

Revised: 3 January 2013

Economics 303Y1: The Economic History of Modern Europe to 1914

Topic no. 10 [20]: International Capital Flows and Price Movements under a Gold Standard, ca. 1840 - 1914: Did Real or Monetary Factors Predominate?

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 - (a) chapter 3, 'The International Monetary System, 1850-1875', pp. 67-93.
 - (b) chapter 4, 'International Trade and European Domination, 1875-1914', pp. 94-126.
 - (c) chapter 5, 'International Factor Mobility, 1875-1914', pp. 127-159.
 - (d) chapter 6, 'The Heyday of the International Gold Standard, 1875-1914', pp. 160-85.

- * 2. A. G. Ford, 'International Financial Policy and the Gold Standard, 1870 - 1914', in Peter Mathias and Sidney Pollard, eds., The Cambridge Economic History of Europe, Vol. VIII: The Industrial Economies: The Development of Economic and Social Policies (Cambridge, 1989), pp. 197 - 249.

- * 3. S. N. Broadberry and N. F. R. Crafts, eds., Britain in the International Economy, 1870 - 1939, Studies in Monetary and Financial History (Cambridge, 1992):
 - a) S.N. Broadberry and N.F.R. Crafts, 'British Macroeconomic History, 1870 - 1939: Overview and Key Issues', pp. 1 - 27.
 - b) Terence C. Mills, 'An Economic Historian's Introduction to Modern Time Series Techniques in Econometrics', pp. 28 - 48.
 - c) Barry Eichengreen, 'The Gold Standard Since Alec Ford', pp. 49-79.
 - d) Forrest Capie, 'British Economic Fluctuations in the Nineteenth Century: Is There a Role for Money?', pp. 80-97.
 - e) N.F.R. Crafts and Terence C. Mills, 'British Economic Fluctuations, 1851 - 1913: A Perspective Based on Growth Theory', pp. 98-136.
 - f) T.J. Hatton, 'Price-Determination Under the Gold Standard: Britain, 1880 - 1913', pp. 137-56.
 - g) Neil Blake, 'Import Prices, Economic Activity and the General Price Level in the UK, 1870 - 1913', pp. 157-98.
 - h) T.C. Mills and G.E. Wood, 'Money and Interest Rates in Britain from 1870 to 1913', pp. 199-220.
 - i) P.L. Cottrell, 'Silver, Gold and the International Monetary Order, 1851-96', pp. 221-43.

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 - a) Barry Eichengreen and Marc Flandreau, 'Editors' Introduction', pp. 1-30.
 - b) David Hume, 'On the Balance of Trade', pp. 33-43 [From: Essays, Moral, Political and Literary, Vol. I (London, 1752), pp. 330-41, 343-5.]

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 - c) Donald N. McCloskey and J. Richard Zecher, 'How the Gold Standard Worked, 1880-1913', pp. 57-75. [From Jacob A. Frenkel and Harry G. Johnson, eds., The Monetary Approach to the Balance of Payments (London: Allen & Unwin, 1976), pp. 184-6, 192-208 (abridged)].
 - d) Trevor J. O. Dick and John E. Floyd, 'A Portfolio-Balance Model of the Gold Standard', pp.

- 76-98. [From Explorations in Economic History (1991), pp. 209-11, 213-22, 228-38 (abridged).]
- * e) Michael D. Bordo and Finn E. Kydland, 'The Gold Standard as a Rule', pp. 99-128. [From Explorations in Economic History (1995), pp. 423-30, 445-64 (abridged).]
 - f) John Maynard Keynes, 'The Significance of the Gold Points', pp. 131-39. [From A Treatise on Money, Vol. II: The Applied Theory of Money (London: Macmillan, 1930), pp. 319-31.
 - g) Robert Triffin, 'The Myths and Realities of the So-Called Gold Standard', pp. 140-60. [From Our International Monetary System: Yesterday, Today, and Tomorrow (New York: Random House, 1968), chapter 1.
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 - ** i) Barry Eichengreen, 'The Gold Standard Since Alec Ford', pp. 187-206. [From: S.N. Broadberry and N.F.R. Crafts, eds., Britain in the International Economy, 1870 - 1939 (Cambridge and New York: Cambridge University Press, 1992), pp. 49-79.]
 - j) Jeffrey A. Frieden, 'The Dynamics of International Monetary Systems: International and Domestic Factors in the Rise, Reign, and Demise of the Classical Gold Standard', pp. 207-27. [From Jack Snyder and Robert Jervis, eds., Coping With Complexity in the International System (Boulder, Colorado: Westview Press, 1992), pp. 137-62.]
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 - a) C. Knick Harley, 'Trade, 1870 - 1939: From Globalisation to Fragmentation', pp. 161-89.
 - b) Michael Edelstein, 'Foreign Investment, Accumulation, and Empire, 1860 - 1914', pp. 190 - 226.
 - c) P. A. Cottrell, 'Domestic Finance, 1860 - 1914', pp. 253-79.
 - d) Roger Middleton, 'Government and the Economy, 1860 - 1939', pp. 456-89.
 - * 6. Roderick Floud and Donald McCloskey, eds., The Economic History of Britain Since 1700, 3 vols., 2nd edition (Cambridge, 1994), Vol. 2: 1860 - 1939
 - a) Roderick Floud, 'Britain, 1860 - 1914: A Survey', pp. 1-28.
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 - c) Forest Capie and Geoffrey Wood, 'Money in the Economy, 1870 - 1939', pp. 217-46.
 - d) Solomos Solomou, 'Economic Fluctuations, 1870 - 1913', pp. 247-64.
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 - b) W. Huffman and J. Lothian, 'The Gold Standard and the Transmission of Business Cycles, 1873 - 1932', pp. 455-511
 - * 8. Michael D. Bordo and Hugh Rockoff, 'The Gold Standard as a 'Good Housekeeping Seal of Approval'', Journal of Economic History, 56:2 (June 1996), 389-428.
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 - *10. Michael D. Bordo and Anna J. Schwartz, 'Money and Prices in the Nineteenth Century: An Old Debate Rejoined', Journal of Economic History, 40 (March 1980), 61 - 72; and Michael D. Bordo

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12. Gary Magee, 'The Importance of Being British: Imperial Factors and the Growth of British Imports, 1870 - 1960', Journal of Interdisciplinary History, 37:3 (Winter 2007), 341-69.
13. Kris James Mitchener, Masato Shizume, and Marc D. Weidenmier, 'Why Did Countries Adopt the Gold Standard? Lessons from Japan', Journal of Economic History, 70:1 (March 2010), 27-56.
- *14. Niall Ferguson and Moritz Schularick, 'The "Thin Film of Gold": Monetary Rules and Policy Credibility', European Review of Economic History, 16:4 (November 2012), 284-407.
- *15. Edward R. Wilson, Battles for the Standard: Bimetallism and the Spread of the Gold Standard, 1870 - 1914, Modern Economic and Social History, Variorum Publications (London and Brookfield, 1999).
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QUESTIONS:

1. What was the international gold standard, from c.1860 to 1914: how did it evolve; how did it work; what were its monetary and foreign exchange requirements; what were its requirements in terms of national monetary and fiscal policies?
2. What role did money, monetary forces, gold, and the international gold standard play in European business cycles and secular price movements (inflation and deflation), 1840-1914?
3. How well did the international gold standard work in moderating or influencing international economic cycle movements? What role did the Bank of England play. Were real factors more important?
4. What were the benefits and costs of the international gold standard system: for the international economy, the European economy, and individual western economies?
5. Why did the international gold standard system break down during World War I: and why could it not be restored after the Great War?