Financial and Monetary History of the United States
Economics 344:01
Spring 2013

Tuesdays/Fridays 9:50-11:10
Frelinghuysen A5

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Office hours: Mondays 11-12 and Fridays 2-3 or by appointment

Prerequisites
Econ 320 (Intermediate Microeconomic Analysis), Econ 321 (Intermediate Macroeconomic Analysis) and Economics 322 (Econometrics). Money and Banking Econ 301 is recommended. This is an upper level elective course where you are expected to apply the knowledge and expertise that you have gained in the prerequisites.

Course Objective
This course provides a detailed overview and analysis of the evolution of the America financial and monetary policy in the United States from the colonial period to the “subprime” crisis and current recession/recovery. Through historical examples, the theoretical and empirical principles of banking, finance, and monetary policy are examined. These are the basics for a “Wall Street intellectual” who can knowledgeably read the Wall Street Journal, the Financial Times and the Economist and fluently talk about finance and money.

Attendance Policy and Academic Integrity

You are expected to attend every class. Attendance is highly correlated with performance on tests. Please do not arrive late to class. If you need to leave early, you must inform me and sit near the door. At the beginning of each class, we will discuss the assigned reading. You are expected to have read the article and to participate. As always at Rutgers, you are expect to follow the University’s precepts of academic integrity. (See http://academicintegrity.rutgers.edu/integrity.shtml)
Course Requirements

1. **Class Participation** (15 percent). You are expected to come to class, having done the assigned readings. You will be asked specific questions on the readings. You must answer 5 times correctly in the course of the semester for full credit.

2. **Mid Term Exam** (25 percent) March 1

3. **Book Review** (30 percent) Due April 23. On October 18, you will be given a list of books from which to choose. On October 28, you must hand in 1 page listing your choice.

4. **Final Exam** (30 percent), May 15, 8-11 am

   **Note:** Makeup Exams are given at the discretion of the instructor. If you anticipate an absence for any reason (religious holiday/sports event), you must inform me no later than February 19.

Required Books

**Books: Ordered at the Rutgers Bookstore (all paperback)**


**Required Articles**

All of these articles can be found on my Sakai website for our class.


**Preliminary Class Schedule**

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Reference(s)</th>
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<tbody>
<tr>
<td>Jan 22</td>
<td>Getting Started</td>
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<tr>
<td>Jan 25</td>
<td>The Colonial Legacy, the Crisis of the Colonial Regime and the Seven Years War, Grubb (2006)</td>
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<td>Jan 29</td>
<td>Financing the War for Independence, Smith (1984), Kemmerer (1939)</td>
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<td>Feb 1</td>
<td>Hamilton and the New Constitution, Sylla, Wright &amp; Cohen (2009)</td>
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<td>Feb 5</td>
<td>Government Finance and the War of 1812, Schwartz (1947)</td>
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<td>Feb 12</td>
<td>The Bank War and the Panic of 1837, Rockoff (1972)</td>
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<td>Feb 22</td>
<td>Resumption and the Politics of Silver and Gold, Friedman and Schwartz, (1963) Ch. 2, pp. 15-32, 44-58, 85-88, Ch. 3, pp. 89-97; 104-122:</td>
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<tr>
<td>Mar 1</td>
<td><strong>MID TERM EXAM</strong></td>
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<tr>
<td>Mar 5</td>
<td>National Banking System: Structure, Conduct &amp; Performance, White (1982),</td>
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Mar 12  Integration of Financial Markets, Bodenhorn (1992); Garbade and Silber (1978)

Mar 15  No Class

Mar 19-22 Spring Break

Mar 26  Financial Crises and the Macroeconomy Friedman and Schwartz (1963), Chs. 4, pp. 135-138, 152-174, 183-188

Mar 29  The Crisis of 1907; Moen and Tallman (1992)

Apr 2  Founding of the Federal Reserve and World War I
       Friedman and Schwartz, Ch. 5, pp. 189-207.

Apr 5  The Great Boom and Crash of 1929, White (1990); Friedman and Schwartz (1963), Ch. 6, pp. 240-270, 296-8; Galbraith (1954).

Apr 9  The Great Depression 1929-1933 Friedman and Schwartz (1963), Ch. 7 all;

Apr 12 The Great Depression, 1929-1933, Romer (1993)

Apr 16 The Great Depression, 1933-1941 Reading: Friedman and Schwartz, Ch. 8, pp. 420-434, Ch. 9, pp. 493-506, 543-545; Wheelock (1992)

Apr 19 Financing the Second World War & the Korean War, Friedman and Schwartz, Ch. 10, pp. 546-574;

Apr 23 New Deal Banking and Finance: Friedman and Schwartz (1963), Ch. 8, pp. 434-462; Papers Due.

Apr 26 The Unraveling of the New Deal. Lewis (1989), Chs. 1-7, 10-11. Epilogue

Apr 30 The Great Moderation De Long (1997)

May 3  The Subprime Crisis, Recession and Recovery Wheelock (2009); Mishkin (2011).

May 15  FINAL EXAM, 8-11 am