Evolving Financial Markets and International Capital Flows

This study examines the impact of British capital flows on the evolution of capital markets in four countries – Argentina, Australia, Canada, and the United States – over the years 1865 to 1914. In substantive chapters on each of the five countries it offers parallel histories of the evolution of their financial infrastructures – commercial banks, non-bank intermediaries, primary security markets, formal secondary security markets – and the institutions that provide the international financial links connecting the frontier country with the British capital market. It then explains the differences in the experiences of the frontier countries and provides historical insights into current economic problems in Asia and Latin America. At one level the work constitutes a quantitative history of the development of the capital markets of five countries in the late nineteenth century. At a second level it provides the basis for a usable taxonomy for the study of institutional invention and innovation. At a third it suggests some lessons from the past about modern policy issues.

Lance E. Davis has taught at the California Institute of Technology since 1968 and has served as Mary Stillman Harkness Professor of Social Science since 1980. He also taught at the University of Washington and Purdue and Johns Hopkins Universities and held visiting fellowships at Nuffield College, Oxford, and the Australian National University. The author or editor of more than ten works, including *Institutional Change and American Economic Growth* (1971, with Douglass North), *Mammon and the Pursuit of Empire: The Political Economy of British Imperialism* (1986, with Robert Huttonback, revised and abridged edition, 1988), and *International Capital Markets and American Economic Growth, 1820–1914* (1994, with Robert Cull), all published by Cambridge University Press, Professor Davis has also contributed chapters to the *Cambridge Economic History of the United States*. He received the Alice Hanson Jones Prize in 1998, was named a Fellow of the American Academy of Arts and Sciences in 1991, served as a Fellow at the Center for Advanced Study in the Behavioral Sciences in 1985–86, and served as President of the Economic History Association in 1978–79. Professor Davis has been a member of several editorial boards, including *Thesis*, *Explorations in Economic History*, and the *Journal of Economic History*.

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Britain, the Americas, and Australia, 1865–1914

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