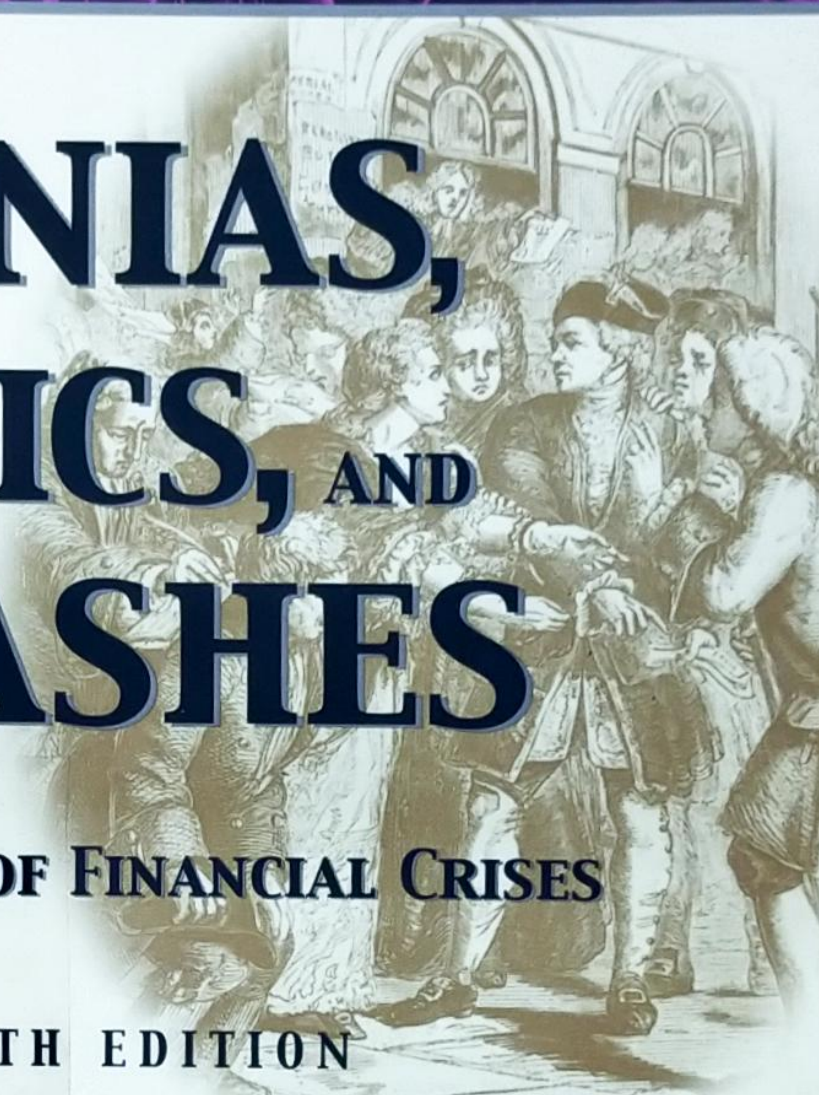


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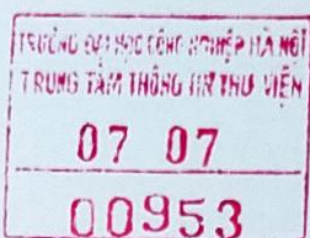
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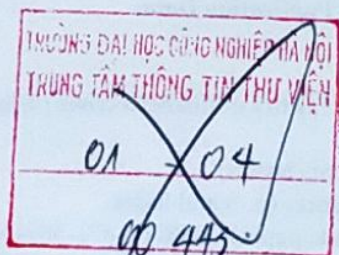
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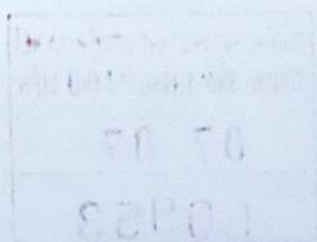
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Introduction

The first edition of this book, published in 1978, dealt with financial crises that were, for the most part, before World War II. Black Monday, October 19, 1987, along with more research on earlier troubles, indicated, at least to me, a need for a second look. The third edition had its stimulus in the Japanese crash of January 1990. That was some time ago.

A fourth edition is perhaps not needed by readers but only as occupational therapy for the writer. The push comes partly from the Mexican crisis of 1994–95, but more especially from the East Asian difficulties of 1997–98, which are still not far behind us. Again, as earlier, some gaps in history have been made up by other economists and historians, and more or less absorbed to extend the discussion backward as well as forward. This version may be of greatest interest to younger readers, as most mature ones continue to refer to the original edition. Once a book is read and the main point seized, the incentive to keep up with its extensions is typically minimal.

This is especially apposite in the present instance as my interest and research have been confined largely to Europe, Western Europe at that, and the United States; my familiarity with and knowledge of Latin America, Russia, and Asia are limited. Some readers, moreover, are likely to be drawn to the subject by its relevance to the future and to be less taken by history. The first edition started with the South Sea and Mississippi bubbles in the early eighteenth century; successive ones went back a century at a time, and this time I have done some work—from secondary sources only, as in all cases—on the minor financial revolution of the 1550s, but I do not bring the troubles of Henry VIII, François I, the Fuggers, and the Genoese into the account.¹ I have recently seen and mislaid the title of a book on Venetian banks of 1200 to 1500, with the word “panics” in it. An attempt to go farther back than 1600 is mostly beyond my depth.

In addition to adding accounts of crises, earlier and later than 1990, it seems useful to address the criticism of the International Monetary Fund (IMF) as a lender of last resort and the demand in a number of quarters for a drastic change in “world financial architecture.” As it happens, I am not persuaded that there is sufficient agreement on a new design to make another Bretton Woods meeting productive; like the World Economic