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Date: 2008-09

By: Raghuram G. Rajan

Rodney Ramcharan

URL: <http://d.repec.org/n?u=RePEc:nbr:nberwo:14347&r=his>

Landed elites in the United States in the early decades of the twentieth century played a significant role in restricting the development of finance. States that had higher land concentration passed more restrictive banking legislation. At the county level, counties with very concentrated land holdings tended to have disproportionately fewer banks per capita. Banks were especially scarce both when landed elites' incentive to suppress finance, as well as their ability to exercise local influence, was higher. Finally, the resulting financial underdevelopment was negatively correlated with subsequent manufacturing growth. We draw lessons from this episode for understanding economic development.

JEL: G20 O16 O43

2. Chin's Economic Growth: Trajectories and Evolving Institutions

Date: 2008

Presidente: Dr. Luis Jáuregui Frías (Instituto Mora)

Elaboró: Manuel A. Bautista González

Asociación Mexicana de Historia Económica

www.amhe.org.mx

By: Zhang, Jun

URL: <http://d.repec.org/n?u=RePEc:unu:wpaper:rp2008-33&r=his>

This paper investigates the institutional reason underlying the change in the trajectory of economic growth in post-reform China, and argues that the trajectory of growth was much more normal during the period of 1978-89 than in the post-1989 era. In the former period, growth was largely induced by equality-generating institutional change in agriculture and the emergence of non-state industrial sector. In the latter period, growth was triggered by the acceleration of capital investments under authoritarian decentralized hierarchy within self-contained regions. Such a growth trajectory accelerates capital deepening, deteriorating total factor productivity and leads to rising regional imbalance. This paper further argues that the change in the trajectory of growth is the outcome of changes in political and inter-governmental fiscal institutions following the 1989 political crisis.

Keywords: economic growth, political institutions

3. Why did Countries Adopt the Gold Standard? Lessons from Japan

Date: 2008-04

By: Kris James Mitchener (Santa Clara University, UCLA and NBER)

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URL: <http://d.repec.org/n?u=RePEc:kob:dpaper:228&r=his>

Why did policymakers adopt the gold standard? Although previous research has identified ex post effects of gold standard adoption on trade and bond yields, few studies have sought to understand whether these were the actual outcomes of interest to policymakers at the time of adoption. We examine Japan's adoption of the

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gold standard in 1897 to understand both the ex ante motives policymakers gave for wanting to go onto the gold standard and the ex post effects of gold standard adoption. By focusing on multiple outcome variables that were of interest to contemporaries, we are able to shed light on the political economy of the adoption of fixed exchange rates. In contrast to previous studies examining bond yields, we find little evidence that joining the gold standard reduced Japan's country risk or that it resulted in a domestic investment boom. On the other hand, we find that membership in the gold standard increased bilateral trade flows. The boost in trade appears to have been largest between Japan and its trading partners on the silver standard, suggesting that the depreciation of gold against silver from 1897-1914 increased the competitiveness of Japanese exports.

4. "The Rise of China and Sustained Recovery of Japan"

Date: 2008-09

By: Shin-ichi Fukuda (Faculty of Economics, University of Tokyo)

URL: <http://d.repec.org/n?u=RePEc:tky:fseries:2008cf589&r=his>

After prolonged recessions, the Japanese economy had recovered from the crisis in the first half of the 2000s and has recorded sustained growth in the last several years. Tremendous structural changes during and after the financial crisis were one of the main driving forces for the recovery. However, dramatic increases in exports were another. In particular, increases of Japanese exports to China were substantial in the 2000s and supported the recovery of the Japanese economy from its demand side. The purpose of this paper is to examine the role of the exports to China for the recovery in the 2000s. The dependence of the Japanese export sectors on the Chinese economy has risen in the past ten years. China is now almost surpassing the United States as destination of Japanese exports. Vector autoregressions (VARs) show that the Japanese production was caused by exports to the United States until the mid-1990s but was caused by exports to China after the late 1990s. However, the effects on the production were highly different across firms. The increased exports to China were beneficial for the

recovery of manufacturing industries with advanced technology. Their impacts were, in contrast, insignificant for the recovery of labor-intensive small firms and non-manufacturing firms. Consequently, the sustained growth in the last several years was accompanied by widening inequalities across firms.

5. Constitutions around the world : A View from Latin America

Date: 2008-07

By: Cordeiro, Jose Luis

URL: <http://d.repec.org/n?u=RePEc:jet:dpaper:dpaper164&r=his>

This paper gives a global summary of the number of constitutions and the number of articles in each constitution for many representative countries around the world. Several works have already been written comparing different legal systems and different constitutional traditions around the world; the purpose of this paper is just to compare the numbers of constitutions and articles in the diverse regions of the world, namely: North America, Latin America, Europe, Oceania, Middle East, Asia and Africa. Around the world, on average, Latin America has had the most convoluted constitutional history. The Dominican Republic has had a total of 32 constitutions, the largest number of constitutions of any country, since its independence in 1844. Three other countries have also had 20 or more constitutions throughout their history, all of them in Latin America: Venezuela (26), Haiti (24) and Ecuador (20). On the other hand, there are economies and societies that do not even have codified constitutions, like the United Kingdom in Europe, Hong Kong in Asia and New Zealand in Oceania. The United States has had only one constitution, even if it has been amended several times. There are also the special cases of Israel and Saudi Arabia, both in the Middle East, that do not have official written constitutions for historical and religious reasons. Comparative constitutional numbers and history help explain several things about the stability of political systems, but not necessarily about their quality.

Keywords: constitutions, law and economics, Latin America

JEL: K00 K10 K40

6. Field Experiments in Economics: The Past, The Present, and The Future

Date: 2008-09

By: Steven D. Levitt

John A. List

URL: <http://d.repec.org/n?u=RePEc:nbr:nberwo:14356&r=his>

This study presents an overview of modern field experiments and their usage in economics. Our discussion focuses on three distinct periods of field experimentation that have influenced the economics literature. The first might well be thought of as the dawn of "field" experimentation: the work of Neyman and Fisher, who laid the experimental foundation in the 1920s and 1930s by conceptualizing randomization as an instrument to achieve identification via experimentation with agricultural plots. The second, the large-scale social experiments conducted by government agencies in the mid-twentieth century, moved the exploration from plots of land to groups of individuals. More recently, the nature and range of field experiments has expanded, with a diverse set of controlled experiments being completed outside of the typical laboratory environment. With this growth, the number and types of questions that can be explored using field experiments has grown tremendously. After discussing these three distinct phases, we speculate on the future of field experimental methods, a future that we envision including a strong collaborative effort with outside parties, most importantly private entities.

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7. The sub-prime crisis, the credit squeeze and Northern Rock: The lessons to be learnt

Date: 2008-08

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URL: http://d.repec.org/n?u=RePEc:lbo:lbowps:2008_09&r=his

On 14 September 2007, after failing to find a 'White Knight' to take over its business, Northern Rock bank turned to the Bank of England ('the Bank') for a liquidity lifeline. This was duly provided but failed to quell the financial panic, which manifested itself in the first fully-blown nationwide deposit run on a UK bank for 140 years. Subsequent provision of a blanket deposit guarantee duly led to the (eventual) disappearance of the depositor queues from outside the bank's branches but only served to heighten the sense of panic in policymaking circles. Following the Government's failed attempt to find an appropriate private sector buyer, the bank was then nationalised in February 2008. Inevitably, post mortems ensued, the most transparent of which was that conducted by the all-party House of Commons' Treasury Select Committee. And a variety of reform proposals are currently being deliberated at fora around the globe with a view to patching up the global financial system to prevent a recurrence of the events which precipitated the bank's illiquidity. This article briefly explains the background to these extraordinary events before setting out, in some detail, the tensions and flaws in UK arrangements which allowed the Northern Rock spectacle to occur. None of the interested parties – the Bank, the Financial Services Authority (FSA) and the Treasury – emerges with their reputation intact, and the policy areas requiring immediate attention, at both the domestic and international level, are highlighted. Some reform recommendations are also provided for good measure, particularly in the area of formal deposit protection.

Keywords: UK banks, banking regulation and supervision, central banking, deposit protection.

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