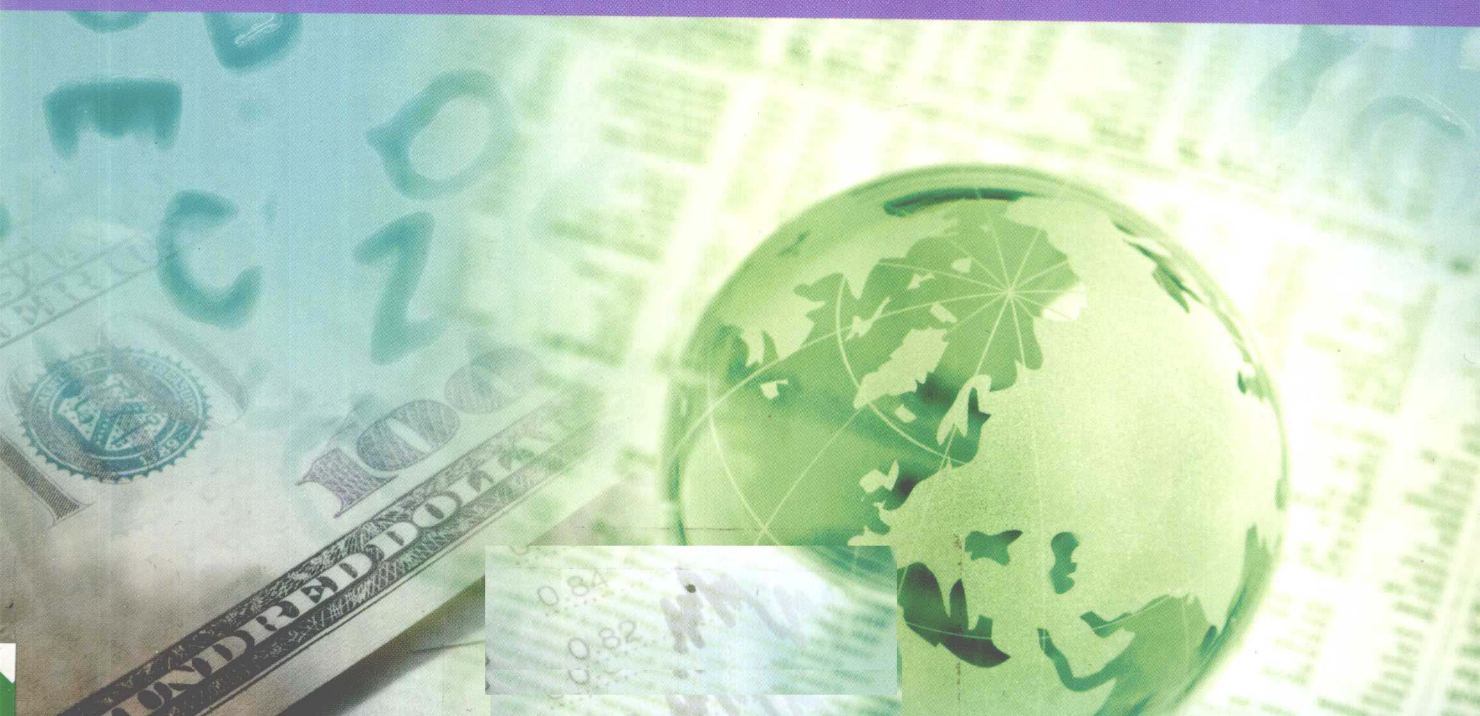
新编国际商务英语系列教材

新编国际金融英语教程

English for International Finance

顾维勇 编著



清华大学出版社 · 北京交通大学出版社

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内容简介

本书主要介绍国际金融英语的基础知识，内容包括国际货币体系的发展、金融组织、主要货币及金融危机等专题。本书紧密结合专业方向，英语语言地道新颖，有一定的难度或深度，但书中提供了相关的背景知识和语言注释，因此比较易教易学。

本书适合商务英语、金融及相关专业的学生作为教材使用，亦可供金融英语爱好者自学之用。

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前言

2007年以来，教育部把“商务英语”列为本科专业试招生，至2010年已有15所高校获得了招生资格。据不完全统计，全国已有800多所院校开设商务英语专业方向或相关的专业课程。

根据英语专业商务英语方向或商务英语专业的教学要求，国际金融英语为一门基础课程，学生通过本课程的学习，可以了解国际金融的基本词汇和基础知识，为下阶段专业课程的学习奠定良好的基础。

《新编国际金融英语教程》正是顺应这一教学要求而编写的，作者编写的讲义已在所在学校的相关专业使用5年多。实践证明，本书符合并能满足商务英语及相关专业对该课程的教学需求。

《新编国际金融英语教程》的内容包括国际货币体系的发展、金融组织、主要货币及金融危机等专题。

国际货币体系发展专题涉及金本位制、弹性汇率、布雷顿森林体系及欧洲货币体系，较为详细地介绍了货币体系的发展过程。

金融组织重点介绍国际货币基金组织、世界银行、亚洲发展银行等。

主要货币专题重点介绍美国联邦储备体系及美元、欧元体系及欧元、人民币简史（包括港澳台币）。

金融危机主要讲述2007—2009年间的金融危机。

本书通过相关金融英语知识的阐述向读者介绍国际金融所涉及的基础知识，帮助读者提高金融英语的理解水平，为下阶段的商务英语、经济英语、外贸英语等方面课程的学习打下基础，并为日后的工作积累与金融英语相关的知识。

本书具有以下几个特色。

1. 选材紧扣专业方向，主要讲述世界货币体系的发展、主要金融组织、主要货币及金融危机等内容。其中，中国货币部分除了介绍人民币外，还介绍了港币、澳币及台币。

2. 内容既具有专业性，也具有较好的适时性，而且大部分内容为市面上教材中所未涉及的，语言地道。

3. 设计风格生动活泼，有的章节配备了图片，让读者图文并茂地学习相关的金融英语知识。

4. 编排体例新颖，实用性强，易教易学。内容中涉及的背景知识均专项列出，为教学提供了方便。难度较大的句子尽量安排在翻译专项练习中。配备的拓展阅读材料与课文材料相关，用以拓展该专题知识。

教学过程中建议师生充分利用网络资源，采用多媒体手段，拓展阅读视野，对课文中出现的相关术语、语言点或背景知识多查资料和工具书等，力求完全准确地理解。本书的使用者可根据教学实际，特别是考虑各高校安排的课时对教程进行有选择地使用，同时任课教师可根据教学需要补充新的内容来充实教学内容。

在本书编写过程中，孙维林、汪璧辉、方芳等老师参与了部分编写工作并提出了宝贵意见，在此一并表示衷心的感谢。同时，北京交通大学出版社张利军编辑给予了多次具体指导，大大提高了本书的出版质量，在此表示诚挚的谢意。

由于编者对相关专业知识的掌握不够，把握不准，书中难免有不妥之处，欢迎广大读者提出批评和建议，相互交流，共同提高。

顾维勇

2010年12月于聚福园

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PART I

Evolution and Operation of the International Monetary System

Chapter 1

The Gold Standard Era (1870–1914)

Learning Objectives

- ✔ The concept of gold standard and its origins
- ✔ The rules of gold standard
- ✔ The operation of the gold standard

Origins of the Gold Standard

The gold standard had its origin in the use of gold coins as a medium of exchange, unit of account, and store of value. While gold has been used in this way since ancient times, the gold standard as a legal institution dates back to 1819, when the British Parliament passed the Resumption Act. The Resumption Act marks the first adoption of a true gold standard because it simultaneously repealed long-standing restrictions on the export of gold coins and bullion from Britain.

Later in the nineteenth century, Germany, Japan, and other countries also followed suit. The US effectively joined the gold standard in 1879 and institutionalized the dollar-gold link through the US Gold Standard Act of 1900. With Britain's preeminence in international trade and the advanced development of its financial system, London naturally became the center of the international monetary system built on the gold standard.

The Gold Standard Rules

The gold standard regime has conventionally been associated with three rules of the game. The first rule is that in each participating country the price of the domestic currency must be fixed in terms of gold. Since the gold content in one unit of each currency was fixed, exchange rates were also fixed. This was called the mint parity. The second rule is that there must be a free import and export of gold. The third rule is that the surplus country, which is gaining gold, should allow its volume of money to increase while the deficit country, which is losing gold, should allow its volume of money to fall.

The first two rules together ensure that exchange rates between participating countries are fixed within fairly narrow limits. With the price of any two currencies fixed in terms of gold the implied exchange rate between the two currencies is also fixed and any significant deviation from this fixed rate will be rapidly eliminated by arbitrage operations.

The third rule, requiring the volume of money to be linked in each participating country to balance of payments developments, provides an "automatic" mechanism of adjustment which ensures that, ultimately, any balance of payments disequilibria will be corrected.

The Automatic Adjustment Mechanism under the Gold Standard

The gold standard contains some powerful automatic mechanisms that contribute to the simultaneous achievement of balance of payments equilibrium by all countries. The most important of these was the price-specie-flow mechanism (precious metals were referred to as "specie"). Hume's description of this mechanism has been translated into modern terms. Assume that Britain's current account[1] surplus is greater than its non-reserve capital account deficit. In this case, foreigners' net imports from Britain are not being financed entirely by British loans. The balance must be matched by flows of international reserves that is, of gold — into Britain. The gold inflows into Britain automatically reduce foreign money supplies and increase Britain's money supply, driving foreign prices downward and British prices upward. As a result, the demand for British goods and services will fall and at the same time the British demand for foreign goods and services will increase. Eventually, reserve movements stop and both countries reach balance of payments equilibrium. The same process also works in reverse, eliminating an initial situation of foreign surplus and British deficit.

However, the response of central banks to gold flows across their borders furnished another potential mechanism to help restore balance of payments equilibrium. Central banks experiencing persistent gold outflows were motivated to contract their domestic asset holdings for the fear of becoming unable to meet their obligation to redeem currency notes. Thus domestic interest rates were pushed up and capital would flow in from abroad. Central banks gaining gold had much weaker incentives to eliminate their own imports of the metal. The main incentive was the greater profitability of interest-bearing domestic assets compared with "barren" gold. Central banks that were accumulating gold might be attempted to purchase domestic assets, thereby increasing capital outflows and driving gold abroad. These domestic credit measures, if undertaken by central banks, reinforced the price-specie-flow mechanism in pushing all countries toward balance of payments equilibrium. Because such measures speeded up the movement of countries toward their external balance goals, they increased the efficiency of the automatic adjustment processes inherent in the gold standard.

However, research has shown that countries often reversed the steps mentioned above and sterilized[2] gold flows, that is, sold domestic assets when foreign reserves were rising and bought domestic assets as foreign reserves fell. Government interference with private gold exports also undermined the system. The picture of smooth and automatic balance of payments adjustment before World War I therefore did not always match reality.

Given the prices of currencies fixed in terms of gold, the price levels within gold standard countries did not rise as much between 1870 and 1914 as over the period after World War Ⅱ, but national price levels moved unpredictably over shorter horizons as periods of inflation and deflation followed each other. What is more, the gold standard does not seem to have done much to ensure full employment. A fundamental cause of short term internal instability under the pre-1914 gold standard was the subordination of economic policy to external objectives. Internal policy objectives were only emphasized after World War Ⅰ as a result of the worldwide economic instability of the interwar years, 1918 – 1939. To understand how the post-World War Ⅱ international monetary system tried to reconcile the goals of internal and external balance, we need to examine the economic events of the period between the two world wars.

Words and Expressions

unit of account 计算单位，记账单位

legal institution legal system 合法的制度

repeal [rɪ'piːl] *v.* to revoke or rescind, especially by an official or formal act 撤销，废止

long-standing ['lɒŋ'stædɪŋ] *a.* of long duration or existence 长时间的，经久不衰的，长期存在的

follow suit follow the example, imitate 效仿

institutionalize [ˌɪnstɪ'tjuːʃənəlaɪz] vt. ① to make into, treat as, or give the character of an institution to 制度化；② to make part of a structured and usually well-established system 使机构化

preeminence [prɪ'emɪnəns] *n.* 卓越，杰出 (synonyms: excellence, superexcellence, predomination, salience, transcendence)

regime [reɪ'ʒiːm] *n.* ① social system 体制；② a form of government 政体，政权制度

in terms of 依……，据……，从……方面，从……角度来讲，换算，折合，以……为单位，关于，在……方面，就……来说

surplus country the country who has favorable balance of trade/active trade balance/active balance/trade surplus 顺差国

deficit country a country who has adverse balance of trade/trade deficit 逆差国

deviation from 偏离

arbitrage operations arbitration procedures 仲裁程序

disequilibria [ˌdɪsɪkwɪ'lɪbrɪə] *n.* (pl. of disequilibrium) loss or lack of stability or equilibrium 不均，不平衡，不安定

price-specie-flow mechanism 价格–货币–流动机制

capital account an account stating the amount of funds and assets invested in a business by the owners or stockholders, including retained earnings 资本账户，股本账户（记录企业所有者或股东投资于这个企业的资金和资产数量的账户，包括净利润的记录）

central bank an institution which — by way of a legal act — has been given responsibility for conducting the monetary policy for a specific area 央行

meet one's obligation 履行某人的职责

redeem [rɪ'diːm] *vt.* pay off, compensate, to convert into cash 兑换成现金

incentive [ɪn'sentɪv] *n.* encouragement, inducement, motive, stimulus 刺激
a. serving to induce or motivate 刺激的，诱发的

barren ['bærən] *a.* unproductive, unfertile, unprofitable 没有收益的，无利息的

Background Knowledge

1 gold standard 金本位制

It is a monetary standard under which the basic unit of currency is equal in value to and exchangeable for a specified amount of gold. 金本位制是一种货币制度，在此制度下，通货基本

单位与一定数量的黄金价值相同，并可与之兑换。

Gold standard is a monetary system formerly used by many countries, under which the value of the standard unit of currency was by law made equal to a fixed weight of gold of a stated fineness. Thus the rates of exchange between various gold-standard countries remained fixed, which helped international trade, but the system limited the power of the monetary authorities to control the supply of money in fighting inflation and unemployment. Under a full gold-standard system, such as existed in Britain from the 1870s to 1914, gold coin and bullion (bars of gold) could be freely imported and exported; gold coins circulated freely; and the central bank bought and sold gold in any quantity at the fixed price. The system was set up again by 1928 in limited form but it broke down in the 1930s. After the Second World War some countries in Europe agreed to make their currencies freely convertible into gold for international payments only, thus forming a gold standard that was entirely external. Variations of the gold standard are: gold bullion standard and gold exchange standard. 金本位是过去许多国家采用的货币制度，在这种制度下，货币标准单位的价值由法律规定等于固定重量的既定纯度黄金。这样，各个不同的金本位制国家之间的汇率保持固定，有助于国际贸易。但这种制度限制了财政当局控制货币供应数量以抑制通货膨胀及失业的力量。在完全金本位制下，如在19世纪70年代至1914年间的英国，金币和金条（块）可以自由输出输入，金币自由流通，中央银行按固定价格收购及出售任何数量的黄金。1928年这一制度以有限的形式重新建立，但在20世纪30年代垮台。第二次世界大战后，有些欧洲国家同意其货币可以自由兑换黄金，但只限于国际支付。这样就形成了完全对外的金本位。金本位的不同形式有：金块本位制和金汇兑本位制。

2 the Resumption Act 纸币收回条例

3 mint parity 铸币平价 (=mint par of exchange, par rate of exchange)

It is the rate of exchange between two currencies that are on the gold standard, i.e. when the gold value of their standard currency unit has been fixed by law. The rate between any pair of gold standard currencies is always directly related to the amount of gold in a unit of each currency. 铸币平价是两种金本位之间的汇率，即标准货币单位的黄金值已由法律固定时的汇率。任何两种金本位之间的汇率总是直接与每种货币一个单位的金含量有关。

4 balance of payments 国际收支

It is the balance of a national account in which are recorded all the international dealings resulting in payment of money during certain period. Unlike the balance of trade, which includes only visible dealings (articles of trade, and gold and silver bars and coins), the balance of payments takes note of invisible imports and exports (payments for banking, insurance, transport, and other services), interest payments and movements of capital. The balance is said to be in deficit, adverse, passive or unfavorable if it shows that the country pays or owes more than it receives or is owed; and in surplus, active or favorable if the opposite is true. 国际收支是一个国家记录一定时期内发生支付货币的所有国际交易的账户上的余额或差额。与贸易差额不同，贸易差额只包括有形交易（贸易商品、金条银条及硬币），国际收支着重无形进出口（银行、保险、运输及其他服务）、利息支付及资本的流动。如其差额表示一个国家支付与欠人多于收入与人欠，则为逆差。反之则为顺差。

5 currency notes 流通券，国库券

Currency notes are notes issued as money by the British Treasury during the war of 1914 –1918 and after, of two values, £1 and 10s, later amalgamated (1928) with Bank of England notes. 流通券是在1914 — 1918年战争期间及战后由英国财政部发行作为货币使用的票据，有两种面值：1英镑和10先令。之后于1928年与英格兰银行票据合并。

同“treasury notes”，此文中指“通货券，流通券”，并非特指英国的“流通券”。

Notes

1 current account 经常项目

国际收支差额的一个分类，包括商品进出口及劳务项目收支，其差额大小与方向对一个国家的国际收支有重大影响。（在不同的语境下，此词还有下列意义：往来账户、经常账户、活期存款账户）

2 sterilize ['sterəlaɪz] *vt.* (*Economics*) to place (gold) in safekeeping so as not to affect the supply of money or credit 【经济学】使（黄金）封存而不起作用

sterilization of gold 黄金冲销

在金本位制下，黄金的输入使通货供给量增加，导致通货膨胀物价上升。为了防止此通货膨胀，必须阻止黄金流入对通货及物价上升的影响。此种做法称为黄金冲销（sterilizing of gold）

3 复数问题

本课中出现了大量的英语复数形式词，需要学习者特加注意，如 reserves、movements、holdings、flows、outflows、loans 等。在金融英语里，也包括其他商务英语的语境下，复数形式是一种常见的语法现象，但它们与通常的复数形式有所不同，它们常常是有所指的，常用来表示“量”，或“金额”、“额”。又如：

单数词与词义	复数词与词义
import 进口	imports 进口量
export 出口	exports 出口量
damage 损坏	damages 损坏赔偿金
loss 灭失	losses 损失额/金
sale 销售	sales 销售额
stock 库存（货）	stocks 库存量
reserve 储存	reserves 储量
shipment 装船	shipments 装船的货
holding 持有	holdings 持有量
payment 付款	payments 付款额

Exercises

I Translate the following expressions into Chinese.

1. the international monetary system built on the gold standard
2. participating country
3. significant deviation from this fixed rate
4. automatic mechanism of adjustment
5. achievement of balance of payments equilibrium

6. the response of central banks to gold flows across their borders
7. meet their obligation to redeem currency notes
8. ensure full employment
9. subordination of economic policy to external objectives
10. tried to reconcile the goals of internal and external balance

II Give the Chinese meaning of the following plurals.

1. international reserves
2. gold flows
3. net imports
4. capital outflows
5. domestic assets

III Translate the following paragraphs into Chinese.

1. However, research has shown that countries often reversed the steps mentioned above and sterilized gold flows, that is, sold domestic assets when foreign reserves were rising and bought domestic assets as foreign reserves fell. Government interference with private gold exports also undermined the system. The picture of smooth and automatic balance of payments adjustment before World War I therefore did not always match reality.
2. The gold standard regime has conventionally been associated with three rules of the game. The first rule is that in each participating country the price of the domestic currency must be fixed in terms of gold. Since the gold content in one unit of each currency was fixed, exchange rates were also fixed. This was called the mint parity. The second rule is that there must be a free import and export of gold. The third rule is that the surplus country, which is gaining gold, should allow its volume of money to increase while the deficit country, which is losing gold, should allow its volume of money to fall.
3. Central banks experiencing persistent gold outflows were motivated to contract their domestic asset holdings for the fear of becoming unable to meet their obligation to redeem currency notes. Thus domestic interest rates were pushed up and capital would flow in from abroad. Central banks gaining gold had much weaker incentives to eliminate their own imports of the metal. The main incentive was the greater profitability of interest-bearing domestic assets compared with "barren" gold.
4. Given the prices of currencies fixed in terms of gold, the price levels within gold standard countries did not rise as much between 1870 and 1914 as over the period after World War II, but national price levels moved unpredictably over shorter horizons as periods of inflation and deflation followed each other.

IV Read the passage and fill in the blanks with the words or phrases given below.

bonds	payments	dividends	record	broking	financial transactions	bank advances
net overflow	immediate transactions		an overall balance		capital account	
investment purposes	visible account		non-commercial items		net errors and omissions	

Balance of payments is the total movement of goods, services and ____(1)____ between one country and the rest of the world; the term commonly used for the ____(2)____ of such movements. In money terms, therefore, the balance of payments is the total of all receipts from abroad, and of all ____(3)____ to recipients abroad. All receipts and payments of whatever nature are included, whether they be payments and receipts for non-commercial purposes, such as legacies and for pensions; for goods sold or services rendered; for ____(4)____; on behalf of government; or of private persons and agencies.

The balance of payments record or account is conventionally divided into the current account, or payments and receipts for ____(5)____, such as the sale of goods and rendering of services; and the ____(6)____, or the money movements not immediately devoted to trade, such as investment. The current account is subdivided into the merchandise, or ____(7)____ (often also termed the trade account), comprising the movement of goods; and the invisible account, comprising the movement of services, transfers and investment incomes. Services comprise transport, travel, banking, insurance, ____(8)____ and other activities; transfers comprise money movements for the transmission of legacies, pensions and other ____(9)____; investment income consists of the interest, profits and ____(10)____ deriving from capital placed abroad.

The capital account is normally divided into long-term and short-term capital, the former relating to capital employed for investment purposes, the latter to ____(11)____, trade credit and the like. Long-term capital is again subdivided into direct investment capital, or capital employed for the establishment of commercial premises and industrial plant, and portfolio investment capital (证券投资资本), or capital employed for the purchase of ____(12)____ and shares.

A balance of payments account will normally resolve the various subordinate accounts into balances or net receipts and payments, summing these to ____(13)____, subject to a balancing item (UK), ____(14)____, or statistical discrepancy (US), against which the ____(15)____ from or net inflow into the country's reserves is noted. The balance of payments account is also referred to as the external account of a nation.

Further Reading

Gold Standard

by Michael D. Bordo

The gold standard was a commitment by participating countries to fix the prices of their domestic currencies in terms of a specified amount of gold. National money and other forms of money (bank deposits and notes) were freely converted into gold at the fixed price. England adopted a de facto (事实上的) gold standard in 1717 after the master of the mint, Sir Isaac Newton, overvalued the silver guinea (几尼：英国的旧金币，等于一镑一先令) and formally adopted the gold standard in 1819. The United States, though formally on a bimetallic (gold and silver, 金银复本位) standard, switched to gold de facto in 1834 and de jure (权利上的，法律上的) in 1900. In 1834 the United States fixed the price of gold at $20.67 per ounce, where it remained until 1933. Other major countries joined the gold standard in the 1870s. The period from 1880 to 1914 is known as the classical gold standard. During that time the majority of countries adhered (in varying degrees) to gold. It was also a period of unprecedented economic growth with relatively free trade in goods, labor, and capital.

The gold standard broke down during World War I as major belligerents (交战国) resorted to inflationary finance and was briefly reinstated from 1925 to 1931 as the Gold Exchange Standard. Under this standard countries could hold gold or dollars or pounds as reserves, except for the United States and the United Kingdom, which held reserves only in gold. This version broke down in 1931 following Britain's departure from gold in the face of massive gold and capital outflows. In 1933 President Roosevelt (罗斯福总统) nationalized gold owned by private citizens and abrogated (废除，取消) contracts in which payment was specified in gold.

Between 1946 and 1971 countries operated under the Bretton Woods system. Under this further modification of the gold standard, most countries settled their international balances in US dollars, but the US government promised to redeem other central banks' holdings of dollars for gold at a fixed rate of $35 per ounce. However, persistent US balance-of-payments deficits steadily reduced US gold reserves, reducing confidence in the ability of the United States to redeem its currency in gold. Finally, on August 15, 1971, President Nixon announced that the United States would no longer redeem currency for gold. This was the final step in abandoning the gold standard.

Widespread dissatisfaction with high inflation in the late seventies and early eighties brought renewed interest in the gold standard. Although that interest is not strong today, it strengthens every time inflation moves much above 6 percent. This makes sense. Whatever other problems there were with the gold standard, persistent inflation was not one of them. Between 1880 and 1914, the period when the United States was on the "classical gold standard," inflation averaged only 0.1 percent per year.

How the Gold Standard Worked

The gold standard was a domestic standard, regulating the quantity and growth rate of a country's money supply. Because new production of gold would add only a small fraction to the accumulated stock, and because the authorities guaranteed free convertibility of gold into non-gold money, the gold standard assured that the money supply and, hence, the price level would not vary much. But periodic surges in the world's gold stock, such as the gold discoveries in Australia and California around 1850, caused price levels to be very unstable in the short run. The gold standard was also an international standard — determining the value of a country's currency in terms of other countries' currencies. Because adherents to the standard maintained a fixed price for gold, rates of exchange between currencies tied to gold were necessarily fixed.

Because exchange rates were fixed, the gold standard caused price levels around the world to move together. This co-movement occurred mainly through an automatic balance-of-payments adjustment process called the price-specie-flow mechanism. Here is how the mechanism worked: Suppose a technological innovation brought about faster real economic growth in the United States. With the supply of money (gold) essentially fixed in the short run, this caused US prices to fall. Prices of US exports then fell relative to the prices of imports. This caused the British to demand more US exports and Americans to demand fewer imports. A US balance-of-payments surplus was created, causing gold (specie) to flow from the United Kingdom to the United States. The gold inflow increased the US money supply, reversing the initial fall in prices. In the United Kingdom the gold outflow reduced the money supply and, hence, lowered the price level. The net result was balanced prices among countries.

The fixed exchange rate also caused both monetary and nonmonetary (real) shocks to be transmitted via flows of gold and capital between countries. Therefore, a shock in one country affected the domestic money supply, expenditure, price level, and real income in another country.

An example of a monetary shock was the California gold discovery in 1848. The newly produced gold increased the US money supply, which then raised domestic expenditures, nominal income, and ultimately, the price level. The rise in the domestic price level made US exports more expensive, causing a deficit in the US balance of payments. For America's trading partners the same forces necessarily produced a balance of trade surplus. The US trade deficit was financed by a gold (specie) outflow to its trading partners, reducing the monetary gold stock in the United States. In the trading partners the money supply increased, raising domestic expenditures, nominal incomes, and ultimately, the price level. Depending on the relative share of the US monetary gold stock in the world total, world prices and income rose. Although the initial effect of the gold discovery was to increase real output (because wages and prices did not immediately increase), eventually the full effect was on the price level alone.

For the gold standard to work fully, central banks, where they existed, were supposed to play by the "rules of the game." In other words, they were supposed to raise their discount rates — the interest rate at which the central bank lends money to member banks — to speed a gold inflow, and lower their discount rates to facilitate a gold outflow. Thus, if a country was running a balance-of-payments deficit, the rules of the game required it to allow a gold outflow until the ratio of its price level to that of its principal trading partners was restored to the par exchange rate.

The exemplar of central bank behavior was the Bank of England, which played by the rules over much of the period between 1870 and 1914. Whenever Great Britain faced a balance-of-payments deficit[1] and the Bank of England saw its gold reserves declining, it raised its "bank rate" (discount rate). By causing other interest rates in the United Kingdom to rise as well, the rise in the bank rate was supposed to cause holdings of inventories to decrease and other investment expenditures to decrease. These reductions would then cause a reduction in overall domestic spending and a fall in the price level. At the same time, the rise in the bank rate would stem any short-term capital outflow and attract short-term funds from abroad.

Most other countries on the gold standard — notably France and Belgium — did not, however, follow the rules of the game. They never allowed interest rates to rise enough to decrease the domestic price level. Also, many countries frequently broke the rules by "sterilization" (冲抵) — shielding the domestic money supply from external disequilibrium by buying or selling domestic securities. If, for example, France's central bank wished to prevent an inflow of gold from increasing its money supply, it would sell securities for gold, thus reducing the amount of gold circulating.

Yet the central bankers' breaches of the rules must be put in perspective. Although exchange rates in principal countries frequently deviated from par (偏离面值), governments rarely debased their currencies or otherwise manipulated the gold standard to support domestic economic activity. Suspension of convertibility in England (1797-1821, 1914-1925) and the United States (1862-1879) did occur in wartime emergencies. But as promised, convertibility at the original parity (等值) was resumed after the emergency passed. These resumptions fortified (加强) the credibility of the gold standard rule.

Performance of the Gold Standard

As mentioned, the great virtue of (优点) the gold standard was that it assured long-term price stability. Compare the aforementioned average annual inflation rate of 0.1 percent between 1880 and 1914 with the average of 4.2 percent between 1946 and 1990. (The reason for excluding the period from 1914 to 1946 is that it was neither a period of the classical gold standard nor a period during which governments understood how to manage monetary policy.)

But because economies under the gold standard were so vulnerable (易受攻击的) to real and monetary shocks, prices were highly unstable in the short run. A measure of short-term price instability is the coefficient of variation, which is the ratio of the standard deviation of annual percentage changes in the price level to the average annual percentage change. The higher the coefficient of variation, the greater the short-term instability. For the United States between 1879 and 1913, the coefficient was 17.0, which is quite high. Between 1946 and 1990 it was only 0.8.

Moreover, because the gold standard gives government very little discretion to use monetary policy, economies on the gold standard are less able to avoid or offset either monetary or real shocks. Real output, therefore, is more variable under the gold standard. The coefficient of variation for real output was 3.5 between 1879 and 1913, and only 1.5 between 1946 and 1990. Not coincidentally, since the government could not have discretion over monetary policy, unemployment was higher during the gold standard. It averaged 6.8 percent in the United States between 1879 and 1913 versus 5.6 percent between 1946 and 1990.

Finally, any consideration of the pros and cons (赞成与反对的理由) of the gold standard must include a very large negative: the resource cost of producing gold. Milton Friedman estimated the cost of maintaining a full gold coin standard for the United States in 1960 to be more than 2.5 percent of GNP (Gross National Product, 国民生产总值). In 1990 this cost would have been $137 billion.

Conclusion

Although the last vestiges[2] of the gold standard disappeared in 1971, its appeal is still strong. Those who oppose giving discretionary (任意的，自由决定的) powers to the central bank are attracted by the simplicity of its basic rule. Others view it as an effective anchor for the world price level. Still others look back longingly to the fixity of exchange rates. However, despite its appeal, many of the conditions which made the gold standard so successful vanished in 1914. In particular, the importance that governments attach to full employment means that they are unlikely to make maintaining the gold standard link and its corollary, long-run price stability, the primary goal of economic policy.

Notes

1 balance-of-payments deficit 国际收支赤字 (= external deficit, trade deficit)
When the total value of imports is greater than the total value of exports, the difference is a balance-of-payments deficit. 进口总额大于出口总额的差额即国际收支赤字。

2. vestige 痕迹，遗迹，踪影

Chapter 2 The Inter-war Period (1918–1939) and the Bretton Woods System (1944–1973)

Learning Objectives

- ✔ The monetory system in the interwar period
- ✔ Bretton Woods System: establishment, evolution and collapse

Governments effectively suspended the gold standard during World War I and financed part of their massive military expenditures by printing money. Moreover, labor forces and productive capacity had been reduced sharply through war losses. Consequently price levels were very high everywhere at the war's conclusion in 1918. Between 1918 and 1924, exchange rates also fluctuated wildly, and this led to a desire to return to the stability of the gold standard. The US returned to gold in 1919. In 1922, Italy, Britain, France, and Japan agreed on a program calling for a general return to the gold standard and cooperation among central banks in attaining internal and external objectives. In 1925 Britain returned to the gold standard by pegging the pound to gold at the prewar price. To return the pound price of gold to its prewar level, the Bank of England was thus forced to follow contractionary monetary policies that contributed to severe unemployment. British stagflation in the 1920s accelerated London's decline as the world's leading financial center. The United Kingdom had lost a great deal of its competitiveness and attempted to contain its deficits when the balance of payments deficits and inflation were serious. On the other hand, France faced large balance of payments surpluses after the franc was stabilized at a depreciated level in 1926. As short term capital shifted from London to Paris and New York, the United Kingdom was forced in September 1931 to suspend the convertibility of the pound into gold, devalued the pound, and the gold exchange standard came to an end.

The causes of the collapse of the gold exchange standard lied in the lack of an adequate adjustment mechanism, the huge destabilizing capital flows and the outbreak of the Great Depression. This also was a period when nations imposed very high tariffs and other serious import restrictions. According to Nurkse, the interwar experience clearly indicated the prevalence of destabilizing speculation and the instability of flexible exchange rates.

Since a full recovery from the Great Depression of 1929 – 1933 did not take place until the onset of World War II, the conditions for a formal reorganization of the international financial order were not present. The depression had provided an environment in which self-interested beggar-thy-neighbor policies encouraged competitive devaluation and increased tariff protection — followed the model established earlier