# Professor Available To Discuss History Of Economic Panics

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DURHAM, N.H. – Jessica Lepler, assistant professor of history at the University of New Hampshire, is available to discuss the history and culture of economic panics, in particular, the Panic of 1837.

**Lepler can be reached at jessica.lepler@unh.edu and 603-862-3146.**

“The similarities between the last nine months of snowballing financial mayhem and the first few months of 1837 should pique the curiosity of all those trying to make sense of these hard times. The fallout from this 19th century crisis explains the anxiety of those burdened with the responsibility of preventing a repetition of the past. But a justification for sleepless nights is only one benefit of thinking about what it meant to panic in 1837,” Lepler says.

According to Lepler, in the spring of 1837, the credit market had ground to a halt after months of “pressure” because, as Treasury Secretary Henry Paulson put it recently, “illiquid assets clogg(ed) up our financial system.” After an investment bank connected to the Rothschild banking empire suspended operations in New York, an event that contemporaries called the “heaviest failure which ever occurred in the United States,” economic giants around the world tottered on the edge of financial collapse.

On both sides of the Atlantic, banking houses appealed to national governments for support. For a time, the Bank of England, the world’s most important central bank, bailed out three London-based firms trading in American financial instruments. But when newly inaugurated President Martin Van Buren refused to assist the financiers of Wall Street, America’s more than 700 banks shut their doors. These bank suspensions devalued the nation’s currency. Once American money lost its value, the Bank of England allowed the firms it had supported to fall. As the London Times reported, “such an extent of failure has probably never occurred in the city in the same day.”

After another year of fluctuating prices, a global depression ushered in a decade of poverty, dispossession, and exploitation that inspired Karl Marx, among others, to advocate social revolution. Fifty years later, lawyers continued to file suits around the world to settle the panic’s scores.

By examining the culture of panic in 1837, Lepler says we learn that panic is fueled by the words we use to describe it. In a time before economic jargon, the writers of 1837 employed an arsenal of terms that embodied their own doomsday fears: “whirlwind,” “deluge,” “conflagration,” “epidemic,” and “revolution.” Over the last nine months financial writers have, similarly, evoked images of a “flood” of defaults, of “ailing markets” suffering from an “illness” and of a “stock market storm.”

With Hurricanes Ike and Katrina as well as the fears of Avian Flu and West Nile Virus on our minds, these words continue to transform an event felt in our pocketbooks into a physically fatal catastrophe. But why, with 21st century economic sophistication, Lepler asks, have illnesses and storms mingled with indicators and indices in our financial pages?

“The language of natural disaster assuages our collective guilt over the choices we have made by turning economic processes into forces beyond our control. The reality is that these financial ‘storms’ are caused by human choices. We buy. We sell. During high times, the world’s largest investment banks, individual investors, and regulatory agencies praise themselves for their successes,” Lepler says.

“But, during times of ‘gloom and doom,’ no one accepts blame for financial sins. Rather, it is in troubled times when financiers admit, as one New York Times reporter noted, ‘the inability of these sophisticated institutions to assign accurate values to their holdings.’ If complete economic knowledge is ever possible, it is only available retrospectively. If we really want to end our market woes, we need to teach Americans economics and teach economists history,” she says.

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