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0521801699 - Monetary Regimes of the Twentieth Century
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Abstract economic theory may be timeless and potentially universal in its application, but macroeconomics has to be seen in its historical context. The nature of the policy regime, the behaviour of the economy and the beliefs of professional economists all interact, and influence each other. This short historical account of monetary regimes since 1900 shows how the role of policy has changed, and how this has related to experience of inflation and the real economy, as well as to changes in political philosophies.

The narrative concentrates on developments in America, Britain, Germany, France and Japan. It begins with the era of the classical gold standard and ends with the 'neo-liberal' regimes of today. The decades in between saw much more active policy intervention, and much less faith in the stability of markets. The 'grand narrative' of the century is a journey 'to Utopia and back'. It is argued that no school of macroeconomics is right for all time; different theoretical models may be appropriate for different periods and regimes.

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ANDREW BRITTON



CAMBRIDGE
UNIVERSITY PRESS

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PUBLISHED BY THE PRESS SYNDICATE OF THE UNIVERSITY OF CAMBRIDGE
The Pitt Building, Trumpington Street, Cambridge CB2 1RP, United Kingdom

CAMBRIDGE UNIVERSITY PRESS
The Edinburgh Building, Cambridge, CB2 2RU, UK <http://www.cup.cam.ac.uk>
40 West 20th Street, New York, NY 10011-4211, USA <http://www.cup.org>
10 Stamford Road, Oakleigh, Melbourne 3166, Australia

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First published 2001

A catalogue record for this book is available from the British Library

ISBN 0 521 80169 9 hardback

Transferred to digital printing 2003

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Preface

The turn of the century seems an appropriate time for reflection, interpreting the past so as to imagine the shape of the future. Often, in my career at the Treasury and at the National Institute I have tried to give an account of economic events in one country, in one year, or even in one month. But it is impossible to make sense of the detail unless one has some conception of the broader pattern to which it belongs. This book is my attempt to make that conception explicit.

Writing this book has been one of the most congenial tasks that I have set myself since I retired from the post of Institute director. I am very grateful to my successor, Martin Weale, for encouraging me to take it up, and providing assistance essential to carrying it out. I have been able to make full use of the Institute's library, including the many fascinating old books and periodicals hidden away in the basement. I am very grateful to Claire Schofield, the Institute's librarian, for her help in obtaining research material from this and other sources. One of my happiest hunting grounds was the library of the Bank of England; I would particularly like to thank Howard Picton for enabling me to make the most of that valuable collection.

Whilst working on this project, I was also, amongst other things, a visiting professor at the University of Bath. I was able to use draft chapters of the book as the basis for lectures to MBA students. I believe that they found both the historical perspective and the global context valuable to understanding economic conditions today. I am thankful for the encouragement that they gave me.

My warm thanks are also due to friends and colleagues who read my text in draft and commented on it: Martin Weale, Charles Goodhart and (especially) John Flemming. Responsibility for the finished product is, of course, my own. And, finally, I am very grateful also to Fran Robinson,

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who has done an excellent job in preparing the text for publication, as she has done for the other books that I have written for the Institute over the years.