Program: CET Florence  
Course Title: Money and Banking: A Historical Perspective  
Course Code: FL/HIST 372  
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 is 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, reviews 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 great Italian and German bankers’ actions in the major European financial markets allows insights into the public debt policies implemented by emerging modern states.

The third part of the course examines the birth of the first banks of issue and the formation and development of national banking systems in the eighteenth and nineteenth centuries.

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;
- 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.
CET Syllabus of Record

Course Requirements
Students are expected to come to class having read all assigned readings and prepared to take an active part in discussion of that day's topics. Readings average 50 to 70 pages per week. Classes typically comprise lectures and discussions.

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 two 3/5-page long papers. The papers 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%
- Quick writes and quizzes 10%
- Midterm Examination 20%
- Short papers 30%
- Final Examination 30%

Primary Texts
Articles and excerpts from the following texts are accessible in a shared online course folder:

CET Syllabus of Record


**Supplementary Texts**

Additional articles:


**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. Money and credit in the ancient world. From “natural economy” to “credit economy”.

**TOPIC 2** – The urban revolution. 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

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
CET Syllabus of Record

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