

International financial markets (F78619) - 2012

Part I: How it all began

Lecturer: Dr. Daniele Pozzi, dpozzi@liuc.it

This module is a short introduction to some basic concepts through the presentation of cases taken from the history of finance. The aim is to make the students familiar to topics such as money, credit, banking and systemic risk considering cases from the past.

22/02	9.15-10.45	Introduction: it is finance “real” economy? Some evidence from history Course goals and guidelines, groups sorting
	11.15-12.45	Humankind: a trading species Through a simulation game and reading some excerpts from Smith's <i>The Wealth of Nations</i> , students will experience the advantages of economic specialisation and trading. What are the means which allow the trading?
29/02	9.15-10.45	Money is what money does What is money? Student will experiment the advantages and the limits of a trade system based on barter among different goods, trying to isolate the elements which make something “money”.
	11.15-12.45	From metal coins to fiat money: cases from history The course will present the origin and the differences among different means of payment in pre-industrial era: full bodied moneys, bill of exchange, bank deposits.
07/03	9.15-10.45	Trust and credit Money is not always available where/when needed. The first part of the lesson will present different tools used to make possible money transfer in space and time.
	11.15-12.45	Shylock's case Starting from a group debate based on Shakespeare's play <i>The Merchant of Venice</i> , the students will analyse the interaction among credit, trust and interest, considering also social and cultural issues in the history of pre-industrial Europe.
14/03	9.15-10.45	Tuppence, patiently, cautiously trustingly invested in the Fidelity Fiduciary Bank What are the functions of bank? Which kinds of banks historically existed? There are a relation between banking and economic development since XIXth Century? How do banks 'create' money? Some hints from Mary Poppins' song <i>Fidelity Fiduciary Bank</i> ...
	11.15-12.45	Give my money back! Group activity on John Law's case will help to better understand the practise of fractional reserve banking, its function as supply of money and its risks, and, eventually, the emergence of the commitment of States toward banking system. [Graded, 0-1,5 pts]

21/03	9.15-10.45	In search for stability The lesson will present some historical attempt to build a reliable monetary system, in terms of domestic economy and international markets (short presentation on the different monetary regimes adopted from 1870s onward)
	11.15-12.45	Do you prefer gold or paper? Considering the case of the debate on mono/bimetallism in the 1890s' United States, the groups will investigate the impact of monetary policy on economy, international relations and society. <i>[Graded, 0-1,5 pts]</i>
28/03	10.00-11.00	Intermediate test [0-15 pts] (lesson not considered for attendance count)

Readings

All the main subjects are covered by:

- Karl Gunnar Persson, *An Economic History of Europe. Knowledge, Institution and Growth, 600 to the Present* (Cambridge: Cambridge University Press, 2010), pp. 129- 153 (Chapter 7) and 171-184 (Chapter 9).

Other readings – intended for classroom group activities – will be presented during the course.

Attendance

Compulsory 6 lessons on the whole course (Pozzi + Esposito)

First module: <4 lessons = 0 pts; 4 lessons = 1 pts; 5 lessons = 2 pts

Assessment (First module)

Test (0-15 pts) + Group activity (0-3 pts) + Attendance (0-2 pts)

My Group (number/name): _____

<i>First Name</i>	<i>Family Name</i>	<i>Mobile</i>	<i>Email</i>

Speaker: _____