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Monetary Statistics of the United States

ESTIMATES, SOURCES, METHODS

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Monetary Statistics of the United States:
Estimates, Sources, Methods

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(*Resolution adopted October 25, 1926, and revised February 6, 1933, February 24, 1941, and April 20, 1968*)

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The writer has found so much difficulty in securing a long series of yearly averages . . . that the results are here presented in the hope that they may be of use to others.

IRVING FISHER

Preface

This is the third of a quintuplet of books based on new estimates of the quantity of money in the United States. *A Monetary History of the United States, 1867–1960,* by the present authors, "traces the changes in the stock of money . . . , examines the factors that accounted for the changes, and analyzes the reflex influence that the stock of money exerted on the course of events."[1] *Determinants and Effects of Changes in the Money Stock, 1875–1960,* by Phillip Cagan, examines the sources of changes in the stock of money and analyzes the cyclical and secular behavior of each of the proximate determinants of the quantity of money: high-powered money, the ratio of deposits at banks to their reserves, and the ratio of the public's holdings of deposits to its holdings of currency.[2]

As stated in those books, our original plan called for one further volume that was to have a dual function: to describe in greater detail than we have heretofore the sources underlying the new estimates and the methods used to construct them; and to present a statistical analysis of the characteristic behavior of the quantity of money in relation to other economic magnitudes as revealed by the new estimates.

As we progressed with the draft of that projected volume, it got out of hand. We finally decided that it would have to be subdivided into three parts: the present book, which presents the statistical estimates, their sources, and methods of estimation; a second, on monetary trends; and a third, on monetary cycles, making five books in all. We promise the reader that this is the end of the process of reproduction by fission.

The change in plan has been enforced by a broadening of the scope of the material covered. In the present book, in addition to the detailed description of sources, methods, and supplementary tables, we have added an examination of the definition of money and a survey of earlier estimates.

In the book on trends, we have added an analysis of data for the United Kingdom, in order to test the results obtained for the United States. In the book on cycles, which is in a less finished state at this

[1] *A Monetary History of the United States, 1867–1960,* Princeton University Press for the National Bureau of Economic Research, 1963, p. 3.

[2] *Determinants and Effects of Changes in the Stock of Money, 1875–1960,* National Bureau of Economic Research, 1965.

writing than the book on trends, we plan to include some comparative data for a number of countries.

We owe thanks to Allan H. Meltzer, Clark Warburton, and Leland B. Yeager for their comments on selected chapters of this book. On some issues their judgments differ from ours. Though they have not persuaded us to shift our stand, we and our readers are in their debt since their criticisms led us to make changes that we believe improve the exposition of our views.

We beg the indulgence of Phillip Cagan and Solomon Fabricant of our staff reading committee who read a draft of monetary statistics when it was still combined with monetary trends. We have taken into account their penetrating comments on the part of the draft from which this volume emerged, and in the next volume we shall reap the benefit of their comments on monetary trends.

We also acknowledge the generous review of our manuscript by Moses Abramovitz, Frank W. Fetter, and Gabriel Hauge, who constituted the reading committee of NBER Directors.

In the derivation of the monetary statistics presented in this volume, we had assistance initially from Edith Hanover, Juanita Johnson, and Phyllis A. Wallace; and at later stages from Nadeschda Bohsack, Antonette Burgar, Martha S. Jones, David Laidler, Marilyn McGirr, Esther D. Reichner, Selma Seligsohn, Hanna Stern, Mark L. Wehle, Gerald I. White, and Tom Teng-pin Yu. We gratefully acknowledge their help.

We are indebted to H. Irving Forman for the charts. Roger J. Kopstein and Gnomi Schrift Gouldin edited this book.

Milton Friedman
Anna Jacobson Schwartz

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