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By: Erik Buyst (University of Leuven)

Ivo Maes (National Bank of Belgium, Robert Triffin Chair, Universite catholique de Louvain, and University of Leuven.)

URL:

<http://d.repec.org/n?u=RePEc:bog:wpaper:77&r=his>

This paper provides an overview of the regulation and supervision of the Belgian financial system from the creation of Belgium in 1830 to the early 21st century. After severe crises, the National Bank of Belgium was created in 1850. The Great Depression led to further reforms, increasing the role of the government, especially through the establishment of the Banking Commission. In the post-war period, reforms were driven by changes in the financial landscape, especially an increasing role for market forces. In line with the despecialisation process, the responsibilities of the Banking Commission were gradually extended, becoming, in 2004, the Banking, Finance and Insurance

Commission. Moreover, at the turn of the millennium, the role of the NBB in financial stability matters was enhanced.

Keywords: Financial regulation; Financial supervision; Belgium

JEL: G18 N23 N44

Pensions or savings? Ageing in France at the turn of the century
Date: 2008-05

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<http://d.repec.org/n?u=RePEc:lea:leawpi:0802&r=his>

As a consequence of early demographic transition, France was the first country to experience population ageing. The process has occurred relatively slowly however, resulting in gradual social adaptations. In this paper, we examine the changing living standards of individuals aged over 60, their place in society, their income and savings between 1820 and 1940, based on a sample from the TRA survey. We focus on old persons' means of living, at a time with only little pension schemes, and we show that very few people were able to live on their savings. Moreover, the extent to which other ways of living old age were available was rather limited and, in all cases, did not increase so as to face with the ageing process. For instance, municipal charity offices

(bureaux de bienfaisance) give a means for prominent citizens to provide local assistance to the poorest people throughout the nineteenth century but their importance waned as the earliest forms of state welfare emerged. Therefore, state pension at a broad scale may be thought of as a response to the increasing proportion of poor old people in the beginning of twentieth century France.

Keywords: ageing, pension, savings, state welfare, France 19th and 20th centuries

JEL: N33 H55

The Banking Sector and the Great Depression in Bulgaria, 1924 - 1938: Interlocking and Financial Sector Profitability
Date: 2008-06

By: Kiril Danailov Kossev (Oxford University)

URL:

<http://d.repec.org/n?u=RePEc:bog:wpaper:76&r=his>

The economic narratives of Southeast Europe during the first part of the 20th century are currently being re-written. A story of failed industrialisation and delayed modernisation during the Interwar period has dominated since the pioneering work of Gerschenkron, but not enough aggregate data are available to see this as the only interpretation. In particular, virtually nothing is known about the financial system. This paper has two aims. First, it looks at the banking sector in Bulgaria in 1924- 1938. We provide new data for the 1920s rise and the 1930s decline of the

Bulgarian banking sector and we evaluate its potential contribution to Bulgarian economic growth. In the second part, we discuss different explanations for the widespread collapse of commercial banks after the onset of the Great Depression. Relying on a new data set for over 100 Bulgarian commercial banks, we show that traditional explanations for the collapse of European commercial banks in the 1930s (based on the default of risky loans and falling asset prices due to deflation) need to be complemented by the pernicious effects of widespread insider lending in the Bulgarian case. We conclude that insider lending was the single most important factor behind the demise of the private banking system after the onset of the Depression.

Keywords: Bulgarian economic development; Banking and finance; Great Depression; Insider lending

JEL: E44 G21 G14 N24

Construction in Italy's regions, 1861-1913 Date: 2008

By: Ciccarelli, Carlo

Fenoaltea, Stefano

URL:

<http://d.repec.org/n?u=RePEc:pra:mprapa:9714&r=his>

This paper presents time-series estimates of construction activity in the regions of post-Unification Italy. Total construction followed very different time paths, reflecting the



sharply local cycles in railway construction. Other public works were less idiosyncratic; the boom of the Giolitti years was widely diffused, but that of the 1880s was much more concentrated in Latium and Liguria. In the construction of buildings, the Giolittian boom was marked in the North and Center, but spotty in the South and major islands; earlier swings were comparatively minor, save of course for the 1880s bubble in Latium. Over the long term, railway construction was, per-capita, relatively evenly spread. Other social-overhead construction displays a similar pattern, but with exceptionally high levels in Latium and Liguria. Building construction seems instead to have declined somewhat from North to South; Liguria was again the overall leader, with Latium second.

JEL: N63 N93 L74

The Greatest Architects of the Twentieth Century: Goals, Methods, and Life Cycles Date: 2008-07

By: David Galenson

URL:

<http://d.repec.org/n?u=RePEc:nbr:nberwo:14182&r=his>

A survey of textbooks reveals that Le Corbusier was the greatest architect of the twentieth century, followed by Frank Lloyd Wright and Ludwig Mies van der Rohe. The same evidence shows that the greatest architects alive today are Frank Gehry and Renzo Piano. Scholars have

long been aware of the differing approaches of architects who have embraced geometry and those who have been inspired by nature, but they have never compared the life cycles of these two groups. The present study demonstrates that, as in other arts, conceptual architects have made their greatest innovations early in their careers, whereas experimental architects have done their most important work late in their lives. Remarkably, the experimentalists Le Corbusier and Frank Gehry designed their greatest buildings after the age of 60, and Frank Lloyd Wright designed his after 70.

JEL: J01

Contract enforcement and institutions among the Maghribi Traders: Refuting Edwards and OgilvieDate: 2008-07-01

By: Greif, Avner

URL:

<http://d.repec.org/n?u=RePEc:pra:mprapa:9610&r=his>

Edwards and Ogilvie (2008) dispute the empirical basis for the view (Greif, e.g., 1989, 1994,2006) that multilateral reputation mechanism mitigated agency problems among the eleventh-century Maghribi traders. They assert that the relations among merchants and agents were law-based. This paper refutes this assertion using quantitative and documentary evidence thereby vindicating the position that the legal system had a marginal role in mitigating agency problems in long-distance trade in this historical era.

Edwards and Ogilvie constantly present legal actions in non-trade related legal cases as evidence for a reliance on the legal system for matters pertaining to long-distance trade. Their criticism of Greif's documentary analysis also fails scrutiny. The claim that merchants' relations with their overseas agents were law-based is wrong. This paper is based on quantitative analyses of the corpuses containing the hundreds of documents on which the literature relies and a careful review of the documents and the literature Edwards and Ogilvie cite. Their assertion is shown to be based on unrepresentative and irrelevant examples, an inaccurate description of the literature, and a consistent misreading of the few sources they consulted. In particular, their examples for the use of the court are mainly taken from mandatory legal procedures associated with sorting out the assets and liabilities of deceased traders' estates. Such examples do not support the claim that agency relations were law-based. The quantitative analysis reveals that empirical basis for the multilateral reputation view is stronger than originally perceived. This paper also sheds light on the roles of the legal system and reputation mechanism during this period.

Keywords: institutions; contract-enforcement; reputation; Maghribi traders; agency relations

JEL: B52 N25

Economic Growth Related to Mutually Interdependent Institutions and Technology
Date: 2008-07

By: Richard Lipsey (Simon Fraser University)

URL: <http://d.repec.org/n?u=RePEc:sfu:sfudps:dp08-03&r=his>

The following propositions are argued. Technological advance is a necessary condition for sustained economic growth. It can be sustained by more than one set of institutions. Technology and institutions co-evolve. Although some institutions inhibit growth while others encourage it, no single institution is either necessary or sufficient to produce either sustained or zero growth. Sustained growth began with the two Industrial Revolutions and was solidified by the 'invention of how to invent'. Explaining these events requires studying several trajectories that were established in the medieval period and evolved slowly through the early modern period and were unique to the West.

Keywords: Sustained growth, institutions, technological change, technological trajectories, the Industrial Revolutions, early modern science, medieval universities.

JEL: O31 O43

Vieux et pauvres : le patrimoine des personnes âgées de 1820 à 1940
Date: 2008-01

By: BOURDIEU Jérôme

KESZTENBAUM Lionel

URL:

<http://d.repec.org/n?u=RePEc:lea:leawpi:0801&r=his>

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Starting with controversies on workers pensions at the beginning of the 19th century, many debates occurred on individuals' willingness to save for their old days. However it remains difficult to assess old people capacity to live their old age. We investigate the situation of old people before the introduction of pension schemes. Using probate records, we compute the rate of individuals who were able to live on their wealth, by themselves. We conclude that life-cycle savings were largely insufficient for French people to live on it. Above all, the situation of old people, after a continuous improve during the 19th century, get worse in the 1900's: large parts of the elderly population have no or only little means of survival. Moreover, access to retirement is also very limited, depending on gender or occupation.

Keywords: Epargne, accumulation du patrimoine, retraite, vieillesse, France 19-20e siècles.

JEL: N33 N34

Necessities and Luxuries in Early-Modern Textile Consumption: Real Values of Worsted Says and Fine Woollens in the Sixteenth-Century Low Countries
Date: 2008-07-21

By: John H. Munro

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If mankind's three basic necessities have always been food, clothing, and shelter, whose production, trade, and

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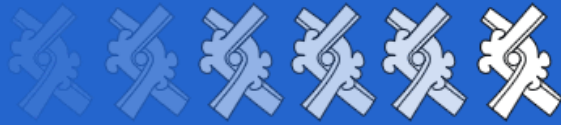
Elaboró: Manuel A. Bautista González



consumption have rightly been a primary focus of economists and economic historians for many generations, we may ask this vital question: how do they distinguish between necessities and luxury products? Indeed, any examination of later-medieval, early-modern commodity prices soon reveals that for all three of these basic categories there was a seamless continuum from the very cheapest to the most expensive goods sold on the market, so that making clear cut divisions becomes virtually impossible. How, when, where, and why did the consumption of food and drink, for example, shift from being a basic necessity to ensure survival to become a luxury that enhances and enriches the quality of life? Obviously the very same considerations apply also to clothing. For many people, if only for a much smaller segment of the population, chiefly to be found in the aristocracy, the higher clergy, and wealthy bourgeoisie, clothing has also served and still serves other wants, in terms of luxury consumption: for decoration and for the assertion of personal values, and especially of one's social status. Indeed, for such people, luxury textiles may have been deemed as personal 'necessities'. This study is based upon two statistical tables, for the southern Low Countries, in the early to mid-sixteenth century, which, together permit us to make such a valid contrast between the nature, forms, and relative values of two major types of textiles. Representing 'necessities' in clothing are light-weight, coarse, relatively cheap worsted-type says (from the leading producer, Hondschoote, in Flanders); and representing 'luxuries' are the heavy-weight, very fine, and very costly woollen broadcloths from Ghent



(dickedinnen) in the county of Flanders and Mechelen (Rooslaken) in the neighbouring duchy of Brabant. Table 1 provides the technical features of the composition of the cloths, the type of wools used, warp-counts, the dimensions, and weights, and finally the weight per square metre in grams. The luxury woollen broadcloths in Table 2 were all made uniquely from the finest English wools, then the world's best; but Table 1 also provides, for comparison, a fine but cheaper woollen (from Armentières) made from a mixture of Spanish merino and English wools. The other textiles in Tables 1 are worsteds and semi-worsted says from several towns in sixteenth-century Flanders (including Hondschoote) and England. Table 2 presents the prices, in pounds groot Flemish for two types of Hondschoote says, and for the luxury woollens of Ghent and Mechelen for the decade 1535 - 1544. Two measures have been adopted in order to calculate the 'real values' of these textiles: (1) a comparison of the prices (nominal money-of-account values) of these textiles with the value of a 'basket of consumables', the one used to compute the Van der Wee Consumer Price Index for Brabant (Antwerp region); and (2) the purchasing power of wages: i.e., the number of days' wages that a master mason in Antwerp would have had to spend to acquire each one of these textiles; and more particularly to buy 12 square metres of cloth, for a man's annual clothing requirement. In terms of the latter measure, the average number of days' wages required to purchase that same quantity of cloth would have been: 13.725 days for a Hondschoote single say; 16.958 days for a Hondschoote double say; and 5.4 times as many days,



91.413 for a Ghent dickedinnen, and 74.144 days for a Mechelen Rooslaken. That is certainly a much greater gulf in values that would be found today between every-day clothing and luxury apparel, for men at least. Consider that in Toronto, in July 2008, a journeymen carpenter earns a minimum of \$33.07 per hour. In 91.413 days (i.e., the number of days' wages to purchase that Ghent dickedinnen), at 8 hrs a day, that carpenter would earn \$24,184 CAD (about € 15,115) and would never spend even 10 percent of that on clothing.

Keywords: luxuries, necessities, clothing, wools, woollen broadcloths, worsteds, says, serges, Flanders, Brabant, Antwerp, Hondschoote, masons, wages.

JEL: F10 L11 L15 L67 M30 N63 N93 O52

Government Bankruptcy of Balkan Nations and their Consequences for Money and Inflation before 1914: A Comparative Analysis
Date: 2008-06

By: Peter Bernholz (Univeristy of Basel)

URL:

<http://d.repec.org/n?u=RePEc:bog:wpaper:74&r=his>

A difference is made between open and hidden or veiled government bankruptcies. The latter are happening if budget deficits are covered by substantial money creation leading to inflation. In this case non-indexed government debt loses its value and is inflated away. This path is not open, if the debt is not denominated in the national but in a

stable foreign currency or in units of gold or silver. This is usually the case for debt owed to foreigners. But sometimes both kinds of government bankruptcies are occurring together. In the present paper several general qualitative hypotheses are tested for the Balkan countries and the Ottoman Empire.

Keywords: Government bankruptcies; Foreign debt; Fixed exchange rates

JEL: F34 G33 N23

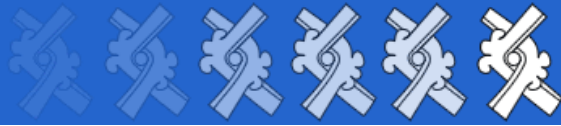
La licitud de linteres: evolucion historica dun tema de moral economica
Date: 2008

By: Gaspar Feliu (Universitat de Barcelona)

URL:

<http://d.repec.org/n?u=RePEc:bar:bedcje:2008202&r=his>

The problem of the consideration of any interest like usury and the ways to avoid the ecclesiastical condemnation were some of the main economic and moral topics of the traditional Europe. This paper shows the origins and foundations of the ecclesiastical doctrine on the usury, the appearance of the commercial and financial instruments that avoided the condemnation of the Church and the exceptions and new doctrines that considered warp the benefit coming from the loan.



Keywords: religion, financial markets, europe pre 1913, saving and capital investment

JEL: N23 O16 Z12

Inflation Targeting Is a Success, So Far: 100 Years of Evidence from Swedish Wage Contracts Date: 2008

By: Fregert, Klas

Jonung, Lars

URL:

<http://d.repec.org/n?u=RePEc:zbw:ifwedp:7335&r=his>

Inflation targeting was adopted by several countries, including Sweden, in the 1990s. We evaluate the Swedish inflation targeting regime since 1995 using a novel approach based on a unique data set on the characteristics of collective wage agreements between 1908 and 2008. First, we establish that the length of wage contracts decreases in response to an increase in “macroeconomic uncertainty” across policy regimes. Second, using contract length as the assessment criteria for regime performance, we find that the inflation targeting regime of 1995–2008 stands out as an exceptionally stable policy regime as judged by the willingness of wage contract-makers to repeatedly commit to three-year non-indexed wage agreements. In addition, inflation targeting gained instant credibility in the sense that the labor market organizations entered long-term wage agreements at the same time as this new regime was announced. Inflation targeting has thus



reduced macroeconomic uncertainty compared to previous regimes adopted in Sweden during the 20th century. Our approach to evaluate inflation targeting is different from the traditional one commonly based on cross-section samples comparing inflation outcomes. Instead we focus on the actual decisions of private-sector wage setters under different monetary regimes. Judging from their behavior across a century of observations, inflation targeting in Sweden is a success – at least so far.

Keywords: Inflation targeting, policy regime, contract length, wage indexation, Lucas critique, Sweden, credibility

JEL: E30 E42 E65

Banking Transformation (1989 - 2006) in Central and Eastern Europe - With Special Reference to Balkans
Date: 2008-06

By: Stephan Barisitz (Oesterreichische Nationalbank)

URL:

<http://d.repec.org/n?u=RePEc:bog:wpaper:78&r=his>

This paper provides an overview of the history of banking transition (1989-2006) in 13 CEE countries – with particular emphasis on four relatively large Balkan countries (Bulgaria, Croatia, Romania, Serbia and Montenegro). Two “banking reform waves” are distinguished, salient features of which all countries (need to) run through in order to mature. The first reform wave focuses on liberalization measures; the second wave mostly consists of

restructuring/institutional adjustment. Western European FDI has come to dominate banking in most countries, including those of the Balkans. Recently, credit booms have unfolded, which, while constituting structural catchingup phenomena, are not without risks. Insufficient rule of law remains widespread.

Keywords: Banking crisis; Banking transformation; Credit boom; FDI; Institutional reforms; Liberalization; Privatization; Structural reforms

JEL: G21 G28 P34