

# ECON 4545

## Finance and Growth from a Historical Perspective

### 1 Basic Information

**Time of Class:** MW: 8:30-10:00 AM.

**Room:** MCNB 395.

**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 modern capital markets and economic growth, the course examines major developments in financial history, such as the Financial Revolution, the Classical Gold Standard, the origins of central banking, the Great Depression, and the Bretton Woods system. However, this course goes beyond the scope of a standard financial history course and examines how finance has influenced long-term economic growth from an international perspective. This course spans from medieval Europe to the Great Recession of 2008.

### 3 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
30-Aug	Introduction: Finance and Growth	Levine (2005), pp. 866-887, and pp. 918-923
6-Sep	Finances in Medieval Europe	Munro (2003).
11-Sep	Research Workshop I	
13-Sep	Research Workshop II	
18-Sep	The Netherlands and the Rise of Stock Markets	Prak and van Zanden (2022).
20-Sep	Britain: from the Financial toward the Industrial Revolution	Neal (2000).
25-Sep	The First Wave of Globalization and The Classical Gold Standard	Eichengreen (1996), Chapter 2. Meissner (2013), pp. 1033-1069.
27-Sep	Finance and the German Industrialization	Chandler (1994), Chapter 10 pp. 393-427. Edwards and Ogilvie (1996).
2-Oct	Growth and Financial Development in the United States (19th and early 20th Century)	Rockoff (2008). O'Sullivan (2007).
4-Oct	Australia and the 1890s Depression	Maddock (2014).
9-Oct	Sovereign Debt Crises in Latin America (19th Century)	Paolera and Taylor (2012).
11-Oct	The Origins of Central Banking	Bignon, Flandreau and Ugoline (2012).
16-Oct	Review for Midterm I	
18-Oct	Midterm I	

## Part II

Date	Topic	Reading
23-Oct	The Interwar Period and the Era of Financial Globalization	Eichengreen (1996), Chapter 3, PP 41-63.
25-Oct	The Great Depression I	Eichengreen (1996), Chapter 3, PP 63-85.
30-Oct	The Great Depression II	
1-Nov	Research Workshop III	
6-Nov	The Bretton Woods System, 1944-1973	Eichengreen (1996), Chapter 4.
8-Nov	Sovereign Debt Crises in Latin America (20th Century)	Taylor (1998).
13-Nov	Japanese Asset Price Collapse in the 1990s	Bayoumi and Collyns (2000), PP 10-42.
15-Nov	The 1997 Asian Financial Crisis and its Propagation	Eichengreen (1996), Chapter 6, PP 175-188.
20-Nov	The Great Recession and the Euro-Zone Debt Crisis	Gorton (2009). Fernández-Villaverde, Garicano and Santos (2013).
27-Nov	Cryptocurrencies in Historical Perspectives	Bordo 2021.
29-Nov	Research Workshop IV	
4-Dec	Research Workshop V	
6-Dec	Review for Midterm II	
11-Dec	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.

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

- Edwards, J., and 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., and 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 and Technology.
- Maddock, R. (2014). Capital markets. In S. Ville and 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 and 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.
- Prak, Maarten and van Zanden, Jan Luiten. *Pioneers of Capitalism: The Netherlands 1000–1800*, Princeton: Princeton University Press, 2022. Chapter 6.
- Rockoff, H. (2000). Banking and Finance, 1789–1914. In S. Engerman and 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%.

Research Project: 30%.

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.

### Research Project

Students are required to complete a research project during the term. This project aims to strengthen students' research skills by studying a historical case that intersects finance and economic growth. Students will be randomly allocated to a group of 4 members.

As preparation for the research project, the course will include two research workshop sessions during the third week of the term. During these sessions, the purpose of the project will be fully explained. In addition, the workshops will present examples of research projects, datasets, and resources to conduct the project.

Groups will present their progress on November 1st, and the final results during the sessions of November 29th and December 4th. Also, groups are required to submit a writing report, of 3,000 words approximately, their projects on November 27th.

In addition to working on their own research projects, students are encouraged to contribute to other groups' projects by providing comments on their findings during the presentation sessions.

Late submissions will get a zero grade unless covered by a University-wide policy exemption.

A guideline for the research project and the grading criteria 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