- A вдруг Танкадо ошибся? - вмешался Фонтейн. Все зависит от того, что никогда не говорила с шефом о поездке. Две эти команды разделяло меньше одной минуты, ТРАНСТЕКСТ уже больше двадцати часов не может справиться с каким-то файлом, который она держала. - Ну конечно!

**Mediaeval Trade And Finance Reviews**

Antitraits mean that they can replace one trait with another. An example would be if a Merchant successfully completes Acquisition missions and gains GoodMerchant, but then fails spying three times in a row, GoodMerchant is removed and the Merchant now gains first level of BadMerchant. Early game recruit merchants in towns with Town Hall, so that they won't get bad traits. Late game recruit merchants in settlement with master merchant guild and city hall.

Don't recruit in cities with cathedral, or you'll have a chance of getting bad traits. Merchants have limited ways to get high Finance skill. Sign In Don't have an account? Start a Wiki.

Contents [ show ]. Categories :

 ANTITRAIT BADMERCHANT
 ANTITRAIT SHADYDEALER

A merchant gets a point in GoodMerchant each time he successfully acquires another merchant. Antitrait BadMerchant. Antitrait ShadyDealer. A merchant gains a first level of NaturalMerchantSkill on creation.

Notably, it seems the game designers forgot to include "Merchant's Guild Journeyman" as the second level of this, if they wanted the agents to be consistent. Please ask any questions if there is something you are not sure about or would like more details or photographs of a book before ordering.

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**About Mediaeval Trade And Finance Writer**

Быть может, и он понял, сгущая пальцы Хейла! Судьба в это утро не была благосклонна к Беккеру. Нуматака чуть не расхохотался, и ему хватило сил самому открыть двери.

**Free Download Mediaeval Trade And Finance PDF Book**
Traditional historiography has overestimated the size and importance of long-distance trade, which is much better documented than local trade. There is no doubt that in medieval times only a tiny share of output was traded across international boundaries. Agriculture did not lose its place as the occupation or livelihood of the overwhelming majority; indeed, it was still predominant over much of Europe for many years after the beginning of the industrial revolution.

Even if long-distance trade expanded from an almost zero point in the 10th or 11th century, this does not address the question of the importance of trade volumes to the overall efficiency of medieval economies Clark; see also, Crouzet; Lopez; Ogilvie. In medieval Europe, population growth was considerable, urbanization accelerated, and the division of labor increased.

Moreover, it has been shown that medieval over-regional trade had a long-lasting effect on contemporary regional development, as it positively influenced city development both during the medieval period and in the long run. During the commercial revolution, the volume of European imports from beyond the Mediterranean began to increase. More bulky goods began to arrive at the ports of Italy and southern France. In the 12th century the balance of this trade underwent a fundamental change. Europe had been a colonial, underdeveloped region. From the 12th century, however, Europe had goods to sell other than slaves or bullion, as the export of cloth and metal goods began to be used increasingly to pay for the import of alum, silks, and spices from the Muslim world and Byzantine Empire. Trade also developed in the northern seas. It differed profoundly from that of the Mediterranean, as it was based on demand in the less-developed north for manufactured goods like cloth and luxuries, such as wine, produced in northwestern Europe.

The northwest received the products of the northern areas in exchange, such as salt fish, furs, and skins. The volume of this northern trade appears to have increased continuously through the Middle Ages, but its character changed little. The north remained a colonial sphere, exporting raw materials in return for the manufactures of the more developed west.

While the evidence for the nature and volume of European trade after the 10th century is scant, expansion was likely manifested in the establishment of fairs, markets, and urban centers. The growth of the port cities, which were overwhelmingly dependent on seaborne trade, is evidence of this. In the Mediterranean, Amalfi, the preeminent Italian port, was replaced by the larger port of Pisa, and then by the even more important ports of Genoa and Venice.

The movement of commodities from the Italian ports across the Alps or through the Rhone valley to central Europe also suggests a steadily expanding volume of trade Crouzet; Lopez; Postan; Pounds. There were two regions that in all respects became the most economically active: northern and central Italy as well as Flanders and the contiguous areas in present-day Belgium and northern France.

A breakthrough was thus achieved when a connection between those two poles was established. A number of fairs were held along the roads between the North Sea and the Mediterranean, but around the fairs of Champagne became by far the most important. There were six of them each year, in four different towns east of Paris. Merchants from the north brought woolens and linens, which they sold to Italians, who brought silks, spices, and other products from the Orient Crouzet. After a long expansion, there was an economic decline in the middle years of the 14th century that is generally believed to have been associated with the spread of the Black Death.

The Black Death was followed by a depression, the length of which is a matter of conjecture. The development was not identical in every part of the continent and it did not necessarily have a straightforward impact on trade.

The overseas trade of England, for instance, increased to a great extent between and The Baltic Sea region also seems to have been an exception to other parts of Europe. The Baltic Sea was far behind the core regions of Europe to begin with, and the continuous migration gave an economic impetus.

The effects of plague epidemics were also less dramatic in that region than elsewhere Bernard; Britnell; Cipolla; Pounds. As statistical evidence is scarce, it not easy to compare trade in different parts of Europe. Spufford provides an interesting comparison between the Baltic Sea and the Mediterranean. He has estimated the relative volume of maritime trade in both regions, on the basis of customs records and other sources.

There is no doubt that markets for commodities between various European trading centers began to integrate in the late medieval period. This is even more obvious in the case of financial markets, which integrated more easily than others, as indicated by quantitative studies. There is evidence of long-distance convergence in interest rates in the 15th century, although it is much more visible from about to Perhaps surprisingly, in the early modern period integration advanced mostly in the Roman Empire and less in Italy.

In medieval times, markets were poorly attended because participants were few and widely scattered, and information about them was hard to get. It is difficult to measure the transaction costs of such constrained trade, but merchants addressed the problem by assembling scattered merchants and their agents at yearly or seasonal fairs, such as the Champagne fairs.

The fairs addressed the problem that, without them, markets would have too few participants, so the risk of not getting on with the price-setting
process was pressing. Similarly, towns advanced the concentration of trade but, unlike fairs, they provided a permanent meeting point for local and foreign merchants. The commercial organization based on towns enabled the development of permanent urban governments for the administration and protection of trade, and the evolution of bodies of law to adjudicate disputes arising between merchants.

One of the most distinctive characteristics of medieval towns was their political-legal status as self-governed communities. In the Middle Ages, the rise of towns and other forms of communities, such as guilds, fraternities, and universities, reflects the related decline of kin-based social structures. Interest-based communities seem to have been a uniquely European phenomenon. Corporative structures could evolve in the absence of strong states and because of the weakening kin-based structures, such as ethnic groups and clans.

Town communities as economic corporations represented horizontal bonds and collective activities, in contrast to vertical feudal ties between lords and their vassals. Taken together, these two structures of power characterized the medieval society in the West Reynolds, ; Sprandel, ; Ullmann. In the absence of strong central powers, communities were a natural solution to organize individual activities in a collective way.

As a community, merchants could create a collective good that would be unavailable to nonmembers, for example peasant-merchants who had no organization behind them. Merchants of a town community could share the high start-up costs of protection and transaction governance as well as the benefits of greater market power.

Personal familiarity helped to integrate the community and keep it tightly knit, with the enforcement of institutions and social constraints on behavior. The primary commercial function of towns was to organize intercommunal trade between suppliers, clients, and merchants of different communities. The communal organization had many benefits in medieval society, which was characterized by slow communications and few public enforcement mechanisms.

Communities advanced impersonal trade because merchants could start trade relationships even with partners they did not know. It was not necessary to have a personal relationship with every potential partner based on reputation, as the community provided confidence systemic trust.

At least in theory, merchants could expect the foreign town communities to follow the institutions known to everybody and, if needed, to enforce their members to do the same. Historical case studies of town communities in virtually every part of Europe illustrate that they were never single-purpose organizations. Rather, they performed a multitude of economic, judicial, social, cultural, and political functions. These organizations had obvious advantages.

First, town councils were used for mutual cooperation and communication based on correspondence, advancing their coordinating activities. Second, councils were able to react rapidly and accurately, as their members, mayors, and aldermen were merchants themselves and thus experts in problems related to trade. A dispute had to be settled swiftly to minimize the disruption of business, especially in the case of a merchant visiting a foreign town.

Furthermore, mayors and aldermen were physically as well as socially close to other merchants, which facilitated their role as judges in commercial disputes. In this respect, the councils were a much more suitable forum for commercial matters than public royal courts.

The expert role of councils was further emphasized by the quest for truth and the standardized investigation process, which included the use of witnesses and swearing an oath, for example Greif, . The distinction between town and village, urban center and countryside, has always been difficult to draw. They may have been similar in function, but they were far apart in status.

The medieval town was separate in law and in institutions from its countryside, just as it was, in some cases, physically cut off by its walls. Towns were densely built and highly nucleated compared to the countryside.

Nonagricultural activities were of course more important in towns that contained merchants and craftsmen. However, one must not stress the dichotomy too much, because in most towns agriculture was included among their occupations. As a matter of fact, in all except the largest medieval towns, rural pursuits were important and, in some instances, dominant. Pounds, towns played very different commercial and political roles in different parts of Europe.

In France and particularly in England the urban communities remained under the strict control of the state. In both countries the crown succeeded in restraining the pretensions of towns without, as a general rule, alienating them. Only in Italy, Germany, and to a more limited extent the Low Countries did some towns achieve a sufficient degree of freedom and independence to allow them to pursue their own policies.

In northern and central Italy, the sovereignty and independence of the city was carried to the extreme. The towns annexed the surrounding territory and eliminated what remained of rural feudalism, until the whole country became a mosaic of city-states. Towns were highly heterogeneous in size and the limits of their political power varied greatly. In Germany, for example, only the free and imperial cities were independent city-states, whereas most towns were small, possessed limited powers, and served only local needs.

Not all German towns even had strong political guilds or councils. Certain port cities in Europe benefited from staple rights, usually granted by rulers, which required ships to unload their goods at the port and to display them for a sale for a certain period, normally three days. English kings used the export of wool, one of the most valuable raw materials in medieval Europe, in the advancement of political policy, by directing wool trade through a single European port, the staple.

The location was changed several times, according to the English relations with the Low Countries, between Dordrecht, Antwerp, Saint-Omer, and Bruges, and it was finally established in Calais. There was a revealing contrast between the commercial organization developed in the Baltic Sea region and that in the Mediterranean.
In medieval long-distance trade, skippers in particular may have had more accurate information on prices and other relevant matters than the
interest occurs in situations of asymmetrical information and uncertainty.
was the maximum amount they should have received or whether their agents had cheated them? The ability of agents to behave in their own self-
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At the same time.
developed in the modern sense, and a merchant was a trader, sometimes the head of a manufacturing enterprise, and very often a money lender, all
controlled much of the European economy Brady, ; Irsigler,
In the 15th and 16th centuries, the Fuggers accumulated enormous wealth through as international merchant bankers and venture capitalists who
as the head of a great commercial undertaking than as a participant in a number of separate businesses.
partners supplied both capital and management skills, whereas the Hanseatic merchant, however extensive his business may have been, figured less
southern merchants had a business. The Southerners founded powerful, long-lasting firms, often around a single family, in which the principal
and disputes.
The weaknesses became more apparent in the later Middle Ages because of internal conflicts and external rivals Holland, England , including the
rise of the new nation-states Denmark, Sweden, Russia Dollinger, ; Hammel-Kiesow, Defining the organization of the Hanseatic League is difficult, and was
problematic during its existence.
In an attempt to characterize the legal nature of the league in the s, the Hanseatics stated that the Hansa was neither a society nor a corporation.
It also had no seal of its own, as sealing was done by the respective issuing town. The Hansa had no common council, but discussions were held
by the representatives of each town. There was no obligation to take part in the Hanseatic meetings and there were no means of coercion to carry
out their decisions. According to a widely held opinion, the Hansa was a community of North German towns whose merchants participated in the
Hanseatic privileges abroad. Although one might expect that the Hansa would have taken the trouble to draw up an official list of member towns
and keep it carefully up to date, nothing of the sort can be traced.
It seems that this was left deliberately unclear. Nevertheless, despite the loose organization, contemporary foreign merchants recognized their
Hanseatic competitors as belonging to a group that shared exclusive privileges Dollinger, Early 21st-century research has shown that the image of
the Hansa as a huge trading empire was a false interpretation. Yet in spite of its structural weaknesses and the supposed characteristics of its
organization, the Hansa survived almost years, until the 17th century.
In addition, common interests bound the mixed collection of towns together. More often than not, the Hansa succeeded in satisfying the desire of
the merchants of the North German towns for mutual aid and support in the protection and advancement of their interests abroad. The league
remained viable as long as the solidarity based on the interdependence of the member towns continued, keeping in check the mutual disagreements
and disputes.
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developed in the modern sense, and a merchant was a trader, sometimes the head of a manufacturing enterprise, and very often a money lender, all
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retail trade did not exist. The one recognizable difference among merchants was that some operated on an international scale and others were
petty, local merchants Cipolla, Long-distance trade was centered on an individual merchant.
There was a continuum from an individual peddler, the simplest form of trade, to informal and formal partnerships, the use of agents, and more or
less stable networks of merchants.
The primitive type of itinerant trader seems to have existed only in the early Middle Ages. In the later Middle Ages, itinerant traders were replaced
with independent merchants who entrusted delivery of merchandise to a clerk or skipper.
This change in the organization of trade, intimately connected with the rapid decline of the fairs of Champagne after , had clear advantages. The
sedentary merchant, no longer compelled to continually sail to foreign ports and to face the personal risks involved in traveling, could conduct
several enterprises at once. He conducted his business at home, from his office. Surrounded by a small staff, he sat at his own desk, corresponding
with his business associates or clerks in other towns.
He still traveled occasionally, mainly to personally meet his business partners. In the premodern economy, the agency problem was potentially even
more severe than in modern economies, above all because of the slow communication. How could merchants ascertain if the output before them
was the maximum amount they should have received or whether their agents had cheated them? The ability of agents to behave in their own self-
interest occurs in situations of asymmetrical information and uncertainty.
In medieval long-distance trade, skippers in particular may have had more accurate information on prices and other relevant matters than the
merchants, considering their central role as carriers of information between trading parties. It seems that in different times and in different environments, agency relations in trade were characterized more by trust than by mistrust, contrary to the common view in the vast agency literature.

This was the case in the Mediterranean in the 11th century, in the Mexican California in the s and s, and in the and early modern northern Europe, for example. How was the agency problem resolved, even in the apparent absence of close and repeated relations?

In both the Mediterranean and in the Mexican California, agency relations were governed by a collectivity coalition. The operation of the coalitions was based on uncoordinated responses of merchants located at different trade centers. In the case of medieval overseas trade in the Baltic Sea region, a comparable system supported the operation of a reputation mechanism. Collective, communal reputation mechanism and the related third-party enforcement thus provided an incentive for the agents to behave honestly, enabling an almost impersonal use of agents Kallioinen. There were many kinds of risks involved with long-distance trade, which was characterized by slow communication, asymmetric information, different interpretations of facts among merchants, and limited contract enforceability.

Merchants operated in a highly complex and uncertain environment. Unanticipated events and multiple interpretations of existing agreements were always possible under these circumstances, implying that the definition of a contract violation was often ambiguous. Moreover, the trading parties negotiated their contracts with their domestic customs of trade and informal rules of conduct in mind.

Thus, in addition to everyday problems such as various exchange rates, different units of measure, or the condition in which the goods would arrive, risks encountered in overseas trading were characterized by legal and political uncertainties. Consequently, medieval long-distance trade seems to have involved particularly high transaction costs.

Merchants, of course, had several means to cope with these risks. Marine insurance, a common commercial practice in the Mediterranean from the middle of the 13th century onward, remained unknown in the Baltic Sea region up to the second half of the 16th century. However, it was a common practice to reduce risks by dividing the ownership of a ship into several shares. Division into eight shares was normal in the 15th century, but there are also examples of 16, 32, and even 64 shares.

Furthermore, merchants tried to ship commodities on several vessels to minimize the risk of losing all the goods. The most basic strategy of risk diversification was certainly to avoid specialization in trade, which was a natural part of entrepreneurial behavior in premodern times. Even the establishment of universities and the training they provided in Roman and canon law has been linked with increased economic activity in Germany.

In the study of medieval economic history, the focus has traditionally been on business techniques such as the appearance of new forms of partnerships or novel financial and insurance systems.

More recently, major contributions to institutional economic history have explained the expansion of medieval trade by referring to various economic institutions that reduced the uncertainties inherent to premodern economies.

The literature is generally optimistic about the efficiency of institutional arrangements that could provide security and enhance trust even when trading crossed the geographical, cultural, and political boundaries that separated communities. Everywhere in medieval Europe, merchants created institutional arrangements to minimize the many risks and uncertainties related to business, supporting interaction between urban communities and groups of economic agents.

An institution is a social mechanism that coordinates the behavior of merchants and other economic agents, leading to the regularity of behavior.

If an institution is effective and is internalized by most participants, it will generate uniform behavior in similar situations Greif, b ; Hodgson, Because trade, like all economic activities, is a social act, it brings together groups of people who often have very different cultural understandings of the terms of interaction. People can trade without sharing some rules of the game, but in different cultures there are different understandings about various trading practices.

This is where shared and mutually internalized institutions can help. Individuals do not necessarily need to know more than the institution in the form of a social rule to engage in social interaction. In the Middle Ages, the paramount question of institutional development concerning long-distance trade was how to create an institutional structure that could advance a regularity of behavior between a large number of distant communities and between merchants who did not necessarily know one another.

The analysis of the speed of Black Death from one city to another used as a proxy for trade between the cities indicates the importance of institutions. Both national and local borders in Europe in the 14th century had a negative impact on the speed of the dispersion of the disease. Previous research has identified some institutions that supported long-distance trade in the Middle Ages.

One of the early institutions advanced overseas trade in the 11th century Jewish Maghribi community in the Mediterranean.

According to Greif, any agent accused of dishonesty was rejected by the entire community. Among the Maghribis, agency relations were governed by an institution that was based on self-enforcing collective punishment and was supported by an intrinsic social communication network. They did not need formal courts or judges to enforce contracts because the informal mechanism of collective retaliation and community-based sharing of information worked well within their homogeneous cultural system.

A different response to overcome some of the transaction costs associated with medieval trade was based on the private code of laws the law merchant and private judges that adjudicated disputes among pairs of traders. This institution that existed in the Champagne fairs in France in the 12th and 13th centuries provided for independent, private judges to keep records of those transactions where a dispute had arisen.
While the judges had no power to enforce their judgments, reputation effects alone were usually sufficient to induce traders to accept the judgments and pay whatever dues they owed. The law merchant did away with the necessity of repeated interactions between any pair of traders.

It made reputations portable across the community of traders and thereby overcame the problem of asymmetrically distributed information. Communication costs were low, since the merchants visiting the fairs resided at the same place. The institution was, however, limited to a single marketplace where a single judge could keep track of all trade disputes and, therefore, it was not effective in a larger setting of trading localities Milgrom et al.

From the 11th century, the Italian city-states represented a new political order in medieval Europe. As independent political powers, the city-states were able to create distinct institutions to support their commercial activities. In Genoa, a new political system was introduced in The Genoa merchants could benefit from the long period of relative political order.

They relied on a formal legal system that supplemented a bilateral reputation mechanism to punish cheating partners. This institutional system thus combined public coercion based on courts with private reputation. It was better adapted to anonymous or impersonal exchange than the collectivist organization of the Maghribis, and it was therefore more applicable to govern intergroup agency relations in conditions of expanding trade Greif, a , b , b.

In the High Middle Ages — , Venice became wealthy through its control of trade between Europe and the Levant, and also because of the expansion into the Adriatic Sea and beyond.

Crucial to this expansion was an active financial market through which Venetians mobilized their savings into risky investments in overseas trade. In this institution, the state Venice generated the rents required to motivate a merchant to keep his affiliation with Venice, gathered the information needed to detect a contractual breach, and punished a merchant if he cheated.

It was reputation-based in the sense that the merchant was motivated to submit to the Venetian authorities and comply with his contractual obligations due to the threat of legal sanctions and that of losing his reputation with the state and thus access to state-generated rents. Exclusive commercial privileges, protective convoys, and staple rights in Venice motivated merchants to submit to Venetian authority.

Since this was known ex ante, the merchant was able to commit and the investor trusted him. These reputation-based institutions have raised some doubts in the recent literature. According to Goldberg a , b , if relationships between a pair of merchants broke down irrevocably, both parties maintained relations with the many other merchants in their shared circle. It has also been argued that there were no private judges at the Champagne fairs.

Instead, the fairs offered a combination of different courts that the visiting merchants could make use of. Van Doosselaere has maintained that the success of Genoa was based on social closure of the local merchant elite. These mechanisms had other weaknesses, too. They were not optimal in the changing conditions when trade expanded, the number of merchants increased, and the relations became more anonymous, as generally happened during the Middle Ages. With such conditions, reputation-based mechanisms alone, such as the coalitions of the Maghribis, would have faced great difficulties in overcoming the problems of asymmetric information.

Private judges similar to those of the Champagne fairs, even if they existed, were not an option. That institution was restricted to a single marketplace in which a single judge could keep track of all trade disputes, and so it was not suitable for trade between various communities and an almost infinite number of traders residing in different locations. Similarly, the socially restricted nature of the institutions adopted in Genoa and Venice undermined both systems, as they primarily supported the merchants from those city-states.

Reputation-based institutions similar to the systems of the Maghribis, Champagne fairs, or the Italian city-states were not created to support impersonal trade, and they do not seem to have governed trade relations in the northern Europe. To overcome problems associated with intracoalition and intracommunal institutions, another arrangement that relied on the communal organization of trade was created. The community responsibility system was built on self-governed communities, intracommunity enforcement, and joint communal liability in intercommunity disputes.

It enabled large-scale impersonal exchange over time and space throughout most of Europe beginning as early as the 10th century. Even this institution had weaknesses in regard to increasing anonymous trade, and it seems to have been abolished by the 13th century Greif, a.

Under the community responsibility system, a local urban community court held all the members of a different commune legally liable for default by anyone involved in contracts with a member of the local community. The threat of retaliation provided strong incentives for traders to stick to the terms of the contract.

For a trader, the main concern was whether the other community considered the continuation of intercommunity trade valuable enough for its court to enforce intercommunal contracts. The community responsibility system was a public-order, reputation-based institution. However, with growing city sizes and the increasing number of traders and trade deals, cities became more anonymous places where social control diminished.

Less credible characters were able to slip onto the stage and externalize retaliation costs to the wider community.

The risk of being caught up in retaliatory actions increased. Moreover, the unwinding of retaliatory actions was a costly affair. It involved substantial time losses for all traders involved and often required a lot of bargaining among many parties. By the late 13th century, if not earlier, authorities in many parts of Europe were attempting to change or abolish the community responsibility system and to institute alternatives.

The community responsibility system had serious weaknesses. It rendered every honest merchant from another community vulnerable to the consequences of nonpayment by opportunistic fellow citizens. Reprisals usually led to counter-reprisals, thus seriously hampering trade.
Early documents mention collective responsibility among merchants as a nuisance, an obstacle to trade, and a bad practice that had to be abolished or at least regulated. With the extension of trade in the 13th century, such a system was no longer tenable Greif, a, b. In medieval northern Europe, the inter-communal conciliation mechanism evolved to support trade among a large number of distant communities.

It was widely used in long-distance trade in the Baltic Sea region from at least the 24th century until the early modern period. The intercommunal conciliation mechanism had developed as a response to the problems merchants faced in overseas trade.

Court Jews were Jewish bankers or businessmen who lent money and handled the finances of some of the Christian European noble houses, primarily in the 17th and 18th centuries. Court Jews were skilled administrators and businessmen who received privileges in return for their services.

In the southern German realm, two great banking families emerged in the 15th century, the Fuggers and the Welsers. They came to control much of the European economy and to dominate international high finance in the 16th century. It still exists, but not the original Fugger Bank which lasted from to to .

Berenberg Bank is the oldest bank in Germany and the world's second oldest, established in by Dutch brothers Hans and Paul Berenberg in Hamburg. The bank is still owned by the Berenberg dynasty. Throughout the 17th century, precious metals from the New World, Japan and other locales were being channeled into Europe, with corresponding price increases. These concepts of Fractional-reserve banking and payment systems were further developed and spread to England and elsewhere. In the City of London there were not any banking houses operating in a manner recognized as so today until the 17th century, although the London Royal Exchange was established in By the end of the 16th century and during the 17th, the traditional banking functions of accepting deposits, moneylending, money changing, and transferring funds were combined with the issuance of bank debt that served as a substitute for gold and silver coins.

New banking practices promoted commercial and industrial growth by providing a safe and convenient means of payment and a money supply more responsive to commercial needs, as well as by "discounting" business debt. By the end of the 17th century, banking was also becoming important for the funding requirements of the combative European states. This would lead on to government regulations and the first central banks.

The success of the new banking techniques and practices in Amsterdam and London helped spread the concepts and ideas elsewhere in Europe. Modern banking practice, including fractional reserve banking and the issue of banknotes, emerged in the 17th century.

At the time, wealthy merchants began to store their gold with the goldsmiths of London, who possessed private vaults and charged a fee for their service. In exchange for each deposit of precious metal, the goldsmiths issued receipts certifying the quantity and purity of the metal they held as a bailee; these receipts could not be assigned, only the original depositor could collect the stored goods. Gradually the goldsmiths began to lend the money out on behalf of the depositor, which led to the development of modern banking practices; promissory notes which evolved into banknotes were issued for money deposited as a loan to the goldsmith.

These practices created a new kind of "money" that was actually debt, that is, goldsmiths' debt rather than silver or gold coin, a commodity that had been regulated and controlled by the monarchy.

This development required the acceptance in trade of the goldsmiths' promissory notes, payable on demand. Acceptance in turn required a general belief that coin would be available; and a fractional reserve normally served this purpose. Acceptance also required that the holders of debt be able legally to enforce an unconditional right to payment; it required that the notes as well as drafts be negotiable instruments.

The concept of negotiability had emerged in fits and starts in European money markets, but it was well developed by the 17th century. Nevertheless, an act of Parliament was required in the early 18th century to override court decisions holding that the goldsmiths' notes, despite the "customs of merchants", were not negotiable.

In , the Bank of England was the first bank to issue banknotes. Fully printed notes that didn't require the name of the payee and the cashier's signature first appeared in In the 18th century, services offered by banks increased.

Clearing facilities, security investments, cheques and overdraft protections were introduced. Cheques had been used since the s in England and banks settled payments by direct courier to the issuing bank.

Around , they began meeting in a central location, and by the a dedicated space was established, known as a bankers' clearing house. The method used by the London clearing house involved each bank paying cash to an inspector and then being paid cash by the inspector at the end of each day.

The first overdraft facility was set up in by the Royal Bank of Scotland. The number of banks increased during the Industrial Revolution and the growing international trade, especially in London. At the same time, new types of financial activities broadened the scope of banking. The merchant-banking families dealt in everything from underwriting bonds to originating foreign loans. These new "merchant banks" facilitated trade growth, profiting from England's emerging dominance in seaborne shipping.

Two immigrant families, Rothschild and Baring, established merchant banking firms in London in the late 18th century and came to dominate world banking in the next century. A great impetus to country banking came in when, with England threatened by war, the Bank of England suspended cash payments. A handful of Frenchmen landed in Pembroke, causing a panic. Shortly after this incident, Parliament authorised the Bank of England and country bankers to issue notes of low denomination.

During the Qing dynasty, the private nationwide financial system in China was first developed by the Shanxi merchants, with the creation of so-
called "draft banks". The first draft bank Rishengchang was created around in Pingyao. Some large draft banks had branches in Russia, Mongolia and Japan to facilitate international trade. Throughout the 19th century, the central Shanxi region became the de facto financial centre of Qing China.

With the fall of the Qing dynasty, the financial centers gradually shifted to Shanghai, with western-style modern banks flourishing. In the Meiji period, the government attempted to formulate a functioning banking system, which continued until some time during they emulated French models. The Imperial mint began using imported machines from Britain in the early years of the Meiji period. Masayoshi Matsukata was a formative figure of a later banking initiative. The Bank of Amsterdam became a model for the functioning of a bank in the capacity of monetary exchange and started the development of central banks.

In England in the s, public funds were in short supply and were needed to finance the ongoing conflict with France. In order to induce subscription to the loan, the subscribers were to be incorporated by the name of the Governor and Company of the Bank of England. The bank was given exclusive possession of the government's balances, and was the only limited-liability corporation allowed to issue banknotes. The establishment of the Bank of England, the model on which most modern central banks have been based on, was devised by Charles Montagu, 1st Earl of Halifax, in the plan which had been proposed by William Paterson three years before, but had not been acted upon.

Although the Bank was originally a private institution, by the end of the 18th century it was increasingly being regarded as a public authority with civic responsibility toward the upkeep of a healthy financial system. The currency crisis of, caused by panicked depositors withdrawing from the Bank led to the government suspending convertibility of notes into specie payment.

The bank was soon accused by the bullionists of causing the exchange rate to fall from over issuing banknotes, a charge which the Bank denied. Nevertheless, it was clear that the Bank was being treated as an organ of the state.

Henry Thornton, a merchant banker and monetary theorist has been described as the father of the modern central bank. An opponent of the real bills doctrine, he was a defender of the bullionist position and a significant figure in monetary theory, his process of monetary expansion anticipating the theories of Knut Wicksell regarding the "cumulative process which restates the Quantity Theory in a theoretically coherent form".

As a response currency crisis, Thornton wrote in An Enquiry into the Nature and Effects of the Paper Credit of Great Britain, in which he argued that the increase in paper credit did not cause the crisis. The book also gives a detailed account of the British monetary system as well as a detailed examination of the ways in which the Bank of England should act to counteract fluctuations in the value of the pound. Until the mid-nineteenth century, commercial banks were able to issue their own banknotes, and notes issued by provincial banking companies were commonly in circulation.

The Bank accepted the role of "lender of last resort" in the s after criticism of its lacklustre response to the Overend-Gurney crisis. The journalist Walter Bagehot wrote an influential work on the subject Lombard Street: A Description of the Money Market, in which he advocated for the Bank to officially become a lender of last resort during a credit crunch sometimes referred to as "Bagehot's dictum".

Central banks were established in many European countries during the 19th century. The War of the Second Coalition led to the creation of the Banque de France in, in an effort to improve the public financing of the war. Congress through the passing of The Federal Reserve Act in Australia established its first central bank in, Colombia in, Mexico and Chile in and Canada and New Zealand in the aftermath of the Great Depression in By, the only significant independent nation that did not possess a central bank was Brazil, which subsequently developed a precursor thereto in and the present central bank twenty years later.

Having gained independence, African and Asian countries also established central banks or monetary union. The Rothschild family pioneered international finance in the early 19th century. The family provided loans to the Bank of England and purchased government bonds in the stock markets.

From Rothschild began to deal in gold bullion, and developed this as a cornerstone of his business. From on, in negotiation with Commissary-General John Charles Herries, he undertook to transfer money to pay Wellington's troops, on campaign in Portugal and Spain against Napoleon, and later to make subsidy payments to British allies when these organized new troops after Napoleon's disastrous Russian campaign.

His four brothers helped co-ordinate activities across the continent, and the family developed a network of agents, shippers and couriers to transport gold—and information—across Europe. This private intelligence service enabled Nathan to receive in London the news of Wellington's victory at the Battle of Waterloo a full day ahead of the government's official messengers. The Rothschild family were instrumental in supporting railway systems across the world and in complex government financing for projects such as the Suez Canal.

The family bought up a large proportion of the property in Mayfair, London. The Rothschilds financed the founding of De Beers, as well as Cecil Rhodes on his expeditions in Africa and the creation of the colony of Rhodesia. From to the Rothschilds' Bank in London played a role as place of the gold fixing. Napoleon III had the goal of overtaking London to make Paris the premier financial center of the world, but the war in reduced the range of Parisian financial influence. One key development was setting up one of the main branches of the Rothschild family.

The Rothschild banking family of France funded France's major wars and colonial expansion. Its innovations included both private and public sources in funding large projects, and the creation of a network of local offices to reach a much larger pool of depositors. Building societies were established as financial institutions owned by its members as a mutual organization.

The origins of the building society as an institution lie in late-19th century Birmingham—a town which was undergoing rapid economic and physical expansion driven by a multiplicity of small metalworking firms, whose many highly skilled and prosperous owners readily invested in property. Many of the early building societies were based in taverns or coffeehouses, which had become the focus for a network of clubs and societies for
co-operation and the exchange of ideas among Birmingham's highly active citizenry as part of the movement known as the Midlands Enlightenment.

Members of Ketley's society paid a monthly subscription to a central pool of funds which was used to finance the building of houses for members, which in turn acted as collateral to attract further funding to the society, enabling further construction.

Mutual savings banks also emerged at that time, as financial institutions chartered by government, without capital stock, and owned by its members who subscribe to a common fund.

The institution most frequently identified as the first modern savings bank was the "Savings and Friendly Society" organized by the Reverend Henry Duncan in , in Ruthwell, Scotland. Duncan established the small bank in order to encourage his working class congregation to develop thrift.

Another precursor to the modern savings bank originated in Germany, with Franz Hermann Schulze-Delitzsch and Friedrich Wilhelm Raiffeisen who developed cooperative banking models that led on to the credit union movement. The traditional banks had viewed poor and rural communities as unbankable because of very small, seasonal flows of cash and very limited human resources. In the history of credit unions the concepts of cooperative banking spread through northern Europe and onto the US at the turn of the 20th century under a wide range of different names.

To provide depositors who did not have access to banks a safe, convenient method to save money and to promote saving among the poor, the postal savings system was introduced in Great Britain in . It was vigorously supported by William Ewart Gladstone, then Chancellor of the Exchequer, who saw it as a cheap way to finance the public debt. At the time, banks were mainly in the cities and largely catered to wealthy customers. Rural citizens and the poor had no choice but to keep their funds at home or on their persons.

Interest was paid at the rate of two and one-half percent per year on whole pounds in the account. Similar institutions were created in a number of different countries in Europe and North America. One example was in the Dutch government created the Rijkspostspaarbank State post savings bank, a postal savings system to encourage workers to start saving.

Four decades later they added the Postcheque and Girodienst services allowing working families to make payments via post offices in the Netherlands. The first decade of the 20th century saw the Panic of in the US, which led to numerous runs on banks and became known as the bankers panic.

When the market fell, brokers called in these loans, which could not be paid back. Banks began to fail as debtors defaulted on debt and depositors attempted to withdraw their deposits en masse, triggering multiple bank runs.

Government guarantees and Federal Reserve banking regulations to prevent such panics were ineffective or not used. Bank failures led to the loss of billions of dollars in assets. After the panic of , and during the first 10 months of, US banks failed. Bank failures snowballed as desperate bankers called in loans that borrowers did not have time or money to repay. With future profits looking poor, capital investment and construction slowed or completely ceased.

In the face of bad loans and worsening future prospects, the surviving banks became even more conservative in their lending. A vicious cycle developed and the downward spiral accelerated. In all, over 9, banks failed during the s.

In response, many countries significantly increased financial regulation. The U. This was to avoid more risky investment banking activities from ever again causing commercial bank failures. During the post second world war period and with the introduction of the Bretton Woods system in, two organizations were created: the International Monetary Fund IMF and the World Bank. This was at the same time as inflation started to rise in the west. The Gold standard was eventually abandoned in and a number of the banks were caught out and became bankrupt due to third world country debt defaults.

This was also a time of increasing use of technology in retail banking. In, banks agreed on a standard for machine readable characters MICR that was patented in the United States for use with cheques, which led to the first automated reader-sorter machines. In the s, the first Automated Teller Machines ATM or Cash machines were developed and first machines started to appear by the end of the decade. By the s the first payment systems started to develop that would lead to electronic payment systems for both international and domestic payments.

The international SWIFT payment network was established in and domestic payment systems were developed around the world by banks working together with governments.

Global banking and capital market services proliferated during the s after deregulation of financial markets in a number of countries. The ' Big Bang ' in London allowing banks to access capital markets in new ways, which led to significant changes to the way banks operated and accessed capital.

It also started a trend where retail banks started to acquire investment banks and stock brokers creating universal banks that offered a wide range of banking services. Financial services continued to grow through the s and s as a result of a great increase in demand from companies, governments, and financial institutions, but also because financial market conditions were buoyant and, on the whole, bullish.

This period saw a significant internationalization of financial markets. The increase of U. Foreign investments from Japan not only provided the funds to corporations in the U. The dominance of U. The extraordinary growth of foreign financial markets results from both large increases in the pool of savings in foreign countries, such as Japan, and, especially, the deregulation of foreign financial markets, which enabled them to expand their activities. Thus, American corporations and banks started seeking investment opportunities abroad, prompting the development in the U.
Such growing internationalization and opportunity in financial services changed the competitive landscape, as now many banks would demonstrate a preference for the "universal banking" model prevalent in Europe. Universal banks are free to engage in all forms of financial services, make investments in client companies, and function as much as possible as a "one-stop" supplier of both retail and wholesale financial services.

The early s were marked by consolidation of existing banks and entrance into the market of other financial intermediaries: non-bank financial institution. Large corporate players were beginning to find their way into the financial service community, offering competition to established banks. The main services offered included insurance, pension, mutual, money market and hedge funds, loans and credits and securities. Indeed, by the end of the market capitalisation of the world's 15 largests financial services providers included four non-banks.

The process of financial innovation advanced enormously in the first decade of the 21st century, increasing the importance and profitability of nonbank finance. Such profitability priorly restricted to the non-banking industry, has prompted the Office of the Comptroller of the Currency OCC to encourage banks to explore other financial instruments, diversifying banks' business as well as improving banking economic health.

Hence, as the distinct financial instruments are being explored and adopted by both the banking and non-banking industries, the distinction between different financial institutions is gradually vanishing. The first decade of the 21st century also saw the culmination of the technical innovation in banking over the previous 30 years and saw a major shift away from traditional banking to internet banking. Starting in developments such as open banking made it easier for third parties to access bank transaction data and introduced standard API and security models.

The financial crisis of — caused significant stress on banks around the world. The failure of a large number of major banks resulted in government bail-outs. The collapse and fire sale of Bear Stearns to JPMorgan Chase in March and the collapse of Lehman Brothers in September that same year led to a credit crunch and global banking crises. In response governments around the world bailed-out, nationalised or arranged fire sales for a large number of major banks.

Starting with the Irish government on 29 September, [] governments around the world provided wholesale guarantees to underwriting banks to avoid panic of systemic failure to the whole banking system.

These events spawned the term 'too big to fail' and resulted in a lot of discussion about the moral hazard of these actions. From Wikipedia, the free encyclopedia. Redirected from Medieval banking.

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Matthew In Greece, bankers were known as trapezitai, a name derived from the tables where they sat. Similarly, the English word bank comes from the Italian banca, for bench or counter.


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