

Index

Bank Act of 1890, 36 agriculture, 82-83, 84, 85, 86, 213. See also farmers Bank Circulation Redemption Fund, 36 Albany Regency, 121-122 bank examination reports, 11 Aldrich, Winthrop W., 178 Bank Holiday, 174, 178 Aldrich-Vreeland Act of 1908, 31 Bank of England, 69-70, 168 Amended Securities Act, 176 Bank party, 121-123 "American Banking and Growth in the bank stability, 43, 234, 276 Nineteenth Century: A Partial Review of bankers, international, 159, 162, 172-173, the Terrain,"115 174-175, 187 American Revolution, 107-108 banking, 7, 70-71, 123, 125-129, 176. See also Andropov, Yuri, 139-140 free banking; investment banking anti-banking viewpoint, 121 examination reports of, 243-245 houses, 163-164, 264-265, 273 Anti-Masonic populism, 122-124 model, 44-45 appeasement policy, 146 Argentina, 42-43, 45-46, 72, 96 panics, 31, 232, 234-235 banking crises in, 40-41, 45 practices, 277 currency crisis in, 41-42, 45-46 relationship, 188 aristocracy, 110-112, 113-114 unit, 236 arms build-up, 134-135, 139-140, 154 U.S. system of, 116 assets, troubled, 273 Banking Act, 180 Atkin, John Michael, 168 banking crisis, 4, 16, 25-26, 29-32 The Atlantic Monthly, 172-173 in Argentina, 40-41, 45 atomic war, 141 in Australia, 38-40, 44-45 Australia, 38-39, 40, 46, 72 in Canada, 25-26, 36-37, 44 banking crisis in, 38-40, 44-45 banks, 11, 105, 106, 119, 213, 233. See also currency crises in, 40, 45 National Banks federation of, 39-40 Canadian charters of, 36, 69 Australian Loan Council, 40 charter, 119-120 Colonial, 38 Bagehot, Walter, 10 commercial, 177 Bagehot's golden rule, 210-211 FRBA managing absorption of, 226 Bailyn, Bernard, 107, 126 Imperial, 38 balance of terror, 140-141 impersonal rules of, 106 balance sheet, 219, 220, 239-240, 257 industry and commerce financed by, 78-79 Banco de la Nacion, 40-41 insurance fund for, 121-122

interbank loans of, 208

Bank Act of 1871, 36



284 Index

banks (cont.)	Callendar Cuy Stayons 127
member, 219–222, 228	Callender, Guy Stevens, 127 Calomiris, Charles W., 9, 11, 36, 233, 246,
merchant, 180	276–277
	Cameron, Rondo, 69–70, 78–79
micro-prudential, 233	
prestige, 167, 187	Canada, 4, 38, 46, 54, 69, 96
reserves of, 262–264 rural, 210	bank charters in, 36
	banking crisis in, 25–26, 36–37, 44
state, 68–69, 119–120	Bretton Woods system in, 37–38, 44
state-chartered, 208	currency crisis in, 37–38
trading, 39	debt crisis in, 38, 44
types of, 38	gold standard in, 37–38, 44
banksterism, 162	Canadian banks, 69
Banning, Lance, 117	capital, 14–15, 119, 143–144, 177, 181–182,
Baring Crisis of 1890, 37, 40–41	201–202, 265–267
Barings (family), 166–167, 169	capital markets, 159, 169–170, 181, 193
BAS. See Bulletin of the Atomic Scientists	capitalization, 85, 86, 88, 93, 94, 95
Belmont, August, 33	Carlson, Mark, 9, 11, 203, 233, 246,
Benson, Lee, 121–122	276–277
Benston, George J., 162	Carosso, Vincent P., 158–159, 168,
Berens, Julius, 174	176, 177–178, 180
bimetallism, 33	Carter, Jimmy, 145–146
Bingham, William, 81	Carter, R. B., 165
Bland Allison Act, 33	cash reserves, 237, 241, 263–264
Blyn, Martin R., 77	certificates of deposit (CDs), 267–269
board of directors, 245, 251-256	certification system, 159-160, 161, 169,
bank loans to, 254–255	171–172
board meetings of, 255	Charles I (king of England), 108, 110
Bodenhorn, Howard, 83–84, 87, 92, 121,	charter banks, 119–120
122–123	chartered companies, 6, 79, 88, 93, 94,
Bolles, Albert S., 265–266	95, 96
Bordo, Michael D., 3–4, 16, 20, 25, 116,	charters, 84–85, 86, 120
202–203	China, 71
Branch & Company, 92	Chitu, Livia, 216
Brandeis, Louis, 170, 173	civil liability, 180–181
Brazil, 72	Civil War, 206
Brazilian Funding Loan, 167	clearing houses, 205-206, 214-215
Bretton Woods system, 28–29, 45, 78, 132–133,	Cleveland, Harold van B., 177
151–152	Coffin, George M., 251
in Australia, 40	Cohen, Benjamin V., 173
in Canada, 37–38, 44	Cold War, 132–133, 140–141, 145–147, 149
in U.S., 34, 43–44	appeasement policy during, 146
Bretton Woods Treaty, 192	arms race during, 154
Briggs, Raymond, 143	costs and risks of, 133-134, 154-155
British imperialism, 136	doomsday clock and, 8, 141-142
British North America Act of 1867, 36	economics of, 134-139
broad money (M2), 18, 54-58, 61-63, 72	nuclear warheads and, 139-140
Brzezinski, Zbigniew, 137	stock market movement during, 145
Bucktail party, 121-123	technological innovations during, 142
Buenos Aires, 42	Warburg and, 147-155
Bulletin of the Atomic Scientists (BAS), 141-142	Colonial banks, 38
Business Cycles (Schumpeter), 115	commercial banks, 177



Index 285

commodity boom, 39 Duer, William, 81 Comptroller, 276 Dulles, John Foster, 149-150 Constitution, of U.S., 80 Continental System, 169 "Early American Banking: The Significance of the Corporate Form," 115 Corcoran, Thomas V., 173 Corporate Development, U.S. 1790-1860, 6 earnings, 265-267 corps intermediare, 113-114 economic growth, 2, 53, 73, 132 corruption, 108-110, 113, 120, 126-127 financial crisis and, 3-4, 65 Corti, 171 in Germany, 71-72 cotton, 201-202, 206-208, 213 in U.S., 1-2, 96 Cottrell, Philip L., 78-79 egalitarian democracy, 7, 105-106, 113-114 Cowen, David J., 30 Eichengreen, Barry, 22, 47, 158, 163-164, 166, Coxe, Tench, 80, 81, 83-84, 91 Crays, Dwight, 241 Eisenhower, Dwight, 141 Crisis of 1907, 31 elite bankers, 175-176 Crisis of 2007-2008, 47-48 elites, 106, 126, 128-129 Crissinger, D. W., 228 enforcement, of examination report, 276 equality, 108, 111, 112, 114, 126 cross country regressions, 5, 53, 60 Crowninshield, Benjamin, 120-121 equality between unequals, 110, 113-114, 118-119 Currency Act of 1873, 33 currency crises, 4, 16, 40, 41-42, 45-46 Erie Canal-Great Lakes complex, 89 in Canada, 37-38 European debt crisis, 161 in U.S., 32-34 Evans, Oliver, 90 Cutler, David M., 145 examination process, 238, 240-241, 247-248, 278 Dark, F. H., 165 examination report, 238, 239, 243-245, Davis, Lance E., 77 255-256, 267-271, 276 debt crises, 16, 21, 161, 188 on balance sheet, 257 in Argentina, 42-43 bank reserves in, 262-264 in Australia, 40 banking, 11, 243-245 in Canada, 38, 44 banking houses in, 264-265 interwar, 158, 159-160, 165-166, 193-194 banking practices and, 277 board of directors in, 251-256 U.S., 35, 44 defense spending, 137, 138 capital accounts and, 265-267 DeLong, Brad, 169 CDs reviewed in, 269 democracy, 46, 112-114, 125-126, 128-129 cities and banks in, 244 banking in, 126-129 deposits due in, 264 egalitarian, 7, 105-106, 113-114 dividend payments in, 246, 266-267 elite, 106 information from, 242, 245 liability types in, 246 Democratic Party, 121-122 Democratic-Republicans, 117-118, loan book details in, 245-246 119-120, 121 loan portfolio quality and, 260 despotism, 111-113 on loans, 257-262 détente, 148 on management, 256-257 deterrence, mutual, 140-141 of National Banks, 242-243 Diamond, D. W., 165 ownership and management in, 248-249 discount rate, 31-32, 208-210, 211, 214 public funds in, 269 dividend payments, 246, 266-267 recapitulation in, 271-275 doomsday clock, 8, 141-142, 144-145 regional variation of, 248 Douglas, William O., 173, 174 territories or regions in, 243 Douglass, Elisha P., 90-91 time and frequency of, 247-248



286 Index

exclusive privilege, 125 finance-growth nexus, 5, 65-68 executive power, 108-109 finance-led growth hypothesis, 78 extractive corporations, 85 financial crises, 5, 18-21, 25, 52-53, 54, 61-63, farewell address, of Jackson, 126 in Argentina and Australia, 72 The Farmer Refuted (Hamilton), 109-110 Canada learning from, 44, 46 farmers, 83-84 capital inflows in, 14-15 FBPC. See Foreign Bondholders Protective countries learning from, 16-17, 18-29, 43, Council 46, 47 FDR. See Roosevelt, Franklin D. economic growth and, 3-4, 65 Federal Financial Institutions Examination financial deepening and, 55-60 Council (FFIEC), 239 in globalization, 16, 160 Federal Reserve Act, 31, 32, 202-203, 211-212, in Japan, 70 214-215, 222-223 recession with, 42 Federal Reserve Bank of Atlanta (FRBA), 201, U.S. learning from, 43, 46 203-204, 213-214, 223-224, 227-229 financial deepening, 5, 55, 61, 69 agricultural cycles and, 213 economic growth influenced by, 53, 65, 73 bank absorption managed by, 226 financial crises and, 55-60 depreciation allowed by, 224 of Germany, 71-72 discount rate of, 211 growth regressions in, 66, 67 Federal Reserve Board criticizing, 219, of United Kingdom, 69-70 222-223 financial development, 52, 68, 69, 70-71, 72, 77 interbank loan reduction of, 224-226 financial risk management, 146-147 member bank borrowings, 219-222 financial services sector, 78-79 moral hazard and, 202 financial stability, 3-4, 17-18, 206-208 recession and, 221-222 Financial Structure and Development Federal Reserve Banks, 208-209, 217-219 (Goldsmith), 1 Federal Reserve Board, 11, 215-216, 219, financial system, 11-12, 76, 82-83, 85-86, 222 - 22392-94, 118-119 Federal Reserve Bulletin, 216–217 components of, 79-81 Federal Reserve System, 9, 10, 34, 132-133, globalization of, 14 210, 211-212, 214-215 innovation in, 132 institutions with, 265 creation of, 43 discount rate policy of, 31-32, 210 manufacturers using, 92-94 financial resources of, 213 power of, 9 gold certificates in, 217-219 reforms of, 2 gold reserve standard of, 209 reporting about, 234 member banks of, 213, 228 resources in, 213 member borrowing in, 210-211 in U.S., 6, 77-79, 80-81, 87, 95-96 monetary authority of, 212-213 First Bank of the United States, 29, 36 fiscal federal system, 38 political pressure on, 226-227 reserve ratios in, 219 Fitch Bond Book, 185 Federalism, 117-118, 120, 121 Flandreau, Marc, 9, 160, 163-164, 171, 184, Federalist #10, 111, 113 185, 192 Federation, of Australia, 39-40 Flores, Juan, 160, 166-167, 171, 184, Feis, Herbert, 190-191 185, 192 Fenstermaker, J. Van, 77 Foreign Bondholders Protective Council Ferguson, Niall, 7-8 (FBPC), 190-192, 201-202 FFIEC. See Federal Financial Institutions foreign debt market, 157, 159-160, 162, **Examination Council** $163\text{--}164,\,166\text{--}167,\,168,\,184\text{--}185$ Finance Act in 1914, 37 foreign finance policies, 192-193



Index 287

foreign government, 176, 178-179, 181-182,	national, 117-118, 126-127
185–185	state, 115, 123, 127
foreign loans, 172-173	Whig, 107, 110–111
foreign securities, 172–173, 183–185	Grand Bargain, 36
Foreign Securities Committee (FSC), 187–188,	Great Britain, 96
190–191	Great Contraction, 32, 34
France, 139	Great Depression, 25, 37, 45
Frankfurter, Felix, 173	Great Inflation, 32
Franklin Bank, 83–84, 91–92	Great Transformation, 193–194
Franklin Savings Institute, 87	Greek debt, 161
FRBA. See Federal Reserve Bank of Atlanta	Guaranty Trust, 181–182, 187–188
free banking, 7, 105–106, 120–121, 122, 123, 127	Gulf of Tonkin, 145 Gurley, John, 1
Free Banking Act of 1838, 122-123	
Friedman, Milton, 208, 209-210	Haber, Stephen H., 36
Friends of the Atlantic Union, 149	Hackett, John, 142
FSC. See Foreign Securities Committee	Hamilton, Alexander, 1–2, 6, 106, 109–110, 117, 126
Gaillard, Norbert, 160, 163-164, 184, 192	financial system components and, 79-81
Gallatin, Albert, 81	First Bank chartered by, 29
GDP. See gross domestic product	Stabilization Plan of, 35, 44
Germany, 71-72, 136	Hammond, Bray, 77, 84
Gerschenkron, Alexander, 78-79	Handlin, Mary F., 119
Girard, Stephen, 81	Handlin, Oscar, 119
Glass, Carter, 174, 178, 202-203	Harding, Warren G., 171
Glass-Steagall Act, 158, 162, 176, 177–178, 188	Harding, William P. G., 210, 215–216,
commercial and investment banking in,	222–225
177	Harold, Gilbert, 185
role of deposits and, 178–179	Hart, Basil Liddell, 149–150
underwriters influenced by, 189	Hartford Convention, 81
globalization, 15–16, 160	Hearst press, 174–175
Glorious Revolution, 107, 108	Hendershott, Patric H., 144
gold, 10, 33, 41–42, 202, 217–219	Herfindahl-Hirschman indicator, 184
Gold Pool, 34	Hickson, Charles R., 38–39
Gold Settlement Fund, 212–213, 216–217	Hillegas, Michael, 81
gold standard, 15–16, 34, 206, 209	His Majorties Answers to the XIX Propositions
in Argentina, 45–46 in Australia, 40	His Majesties Answers to the XIX Propositions of both Houses of Parliament, 108
in Canada, 37–38, 44	Hitler, Adolf, 152
in United Kingdom, 34 in U.S., 34	Holy Alliance, 171 Hoover, Herbert, 187
Gold Standard Act of 1900, 33	House of Barings, 167
Goldsmith, Raymond, 1, 78	House of Commons, 109–111
good neighbor policy, 173	House of Morgan, 188
Gorbachev, Mikhail, 138, 139	Howard, Michael, 137
Gorton, Gary, 165	Huertas, Thomas F., 162, 177
Gourinchas, Pierre-Olivier, 16	Hughes, Charles E., 172
governance revolution, 79–80	Hull, Cordell, 173
government, 72, 110–112, 117–118, 128, 209,	Hume, David, 106, 108–110
235–236	Huntington, Samuel, 137
foreign, 176, 178–179, 181–182, 185	hydrogen bomb, 143



> 288 Index

Imperial banks, 38 Knowlton, Evelyn H., 92 imperial outstretch, 136 Krooss, Herman E., 77 imperial policies, 192 impersonal rules, of banks, 106 Ladd Senate hearings, 172-173 Laeven, Luc, 20 Independence of Parliament (Hume), 108-109 Lamont, Thomas W., 164, 170, 172, 177, 179, independent directors, 251 independent discount committees, 255-256 187-188 independent shareholders, 253 bond issue comment of, 170-171 Industrial Revolution, 76, 92-94 House of Morgan and, 188 inland insurance, 85 South American Group and, 186 Inman, Samuel Guy, 172-173 Lamont Memorandum, 177 institutional transformation, 106-107, Lamoreaux, Naomi, 78-79, 91, 160, 254 123, 185 Law of Gravity, 39 insurance, 85-86, 121-122 Lazaretou, Sophia, 20 insurance corporations, 86, 87-88 learners, 3-4, 16-29, 46, 47 interbank loans, 208, 224-226, 269-271 Canada as financial crisis, 44, 46 interbank relationships, 233 U.S. as financial crisis, 43, 46 international bankers, 159, 162, 172-173, Legler, John, 118-119 174-175, 188 Lehman Brothers, 183-184 international capital markets, 193 lender-of-last-resort (LOLR), 201, 202-204, 235-236 international finance, 78, 160, 194 International Monetary Fund, 192 Levine, Ross, 14, 78 interregional bank transfers, 215 Levy, Jacob, 113 interwar debt crisis, 158, 159-160, 165-166, 193-194 Lippmann, Walter, 193-194 intra-elite competition, 106-107, 125-126, loan book, 245-246, 259, 261-262 127-128 loans, 94, 187, 210, 238, 260 investment banking, 158-159, 174, 177, 178, bank, 254-255 183-184 to board of directors, 254-255 demand, 258 Jackson, Andrew, 30, 105-106, 121, 123-124, examination report on, 257-262 foreign, 172-173 The Jacksonians versus the Banks (Sharp), 121 interbank, 208, 224-226, 269-271 James, Harold, 158, 193 real estate securing, 261 James, John A., 258, 267-269 short-term, 91 Japan, 70, 96, 136 Lockard, Paul A., 83-84, 91-92 Jeanne, Olivier, 16 Lockhart, Oliver C., 270 Johnson, Alexander Bryan, 81 Loco-Focos, 122 LOLR. See lender-of-last-resort Johnson Act of 1934, 191 JP Morgan-Chase, 180 London, 166-167

Kabul, martial law in, 145-146 Kahn, Otto, 170-171, 187 Kanawha salt producers, 84-85 Kaplan-Meier non-parametric survivor curves, Kennedy, John F., 141–142 Kennedy, Paul, 8, 134-135, 136-138 Khrushchev, Nikita, 150-151 King, Robert G., 14, 78 Kissinger, Henry, 132-133, 139-140, 153

liabilities, 180, 191-192, 246, 258, 266, 267-271 losses, recapitulation and, 272 M2. See broad money MacArthur, Douglas, 148 Machiavelli, 112 macro-prudential regulations, 233-234, 237, 263-264, 278 Madison, James, 106, 111, 113, 117-118, 128 Maier, Pauline, 105 Majewski, John, 86-87, 92-94 manufacturers, 91, 92-94



> Index 289

marine insurance, 85 National Banks, 10-12, 30-31, 45, 241, 244, market share, 11-12, 164-165, 185 251, 253-254 martial law, in Kabul, 145-146 banking panics and, 31 board of directors loans from, 254-255 Massachusetts, 89-90, 118-119, 120-121, 126, 127 competitive environment of, 274-275 Matsukata, Masayoshi, 70 examination process of, 238, 247-248 Mazur, Paul, 149 examination reports of, 242-243 McAdoo, William G., 33 macro-prudential regulations and, 278 McKinnon, Ronald, 1, 78 regulatory system for, 232, 237 Mehl, Arnaud J., 216 National City Company, 162, 164, 177, Meiji dynasty, 70 181-182, 188 Meissner, Christopher M., 3-4, 16 national constitution, 117-118 Mellon, Andrew, 210-211 National Gold Bonds, 40-41 member banks, 219-222, 228 national government, 117-118, 126-127 Men and American Banking (Redlich), 115 National Guaranteed Banking System, 40-41 mercantilist system, 152 merchant banks, 180 National Monetary Commission, 31 micro-prudential regulations, 233-234, 266 National Science Foundation, 79 military power, 8, 135-136, 153-154 NATO. See North Atlantic Treaty military spending, 136-138 Organization Navin, Thomas R., 92 mining corporations, 84-85 Mintz, Ilse, 166 Nazi Germany, 142-143, 149-150 MIRVs. See multiple independently targetable Neal, Larry, 78-79 reentry vehicles Netherlands, 96 Mitchell, Charles E., 162, 175, 177 New Deal, 9, 43, 158-159, 178, 188, Mitchener, Kris James, 203, 233 190-191 monetary authority, of Federal Reserve System, New Deal Financial Acts, 160, 176, 179-180, 212-213 183-184 money changers, 173 corporate securities in, 183 Money Trust, 169-170 foreign debt market influenced by, 184-185 Montesquieu, 106, 111-114 foreign government debt and, 176, 185 moral hazard, 172-173, 202 sovereign debt markets, 182-183 Morgan, J. P., 33, 169-171, 177-178, 187-188 New England, 78-79 New York, 121-123, 157, 165, 169-170, 186, Morgan, J. R., 221-222 Morgan, J. S., 169-170 246 Morgenthau, Henry, 175 Morris, Robert, 81 mortgages, 36, 39, 94, 245-246, 261 Mountain/Southwest region, 255-256, 260, Nitze, Paul, 142 266-267 multiple independently targetable reentry vehicles (MIRVs), 142 Murray, Lawrence, 240 mutual deterrence, 140-141 Nash, John, 146-147 National Bank Act of 1864, 204-205 National Banking Era, 233-235, 236, 260

New York bankers, 171-172 New York Free Banking Act of 1838, 121-122 Nicholson, John, 81 Nieto-Parra, Sebastian, 160, 184, 192 Nixon, Richard M., 34 non-depository funding sources, 276 non-learners (repeat offenders), 3-4, 17-29, North Atlantic Treaty Organization (NATO), 149, 151-152 Noves, Alexander Dana, 179 nuclear catastrophe, 143-145, 146-147, 148-149 nuclear warheads, 139-140, 142-143 deposit withdrawal concerns during, 241 macro-prudential regulations in, 237, 278 Nullification Crisis, 81 Nye, Joseph, 137

in U.S., 10-12, 45, 68-69, 70

bank stability in, 234



290 Index

OCC. See Office of the Comptroller of the Currency
Office of the Comptroller of the Currency
(OCC), 204–206, 213, 228, 238, 277
Ohio Railroad, 88–89
Ohio River Valley/South, 248, 255–256, 258, 267–269, 277
overdrafts, 261–262, 274–275
over-the-counter markets, 92
Owen, Robert L., 210

Panic of 1873, 241
Panic of 1893, 234–235, 276–277
Panizza, Ugo, 163–164

paper-money system, 124–125 Parker, H., 202–203 Patterson, John A., 92–94 Payne, Peter, 77 peacekeepers, 172 Pecora hearings, 175 Peek, Joe, 144 Pepperell Mill, 90–91, 92 Perkins, Edwin J., 78–79 Perkins, James H., 177, 188 Petrov, Stanislay, 139–140

Phelan Act of 1920, 209

Pike, J. B., 214-215

Plymouth Bank, 83–84 Pocock, J. G. A., 107 Polanyi, Karl, 170–171, 172, 193 Pole, John W., 227–228

political pressure, on Federal Reserve System, 226–227

politics, 7, 46, 107, 112, 128–129, 190–191 Poterba, James M., 145 prestige banks, 167, 185, 187 prestige capital, 181 prestige system ownership, 159–160 price support, 180

prime brokers, 181 private individuals, power of, 193–194 productive investments, 135–136 *Protect and Survive*, 143 Pujo Committee, 170

Qian Lu, 119, 120

Rajan, Raghuram, 193 Reagan, Ronald, 137, 138–139, 145–146, 153 real estate lending, 237, 241–242, 261, 276 recapitulation, 271–275 Redlich, Fritz, 77, 115 regulations, 120, 190-191 on cash reserves, 237 macro-prudential, 233-234, 237, 263-264, 278 micro-prudential, 233-234, 266 on real estate lending, 241 regulatory system, 232, 233-234, 237 Reichsbank, 71-72 Reinhart, Carmen M., 20, 38, 47 relationship banking, 188 Report of the Comptroller of the Currency, 239 - 240Report on the Public Credit (Hamilton), 117 republican government, 117-118 republican ideas, 107-108, 110-111, 112, 113-114 republican theory, 107 reputation argument, 166, 175-176 reputational liability, 191-192 reputations, 166-167 Reserve Bank of Australia, 39-40 Reserve Cities, 233, 242-243, 263-264 reserve ratios, 212-213, 219, 262-263 "The Revolutionary Origins of the American Corporation," 105 Rhee, Syngman, 141 Richardson, Gary, 203, 216, 233 The Rise and Fall of the Great Powers (Kennedy, P.), 8, 136-137 risks, 10, 11, 146-147, 154-155, 235 Rockefeller, John D., 178

recession, 42, 221-222

Redish, Angela, 116

Rockoff, Hugh, 116
Rogoff, Kenneth S., 38, 47
Romero fix, 42
Roosevelt, Franklin D. (FDR), 32, 34, 172–173, 191–192
foreign finance policies of, 192–193

international bankers attacked by, 188 investment banking comments of, 174 Rothenberg, Winifred B., 86 Rothschild, Lord, 132 Rothschild, Nathaniel de, 166–167, 170–171

Rousseau, Peter L., 2, 4–5, 14 rural banks, 210

Sabin, Charles, 187–188 Safety Fund, 121–122



Index 291

state banks, 68-69, 119-120, 208 salaries, of management, 256-257 Sale of Foreign Government Bonds, 170-171 state governments, 115, 123, 127 Schelling, Thomas, 146-147 stock certificates, 265-266 Schiff, Jacob H., 166 Story, Joseph, 120-121 Schubart, William, 147-148 Stourzh, Gerald, 112 Schumpeter, Joseph A., 78-79, 115 Strategic Defense Initiative, 138 Schwartz, Anna J., 208, 209-210 Strong, Benjamin, 210 Scotland, banking model of, 44-45 subprime crisis, 158 Sears, Marian V., 92 Summers, Lawrence H., 145 Secession Crisis, 81 superpowers, 141, 142-143, 148 Second Bank of the United States, 30, 95-96, supervisory activities, 233-234 105-106, 123-124 surety bonds, 256-257 secondary liquidity reserves, 258 swap network, 34 Securities Act of 1933, 179-180, 190-191 Sweden, 70-71 Sylla, Richard, 2, 12, 14, 30, 78-79, 92, 118-119 Securities Exchange Act, 176, 179-180 securities markets, 79, 80-81, 88-89, 92 banks promoting development from, self-regulating system, 140-141 125-126 Senate Committee Hearings, 172-173, economic development study of, 105 175-176 finance-growth nexus from, 2 Senate Committee on Banking and Currency, foreign debt underwriting from, 168 162, 175 free banking regime suggested service corporations, 95 by, 120-121 S.G. Warburg & Co., 147-148 papers by, 115-116 Shapiro, Carl, 165 public database of, 6 shareholders, 249, 251, 265-266 systemic corruption, 108-109, 113, 120 Sharp, James Roger, 121 systemic financial crises, 54 Shaw, Edward, 1, 78 systemic risk, 10 Sherman Silver Purchase Act, 33 Shleifer, Andrei, 207-208 Talbott, Harold E., 150–151 short-term loans, 91 tâtonnement process, 185 signaling theory, 164-165, 168 taxes, on bank capital, 119 silo effect, 132-133 technology, 77, 142, 153-154 silver standard, 43-44 technology-induced catastrophe, 141-142 Silverman, Joan L., 162 The Theory of Economic Development Singh, A. K., 165 (Schumpeter), 115 single counterparty loans, 260 The Third World War: August 1985, 142 Sixth Federal Reserve district, 206-208 Thorndike, Israel, 81 Slemrod, Joel, 143-144 trading banks, 39 South American Group, 186 transparency, 234 transportation, 87-89 sovereign debt market, 44, 163-164, 166-167, Trescott, Paul B., 78-79 182-183, 184, 186 Soviet Union, 142-143, 149-150, 152-153 Triffin Dilemma, 34 Reagan and collapse of, 138 Troost, William, 203 Reagan and sanctions on, 145-146 Tucker, George, 241-242 real growth rates of, 138 Turner, John D., 38-39 U.S convergence with, 152 Tutwiler, J. B., 227-228 specie standard, 32-33, 43-44 Spence, Michael A., 165 underwriters, 159, 163-164, 167, 181, Spiegelberg, Ernst, 151 185, 189 The Spirit of the Laws (Montesquieu), 111 in bond market, 9 Stabilization Plan, 35, 44 civil liability for, 180-181



292 Index

underwriters (cont.) Von Ludendorff, Erich, 148 of foreign debt, 168 Von Neumann, John, 146-147 foreign securities, 183-185 Wachtel, Paul, 4-5 performance of, 165-166 Wallis, John Joseph, 7, 118-119 reliability of, 163-164 Wang, Ta-Chen, 83-84 unit banking, 236 United Kingdom, 25-26, 34, 54, 69-70 war bond repurchase plans, 227-228 United States (U.S.), 43, 46, 79-80, 132-133, War Loan Corporation, 210-211 136, 152 Warburg, Paul, 202-203 Warburg, Siegmund, 8, 149, 151-152, 153 banking crisis in, 25-26, 29-32 Cold War and, 147-155 banking system in, 116 Bretton Woods system in, 34, 43-44 military technology foresight of, 153-154 Constitution of, 80 nuclear war risks from, 148-149 Corporate Development in, 6 on Soviet Union, 149-150, 152-153 as transatlantic, 147-148, 149 as creditor country, 168 currency crisis in, 32-34 Warsaw Pact, 138 debt crisis in, 35, 44 weapons systems, 134-135 defense budget of, 137 Wellborn, Maximlian, 204, 214, 219-222, defense spending of, 138 223, 229 economic growth in, 1-2, 96 Werley, Carolyn, 163-164 financial systems in, 6, 77-79, 80-81, 87, Western Europe alliance, 149 95-96 Western intellectuals, 152 free banking in, 105-106 Wheelock, David C., 202-203 When the Wind Blows (Briggs), 143 gold standard in, 34 institutional changes in, 106-107 Whig government, 107, 110-111 National Banking era in, 10-12, 45, White, Eugene N., 9, 10, 258 68-69, 70 Williams, John Skelton, 214 post-colonial economic growth in, 2 Wilson, Jack W., 92 securities market in, 79, 80-81 Winkler, Max, 191 sovereign debt crisis in, 44 Wirt, John, 90 specie standard in, 43-44 Wood, Gordon S., 107 Worcester Bank, 83-84, 91-92 Untermeyer, Samuel, 170 U.S. See United States World War I, 168 utility corporations, 94 Wright, Robert E., 6, 30, 83-84, 86-87, 91, 92, 116 Valencia, Fabian, 20

Yokahama Specie Bank, 70

Van Buren, Martin, 121-122

Vishny, Robert W., 207–208 Volcker, Paul, 145