

ECON 4545

Finance and Growth from a Historical Perspective

1. Basic Information

Time of Class: MW: 10:15-11:45 AM.

Room: PCPE 100.

Instructor: Dr. Ivan Luzardo-Luna, (Office 534, PCPE).

Email: luzardo@sas.upenn.edu

Office hours: Monday 4 - 6 PM

2. Description

This course focuses on the interception between finance and economic growth by studying some of the most important events in economic history that have taken place over the last few centuries. Starting with the emergence of the modern capital markets and economic growth, the course examines in depth, major developments in financial history, such as the classical gold standard, the origins of central banking, the Great Depression, and the Bretton Woods system. However, this course goes beyond any standard course on financial history and examines how finance has affected economic growth in the long-run, from an international perspective and starts in the seventeenth century in Europe, up to the 1990s in South-East Asia.

3. Texts Main text

Eichengreen, B. (1996), *Globalizing Capital: A History of the International Monetary System*, 3rd Edition. Princeton University Press.

4. Content

Part I

Date	Topic	Reading	Assessment
11-Jan	Introduction: Finance and growth	Levine (2005), PP 866-887, and PP 918-923	
18-Jan	Finances in Medieval Europe	Munro (2003)	
23-Jan	The Financial Revolution	Neal (2000)	
25-Jan	Finance and the Industrial Revolution	Brunt (2006)	Presentation group 1
30-Jan	The Classical Gold Standard	Eichengreen (1996), Chapter 2	Presentation group 2
1-Feb	Finance and the first wave of globalization	Meissner (2013), PP 1033-1069	Presentation group 3
6-Feb	Finance and the German Industrialization	Chandler (1994), Chapter 10 pp. 393-427 and Edwards and Ogilvie (1996)	Presentation group 4
8-Feb	Growth and Financial Development in the United States in the 19th Century	Rockoff (2008)	Presentation group 5
13-Feb	Australia and the 1890s Depression	Maddock (2014)	
15-Feb	The Sovereign Debt Crisis in Latin America; 19th Century	Paolera and Taylor (2012)	Presentation group 6
20-Feb	The Origins of Central Banking	Bignon, Flandreau and Ugoline (2012)	Presentation group 7
22-Feb	Review for midterm I		
27-Feb	Midterm I		
1-Mar	Research workshop		

Part II

Date	Topic	Reading	Assessment
13-Mar	Growth and Financial Development in the United States in the 20th Century	O'Sullivan (2007)	Summative essay selection
15-Mar	The Interwar Period and the Era of Financial Deglobalization	Eichengreen (1996), Chapter 3, PP 41-63	
20-Mar	The Great Depression	Eichengreen (1996), Chapter 3, PP 63-85	Presentation group 8
22-Mar	The Great Depression II		
27-Mar	The Bretton Woods System, 1944-1973 I	Eichengreen (1996), Chapter 4	Presentation group 9
29-Mar	The Bretton Woods System, 1944-1973 II	Eichengreen (1996), Chapter 5	

3-Apr	The Sovereign Debt Crisis in Latin America; 20th Century	Taylor (1999)	Presentation group 10
5-Apr	Japanese Asset Price Collapse in the 1990s	Bayoumi and Collyns (2000), PP 10-42	Presentation group 11
10-Apr	The 1997 Asian Financial Crisis and its Propagation	Eichengreen (1996) Chapter 6, PP 175-188	Summative essay submission
12-Apr	The Great Recession	Gorton (2009)	Presentation group 12
17-Apr	The euro-zone debt crisis	Fernández-Villaverde, Garicano and Santos (2013)	Presentation group 13
19-Apr	Cryptocurrencies in a historical perspective	Bordo (2021)	
24-Apr	Review for midterm II		
26-Apr	Midterm II		

5. Full reading list

Bayoumi, T. and C. Collyns (2000). Post-bubble blues : how Japan responded to asset price collapse. International Monetary Fund.

Bignon, V., Flandreau, M., and S. Ugolini (2012). Bagehot for beginners: the making of lender-of-last-resort operations in the mid-nineteenth century. The Economic History Review, Vol. 65, No. 2.

Brunt, L. (2006). Rediscovering Risk: Country Banks as Venture Capital Firms in the First Industrial Revolution. The Journal of Economic History, Vol. 66, No. 1.

Chandler Jr., Alfred D.. Scale and Scope: The Dynamics of Industrial Capitalism, Cambridge, MA and London, England: Harvard University Press, 1994.

Edwards, J., & Ogilvie, S. (1996). Universal banks and German industrialization: a reappraisal. Economic History Review, 427-446.

Eichengreen, B. (1996), Globalizing Capital: A History of the International Monetary System, 3rd Edition. Princeton University Press.

Fernández-Villaverde, J., Garicano, L., & Santos, T. (2013). Political credit cycles: the case of the Eurozone. Journal of Economic perspectives, 27(3), 145-66.

Gorton, G. (2009). Information, liquidity, and the (ongoing) panic of 2007. American Economic Review, 99(2), 567-72.

Levine, R. (2005). Finance and Growth: Theory and Evidence at Handbook of Economic Growth. Amsterdam: Elsevier Science & Technology.

Maddock, R. (2014). Capital markets. In S. Ville & G. Withers (Eds.), *The Cambridge Economic History of Australia* (pp. 267-286). Cambridge: Cambridge University Press.

Meissner, C (2013). Growth from Globalization? A view from the Very Long Run at *Handbook of Economic Growth*. Amsterdam: Elsevier Science & Technology.

Munro, J. (2003). The Medieval Origins of the Financial Revolution: Usury, Rentes, and Negotiability, *The International History Review*, 25:3, 505-562.

Neal, L. (2000). "How it all began: the monetary and financial architecture of Europe during the first global capital markets, 1648-1815", *Financial History Review*, 7, pp. 117-140.

O'Sullivan, M. (2007). Funding New Industries: A Historical Perspective on the Financing Role of the U.S. Stock Market in the Twentieth Century In Lamoreaux, Naomi R., and Kenneth L. Sokoloff eds., *Financing Innovation in the United States, 1870 to the Present* (Cambridge, Mass., MIT Press, 2007)

Paolera G. and Taylor A. (2012). Sovereign Debt in Latin America, 1820–1913. NBER Working Paper, No. 18363.

Rockoff, H. (2000). Banking and Finance, 1789–1914. In S. Engerman & R. Gallman (Eds.), *The Cambridge Economic History of the United States* (*Cambridge Economic History of the United States*, pp. 643-684). Cambridge: Cambridge University Press.

Taylor, A. (1999). Latin America and Foreign Capital in the Twentieth Century: Economics, Politics, and Institutional Change. NBER Working Paper, No. 7394.

6. Grading

Weighting:

Midterm I: 35%.

Midterm II: 35%.

Summative essay: 20%.

Presentations: 10% Each assessment will be grade between 0 and 100 points.

Midterms

Each midterm will consist of three essay-type questions, each worth 20 points, and four short questions, each worth 10 points, for a total of 100 points.

Summative essay

Students are required to write a summative essay of 2,000 words approximately. Students must select one of the course' topics and report such a selection on March 1st, 2022. The summative essay submission deadline is April 10th, 2022. Late submissions will get a zero grade unless covered by a University-wide policy exemption. A guideline for the summative essay and the grading criteria will be posted on Canvas.

Presentations

Students are required to make a short (between 10-15 minutes) classroom presentation during the term. Students will be randomly allocated in a presentation group (3/4 members). A guideline and schedule for presentations will be posted on Canvas.

Letter grades

Points	Letter grade
96 - 100	A+
92 - 95.75	A
88 - 91.75	A-
84 - 87.75	B+
80 - 83.75	B
76 - 79.75	B-
72 - 75.75	C+
68 -71.75	C
64 - 67.75	C-
60 - 63.65	D+
56 - 59.75	D
Less than 56	F