

The Harvard critique: John H. Williams at the NY FED and the shaping of US monetary policy in the interwar years

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John H. Williams has been an influential economist and central banker in the interwar years. As an economist he wrote extensively on international trade theory and policy, monetary reforms and finance with a critical stance against classical and neoclassical economics. As a teacher, he was a professor at Harvard University and acted as the first Dean of the Harvard business school. As a policy advisor he worked to restore stability in domestic affairs and international relations, promoting the 1936 Tripartite agreement as well as the 1943 key currency approach – the independent “third” plan that received a widespread attention in the making of the Bretton Woods agreements. Finally as a vice-President of the Federal Reserve Bank of New York (1935 – 1953) he had a part in the shaping of new instruments and policy objectives in order to raise the country from the Great Depression.

This paper aims to provide a general assessment of Williams’ contributions to monetary policy during his tenure at the NY FED. We shall try to do so by following a twofold perspective: i. establish connections between Williams’ more theoretical works, his interpretations of the Great Depression and some policy decisions enacted by the FED in the 1930s; ii. provide new archival evidence on what was the part he really played in the debate over the FED responsibilities as well as in some major policy innovations or banking reforms that were introduced in the aftermaths of the Depression.

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