GUADALUPE MORENO

Course syllabus

The Rise of Central Banks: History and Politics

Dr. Guadalupe Moreno

Sessions	
07.01.2021	Session 1: Introduction and Course Format
Part I: The Historical Trajectory of Central Banks	
21.01.2021	Session 2: The History of Central Banks (Part 1)
04.02.2021	Session 3: The History of Central Banks (Part 2)
18.02.2021	Session 4: Central Bank Independence in the Interwar Period
04.03.2021	Session 5: Central Banks and Economic Development
18.03.2021	Session 6: Central Banks under Bretton Woods
01.04.2021	Session 7: Central Banks in the 1970s
Part II: The Politics and Sociology of Central Banking	
15.04.2021	Session 8: The ‘Puzzle’ of Central Bank Independence
29.04.2021	Session 9: The Global Diffusion of Central Bank Independence
13.05.2021	Session 10: Central Banks and Financialization
27.05.2021	Session 11: Central Bankers in the Peripheries
03.06.2021	Session 12: Who are the Central Bankers?
10.06.2021	Session 13: Course Evaluation and Discussion of Term Papers

Course Description

Why is there so much interest in central banks? Why did they become so important in contemporary capitalism? What are the origins of these peculiar institutions? Have their roles and functions always been the same? The answer to these questions is far from straightforward. The aim of the course is to provide students with a basic understanding of the historical trajectory of central banks and of their inherent ‘political’ nature. The lessons will explore the changing boundaries of their relationship with governments and financial systems across history, with a particular focus on the crisis of the 1970s, a moment in which they went through profound organizational, technical and cultural transformation. Since the 1970s, central banks have in fact experienced a process of radical change, which paved the way for a global diffusion of specific institutional settings and goals such as central bank independence and inflation targeting. However, in the aftermath of the 2008 financial crisis, the ‘epistemological’ foundations of this new 'technocratic' paradigm have been increasingly challenged, and the fear of ‘politicization’ has begun to spread again. As the Covid-19 crisis unfolds, central banks are even more faced with this inescapable dilemma between politics and economics. The underlying goal of the seminar is to put these issues in a historical perspective and explore the variety of theoretical and methodological approaches that have been developed to study and address them

Course Requirements

This seminar can be completed in two ways. In the first block session you will state whether you intend to earn a **Teilnahmeschein** (ungraded certificate of participation) or a **Leistungsschein** (graded certificate). The core obligations are the same for everyone: you must attend regularly (a maximum of two absences is permitted), prepare the assigned readings before each session, and actively participate in class discussions. In each session, selected students will act as Preferred Conversation Partners, briefly summarizing the readings and initiating discussion with thoughtful questions. One student per session will give a 10–15-minute presentation synthesizing the key points of the complementary readings (PowerPoint optional). All presenters and conversation partners must upload a 2–3-page handout (and slides, if used) to OLAT by 20:00 on the day before their session.

Teilnahmeschein (ungraded certificate of participation)

To obtain a Teilnahmeschein you must:

- Attend regularly — no more than two absences are allowed.
- Prepare all assigned readings before each session.
- Play an active role in discussion by serving once as a Preferred Conversation Partner (PCP) or giving one Input Presentation.
- Whether you act as PCP or presenter, you must upload a 2–3-page handout (and any slides) to OLAT by 20:00 on the day before your slot.

Leistungsschein (graded certificate)

To obtain a Leistungsschein you must first meet all Teilnahmeschein requirements and, in addition:

- Submit a written exposé (approx. 500 words) outlining your paper topic, argument, and analytical approach (this can be submitted anytime until the final session)
- Present this exposé briefly during Session 13
- Submit a final paper of approx. 4,000 words (12–15 pages) (deadline to be announced in class).

Roles and Written Work

Preferred Conversation Partner (PCP)

A PCP opens the session by giving a concise, two-minute summary of the required readings and then poses two or three sharply focused questions to launch discussion. The aim is to highlight the authors' key arguments, identify possible blind spots, and connect the texts to the broader course theme.

Input Presentation

An Input Presentation lasts ten to fifteen minutes and is meant to spark debate, not deliver a mini-lecture. It should:

- Briefly introduce a specific aspect of the session topic (key arguments, developments, or data).
- Offer a critical reflection (caveats, controversies, alternative perspectives).
- Conclude with questions that tie the issue back to the day's readings.

PowerPoint slides are optional and should be kept to a few essential visuals. A 2–3-page handout summarising your points and questions must be uploaded to OLAT by 20:00 on the day before you present.

Paper Outline (Leistungsschein only)
The outline (≈ 500 words) should state your topic, articulate a tentative argument, indicate the theoretical lens and data or sources you plan to use, and explain how you will develop your analysis. The outline will be discussed with the instructor to ensure that the final paper is focused and feasible.

Final Paper (Leistungsschein only)
The final paper (≈ 4 000 words) should resemble a short journal article: title page with abstract; clear sections (introduction, theory, analysis, conclusion); and proper citations. You may write in English or German. The paper should either link theoretical concepts to empirical findings or compare two theoretical approaches. Detailed writing guidelines and a grading rubric will be provided in OLAT.

Course Readings

Session 1: Introduction and Course Format

This session provides an overview of the course contents, explains the requirements and assignments, and coordinates presentation topics and preferred conversation partners. General readings are recommended for this session.

Readings:
Bank of England, "Money in the Modern Economy: an introduction"
https://www.bankofengland.co.uk/-/media/boe/files/quarterly-bulletin/2014/money-in-the-modern-economy-an-introduction

Bank of England, "Money Creation in the Modern Economy"
https://www.bankofengland.co.uk/-/media/boe/files/quarterly-bulletin/2014/money-creation-in-the-modern-economy

Session 2: The History of Central Banks (Part 1)

Readings:
Singleton, J. (2010). Central banking in the twentieth century. Cambridge University Press. (pp. 1-16)
Ugolini, S., 2011. What Do We Really Know About the Long-Term Evolution of Central Banking? Evidence from the Past, Insights for the Present. Working Paper.

Complementary Readings:
Bindseil, U. (2019), Central Banking before 1800. A rehabilitation. Oxford University Press. (Intro).
Broz, J.L. (1998). The origins of central banking: solutions to the free-rider problem. International Organization
Ugolini, S. (2020). The Historical Evolution of Central Banking. Handbook of the History of Money and Currency.

Session 3: The History of Central Banks (Part 2)

Readings:
Caesar, R. (1995). Central banks and governments: issues, traditions, lessons. Financial History Review.
Goodhart et al. (1995). The future of central banking. The Tercentenary Symposium of The Bank of England. (pp. 1-38)

Complementary Readings:
Singleton, J. (2010). Central banking in the twentieth century. Cambridge University Press. (pp. 34-49); Poast, P. (2015). Central Banks at War. International Organization Vol. 69, No. 1.

Session 4: Central Bank Independence in the Interwar Period

Readings:
Simmons, Beth. A. (1996). Rulers of the Game: Central Bank Independence During the Interwar Years. International Organization.
Do Vale, A. (2021), Central bank independence, a not so new idea in the history of economic thought: a doctrine in the 1920s. The European Journal of the History of Economic Thought.

Complementary Readings:
Singleton, J. (2010). Central banking in the twentieth century. Cambridge University Press (pp. 69-90)
Péteri, G. (1992). Central Bank Diplomacy: Montagu Norman and Central Europe's Monetary Reconstruction after World War I. Contemporary European History. Cambridge University Press.

Session 5: Central Banks and Economic Development

Readings:
Cerretano, V. (2013). Economic crises and the development of the industrial state: the industrial intervention of the Bank of Italy and the Bank of England, 1918–1939. Review of Keynesian Economics.
Epstein, G. (2009). Post-war Experiences with Developmental Central Banks: The Good, the Bad and the Hopeful. G-24 Discussion Paper No. 54

Complementary Readings:
Alacevich, M. and Asso, P. F. (2009). Money Doctoring after World War II: Arthur I. Bloomfield and the Federal Reserve Missions to South Korea. History of Political Economy, Duke University Press.
Krampf, A. (2010). Central Banking in a Developmental State. The case of the Bank of Israel in the Post-war period. Jerusalem Papers in Regulation & Governance. Working Paper No. 23 August 2010

Session 6: Central Banks under Bretton Woods

Readings:

Monnet, E. (2016). The Diversity in National Monetary and Credit Policies in Western Europe Under the Bretton Woods System. Les Banques centrales et l'État-nation

Ruggie, J. G. (1982) International regimes, transactions, and change: embedded liberalism in the post-war economic order. International Organizations.

Complementary Readings:

Bibow, J. (2009). On the origin and rise of central bank independence in West Germany. The European Journal of the History of Economic Thought.

Monnet, E. (2018). Controlling Credit: Central Banking and the Planned Economy in Post-war France, 1948–1973. Cambridge University Press. (pp. 247-288)

Nardozzi, G. (1988). A central bank between the Government and the Credit System. The Bank of Italy after WWII. in Toniolo, G. et al. (1988) Central Banks' Independence in Historical Perspective.

Session 7: Central Banks and the 1970s Crisis

Readings:

Goodfriend, M. (2007). How the world achieved consensus on monetary policy. Journal of Economic Perspectives, 21(4), 47-68.

Mourlon-Druol, E. (2016). Central Banks, The EEC And the Creation of The European Monetary System. In Olivier Feiertag et al., Les banques centrales et l'État-nation. Presses de Sciences Po | «Mission historique de la Banque de France».

Complementary Readings:

Krippner, G. R. (2011). Capitalizing on crisis: The political origins of the rise of finance. Harvard University Press. Chapter 5: The Making of the US Monetary Policy.

Session 8: The 'Puzzle' of Central Bank Independence

Readings:

Fernández-Albertos. (2015). The Politics of Central Bank Independence. Annual Review of Political Science.

Hall, P. and Franzese, R. (1998). Mixed Signals: Central Bank Independence, Coordinated Wage Bargaining, and European Monetary Union.

Complementary Readings:

Aklin, Michaël, and Andreas Kern (2020). "The Side Effects of Central Bank Independence." American Journal of Political Science.

Bibow, J. (2010). A Post Keynesian Perspective on the Rise of Central Bank Independence: A Dubious Success Story in Monetary Economics.

Forder, J. (2005) Why Is Central Bank Independence So Widely Approved? Journal of Economic Issues.

Goodman, J. (1991). The Politics of Central Bank Independence. Comparative Politics, Vol. 23, No. 3

Session 9: The Global Diffusion of Central Bank Independence

Readings:

McNamara, K. (2002). Rational Fictions: Central Bank Independence and the Social Logic of Delegation. West European Politics, 25(1), 47-76.

Johnson, Juliet. 2016. Priests of Prosperity: How Central Bankers Transformed the Post-communist World. Ithaca, NY: Cornell University Press.

Complementary Readings:

Polillo, S. and Guillen, F. (2005). Globalization Pressures and the State: The Worldwide Spread of Central Bank Independence. American Journal of Sociology.

King, M. (2005). Epistemic Communities and the Diffusion of Ideas: Central Bank Reform in the United Kingdom. West European Politics.

Marcussen, M. (2005). Central banks on the move. Journal of European Public Policy.

Maxfield, S. (1999). Gatekeepers of Growth: The International Political Economy of Central Banking in Developing Countries. Princeton University Press.

Thomassen, E. (2017). Translating central bank independence into Norwegian: central bankers and the diffusion of central bank independence to Norway in the 1990s. Review of International Political Economy.

Session 10: Central Banks and Financialization

Readings:

Walter, T., and Wansleben, L. (2019). How central bankers learned to love financialization: The Fed, the Bank, and the enlisting of unfettered markets in the conduct of monetary policy. Socio-Economic Review.

Complementary Readings:

Braun, B. (2020). Central banking and the infrastructural power of finance: the case of ECB support for repo and securitization markets. Socio-Economic Review.

Epstein, G. (2019). Financialization, rentier interests and central bank policy.

Session 11: Central Bankers in the Peripheries

Readings:

Dafe, Florence and Volz, Ulrich (2015). "Financing Global Development: The Role of Central Banks". German Development Institute. Briefing Paper 8/2015, Available at:
http://dx.doi.org/10.2139/ssrn.2797226

Zayim, A. (2020). Inside the black box: credibility and the situational power of central banks. Socio-Economic Review.

Complementary Readings:

De Paula, Luiz Fernando, Barbara Fritz, and Daniela M. Prates. 2017. "Keynes at the Periphery: Currency Hierarchy and Challenges for Economic Policy in Emerging Economies." Journal of Post Keynesian Economics 40(2): 183–202

Johnson, Juliet. 2016. Priests of Prosperity: How Central Bankers Transformed the Postcommunist World. Ithaca, NY: Cornell University Press. (Readings: Preface, chapters 1,2 and 4).

Kaltenbrunner, Annina, and Juan Pablo Painceira. 2017. "The Impossible Trinity: Inflation Targeting, Exchange Rate Management and Open Capital Accounts in Emerging Economies." Development and Change 48(3): 452–480.

Session 12: Who are the Central Bankers?

Readings:

Irwin, Neil. 2013. The Alchemists: Three Central Bankers and a World on Fire. Penguin.

Dyson, Kenneth, and Ivo Maes. 2017. Architects of the Euro: Intellectuals in the Making of European Monetary Union. Oxford University Press.

Mallaby, Sebastian. 2017. The man who knew: the life and times of Alan Greenspan. London: Bloomsbury.

Other interesting central bankers' biographies:

Ahamed, L. (2009). Lords of Finance: The bankers who broke the world. Random House.

Bernanke, B. 2015. The Courage to Act. A Memoir of a Crisis and its Aftermath. New York: WW Norton & Company.

Blinder, A. 2004. The Quiet Revolution. Central Banking Goes Modern. New Haven & London: Yale University Press.

Greenspan, A. (2008). The age of turbulence: Adventures in a new world. Penguin.

Issing, O. (2008) The Birth of the Euro. Cambridge: Cambridge University Press

King, M. (2016). The end of alchemy: Money, banking, and the future of the global economy. WW Norton & Company.

Lebaron, F., & Dogan, A. (2020). Central Bankers as a Sociological Object: Stakes, Problems and Possible Solutions. In Researching Elites and Power (pp. 95-111). Springer, Cham.

Lebaron, F., & Dogan, A. (2016). Do Central Bankers' Biographies Matter?. Sociologica, 10(2), 0-0.

Prins, Nomi. 2018. Collusion: How Central Bankers Rigged the World. Bold Type Books.

Solomon, S. (1995). The confidence game: how unelected central bankers are governing the changed global economy. Simon & Schuster.

Volcker, P. A., & Harper, C. (2018). Keeping at it: the quest for sound money and good government. PublicAffairs.

Volcker, Paul. 1990. "The triumph of central banking?". Per Jacobsson Foundation.

Woodward, B. (2001). Maestro: Greenspan's Fed and the American boom. Simon and Schuster.

Zald, M. N. (1996). The Confidence Game: How Unelected Central Bankers Are Governing the Changed Global Economy

Session 13: Course evaluation and discussion of final term papers

In this concluding session, we will reflect on the seminar as a whole through a brief course evaluation. Students will present and discuss the main arguments of their final term papers, receive feedback from peers and the instructor, and engage in a collective discussion on key insights, open questions, and overarching themes that emerged throughout the course