Seminar in Economics: Global Financial Crises: Economics 220:495

Fall 2015

NJ Hall 105  MTh 9:50 to 11:10.  Michael Bordo

Course Description

The world witnessed a major financial crisis and a deep recession from 2007-2009. The U.S. is still enmeshed in a slow recovery. The Eurozone is struggling with a debt crisis that began in 2010. China is trying hard to avoid a financial meltdown. This is not the first time we have experienced such events. Indeed financial crises can be traced back to early modern times and beyond. This course will focus on the issue of financial crises from an historical perspective. It will survey the history of banking, currency and debt crises across the world for the past century and a half, but focus primarily on the experience of the US and UK. It will end with a discussion of the 2008 crisis in the US and the Eurozone crisis 2010-2013.

It will also examine the empirical evidence on crisis incidence, crisis severity and international crisis transmission. Finally the course considers the issue of policy in dealing with crises, with focus on the lender of last resort.

Course Requirements

This course is a seminar course. All students are expected to do the readings before the course. One Student will lead the discussion on the subject as will I. We will also have a distinguished outside speaker. In addition to the seminar discussion, each student will be required to write a research paper on a topic which interests them. Students can pick one of the topics from my list or choose another topic. The paper should be no longer than 20 pages double spaced. A detailed outline of the paper will be due by October 29. The topics chosen should be cleared with me beforehand. The grading for the course will be based 40% on the paper; 40% on a take home final examination; and 20% on class participation.

Textbooks (Required)


**Collections of Articles on Financial Crises**


Articles on the reading list if possible will be placed on the course website on Sakai

**Suggested Term Paper Topics**

1. Why did the U.S. have more banking crises than other industrial countries?

2. The Bank of England and the Crisis of 1825

3. The Bank of England and the Crisis of 1847

4. The Bank of England and the Crisis of 1857

5. The Bank of England and the Crisis of 1866

6. The Baring Crisis of 1890

7. The Banque de France and the Crisis of 1882

8. Andrew Jackson and the Crisis of 1837

9. JP Morgan and the Crisis of 1907

10. Clearing Houses and the Crises of the National Banking Era
11. The Belmont Morgan Syndicate
12. Emerging Market Debt Crises in the 1890s
13. The Resolution of the Crisis of 1914 in the U.S.
14. The Federal Reserve and the Wall Street Crash of 1929
15. The Federal Reserve and the Sterling Crisis of 1931
16. The Banking Holiday of 1933
17. The Franc Crisis of 1923
18. The end of the Gold Bloc in 1936
19. The Sterling Crises of the 1960s
20. The Gold Crisis of 1968
21. The Dollar Crisis of 1971
22. Resolution of the Latin American Debt Crisis in the 1980s
24. The IMF in the Asian Crisis of 1997
25. The Argentine Crisis in 2002
26. The Housing Bust of 2006
27. Bear Stearns and Lehman Brothers
28. The Panic in the Shadow Banking System
29. Breaking the Buck
30. Article 13(3)
31. The Greek Debt Crisis 2010-2015
32. The Irish Crisis in 2010
33. The Spanish Crisis in 2011
34. Contagion in the Eurozone
35. ECB Crisis Management

Schedule of Seminars and Readings
Thursday September 3rd Organization/Overview. Guest Lecturer. John Landon Lane


No Class Thursday September 10

Week 2, September 14,17. **The Crisis Problem**

**Readings**


Week 3, September 21,24. **Empirical Dimensions**

**Readings**


Week 4, September 28, October 1. **Historical Crises in Europe**

**Readings**

Charles Kindleberger and Robert Aliber. Manias, Panics and Crashes. 2011


Week 5, October 5,8 **US Financial Crises Before the Civil War**

**Readings**

Peter Temin, *The Jacksonian Economy*. Chapter 4 WW Norton 1969


**Suggested Reading**


Week 6 October 12,15 **US Crises: The National Banking Era**

**Readings**


**Suggested Readings**


Week 7 October 19,22. **The Great Depression in the US**

**Readings**


**Suggested Readings**


Week 8 October 26,30 **The Global Great Depression**

**Readings**


**Suggested readings**


Week 9 November 2,5 **The International Transmission of Financial Crises**

**Readings**


**Suggested reading**


Week 10, November 9,12 **The Lender of Last Resort**

**Readings**

Walter Bagehot, *Lombard Street; A Description of the Money Market*. London 1873


**Suggested Reading**


Weeks 11 and 12 November 16,19 23,24 **The Crisis of 2007-08**

**Readings**

Suggested Readings


Week 13 and 14, December 1,3,7,10 The Eurozone Crisis

Readings

David Marsh, *Europe’s Deadlock.* Yale University Press


Suggested Reading