Theory, History and Future of the International Monetary System

Instructor: Don Roper
Office Hours: after class, 3-4 M-TH -- Room 14

About the Course:

This course concerns multiple monies, exchange rate policy, debt instruments, international monetary history, the demise of the gold standard, the evolution and value of unbacked fiat currency, and the future of international monetary arrangements. Most readings can be downloaded from the Internet and other readings are on reserve.

A genuine understanding of beginning algebra (division by fractions) is essential for the course. It is very helpful to have had or to be taking money and banking and/or international economics.

The course is arranged in three parts with an exam on the last Monday of each month (Sep 29 (Mon), Oct 27 (Mon) and Nov 24 (Mon) and a final exam, Dec 15 (Mon 11:30am)). Makeup exams are oral. The four exams will be weighted equally and the best three of four will determine the course grade. Persons taking the course pass/fail can receive a passing grade if they make a B+ or better on the first exam or a B or better as an average on the first and second exams. Extra points on the final grade are given to those students whose participation in class enhances the learning experience of others.

Unless denoted otherwise, the papers below can be accessed through a web browser like Netscape and printed in many of CU’s computer labs such as Norlin.

I. Technical Background and Demise of Bretton Woods

- Yields, Present Values, and All That
- Central and Commercial Bank Liabilities
- Transmission of a Monetary Expansion
- "Secrets of the Temple" William Greider, selections (Reserve)
- "Using Escalators to Help Fight Inflation" Milton Friedman (Reserve)
- "The Case for Floating Exchange Rates" - Milton Friedman (Reserve)
- Purchasing Power Parity
- Why Was Bretton Woods Not Restored?

II. History Of The Gold Standard From A US Perspective

- Evolution of Monetary Arrangements
- Late Nineteenth Monetary Theory and Controversy
- Churchill’s Return to Gold" - Keynes (Reserve)
- Asymmetry of Bretton Woods
- Keynes on the Gold Standard and the Great Depression
- Gold Debt and the Great Depression
- Roosevelt and the 1933 Devaluation
III. International Debt and Alternative Monetary Arrangements

- Real and Nominal Yields
- Causes and Consequences of the Debt Problem
- Argentina’s Currency Anchor: Implications for Emerging Economies
- Exchange Market Pressure
- How Debt Might Interact with Disinflation to Cause Depression
- Stopping Inflation
- What is Money?
- Competitive Monies