

CET Syllabus of Record



Program: CET Florence

Course Title: Money and Banking: A Historical Perspective

Course Code: FL/HIST 272

Recommended Credits: 3

Primary Discipline / Suggested Cross Listings: History / Economics, Finance

Language of Instruction: English

Prerequisites/Requirements: Prior coursework in Economics is recommended but not required

Description

Monetary circulation, lending and banking activity can be an interesting observation angle for an understanding of the complex economic mechanisms that characterized Italian and European history in the last millennium. The course is divided into three parts and aims to provide the basic elements of the history of money, banking and finance in the Western countries from the Middle Ages to the early contemporary age. The first part will be essentially devoted to the Middle Ages, a period during which the so-called commercial revolution caused a sharp contraction of the “natural economy”, boosting the circulation of money and increasing lending. This part will analyze the mechanisms of monetary circulation from the reform of Charlemagne (silver monometallism) to the introduction of bimetallism with gold coinage in Florence and Genoa in the thirteenth century. During that period credit and banking developed along not always parallel tracks, but set the foundation for the birth of the modern bank.

The second part, dedicated to the Modern Age, will review monetary and credit issues in the light of the great changes brought by the discovery of the New World and the effects on prices in Europe caused by the arrival of large quantities of American silver. The study of the action of the great Italian and German bankers in the major European financial markets will allow insights into the public debt policies implemented by emerging modern states.

The third part of the course will examine the birth of the first banks of issue and the formation and development of national banking systems in the eighteenth and nineteenth centuries. Three visits to the State archives of Prato and Florence will be planned during the course, to familiarize students with the original medieval and modern documents preserved there.

Objectives

During this course students:

- learn how to use critical tools for a comparative analysis of the monetary and financial markets;
- acquire an in-depth understanding of the mechanisms of monetary circulation – from minted coins to paper money, the functioning of the foreign exchange market, the credit system’s role and operating methods and their long-term evolution;
- learn how to reconstruct and explain the economic changes which took place in money, finance and credit in the Western World from the Middle Ages to the Modern Age;

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- gain a preliminary understanding of economic theories and historic events in order to correlate the evolution of monetary and financial systems and the structure of Italian and European banks.

Course Requirements

Students are expected come to class having read all assigned readings and prepared to take an active part in discussion of that day's topics. Readings average 30 to 40 pages per week. Classes typically comprise lectures, discussions and visits to relevant Tuscan Archives (Prato – after completing topics 1-3, and Florence, after topic 7) in order to experience first-hand the sources that are the basis of historical reconstruction; therefore all site visits are mandatory. Each class session, the instructor will provide a handout of key terms, useful quotations, unusual terminology, etc. Students are responsible for all information on these handouts in future class sessions.

Students take a midterm exam consisting of 10 to 15 short answer/essay questions, and a comprehensive final exam consisting of short answer questions and essays.

Finally, students submit a 8 to 10 page long research paper. The paper must reference a minimum of 3 sources and include an appropriately notated bibliography. Paper topics should be chosen with the approval of the instructor by midterm. Sample paper topics are provided in class.

Methods of Evaluation

- Attendance and Participation 10%
- Midterm Examination 20%
- Paper & Presentation 30%
- Final Examination 40%

Primary Texts

A course reader will be made available comprising articles and excerpts from the following texts:

A History of European Banking. H. Van der Wee, G. Kurgan-Van Hentenryk eds. Antwerp: Mercatorfonds, 2000.

Andréades, Andreas. *History of the Bank of England.* Londra: P.S. King & Son, 1909.

Business, Banking and Economic Thought in Late Medieval and Early Modern Europe. Selected Studies of Raymond de Roover. Chicago-London: The University of Chicago Press, 1974.

Clapham, John. *The Bank of England. A History.* Cambridge: Cambridge University Press, 1966.

Chown, John F. *A History of Money from AD 800.* London-New York: Routledge, 1994.

Conant, Charles Arthur. *A History of Modern Banks of Issue.* New York- London: G.P. Putnam's Sons, 1909.

Davies, Glyn. *A History of Money. From Ancient Times to the Present Day.* Cardiff: University of Wales Press, 2002.

Ehrenberg, Richard. *Capital & Finance in the Age of the Renaissance. A Study of the Fuggers and Their Connections.* New York: Harcourt, Brace & Company, 1928.

Enterprise and Secular Change. Lane, Frederic C., and Jelle C. Riemersma, eds. London: George Allen and Unwin LTD, 1953.

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Goldthwaite, Richard A. *The Economy of Renaissance Florence*. Baltimore: Johns Hopkins University Press, 2009.

Handbook on the history of European banks. Manfred Pohl and Sabine Freitag eds. Cheltenham: Edward Elgar Publishing, 1994.

History of the Principal Public Banks. J. G. Van Dillen ed., The Hague: Martinus Nijhoff, 1934.

Kindleberger, Charles P. *A Financial History of Western Europe*. London: George Allen and Unwin LTD, 1984.

Lopez, Robert S. *The Commercial Revolution of the Middle Ages, 950-1350*. New York: Cambridge University Press, 1976.

Sargent, Thomas J., and François R. Velde. *The Big Problem of Small Change*. The Princeton Economic History of the Western World. Princeton-Oxford: Princeton University Press, 2002.

Spufford, Peter. *Money and Its Use in Medieval Europe*. Cambridge-New York-Melbourne: Cambridge University Press, 1988.

The Bank of England: money, power and influence 1694-1994. Richard Roberts and David Kynaston eds. Oxford: Clarendon Press, 1995.

The Cambridge Economic History of the United States. I. The Colonial Era. Engerman, Stanley L., and Robert E. Gallman, eds. Cambridge-New York-Melbourne: Cambridge University Press, 1996.

Supplementary Texts

Additional articles:

De Rosa, Luigi. "The Beginnings of Paper Money Circulation: The Neapolitan Public Banks (1540-1650)." *The Journal of European Economic History* 36, no. 2-3 (2007): 261-82.

Goldthwaite, Richard A. "Banking in Florence at the End of Sixteenth Century." *The Journal of European Economic History* 27, no. 3 (1998): 471-537.

Goldthwaite, Richard A. "The Medici Bank and the World of Florentine Capitalism." *Past and Present* 114, no. 1 (1987): 3-31.

Goldthwaite, Richard A. "Local Banking in Renaissance Florence." *The Journal of European Economic History* 14 (1985): 5-55.

Munro, John H. "The Monetary Origins of the 'Price Revolution': South German Silver Mining, Merchant Banking, and Venetian Commerce, 1470-1540." In *Global Connections and Monetary History, 1470-1800*, edited by Dennis O. Flynn, Arturo Giráldez, and Richard Von Glahn, 1-34. Aldershot: Ashgate, 2003.

Outline of Course Content

Note: Students cover approximately 1 topic every 1 to 2 weeks.

TOPIC 1 – The European economic context around 1000 A.D.

From "natural economy" to "credit economy".

TOPIC 2 – The effects of the Commercial Revolution in the Middle Ages.

The revival of the European economy after 1000 A.D.

TOPIC 3 – Money

Metal-based money systems

The Carolingian reform

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The *Fiorino d'oro*

The foreign exchange market and the bill of exchange

TOPIC 4 – Lending

The interest rate issue

Types of credit

Types of money-lenders

TOPIC 5 – Medieval and modern banking

From *campsores* to merchant-bankers

The birth of the modern bank

Modern banking credit tools

Monti di Pietà

TOPIC 6 – The discovery of America and its effects on the European economy

The great geographical discoveries

New World products

American silver

The price revolution

TOPIC 7 – The exchange fairs

The exchange fairs of Lyon

From Besançon to Piacenza

The great bankers: Fugger, Welser

Genoese and Florentine bankers

TOPIC 8 – Stock exchanges and markets in Northern Europe

The Dutch Golden Age

The Amsterdam stock exchange

The Bank of Amsterdam

TOPIC 9 – Public banks

Casa di San Giorgio

Monte dei Paschi di Siena

TOPIC 10 – First experiences with paper money

Attempts to introduce paper money in America and Europa

TOPIC 11 – The birth of the banks of issue

The Bank of England and other banks of issue

TOPIC 12 – The formation of national banking systems

The British banking system

The French banking system

The German banking system

The Italian banking system