Business Cycles The Nature And Causes Of Economic Fluctuations

Discussing economic theory and English economic history from the eighteenth century until the late 1970s this volume discusses among other things fixed capital and problems with the definition of the premodern economy as well as providing a chronology of 18th century business cycles.

Studies the nature of business cycles

Traditionally, economic growth and business cycles have been treated independently. However, the dependence of GDP levels on its history of shocks, what economists refer to as “hysteresis,” argues for unifying the analysis of growth and cycles. In this paper, we review the recent empirical and theoretical literature that motivate this paradigm shift. The renewed interest in hysteresis has been sparked by the persistence of the Global Financial Crisis and fears of a slow recovery from the Covid-19 crisis. The findings of the recent literature have far-reaching conceptual and policy implications. In recessions, monetary and fiscal policies need to be more active to avoid the permanent scars of a downturn. And in good times, running a high-pressure economy could have permanent positive effects.

Demystifies the economic forces that trigger recessions, depressions, and recoveries.

This book analyzes the development of economic cycles in the run of history. The focus is on the development of cycle theory, with maximum emphasis upon ideas. Chapter 1 delivers an overview of the debate about cycles before the 1970s. Chapter 2 completes this survey by presenting the main empirical investigations since that time. Finally, Chapters 3 and 4 illustrate the discourse, by presenting, in the tradition of Burns and Mitchell, original case studies on France, South Africa, and Germany.

The new classical revolution seems to have transformed macroeconomics into the theory of economic fluctuations. It is, in a sense, a return to the origins of macroeconomics as a discipline as fashioned by Hayek, Keynes and Lindahl. But the scope has shifted in the intervening five decades and more. It is this new scope - and the new tools that forge its expansion - that are surveyed and analysed in this volume.

The classic introduction to the New Keynesian economic model This revised second edition of Monetary Policy, Inflation, and the Business Cycle provides a rigorous graduate-level introduction to the New Keynesian framework and its applications to monetary policy. The New Keynesian framework is the workhorse for the analysis of monetary policy and its implications for inflation, economic fluctuations, and welfare. A backbone of the new generation of medium-scale models under development at major central banks and international policy institutions, the framework provides the theoretical underpinnings for the price stability–oriented strategies adopted by most central banks in the industrialized world. Using a canonical version of the New Keynesian model as a reference, Jordi Galí explores various issues pertaining to monetary policy's design, including optimal monetary policy and the desirability of simple policy rules. He analyzes several extensions of the baseline model, allowing for cost-push shocks, nominal wage rigidities, and open economy factors. In each case, the effects on monetary policy are addressed, with emphasis on the desirability of inflation-targeting policies. New material includes the zero lower bound on nominal interest rates and an analysis of unemployment’s significance for monetary policy. The most up-to-date introduction to the New Keynesian framework available A single benchmark model used throughout New materials and exercises included An ideal resource for graduate students, researchers, and market analysts

Austrian Business Cycle Theory explains how monetary distortions mislead market participants and cause business cycles. Artificially low interest rates and new money injections qualitatively and quantitatively change aggregate demand. These monetary forces shift the economy away from its natural economic proportions and cause misallocations of economic resources. The ensuing changes in the relative prices and quantities of goods create economic uncertainty that undermines economic planning. This thesis applies these ideas to analyze Joseph Schumpeter's business cycle theory and critique John Maynard Keynes demand-based economics in the context of the Austrian Theory of the Business Cycle. Subsequently, the monetary origins and political nature of the twenty first century's first business cycle are examined. Finally, this thesis analyzes how free banking with competing money supplies will free banks and their clients from the chains of central banking and coordinate the actions of economic participants to create economic stability.

Among the most revolutionary and productive areas of economic research over the last two decades, modern business cycle theory is finally made accessible to students and professionals in this rigorous, unified, introductory volume. This theory starts with the view that growth and fluctuations are not distinct phenomena to be studied separately--and that business cycles result from shocks (such as the availability of new technologies), which regularly affect most economies. The unifying theme of this book is the use of the neoclassical growth framework to study the economic fluctuations associated with the business cycle. Presenting recent advances in dynamic economic theory and computational methods--with emphasis on the construction of equilibrium paths for simple artificial economies--leading experts orient readers in the quantitative study of aggregate fluctuations and apply its concepts to key issues in macroeconomics and business cycle theory. This volume covers such issues as the aggregate labor market, the role of the household sector, the role of money, the behavior of asset markets, non-Walrasian economies, monopolistically competitive economies, international business cycles, and the design of economic policies. The contributors are David Backus, V. V. Chari, Lawrence Christiano, Thomas F. Cooley, Jean-Pierre Danthine, John Donaldson, Jeremy Greenwood, Gary D. Hansen, Patrick Kehoe, Finn Kydland, Edward C. Prescott, Richard Rogerson, Julio Rotemberg, Geert Rouwenhorst, José-Víctor Ríos-Rull, Michael Woodford, and Randall Wright.

Why do we experience business cycles? What creates them? Is it mass psychology, or phenomena in the management of business? Are the banks to blame or should we be looking to the unions and the politicians? Lars Tvede's story moves back in time to the Scottish gambler and financial genius, John Law, and then on to the distracted Adam Smith, the stockbroker Ricardo, the investment banker Thornton, the extrovert Schumpeter, the speculator Jay Gould and many others. The computer jugglers of the modern day, with giant networks of equations, try to solve the same questions that have attracted the attention of classical economists throughout the centuries. Throughout this volume, business cycle theories are used to explain actual events. Theoretical thinking has reflected the economist's own experiences of hyper-inflations, depressions, speculation orgies and liquidity squeezes. The reader can follow the narrative to discover how economists often thought that problems had been solved until new data changed the economic picture once again.

Until now, market timing as it applies to successful investment decision-making has been an elusive, at times vague instrument. This book provides a clear, relevant model for using the business cycle as a tool for timing investments. At last, here is a clear framework for assessing returns at different stages of the business cycle, and for determining the timing relevance as it relates to stocks, bonds, mutual funds, other specific investments and general asset allocation. A solid and dynamic approach.

Seminar paper from the year 2012 in the subject Politics - International Politics - Topic: Globalization, Political Economics, grade: 2,7, Christian-Albrechts-University of Kiel (Institut für Sozialwissenschaften), course: Governing the crisis: how democracies deal with adverse economic conditions, language: English, abstract: Various economic difficulties and economic crises can be challenges for democratic political systems. In some cases it can lead to social cataclysms and even destruction of political systems. In this connection, different political actors offer different programs in order to solve current socio-economic problems. However, according to the modern economic theory the free market economy develops cyclical, and the period of recession always comes after the recovery. There is the conception of political business cycles, which confirm it. Nevertheless political parties often have to carry out the policies and even take part in elections in conditions of economic crises. In some cases they even have to change their programs or significantly correct them in order to keep their voters. In this way, the problem of this term paper is the following one: what are the implications for political parties if they stand for elections in times of crises and their behavior towards voters is either opportunistic or ideological? In order to give the answer for this question which is actual for the current European sovereign debt crisis it is first of all necessary to define political business cycle and to describe their models, which also include the concepts of the parties' behavior as well as their interaction with voters and issues. Then the role of political business cycles in the economic crises will be explained. The understanding of the nature of political business cycles and the activities of political parties in them reveal the implications which the parties face by elections in times of crises. It can be also helpful for overcoming the consequences of the crisis with simultaneously saving of political stability.

Are the recurring recessions of the capitalist world merely short-term adjustments to changing economic circumstances in a system that tends, in general, toward equilibrium? In this accessible study of the business cycle, Howard Sherman makes a powerful case that recessions and painful involuntary unemployment are endogenous to capitalism. Drawing especially on the work of Wesley Clair Mitchell, Karl Marx, and John M. Keynes, Sherman explains why the nature of the business cycle produces serious economic loss and misery during its contraction phase, just as it produces growth in its expansion phase. Originally published in 1991. The Princeton Legacy Library uses the latest print-on-demand technology to again make available previously out-of-print books from the distinguished backlist of Princeton University Press. These editions preserve the original texts of these important books while presenting them in durable paperback and hardcover editions. The goal of the Princeton Legacy Library is to vastly increase access to the rich scholarly heritage found in the thousands of books published by Princeton University Press since its founding in 1905.

This book explores the volatility, efficiency and integration of stock markets in Islamic countries. It presents recent trends, growth and performance, before moving on to explore how patterns change during different business cycles for short-term and long-term investors, and ranks the efficiency of the various markets. It addresses how the level of market integration has been affected during different economic periods, and concludes by summarising the performance of the stock markets, suggesting potential future directions for these markets.

Labor Markets and Business Cycles integrates search and matching theory with the neoclassical growth model to better understand labor market outcomes. Robert Shimer shows analytically and quantitatively that rigid wages are important for explaining the volatile behavior of the unemployment rate in business cycles. The book focuses on the labor wedge that arises when the marginal rate of substitution between consumption and leisure does not equal the marginal product of labor. According to competitive models of the labor market, the labor wedge should be constant and equal to the labor income tax rate. But in U.S. data, the wedge is strongly countercyclical, making it seem as if recessions are periods when workers are dissuaded from working and firms are dissuaded from hiring because of an increase in the labor income tax rate. When job searches are time consuming and wages are flexible, search frictions--the cost of a job search--act like labor adjustment costs, further exacerbating inconsistencies between the competitive model and data. The book shows that wage rigidities can reconcile the search model with the data, providing a quantitatively more accurate depiction of labor markets, consumption, and investment dynamics. Developing detailed search and matching models, Labor Markets and Business Cycles will be the main reference for those interested in the intersection of labor market dynamics and business cycle research.

In the past decade macroeconomic theory has undergone a remarkable transformation. At the forefront has been the "rational expectations revolution," and this school's most brilliant exponent is Robert E. Lucas. In this elegant and relatively non-technical survey, Lucas reviews the nature and consequences of recent developments in monetary and business cycle theory. He discusses the usefulness of alternative models in determining the effects of economic policy on consumption streams and individual welfare. Drawing on a specific model of aggregate activity which represents the current frontier in business cycle research, he then examines the contemporary theory of unemployment. Finally and most controversially, he explores the role of monetary disturbances.

This book analyzes regional business cycles in Latin America.

The authors explain the nature of regional business cycles and discuss different sources of regional economic fluctuations such as technology changes, natural disasters, or supply and demand shocks. Presenting case studies on Brazil, Chile and Mexico, the authors examine the co-movement of regional business cycles as well as the differing responses of regional economies to external shocks due to regional characteristics such as availability of natural resources, and the degree of integration into national and global markets. This short book appealto students and scholars as well as policy makers interested in regional growth processes in developing countries.

Cycles, Growth and the Great Recession is a collection of papers that assess the nature and role of the business cycle in contemporary economies. These assessments are made in the context of the financial market instability that distinguishes the Great Recession from previous post-war slowdowns. Theorists and applied scholars in the fields of economics and mathematical economics discuss various approaches to understanding cycles and growth, and present mathematical and applied macro models to show how uncertainty shapes cycles by affecting the economic agent choice. Also included is an empirical section that investigates how the Great Recession affected households' housing wealth, labour productivity and migration decisions. This book aims to: Propose a novel understanding of the business cycle by comparing the approaches of various scholars, starting from Hyman Minsky and Piero Ferri. Show that uncertainty is a main feature of the business cycle that affects decision-making and economic behaviour in general. Explain with mathematical models how the behaviour of economic agents can lead to cyclical paths for modern developed economies. Augment theory with empirical analysis of some central issues related to the Great Recession. This book comprises an original view of such widely discussed subjects as business cycles, uncertainty, economic growth and the Great Recession, constructed around theory, models and applications.

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In recent decades the American economy has experienced the worst peace-time inflation in its history and the highest unemployment rate since the Great Depression. These circumstances have prompted renewed interest in the concept of business cycles, which Joseph Schumpeter suggested are "like the beat of the heart, of the essence of the organism that displays them." In The American Business Cycle, some of the most prominent macroeconomics in the United States focuses on the questions, To what extent are business cycles propelled by external shocks? How have post-1946 cycles differed from earlier cycles? And, what are the major factors that contribute to business cycles? They extend their investigation in some areas as far back as 1875 to afford a deeper understanding of both economic history and the most recent economic fluctuations. Seven papers address specific aspects of economic activity: consumption, investment, inventory change, fiscal policy, monetary behavior, open economy, and the labor market. Five papers focus on aggregate economic activity. In a number of cases, the papers present findings that challenge widely accepted models and assumptions. In addition to its substantive findings, The American Business Cycle includes an appendix containing both the first published history of the NBER business-cycle dating chronology and many previously unpublished historical data series.

This paper analyzes the evolution of the degree of global cyclical interdependence over the period 1960-2005. We categorize the 106 countries in our sample into three groups-industrial countries, emerging markets, and other developing economies. Using a dynamic factor model, we then decompose macroeconomic fluctuations in key macroeconomic aggregates-output, consumption, and investment-into different factors. These are: (i) a global factor, which picks up fluctuations that are common across all variables and countries; (ii) three group-specific factors, which capture fluctuations that are common to all variables and all countries within each group of countries; (iii) country factors, which are common across all aggregates in a given country; and (iv) idiosyncratic factors specific to each time series. Our main result is that, during the period of globalization (1985-2005), there has been some convergence of business cycle fluctuations among the group of industrial economies and among the group of emerging market economies. Surprisingly, there has been a concomitant decline in the relative importance of the global factor. In other words, there is evidence of business cycle convergence within each of these two groups of countries but divergence (or decoupling) between them.

This entertaining book describes the global history of economic fluctuations and business cycle theory over more than 300 years. It explains the core of the problem and shows how cycles can be forecast and how they are managed by central banks. The book concludes with detailed studies of how sub-sectors of stocks, bonds, hedge funds, private equity funds, gold, exchange rates, real estate, commodities, art and collectibles fluctuate over different categories of business cycles.

This volume presents the most complete collection available of the work of Victor Zarnowitz, a leader in the study of business cycles, growth, inflation, and forecasting.. With characteristic insight, Zarnowitz examines theories of the business cycle, including Keynesian and monetary theories and more recent rational expectation and real business cycle theories. He also measures trends and cycles in economic activity; evaluates the performance of leading indicators and their composite measures; surveys forecasting tools and performance of business and academic economists; discusses historical changes in the nature and sources of business cycles; and analyzes how successfully forecasting firms and economists predict such key economic variables as interest rates and inflation.

Ordinarily, the word essays is invoked at great risk by authors and publishers alike. But in the case of this special collection by Joseph A. Schumpeter, the great Austrian economist who finally settled at Harvard, the scholarly world knows this particular volume as his Essays. For a less pious younger generation, a subtitle has been added describing what these essays are about.In addition to the major themes of Schumpeter's life: the place of the entrepreneur in economic development, the risks and rewards of innovation, business cycles and why they occur, and the evolution of capitalism in Europe and America, the Essays contain statements on how Schumpeter viewed his own development; they discuss how he looked at Marxism, and how he feared that economics was in danger of becoming too ideological.Several of the Essays are classics. This is the case for "The Creative Response in Economic History" in which Schumpeter makes a plea for the close cooperation between economic theory and economic history. Another is "Science and Ideology," which constitutes Schumpeter's presidential address before the American Economic Association. Finally, there is the intriguing preface to the Japanese translation of Theory of Economic Development, in which Schumpeter names Walras and Marx as his two great predecessors.Even those who treasure the original publication were irritated by the remarkably poor quality of much of the book, which reproduced everything from typewriter script to nearly unreadable, reduced double columns. These lapses have been corrected in this new edition. Here Schumpeter's Essays can finally be read with the enjoyment, no lesS than enlightenment, they deserve. The volume is alive to the basic issues of our time. The reader can look forward to intellectual insight and stimuli of the highest order.

This is a concise and and up-to-date survey of business cycles, discussing not only early theories of the business cycle and Keynesian and monetarist models, but also the rational expectationist and new Keynesian models along with actual business cycles. Hall traces the history of business cycles from the panic of 1907 to the long cyclical expansion beginning in late 1982. ISBN 0-275-93085-8: $39.95.

Since data grows faster than ever, the role of statistics becomes more and more crucial nowadays, and there is no doubt that statistics will be even more critical in the future. The application of statistics is extensive, and in our daily lives there is almost no human activity where the use of statistics is not needed. In this limited volume, we try to cover as many as different and multidisciplinary fields in statistics as possible and aim to present recent developments and applications of statistical analysis. Therefore, this book is organized into three sections: "The Role of Statistics on Quantification," "Applications of Statistics on Economics and Development," and "Applications of Statistics on Various Topics."

Gain the knowledge and skills that can help you exploit instability. No book can help you construct foolproof forecasting systems that will ensure you'll accurately predict economic turning points every time. But with Niemira and Klein's Forecasting Financial and Economic Cycles on hand, you'll be able to significantly strengthen your ability to measure, monitor, and forecast important fluctuations. Part history, it provides you with essential background material on the characteristics and causes of economic volatility. It offers accessible coverage of the classical business cycle, the five basic types of economic cycles as determined by leading economists, and evolving ideas on the forces driving instability—ranging from simple unicausal theories, more complex Keynesian theory, to new classical macroeconomics. In addition, its concise review of America's economic past highlights the lessons that can be learned from the various cycles experienced since shortly before World War II. Part handbook, Forecasting Financial and Economic Cycles presents the full spectrum of statistical techniques used to measure cycles, trends, seasonal patterns, and other vital changes, offering you step-by-step guidance on applying a specific method and detailing its uses and limitations. It goes on to show how youcan adapt particular techniques to assess, track, and predict: Industry cycles—including an objective, tailor-made forecasting tool Regional business cycles—including a survey of regional indicators International business cycles—with an international business cycle chronology Inflation cycles—plus "12 little-known facts" about this complex cycle Financial cycles—covering credit, monetary, and interest rate cycles Stock market cycles—with advice on achieving more disciplined trading Based on outstanding scholarship and years of practical experience, Forecasting Financial and Economic Cycles will serve as an invaluable tool for practitioners like you whose decision-making—and profit margin—depend on accurately assessing today's often uncertain economic climate. "Forecasting Financialand Economic Cycles provides a lively survey of the many ways that cyclical economic activity has been dissected and analyzed. With this book, an astute reader may even be able to anticipate the next cyclical turn." —Samuel D. Kahan, Chief Economist Fuji Securities, Inc. "The definitive book on the most important and enduringfeature of an often mist-bound economic landscape: the business cycle." —Alfred L. Malabre, Jr., Economics Editor, The Wall Street,Journal "Niemira and Klein cover both the theory of economic cyclesand methods for forecasting them. They provide one of the most comprehensive and current reviews of academic studies of economic cycles to be found anywhere." —Anthony F. Herbst, Professor of Finance, The University of Texas at El Paso "This book succeeds as a comprehensive, balanced, and accessible treatment of fluctuations in economic and financial activity. It should prove useful to all those in industry and finance who wish to understand and analyze the trends and changes in the modern dynamic economy." —Victor Zarnowitz, Professor Emeritus of Economics and Finance, University of Chicago