

Joshua S. Ingber

Research Statement

Department of Economics, George Mason University, 4400 University Drive, Fairfax, VA 22030
jingber@gmu.edu | www.joshuaingber.com | 917.501.2282

My research program centers on monetary history. However, it is impossible to isolate monetary history from political economics and the organization of political institutions. Thus, while my focus is on monetary history, my research considers relevant political and institutional frameworks. To be more specific, my research focuses on monetary policy outcomes as well as the set of incentives and constraints of the underlying policy stakeholders. This twin approach has guided my research on monetary history and offers a promising research agenda.

The beginning of my dissertation builds on the work of Drs. Steve Hanke and Nicholas Krus of Johns Hopkins University and their compiled metrics on the 56 episodes of hyperinflation¹. Using their price indices data and combining it with additional data on money supply and political factors, I generate a table which describes the revenue optimization behavior of monetary authorities, during these periods of instability. In addition, I consider political factors pre- and post-hyperinflation, in order to summarize the factors that guide inflationary monetary strategy.

With a general overview in place, the remaining scholarship in my dissertation details specific episodes of hyperinflation. In each scenario, I try to understand the political circumstances and history that engender the hyperinflation. Once established, I estimate the optimal seigniorage, or revenue from printing additional currency. In this way, I can understand the underlying monetary policy. It follows that a monetary authority, maximizing the revenue from seigniorage, leverages the inflationary period for some capital-intensive purpose. Conversely, a monetary policy which is sub-optimal, is only rationally explained by exploring the political constraints, monetary institutions, and history therein.

Thus, the second chapter of my dissertation, entitled "Seigniorage in the Civil War South", which I have coauthored and is published at *Explorations in Economic History*², examines confederate monetary policy. Confederate attempts at monetary reform reveal a policy inconsistent with seigniorage maximization. Our findings indicate that the South reversed their fortunes by decreasing rates of monetary expansion, and that it was the bifurcation of the Confederate Congress into two groups – those representing areas outside of Confederate control and those representing the rebel government's interior – that instantiated the sub-optimal policy.

The final chapter of my dissertation, entitled "Assignats or Death", also co-authored and under publication review, considers the hyperinflationary policy during the French revolution. In addition to understanding the seigniorage maximizing policies and underlying political factors, we were able to find evidence of shifts in the demand curve for money balances during the hyperinflationary period that correspond with changes in monetary institutions. This is a surprising result given that in hyperinflations, it is assumed money-demand functions are principally a function of changes in price. It so happens that the French Revolution provides a unique natural experiment; wherein we can extend the prevailing assumption, that money-demand functions are determined by price changes only when monetary institutions remain constant.

The connection between prices and monetary policy are a topic-of-interest in today's political climate. Thus, my research offers a historical look at that relationship, providing additional empirical evidence that monetary policy influences prices and that monetary institutions undergird a sound money. This requires attention to the fields of economic history, econometrics, as well as monetary and public choice theory. My research demonstrates a willingness to work with others, whether it is on the margin, by extending their work, or by collaboration, both as a leader and as a contributor.

My future research will build upon my existing scholarship on seigniorage and the political factors that influence it. One area that remains unexplored in this field is the long-term effects of seigniorage maximization. For example, do regimes that maximize ultimately stabilize their currency? Is seigniorage maximization a predictor of some other success, such as winning a war, or do other constraints swamp the policy? Finally, this research agenda offers several avenues to build upon. A natural outgrowth would be to consider rules-based monetary policies, central bank independence, crypto-currencies, and the historical outcomes of 0% and negative interest rates.

¹ Hanke, Steve H. and Krus, Nicholas, *World Hyperinflations* (August 15, 2012). *The Handbook of Major Events in Economic History*, Randall Parker and Robert Whaples, eds., Routledge Publishing, Summer 2013; Cato Working Paper, Forthcoming. Available at SSRN: <https://ssrn.com/abstract=2130109>

² <https://www.sciencedirect.com/science/article/pii/S0014498318300470>