

A MONETARY HISTORY OF NORWAY, 1816–2016

This book provides a broad overview of monetary developments in Norway over the past 200 years, using a rich variety of graphical illustrations based on a unique data set of historical monetary statistics, which will be documented and made available on the Norges Bank website (in English) at www.norges-bank.no/en. Throughout the book, Norway's monetary developments are anchored in a historical context and in the development of monetary thinking. Through their analysis of the historical data, the authors provide new insights and comparisons to other Scandinavian countries, along with an excellent examination of the development and character of the banking and financial system in Norway.

Øyvind Eitrheim is a director at General Secretariat, Norges Bank. He served as Director of the Research Department at Norges Bank from 2001 to 2009 and is currently coordinating projects related to Norges Bank's Bicentenary Project 1816–2016. Selected publications include *The Econometrics of Macroeconomic Modeling* (2005, with G. Bårdsen, E. S. Jansen and R. Nymoen), *Twenty Years of Inflation Targeting: Lessons Learned and Future Prospects* (2010, co-edited with D. Cobham, S. Gerlach and J. F. Qvigstad) and *Central Banks at a Crossroads: What Can We Learn from History?* (2016, co-edited with M. D. Bordo, M. Flandreau and J. F. Qvigstad).

Jan Tore Klovland is a professor of economics at the Norwegian School of Economics in Bergen, Norway. He has published journal articles on macroeconomic history, price history and monetary history as well as on the development of ocean freight rates. Selected publications include 'Pitfalls in the Estimation of the Yield on British Consols,' *Journal of Economic History* (1994); 'Monetary Policy and Business Cycles in the Interwar Years: The Scandinavian Experience,' *European Review of Economic History* (1998); and 'New Evidence on the Fluctuations in Ocean Freight Rates in the 1850s,' *Explorations in Economic History* (2009).

Lars Fredrik Øksendal is a former senior advisor at Norges Bank and is currently writing a study of the Technical Assessment Committee for the wage bargaining process in Norway commissioned by the Ministry of Labour and Social Affairs. He is a history graduate from the Norwegian University of Science and Technology (2001) and holds a doctorate in economic history from the Norwegian School of Economics (2008). Øksendal has published extensively on financial and monetary history and is a co-editor of *The Gold Standard Peripheries: Monetary Policy, Adjustment and Flexibility in a Global Setting* (2012, with Anders Ögren).

Advance Praise for *A Monetary History of Norway, 1816–2016*

‘Norway’s rich monetary history spans everything from monetary union with other Scandinavian countries in the 19th century to the gold standard, financial repression, managed floating and now inflation targeting. Not only aficionados of Norway but also readers interested in comparative monetary regimes will find much that is new, interesting and illuminating in this important and impeccably documented book.’

Barry Eichengreen
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‘Congratulations to the Norges Bank on its 200th birthday. Its best present is this excellent history of its long and eventful life, in five parts, a worthy sibling to the earlier tomes on Norwegian Historical Monetary Statistics. This is a feast for all those who enjoy monetary history. The authors have an excellent understanding of the historical problems and processes facing Central Banks in general, and the Norges Bank in particular.’

Charles Goodhart
London School of Economics

‘This book is a most welcome addition to the growing and important literature on monetary history. The authors, with a mix of expertise in economics, history and statistics, reveal fluently the very varied course of Norwegian monetary history across two centuries. They add hugely to our understanding of Norwegian experience and by extension to our understanding of monetary history more generally.’

Professor Forrest Capie
Emeritus Professor, Cass Business School,
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‘Capitalizing on impressive new quantitative evidence, the authors give us *the* monetary history of Norway, set against the backdrop of the economic and political developments that brought a small peripheral economy to be one of the richest countries in the world. This book is a standard reference for anyone interested in the history and economy of Scandinavia and Europe.’

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ØYVIND EITRHEIM

Norges Bank

JAN TORE KLOVLAND

The Norwegian School of Economics and Norges Bank

LARS FREDRIK ØKSENDAL

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978-1-107-15040-9 — A Monetary History of Norway, 1816–2016

Øyvind Eitrheim, Jan Tore Klovland, Lars Fredrik Øksendal

Frontmatter

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Preface

The writing of this book actually started many years ago when a senior policymaker at Norges Bank, Jan F. Qvigstad, was inspired by the work published at the Bank of England around the time of their 1994 tercentenary, covering hundreds of years of monetary history. He then initiated work at Norges Bank to collect and provide documentation of a similar set of historical time series for Norway. This resulted in three books published by Norges Bank on Historical Monetary Statistics, 2004–2007.¹

A Monetary History of Norway 1816–2016 provides a historical narrative which places these two hundred years of historical data in perspective. This book presents a broad overview of monetary developments in Norway over two centuries, using a rich variety of graphical illustrations, and we have endeavoured to put these illustrations in a broader historical narrative, providing the necessary institutional context in some detail. The extended set of historical monetary statistics which is a by-product of writing this book will be documented and made available at Norges Bank website. We hope this dataset, together with similar historical datasets for other countries, will be viewed as valuable additions to be applied in future research. The availability of such datasets will certainly encourage a host of modelling exercises and applications of modern econometric techniques to be undertaken.

For the authors the publication of this study constitutes – at least for the time being – the end of a collaboration on monetary history that in various forms and with varying intensity spans more than a decade. Our

¹ See Eitrheim, Klovland and Qvigstad (2004), Eitrheim and Qvigstad (2005) and Eitrheim, Klovland and Qvigstad (2007b) respectively. The publications and the Norges Bank Historical Monetary Statistics (HMS) database can be downloaded from the Norges Bank website at www.norges-bank.no/en/Statistics/Historical-monetary-statistics/.

collaboration – in particular the writing phase during the last few years – has challenged us to derive insights and qualities which go beyond what we brought to the table at the outset. As authors we all have an equal stock in this book. We share responsibility for its weaknesses as well as for whatever praise it might receive. Stating this is more than mere form, but genuinely reflects how we as a team have approached the project. Together we have discussed the data and how to assess the insights they provide, developed the overall analytical framework and formed the narrative outline. In the process we have read (and reread many times over) each other's drafts, given extensive comments and provided, at times quite substantial, text contributions to manuscripts drafted by the other(s). In essence, with no disparagement for the actual committee intended, we as a collective have served as each other's most vital book committee.

Writing a book, however, is no debating society. Somebody actually has to pen the first draft and take the responsibility for incorporating contributions in the overall chapter narrative. We note for the record that Eitrheim and Øksendal have jointly penned the drafts for Chapters 2, 3 and 13–15, Eitrheim Chapter 1 (with contributions from Øksendal), Øksendal Chapters 4–6, 11 and 12 (the latter with contributions from Eitrheim), and Klovland Chapters 7–10. All authors have contributed to Chapter 16. Eitrheim and Klovland are jointly responsible for the quite extensive net additions to the Norges Bank database on Historical Monetary Statistics which has emerged as a by-product of this book project. Eitrheim has in addition filled the role as an informal project manager: holding together various and at times diverging themes, enforcing consistency across the project and taking responsibility for a uniform data presentation.

Particular thanks go to the members of the book committee, including Harald Bøhn, Tore Eriksen, Jan F. Qvigstad, Knut Sogner and Tobias Straumann, for their advice and comments on early drafts, and to Svein Gjedrem, Kjetil Olsen and Pål Thonstad Sandvik for their thoughtful remarks to the selected parts of the volume they have read. We have benefitted strongly from our numerous interchanges with the authors of the institutional history *Norges Bank 1816–2016* by Einar Lie, Jan Thomas Kobberrød, Eivind Thomassen and Gjermund F. Rongved, which has been written in parallel with the present study, and we also thank Martin Austnes and Christoffer Kleivset for their contributions to these two book projects. We would also like to extend our appreciation to the broader group of economic historians with whom we have enjoyed the pleasure of collaborating during the different phases of the Norges Bank Bicentenary Project 1816–2016, notably Michael D. Bordo, Forrest Capie, Marc Flandreau, Ola H. Grytten, Clemens

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Jobst, Lars Jonung, Gianni Toniolo and Stefano Ugolini, to mention a few. Many of them have generously contributed to other publications in this project. Also, thanks to Mats Bay Fevolden for efficient research assistance, to Merete Nagell, Cathrine Fiva Waller and Turid Wammer at the Norges Bank library for their support through many years and to many other colleagues at Norges Bank who have generously given us their time and offered advice on a host of detailed issues while we have been working on this project. Finally, our thanks go to the Norwegian School of Economics, which has supported this project from its early inception, and, of course, to Norges Bank who commissioned this book.

The responsibility for all views expressed in this book rests with the authors and are not necessarily shared by Norges Bank.

NORGES BANK'S BICENTENARY PROJECT 1816–2016

Norges Bank publishes four books in conjunction with its 200th anniversary in 2016:

- M. D. Bordo, Ø. Eitrheim, M. Flandreau and J. F. Qvigstad (editors) (2016). *Central Banks at a Crossroads: What Can We Learn from History?* Cambridge University Press.
- Ø. Eitrheim, J. T. Klovland and L. F. Øksendal (2016). *A Monetary History of Norway, 1816–2016*. Cambridge University Press.
- E. Lie, J. T. Kobberrød, E. Thomassen and G. F. Rongved (2016). *Norges Bank 1816–2016*. Fagbokforlaget. (In Norwegian only)
- H. Bøhn, Ø. Eitrheim and J. F. Qvigstad (editors) (2016). *Norges Bank 1816–2016. A Pictorial History*. Fagbokforlaget. (In Norwegian and English)

The work on these books started in 2007. Michael D. Bordo, Rutgers University, NJ; Øyvind Eitrheim, Norges Bank; Marc Flandreau, Graduate Institute of International and Development Studies, Geneva; and Jan F. Qvigstad, Norges Bank, have constituted the steering group for Norges Bank's Bicentenary Project 1816–2016.

COVER IMAGES

The cover images show the proposed motifs for the new Norwegian 200-krone banknote ©2014 Norges Bank. The obverse side of the notes (top) shows a cod and a herring with mesh from a fishing net in the background. The reverse of the notes (bottom) shows a pixel motif of a fishing boat on the horizon. The motifs are proposals from Metric and T. Tønnessen, and Snøhetta, respectively, selected after an artistic competition arranged by Norges Bank. The design of the finished notes may deviate somewhat from the competition proposals.