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Economic power and the financial machine: competing conceptions of market failure in the Great Depression, large bear lake in parallel.

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Economic Power and the Financial Machine: Competing Conceptions of Market Failure in the Great Depression

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Market Failure in Context

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In the early 1930s American economists widely attributed the catastrophe of the Great Depression to concentration of income and wealth and the consequent concentration of market power, which interfered with the proper working of markets. Alongside this, there developed another theory of market failure in which depression stemmed from the failure of the financial machine to translate saving into investment. The article explores how these two views of market failure came together in the proceedings of the Temporary National Economic Committee, arguing that the ideas about markets found there were important for postwar work on both industrial organization and the theory of employment.

Keywords: [market failure](#), [monopoly](#), [Keynesian](#), [unemployment](#), [Great Depression](#), [Temporary National Economic Committee](#)

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