UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

# COURSE SYLLABUS

## History of Financial Markets

**2122-2-F1601M066-F1601M077M**

### Learning objectives

The learning objective of the course is to allow students to acquire a critical knowledge of the evolution of financial systems and monetary policies in relation to economic development and the role of institutional factors, identifying the most significant elements of continuity and discontinuity

### Contents

The course proposes analysis of the formation and development of financial systems between the nineteenth and twentieth centuries and compares national financial systems (United Kingdom, Belgium, France, Germany, United States, Italy)

The course will analyze the evolution that the financial systems - understood as a set of institutions, markets and instruments - have recorded between the nineteenth century and the beginning of the new millennium.

After illustrating the evolution of the money and financial and merchant systems in pre-industrial age, the course will show the factors developing two parallel models which only converged at the end of the twentieth century: the market-oriented model with a highly specialized banking system (which marked the English "case") and the bank oriented with the presence of mixed (or multi-functional) banks typical of some continental European countries, in particular Germany.

The course then will illustrate the experiences of some Western countries and particularly relevant aspects will be emphasized, such as the dynamic relationship between financial systems and economic development and the direct or indirect intervention of the State and the EEC institutions, with particular reference to the European Investment Bank and the European Central Bank. An in-depth analysis will be dedicated to the evolution of monetary systems (from the gold standard to the gold exchange standard up to the model of the forced exchange

rate with flexible exchange rates) and to their role in the global economy.

A particular attention will concern the monetary policies implemented and the related debate between Keynesians and monetarists, as well as the emergence of new financial and monetary instruments (special drawing rights, derivatives, mutual funds, virtual currencies such as the ECU). A relevant space will then be given to the Italian case and to the different regulations (in particular the banking laws) that were followed by the Unit at the end of the twentieth century.

The course will end with some notes on the financial markets in the new millennium and on problems related to the globalization of financial systems and the growing need for their control by the states

## Detailed program

1) The birth and development of financial markets from the pre-industrial age to the end of the nineteenth century;

1.1) Monetary systems and financial markets in pre-industrial Europe: the gold standard and the evolution of the banking system;

1.2) The capital needs resulting from industrial development and the consequent formation of new financial systems during the nineteenth century;

2) The evolution of monetary systems and financial markets between the end of the nineteenth century and the WWII;

2.1) Some national cases (United Kingdom, Belgium, France, Germany, United States);

2.2) Monetary instability between the two wars and the need for new rules;

3) After WWII, the creation of a new monetary order and the development of financial markets in the golden age;

3.1) The Bretton Woods system, the European Payments Union and the European Investment Bank, special drawing rights;

3.2) State and EEC financial institutions in favor of economic development in the EEC and economic and social cohesion (EIB and ESF);

4) The evolution of monetary systems and financial markets from the oil shock to the new millennium;

4.1) The stagflation, the affirmation of fluctuating exchange rates, the birth of the ECU and the creation of new financial and monetary instruments (derivatives, mutual funds, etc.);

4.2) The Euro, the birth of the ECB, the effects of deregulation and technological innovation between the end of the twentieth century and the new millennium;

5) The financial market and monetary policies in Italy from the birth of the Kingdom of Italy to the end of the twentieth century;

5.1) From the Unification to the fascist banking laws;

5.2) From the post-war reconstruction to the reforms of the nineties;

6) Notes on the financial markets in the new millennium: globalization and public control

## Prerequisites

Having passed the exam of Economic History (or similar) in the three-year degree course

## Teaching methods

Oral lectures. Reading materials are available online (e-learning). There will be remotely synchronous lessons.

## Assessment methods

For students attending the course the exam includes a written test (8 open questions) and a series of questions to which students must answer at home within a limit date (forum). The final evaluation depends on the written test for 60% and on the homework for 40%. For other students there is a written test (8 open questions). For each question the value is indicated.

## Textbooks and Reading Materials

For students attending the course the reading materials is available on line (e-learning)

For the other students:

M. Fornasari, Finanza d'impresa e sistemi finanziari. Un profilo storico, Torino, Giappichelli, Editore, 2006; A. Volpi, Breve storia del mercato finanziario italiano. Dal 1861 a oggi, Roma, Carocci editore, 2002 (chapters 4, 5, 6, 7) or L. Conte, V. Torregiani, Istituzioni, capitali e moneta. Storia dei sistemi finanziari contemporanei, Milano, Mondadori, 2017

## Semester

First semester

## Teaching language

Italian