

Economics 210B: Topics in Economic History

Business Cycles in International and Historical Perspective

Fall 2010
Monday 12:00-2:00
608-7 Evans Hall

Professor Barry Eichengreen
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Reading List

All readings are available online at the links provided except for Friedman and Schwartz, *Monetary History of the United States 1867-1960*, which is on reserve at 208 Doe Library, Graduate Services Reserves Department.

Topic 1. Overview of Business Cycles

- Bergman, U. Michael, Lars Jonung and Michael Bordo, "Historical Evidence on Business Cycles: The International Experience," in *Beyond Shocks: What Causes Business Cycles?* (pp. 65-113), J. Fuhrer and S. Schuh, eds. Federal Reserve Bank of Boston Conference Proceedings, Conference Series no. 42, Federal Reserve Bank of Boston (1998).
http://www.bos.frb.org/economic/conf/conf42/con42_05.pdf
- Backus, David and Patrick Kehoe, "International Evidence on the Historical Properties of Business Cycles," *American Economic Review* 82:4, pp. 864-888 (1992).
<http://www.jstor.org/stable/2117348?origin=JSTOR-artinfo>.

Topic 2. 19th Century Business Cycles

- Friedman, Milton and Anna Schwartz, "Silver Politics and the Secular Decline in Prices, 1879-1897," in *Monetary History of the United States 1867-1960* (Ch. 3, pp. 89-134), Princeton: Princeton University Press (1971). (On reserve at 208 Doe Library, Graduate Services Reserves Department.)
- Davis, Joseph, Christopher Hanes and Paul Rhode, "Harvests and Business Cycles in the Nineteenth-Century America," NBER Working Paper no. w14686 (2009).
<http://www.nber.org/papers/w14686>
- Calomiris, Charles and R. Glenn Hubbard, "Price Flexibility, Credit Availability and Economic Fluctuations: Evidence from the United States, 1894-1909," *Quarterly Journal of Economics* 104:3, pp. 429-452 (1989). <http://www.jstor.org/stable/2937804>
- Hanes, Christopher, "The Development of Nominal Wage Rigidity in the Late 19th Century," *The American Economic Review* 83: 4, pp. 732-756 (1993).
<http://www.jstor.org/stable/2117576>
- James, John A., "Changes in Economic Instability in Nineteenth Century America," *The American Economic Review* 83:4, pp. 710-731 (1993). <http://www.jstor.org/stable/2117575>

Topic 3. 19th and 20th Century Business Cycles Compared

- Romer, Christina, "Changes in Business Cycles: Evidence and Explanations," *Journal of Economic Perspectives* 13:2, pp. 23–44 (1999).
<http://ideas.repec.org/a/aea/jecper/v13y1999i2p23-44.html>
- DeLong, J. Bradford and Lawrence Summers, "The Changing Cyclical Variability of Economic Activity in the United States," in *The American Business Cycle: Continuity and Change* (Ch. 12, pp. 679-734), Robert Gordon, ed. Chicago: University of Chicago Press (1986). <http://ideas.repec.org/p/nbr/nberwo/1450.html>
- Zarnowitz, Victor and Geoffrey Moore, "Major Changes in Cyclical Behavior," in *The American Business Cycle: Continuity and Change* (Ch. 9, pp. 519-582), Robert Gordon, ed. Chicago: University of Chicago Press (1986). <http://www.nber.org/chapters/c10031.pdf>
- Hanes, Christopher, "Nominal Wage Rigidity and Industry Characteristics in the Downturns of 1893, 1929 and 1981," *American Economic Review* 90:5, pp. 1432-1446 (2000).
<http://www.rau.ro/intranet/Aer/2000/9005/90051432.pdf>

Topic 4. The Great Depression in the United States

- Friedman, Milton and Anna Schwartz, "The Great Contraction 1929-33," in *Monetary History of the United States 1867-1960* (Ch. 7, 299-419), Princeton: Princeton University Press (1971). (On reserve at 208 Doe Library, Graduate Services Reserves Department.)
- Eichengreen, Barry and Kris J. Mitchener, "The Great Depression as a Credit Boom Gone Wrong," *Research in Economic History* 22, pp. 183-237 (2004).
<http://www.econ.berkeley.edu/~eichengr/research/bisconferencerevision5jul30-03.pdf>
- Chari, V.V., Patrick Kehoe and Ellen McGrattan, "Accounting for the Great Depression," *American Economic Review* 92:2, pp. 22-27 (2002).
<http://ideas.repec.org/a/aea/aecrev/v92y2002i2p22-27.html>
- Mishkin, Frederic, "The Household Balance Sheet and the Great Depression," *The Journal of Economic History* 38:4, pp. 918-937 (1978). <http://www.jstor.org/stable/2118664>

Topic 5. Comparative Perspectives on the Great Depression

- Gorodnichenko, Yuriy, Enrique G. Mendoza and Linda L. Tesar, "The Finnish Great Depression: From Russia with Love," NBER Working Papers 14874 (2010).
<http://ideas.repec.org/p/nbr/nberwo/14874.html>
- Hayashi, Fumio and Edward Prescott, "The 1990s in Japan: A Lost Decade," Working Paper 607, Federal Reserve Bank of Minneapolis (2007).
<http://www.minneapolisfed.org/research/wp/wp607.pdf>
- Krugman, Paul, "It's baaack: Japan's Slump and the Return of the Liquidity Trap," *Brookings Papers on Economic Activity*, pp. 137-206 (1998). <http://www.jstor.org/stable/2534694>
- Williamson, Jeffrey G., "Late Nineteenth Century American Retardation: A Neoclassical Analysis," *The Journal of Economic History* 33:3, pp. 581-607 (1973).
<http://www.jstor.org/stable/2117115>
- Bernanke, Ben and Harold James, "The Gold Standard, Deflation and Financial Crisis in the Great Depression: An International Comparison," in *Financial Markets and Financial Crises* (Ch. 2, pp. 33-68), R. Glenn Hubbard, ed. Chicago: University of Chicago Press (1991).
<http://www.nber.org/chapters/c11482.pdf>

Topic 6. Fiscal Policy at the Zero Lower Bound

- Romer, Christina, "What Ended the Great Depression?" *Journal of Economic History* 52:4, pp. 757-784 (1992). <http://www.jstor.org/stable/2123226?origin=JSTOR-pdf>
- Almunia, Miguel, Agustin Bénétrix, Barry Eichengreen, Kevin O'Rourke, and Gisela Rua "From Great Depression to Great Credit Crisis: Similarities, Differences and Lessons," *Economic Policy* 25:62, pp. 219-265 (2010). <http://www3.interscience.wiley.com/cgi-bin/fulltext/123338663/PDFSTART>
- Woodford, Michael, "Simple Analytics of the Government Expenditure Multiplier," NBER Working Paper no. 15714 (2010). <http://www.nber.org/papers/w15714>
- Eggertsson, Gauti, "Great Expectations and the End of the Great Depression," *American Economic Review* 98:4, pp. 1476-1516 (2008). <http://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.98.4.1476>

Topic 7. Evolution of the Postwar Business Cycles

- Stock, James and Mark Watson, "Has the Business Cycle Changed and Why?" NBER Working Papers 9127 (2002). <http://www.nber.org/papers/w9127>
- Clarida, Richard, Jordi Gali and Mark Gertler, "Monetary Policy Rules and Macroeconomic Stability: Evidence and Some Theory," *Quarterly Journal of Economics* 115:1, pp. 147-180 (2000). <http://www.econ.upf.edu/docs/papers/downloads/350.pdf>
- Ramey, Valerie and Daniel Vine, "Tracking the Source of the Decline in GDP Volatility: An Analysis of the Automobile Industry," NBER Working Papers No. 10384 (2004). <http://www.nber.org/papers/w10384.pdf>
- Coibion, Olivier and Yuriy Gorodnichenko, "Monetary Policy, Trend Inflation and the Great Moderation: An Alternative Interpretation," NBER Working Paper No. 14621 (2008). <http://www.nber.org/papers/w14621.pdf>

Topic 8. The Origins of Financial Crises

- Brunnermeier, Markus, "Deciphering the Credit and Liquidity Crunch of 2007-2008," *Journal of Economic Perspectives* 23:1, pp. 77-100 (2009). http://www.princeton.edu/~markus/research/papers/liquidity_credit_crunch.pdf
- Diamond, Douglas and Raghuram Rajan, "Liquidity Shortages and Banking Crises," *Journal of Finance* 60:2, pp. 615-647 (2005). <http://ideas.repec.org/a/bla/jfinan/v60y2005i2p615-647.html>
- Calomiris, Charles and Gary Gorton, "The Origins of Banking Panics: Models, Facts and Bank Regulation," in *Financial Markets and Financial Crises* (pp. 109-174), R. Glenn Hubbard, ed. (1991). <http://www.nber.org/chapters/c11484.pdf>
- Reinhart, Carmen and Kenneth Rogoff, "This Time is Different: A Panoramic View of Eight Centuries of Financial Crises." NBER Working Paper no. 13882 (2008). <http://www.nber.org/papers/w13882.pdf>

Topic 9. Why Is the Impact of Financial Crises so Severe?

- Bordo, Michael and Olivier Jeanne, "Boom-Busts in Asset Prices, Economic Instability and Monetary Instability Policy." NBER Working Paper no. 8966 (2002). <http://www.nber.org/papers/w8966.pdf>
- Bernanke, Ben, Mark Gertler and Simon Gilchrist, "The Financial Accelerator and the Flight to Quality," *The Review of Economics and Statistics* 78:1, pp. 1-15 (1996). <http://www.jstor.org/stable/2109844>
- Reinhart, Carmen and Kenneth Rogoff, "Banking Crisis: An Equal Opportunity Menace," NBER Working Paper 14587 (2008). <http://www.nber.org/papers/w14587>

Topic 10. International Business Cycles in Historical Perspective

- Basu, Susanto and Alan Taylor, "Business Cycles in International Historical Perspective," *Journal of Economic Perspectives* 13:2, pp. 45-68 (1999). <http://www.nber.org/papers/w7090.pdf>
- Backus, David K., Patrick J. Kehoe and Finn E. Kydland, "International Real Business Cycles," *The Journal of Political Economy* 100:4, pp. 745-775 (1992). <http://www.jstor.org/sici?sici=0022-3808%28199208%29100%3A4%3C745%3AIRBC%3E2.0.CO%3B2-7>
- Bayoumi, Tamim and Barry Eichengreen, "Macroeconomic Adjustment under Bretton Woods and the Post-Bretton Woods Float: An Impulse-Response Analysis," *The Economic Journal* 104:425, pp. 813-827 (1994). <http://www.jstor.org/stable/2234977>
- Stock, James and Mark Watson, "Understanding Changes in International Business Cycle Dynamics," *Journal of the European Economic Association* 3:5, pp. 968–1006 (2005). <http://www.mitpressjournals.org/doi/pdf/10.1162/1542476054729446>

Topic 11. Cycles in Emerging Markets

- Agenor, Pierre-Richard, C. John McDermott and Eswar Prasad, "Macroeconomic Fluctuations in Developing Countries: Some Stylized Facts," *World Bank Economic Review* 14:2, pp. 251-285 (2000). <http://www.jstor.org/stable/i382811>
- Aguiar, Mark and Gita Gopinath, "Emerging Market Business Cycle; The Cycle Is the Trend," *Journal of Political Economy* 115, pp. 69-102 (2007). <http://www.journals.uchicago.edu/doi/abs/10.1086/511283>
- Neumeyer, Pablo and Fabrizio Perri, "Business Cycles in Emerging Economies: The Role of Interest Rates," *Journal of Monetary Economics* 52:2, pp. 345-380 (2005). <http://www.sciencedirect.com/science/article/B6VBW-4FMK8M9-1/2/2b52f96c035bc206f7df2ffa13db3b54>
- Calvo, Guillermo and Enrique Mendoza, "Capital Markets, Crises and Economic Collapse in Emerging Markets: An Informational-Frictions Approach," *The American Economic Review* 90:2, Papers and Proceedings of the One Hundred Twelfth Annual Meeting of the American Economic Association, pp. 59-64 (2000). <http://www.jstor.org/stable/info/117192?seq=1>
- Kaminsky, Graciela and Carmen Reinhart, "The Twin Crises: The Causes of Banking and Balance-of-Payments Problems," *American Economic Review* 89:3, pp. 473-500 (1999). <http://www.jstor.org/stable/117029>

Topic 12. Business Cycles and Economic Growth in Historical Perspective

- Mills, Terrance C., "Business Cycle Volatility and Economic Growth: A Reassessment." *Journal of Post-Keynesian Economics* 23:1, pp. 107-116 (2000).
<http://www.jstor.org/stable/4538716>
- Ramey, Garey and Valerie Ramey "Cross-Country evidence on the link between volatility and growth," *American Economic Review* 85:5, pp. 1138-51 (1995).
<http://ideas.repec.org/a/aea/aecrev/v85y1995i5p1138-51.html>
- Aghion, Phillippe, et al, "Volatility and Growth: Credit Constraints and Productivity-Enhancing Investment," NBER Working Paper no. 11349 (2005).
<http://www.nber.org/papers/w11349.pdf>
- Comin, Diego and Mark Gertler, "Medium-Term Business Cycles," *American Economic Review*, pp. 523-551 (2006). <http://www.people.hbs.edu/dcomin/mediumterm2.pdf>
- Alexander Field, "Technological Change and U.S. Productivity Growth in the Interwar Years," *The Journal of Economic History* 66, pp. 203-236 (2006).
<http://journals.cambridge.org/action/displayFulltext?type=1&fid=414954&jid=JEH&volumeId=66&issueId=01&aid=414953>