I started teaching ECON 464 in 1997 during the Asian Financial Crisis. It is a course in Macroeconomic History. We start with the invention of money in the New Stone Age and end in the current headlines. The greater the current crisis, the more the course is one in current events. In 2003 to 2007 the financial news looked dull and "Financial Crisis" was a history course. Fortunately for the course and unfortunately for the world, for the last five years financial crisis has been a current event. We are scheduled to devote three lectures on the Financial Crisis of 2007, the European Debt Crisis and the slow recovery in the US at the end of the course. But I will go with the flow (of news) and there will be occasional segments on how the history we are covering rhymes with the news.

The center of ECON 464 is the mother of all financial crises - The Great Contraction of 1929 to 1933 and the incomplete recovery which followed. Events then have echoes today the reaction of the Fed to the Financial Crisis of 2008 and the Great Recession which followed were importantly shaped by the fact that Ben Bernanke is the leading living economic historian of the Great Depression. Other highlights of the course (going in time order) include:

1) The extinction of the US national debt in the 1830s and the pretty great depression of the 1840s
2) The controversies over the Gold Standard in the US from 1865 to 1900 and their echoes today
3) The perfect storm of financial crisis in the US in 1907 and the formation of the Fed
4) The collapse of the World Gold Standard and the explosion of national debt during World War I
5) Fiscal wars of attrition in France and Germany in the 1920s and the inflation (France) and hyperinflation (Germany) these fiscal wars of attrition caused
6) “The Dog Which Didn’t Bark”—Why few financial crises from 1946 to 1980?
7) Bubbles and Busts from Tulips (1600s) to Wall Street (1920s), , to Asian Tigers (boom to 1997), to houses (Boom 1999 to 2007)
8) The Financial Crisis of 2008, the Great Recession, and the Eurocrisis
REQUIRED TEXTS

1) Ben Bernanke  *The Federal Reserve and the Financial Crisis*  Princeton University Press 2013
Videos of the Lectures and the Presentation Slides are available online at the Federal Reserve Website


3) Milton Friedman and Anna Jacobson Schwartz  *A Monetary History Of The United States, 1867-1960*, Princeton University Press 1963; Copies available now in the UW Library (a few copies), an

4) *The Economist*

**Required- for those doing a term paper on the 1920s or 1930s:**
Barry Eichengreen, *Golden Fetters*; Oxford University Press 1991

**Required- for those doing a term paper on the 2008 Financial Crisis**


**KEY DATES**

**QUIZZES:** Unscheduled, best 3 of 5  20% of Term Grade

**FINAL:** Monday 2:30-4:20PM  30% of Term Grade

**TERM PAPER:**

1)  Proposal Due in class April 20

2)  A term paper proposal of 1 page with 3 references  No Grade
    At least 1 reference to an article on this assignment list
    At least 1 reference to an article NOT on this assignment list
    At least 2 References have to be to material not published only on the Web
    One of the references must be *Golden Fetters* if the paper is on the 1920s or 1930s

3)  Preliminary Term Paper Due Wednesday May 4  10% of Term Grade
    *Approved Proposal must be resubmitted with Preliminary Term Paper*
    Preliminary Term Paper must be at least six pages with at least six references and in addition at least two graphs or charts

4)  Final Term Paper Due Monday June 6  40% of Term Grade
    The Final Term Paper of 12-15 pages (double spaced) of text and at least 3 pages of graphs or charts and at least seven references
    .1 penalty for late Term Paper grade if submitted by Thursday June 10 5PM
    .2 penalty for late Term Paper grade if submitted by June 30
    *The Graded Preliminary Term Paper must be Resubmitted with Final Term Paper*

Some helpful WEBSITES

DELONGB  [http://econ161.berkeley.edu/](http://econ161.berkeley.edu/)
IMF  [http://www.imf.org](http://www.imf.org)
NBER  [http://papers.nber.org/papers.htm](http://papers.nber.org/papers.htm)
Assignments Spring 2016

Introduction and The History of Money and Finance
Monday March 28

R. A. Radford “The Economic Organization of a POW Camp” Economica November 1945

Wednesday March 30 Monday April 4
Financial Crisis and The Classical Gold Standard

Friedman and Schwartz, A Monetary History; Chapters 1 & 3
Eichengreen, Globalizing Capital: Chapters 1 & 2
Michael Bordo, “Gold Standard” The Concise Encyclopedia of Economics


The Banking Crisis of 1907 and the Formation of the Federal Reserve System
Wednesday April 6

Eichengreen, Globalizing Capital: Chapters 2
Ben S. Bernanke The Federal Reserve and the Financial Crisis Lecture 1
Friedman and Schwartz, A Monetary History; Ch. 4 and Appendix B

Monday April 11 Wednesday April 13
World War I – Government Debts and Deficits
Friedman and Schwartz, A Monetary History Ch 5
*Thomas Sargent “The United States Then Europe Now” Nobel Prize Address

Monday April 18
The 1920s In Europe
Eichengreen, Globalizing Capital Ch 3 pp 45-67
Friedman and Schwartz, A Monetary History Ch 6
*Daniel K. Benjamin and Levis Kochin, “Searching for an Explanation of Unemployment in Interwar Britain” The Journal of Political Economy, June 1979 441-478 This assignment is mislabeled on Catalyst as Klein and Kochin
Wednesday April 20
The US in the 1920s—Was it a Booms or a Bubble?
*Peter M. Garber, “Famous First Bubbles” The Journal of Economic Perspectives Spring 1990

Monday April 25 Wednesday April 29
The Great Contraction 1929-1933
Friedman and Schwartz, A Monetary History Ch 7
Eichengreen, Globalizing Capital Ch 3 pp 68-91
Ben S. Bernanke The Federal Reserve and the Financial Crisis Lecture 1

Monday May 2
The New Deal, the Nazis, and the French 1933-1939
Friedman and Schwartz, A Monetary History Ch. 8 and 9
*Eichengreen, Golden Fetters, Ch. 11 “The Dollar and the World Economic Conference”

***Preliminary Term Paper Due Wednesday May 4

Wednesday May 4
The Rise and Demise of the Breton Woods System 1944-1973
Ben S. Bernanke The Federal Reserve and the Financial Crisis Lecture 2
Eichengreen Globalizing Capital

Monday May 9 Wednesday May 11
Emerging Market Debt Crises—1980s and 1990s
Eichengreen, Globalizing Capital Ch 6 and 7
*Levis A. Kochin, “Real (Estate) Booms and Busts” Univ. of Washington October 1996
Monday May 16  Wednesday May 18

Japan’s Real Estate Bubble and Bust:
A Preview of the Great Recession and its Aftermath

**“Inflation Targeting” Wikipedia**
*Ben Bernanke, “A Perspective on Inflation Targeting” Speech Given March 2003

**“Taylor Rule” Wikipedia READ THE CURRENT VERSION OF THE WIKIPEDIA ARTICLE**
*Paul Krugman, “Thinking About the Liquidity Trap” MIT Dec. 1999

*N. Kundan Kishor and Levis A. Kochin, “The Success of the Fed and the Death of Monetarism” Economic Inquiry January 2007 56-70

Monday May 23  and Wednesday May 25

The Great Moderation, The Housing Boom and Bust, the Credit Crisis, and the Great Recession
Ben S. Bernanke The Federal Reserve and the Financial Crisis Lectures 3 and 4

*Michael Woodford, “Financial Intermediation and Macroeconomic Analysis” Journal of Economic Perspectives Fall 2010 pp. 21-44


*“Symposia The First 100 Years of the Federal Reserve” Journal of Economic Perspectives Fall 2013 pp. 3-120; Articles by Bernanke, Gorton and Metrick, Rotenberg, Eichengreen, and Feldstein are required; the article by Reis is recommended

Memorial Day Monday  May 30

Wednesday June 1:

The Eurocrisis of 2008

**“Eurozone Crisis” Wikipedia READ THE CURRENT VERSION OF THE WIKIPEDIA ARTICLE**
*Michael Bordo and Harold James, “The European Crisis in the Context of the History of Previous Financial Crises” NBER working paper no. w19112, 2013

*Michael Bordo, “Tales from the Bretton Woods” NBER working paper no. w20270, 2014

Additional Readings to be added

FINAL TERM PAPER Due Monday June 6  2:30PM

FINAL EXAM : Monday June 6  2:30-4:20PM  Savery 166

Suggested Term Paper Topics

1) Hamilton and his Blessing (The US National Debt) Choose a period suggest 1776-1789 or 1834-1843 or …
2) Baghot and The Bank of England …
3) Boom and Bust in Seattle 1880-1900 or Chicago in the 1870s or Argentina in the 1890s
4) Would the US have been better off from 1879 to 1914 with silver?
5) JP Morgan as al central banker
7) The Crisis of 1907
7a) Formation of the Federal Reserve System
8) The Financial Crisis of Summer 1914  …
9) The Depression of 1920
10) Did the Fed Stop the Deflation too Soon in 1921?
11) Hyperinflation and/or Stabilization in Germany
12) Inflation and/or Stabilization in France in the 1920s
13) Unemployment in the UK, France or Germany in the 1920s
13a) The Florida land boom of early 1920s
13b) Consumer durable finance 1920-1940
13c) The real estate boom of the 1920s and the financial crisis of the 1930s
15) Hoover and the Great Contraction?
17) Did the 1920s Boom Cause the Depression?
18) Could the US have Reversed the Great Contraction without Devaluation?
19) The French Cause the Great Contraction?
20) Did the Death of Strong Cause the Great Contraction?
21) Irving Fisher and The Great Contraction
22) Why Didn’t Output Fall on US Farms in the Great Contraction?
23) Real Wages in Farms and Cities in the Great Depression
24) The Devaluation of the British Pound in 1931
25) The Depression in Germany 1929-1933
26) The European Bank Crisis of 1931
27) The Golden Avalanche and Recovery in the US
28) Liquidity Traps in the 1930s and the current crisis
29) Roosevelt and Depression in China and France
29a) The roles the Roosevelt Treasury and the Fed in generating the Recession of 1937
30) Japan in the Great Depression
31) Recovery and Devaluation in the 1930s
32) The National Recovery Administration and the Recovery From the Great Contraction
33) Economic recovery in one of the UK, the US, Sweden, Japan, Netherlands, France or Germany
34) Boom in Palestine in the 1930s
34a) Why did Rosie rivet?
35a) Why didn’t the dog bark? Why so few financial crises from 1945 to 1980?
36) Nixon and Inflation in the 1970s or Nixon and the First Oil Crisis
38) Was the Boom in Japan to 1990 a Bubble?
39) Hyperinflation in (one of) Argentina, Brazil, Russia, Serbia, the Ukraine or Zimbabwe
40) Financial Crisis 1980 to 2013 in (one of) Argentina, Brazil, Chile, Greece, Iceland, Ireland, South Korea, Malaysia, Thailand, Indonesia, Israel, Russia, Turkey or Japan
41) Inflation and stabilization 1970-2010 in one of the US, Israel, Argentina, Brazil, Mexico, and the UK
41a) German Unification and the EMS Crisis of 1993
42) The global savings glut and the shortage of women in China
43) Japanese monetary and fiscal policy in the 1940s, 1950s, 1970s, 1980s, 1990s or 2012-2013
44) Fannie Mae and Freddie Mac and the current crisis
45) Housing Boom and Bust 2001-2009 Spain, Iceland, Ireland, Las Vegas, Phoenix, Miami, or the Inland Empire.
46) Why no Housing Boom or bust in Texas and or Germany 2000-2012 ?
47) The Taylor Rule 2000-2013
48) Should we cry for you Argentina?
49) Washington Mutual and the Housing Crisis
49a) Did financial deregulation cause the Great Recession?
50) Lehman Bros and the Credit Crisis of 2008-2009
51) The TARP
51a) US State Budgets in 2007 to 2013 pick a state and compare with the country as a whole
52) Governmental Deficits now in California, Illinois, US, UK, Greece, Dubai, China, Greece, Ireland, Norway, Japan, Belgium, Portugal, Spain, Japan, China, Israel or Italy
52a) Euro land in and after the Great Recession Choose One country except Luxemburg
52c) California, Nevada, Florida, Washington, North Dakota or some other state in the Great Recession
52d) Boom and Bust in the Oil Patch and in the US Economy
52e) Financial “Original Sin”
52f) The Yen Carry Trade
52g) Abonomies
52h) Stanley Fischer as central banker and as a teacher of future central bankers
52i) Benjamin Strong, or Arthur Burns, Ben Bernanke or Mario Draghi
52j) Negative interest rates real nominal