

More Information

Index

Abreu, Dilip, 503-504 Argentina, 237-238, 330, 344-345, 401, 403 ACAM. See Mutual Insurance Supervisory The Art of Central Banking (Hawtrey), Authority 255-256 Ashton, T. S., 234-235 acceptance credit, 580 Asian financial crisis (1997-1998), 294, acceptance market, 151-152 Accominotti, Olivier, 366-367 344-345, 400-401, 411, 413-414, accountability, 63-64, 647-649, 652-653, 665 ACP. See Autorité de Contrôle Prudentiel emerging market economies and, 394-398 Act for Competition and Credit Control RBNZ and, 139 (CCC), 456-457 asset liquidity, 617-618 active reserve, 12, 282-283 asset price bubbles, 14, 261, 406-407 agio, 23, 26-27, 29-30 conclusions to, 509-510 Aguiar, Mark, 408 introduction to, 493-496 Aizenman, Joshua, 391-392, 397-398, 401, overview of episodes, 496-501 403-404 policy responses and, 503-509 Aldrich-Vreeland Act, 243, 451 severity of crises, 501-503 Alesina, Alberto, 198-199 Association of Limited Liability Companies, Aliber, Robert Z., 231, 233-234, 496-497 450 Australia, 196, 212-213, 222-223, 263, American Account economies, 307-308 312-313, 332-333, 338-339, American National Monetary Commission, 441-442 Amsterdamsche Wisselbank. See Bank of Bretton Woods and, 126-127 CBA, 125-127, 216-217 Amsterdam Anand, Rahul, 407 as high trust society, 217 The Anguish of Central Banking (Burns), New Zealand and, 136-137 RBA, 125-127, 216-217, 504-505 Annual Report on Exchange Arrangements and real estate bubble of, 496-497, 504-507 Exchange Restrictions (AREAER), Austria, 167-168, 177-178, 240, 254, 256, 282, 421-422 295-296, 298-300 annuities, 20-22, 24-25 active exchange rate policy in, 158 Ansaldo, 450 classical gold standard and, 324-326 anti-Semitism, 266 government debt in, 40 Arab-Israeli War, 611-612 market interest rates in, 172-173 AREAER. See Annual Report on Exchange second-generation public banks in, 40 Arrangements and Exchange War of Austrian Succession, 26-27 Restrictions Austro-Prussian War, 330



674 Index

autonomy, 63-64, 70-71 monetary, 398-402 monetary nonautonomy, 398-399 Autorité de Contrôle Prudentiel (ACP), 470 Autorité des Marchés Financiers, 470 Ayr Bank, 244 Bade, R., 198-199 Bagehot, Walter, 11, 235, 262, 291, 425, 427-428, 645-646. See also Lombard Street: A Description of the Money Market Bernanke and, 246 inherent fragility and, 264 Liberal Party and, 292-293 LOLR and, 233-234 Responsibility Doctrine and, 3, 115, 633 Bagehot's rule, 246-247, 257-259 Bai-Perron test, 83-84 balance of payments, 196, 343, 356-357, 363, 378-379, 610 balance sheets, 45-46, 280-282, 368-369, 377-378, 636-637 consolidated, 12-13 expansion of, 5, 14-15 of Federal Reserve, 128-131 money demand and, 20 money markets and, 153-162 Balkan War, 330 Ball, L., 63-64, 77-78 Banca di Genova, 152-153 Banca d'Italia, 67, 240-241, 434-435, 442-443 inflation and, 123-124 World War I and, 123, 449-451 Banca Nazionale del Lavoro, 460 Banca Nazionale nel Regno d'Italia, 152-153, 433, 442 Banco de España, 217-219 Banco de la República, 453-455, 465-467, 474-475 Banco de Portugal, 296, 666 Banco del Giro, 27-28, 40, 44, 48-50 Banco di Rialto, 27-29, 44, 52-53 Bank Act (1833), 326-327 Bank Act (1844), 3, 326-327, 439-440 Bank Act (1891), 437-438 Bank Act (1900), 437-438

Bank Act (1947), 470-471 Bank Act (1967), 464-465 Bank Act (1993), 471-472 Bank Act Amendment (1924), 453 Bank Charter Act (1833), 430-431 Bank Charter Act (1844), 236-237, 430-431, 630-631, 642 Bank Circulation Redemption Fund, 437-438 Bank deutscher Länder, 152-153 Bank for International Settlements (BIS), 256, 280, 333, 339, 347, 476-477 asset price bubbles and, 494 banking statistics and, 363-364 bilateral cooperation and, 347-348 bank holidays, 252-253, 461-462 Bank Law (1926), 450-451 Bank of America, 233-234 Bank of Amsterdam (Amsterdamsche Wisselbank), 32, 46-47, 51-53, 580, 602-603 founding of, 29 as LOLR, 580-581 receipts and, 578-580 Bank of Canada (BoC), 64, 67, 70-71, 131-136, 464-465 Bank of Canada Act, 133-134 Bank of Credit and Commerce International (BCCI), 477-478 Bank of England, 18-19, 35-36, 46-47, 114-117, 151-152, 175-176, 327-328, 610-611, 629-630 banknotes and, 2, 32-33 Baring Crisis and, 262-265 bearer notes and, 574 check payments and, 585-586 credibility and, 104-105 deposit banking and, 439-441 discount rates and, 172-173 foreign assets and, 158 forward guidance and, 4-5 FSM and, 430-431 gold and, 247 gold standard and, 107-108 good collateral and, 3 government debt and, 35-36 Group Arrangement and, 340-341 as LOLR, 234-239, 633 open market operations and, 177-178 origins of, 67 in past, 630-631 payment systems and, 582-585

Bank Act (1926), 450-451

Bank Act (1941), 469-470

Bank Act (1946), 470-471

Bank Act (1936), 460-461, 470



Prudential Regulation Authority and, 468	Baring Brothers and Company, 237-238,
Smith on, 244	262–263, 330, 440
structure of, 51–52	Baring Crisis, 238, 262–265, 442–443, 633
suspension of convertibility and, 55-56	Barro, Robert, 198, 220-221
World War I and, 446-447	Basel Committee on Bank Supervision (BCBS),
World War II and, 116, 455-456	476–477, 479–480, 612–614, 617–618
Bank of France. See Banque de France	Basel I agreement, 477–479, 613, 616–617
Bank of Hamburg, 30-31, 46-47, 51-53	Basel II agreement, 477, 479-480, 614, 616-618
Bank of Japan, 67, 288-289, 320-321, 324,	Basel soft laws, 471-472
328–329, 506	BCCI. See Bank of Credit and Commerce
credibility and, 96	International
as LOLR, 239	BCSC. See Basel Committee on Bank
Bank of Spain, 24-25, 284, 296	Supervision
Bank of the Parliament (Riksens Ständers	Bear Stearns, 270–271, 592
Bank), 34–35	Beckhart, B. H., 437-438, 441-442
Bank of United States, 257, 264-267	Beenstock, Michael, 205-206
Bankers Industrial Development Corporation	Belgium, 152–153, 158, 167–168, 207–210, 282,
(BIDC), 447	295, 298–299, 304–306
Bankers Trust Company, 371–372	collateralized lending and, 169-170
Banking Act (1874), 434	credit controls and, 178
Banking Act (1921), 218-219	National Bank of Belgium, 287–288
Banking Act (1933), 462	Berg, Carl, 413–414
Banking Act (1935), 462	Berman, U. Michael, 409-410
Banking Act (1941), 458-459	Bernanke, Ben, 11, 73–74, 104, 107–108, 255,
Banking Act (1946), 218-219	267–268, 273, 618–619
Banking Act (1962), 219	asset price bubbles and, 493-494
Banking Act (1979), 457, 636-637	Bagehot and, 246
banking crisis (1930s), 177-178	cost of financial intermediation and,
Banking in the early stages of industrialization:	261–262
a study in comparative economic history	FSM and, 424
(Cameron), 1	global financial crisis and, 68, 346-347
Banking Law (1865), 438–439	Beyer, A., 78–106
Banking School, 285-286, 304	Bhundia, Ashok J., 398, 401
banknotes, 14, 154, 430, 443	BIDC. See Bankers Industrial Development
Bank of England and, 2, 32-33	Corporation
convertibility of, 446-447	Big Bang (1986), 467–468
protection of, 430–439	The Big Short (Lewis), 621
in Sweden, 34	Bignon, Vincent, 231, 248–249, 431
Banque de France, 38–39, 117–119, 301–302,	bills of exchange, 23-24, 29, 37-38, 164,
324, 326–328, 431–433	168–169, 570, 602–603, 630–631
deposit banking and, 441–442	Early Modern system and, 14
domestic lending and, 165–167	exchange banks and, 575–577
gold exchange standard and, 300-301	foreign, 41–44
as LOLR, 239–240	Bimetallic system, 117, 218–219
World War I and, 448–449	BIS. See Bank for International Settlements
Banque générale (Banque Royale), 36-38, 56	Bitcoin, 57, 663–664
Banque Nationale de Credit (BNC), 457-458	Black Monday, 250–251
Banque Royale (Banque générale), 36-38,	Black Tuesday, 250–251
56	Blessing, Karl, 70-71
Barcelona, Spain, 23-25, 44-46, 49-51	Blinder, Alan, 62, 428
Baring, Francis, 235, 244-245, 255-256	BNC. See Banque Nationale de Credit



676 Index

BoC. See Bank of Canada Bundesbank (DBB), 71-85, 95-96, 113-114, Bolshevik Revolution, 297, 329-330 338-339, 346-347 Bomhoff, Karl Gether, 633-634 Bureau of Economic Analysis, 375-376 Bonaparte, Napoleon, 28, 39 Bureau of Internal Revenue, 200 bons de la Defense Nationale, 448-449 Burgess, W. Randolph, 452 Burns, Arthur, 71, 100-104, 129-130, 341 boom-bust economic cycle, 268-269, 359, 388-389, 408-409 Bussière, Matthieu, 413-415 Bordo, Michael D., 79, 131-132, 231, 499-500 Borio, Claudio, 75, 280-282, 362 Cagan, Philip, 198-199 Bouey, Gerald, 134 Caisse de Dépôts de Consignations, 459 Caisse des Comptes Courants, 39, 46-47 Braude, Jacob, 198-226 Brazil, 324-326, 347, 401, 403, 412-413 Caisse d'Escompte, 36, 38-39, 55 Bretton Woods, 196-197, 215, 254-255, Caisse Nationale de Crédit Agricole, 459 298-299, 335-336, 345-346, 471-472, Caja de Crédito Agrario, 465-466 636-637 Caldwell and Company, 251-252 Australia and, 126-127 Calomiris, C. W., 263-264, 330 Canada and, 71, 132-134 Cameron, Rondo, 1 central bank reserves and, 304-312 Canada, 13, 71-72, 81-82, 197, 304, collapse of, 106, 309-310 312-313, 337-338, 483. See also Bank DBB and, 122 of Canada Bretton Woods and, 71, 132-134 emerging economies and, 389-390 Federal Reserve and, 129-130 Covne Affair in, 125-127, 134-135 France and, 118-119 deposit banking in, 445 gold-exchange standard and, 304-306 deregulation in, 473-474 international monetary regime and, 336-342 FSM and, 437-438 global financial crisis and, 134-135 interwar gold standard and, 322-323 Italy and, 123-124 globalization in, 473-474 Norway and, 120 Great Depression and, 464-465 Sweden and, 113-114 IT and, 72 Switzerland and, 124-125 World War I and, 452-453 UK and, 116 World War II and, 132 Britain, 152-153, 165-167, 174-175, 246. See Canada Deposit Insurance Corporation also Bank of England (CDIC), 464-465 classical gold standard and, 324 Canadian Bankers Association, 437-438, 445, credibility and, 69 452-453, 464-465 credit controls and, 178 Capie, Forrest, 198-202, 206-207, 215-216, Exchange Equalization Accounts in, 302 231, 249-250, 456-457 Financial Revolution of, 1-16 capital, 443 Glorious Revolution of, 1-16 closed markets, 390 gold standard and, 201, 319-320, 367 foreign, 303-304, 500 as high trust society, 216-217 inflows, 497-498 LOLR in, 3 free movements, 328-329 monetary policy debates in, 285-286 mobility of, 413-414 Napoleonic Wars and, 35-36, 246-247 openness of, 396-397 social, 247 standing facilities in, 174-175 British Government Securities, 618 Tier 1 capital base, 616-617 Brown, William Arthur, 446-447 capital accounts, 12-13, 357-358 Brunner, Karl, 62, 198-226 IMFS and, 356-357 Brunnermeier, Markus K., 495-496, 503-504 liberalization of, 311-312 Bubble Act (1720), 583-584 shocks, 412-413 bullion, 2, 54, 158, 281-287 Capital Assistance Program, 269



capital controls, 125, 321–322, 343, 345, 415, 479	central bank independence, 2, 10, 12, 82–83, 93–94, 650–653
elimination of, 469	contracts, examples of, 215-220
in Germany, 333-335	conventions and, 198-200
index, 392	free banking in high trust societies, 221-222
capital exports, 293	GDP and, 223-224
capital flight, 370-371	high trust societies and, 204
capital flows, 196-197, 328, 366-367, 373-378,	instructions and, 201-204
412-413	introduction to, 195-197
cross-border, 391-392	openness, degree of, 221-227
external, 222-223	role of law and, 198-200
gross, 361-362, 375-376	small open economies and, 204-205,
international, 370	211–212
measuring, 361-364	trust and, 198-200
net, 357-358, 361-363, 376-377	Central Bank Money, 122-123
private, 396–397	central bank reserves
reversals of, 387	Bretton Woods and, 304-312
round-trip, 375-376	conclusion to, 312-313
short-term, 158-160	early history of, 283-288
World War II and, 282-283	Europe and, 288-293
capital inflows, 14, 408-409	foreign exchange reserves, 293-297
foreign, 497-498	Genoa and, 297-304
capital markets	central banking operations, 5
closed, 390	central banks. See also specific topics
malfunctioning of, 222	conclusion to, 666-668
short-term, 293-294	future issues, 650-666
Capital Purchase Program, 269	constituency-building, 653-655
capital ratios, 623-624	decision-making under uncertainty,
capital requirements, 21, 472-473	657–662
Carney, Mark J., 64	independence, 650-653
Carr, Jack, 453	interventions in financial markets and
carry trades, 296–297	institutions, 655–657
Carter, Jimmy, 130	money and banking, 662-664
Casa di San Giorgio, 25-27, 37-38, 51-52	transparency, 664–666
cash, 566	in past, 630–639
casino banks, 621	Bank of England, 630-631
Cassa Depositi e Prestiti, 460	financial system oversight, 636-637
Catalonia, Spain, 23–25, 48–50	modern monetary policy, 637-639
Catao, Luis, 413-414	Norges Bank, 631-638
Catholic banks, 450–451	payment system and, 634-636
Cavour (Prime Minister), 433–434, 439	at present, 639–650
CBA. See Commonwealth Bank of Australia	accountability, 647–649
CCC. See Act for Competition and Credit	clear objectives, 640-644
Control	history and experience, 649-650
CDIC. See Canada Deposit Insurance	tools and competence, 644-647
Corporation	purpose of, 627–630
CECEI. See Credit Institutions and Investment	Chamon, Marco, 402
Firms Committee	CHAPS, 563–564, 593–594
Central America, 323–324	chartered banks, 464–465
central bank communication, 139, 508–509	cheap money, 132–133
central bank cooperation, 336–342	check payments, 585–587



Checkland, S. G., 244	silver, 39, 54, 582-583
Chen, Qianying, 413-414	transactions, 20-21
Chicago flat craze, 498–499	virtual, 54
Chicago real estate boom (1881–1883),	Cold War, 610-612
496–497, 502–503	collateral, 572-573, 636, 656-657
Chile, 332–333, 403	good, 3, 249–250
China, 294, 342–343, 347, 361–362, 375–376,	trust and, 262
388, 403	collateralized lending, 162-170, 262
bank drafts in, 576	collateralized loan markets, 180
renminbi and, 311-313, 343	collateral-saving devices, 590-591
reserve accumulation and, 411-413	collegial committee, 648-649
silver standard and, 323-327	Colombia, 13, 332-333, 401, 403
Chinn, Menzie, 392, 397–398, 412–414,	deposit banking in, 445-446
422–423	deregulation in, 474-475
CHIPS, 593–594	FSM and, 438-439
Chrysler, 268–269	globalization in, 474-475
Chung, H., 75–76	gold standard and, 465
Churchill, Winston, 332	Great Depression and, 465-467
CIA Factbook, 421–422	World War I and, 453-455
Citigroup, 602	Comité de Réglementation Bancaire et
City of Glasgow Bank, 237-238	Financière, 470
Civil Code, 433–434	commercial bank finance, 1-16
Civil War	commercial bills, 163-164
of Colombia, 438-439	Commercial Code, 431-434
of Spain, 218–219	commercial corporations, 41
of U.S., 324-326, 330-332, 436-437,	Commercial Revolution, 286
586–587	Commission Bancaire, 458-459, 469-470
classical gold standard, 322-331, 361, 637-638	Commission de Contrôle des Banques,
in Austria, 324–326	458-459
Britain and, 324	committee-based decision-making, 646-649
Napoleonic Wars and, 323-324	661
World War I and, 69, 323-324	commodity bubbles, 502
clear objectives, 640-644	commodity exporters, 402
Clearing House Association, 265–266	commodity money system, 20-21,
clearinghouse loan certificates, 241-243	662–663
clearinghouses, 240-243, 570, 585-586, 635	multiple-coin, 49
closed capital markets, 390	commodity prices, 284-285
closed economies, 205	commodity standards, 319-320, 662-663
CLS. See Continuous Linked Settlement	Common Law, 199, 202
Coase, Ronald, 201–202	common shocks, 221-222
Code of Liberalization, OECD, 310-311	Commonwealth Bank of Australia (CBA),
coevolution	125–127, 216–217
of monetary policy, 147-151	Commonwealth Trust Company, 473-474
of money markets, 11, 147-151	communication
Coinage Act (1792), 435	of central banks, 139, 508-509
coins and coinage, 23-24, 27, 569-570	with public, 70–71
debasement of, 30-32	Community Development Capital Initiative
exchange banks and, 575-577	269
gold, 25–26, 39	Companies Act, 430–431
multiple-coin commodity money system, 49	comparative analysis, 146-147
recoinage, 35	comprehensive net worth, 20



Comptoir d'Escompte, 239–240, 441–442,	measuring over long time span, 80–81
457–458	methodological considerations for, 81–83
Concordat, 477–479	oil price shock and, 78–106
Connally, John, 320, 341	quantifying, 74–81
Conseil d'Etat, 432	shocks, 10, 68
Consortium for Industrial Finance, 450	in UK, 104–105
constituency-building, 653–655	in U.S., 96–104
constrained discretion, 629, 642-643, 657-658	credit booms, 360, 368-369, 373-374, 654-655
contagion of fear, 232	credit cards, 566
Contamin, 295–296	credit controls, 178, 180-181, 456-457
continuity bias, 7	credit expansion, 357-359
Continuous Linked Settlement (CLS), 565,	Credit Institutions and Investment Firms
590-603	Committee (CECEI), 470
in-out swaps and, 599-601	Crédit Lyonnais, 469–470
liquidity saving and, 599-601	Crédit Mobilier, 239
operation of, 592-599	Crédit National, 448-449
policy issues and, 601-602	credit rationing, 459-460, 585, 644-645
as private sector innovation, 591-592	credit risk, 148-149, 162-163, 636-637
conventions, 198-200	Creditanstalt crisis, 121
convergence periods, 11	Crimean War, 330, 633-634
convertibility, 298-299, 328	Crispi (Prime Minister), 442
of banknotes, 446-447	cross-border borrowing, 409
of bullion, 283-285	cross-border capital flows, 391-392
current account, 337-339	cross-border cooperation, 56-57
of gold, 113	cross-country settlement risk, 594
of silver, 632–633	Cukierman, Alex, 63-64, 82-83, 206-207
specie, 117	culture of stability, 73-74
suspension of, 55–56, 434	Cunliffe report, 115–116
Core Principles for Effective Banking	currency crisis (1984), 137–138
Supervision (BCBS), 479–480	currency internationalization, 311–312
correspondent banking method, 593, 600–601	currency jurisdiction, 364
Coulibaly, Brahima, 410–411	Currency Reform (1923), 121
countercyclicality, 410–411, 415–416, 623–625	Currency Reform (1948), 122
counter-factual simulation, 658, 661	currency repos, 301–302
counterparties, 180, 574	Currency School, 285–286
Coyne, James, 70–71, 133–134	currency wars (1930s), 8, 337
Coyne Affair, 125–127, 134–135	current accounts, 361–362, 366–367, 379–381
CPI inflation, 96–98	balances, 396–397
crawling peg regime, 137–138	convertibility, 337–339
credibility, 10	IMFS and, 356
Bank of England and, 104–105	surpluses, 356–357
Bank of Japan and, 96	current money, 23, 30–32
Britain and, 69	cyclical factors, 154–158
conclusions to, 107–108	cyclical factors, 13.1–130
data, 81–83	Danat. See Darmstädter- und Nationalbank
empirical evidence for, 83–107	Dannhauser, Jamie, 204–205
Federal Reserve and, 100–104	Darmstädter- und Nationalbank (Danat),
gold standard and, 10, 68–69, 93–94	372–373
history of, 68–74	Darwinian model, 10, 18–19, 51–52
introduction to, 62–68	Dawes Plan, 303–304
Japan and, 71–72, 96	DBB. See Bundesbank
japan anα, /1−/2, /0	DDD. JCC DUHUCSDAIK



680 Index

discount rates, 170-173, 177-178 de Cecco, Marcello, 293-294 debt-to-equity conversion, 37-38 discount window, 177-178, 180 decision-making, 646-649, 657-662 discretion-based supervision, 452, 483-484 internal, 280 displacement, 360, 367-368, 498-499 units, 12-13, 358, 363-364 Disyatat, Piti, 362 deflation, 79, 86, 106, 131-132, 621-622 divergence periods, 11 global, 297 diversity of thought, 661 Dodd-Frank Wall Street Reform and in Japan, 86-90 periods of, 67-68 Consumer Protection Act, 271-272, DeGaulle, Charles, 118-119 428, 602 Dehing, Pit, 32, 579-580 dollar, 12, 113-114, 282, 342-343, 377-378, delivery versus payment (DVP), 596 569-570 demand deposits, 244-245 global liquidity and, 308-309 demand management, 407-408 IMFS and, 358 demand notes, 244-245 liquidity of, 281 demandable deposits, 44, 48 phases of, 343-344 denier resort, 244-245 rivals to, 312-313 Denmark, 119-120, 631 shortage of, 376-377 Denmarks Nationalbank, 240 swap lines, 347-348 Denzel, Markus A., 47, 53-54 in UK, 309 Department of Insurance, 474 domestic assets, 182 dependency, 213 domestic bonds, 367-368 deposit banking, 439-446 domestic economy, 7-8 in Canada, 445 domestic lending, 165-168 in Colombia, 445-446 domestic liabilities, 368-369 in France, 441-442 domestic liquidity, 158-160 in Italy, 442-443 domestic markets, 162 in UK, 439-441 domestic monetary operations, 158-160 in U.S., 443-445 Dominion Act, 437 deposit certificates (fede di credito), 26-27, 34 Dominion notes, 437, 452-453 deposit insurance, 263-264, 444-445, 653-655 dot.com crashes, 425, 498-499, 502, 506 deposit-currency ratio, 256-259, 265-266 double liability, 272-273 Depository Trust and Clearing Corporation Douglas, Roger, 138-139 (DTCC), 602 Dow Jones Industrial Average, 250-251 deposit-reserve ratio, 257-259, 265-266 Draghi, Mario, 289-290 deregulation, 426, 467-475, 497-498, 500-501 Drexel Burnham Lambert, 266-267 in Canada, 473-474 DSGE. See Dynamic Stochastic General in Colombia, 474-475 Equilibrium in France, 468-470 DTCC. See Depository Trust and Clearing in Italy, 470-472 Corporation in UK, 467-468 Dunbar, Charles F., 439 in U.S., 472-473 Dutch East India Company (VOC), 30, 573, Deutsche Bank, 371-373 578, 580-581 Dutch Republic, 29-30 Deutschemark, 122 DVP. See delivery versus payment Deutsches Lander Bank, 122 Devaluation of 1967, 116 Dybvig, Philip H., 232, 263-264 Diamond, D. W., 232, 263-264 Dynamic Stochastic General Equilibrium Dickens, Charles, 4 (DSGE), 616 Diefenbaker, John, 133-134 digital currency, 663 Early Modern system, 14, 565 diplomatic alliances, 290-291 East India Company, 160-161 Disconto Gesellschaft, 372-373 EBU. See European Banking Union discount market, 162, 175-176, 180 ECB. See European Central Bank



Index 681

Eccles, Marriner S., 320 European Central Bank (ECB), 65-66, economic contractions, 232-233 73-85, 146, 179-180, 342-343, 426, economic freedom, 206-207, 213, 215 economic growth performance, 66-67 European Economic Community (EEC), 137, Economic Journal, 295-296 344-345 economic objectives, 62-63 European Monetary System (EMS), 118-119, economic shocks, 62-63 123-124, 323, 469 economic territory, 362-364, 379-380 European Monetary Union (EMU), economies of scale, 567-568 480-481 The Economist, 476-477 European National Banks of Issue, 124 EEC. See European Economic Community European Payments Union, 337-338 Efficient Market Hypothesis, 616 European Stability Mechanism, 294, 343 Eggertsson, G., 64-65 European System of Central Banks, 219 Eichengreen, Barry, 6-7, 251, 319, European Union (EU), 344-345, 471-472, 366-367 480 - 482Einzig, Paul, 300-301 Eurosystem, 165, 343, 469-470 Eitrheim, Øyvind, 629 Eurozone, 311, 376-377, 388-417, 612-613 Ely, Richard, 647 evolutionary process of public banks, 44-56 Emergency Banking Act (1933), 461-462 conclusion to, 56-57 evolution and, 50-56 emergency loans, 248 emerging economies external evolution, 52-53 future conjectures, 415-416 fiat money, 53-54 international trilemma and, 389-398 general features, 50-51 introduction to, 387-389 internal evolution, 52-53 monetary policy, describing, 398-411 state and bank, 55 reserve accumulation and, 411-415 stumbles and adaptations, 55-56 self-insurance and, 411-415 three eras, 51-52 Emmanuel, Rahm, 267-268 origins of, 47-50 EMS. See European Monetary System private failings, 48-49 EMU. See European Monetary Union public failings, 49-50 encadrement du crédit, 459-460, 468-469 quantitative overview of, 45-47 engineering sectors, 450 ex ante liquidity, 148-149, 163-165 enhanced shareholder liability, 272-273 excess financial elasticity, 12-13, 357-361, Ennis, Huberto M., 263-264 379-380 Equity Funding Corporation of America, excess saving, 357-358 266-267 exchange banks, 575-582, 602-603 equity ratios, 624-625 Amsterdam and, 577-578 ERM. See Exchange Rate Mechanism bills of exchange and, 575-577 ERS. See exchange rate stability coins and, 575-577 Esdaile, Grenfell, Thomas & Co., 238 public banks to central banks, 578-582 Esdaile, James, 238 exchange controls, 132, 302, 610 Estey Commission, 473-474 Exchange Equalization Accounts, 302 Estonia, 298, 403 Exchange Fund Account, 132 EU. See European Union Exchange Rate Mechanism (ERM), 114, 615, euro, 105-106, 122-123, 311-313, 342-343, 638, 642-643 569-570 exchange rate pass through, 406-407 euro crisis (2010), 343 exchange rate peg, 398-399 Eurodollar market, 467, 476 exchange rate stability (ERS), 7-8, 328-329, Euromarkets, 611-612 391-396, 422 Europe. See also specific countries exchange rates. See also fixed exchange rates; central bank reserves and, 288-293 floating exchange rates European Banking Union (EBU), active policy, in Austria, 158 480 - 482fluctuations in, 20-21, 49, 598



682 Index

exchange rates (cont.) forward guidance and, 4-5 managed, 319-320, 347 gold reserve of, 260-261 nominal, 363 gold standard and, 71, 128 non-market, 53-54 inflation and, 96-98 pegged, 107-108, 122, 132-133, 196-197 Meltzer on, 260 profits of, 18 real exchange rate depreciation, 210-211 regimes, 319-322 World War I and, 128 fixed, 322 World War II and, 65-66, 129-130 as shock absorbers, 394-396 Federal Reserve Act, 303-304, 444-445, system, 12 451-452 uncertainty, 303 Federal Reserve's Open Market Committee volatility, 301, 392 (FOMC), 63-64, 129-130, 665-666 Exchequer bills, 235, 244-245, 583-584 Fed-Treasury Accord, 71 Fedwire, 563-565, 591-592, 594 Executive Board, 648-649 exogenous factors, 11, 180-181 Feldstein, Martin, 428 exogenous shocks, 182, 329-330, 498-499 Ferguson, T., 69, 372-373 expansive monetary policy, 497-498 fiat money, 1-16, 246-247, 568-569, 578-579, external capital flows, 222-223 590, 628, 662-663 external credit, 360 invention of, 53-54 external drain, 248-249 quasi-fiat money, 579-580 external evolution, 52-53 FIMBRA. See Financial Intermediaries, external imbalances, 396-397 Managers and Brokers Regulatory external shocks, 391, 471-472 Association external stability, 319-321, 324-326, 349 Finance Act (1914), 452-453 extraordinary times, 7-8 Financial Commission, 297-298 Financial Corporation for Industry (FCI), 455 fair value, 614, 616-617, 621 financial crisis (1763), 502 Fannie Mae (Federal National Mortgage financial crisis (1793), 244-245 Association), 269-270, 619-620 financial crisis (1797), 235, 244-245 FCI. See Financial Corporation for Industry financial crisis (1825), 235 FDIC. See Federal Deposit Insurance financial crisis (1847), 174-175, 237 Corporation financial crisis (1857), 174-175, 239-240 fear of floating, 344-345 financial crisis (1866), 2-7, 174-175 fede di credito (deposit certificates), 26-27, 34 financial crisis (1870), 174-175 Federal Business Development Bank, 464-465 financial crisis (1873), 113, 174-175 Federal Deposit Insurance Corporation financial crisis (1907), 8, 113 (FDIC), 462-463 financial crisis (1931), 256 Federal Deposit Insurance Corporation financial globalization, 415 Improvement Act, 472-473 Financial Institutions and Deposit Insurance Federal Home Loan Mortgage Corporation Amendment Act, 473-474 (Freddie Mac), 269-270, 619-620 Financial Intermediaries, Managers and **Brokers Regulatory Association** Federal National Mortgage Association (Fannie Mae), 269-270, 619-620 (FIMBRA), 467-468 Federal Reserve, 146, 151, 177-180, 249, financial liberalization, 180-181, 391-392, 638 254-255, 280-281 Financial Markets Group, 614 balance sheet of, 128-131 financial openness, 391-394, 396-397 Board of Governors, 253 financial openness/integration (KAOPEN), Bretton Woods and, 129-130 422 - 423comprehensive net worth of, 20 Financial Policy Committee (FPC), 637, credibility and, 100-104 648-649, 651-652 dollar liquidity and, 281 Financial Revolution, 1-16



Financial Services Act, 426, 637, 641-642	Flandreau, Marc, 231, 248-249, 431
Financial Services and Markets Act, 467-468,	Flannery, Mark J., 272–273
637	flexible inflation target, 223
Financial Services Authority (FSA), 467–468, 637	floating exchange rates, 195–196, 306–307, 319–320, 337–338, 342–350
financial stability mandate (FSM), 13	Greenback paper money, 128
conclusion to, 482-485	regimes, 322
deposit banking and, 439-446	Riksbank and, 114
deregulation and globalization of banking	unsustainability of, 12
and, 467-475	Flood, Robert P., 413-414
Great Depression and, 455-467	florin, 28-29, 295-296, 301
internationalization of bank regulation,	FLS. See Funding for Lending Scheme
475–482	FOMC. See Federal Reserve's Open Market
introduction to, 424-427	Committee
in ordinary and exceptional times, 427-430	Fondo de Garantías de Instituciones
origins of, 430–439	Financieras, 474–475
protection of banknotes and, 430-439	forbearance, 484–485
World War I and, 446-455	foreign assets, 154–158
Financial Stability Report, 637	foreign bills of exchange, 41-44
financial type influence, 198-199	foreign capital, 303-304, 500
Finland, 206, 240–241	inflows, 497–498
First Bank of the United States, 435–436,	foreign exchange (FX), 182, 288–289, 590–592
584–585	clearing, 41–44
First Consul of the Republic, 39	inflows, 175, 178
First National Bank, 265–266	management, 12
First National Loan, 449–450	markets, 162, 180–181, 281–282
First World War. See World War I	interventions, 301–302
first-generation public banks, 22–32	reserves, 282, 286, 293–297, 396–397
in Barcelona, 23–25	trades, 593–594
in Catalonia, 23–25	Foreign Exchange Control Board, 132
characteristics of, 42–43	foreign liabilities, 368–369
common themes of, 32	foreign reserve management, 280–281
in Dutch Republic, 29–30	foreign-currency-denominated claims,
early German municipal banks, 28–29	286–287
in Genoa, 25–27	formal constraints, 168–169
in Hamburg, 30–31	Forssbæck, Jens, 147
in Nuremberg, 31–32	forward guidance, 4–5, 665
in Venice, 27–28	Fourcade, M., 612
fiscal agents, 41–44	FPC. See Financial Policy Committee
fiscal deficite 400, 410	France, 13, 36, 51–52, 81–82, 152–153,
fiscal policy 399	158–160, 165–167, 174–175, 177–178,
fiscal policy, 399	282. See also Banque de France
Fischer, Stanley, 222	Bretton Woods and, 118–119
Fisher, Irving, 329–330, 333–335	bullion controversy in, 2
fixed exchange rates, 196–197, 337, 349–350, 389–390	collateralized lending and, 169–170 credibility and, 69
	•
regimes, 322	credit controls and, 178
systems, 12, 196–197 fixed-but-adjustable rates, 196–197	deposit banking in, 441–442
fixed-income securities, 312–313	deregulation in, 468–470 geopolitical influence of, 283
fixed-price offering, 37–38	Germany and, 326–327
inca price diffing, 37 30	Germany and, 520 527



684 Index

France (cont.) Gallatin, Albert, 241-242 globalization in, 468-470 Gandal, Neil, 575-576 gold standard in, 117-118, 367 GDP. See gross domestic product Great Depression in, 118, 457-460 Geanakoplos, John, 300-301 Geithner, Timothy, 270-271 IMFS and, 365-366 inflation in, 69-70 General Motors, 268-269 interest-rate smoothing and, 295-296 genetic drift, 52-53 market interest rates in, 172-173 Genoa, Italy, 25-27, 46-47, 49-52, 54, Netherlands and, 30-31 297-304 Genoa Conference, 297-298 second-generation public banks in, 36-39 Venice and, 28 Genoa International Economic Conference, Wales and, 244-245 Genoa Order, 297-299 World War I and, 117-118, 448-449 Franco-German War, 117-118 Germany, 158-160, 167-169, 175-176, Franco-Prussian War, 120-121, 291, 319-320, 310-311, 335, 343-346. See also Bank 326-327, 329-330 of Hamburg; Bundesbank francs, 118-119, 287-289, 291, 299, 333 capital controls in, 333-335 French securities, 299-300 capital flight in, 370-371 stabilization of, 302 classical gold standard and, 324-326 Frankel, Jeffrey, 407, 409-410 credibility in, 105-107 Franklin, Benjamin, 62-63 culture of stability in, 73-74 Franklin National Bank, 266-267 early municipal banks in, 28-29 Fratzscher, Marcel, 412-413 France and, 326-327 Freddie Mac (Federal Home Loan Mortgage Franco-German War, 117-118 Corporation), 269-270, 619-620 gold standard and, 319-320 Frederick the Great, 32, 39 Gründerkrise and, 499-501, 505 free banking, 221-222, 247 Hamburg, 30-31, 239-240 free capital movements, 8, 328-329 hyperinflation in, 69-70, 87, 120-121 Free Silver threat, 128 IMFS and, 364-366, 370-373 "Free to Choose" (TV series), 265-266 macroprudential policy in, 506-507 Fregert, K., 113-114 Nuremberg, 31-32 French bank (1716-1720), 19 positive inflation shocks in, 95-96 French Indies Company, 37-38 short-term debt of, 369 French Revolution, 38, 244 stock price bubble in, 502-503 French Wars, 284-285 Gertler, Mark, 493-494 Ghosh, Atish R., 397-398, 402, 411-412 Friedman, Milton, 6, 11, 77-78, 256-261, 264-266, 629. See also specific works ghost money, 20-21, 49 central bank independence and, 199-200 Giannini, Curzio, 439-440, 573, 628 Federal Reserve and, 249, 251 Glass, Carter, 462 Glass-Steagall Act, 462 free banking and, 221 pegged rates and, 196-197 global deflation, 297 global financial crisis (2007-2009), 81, 84, 146, rescue operations and, 266-267 Fringe Bank crisis, 610-611 348-349, 424 Bernanke and, 68, 346-347 fringe banking sector, 457 Canada and, 134-135 Fry, M., 646-647 FSA. See Financial Services Authority Great Moderation and, 4, 130-131 FSM. See financial stability mandate IT after, 403-406 Fullarton, John, 236-237 Global Financial Data, 82 Funding for Lending Scheme (FLS), 624-625 Global Financial Stability Report, IMF, 374-375 FX. See foreign exchange globalization, 426, 467-475, 484-485

in Canada, 473-474

in Colombia, 474-475

Gaitskell, Hugh, 455-456

Galati, Gabriele, 280



financial, 415	Bank of England and, 35-36
in France, 468-470	long-term, 161–162
in Italy, 470-472	market, 151-152
in UK, 467–468	gradualism, 127, 134
in U.S., 472-473	Gramm-Leach Bliley Act, 472–473
Glorious Revolution, 1-16	Grassman, S., 205-206
gold coin, 25-26, 39	Grassman Adjustment, 206
gold convertibility, 113	Great Canadian Slump, 73-85
gold exchange standard, 69, 367	Great Contraction, 128-129, 249, 265-266
gold inflows, 128–129	Great Depression, 69-70, 330, 335-336,
gold specie standard, 356	348–349, 366–367, 379, 426,
gold standard, 115, 158–160, 201, 212–213,	483-484
215, 219–220, 367, 391, 642–643. See	Bank of United States and, 264-266
also classical gold standard	BoC and, 131-132
Bagehot's rule and, 246–247	in Canada, 464-465
Bank of England and, 107–108	CBA and, 125-126
BoC and, 131–132	in Colombia, 465–467
breakdown of, 115-116	Federal Reserve and, 100-104
Britain and, 201, 319–320, 367	in France, 118, 457–460
CBA and, 125–126	FSM and, 455–467
Colombia and, 465	Germany and, 121
credibility and, 10, 68–69, 93–94	intercept break of, 84
Federal Reserve and, 71, 128	in Italy, 450–460
France and, 117–118, 367	LOLR and, 250–262
Germany and, 319–320	progressive narrative of, 6
interest rates and, 295	RBNZ and, 136–137
interwar, 322–323, 331–336	Switzerland and, 124–125
Italy and, 123	in U.S., 461–463
in Japan, 324	Great Financial Crisis, 13, 356–358,
LOLR and, 233–235	373–381
mobility of financial capital, 356–357	Great Inflation, 73–75, 98–100, 116, 122–123
monetary policy and, 389	129–130
in Norway, 632–633	credibility and, 71
pre-war, 297–298	Germany and, 73–85
Switzerland and, 124–125	Switzerland and, 125
gold-exchange standard, 297–301, 304–306	Great Moderation, 66–67, 98–100, 116–117,
Goldstein, Morris, 401	130, 323, 343–344, 424–425
good collateral, 3, 249–250	credibility and, 71–72, 104
Goodfriend, Marvin, 84, 272, 427–428	global financial crisis and, 4, 130–131
Goodhart, Charles, 75, 231, 248–249, 428,	Great Nordic War, 34–35
476-477, 493-494, 666	Great Recession, 4, 6
Google Books, 255–256	Greenback paper money floating exchange
Google Money, 663–664	rate, 128
Google Trends, 267	_
	Greenspan, Alan, 73–74, 104, 130, 346–347, 494–496, 506, 508–509
Gopinath, Gita, 408 Gordon, David, 198, 220–221	
Gorton, Gary, 263–264, 272, 618	Greenspan put, 494–495, 615–616 Greuter, Eduard, 370–371
Goschen, George, 440	gross capital flows, 361–362, 375–376
	0 1
Gourinchas, Pierre-Olivier, 413–414	gross domestic product (GDP), 207, 223–224 238, 256–257
government debt, 38, 44, 50–51, 161, 169–170, 180–181	•
	Group Arrangements 309 340 341
annuities and, 22	Group de Contest 476, 477
in Austria, 40	Group de Contact, 476–477



686 Index

Gründerkrise, 499-501, 505 Grupo Colombia, 474-475 Haldane, A. G., 5 "Halfway Down" (Milne), 5 Hamburg, Germany, 30-31, 239-240 Hamilton, Alexander, 584-585 Hannah, Leslie, 447 hard pegs, 400-401 Hausgenossenschaften, 28 Hausmann, Ricardo, 415-416 Havenstein (president), 120-121 Hawtrey, R. G., 11, 231, 255-256 Heath, Alexandra, 280 Herstatt Risk, 567, 594, 600-601 Hibberts, Fuhr, & Purrier, 238 high inflation, 198-199 high trust societies, 11, 202-204, 213 Australia as, 217 Britain as, 216-217 free banking in, 221-222 New Zealand as, 215-216 high-powered money, 148-149, 396-397 Hirschman-Herfindahl indices, 304 History of Financial Crises under the National Banking System (Sprague), 251-252 Hitler, Adolf, 121 Hodrick-Prescott filter, 74-75 Home Bank, 452-453 Hope, Pels, and Clifford, 580 Hori, Akinari, 309-310 Horne, Robert, 297 Huang, Haizhou, 264 Hume, David, 356 Humphrey, Thomas, 231-233 Hungary, 282, 295-296, 298, 401, 403 Hutchison, Michael, 401, 403-405, 409-410 hyperinflation, 69-70, 87, 120-121, 566-567 IDB. See Industrial Development Bank IG Chemie (Internationale Gesellschaft für Chemische Unternehmungen AG), 370-371 IG Consortium, 370-371 IG Farben, 370-371 Imai, Masami, 272-273 IMF. See International Monetary Fund

implicit price stability anchor, 398-399 "In Search of a Monetary Constitution," 199-200 independence. See also central bank independence MI, 391-394, 397-398, 421-422 operational, 115, 628-629 statutory, 214 India, 172-173, 293-294, 323-327, 403, 412-413 Industrial Development Bank (IDB), 132, 464-465 Industrial Revolution, 1-16, 446-447 inflation, 67-68, 79-80, 225-226, 323, 343-346, 615. See also credibility; deflation; Great Inflation; low inflation breaks in, 106 CPI, 96-98 credit rationing and, 459-460 drifting of, 74-75 expectations, 64-65, 71-72, 78, 222-223 expected value and, 66-67 in France, 69-70 high, 198-199 hyperinflation, 69-70, 87, 120-121, 566-567 mean rates, 86 median rates, 86 near-term control, 360 negative rates, 86-87 New Deal and, 472 in Norway, 631-632 objectives, 62-63, 74-76, 84 paper-money, 33, 36 performance, 10, 62-63, 70-71 target, 77-78 achievement, 65 implied, 77-78 time-varying objectives, 90-91 transparency and, 653-654 inflation gap, 74 Inflation Report, 639, 647-648 inflation shocks, 79-80, 91-93, 95-96 inflation targeting (IT), 80, 107-108, 120, 196-197, 401-402, 415-416, 641 in Canada, 72 flexible, 223 after global financial crisis, 403-406 macro factors not addressed by, 406-408 macroprudential issues and, 408-409 in New Zealand, 134-135, 400-401 output growth gap and, 401-402

IMFS. See international monetary and financial

system

implementation frameworks, 146



Index 687

prerequisites and, 409-411 RBA and, 127 Switzerland and, 125 inflation targeting lite, 398-399, 401 inherent credit risk, 148-149 inherent fragility, 264 in-out swaps, 590-591, 599-601 Inspectorate for the Safeguarding of Savings and for Credit Activity, 460-461 institutional memory, 649, 651 intercept break, 84 interest rates, 248-249, 260, 287, 308-309, 637-638 differentials, 289 in emerging economies, 387-388 leaning policy, 503-506, 510 market vs. bank, 170-180 official, 170-172, 174-175, 178 real, 346-347 short-term, 178-179, 397-398, 644-645 smoothing of, 75, 77, 295-296, 406 internal decision-making, 280 internal drain, 248 internal evolution, 52-53 international bimetallism, 322-326 international capital flows, 370 International Convergence of Capital Measurement and Capital Standards. A Revised Framework, 479-480 international currencies, 289-290, 319-321, 324-326, 349, 364 international monetary and financial system (IMFS) analytical reference points and, 358-364 conclusion to, 379-381 Great Financial Crisis and, 373-379 interwar experience of, 364-373 introduction to, 356-358 International Monetary Fund (IMF), 337-339, 341-342, 345, 374-375, 421-422 international monetary regime, 12 Bretton Woods and, 336-342 central bank cooperation and, 336-342 classical gold standard and, 323-331 comparison of, 322 conclusion to, 349-350 floating exchange rates and, 342-349 interwar gold standard and, 331-336 introduction to, 319-323 rise of central banks and, 342-349 international trilemma, 389-398

choices and, 390-392 emerging economies standing apart, 392-398 historical context of, 389-390 Internationale Gesellschaft für Chemische Unternehmungen AG (IG Chemie), 370-371 interregional payments, 588-589 interwar gold standard, 322-323, 331-336 Iraq, 268-269, 338-339 Ireland, 222-223, 618-619 IRI. See Istituto per la Ricostruzione Industriale Israel, 222-223, 401 Istituto per la Ricostruzione Industriale (IRI), 460 IT. See inflation targeting Italy, 13, 81-82, 123-124, 152-153. See also Banca d'Italia deposit banking in, 442-443 deregulation in, 470-472 FSM and, 433-435 Genoa, 25-27, 46-47, 49-52, 54, 297-304 globalization in, 470-472 gold standard and, 123 in Great Depression, 450-460 Naples, 33-34, 44, 51 Venice, 21, 27-28, 44, 46-49 World War I and, 449-451 World War II and, 123 Ito, Hiro, 392, 397-398, 422-423 Jackson, Andrew, 584-585 James, John, 588-589 Japan, 70, 311, 324-326, 343-346, 361, 411-412, 500-501, 622-623. See also Bank of Japan credibility and, 71-72, 96 deflation in, 86-90

Japan, 70, 311, 324–326, 343–346, 361,
411–412, 500–501, 622–623. See also
Bank of Japan
credibility and, 71–72, 96
deflation in, 86–90
gold standard in, 324
macroprudential measures in, 507–508
yen internationalization and, 310–311
Jefferson, Thomas, 241–242, 584–585
Jewish immigrants, 266
Jobst, Clement, 295–296
Johnson, Lyndon B., 129–130
Johnson Matthey Bank, 457, 637
Joint Stock Banking Companies Act, 431
Jonung, Lars, 113–114
JP Morgan Chase, 233–234, 269–270, 286–287, 303–304, 367–368



688 Index

Kahn, Charles M., 77, 573-574 in Britain 3 Kaminsky, Graciela L., 400-401, 413-414 Kansallis-Osake-Pankki, 240-241 KAOPEN. See financial openness/integration Kapstein, Ethan B., 476-477 Keating, Paul, 126-127 Keister, Todd, 263-264 Kemmerer, Edwin, 332-333, 453-454, 465-466 key currencies, 289-293, 298-300, 304-306 Keynes, John Maynard, 253, 295-296, 333-335 Keynesian doctrine, 129-130, 232-233 Kindleberger, Charles P., 231-234, 261, 360, 367-368. See also specific works King, Mervyn, 197, 618-619, 639-640, 642, 647 King, Robert, 84, 427-428 Kipper- und Wipperzeit, 30-32 Klein, Michael W., 415 Knickerbocker Trust, 251-252, 266-267 Knight, F. H., 657-658 leverage, 18-19 Knights Templar, 21 Königliche Hauptbank (Royal Main Bank), 39, 39-40, 53-54, 152-153, 167-168, Königliche Seehandlung (Maritime Enterprise), 39 - 40Korean War, 132-133, 610-611 Kostdevisen, 301-302 Kozicki, S., 76-78 Kreditanstalt, 254, 256 krona, 113-114 Kryzanowski, Lawrence, 453, 464 Lafitte, Jacques, 239 of dollar, 281 Lancashire Cotton Corporation, 447 Landon-Lane, John, 499-500 Large Scale Asset Purchase programs (LSAP), 161-162 Latin America, 237-238, 356-357, 360, 387-388, 413-414. See also specific countries Latin America Mania, 499-501 Latin Monetary Standard, 123

conclusions to, 273 controversies of, 232-234 definitions of, 232-234 development of theory, 243-250 in early twentieth century, 239-243 evolution of, 11 Great Depression and, 250-262 introduction to, 231 in nineteenth century, 239-243 Norges Bank as, 633-634 re-emergence of, 81 rescue operations and, 262-267 subprime crisis and, 267-273 three pillars of, 2-3 in U.S., 240-243, 250-255 lending booms, 14, 497-500 Lescure, Michel, 448-449 Lewis, Michael, 620-621 Ley 45 (1923), 453-454 Lev 45 (1990), 474-475 Liberal Party, 292-293 LIBOR. See London Interbank Offered Rate Lidderdale, William, 238 limited liability corporation, 432 Lindert, Peter, 288-289 liquid assets, 617-618 liquidity, 153-154, 160-161, 175, 636 asset, 617-618 creation powers, 50 discount rates and, 172-173 domestic, 158-160 ex ante, 148-149, 163-165 funding, 162-163 global, 308-309 liability-side, 162-163 market, 162-163, 286, 301-302 providers of, 598 structural, 175-176 structural demand, 161-162 liquidity insurance, 641-642 liquidity ratios, 623-625 liquidity recycling, 599-600 liquidity risks, 566-567 liquidity saving, 599-601 liquidity shocks, 443-444, 589 liquidity-saving mechanisms, 565 lira, 123, 333, 339-340

Lisack, Noëmie, 413-414

Latin Monetary Union, 124, 218-219, 291

League of Nations, 254, 297-300, 332-333

leaning interest rate policy, 503-506, 510

Lehman Brothers, 267-272, 376-377, 602, 620

lender of last resort (LOLR), 64-66, 368-369,

Law, John, 36-38, 51-53, 55, 506

425, 427-428, 444

Bank of Amsterdam as, 580-581

Bank of England as, 234-239, 633



Index 689

Lithuania 403 Lo Duca, Marco, 412-413 loan/deposit ratios, 618 loan-to-value (LTV), 652 LOLR. See lender of last resort Lombard facility, 25-26 Lombard Street: A Description of the Money Market (Bagehot), 2-3, 231, 246-250, 255, 265-266, 273, 292, 326 London Clearinghouse, 585-588 London Interbank Offered Rate (LIBOR), 171-172 London Stock Exchange, 467-468 long promise, 632-633 lost decade, 505 Louvre Accord, 348-349 Lovell, Michael C., 234-235 low inflation, 79, 87-90, 98-100, 195-196, 202-203, 220-221 Maastricht criteria, 114 threshold for, 79 low trust societies, 215-216 LSAP. See Large Scale Asset Purchase programs LTV. See loan-to-value Luther, Hans, 333-335 Luzzatti, Luigi, 8 Lyon Bourse, 441

Maastricht criteria, of low inflation, 114 Maastricht Treaty, 118-119 MacMillan Commission, 131-132 macroeconomic shocks, 67-68 macroeconomic stabilization, 388-389 macroprudential instruments and measures, 503, 505-508, 510, 622-623, 625, 645-646 macroprudential issues, 408-409, 506 macroprudential policy, 653-655 macroprudential regulation, 4-5, 14-15 macro-systemic shocks, 427, 485 Madison, James, 241-242 Malaysia, 338-339, 401, 403 managed exchange rates, 319-320, 347 managed float, 639 managed floating plus, 401 Manias, Panics, and Crashes (Kindleberger), 232, 260-261 margin control, 623 margin trading, 164 marginal borrowing facility, 178-179

marginal deposits, 625 Marion, Nancy P., 413-414 Maritime Enterprise (Königliche Seehandlung), 39-40 mark banco, 30-31 market discipline, 479-480 market functioning, 152 market infrastructure, 635-636 market interest rates, 170-180 market liquidity, 162-163, 286, 301-302 market makers of last resort (MMLR), 656-657 market mechanisms, 182 market prices, 149-150 Markowitz, Harry, 613 marks, 289, 292-293 Marshall Aid, 339 Marshall Plan, 120 Martin, William McChesney, 71 Martín-Aceña, P., 284 Martínez-Ruiz, Elena, 284, 296 Mary II (queen), 630 Masaaki Shirakawa, 2-3 Masciandaro, D., 198-199 Masson, Paul R., 409-410 Mathewson, Frank, 453 Matsukata (Count), 288 maturity, 153-154, 168 MBS. See mortgage-backed securities McAndrews, James, 588-589 McCauley, R., 377-378 McDonald, Ramsay, 201 McGuire, P., 377-378 MCI. See monetary conditions index McKenna, Reginald, 370 McKenna rule, 446-447 mean inflation rates, 86 Mecenseffý, Emil, 164 median inflation rates, 86 medieval banks, 48 medieval money, 20-22 Melitz, Jacques, 459, 469 Meltzer, Allan H., 128-129, 251, 260, 272 memory, 9, 649-651 mercantile credit, 570 Metallgesellschaft, 371 Metallwerte, 371

Mexico, 324-327, 344-345, 401, 403, 474,

478–480 Meyer, Eugene, 320–321

Middle Ages, 52

MI. See monetary independence



690 Index

Midland bank, 370 gold standard and, 389 Milesi-Ferretti, Gian-Maria, 413-414 microeconomic aspects of, 146-147 Milne, A. A., 5 modern, 637-639 minimax methodology, 661-662 performance, 66-67 minimum capital requirements, 479-480 strategy, 63-64 Minimum standards for the supervision of in U.S., 303 international banking groups and their Monetary Policy Committee (MPC), 639 cross-border establishments (BSBC), Monetary Policy Report, 647-648 477-478 monetary power, division of, 9 Ministro de la Hacienda y Crédito Público, monetary reform, 128 466-467 monetary regimes, 360-361 Ministry of Agriculture, Industry and monetary stability, 15, 66, 81-82, 627-628, 640 Commerce, 434 monetary statistics, 258 Minsky, Hy, 615-616 monetary targeting strategy, 125, 134, 217 Mishkin, Frederic S., 64 monetary theory, 572-573 Mitchell, B. R., 263-264 money anchor, 398-399 Mlynarski, Feliks, 298-300, 306-307 money demand, 20 MMLR. See market makers of last resort money growth instrument, 78-106 modern monetary policy, 637-639 money market funds, 289 Modigliani-Miller benchmark, 22-23 money markets Mody, Ashok, 388-417 coevolution of, 11, 147-151 monarchies, 55 composition of assets, 155-166 moneta in obligatione (money owed), 21-22 conclusions to, 181-182 moneta in solutione (money repaid), 21-22 domestic lending, share of advances in, 166 motivation and, 145-147 Monetarism, 638 monetary autonomy, 398-402 quantitative evidence and, 151-181 monetary conditions index (MCI), 139 short-term, 655-656 A Monetary History of the United States structure of, 11 (Friedman and Schwartz), 6, 255, money owed (moneta in obligatione), 21-22 255-261, 265-266 money repaid (moneta in solutione), 21-22 monetary independence (MI), 391-394, money supply target, 93-94 397-398, 421-422 money with a zero maturity (MZM), 271-272 monetary intervention, 152 Monnet, Eric, 118 Montiel, Peter J., 398-399 monetary nonautonomy, 398-399 moral hazard, 473, 573, 641-642, 651 monetary operations, domestic, 158-160 monetary policy, 4-5, 10, 54, 100-104, moral suasion, 132 Moreau, Emile, 69-70, 121, 301-302 146-147 coevolution of, 147-151 mortgage-backed securities (MBS), 620 central banks to money markets, 149-150 MPC. See Monetary Policy Committee Mueller, R. C., 21 conceptual issues, 150-151 money markets to central banks, 148-149 multilateral net settlement, 600 debates of, 285-286 multilateral netting mechanisms, 48-49, 570 describing, 398-411 multiple-coin commodity money system, 49 IT and, 403-406 Mundell, Robert, 222-223 macro factors and, 406-408 Mussolini, Benito, 123, 450 Mutual Insurance Supervisory Authority macroprudential issues and, 408-409 monetary autonomy and, 398-402 (ACAM), 470 prerequisites and, 409-411 MZM. See money with a zero maturity design of, 11 evolution of, 13, 388-389 Naples, Italy, 33-34, 44, 51 expansive, 497-498 Napoleon Bonaparte, 28, 39



Index 691

Napoleonic era, 10, 18-19, 33, 39-40, 57 Napoleonic Wars, 51-52, 115, 320-321, 331-332, 588, 631 Austria and, 40 Britain and, 35-36, 246-247 classical gold standard and, 323-324 government debt and, 161 Norway and, 119-120 National Bank Act, 436-437 National Bank Holiday, 252-253 National Bank of Belgium, 287-288 National Banking Act (1864), 506-507, 586-587 National Banking Act (1865), 586-587 National Banking System, 443-444 National Credit Council, 458-459 National Development Plan, 474 National Monetary Commission, 365-366 National Shipbuilders Security Ltd, 447 National Socialism, 121 nationality, 363-364 near-term inflation control, 360 Nederlandsche Bank, 175, 240 net capital flows, 357-358, 361-363, 376-377 Netherlands, 152-153, 165-167, 175, 177-178, 207-210, 576-577. See also Bank of Amsterdam classical gold standard and, 324-326 credit controls and, 178 Dutch Republic, 29-30 France and, 30-31 IMFS and, 364-366, 370-372 market interest rates in, 172-173 netting, 48-49, 593 Neue Zürcher Zeitung, 371 New Deal, 462, 472 New Keynesian models, 494 New York Clearing House, 587-588 New York Stock Exchange, 451-452 New Zealand, 116-117, 136-139, 196-197, 338-339 as high trust society, 215-216 inflation in, 195 IT in, 134-135, 400-401 NICE. See Non-Inflationary Continuous Expansion Niebuhr, M., 164 Niemeyer, Otto, 242, 332-333 Nixon, Richard, 320, 341 Nogues-Marco, Pilar, 284, 296, 575-576

Non-Inflationary Continuous Expansion (NICE), 615 non-key currencies, 300 "Nonmonetary effects of the financial crisis in the propagation of the great depression" (Bernanke), 255 Norges Bank, 15, 119-120, 240-241, 426, 629, 642, 649-650 as LOLR, 633-634 in past, 631-638 Norges Bank Act (1816), 219-220 Norman, Montagu, 69-70, 121, 282-283, 332, 646, 664-665 Norway, 152-153, 196, 198-226, 240. See also Norges Bank Bretton Woods and, 120 classical gold standard in, 361 gold standard in, 632-633 inflation in, 631-632 Monetarism in, 639 Napoleonic Wars and, 119-120 positive inflation shocks in, 95-96 Qvigstad rule and, 659-660 Norwegian crisis (1899), 496-497, 505 Noy, Ilan, 401, 403-405 Nuremberg, Germany, 31-32 Nurkse, Ragnar, 297 Nürnberger Banco Publico, 31-32 Obama, Barack, 267-268 Obstfeld, Maurice, 409, 413-414 OC. See optimal control OCC. See Office of the Comptroller of the Currency OECD, 310-311, 343-344 Oehmke, Martin, 495-496 Oesterreichische Nationalbank, 167-168 Office of the Comptroller of the Currency (OCC), 436-437, 444, 461-462 Office of the Inspector General of Banks, 474 Office of the Superintendent of Financial Institutions (OSFI), 474 Office of the Superintendent of Financial Institutions Act, 473-474 official interest rates, 170-172, 174-175, 178 oil price shock (1970s), 84, 113-114, 122-123, 130, 134, 468-469, 611-612

credibility and, 78-106

slope breaks and, 84

UK and, 104-105

in New Zealand, 137-138

non-deliverable forwards, 593



692 Index

oil price shock (1970s) (cont.) payment systems, 48-51, 148, 426-427, Volcker disinflation policy and, 96-98 563-565, 634-636 Okun's Law, 77-78 analytical framework for, 565-575 open market anchor and, 570-571 operations, 54, 145-146, 160-161, 172-173, information and, 573-574 preview and, 575 177-180, 260 rates, 171-172 state money and, 568-570 Open Market Committee, 251 system risk and, 572-573 openness Anglo-American contrast, 582-589 degree of, 221-227 Bank of England and, 582-585 First and Second Banks of America and, financial, 391-394, 396-397 measuring, 205-206 584-585 operational independence, 115, 628-629 private sector innovation in check operational targets, 641 payments, 585-587 optimal control (OC), 78 systemic implications and, 587-589 original sin, 388-389, 409, 415-416 CLS and, 590-602 Orphanides, A., 76-78 conclusion to, 602-603 OSFI. See Office of the Superintendent of exchange banks and, 575-582 Financial Institutions large-value, 56-57 Ostry, Jonathan, 222-223, 397-398, 402, payment versus payment (PVP), 596 411-412 payments output gap, 75-78, 404-405 balance of payments, 196, 343, 356-357, 363, 378-379, 610 positive, 84 check, 585-587 real GDP and, 74 DVP, 596 output growth gap, 401-402 Overend Gurney, 3, 6-7, 115, 237-238, interregional payments, 588-589 289-292 means of, 429-430, 433-434, 463 Oxelheim, Lars, 147 payments friction, 566 payments intensity, 563-564, 590 panel estimates, 83-96 pay-outs, 591-592 PavPal, 563-564, 663-664 Panic of 1819, 496-497 Panic of 1825, 248-249 Peel, Robert, 236-237 Panic of 1857, 500 Peel's Act, 236-237, 285-286 Panic of 1893, 500 peer pressure, 7 Panic of 1907, 128, 444-445, 496-497 pegged exchange rates, 107-108, 122, 132-133, Panic of 2008, 11 196-197 panics, 232-234, 263-264 penalty rate, 248-249 Panics, Manias, and Crashes: A History of Penn Central Railroad, 266-267 Financial Crises (Kindleberger and Penn Square Bank, 267 Aliber), 496 People's Bank of China, 343 Panizza, Ugo, 415-416 peripheral countries, 388-417 paper-money inflations, 33, 36 peripheral currencies, 301 Paris Bourse, 239, 441 peripheral systems, 573 Paris Siege, 291 permanent shocks, 206 Parkin, M., 198-199 Perron, P., 81 path dependence, 56 Persian Gulf States, 338-339 patience, 9, 649-650 Peru, 332-333, 401, 403 Pattillo, Catherine, 413-414 Peseta, 218-219 Paulson, Henry, 270-271 peso, 301 pay-ins, 591-592, 594-595, 598-599 pessimism, 232-233



Index 693

Philippines, 401, 403 private ownership, 41-44 Phillips curve, 120, 129-130 private sector, 49-50, 154-158 Pill, Huw, 222 CLS as innovation of, 591-592 Pitt, William, 235 innovation in check payments, 585-587 Plaza Agreement, 348-349 procyclicality, 400-401, 409-411, 415, 614 Plessis, Alain, 239-240 profit sharing arrangements, 161 pluralism, 661 profitability, 286-287 profit-making, 41-44 Poincare, Raymond, 117-118 Poland, 401, 403 "A Program for Monetary Stability" policy rate changes, 74-75 (Friedman), 221 policy regimes, 68-69, 82 proportional systems, 284 Policy Targets Agreement (PTA), 138-139 protocentral banks, 18-19 policy type influence, 198-199 Prudential Regulation Authority (PRA), 468, political conditionality, 294 651-652 political supervision, 302 Prudential Supervisory Authority, 470 politics Prussia, 39-40, 55, 167-168 factors of, 290-291 Austro-Prussian War, 330 influence of, 12, 198-199, 282-283 classical gold standard and, 324-326 of key currencies, 289-293 Franco-Prussian War, 120-121, 291, Polyphonwerke, 371 319-320, 326-327, 329-330 Popular Front, 457-458 market interest rates in, 172-173 portfolio management, 12, 282-283 Prussian Bank, 324 Portugal, 282, 296, 324-326 PTA. See Policy Targets Agreement Posen, Adam, 195-196 public banks, 10, 18-19 Amsterdam and, 577-578 positive feedback loops, 408-409 conclusion to, 56-57 positive supply-side developments, 360 Postel-Vinay, Natacha, 501 evolutionary process of, 44-56 pound sterling, 136-137, 295-296 first-generation, 22-32, 42-43 PRA. See Prudential Regulation Authority money demand and, 20 Prados, Leandro, 213 second-generation, 32-40, 51 Prasad, Eswar S., 391-392, 407 pure cleaning policy, 504 precautionary motives, 566 Putnam, Robert, 476-477 press conferences, 653 PVP. See payment versus payment Preußische Bank, 152-153, 167-168, 174-175 pre-war gold standard, 297-298 quantitative easing (QE), 4-5, 130-131, price behavior, 149-150 412-413, 625, 645-646 price controls, 132, 137-138 quantity theory, 77-78, 256-257 price formation, 152 quasi-fiat money, 579-580 price instability, 336, 400-401 quasi-netting, 600 price level targeting, 329-330 Quigley, Neil, 453 price of risk, 359 Qvigstad rule, 659-661 price variable, 152-153 price volatility, 150 Radcliffe Committee, 116, 456-457 pricking, 503, 506-508 Railway Mania, 500-502, 505 primary credit facility, 178-179 Rajan, Raghuram, 387, 614 principal reserve assets, 282 Rasminsky, Louis, 133-134 principal risk, 594, 600-602 Rasminsky directive, 134 private banking, 21, 49-50 RBA. See Reserve Bank of Australia RBNZ. See Reserve Bank of New Zealand private bills, 171-172 private capital flows, 396-397 RBNZ Act, 138-139 private currency, 243 Reagan, Ronald, 130, 478-479 private debts, 21-22, 44 "Real and pseudo-financial crises" (Schwartz), private failings, 48-49 261



694 Index

real GDP 74 84 real shocks, 206 real-time gross settlement (RTGS), 591-592, 594, 603 receipts, 578-580 recession within the depression (1937-1938), 254 recoinage, 35 Reconstruction Finance Corporation, 461-462 Redemption Fund, 452-453 re-discounting, 584 Redish, Angela, 131-132 Regulation Q, 462 regulatory arbitrage, 150, 443-444, 473, 481, 510, 613 Reichsbank, 67, 69-72, 106, 120-123, 152-153, 167-168, 372-373 Reinhart, Carmen M., 65-66, 76, 263-264, 330-331, 400-401, 413-414 Reis, Ricardo, 296, 426 renminbi, 311-313, 343 reputation, 63-64, 68-74 rescue operations, 231, 243, 249-250, 262-267 reserve accumulation, 411-415 Reserve Advisory Management Program, 312 Reserve Bank of Australia (RBA), 125-127, 216-217, 504-505 Reserve Bank of New Zealand (RBNZ), 136-139 Responsibility Doctrine, 3, 115, 633 return on equity (RoE), 624-625 Revolutionary Wars, 35-36, 39 Rey, Helene, 360-361, 415 Reynolds, Jackson, 265-266 Riefler-Burgess doctrine, 251 Riksbank, 65, 113-114, 324 Riksens Ständers Bank (Bank of the Parliament), 34-35 risk management, 479 risk of use, 566 Roberds, William, 573-574 Roberts, Gordon S., 453, 464 robustness, 84, 661-662 RoE. See return on equity Rogoff, Kenneth S., 65-66, 76, 263-264, 330-331 Roman law, 22, 199 Romer, Christina, 63-64, 210-211, 213, 220-221, 267-268 Roosevelt, Franklin D., 128-129, 252-253, 320, 335-336 Rose, Andrew, 406, 415-416

Rouble crisis (1999), 344-345 round-trip capital flows, 375-376 Royal Commission (1933), 464 Royal Main Bank (Königliche Hauptbank), 39, 39-40, 53-54, 152-153, 167-168, RTGS. See real-time gross settlement Rudebusch, G., 75 Rueff, Jacques, 118-119 Russia, 294, 301, 330, 347, 403, 411-413 Rygg, Nicolai, 119-120, 642-643 SA. See société anonyme sacrifice ratio, 71-72 Safety-Funds System, 436 Salandra (Prime Minister), 449-450 Santarosa, Veronica, 576 Sargent, T. J., 48-49 Saskatoon Monetary manifesto, 134 Sayers, Richard S., 242, 447, 455-456 SBI. See Società Bancaria Italiana Scandinavian Currency Union, 219-220 scenario analysis, 661-662 Schacht, Hjalmar, 69-70, 121, 506-508 Schenk, C. R., 309 Schularick, M., 69, 263-264, 366-367, 618 Schwartz, Anna, 231, 249-251, 264-265, 273, 427-428. See also specific works rescue operations and, 267 Second Bank of the United States, 128, 152-153, 286, 435, 584-587 Second World War. See World War II second-generation public banks, 32-40, 51 in Austria, 40 common themes of, 32-33 in England, 35-36 in France, 36-39 in Naples, 33-34 in Prussia, 39-40 in Sweden, 34-35 Securities and Exchange Commission, 252-253 Securities and Investments Board, 467-468 Security Trust Company, 473-474 self-insurance, 294, 411-415 Seven Years War, 38, 50, 579-580 shadow banking systems, 6-7, 289-290, 374-376, 655-656 Shambaugh, Jay, 415, 421-422 Sheridan, Richard B., 63-64 Sherman Silver Purchase Act, 233-234 Shin, H. S., 375-376

shocks. See also oil price shock

capital accounts, 412-413

Rothschild, 262-263, 286-287



common, 221–222	Spanish-American War, 330
credibility, 10, 68	Special Drawing Rights, 309–310
economic, 62–63	speculative motives, 566
exogenous, 182, 329-330, 498-499	Sprague, O. M. W., 251–252, 264–265
external, 391, 471–472	Spufford, P., 47
inflation, 79-80, 91-93, 95-96	Stabilization Bills, 104
liquidity, 443-444, 589	Stabilization Fund, 466-467
macroeconomic, 67-68	State Bank of the Russian Empire, 324
macro-systemic, 427, 485	state money, 568–571
permanent, 206	Statement on the Conduct of Monetary Policy,
real, 206	127
trade, 195-196, 406-408	statutory independence, 214
short-term money markets, 655-656	Steagall, Henry, 462
Sieveking, H., 30–31	Stein, Jeremy, 495–496, 641
SIFI. See systemically important financial	sterling, 12, 116, 282, 292-293, 306-307, 333,
institution	339–340
Siklos, Pierre, 79, 82-83	decline of, 309
Silber, W. L., 461-462	float of, 341-342
silver, 632-633, 642	pound, 136-137, 295-296
coin, 39, 54, 582-583	Sterling Agreements, 340–341
Single Deposit Guarantee Scheme, 480-481	Sterling Area, 303–304, 307–309
Single Resolution Mechanism, 482	sterling crisis (1931), 303-304
Single Supervisory Mechanism, 480-481	Stock, J. H., 83-84
small open economies, 197, 204-205, 211-212	Stock Banking Act, 430-431
changes in statutory independence, 214	stock exchange crisis (1882), 175
data and methods, 206-207	stock market crash (1928), 250-251
figures for, 207-215	stock price bubble (1920s), 505
measuring openness and, 205-206	Stockholms Banco, 34, 44, 52-53
studies of, 222-223	Stone, Mark R., 398, 401
Smets, Frank, 222	Storting, 631–632, 653
Smith, Adam, 202, 244-246, 273	Straub, Roland, 412-413
Smithsonian Agreement, 341-342	Stringher, Bonaldo, 449-450
Snake in the Tunnel, 118–119, 123–124	Strong, Benjamin, 69-70, 121, 251, 282-283,
SNB. See Swiss National Bank	320–321, 332
social capital, 247	Stulz, R. M., 621
Società Bancaria Italiana (SBI), 442-443	subprime crisis, 267-273, 497-498, 500-501
société anonyme (SA), 432	background history and, 610-614
Société de Dépôts et Comptes Courants,	implications of, 621-626
441-442	lessons from, 615-621
Société Générale, 152-153, 448	Substitution Accounts, 309-310
soft law, 477-478, 484-485	Superintendencia Bancaria, 453-455, 465-466,
Sorkin, Andrew Ross, 269-270	474–475
South Sea Company, 35–38	supranational currency, 56-57
sovereign debt, 388-389, 480-481	Sushko, V., 377-378
Spain, 196, 217–219, 282, 296–297, 618–619	Sussman, Nathan, 575-576
Bank of Spain, 24-25, 284, 296	Svensson, Lars, 65, 621-622
Barcelona, 23-25, 44-46, 49-51	Sweden, 51, 55, 81-82, 86-87, 113-114, 240,
Catalonia, 23-25, 48-50	631. See also Riksbank
civil war of, 218-219	banknotes in, 34
credit booms in, 373-374	Bretton Woods and, 113-114
macroprudential measures in, 507-508	real estate in, 510
Spanish Dynamic Provisioning Scheme,	second-generation banks in,
623-624	34–35



696 Index

Swiss National Bank (SNB), 67, 71, 73–85, 124–125, 346–347, 426
Switzerland, 71–74, 81–82, 86–87, 122–123, 152–153, 291, 411–412
Bretton Woods and, 124–125
Exchange Equalization Accounts in, 302
Great Inflation and, 125
IMFS and, 364–366, 370–372
positive inflation shocks in, 95–96
swiveling, 500
systemically important financial institution (SIFI), 440–442, 483

Tabellini, G., 198-199 Tale of Two Cities (Dickens), 4 TARP. See Troubled Asset Relief Program Taula de Canvi, 23-25, 44-46, 49-50 Taylor, J. B., 74, 76, 263-264, 366-367, 618 Taylor rule, 74-77, 130-131, 401, 403-404, 658 regressions, 404-405, 407 Temin, Peter, 251, 372-373 Term-Asset Backed Loan Facility, 262 Thatcher, Margaret, 104-105, 116-117 "Theory of Moral Sentiments" (Smith), 202 Thiessen, Gordon, 134-135 Thirty Years War, 206 Thornton, Henry, 11, 244-246, 273, 427-428 Tier 1 capital base, 616-617 time series, 81-82 time-consistency problem, 628-629 time-varying inflation objectives, 62-63, 90-91 Tinbergen principal, 622-623 Tinsley, P. A., 76-78 Toniolo, Gianni, 341 Tooke, Thomas, 236-237 toxic assets, 268-270 trade shocks, 195-196, 406-408 Trading with the Enemy Act, 451-452

transferable bearer liabilities, 52 transparency, 63–64, 70–71, 200, 642, 647, 652–654, 664–666 Treasury bills, 115–116, 154, 168–169, 235 Treasury-Fed Accord, 463 Trial of the Pyx, 574 Trichet, Jean-Claude, 503 Triffin dilemma, 298–300, 306–307

Tripartite agreement, 118 triple liability, 272–273

Troubled Asset Relief Program (TARP), 268–269

trust, 1–4, 198–200, 262, 628, 653–654, 662–663. See also high trust societies Tsangarides, C., 397–398, 411–412

Tulipmania, 497–498, 502 Turgot, Anne Robert Jacques, 38 Turkey, 197, 324–326, 403

Ugolini, Stefano, 231, 248–249, 287, 431 UK. See United Kingdom uncollateralized lending, 162–170 Union Générale, 239, 441 United Kingdom (UK), 71–72, 81–82, 114–117, 207–210, 338–339, 618–619.

See also Bank of England Bretton Woods and, 116 credibility in, 104–105 credit booms in, 373–374 deposit banking in, 439–441 deregulation in, 467–468

dollar in, 309

European Economic Community and,

globalization in, 467–468 in Great Depression, 455–457 IMFS and, 365–366 oil price shock and, 104–105 Qvigstad rule and, 660–661 World War I and, 446–447

United States (U.S.), 8, 13, 66–67, 81–82, 128–131, 320, 375–376, 610–611. See also Bank of United States; First Bank of the United States; Second Bank of the United States

Civil War of, 324–326, 330–332, 436–437, 586–587

clearinghouses in, 240-243

credibility in, 96–104 deposit banking in, 443–445 deregulation in, 472–473 Exchange Equalization Accounts in, 302 FSM and, 435–437 globalization in, 472–473 gold standard in, 324 in Great Depression, 461–463 IMFS and, 365–368 LOLR in, 240–243, 250–255

monetary policy in, 303 payments systems and, 582–589 primary credit facility in, 178–179 as protectionist, 207–210

in World War I, 451-452

United States Postal Savings System, 257 universal banking, 472–473 U.S. See United States

usury, 174–175, 180 utility banks, 621



More Information

Cambridge University Press & Assessment 978-1-107-14966-3 — Central Banks at a Crossroads Edited by Michael D. Bordo, Øyvind Eitrheim, Marc Flandreau, Jan F. Qvigstad

> Index 697

> > Banca d'Italia and, 123, 449-451

bond financing and, 367

value at risk (VaR), 613-614 Végh, Carlos A., 400-401, 409-410 Velde, François R., 48-49 Venice, Italy, 21, 27-28, 44, 46-49 Verdier, Léon, 301-302 Vereinigte Glanzstof-Fabriken AG, 371 Vichy regime, 457-459 Victory bonds, 132-134 Viennese Municipal Bank (Wiener Stadtbank), 40, 46-47, 55 Vietnam War, 129-130, 342 VIX index, 360-361 VOC. See Dutch East India Company Volcker, Paul, 63-64, 71, 96-98, 104, 130, 346-347, 478-479 Vuletin, Guillermo, 409-410 W. & J. Brown & Co., 238 wage controls, 132, 137-138

Wagner, Adolph, 164 Walsh, Carl, 659-660 Walters, Alan, 116-117 War of 1812, 584-585 War of a Thousand Days, 438-439 War of Austrian Succession, 26-27 War of Spanish Succession, 24-25, 37 war plans, 11 Warburg Plan, 128 Warburton, Peter, 205-206 wartime controls, 217 Watson, M. W., 83-84 weak anchor, 398-399 Wealth of Nations (Smith), 244 Weiman, David F., 588-589 Wheelock, David C., 251 White, Harry Dexter, 320 White, Thomas, 464 Wicksell, Knut, 329-330 Wiener Stadtbank (Viennese Municipal Bank), 40, 46-47, 55 Wiggin-Layton committee, 369, 371-372 William III (king), 630 Williams, J., 78

Willis, H. P., 437-438, 441-442 Witte, Sergei, 294

Wood, Elmer, 198-202, 206-207, 215-216, 231 Woodford, M., 64-65, 74-75, 621-622

Working Papers, 613-614

World Economic Outlook forecast, 414

World War I, 160-161, 180-181, 216-217, 254, 292-293, 329-330, 336, 483-484,

637-638

active reserve and, 282

Canada and, 452-453 classical gold standard and, 69, 323-324 collateralized lending and, 169-170 Colombia and, 453-455 Federal Reserve and, 128 France and, 117-118, 448-449 FSM and, 446-455 gold standard and, 115-116 government debt and, 161 in Italy, 449-451 liquidity and, 164-165 Norges Bank and, 632-633 Norway and, 119-120 official reserves before, 288-289 open market rates and, 171-172 Reichsbank and, 120-121 state-building and, 332 Sweden and, 113 Treasury bills and, 168 U.S. and, 451-452 World War II, 98-100, 160-161, 168-169, 178, 254, 298-299, 483-484, 615 asset liquidity and, 617-618 Bank of England and, 116, 455-456 Bank of Japan and, 96 Canada and, 132 capital flows and, 282-283 discount rates and, 170 Federal Reserve and, 65-66, 129-130 France and, 118 government debt and, 161 inflation and, 87-90, 122

yen, 310-311, 341-342

Yokohama Specie Bank, 324

Switzerland and, 124-125 UK and, 104-105

Italy and, 123

RBNZ and, 137

Sweden and, 113

Norway and, 119-120

zero lower bound (ZLB), 75-76, 135-136 Ziegler, Dieter, 167-168 Zingales, Luigi, 428-429 ZLB. See zero lower bound

regulatory constraints and, 636-637

Øksendal, Lars F., 629 Österreichische Nationalbank, 40