

ECON 425  
Topics in Monetary Economics:  
The International Monetary System  
from the Gold Standard to Globalization  
Homework Assignment 4

Fabio Ghironi

*University of Washington*

Due in class on Wednesday, May 15, 2019

Answer the following questions:

1. Explain the adjustment, liquidity, and confidence problems in the functioning of the interwar Gold Standard.
2. Explain why Ragnar Nurkse argued against exchange rate flexibility in his 1944 book on *International Currency Experience*.
3. Summarize the key features of the Keynes and White plans for the post-World War II international monetary regime.
4. Summarize the key features of the IMF Articles of Agreement with respect to the par value system, multilateral payments, the use of IMF resources, and the IMF's powers.
5. How was the Bretton Woods system supposed to work?
6. Explain the bilateralism and dollar shortage problems in the 1946-1958 period and the roles of the Marshall Plan and the European Payments Union in solving them.
7. Explain the problems associated with exchange rate parity realignments in the Bretton Woods system and why the system became *de facto* one of fixed exchange rates.
8. Why did the sterling's role decline throughout the Bretton Woods years? Why did the dollar emerge as the key currency of the system?

9. Explain the adjustment, liquidity, and confidence problems in the functioning of the Bretton Woods system between 1959 and 1967.
10. What was the role of capital controls in the Bretton Woods system?
11. What solutions were proposed for the confidence problem of the gold-dollar standard during the 1960s and why did these proposals fail?
12. Why did the Bretton Woods system collapse?