

**Econ 323-2: American Economic History Since 1865
Northwestern University Fall 2024**

Prof. Benjamin Chabot
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Office Hours: Mondays and Wednesdays by appointment

Readings:

The readings are available online. Most can be found at www.jstor.org or the journal's website.

Grades:

Your grade will be based on an empirical homework (15%), 5 quizzes (6% each) and a cumulative final exam (55%)

Empirical Homework: The empirical homework assignment will be posted on the course site. The homework is due on **Mon Nov 25, 5pm**

Final Exam: The final exam will be held during exam week at the time assigned by the registrar: **Monday Dec 9th from 6:30-8:30pm in the regular classroom.**

Quizzes (in discussion Section):

Friday 10/11: Topic I Lectures 2-3

Friday 10/18: Topic II Lectures 4-5

Friday 11/1: Lectures 6-9

Friday 11/15: Lectures 10-12

Friday 11/22: Lectures 13-15

Lectures & Readings

9/25 Lecture 1: Introduction

Topic I: Financial Markets

9/30 & 10/2 Lectures 2&3:

Readings:

Michael D. Bordo, Barry Eichengreen and Jongwoo Kim (1998) "Was There Really an Earlier Period of International Financial Integration Comparable to Today?" NBER Working Paper No. 6738.

Michael A. Clemens and Williamson, Jeffrey G. "Wealth Bias in the First Global Capital Market Boom, 1870-1913" *The Economic Journal*, Vol. 114, No. 495, pp. 304-337, April 2004

Benjamin Chabot and Christopher Kurz (2010) "That's Where the Money Was. Foreign Bias and English Investments in the United States" *The Economic Journal* Vol. 120, Issue 547, pages 1056–1079, September 2010

Topic II: Banking and Panics

Oct 7-9 Lecture 4&5: The United States' unique system of banking

Readings:

Dwyer, Gerald P., Jr. "Wildcat Banking, Banking Panics, and Free Banking in the United States." *Federal Reserve Bank of Atlanta Economic Review* 81, no. 3 (1996): 1-20.

D. W. Diamond and P. H. Dybvig, (1983), Bank runs, deposit insurance, and liquidity, *Journal of Political Economy* 91, 401-419

G. Gorton (1988) "Banking Panics and Business Cycles," *Oxford Economic Papers* 40 (December 1988), 751-81; <http://www.som.yale.edu/faculty/gbg24/Banking%20Panics%20and%20Business%20Cycles.pdf>

Topic III: The Gold Standard

10/14 & 10/16 Lecture 6 & 7: The Gold Standard as a Repeated Game

Readings:

Bordo and F. E. Kydland, "The Gold Standard as a Rule: An Essay in Exploration," *Explorations in Economic History*, 32 (October 1995), pp. 423-64

Bordo and Rockoff (1996) "The Gold Standard as a 'Good Housekeeping Seal of Approval'" *Journal of Economic History*, vol. 56, no. 2, pp. 389-428

Alquist R. and B. Chabot (2011) "Did Gold Standard Adherence Reduce Sovereign Capital Costs?" *Journal of Monetary Economics*, Volume 58, Issue 3, Pages 262-272.

Topic IV: The Great Depression

10/21 Lecture 8: Theories of the Great Depression

Readings:

Christina Romer "The Nation in Depression." *Journal of Economic Perspectives* 7, no. 2 (1993): 19-39.

Charles Calomiris, (1993) "Financial Factors in the Great Depression," *Journal of Economic Perspectives*

10/23 Lecture9: The Great Crash and Consumption

Readings:

Christina Romer (1990): "The Great Crash and the Onset of the Great Depression," *Quarterly Journal of Economics* 105:3 (August), pp. 597-624.

10/28 Lecture 10: Deflation and Depression

Readings:

Hugh Rockoff "Review of A Monetary History of the United States" <http://eh.net/node/2744>

Hamilton, James D. "Was the Deflation during the Great Depression Anticipated? Evidence from the Commodity Futures Market"

Cecchetti, Stephen G. "Prices during the Great Depression: Was the Deflation of 1930-1932 Really Anticipated?" *American Economic Review* 82, no. 1 (1992): 141-56

10/30 & 11/4 Lecture 11-12: The Financial Accelerator & Golden Fetters

Readings:

Bernanke, Ben (1982) "Nonmonetary Effects of the Banking Crisis in the Propagation of the Great Depression," *American Economic Review* 72

Ben Bernanke (1995): "The Macroeconomics of the Great Depression: A Comparative Approach," *Journal of Money, Credit and Banking* 27:1 (February), pp. 1-28.

Ben Bernanke (2004) "Money, Gold, and the Great Depression," speech delivered at the H. Parker Willis Lecture in Economic Policy, Washington and Lee University, Lexington, Va., March 2, www.federalreserve.gov/boarddocs/speeches/2004/200403022/default.htm.

11/6 Lecture 13: Blame the Fed?

Readings:

Hsieh, Chang-Tai and Christina D. Romer. "Was The Federal Reserve Constrained By The Gold Standard During The Great Depression? Evidence From The 1932 Open Market Purchase Program," *Journal of Economic History*, 2006, v66(1,Mar), 140-176

Gary Richardson & William Troost, 2009. "Monetary Intervention Mitigated Banking Panics during the Great Depression: Quasi-Experimental Evidence from a Federal Reserve District Border, 1929-1933," *Journal of Political Economy*, University of Chicago Press, vol. 117(6), pages 1031-1073, December.

11/11 Lecture 14: The New Deal

Readings:

Christina D. Romer (1992) "What Ended the Great Depression?" *The Journal of Economic History*, Vol. 52, No. 4 (Dec., 1992), pp. 757-784

Cole, Harold and Lee Ohanian (2006) "New Deal Policies and the Persistence of the Great Depression: A General Equilibrium Analysis" *Journal of Political Economy*

Topic V: The Legacy of the Great Depression

11/13 Lecture 15: The New Deal: Measurement and Legacy

Readings:

Fishback, Price "How Successful Was the New Deal? The Microeconomic Impact of New Deal Spending and Lending Policies" *Journal of Economic Literature* 55(4) (December 2017): 1435-85.

Fishback, Price and Valentina Kachanovskaya (2015) "The Multiplier for the States in the Great Depression." *Journal of Economic History* 75 (March 2015): 125-162

11/18 & 11/20 Lecture 16-17: The 2008 Financial Crisis

Readings:

Gorton, Gary and Andrew Metrick (2012) "Getting up to speed on the Financial Crisis: A One-Weekend Reader's Guide" *Journal of Economic Literature*

Bernanke, Ben (2010), "Causes of the Recent Financial and Economic Crisis," Statement by Ben S. Bernanke, Chairman, Board of Governors of the Federal Reserve System, before the Financial Crisis Inquiry Commission, Washington D.C. (September 2, 2010); see <http://www.federalreserve.gov/newsevents/testimony/bernanke20100902a.htm>

Chabot, Benjamin and Stefania D'Amico (2015) "The Overnight Money Market" *Economic Perspectives*, Vol. 39, 3rd, 2015. Watch the video here: <https://www.chicagofed.org/publications/economic-perspectives/2015/3q-chabot-damico>

Gorton, Gary and Andrew Metrick (2012), "Securitized Banking and the Run on Repo," *Journal of Financial Economics*

11/25 Lecture 18: Aftermath of the Crisis

Bernanke Ben (2012) "The Aftermath of the Crisis" Lecture delivered March 29, 2012 at George Washington University.

<https://www.federalreserve.gov/newsevents/files/bernanke-lecture-four-20120329.pdf>

Bernanke Ben (2012) "Monetary Policy since the Onset of the Crisis"

<https://www.federalreserve.gov/newsevents/speech/bernanke20120831a.htm>

Krishnamurthy, Arvind, and Annette Vissing-Jorgensen "The Effects of Quantitative Easing on Interest Rates", *Brookings Papers on Economic Activity*, Fall 2011

https://www.brookings.edu/wp-content/uploads/2016/07/2011b_bpea_krishnamurthy.pdf