

Rutgers University
Economics 614

Global Monetary and Financial History

Michael D. Bordo
Fall 2017

Course Outline

This course is a seminar course in economic history. It covers a selected set of topics in the history of the international monetary and financial system. The reading list contains more topics than will be covered in the course. The actual topics to be covered will be decided when the course is under way. Students are expected to read all the required readings before each class. Each class will be conducted by a member of the seminar. I will pick up the topics not chosen by others. In conducting the class the rapporteur should first discuss the salient points of the topic, then go into the contribution of each article.

The requirements of the course are: 1) A major research paper worth 40% of the grade; 2) class presentations worth 30% of the grade; 3) a take-home final examination worth 30% of the grade.

The research paper should be an empirical study of approximately 30-40 pages, on anything in Global Monetary and Financial History. Using the reading list as a guide, the student may wish to go into greater detail on any of the topics in it. Alternatively, he/she may wish to break entirely new ground.

Each paper should include: a clear statement of the problem/controversy/policy/event; a brief survey of the literature; some descriptive data; discussion of the theoretical approach and quantitative methods used; presentation of results; conclusions and implications.

Selected Topics (only a suggestion)

Did Monetary Policy work before 1914?

Could the Gold Exchange Standard have survived

The origins of monetary unions

Was Bretton Woods really a novel system?

Rules versus discretion in history

Did international monetary cooperation ever work?

How were financial crises resolved before World War I?

How did the periphery fare under the gold standard?

What are the dangers of a backlash against globalization?

What is novel about the crisis of 2007-2008?

Would the Eurozone be saved if it had a fiscal union?

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Reading List

Background Books

Michael D. Bordo, The Gold Standard and Related Regimes, Cambridge University Press (1999).

Michael Bordo and Ronald Macdonald. Credibility and the International Monetary Regime. Cambridge University Press 2012

Barry Eichengreen, Globalizing Capital: A History of the International Monetary System, Princeton University Press (1996).

Barry Eichengreen, Golden Fetters, Oxford University Press (1992).

Michael D. Bordo, Jeffrey G. Williamson and Alan Taylor (eds.), Globalization in Historical Perspective. Chicago: University of Chicago Press (2003).

Kenneth Rogoff and Carmen Reinhart, This Time is Different: Eight Centuries of Financial Folly, Princeton University Press (2009).

General Overview

Michael D. Bordo (1999). "The Gold Standard and Related Regimes: Introduction to the Collection," in The Gold Standard and Related Regimes, Cambridge University Press.

Michael D. Bordo and Ronald Macdonald (2012) "Credibility in Fixed Exchange Rate Regimes: Theoretical and Historical Perspectives" Chapter 1 in Bordo and Macdonald, Credibility and the International Monetary Regime. Cambridge University Press

Angela Redish (November 1993). "Anchors Aweigh: The Transition from the Commodity Money to Fiat Money in Western Economies," Canadian Journal of Economics.

Barry Eichengreen (1996). Globalizing Capital: A History of the International Monetary System, Princeton University Press.

I. The Classical Gold Standard

A. Theory/Operation/Adjustment

Required Reading

Michael D. Bordo, 1992. "The Gold Standard: Theory" New Palgrave Dictionary of Money and Finance. London MacMillan. pp. 267-270.

Robert Barro, (1979). "Money and the Price Level under the Gold Standard." Economic Journal 89: 12-33 [Reprinted in Anna J. Schwartz. Commodity Monies]

Anna J. Schwartz, (1986). "Alternative Monetary Regimes: The Gold Standard." in C. D. Campbell and W.R. Dougan (eds) Alternative Monetary Regimes Baltimore: Johns Hopkins Press [Reprinted in Anna J. Schwartz: Commodity Monies]

Barry Eichengreen, (1992). "The Gold Standard since Alec Ford." in S.N. Broadberry and N.F. R. Crafts. (eds), Britain in the International Economy 1870-1939 Cambridge: Cambridge University Press, pp. 49-79.

Luis Catao and Solomos Solomou. (2005). "Effective Exchange Rates and the Classical Gold Standard Adjustment". American Economic Review. September pp 1259-1275.

Supplementary Reading

Michael D. Bordo, (1981). "The Classical Gold Standard: Some Lessons for Today." Federal Reserve Bank of St. Louis Review, 63 (5) May: 2-17. [Reprinted in Anna J. Schwartz. Commodity Monies]

Michael D. Bordo, (1984). "The Gold Standard: The Traditional Approach." In Michael D. Bordo and Anna J. Schwartz. (eds) A Retrospective on the Classical Gold Standard 1821-1931. Chicago: University of Chicago Press. [Reprinted in Michael Bordo, Essays on the Gold Standard and Related Regimes.]

Barry Eichengreen, (1985). "Editors Introduction" to The Gold Standard in Theory and History. London: Methuen.

Hugh Rockoff, (1984). "Some Evidence on the Real Price of Gold, Its Cost of Production and Commodity Prices." In M.D. Bordo and A.J. Schwartz (eds) A Retrospective on the Classical Gold Standard.

Donald N. McCloskey and J. Richard Zecher, (1976) "How the Gold Standard Worked 1880 to 1913" in Harry Johnson and Jacob Frenkel (eds) The Monetary Approach to the Balance of Payments. Toronto: University of Toronto Press.

B. The Gold Standard as a Rule

Required Reading

Michael D. Bordo and Finn E. Kydland, (1995). "The Gold Standard as a Rule: An Essay in Exploration," Explorations in Economic History, 32:423-464. [Reprinted in Michael Bordo, Essays on the Gold Standard.]

Alberto Giovannini, (1993). "Bretton Woods and Its Precursors: Rules versus Discretion in the History of International Monetary Regimes." in Michael D. Bordo and Barry Eichengreen (eds.) A Retrospective on the Bretton Woods System. Chicago: University of Chicago Press.

Michael D. Bordo and Anna J. Schwartz (1996). "The Operation of the Specie Standard: Evidence for Core and Peripheral Countries, 1880-1990," in Jorge Braga da Macedo, Barry Eichengreen and Jaime Reis eds., Currency Convertibility: the Gold Standard and Beyond, Rutledge pp. 11-82. [Reprinted in Michael Bordo, Essays on the Gold Standard]

Supplementary Reading

Gabriel DeKock and Vittorio Grilli, (1989). "Endogenous Exchange Rate Regime Switches." NBER Working Paper No. 3066. August.

Robert P. Flood and Peter Isard (1989) "Simple Rules, Discretion and Monetary Policy." NBER Working Paper No. 2934. April.

C. The Gold Standard and Financial Integration

Required Reading

Michael D. Bordo and Hugh Rockoff. "The Gold Standard as a 'Good Housekeeping Seal of Approval' ". Journal of Economic History. (June 1996). [Reprinted in Michael Bordo, Essays on the Gold Standard].

Marc Flandreau and Frederic Zumer (2004) The Making of Global Finance, 1880-1913. Paris OECD.

Maurice Obstfeld and Allan Taylor (2003) "Sovereign Risk, Credibility and the Gold Standard: 1870-1913 versus 1925-31" Economic Journal 113 (April) pp 1-35.

Supplementary Reading

Michael D. Bordo, Michael Edelstein and Hugh Rockoff (2002) "Was Adherence to the Gold Standard a Good Housekeeping Seal of Approval During the Inter-War Period?" in Finance, Intermediaries and Development edited by Stanley Engerman, Philip T. Hoffman, Jean Laurent Rosenthal and Kenneth L. Sokoloff. Cambridge University Press. NBER Working Paper 7195. 1999.

Hugh Rockoff (2005) "Review of Marc Flandreau and Frederic Zumer. The Making of Global Finance, 1880-1913" Economic History Services, February 1, 2005.
URL: <http://www.eh.net/bookreviews/library/0895.shtml> review.

D. War Finance and the Gold Standard

Required Reading

Robert Barro, (1987). "Government Spending, Interest Rates, Prices and Budget Deficits in the United Kingdom." Journal of Monetary Economics, September: 221-248.

Michael D. Bordo and Eugene White, (1993). "British and French Finance During the Napoleonic Wars," in Michael D. Bordo and Forrest Capie eds. Monetary Regimes in Transition, Cambridge University Press.

Daniel Benjamin and Levis Kochin. "War, Prices and Interest Rates: A Martial Solution to Gibson's Paradox." in M.D. Bordo and A.J. Schwartz (eds) A Retrospective on the Classical Gold Standard: 1821 to 1931.

Herschel Grossman, (1991). "The Political Economy of War Debts and Inflation. "In W. Haraf and P. Cagan (eds) Monetary Policy for a Changing Financial Environment. American Enterprise Institute. Washington D. C.

E. The Gold Standard: Efficiency

Required Reading

Lawrence Officer, (1986). "The Efficiency of the Dollar-Sterling Gold Standard," Journal of Political Economy 94(5) October: 1038-1073.

Truman Clark, (1984). "Violations of the Gold Points 1890 to 1908." Journal of Political Economy 92(5) October: 791-823.

Supplementary Reading

Oskar Morgenstern (1959). International Financial Transactions and Business Cycles. Princeton: Princeton University Press.

Lawrence Officer (1996). Between the Dollar-Sterling Gold Points, Cambridge University Press

Lawrence Officer, (1989). "The Remarkable Efficiency of the Dollar-Sterling Gold Standard." Journal of Economic History. 49 (1) March: 1-41.

Pablo Spiller and Robert Wood, (1988). "Arbitrage during the Dollar-Sterling Gold Standard 1899 to 1908: An Econometric Approach." Journal of Political Economy 96(4) August: 882-892.

III. The Origins of Monetary Policy

A. The Rules of the Game.

Required Reading

Michael D. Bordo and Ronald MacDonald (2005). "Interest Rate Interactions in the Classical Gold Standard: 1880-1914: Was There Monetary Independence?," Journal of Monetary Economics. March. Also chapter 2 in Bordo and Macdonald Credibility and the International Monetary Regime. CUP 2012

Oliver Jeanne (1995). "Monetary Policy in England 1893-1914: A Standard VAR Analysis," Explorations in Economic History, 32, pp. 302-326.

Nathan Davatyan and William R. Parke (1995). "The Operation of the Bank of England, 1890-1908: A Dynamic Probit Approach," Journal of Money, Credit and Banking, Vol. 27. No. 4 (November Part I), pp. 1099-1117.

Alberto Giovannini, (1986). "Rules of the Game during the International Gold Standard: England and Germany." Journal of International Monetary and Finance, 5: 467-483.

Alberto Giovannini, (1989). "How Do Fixed Exchange-Rate Regimes Work: The Evidence from the Gold Standard, Bretton Woods and the EMS" in M. Miller, B. Eichengreen and R. Portes (eds). Blueprints for Exchange Rate Management. London: Center for Economic Policy Research: 13-46.

Barry Eichengreen, (1987). "Conducting the International Orchestra: Bank of England Leadership under the Classical Gold Standard, 1880 - 1913." " Journal of International Money and Finance. Vol 6; 5-29.
Supplementary Reading

Alec G. Ford, (1989). "International Financial Policy and the Gold Standard 1870-1914" in P. Mathias and S. Pollard (eds) The Cambridge Economic History of Europe. Vol. VIII. The Industrial Economies: The Development of Economic and Social Policies. Cambridge: Cambridge University Press.

John Pippenger, (1984). "Bank of England Operations, 1893-1913" in M.D. Bordo and A.J. Schwartz (eds) A Retrospective on the Classical Gold Standard: 1821-1931.

John Dutton, (1984). "The Bank of England and the Rules of the Game under the International Gold Standard: New Evidence" in M.D. Bordo and A.J. Schwartz (eds) A Retrospective on the Classical Gold Standard: 1821-1931.

Marvin Goodfriend, (1988). "Central Banking under the Gold Standard." Carnegie Rochester Conference Series on Public Policy, 29: 85-124.

Bernhard Eschweiler and Michael D. Bordo (1994). "Rules, Discretion, and Central Bank Independence: The German Experience, 1880-1984" in Pierre Siklos (ed) Varieties of Monetary Reform: Lessons and Experiences on the road to Monetary Union. Kluwer Academic.

B. The Origins of Central Banks

Required Reading

Charles Goodhart (1989) "Why do Banks Need a Central Bank?" Oxford Economic Papers, 39(1) March: 75-89.

Forrest Capie, Charles Goodhart and Norbert Schnadt (1994). "The Development of Central Banking" in Forest Capie, Charles Goodhart, Stanley Fischer and Norbert Schnadt. The Future of Central Banking, Cambridge University Press, pp. 1-112.

N.G. Mankiw, J. Miron and D. Weil, (1987). "The Adjustment of Expectations to a Change in Regime: A Study of the Founding of the Fed." American Economic Review June.

Jeffrey Miron, (1988). "The Founding of the Fed and the Destabilization of the Post-1914 U.S. Economy" in Marcello DeCecco and Alberto Giovannini (eds) A European Central Bank? Cambridge: Cambridge University Press.

Jeffrey Miron, (1986). "Financial Panics, the Seasonality of the Nominal Interest Rate, and the Founding of the Fed." American Economic Review, LXXVI (1) March, 125-40. [Reprinted in Bordo, Financial Crises]

Supplementary Reading

Charles Goodhart (1989) The Evolution of Central Banks, Cambridge: MIT Press.

Jeffrey Miron (1996). The Economics of Seasonal Cycles, MIT Press.

Vera Smith, (1990). The Rationale of Central Banking and the Free Banking Alternative. Indianapolis: Liberty Press.

George Selgin, (1988). The Theory of Free Banking and Money Supply Under Competitive Note Issue. Roman and Littlefield.

Michael D. Bordo and Angela Redish, (1987). "Why Did the Bank of Canada Emerge in 1935" Journal of Economic History Vol XLVII, No. 2, June: 405-417.

Charles Kindleberger, (1984). A Financial History of Western Europe, London: George Allen and Unwin.

C. Deflation under the Gold Standard

Required Reading

Michael D. Bordo and Angela Redish (2004). "Is Deflation Depressing? Evidence from the Classical Gold Standard", in Richard Burdekin and Pierre Siklos (eds) Deflation: Current and Historical Perspectives. Cambridge University Press. NBER Working Paper 9520. March 2003.

Michael D. Bordo and Andrew Filardo (2005). "Deflation and Monetary Policy in a Historical Perspective: Remembering the Past or being Condemned to Repeat it" Economic Policy October. NBER Working Paper 10833. October 2004.

Supplementary Reading

Michael D. Bordo, John Landon-Lane and Angela Redish (2004). "Good versus Bad Deflation: Lessons from the Gold Standard Era". NBER Working Paper 10329. February.

IV. Financial Crises

A. Background: Theories of Financial Crises

- A. Banking Crises
- B. Currency Crises
- C. Twin Crises
- D. Debt Crises
- E. Transmission / Contagion
- F. The Crisis of 2007-2008

Required Readings

Jean Tirole, Financial Crises, Liquidity, and the International Monetary System. Princeton: Princeton University Press. 2002. Chapters 1 and 2.

Michael D. Bordo, Currency Crises (And Banking Crises) in Historical Perspective, pages 1-21.

with Anna J. Schwartz (1996). "Why Clashes Between Internal and External Goals End in Currency Crisis, 1797-1994," Open Economies Review, Vol. 7, pp. 437- 68. NBER Working Paper No 5710. August 1996.

Michael Bordo and Chris Meissner (2016). "Fiscal and Financial Crisis." NBER Working Paper No 22059.

Supplementary Reading

Robert Flood and Nancy Marion, "Perspectives on Recent Currency Crisis Literature," NBER Working Paper No. 6380, January 1998, in International Journal of Economics and Finance, Vol. 4, No. 1, January 1999, pp. 1-26.

Franklin Allen and Douglas Gale, Understanding Financial Crises,

Oxford University Press (2007).

B. Historical and Empirical Dimensions

1. History of Crises

Required Readings

Michael D. Bordo, "Currency Crises (And Banking Crises) in Historical Perspective." Stockholm School of Economic Research Report No. 10 1998. Pp. 21-34.

Supplementary Reading

Charles P. Kindleberger, Manias, Panics and Crashes: A History of Financial Crises, New York: John Wiley, 1996.

2. Empirical Dimensions

Required Readings

with Barry Eichengreen, Daniela Klingebiel, and Maria Soledad Martinez-Peria. "Is the Crisis Problem Growing More Severe?" Economic Policy April 2001.

with Barry Eichengreen. "Crises Now and Then: What Lessons from the Last Era of Financial Globalization?" NBER Working Paper No. 8716. January 2002.

Carmen Reinhart and Kenneth Rogoff, This Time is Different, Chapters 1, 10,13, 14, 15, 16, 17.

Michael Bordo and John Landon Lane, "The Global Financial Crisis of 2007-2008: Is it Unprecedented," NBER Working Paper 16589 2010.

Supplementary Reading

with Barry Eichengreen, "Is our Current International Economic Environment Unusually Crises Prone," Capital Flows and the International Monetary System, eds., David Gruen and Luke Gower, Reserve Bank of Australia (1999).

3. Contagion in Historical Perspective

Required Reading

with Antu Panini Murshid, "Are Financial Crises Becoming More Contagious?" Ch.14 in International Financial Contagion (eds.) Stijn Claessens and Kristin I. Forbes. Kluwer Academic Publishers, Boston pp. 367-403, 2001. NBER Working Paper 7900. September 2000

with Antu Panini Murshid, "Globalization and the Changing Patterns in the International Transmission of Shocks in Financial Markets." NBER Working Paper No. 9019. June 2002.

Paolo Mauro, Nathan Sussman and Yishay Yafeh. " Emerging Market Spreads: Then and Now." Quarterly Journal of Economics 117 (2) 2002, pp. 695-733.

Supplementary Reading

Stijn Claessens, Rudiger Dornbusch and Yung-Chul Park. Chapter 2 in International Financial Contagion edited by Stijn Claessens and Kristin Forbes. Boston. Kluwer Academic press. 2001. Pp. 19-42.

C. Policy Perspectives

1. Background

Required Reading

Michael D. Bordo. "An Historical Perspective on the Crisis of 2007-2008." NBER Working Paper 14569. December 2008.

*Michael D. Bordo. "Market Discipline and Financial Crisis Policy: An Historical Perspective." Research in Financial Services: Private and Public Policy. Vol 18 pp 154-82.

Jean Tirole, Financial Crises, Liquidity, and the International Monetary System. Princeton: Princeton University Press.2002. Chapters 3-7.

2. Lender of Last Resort and International Lender of Last Resort

Required Reading

Michael D. Bordo. "The Lender of Last Resort: Alternative Views and Historical Experience." Federal Reserve Bank of Richmond Economic Review, March (1990).

Michael D. Bordo, "Rules for a Lender of Last Resort: An Historical Perspective" in Michael D. Bordo, William Dupor and John B. Taylor, Frameworks for Central Banking in the Next Century. Journal of Economic Dynamics and Control. Vol 4. December 2014.

Supplementary Reading

Forrest Capie. "Can there be an International Lender of Last Resort?" International Finance. January 1999.

Stanley Fischer. "On the Need for an International Lender of Last Resort." Journal of Economic Perspectives. 1999 Vol. 13, No.4, pp. 85-104.

3. Rescues versus Bailouts

Required Reading

Michael D. Bordo and Anna J. Schwartz. "Under What Circumstances, Past and Present, Have International Rescues of Countries in Financial Distress Been Successful?" Journal of International Money and Finance. Vol. 18 No. 4. August 1999, pp. 683-708. NBER Working Paper No. 6824. December 1998.

with Anna J. Schwartz "Measuring Real Economic Effects of Bailouts: Historical Perspectives on How Countries in Financial Distress Have Fared With and Without Bailouts." Carnegie Rochester Conference Series on Public Policy. December 2000. Vol. 53. Pp81-16. NBER Working Paper No. 7701. May 2001.

4. Sovereign Debt Workouts

Supplementary Reading

Barry Eichengreen, Financial Crises: and what to do about them. New York: Oxford University Press, 2002. Chapter 5.

Paolo Mauro and Yishay Yafeh. "The Corporation of Foreign Bondholders." IMF Working Paper 03/107. April 2003.

5. The Crisis of 2007-2008

Required Reading

Michael Bordo, "An Historical Prospective on the Crisis of 2007-2008," NBER Working Paper 14569, December 2008.

Michael Bordo and Harold James, "The Great Depression Analogy," NBER Working Paper 15584, December 2009.

Markus Brunnermeir, "Deciphering the 2007-2008 Liquidity and Credit Crunch," Journal of Economic Perspectives, 2009, Vol 21,, No. 1 pp 77-100.

Supplementary Reading

Ben S. Bernanke. The Courage To Act: A Memoir of a Crisis and its Aftermath, W.W. Norton & Co., 2015.

Gary Gorton, Slapped by the Invisible Hand: The Panic of 2007, Oxford University Press (2010).

V. A. Globalization in Historical Perspective

Required Reading

Michael D. Bordo, Barry Eichengreen and Douglas Irwin, "Is Globalization Today Really Different than Globalization a Hundred Years Ago?" Brookings Trade Policy Forum, eds. Susan Collins and Robert Lawrence (1999).

Michael D. Bordo, Barry Eichengreen and Jong woo Kim, "Was there really an Earlier Period of International Financial Integration Comparable to Today?" Bank of Korea, The

Implications of Globalization of World Financial Markets (1998).

Maurice Obstfeld and Alan Taylor. " Globalization and Capital Markets." Chapter 3 in Michael D. Bordo, Alan M. Taylor and Jeffrey G. Williamson (eds.) Globalization in Historical Perspective. Chicago: University of Chicago Press. 2003,pp. 121-183. NBER Working Paper No. 8846.

Jeffrey G. Williamson, "Globalization, Convergence and History," Journal of Economic History, June 1996.

Supplementary Reading

Kevin O'Rourke and Jeffrey G. Williamson, Globalization and History: The Evolution of a 19th Century Atlantic Economy, MIT Press (1999).

Michael D. Bordo and Kornelia Krajnyak, "Globalization in Historical Perspective," IMF World Economic Outlook, May 1997, pp. 112-116.

Harold James, The End of Globalization, Harvard University Press (2001).

B. Globalization and Financial Crises in Emerging Markets

1. Theoretical Background

Required Readings

Guillermo Calvo and Carmen Reinhart. "Fear of Floating." NBER Working Paper No. 7993.

Barry Eichengreen and Ricardo Hausmann. "Exchange Rates and Financial Fragility" In New Challenges for Monetary Policy, Kansas City Federal Reserve Bank of Kansas City. 1999 pp. 329-368.

Carmen Reinhart, Kenneth Rogoff, Miguel Savastano (2003) "Debt Intolerance" Brookings Papers in Economic Activity 1 pp 1-74.

Jeffrey Williamson, Globalization and the Poor Periphery before 1950. MIT Press 2006.

2. Historical Perspectives

Required Readings

Michael D. Bordo and Marc Flandreau. "Core Periphery, Exchange Rate Regimes and Globalization" in Michael D. Bordo, Alan Taylor, and Jeffrey Williamson (eds.) Globalization in Historical Perspective. Chicago: University of Chicago press. 2003 pp. 417-468. NBER Working Paper No. 8584.

Michael D. Bordo, Christopher M. Meissner and Angela Redish (2005). "How Original Sin was Overcome: The evolution of external debt denominated in domestic currencies in the United States and the British Dominions 1800-2000." In Barry Eichengreen and Ricardo Hausman (eds) Other People's Money. Chicago: University of Chicago Press (2005), NBER Working Paper No. 9841.

Marc Flandreau and Nathan Sussman (2005). " Old Sins, Exchange Clauses and European Foreign Lending in the Nineteenth Century." In Barry Eichengreen and Ricardo Hausman (eds) Other People's Money. Chicago: University of Chicago Press.

Michael D. Bordo and Christopher M. Meissner (2005) "Financial Crises, 1880-1913: the Role of Foreign Currency Debt". NBER Working Paper No. 11173.

Michael D. Bordo and Christopher M. Meissner (2007), "Foreign Capital and Economic Growth in the First Era of Globalization," NBER Working Paper 13577. November.

VI. The InterWar Period

A. Breakdown of the Gold Standard, Hyperinflation and Stabilization

Required Reading

Barry Eichengreen, (1992). Golden Fetters: The Gold Standard and the Great Depression. London. Oxford University Press. Chapters 1 to 6.

Thomas Sargent, (1986). "The Ends of Four Big Inflations" in Thomas Sargent, Rational Expectations and Inflation. New York: Harper and Row pp. 40-109 [Reprinted in Forest Capie, (1992), Major Inflations in History: The International Library of Macroeconomic and Financial History.

Elmus R. Wicker, (1986) "Terminating Hyperinflation in the Dismembered Hapsburg Monarchy." American Economic Review, 76, 350-364.

Barry Eichengreen and Charles Wyplosz,(1990), "The Economic Consequences of the

Franc Poincare" in Barry Eichengreen, Elusive Stability: Essays in the History of International Finance, 1919-1939. Cambridge: Cambridge University Press.

Supplementary Reading

Alberto Alesina, (1988). "The End of Large Public Debts" in Francesco Giavazzi and Luigi Spaventa (eds) High Public Debt: The Italian Experience. Cambridge: Cambridge University Press.

Pierre Siklos, (1992). "Hyperinflations: Their Origins, Development and Termination" in *Journal of Economic Surveys*. Vol. 4, No. 3.

Forrest Capie, (1986). "Conditions in which Very Rapid Inflation has Appeared." *Carnegie Rochester Conference Series on Public Policy* 24. North Holland: 115-168. [Reprinted in Forrest Capie (1992) *Major Inflations in History*]

Barry Eichengreen, (1992). Monetary Regime Transformations. The International Library of Macroeconomic and Financial History. London: Edward Elgar.

B. The Gold Exchange Standard

Required Reading

Barry Eichengreen, (1992). Golden Fetters Chapter 7.

Barry Eichengreen, (1990) Elusive Stability, Chapter 4, 5, 6, and 10.

Michael D. Bordo and Barry Eichengreen (1998) "Implications of the Great Depression for the Development of the International Monetary System" in M.D. Bordo, Claudia Goldin and Eugene N. White, The Defining Moment: The Great Depression and the American Economy in the Twentieth Century, University of Chicago Press.

Michael D. Bordo and Barry Eichengreen, "The Rise and Fall of a Barbarous Relic: The Role of Gold in the International Monetary System," in Guillermo Calvo, Rudiger Dornbusch and Maurice Obstfeld (Eds.), Essays in Honor of Robert Mundell, MIT Press 2001

Michael Bordo and Ronald MacDonald," The Interwar gold Exchange Standard: credibility and Monetary Independence." Chapter 5 in Bordo and MacDonald Credibility and the International Monetary Regime

Supplementary Reading

Donald Moggridge, (1989), "The Gold Standard and National Financial Policies, 1913-1939." in Peter Mathias and Sidney Pollard (eds) The Cambridge Economic History of Europe. Volume VIII: The Industrial Economies: The Development of Economic and Social Policies. Cambridge: Cambridge University Press.

Ragnar Nurkse, (1944). International Currency Experience. League of Nations.

H.Clark Johnson (1997) Gold, France and the Great Depression, 1919-1932, Oxford University Press.

Michael D. Bordo and Ronald MacDonald (2002) "The Interwar Gold Exchange Standard: Credibility and Monetary Independence". Journal of International Money and Finance.

VII. The Great Depression

Required Reading

Milton Friedman and Anna J. Schwartz, A Monetary History of the United States 1867 to 1960. Princeton: Princeton University Press. Chapter 7.

Barry Eichengreen, Golden Fetters, Chapters 8-13.

Ben Bernanke (1995). "The Macroeconomics of the Great Depression: A Comparative Approach," Journal of Money, Credit, and Banking, February 1995, vol. 27, no. 1, pp. 1-28.

Michael Bordo, Ehsan Choudhri and Anna J. Schwartz, "Was Expansionary Monetary Policy Feasible During the Great Contradiction? An Examination of the Gold Standard Constraint," Explorations in Economic History (January 2002).

Michael Bordo, Chris Erceg and Charles Evans (2000). "Money, Sticky Wages and the Great Depression". American Economic Review. December.

Lawrence Christiano *et al* (2004) "The Great Depression and the Friedman and Schwartz Hypothesis". Journal of Money and Credit.

Harold Cole and Lee Ohanian (2004) "The Great Depression in the United States from a Neoclassical Perspective" in Tim Kehoe and Edward Prescott (eds) Neoclassical Studies of the Great Depression, Federal Reserve Bank of Minneapolis.

Harold Cole and Lee Ohanian (2005) "New Deal Policies and the Persistence of the Great Depression". Journal of Political Economy.

Michael Bordo and John Landon Lane, "The Lessons from the Banking Panics in the 1930's for the Financial Crisis of 2007-2008," NBER Working Paper 16365 (2010).

Supplementary Reading

Peter Temin, (1989). Lessons from the Great Depression. Cambridge: MIT Press.

Ben Bernanke and Harold James, (1991). "The Gold Standard, Deflation, and Financial Crisis in the Great Depression: An International Comparison." in R. Glenn Hubbard (ed). Financial Markets and Financial Crisis Chicago: University of Chicago Press.

Charles Kindleberger, (1986). The World in Depression: 1929-1939, Revised and Enlarged Edition. Berkeley, University of California Press.

Ben Bernanke (2002) Essays on the Great Depression. Princeton: Princeton University Press.

Allan H. Meltzer (2003) A History of the Federal Reserve. Vol. I. Chicago: University of Chicago Press.

VIII. Bretton Woods

Required Reading

Michael D. Bordo (1993). "The Bretton Woods International Monetary System: An Historical Overview." in Michael D. Bordo and Barry Eichengreen (eds) A Retrospective on the Bretton Woods System. Chicago: University of Chicago Press. [Reprinted in Michael Bordo, Essays on the Gold Standard.]

Maurice Obstfeld (1993). "The Adjustment Process." In A Retrospective on the Bretton Woods System.

Kathryn Dominquez, (1993). "The Role of International Organizations in the Bretton Woods System." In A Retrospective on the Bretton Woods System.

Barry Eichengreen, (1993) "Three Perspectives on the Bretton Woods System." in A Retrospective on the Bretton Woods System.

Michael Bordo and Barry Eichengreen, "Bretton Woods and the Great Inflation," NBER Working Paper 12532. December 2008.

Michael Bordo, Michael Oliver and Ronald MacDonald "Sterling in Crisis 1964-1967"
chapter 5 in Bordo and MacDonald Credibility and the Gold Standard 2012

Supplementary Reading

Robert Triffin (1960), Gold and the Dollar Crisis. New Haven: Yale University Press.

IX. The Dollar Standard

Required Reading

Barry Eichengreen (2010) Exorbitant Privilege: The Rise and Fall of the Dollar and the Future of the International Monetary System. Oxford University Press

Barry Eichengreen and Marc Flandreau (2009) "The Rise and Fall of the Dollar (or When did the Dollar Replace Sterling as the Leading International Currency?)"
European Review of Economic History, 13, pp 337-411.

IX. European Monetary Union in Historical Perspective

A. Monetary Unions

Required Reading

Michael D. Bordo and Lars Jonung (2003). "The Future of EMU: What Does the History of Monetary Unions Tell Us?" in Forrest Capie and Geoffrey Wood (eds) Monetary Unions. London. Macmillan. NBER Working Paper No 1999.

Michael D. Bordo. "The United States as a Monetary Union and the Euro: A Historical Perspective". Cato Journal Vol 24 Spring/Summer 2004.

Supplementary Reading

Angela Redish, (1993). "The Latin Monetary Union and the Emergence of the International Gold Standard." Chapter 3 in Michael D. Bordo and Forrest Capie (eds) Monetary Regimes in Transition. Cambridge: Cambridge University Press (in press).

Michael Bergmann and Lars Jonung, (1993). "The Rise and Fall of the Scandinavian Currency Union: 1873-1920." European Economic Review, April.

Arthur Rolnick, Bruce Smith and Warren Weber, (1994). "The Origins of the Monetary

Union in the United States." in Pierre Siklos (ed) Varieties of Monetary Reforms: Lessons and Experiences on the Road to Monetary Union, Kluwer Academic Press.

Carl Ludwig Holtferich, (1988). "The Monetary Unification Process in Nineteenth Century Germany: Relevance and Lessons for Europe Today," in Marcello De Cecco and Alberto Giovannini (eds) A European Central Bank: Perspectives on Monetary Unification after Ten Years of EMS, Cambridge: Cambridge University Press.

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