

The Legal Architecture of Globalization:
The History & Institutional Development of Money and Finance

Harvard Law School, Spring 2010
Professor Christine Desan

Introduction:

Preliminary reading:

Radford, R. A. "The Economic Organisation of a P.O.W. Camp." *Economica* 12, no. 48 (1945): 189-201.

Day 1 -- An Introduction to the Issue

Part I: The Domestic and Geopolitical Challenges of a Metal Money: Case Study of The Medieval West

Day 1 (cont'd)

Reading:

Gordon, Barry J. *Economic Analysis before Adam Smith : Hesiod to Lessius*. London: Macmillan, 1975, pp. 25-36.

Aristotle, *Nicomachean Ethics*, 350 BCE, trans., W.D. Ross, Book V, available at <http://classics.mit.edu/Aristotle/nicomachaen.html>.

Aristotle, *Politics*, 350 BCE, trans. Benjamin Jowett, Book I, 8-10, available at <http://classics.mit.edu/Aristotle/politics.1.one.html>.

Day 2 -- De-mythologizing money: Money as Governance

Reading

St. Thomas Aquinas, *Summa Theologica*, II-II, Q 77, Articles 1,2, & 4, and Q. 78, Articles 1-4, in Arthur Monroe, ed., *Early Economic Thought: Selections from Economic Literature Prior to Adam Smith* (New York,: Gordon Press, 1975).

Nicholas Oresme, *De Moneta*, trans. Charles Johnson (London: Thomas Nelson & Sons, 1956, reprinted by the von Mises Institute, 2009), Chaps 1-8, 22-24.

Ruding, Rogers. *Annals of the Coinage of Great Britain and Its Dependencies : From the Earliest Period of Authentic History to the Reign of Victoria*, pp. 210-211, 3d ed. London: Printed for J. Hearne, 1840 (a sample of parliamentary action, taken in 1331).

Day 3 -- Medieval Practice and Conceptions of money

Reading – the Debate over Nominalism

Sargent, Thomas J., and Francois R. Velde. *The Big Problem of Small Change*, The Princeton Economic History of the Western World Indexes. Princeton, NJ: Princeton University Press, 2002, 69-80.

Nicholas Oresme, *De Moneta*, trans. Charles Johnson (London: Thomas Nelson & Sons, 1956, reprinted by the von Mises Institute, 2009), 15-22, 25-26.

Moneys Mixt (Le Case De) (Case of the Mixt Money), 80 (II) English Reports (Cobbett's Complete Collection of State Trials) 507 (114) (1605).

Day 4 -- The Social Stratigraphy of Coin & Credit

Reading

“Song Against the King’s Taxes,” in Isabel Stewart Tod Aspin, ed., *Anglo-Norman Political Songs*. Oxford: B. Blackwell, 1963.

“The Turnip Tale,” in Ziolkowski, Jan M. *Fairy Tales from before Fairy Tales : The Medieval Latin Past of Wonderful Lies*, pp. 321-331 Ann Arbor: University of Michigan Press, 2007.

Sally Livingston, “The Economy of the Turnip: Contributions of the *Rapularius* to the Medieval Debate on Greed,” forthcoming in Anne Scott and Cynthia Kossa, eds., *Poverty and Prosperity: The Rich and the Poor in the Middle Ages* (Brespol, 2010).

Day 5 - The Upper Track: High Finance – Public and Private Developments

Reading:

“A Report on the Exchanges, and the First Case About Which We Desire to Make Inquiry,” and “Reply of the Doctors of Paris to the Merchants of Antwerp,” (1530), as reprinted in Marjorie Grice-Hutchinson, *The School of Salamanca: Readings in Spanish Monetary Theory, 1544-1605* (Oxford: Clarendon Press, 1952).

Carolus Molinaeus (Charles Dumoulin), “A Treatise on Contracts and Usury” (1546), in Arthur Monroe, ed., *Early Economic Thought: Selections from Economic Literature Prior to Adam Smith* (New York,: Gordon Press, 1975).

Navarrus (Martin de Aspilcueta Navarro), *Comentario Resolutorio de Usuras* (1556),

Luis de Molina, *Disputationes de Contractibus* (1601),

Pedro de Valencia, *Discurso sobre el precio de del trigo* (1605),

all as reprinted in Marjorie Grice-Hutchinson, *The School of Salamanca: Readings in Spanish Monetary Theory, 1544-1605* (Oxford: Clarendon Press, 1952).

Part II – Europe and an “Internationalizing” Order

Day 6 – An Atlantic World Remapped: Mercantilism, Empire, and the Price Revolution

Reading –

Jean Bodin, “Reply to the Paradoxes of Malestroit Concerning the Dearness of All Things and the Remedy Therefor” (1576), in Arthur Monroe, ed., *Early Economic Thought: Selections from Economic Literature Prior to Adam Smith* (New York,: Gordon Press, 1975).

Thomas Mun, “England’s Treasure by Forraign Trade” (1630, published 1664), in Arthur Monroe, ed., *Early Economic Thought: Selections from Economic Literature Prior to Adam Smith* (New York,: Gordon Press, 1975).

Day 7 -- Experiments with Paper

Reading

Mather, Cotton. "Some Considerations on the Bills of Credit Now Passing in New-England." In *Colonial Currency Reprints*, edited by Andrew McFarland Davis, 189-196. Boston: John Wilson & Son, 1691. Reprint, 1910.

Anonymous. A Copy of a Letter from Quebec. Philadelphia, PA, 1747.

Adams, John. "Letter to the Comte de Vergennes." In *The Revolutionary Diplomatic Correspondence of the United States*, edited by Francis Wharton. Washington DC: Government Printing Office, 1780, June 22.

Benjamin Franklin, “Of the Paper Money of the United States of America” (1784), in Albert Smyth, IX *The Writings of Benjamin Franklin*, 234 (1907).

Part III: the Modern Turn: Money and the Financial Revolution

Day 8 -- Theory and Practice of a New Money

Reading:

“Payment in Course” Notices, *the London Gazette*, Nos. 135, 245, 411 (1667, 1668, 1669), as reprinted in H. Roseveare, *The Treasury, 1660-1870: The Foundations of Control* (New York: Barnes and Noble Books, 1973).

Case of the Bankers: A Complete Collection of State Trials. Howell, T.B., ed. Vol. 14:64. London, 1812.

Paterson, William A *Brief Account of the Intended Bank of England*. London: Randal Taylor, 1694.

Day 9 – The Financial Revolution I – Government Borrowing

Reading:

North, Douglass C., and Barry R. Weingast. "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England." *The Journal of Economic History* XLIX, no. 4 (1989): 803-832.

Ming-Hsun Li, *The Great Recoinage of 1696 to 1699* (London: Weidenfeld and Nicolson, 1963), pp. 177-179.

John Locke, "Further Considerations Concerning Raising the Value of Money" (1695), excerpt.

Day 10 – The Financial Revolution II – The Development of Capital Markets and Conceptions.

Reading:

Emma Rothschild, *Economic Sentiments: Adam Smith, Condorcet, and the Enlightenment*. Cambridge, MA: Harvard University Press, 2001, pp. 7-39.

David Hume, *Political Discourses* (1752), in E. Rotwein, ed., *Writings on Economics* (Madison: Univ. of Wisc. Press, 1955), excerpt.

Day 11 – The Financial Revolution in the US

Reading:

Alexander Hamilton, "Report on the Public Credit," in *Documentary History of the First Federal Congress of the United States of America: Legislative Histories*, vol. V, (Baltimore: Johns Hopkins Univ. Press, 1986), pp. 752.

Debt debates, Statements of U.S. Representatives James Jackson, James Madison, Thomas Scott – Feb. 9, 11, 16, 1790, in *Documentary History of the First Federal Congress of the United States of America: Legislative Histories*, vol. 12, (Baltimore: Johns Hopkins Univ. Press, 1986).

Day 12 -- The Development of UK Banking and Movement Towards the Gold Standard Part I (Iain Frame)

Reading:

W. M. Scammell, *The London Discount Market* (London: Elek, 1968), pp. 115-158.

Bell, Stephanie. "The Role of the State and the Hierarchy of Money." *Cambridge Journal of Economics* 25, no. 2 (2001): 149.

Part IV: Gold and “Globalization”

Day 13 – The Development of UK Banking and Movement Towards the Gold Standard - Part II (Iain Frame)

Reading:

W. M. Scammell, *The London Discount Market* (London: Elek, 1968), pp. 159-191.

Samuel Knafo, "The Gold Standard and the Origins of the Modern International System", *Review of International Political Economy*, Vol. 13, No. 1(2006): 78-102.

Day 14 – The “Money Issue(s)” in late 19th century United States

Reading:

Margaret Myers, *A Financial History of the United States*. New York: Columbia Univ. Press, 1970, pp. 197-222.

W. H. Harvey, *Coin’s Financial School (1894)*, excerpt.

Reform Club Sound Currency Committee, *Sound Currency, vol. 3 (1896)*, excerpt.

Day 15 – The International Gold Standard: Center and Periphery

Reading:

Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System*. Princeton, NJ: Princeton University Press, 2d ed., 2008, Ch. 2, pp. 6-42.

Marcello de Cecco, *Money and Empire: The International Gold Standard, 1890-1914*, excerpt.

Day 16 -- The System under Stress

Reading:

Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System*. Princeton, NJ: Princeton University Press, 2d ed., 2008, Ch. 3, pp. 43-90.

Perry v. United States, 294 U.S. 330 (1935).

Nortz v. United States, 294 U.S. 217 (1935).

Day 17 – Licensing Liquidity: Banks and Money, Then and Now

Reading:

Gary Gorton, “Bank Regulation When Banks and Banking Are Not the Same,” *Oxford Review of Econ. Pol.* 10: 106-119 (1994).

Perry Mehrling, “Minsky and Modern Finance: The Case of Long Term Capital Management,” *Journal of Portfolio Management*, vol. 26, no. 2 (Winter 2000): 81-88.

Anush Kapadia, “Banking and Trade in World Without Money” (draft, 2009).

Day 18 -- Bretton Woods and its Breakdown

Reading:

Eric Helleiner, *States and the Reemergence of Global Finance*. Ithaca, N.Y: Cornell Univ. Press, 1994, Ch. 2-5, pp. 25-122.

Mark Blyth, *Great Transformations: Economic ideas and Political Change in the Twentieth Century*. Cambridge: Cambridge Univ. Press, 2002, Ch. 5, pp. 126-151.

Recommended: Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System*. Princeton, NJ: Princeton University Press, 2d ed., 2008, Ch. 4-5, pp. 91-184.

Part V: A Newer Monetary Order - Globalizing Capital & Liberalizing Rights

Day 19 –Blood Money: Odious Debt, Political Transition, and International Law

Reading:

Robert Howse, “The Concept of Odious Debt in Public International Law” (July 2007).

Ibanez Manuel Leandro and others v. Undetermined Financial Institutions

Day 20 - The Institutional Inheritance of Bretton Woods -- IMF, World Bank

Reading:

Ngairé Woods, *The Globalizers: The IMF, the World Bank and Their Borrowers*, Cornell University Press, 2006, Ch. 6, pp. 141-178.

Louis Pauly, *Who Elected the Bankers? Surveillance and Control in the World Economy*. Ithaca: Cornell Univ. Press, 1997, Ch. 5-7, pp. 79-143.

Day 21 – International Debt Crises: from the 1980s

Reading:

Anne O. Krueger, “A New Approach to Sovereign Debt Restructuring,” IMF, Washington D.C, 2002.

John Taylor, “Sovereign Debt Restructuring: A U.S. Perspective” (April 2, 2002)

Day 22 – The Architecture of the IMF and the WB: Reform Proposals

Reading:

Dani Rodrik, “Goodbye Washington Consensus, Hello Washington Confusion?” (Jan. 2006).

Ngairé Woods, “From Intervention to Cooperation: Reforming the IMF and the World Bank,” Progressive Governance (London, 2008).

EP Report (author, Ngaire Woods), “The International Response to the Global Crisis and the Reform of the International Financial and Aid Architecture,” (European Parliament, Comm. on Development, 2009).

Day 23 -- The Financial Crisis of 2008

Reading:

“Credit Crisis – the Essentials,” N.Y. Times, Jan 12, 2010

“Securitization – Key Legal and Regulatory Issues” (IFC Technical Working Group)

Steven Schwartz, “Systemic Risk,” Duke Law School Legal Studies Research Paper 163, March 2008.

Opt'l:

James Stewart, “ Eight Days: The Battle to Save the U.S. Financial System,” The New Yorker , Sept. 21, 2009.

Inside the Meltdown:

<http://www.pbs.org/wgbh/pages/frontline/meltdown/view/>

Day 24 – Retrospectives on the System

Reading:

Alan Greenspan, *Testimony*, Oct. 23, 2008, Committee of Govt . Oversight and Reform, U.S. House of Representatives.

John Cassidy, “After the Blow Up,” The New Yorker (Jan. 11, 2010).

Paul Krugman, “Who did Economists Get it So Wrong,” N.Y. Times, Sept. 2, 2009.

Barry Eichengreen, “The Last Temptation of Risk,” The National Interest online, March 26, 2010.