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978-0-521-89517-0 - The Origin and Development of Financial Markets and Institutions:  
From the Seventeenth Century to the Present

Jeremy Atack and Larry Neal

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## 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.

JEREMY ATACK is Professor of Economics and Professor of History at Vanderbilt University. He is also a research associate with the National Bureau of Economic Research (NBER) and has served as co-editor of the *Journal of Economic History*. He is co-author of *A New Economic View of American History* (1994).

LARRY NEAL is Emeritus Professor of Economics at the University of Illinois at Urbana-Champaign, where he was founding director of the European Union Center. He is a visiting professor at the London School of Economics and a research associate with the National Bureau of Economic Research (NBER). He is the author of many books, including *The Rise of Financial Capitalism* (Cambridge, 1990) and *The Economics of Europe and the European Union* (Cambridge, 2007).

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# The Origins and Development of Financial Markets and Institutions

*From the Seventeenth Century to the Present*

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Jeremy Atack

Larry Neal



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For Becky and Peg  
to whom we owe much

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## Contributors<sup>★</sup>

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JEREMY ATACK is Professor of Economics and Professor of History at Vanderbilt University. He is a research associate with the National Bureau of Economic Research (NBER) and serves as co-editor of the *Journal of Economic History*. For seventeen years he was Larry Neal's colleague at the University of Illinois. Professor Atack has worked primarily on nineteenth century US agricultural, business, industrial, and transportation history but his close contact with Larry Neal has led to his enduring fascination with financial intermediation, markets, and policies. He is co-author of *A New Economic View of American History* (1994).

MICHAEL D. BORDO is Professor of Economics and Director of the Center for Monetary and Financial History at Rutgers University. He was previously Pitt Professor at Cambridge University (2006–2007) and has previously held positions at the University of South Carolina and Carleton University in Canada. He has held visiting positions at the University of California Los Angeles, Carnegie Mellon University, Princeton University, the IMF, the Federal Reserve Banks of St. Louis and Cleveland, the Federal Reserve Board of Governors, the Bank of Canada, the Bank of England, and the Bank for International Settlement. He is also a research associate with the National Bureau of Economic Research (NBER). Recent publications include: *Essays on the Gold Standard and Related Regimes: A Retrospective on the Bretton Woods International Monetary System* (with Barry Eichengreen); *The Defining Moment: The Great Depression and the American Economy* (with Claudia Goldin and Eugene White); and *Globalization in Historical Perspective* (with Alan Taylor and Jeffery Williamson). He is also series editor for *Studies in Macroeconomic History* published by Cambridge University Press.

\* Larry Neal's professional contributions inspired this volume and all of the contributors are, in one way or another (as detailed below), connected with him and his work.

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RICHARD C.K. BURDEKIN is Jonathan B. Lovelace Professor of Economics at Claremont McKenna College. His main research interests include the Chinese economic reforms, inflation and deflation, central bank policymaking, and economic history. Burdekin has published in such journals as the *American Economic Review*, *Economica*, *Economic Inquiry*, the *Journal of Financial Economics*, the *Journal of International Money and Finance*, and the *Journal of Money, Credit, and Banking*. His latest book entitled *China's Monetary Challenges: Past Experiences and Future Prospects* was published by Cambridge University Press in 2008.

ALAN DYE is Associate Professor of Economics at Barnard College, Columbia University. He has also been a visiting professor at Yale University, the University of Michigan, and the Universidad Carlos III de Madrid. He is author of *Cuban Sugar in the Age of Mass Production: Technology and the Economics of the Sugar Central, 1899–1929* (1998) and his dissertation, “Tropical Technology and Mass Production” (supervised by Larry Neal), was awarded the Alexander Gerschenkron Prize from the Economic History Association in 1993. His published work examines the role of institutions and historical processes in the economic history of Latin America.

MARC FLANDREAU is Professor of Economics at the Institut d'Etudes Politiques de Paris, where he has held the Chair of International Finance since 2005. He is also a research fellow at the Centre for Economic Policy Research, London, and a consultant to the research department at the Bank of France, IMF, OECD, and investment bank Lehman Brothers, among others. He has published extensively on international monetary and financial history. Recent books include *The Glitter of Gold: France, Bimetallism and the Emergence of the International Gold Standard, 1848–1873* (2004) and, with Frédéric Zumer, *The Making of Global Finance 1880–1913* (2004). Flandreau discovered Larry Neal's, *The Rise of Financial Capitalism* (Cambridge, 1990) while working on his PhD at the University of California, Berkeley.

CHRISTOPHE GALIMARD is a former PhD student in the Graduate Institute in Geneva and in Sciences Po, Paris. He has conducted research on bankers' networks and commercial bills in the eighteenth century while working as compliance officer for BNP-Paribas in Luxembourg and Geneva. He is now a senior auditor with BNP-Paribas, Paris, dealing with the many issues that have been raised by

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the sub-prime crisis. He insists that he will eventually return to economic history.

OSCAR GELDERBLUM is a researcher at Utrecht University. He received his PhD in history in 2000. Larry Neal's encouragement and stimulating criticism of his work have helped to shape his current research interest in the organization of long-distance trade and the evolution of financial markets in Europe before the Industrial Revolution.

CLEMENS JOBST spent a year as an exchange student at the University of Illinois at Urbana-Champaign while completing his undergraduate degree at the University of Vienna. While at Illinois, a reading course with Larry Neal led to a lasting reorientation in his historical interests towards financial and monetary topics. After receiving his PhD from Sciences Po, Paris, he is now working in the Economic Analysis Division at the Austrian National Bank. His research interests focus mainly on the nineteenth century and include the working of the international monetary system and the evolution of modern central banking.

JOOST JONKER is Lecturer and Research Fellow Economic History at Utrecht University. Starting out as a historian of twentieth century Dutch banking, he soon found himself sliding back into the eighteenth century and further, which brought him into touch with Larry Neal and his work.

PILAR NOGUÉS-MARCO is a PhD student in monetary and financial history. Her dissertation is supervised by Marc Flandreau at the Chaire Finances Internationales – Institut d'Études Politiques de Paris. Her research focuses on international monetary integration in the Early Modern period with a special emphasis on Spain's international monetary and financial relations, and has been very influenced by Larry Neal's pioneering research on financial market integration in the eighteenth century. She has recently published (with Camila Vam Malle) "East India Bonds, 1718–1763: Early Exotic Derivatives and London Market Efficiency" in the *European Review of Economic History*.

LARRY NEAL is Emeritus Professor of Economics at the University of Illinois at Urbana-Champaign, where he was founding director of the European Union Center. He is a visiting professor at the London School of Economics and a research associate with the National Bureau of Economic Research (NBER). He is a past president of the

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Economic History Association and the Business History Conference and, from 1981 to 1998, he was editor of *Explorations in Economic History*. He is author of many books including *The Rise of Financial Capitalism* (Cambridge, 1990), *The Economics of Europe and the European Union* (Cambridge, 2007) and *A Concise Economic History of the World* (with Rondo Cameron), as well as numerous articles in American and European economic and financial history. He was a Guggenheim Fellow and a Fulbright Research Scholar in 1996–1997 and an Alexander von Humboldt Fellow in 1982. His current research deals with development of microstructure in securities markets and risk management in the first emerging markets in modern Europe.

STEPHEN QUINN is Associate Professor of Economics at Texas Christian University. Steve, a native of Rockford, Illinois, took his doctorate in Economics at University of Illinois from 1988 to 1994. Larry Neal was his thesis advisor and mentor. During those golden days of Illinois economic history, he was also shepherded by Lee Alston, Jeremy Atack, and Charles Calomiris. He writes on the development of the financial systems in Early Modern England and Holland. More importantly, he strives to balance life's demands with the grace ever demonstrated by Peg and Larry Neal.

WILLIAM ROBERDS is an economist with the Research Department of the Federal Reserve Bank of Atlanta. His research interests focus on the theory of money and payments, including such topics as the design of large-value payment systems, financial privacy and identity theft, and the optimal pricing of card payments. More recently he has co-authored a number of papers with Stephen Quinn on various topics in monetary history. Roberds holds a PhD in economics from Carnegie-Mellon University.

GARY S. SHEA has been a financial consultant in Tokyo, an economist at the Federal Reserve in Washington, DC, and has taught at Pennsylvania State University, the University of Exeter, and the University of St. Andrews, where he is currently Reader in Financial Economics. His current research interests are in the development of early British financial markets, corporations, and corporate law and their contributions to Britain's growth prior to and immediately after the Industrial Revolution. His favorite research topic, however, is the South Sea Bubble – a research interest which he was first tempted to explore by Larry Neal in the early 1990s.



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RICHARD SICOTTE is Assistant Professor of Economics at the University of Vermont. He completed his PhD at the University of Illinois at Urbana-Champaign in 1997, under the direction of Larry Neal. His research focuses on the economic history of transportation industries, especially ocean shipping, and on the economic history of Latin America.

RICHARD J. SULLIVAN is Senior Economist at the Federal Reserve Bank of Kansas City. Larry Neal's influence helped to draw Sullivan into the economic history community during his doctoral studies at the University of Illinois and Larry Neal was an active member of his dissertation committee. Larry Neal has also been very supportive during Sullivan's career whose research has focused on three areas: (1) the economics of invention, innovation, and patenting; (2) the performance and development of the banking industry; and (3) development and risk in the payments system. In all of these research endeavors the methods and viewpoints of economic history have been particularly valuable.

RICHARD SYLLA is Henry Kaufman Professor of the History of Financial Institutions and Markets, Professor of Economics at New York University's Stern School of Business, and a research associate of the NBER. He is a past president of the Economic History Association and the Business History Conference, and a former co-editor of the *Journal of Economic History*. He is co-author of *A History of Interest Rates* (2005) and co-editor of *The State, the Financial System, and Economic Modernization* (Cambridge, 1999). He shares with Larry Neal a passion for understanding the influences of financial development on economic growth during the modern era.

FRANÇOIS R. VELDE is a senior economist at the Federal Reserve Bank of Chicago. He previously taught at the Johns Hopkins University and received his PhD from Stanford University. He and Larry Neal share an interest in financial markets in eighteenth century Europe and the ceaseless wonders of John Law's adventures. If that weren't enough in common, Velde's father calls the University of Illinois at Urbana-Champaign his *alma mater*.

KIRSTEN WANDSCHNEIDER is Assistant Professor of Economics at Occidental College in Los Angeles, California. She earned her PhD from the University of Illinois in 2003 under the supervision of Larry Neal. From 2003 until 2006 she was Assistant Professor of Economics at Middlebury College, Vermont. Her research focuses on the

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development of financial markets and institutions in early twentieth century Europe.

MARC D. WEIDENMIER is the William F. Podlich Associate Professor of Economics and George Roberts Faculty Research Fellow at Claremont McKenna College. He is also a faculty research fellow at the National Bureau of Economic Research and a member of the editorial board of the *Journal of Economic History*. He graduated from the University of Illinois writing his thesis under the supervision of Larry Neal. His research focuses on monetary and financial history. He has published in many journals as the *American Economic Review*, the *Journal of Financial Economics*, the *Economic Journal*, the *Journal of International Economics*, the *Journal of Money, Credit, and Banking*, and the *Journal of Economic History*.

DAVID C. WHEELLOCK is an assistant vice president and economist at the Federal Reserve Bank of St. Louis. Dr. Wheelock received his PhD in economics from the University of Illinois where he wrote his dissertation, *The Strategy and Consistency of Federal Reserve Monetary Policy 1919–1933*, under the supervision of Larry Neal. Dr. Wheelock was awarded the Allan Nevins prize from the Economic History Association in 1987. He is a member of the editorial board of the Cambridge University Press series, *Studies in Macroeconomic History*. His research interests include monetary and financial history, monetary policy, and the performance of depository institutions.

EUGENE N. WHITE is Professor of Economics at Rutgers University and a research associate at the NBER. His most recent book is *Conflicts of Interest in the Financial Services Industry: What Should We Do About Them?* (2003), co-authored with Andrew Crockett, Trevor Harris, and Frederic Mishkin. He has published over sixty articles on stock market booms and crashes, deposit insurance, banking regulation, and war economics. A former graduate student of Larry Neal, they have co-authored several papers on the evolution of the microstructure of stock exchanges.

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## Preface and Acknowledgments

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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.

The conference and this volume were made possible by the efforts of several individuals and institutions whom we thank for their help and support. Most of the local arrangements were handled efficiently and expeditiously by Lynnea Johnson at the Center for International Business Education and Research (CIBER) at the University of Illinois. Funding for the conference was provided by CIBER, the College of

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