The Origins and Development of Financial Markets and Institutions

Collectively, mankind has never had it so good despite periodic economic crises of which the current sub-prime crisis is merely the latest example. Much of this success is attributable to the increasing efficiency of the world's financial institutions as finance has proved to be one of the most important causal factors in economic performance. In a series of original essays, leading financial and economic historians examine how financial innovations from the seventeenth century to the present have continually challenged established institutional arrangements forcing change and adaptation by governments, financial intermediaries, and financial markets. Where these have been successful, wealth creation and growth have followed. When they failed, growth slowed and sometimes economic decline has followed. These essays illustrate the difficulties of coordinating financial innovations in order to sustain their benefits for the wider economy, a theme that will be of interest to policy makers as well as economic historians.

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The Origins and Development of Financial Markets and Institutions

From the Seventeenth Century to the Present

Jeremy Atack
Larry Neal
For Becky and Peg

to whom we owe much
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Preface and Acknowledgments

Most of the papers in this volume (Chapters 2–7 and 9–14) were presented at a conference on “The Development of Financial Institutions and Markets,” held April 28–29, 2006 at the University of Illinois at Urbana-Champaign. The purpose of the conference was to celebrate the contributions of Larry Neal upon the occasion of his retirement from active teaching at the University of Illinois. Financial historians who had interacted with Professor Neal over his career at Illinois, several of them former students of Larry’s, were invited to contribute an original paper in their current area of research. Individually, the papers showcase the variety of approaches and theories that continue to motivate scholars in financial history. Together, they demonstrate various aspects of financial innovation and the evolution of financial institutions over time, which has been the focus of Neal’s teaching and research for three decades.

Chapters 1, 8 and 15 were written later and serve to set the scene, recognize the contribution of one of Larry’s co-authors, Lance E. Davis, who was not well enough to participate, and emphasize the lessons from these studies of the past for the present and future.

Discussants on each paper provided a perspective and began broader discussion of the issues raised in each among the audience. These included (listed alphabetically): Michael Bordo (Rutgers University), Charles Calomiris (Columbia University), Ann Carlos (University of Colorado and University College, Dublin), Conception Garcia-Iglesias (University of Helsinki), Charles Kahn (University of Illinois), Joseph Mason (Drexel University), and Maria Valderama (National Bank of Austria). Brief biographies of the volume contributors appear below.

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