

LGST 2430/6430

Other People's Money: The Law, Politics, and History of Financial Institutions

Max Harris

Senior Fellow

Wharton Initiative on Financial Policy and Regulation

maxrh@wharton.upenn.edu

Course Hours Tuesdays, 3:30-6:30pm

Office Hours Tuesdays, 1:30-3:00pm (email first to schedule a meeting)

Course Description

What is money? Who decides? Who is at the center of the monetary system? Who is at the periphery? These questions are not just economic but legal, political, and historical. The monetary system—and the financial system more generally—implicates issues of power, wealth, inequality, even war. From debates on gold versus silver to the founding of the Federal Reserve, from the Global Financial Crisis to sanctions against Russia, politics pervades seemingly technical matters. And this dynamic is constantly in flux: as the financial system and society evolve, so too do views on what is equitable, efficient, and just.

This course studies the relationship between money, politics, and law by surveying financial institutions—broadly construed—through history. It will expose students to a range of institutions that they will likely encounter in their careers, such as banks, crypto-firms, the Federal Reserve, and the International Monetary Fund. We'll study entire industries as well as zoom in on single institutions; we'll also consider broad themes in finance. Our goal will be to understand the context in which these institutions operate and the key questions for policymakers today.

The readings and lectures are complements, not substitutes: both are essential. The readings are eclectic in methodology and viewpoint. I expect students to do all the readings and engage critically with them in response papers and class discussions.

Though a background in finance or economics may be helpful, students need not have one.

It is my hope that learning about the origins and evolution of financial institutions will help students better understand today's financial system.

Grading

Your grade is divided into four parts:

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- 10%: “in the news” contributions
- 15%: class participation
- 25%: response papers
- 50% final paper

In the News: For six classes, you should select a topical news article and submit a link to the Canvas site in the Assignments tab. I will choose a few news items per class to discuss from those submitted and call on the students who posted them to briefly comment on the article and the questions it raises. We may have group breakout sessions to discuss and present news items.

Class participation: Class participation is important, and your participation for the semester will be graded on a scale of 0 to 5. That grade will reflect attendance, punctuality, and the quality of your comments. I will take attendance each class and note lateness as well as unexcused absences.

Response papers: You are responsible for six response papers to the readings. Each response paper should be 250-300 words. You must upload these to Canvas 48 hours prior to the relevant class session in order to receive credit. Response papers will be graded on a scale of 0 to 5.

Final paper: For the final paper, you will choose a specific financial institution or instrument and assess that institution/instrument from a legal, political, economic, and/or historical lens. Examples might include a sovereign wealth fund, a crypto project, or the International Monetary Fund’s special drawing rights. The paper must advance an argument that is supported by evidence. The paper should be 3,000 words. No group work: every student must write their own paper.

Schedule

Note: the reading list is preliminary.

Class	Date	Subject	Readings
1	1/23	Introduction	No readings assigned
2	1/30	History of money	<ul style="list-style-type: none">• Michael McLeay, Amar Radia, and Ryland Thomas, “Money in the Modern economy: an introduction,” <i>Bank of England Quarterly Bulletin</i>, 2014Q1• Steven Russell, “The U.S. Currency System: A Historical Perspective,” Federal Reserve Bank of St. Louis, September/October 1991
3	2/6	Financial stability	<ul style="list-style-type: none">• Robert Z. Aliber and Charles Poor Kindleberger, <i>Manias, Panics and Crashes: A History of Financial Crises</i> (chapters 1-2)• TBD

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4	2/13	Banks	<ul style="list-style-type: none"> • Charles W. Calomoris and Stephen H. Haber, <i>Fragile by Design: The Political Origins of Banking Crises and Scarce Credit</i> (chapters TBD) • Viral V. Acharya et al, <i>SVB and Beyond: The Banking Stress of 2023</i> (chapters 1 and TBD)
5	2/20	Central banking: pre-2008	<ul style="list-style-type: none"> • Jamie Martin, “A Company of Merchants,” <i>London Review of Books</i> • Peter Conti-Brown, <i>The Power and Independence of the Federal Reserve</i> (introduction, chapters 1-5)
6	2/27	Central banking: 2008 and after	<ul style="list-style-type: none"> • Jeanna Smialek, <i>The Federal Reserve Takes on a New Age of Crisis</i>
7	3/12	The international monetary system: from the gold standard to Bretton Woods	<ul style="list-style-type: none"> • Max Harris, <i>Monetary War and Peace: London, Washington, Paris, and the Tripartite Agreement of 1936</i> (introduction, chapters 1-6) • Barry Eichengreen, <i>Globalizing Capital: A History of the International Monetary System</i> (chapters 3-4)
8	3/19	The international monetary system: after Bretton Woods	<ul style="list-style-type: none"> • Barry Eichengreen, <i>Globalizing Capital: A History of the International Monetary System</i> (chapters 5-8) • <i>The Economist</i>, “The IMF faces a nightmarish identity crisis”
9	3/26	The dollar	<ul style="list-style-type: none"> • Daniel McDowell, <i>Bucking the Buck: US Financial Sanctions and the International Backlash against the Dollar</i> (introduction, chapters 1-4) • Carol Bertaut et al, “The International Role of the U.S. Dollar’ Post-COVID Edition”
10	4/2	Power	<ul style="list-style-type: none"> • John Coates, <i>The Problem of Twelve: When a Few Financial Institutions Control Everything</i> • TBD
11	4/9	Crypto	<ul style="list-style-type: none"> • Michael Lewis, <i>Going Infinite: The Rise and Fall of a New Tycoon</i> • TBD
12	4/16	Inequality	<ul style="list-style-type: none"> • Mehrsa Baradaran, <i>How the Other Half Banks: Exclusion, Exploitation, and the Threat to Democracy</i> (introduction and chapter 4) • TBD

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13	4/23	Financial regulation	<ul style="list-style-type: none">• Daniel K. Tarullo, “Financial Regulation: Still Unsettled a Decade After the Crisis,” <i>Journal of Economic Perspectives</i>• Congressional Research Service, “Who Regulates Whom? An Overview of the U.S. Financial Regulatory Framework”
14	4/30	TBD	<ul style="list-style-type: none">• TBD