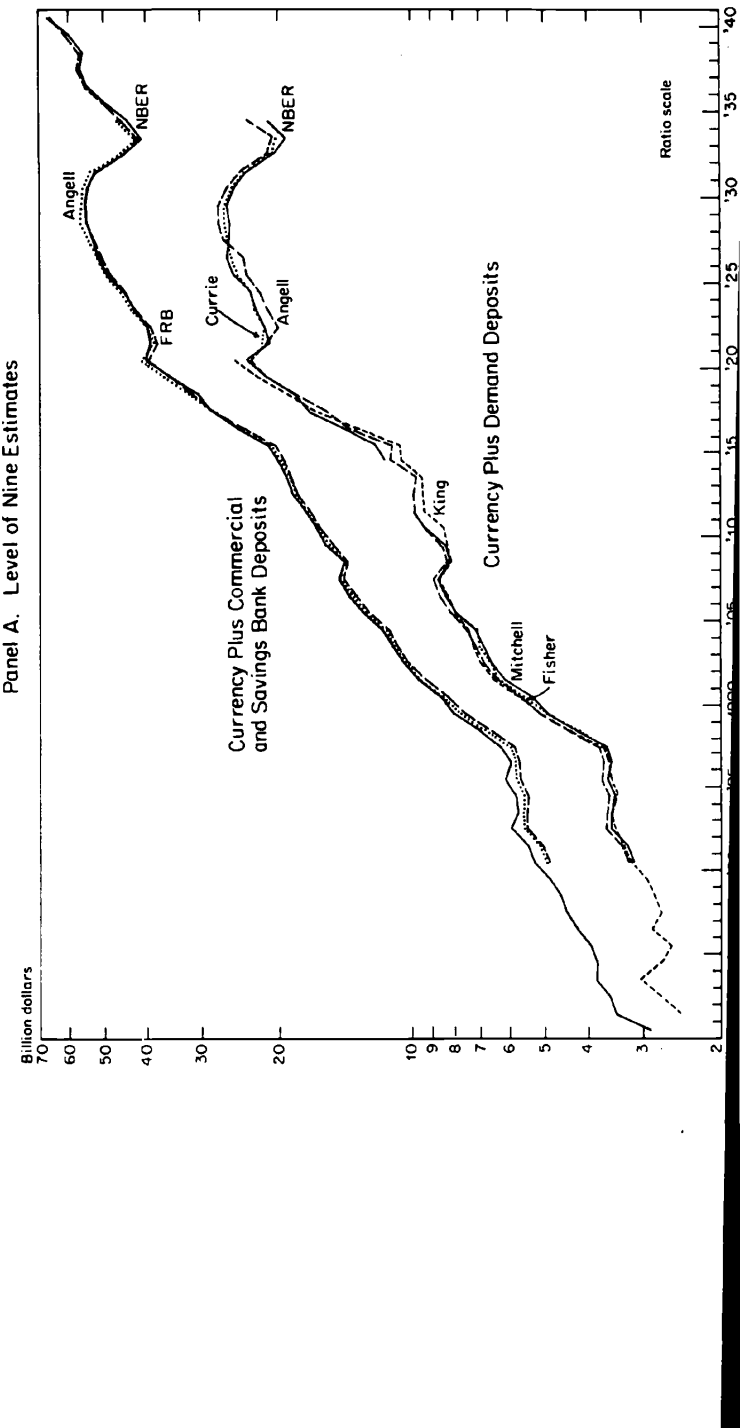
CHARTS 4 and 5 plot various earlier estimates and those of our own estimates most nearly comparable to them. We include in the charts the 1941 Federal Reserve estimates but not the latest ones, since our estimates differ from the latter only where the two do not overlap (i.e., for the earlier period, and for the finer time units for which we constructed estimates).

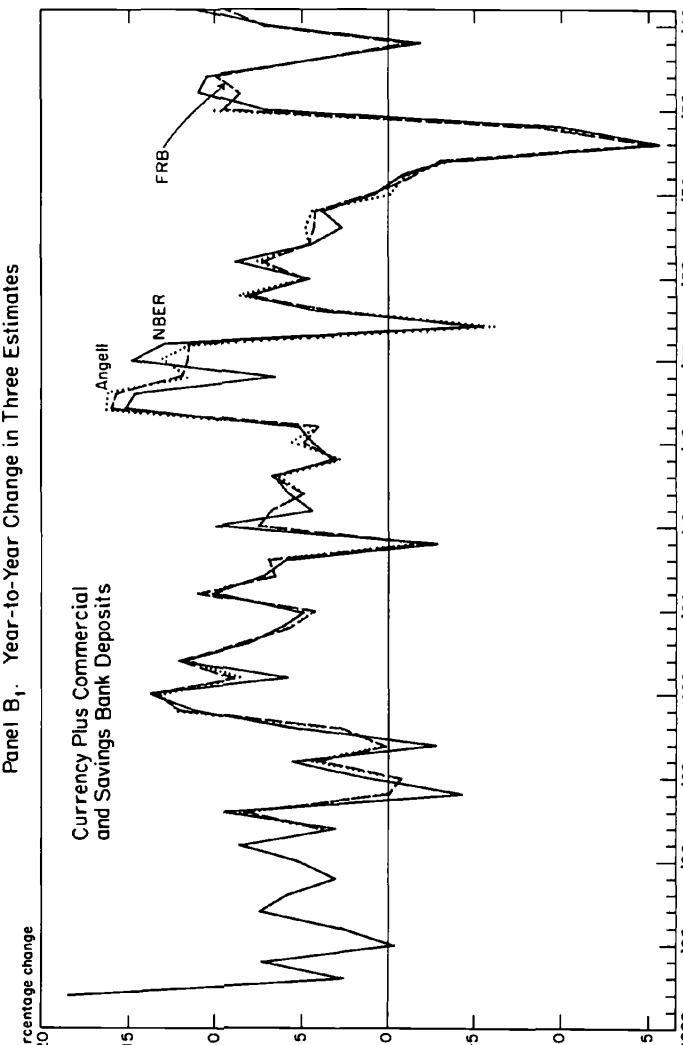
Panel A of Chart 4, in which the various annual series are plotted, demonstrates that the series are all very much alike in the level of their broader movements. This result is assured by the common rapid upward trend plus the comparable broader components, e.g., currency outside Treasury, national bank deposits, and national bank vault cash. Closer examination reveals that this general similarity conceals numerous differences in detail. For example, Angell's circulating money reaches a trough in 1922, our comparable total in 1921; his series rises steadily from 1922 to 1929, ours, to 1926, after which it declines for two years before rising in 1929 to a level only a trifle above that in 1926. Interestingly, Angell's total money and our comparable concept show the opposite difference in timing in the late 1920's; his reaches a peak in 1928, ours in 1929. Panel B of the chart, which shows year-to-year rates of change, brings out more clearly these differences in detail.

As might be expected, the differences among the various estimates show up more clearly for the monthly estimates plotted in Chart 5. These are all for currency plus demand deposits, since there are no other monthly estimates comparable to ours for broader totals before 1943. The several series give considerably different evidence on cyclical

CHART 4

Comparison of Earlier Annual Estimates of Monetary Totals and NBER Series, 1880–1940

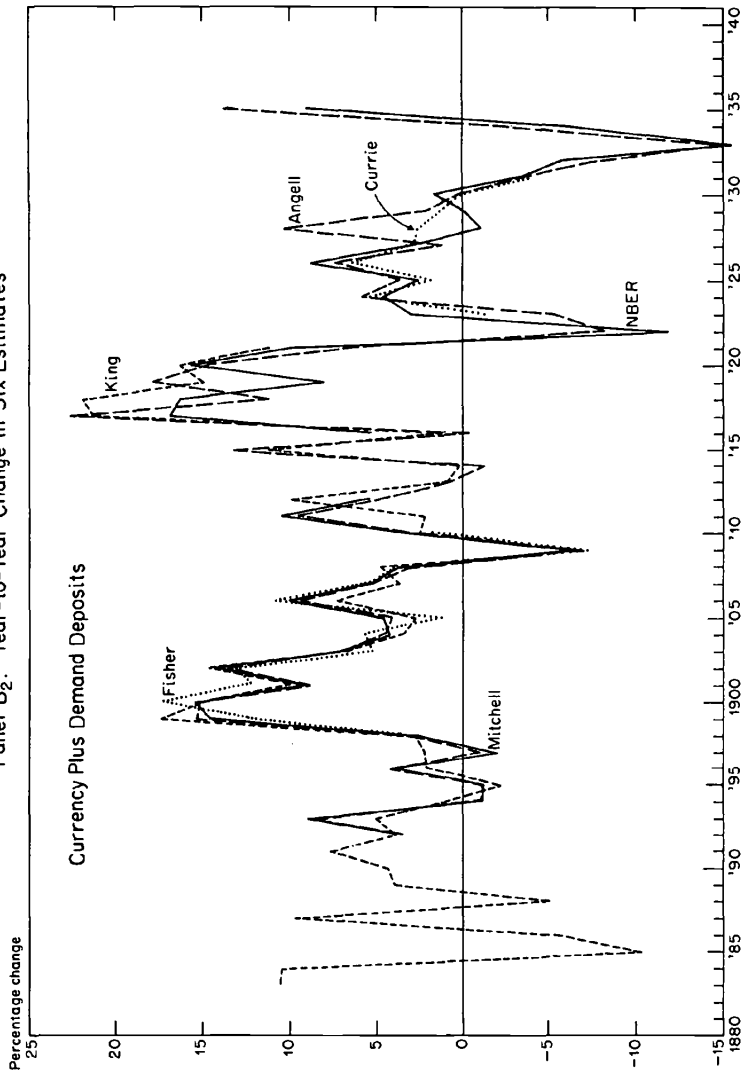




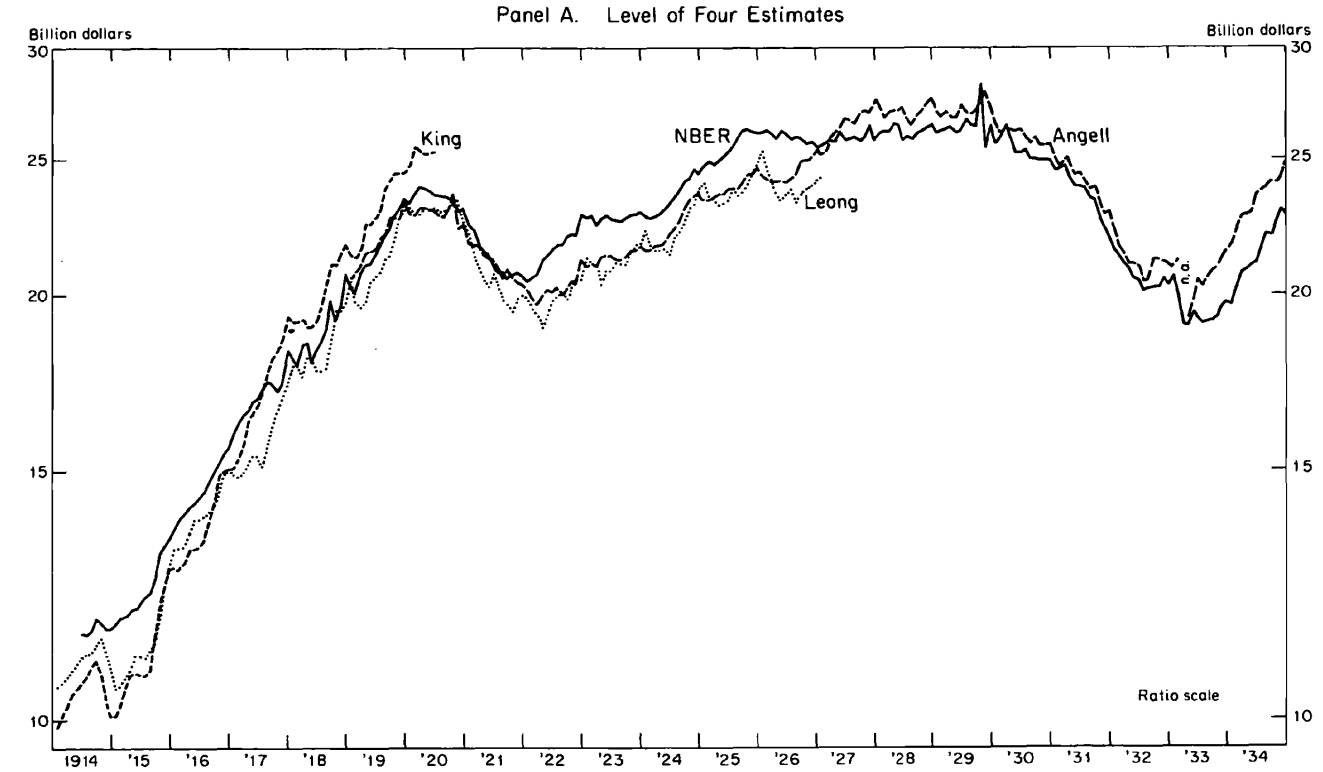
SOURCE: For series by Fisher, Mitchell, King, Angell, Currie, and FRB, see Chap. 8, footnotes 5, 7, 21, 26, and 34. Lower NBER series is sum of Table 27, col. 3 (June), and Table 35, Part II, col. 4, and Part III, col. 5 (June); upper NBER series is sum of Table 20, col. 5, and Table 1, col. 5 (June); Table 27, col. 3 (June), Table 35, Part I, col. 4, Part II, cols. 4 and 8, Part III, cols. 5 and 9 (June), Table 36, cols. 3 and 6 (June), and Table 1, col. 5 (June).

CHART 4 (concluded)

Panel B_2. Year-to-Year Change in Six Estimates



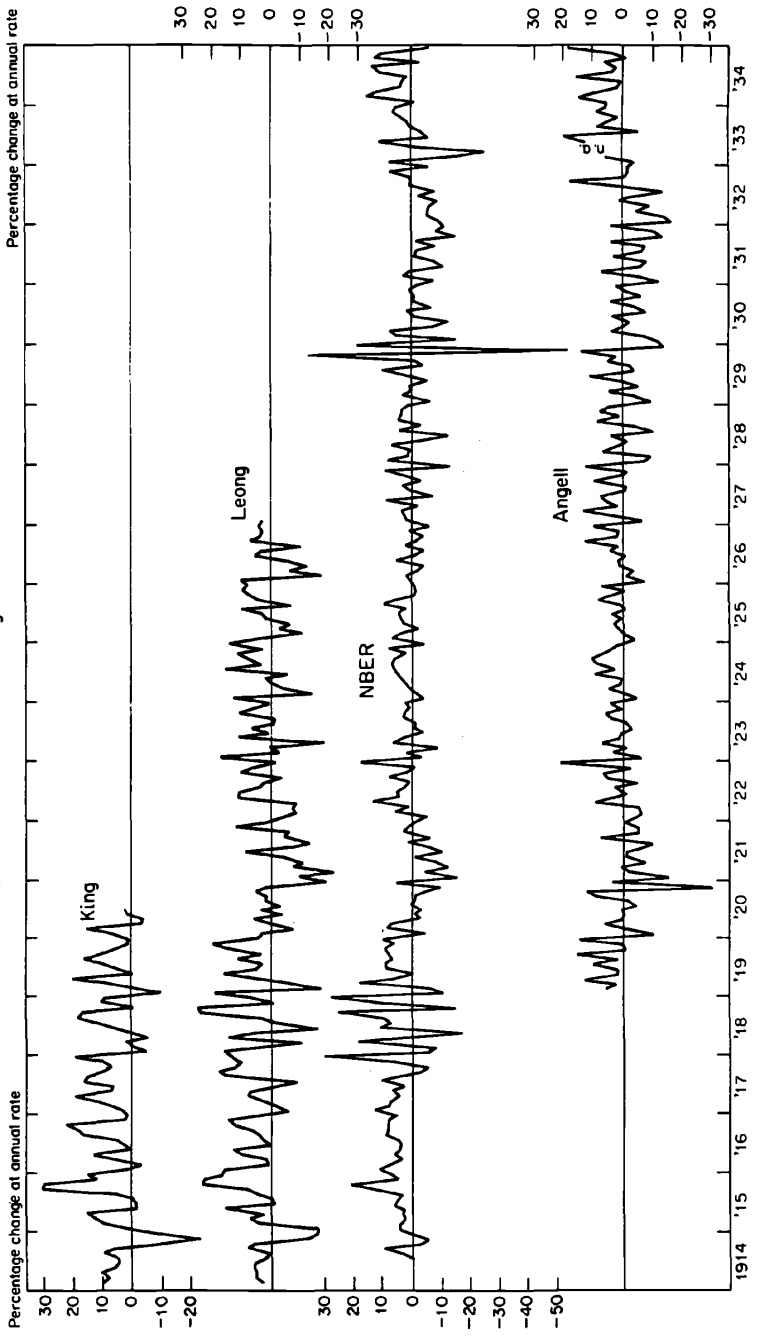
Comparison of Earlier Monthly Estimates of Monetary Totals and NBER Series, 1914–34



SOURCE: For series of currency plus demand deposits by King, Leong, and Angell, see Chap. 8, footnotes 21, 23, and 26. NBER series is sum of Table 27, col. 3, and Table 35, Part II, col. 4, and Part III, col. 5.

CHART 5 (concluded)

Panel B. Month-to-Month Change in Four Estimates



timing. For example, our series has a clearly marked specific cycle peak in March 1920; Angell's and Leong's has a double peak, the first in December 1919 or January 1920, the second, and appreciably higher, in October or November 1920. Our series reaches a specific cycle trough in either September 1921 or January 1922, Angell's in March 1922, and Leong's in April 1922. The biggest difference is for the period 1925 to 1929, when our series shows a decline from September 1925 to December 1926 and then a mild rise until the sudden jump in October 1929, reflecting the action taken by the New York Federal Reserve Bank in response to the stock market crash; whereas Angell's series rises through most of 1926 to the end of 1927 and then, like ours, is roughly horizontal to late 1929. For some reason, the stock market effect is reflected in Angell's series in November rather than October 1929.