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October 22–26, 2018

SPECIAL COURSE
Financial Markets in the Global Economy: The History of Bubbles, Crashes and Inflations

Course Outline
This course introduces students to the history of monetary policy, of financial markets, and financial crises. The course covers the two waves of globalization of 1880-1914 and 1980-2008 and the de-globalization of finance that happened during the Great Depression. A long run perspective on the 2008 financial crisis and Eurozone crisis will be provided through several historical case studies of stock market crashes, banking panics, currency crises and sovereign defaults. Finally, the course explores how central banks responded to financial crises in different historical periods and covers the main evolutions in monetary policy over the last two hundred years.

The course puts strong emphasis on how institutional and political factors shape the process of financial globalization and on how the structure of the international monetary system affects the conduct of monetary policy and the response to financial crises.

This course is aimed for students willing to improve their understanding of money and financial markets through a historical approach. It is also highly relevant to financial market practitioners and policy makers interested in acquiring a long run perspective on current hot issues in money, banking, and finance.

Pre-requisites:
Intermediate macroeconomics, microeconomics, and statistics.

Venue
Leipzig University, room tbd

Registration
Please contact Monika Sprenger, until October 1, 2018 via e-mail: sprenger@wifa.uni-leipzig.de.

The course is limited to 25 participants.
Readings:

Readings marked with a * are compulsory. Other readings give students an opportunity to dig deeper if they so wish.

**Topic 1: From bulbs to Bitcoin - what are financial crises? A historical overview**

Class question: Have financial crises become more frequent and more severe over time? What are possible reasons?

**Readings**


**Topic 2: The long-run relationship between financial development and growth**

Class question: Was financial development necessary for European economic development over centuries?

**Readings**


**Topic 3: The first stock market bubbles**

Class question: What can early bubbles tell us about nascent stock markets?

**Readings**


**Topic 4: The globalization of financial markets and sovereign debt crises, 1825-1913**

Class question: What was the impact of the classical gold standard on the development of sovereign debt markets?

**Readings**


Topic 5: Banking crises in the UK and in the US before WW1

Class question: Did differences in banking systems between Britain and the US have an impact on the incidence of banking crises in these two countries?

Readings

Topic 6: WWI and its financial consequences for Europe and America

Class question: Did WWI impact the British and American economies differently?

Readings

Topic 7: The 1929 stock market crash and US banking panics

Class question: Were the US banking panics in the 1930s due to a problem of illiquidity or insolvency?

Readings

Topic 8: The European crisis

Class question: How did the 1931 banking crisis spread internationally?

Readings
Topic 9: Recovery from the Great Depression: what were the monetary and fiscal responses?

Class question: Was fiscal policy as important as monetary policy in helping recovery in Britain and in the US?

Readings


Class question: Are fixed exchange rates responsible for the Argentinian debt crisis in 2001?

Readings

Topic 11: The subprime crisis in historical perspective

Class question: Was the US subprime crisis a typical or an exceptional banking panic?

Readings

Topic 12: The Euro crisis in historical perspective

Class question: Should the Euro be dismantled?

Readings