

# The Role of the Smoot-Hawley Tariff in the Great Contraction

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**ABSTRACT:** Standard accounts of the Great Contraction of 1929-1932 discount the role of the Smoot-Hawley Tariff. This paper argues that the affects of the trade war that this tariff triggered played a central role in precipitating the collapse of the banking system in 1930. The Smoot Hawley tariff thus triggered changes in the money multiplier and a collapse in the US banking system and money supply.