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## REVIEWS OF BOOKS

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- B. YUN CASALILLA, *Sobre la Transición al Capitalismo en Castilla: Economía y Sociedad en Tierra de Campos (1500-1830)*, Junta de Castilla y León, Consejería de Educación y Cultura, 1987, pp. 671.

This is a valuable study that provides a wealth of data and information on the social and economic life of the district of Tierra de Campos, a lordship that contained several dozen townships (forming part of the feudal possessions of the powerful families of the Counts of Benavente and the Admirals of Castile in the modern period) situated in the present-day provinces of Valladolid and Palencia in Old Castile. It is also an ambitious study, since the author takes Tierra de Campos as a basis for tackling the wider issues raised by the debates on the mechanisms, timing and reasons for the transition from a feudal to a capitalist economy. Extensive quantitative analysis of the archival data is combined with a wide bibliography to set the findings of this local case-study in a broader historiographical context. But reading the 671 closely argued pages in which the author seeks to qualify and nuance his position while at the same time adopting a variety of different methodological approaches is no easy task. Since the volume is already highly condensed, and since there are summaries of the principal arguments at the end of each chapter, as well as in the introduction and conclusion, I shall not attempt a general summary but instead will take up a number of particular points and problems.

Yun uses sources from church archives (parish and diocesan archives), municipal archives, the two principal collections of administrative papers for Spanish history in this period (the *Archivo General de Simancas* and the *Archivo Histórico Nacional* in Madrid), the *Archivo de la Real Chancillería* in Valladolid (this was the court with jurisdiction over the lands of the crown of Castile north of the Tagus) and the *Biblioteca Nacional* in Madrid. The study is organized in four chronological sections. Following the standard practice for regional studies, the first section provides a detailed geographical description of the lordship (pp. 29-68) and also a very useful introduction to its economic and agricultural features. This is followed by a chapter on the crisis of medieval feudalism. The second part examines economic and social development in the "Golden Age." The third part covers the period from the late XVIth century, when the signs of the long crisis of the XVIIth century were

already evident, and moves on to the early XVIIIth century. The fourth and final part examines economic growth in the XVIIIth century, the disintegration of seigneurial institutions and society, and closes with the early XIXth century when the state finally gave its support to the principles of the market economy and bourgeois liberal reforms. The study starts with a preface by Felipe Ruiz Martín (pp. 9-13).

Yun's attempts to combine detailed local analysis with broader historiographical debate is not always easy. In fact the twin objectives are frequently in tension, as the author admits in his introduction when he states that the desire to put his findings in a wider perspective has made it impossible for him to pursue many issues in depth (p. 19). He points out that his samples are sometimes rather narrow, and that at times he has to deal quickly with problems that could have been explored more fully from local sources. In the end his preference is to concentrate on only certain of the many themes and questions posed by his regional case study in order to launch himself more fully in the arena of the wider national debate.

Yun's narrative highlights the moments of change: the crisis of medieval feudalism; the crisis of the early XVIth century; the crisis of the aristocracy in the late XVIIth century, the crisis of the *Ancien Régime*. He attributes particular importance to the conflict with the *comuneros*, which led to the strengthening of the power of the monarchy and a change in the role of the aristocracy. He also regards the XVIIth century crisis as being especially important, and claims that it was from this moment that the different patterns of economic and social development amongst the European states finally took shape (p. 267).

The State's fiscal policies and administration is rightly examined in detail. Yun argues that between 1525-30 and 1560-70 — in other words, for most of the period of the so-called price revolution down to the revision and reorganization of the *encabezamiento* and the *alcabalas* — there was no increase in taxation in real terms (p. 178). The tax that proved most damaging for the Tierra de Campos was the *millones*. This was introduced in the last decade of the XVIth century, and was damaging as much for the way in which it was administered as for the tax itself. The burden of taxation occurred at the moment when the economy was entering into a prolonged depression, and the communities were forced to pay more just as they found they had less. Indebtedness became inevitable, and Yun devotes considerable space to exploring the different aspects of state indebtedness, the indebtedness of the municipal administration, of the feudatories and the peasants — indeed, of a whole society. He also examines the causes as well as the role played by the State in causing, accelerating and slowing down the spread of indebtedness.

The sales of *baldíos* by the Crown are also examined. These were common lands that were administered by local municipalities, but over which the Crown claimed ownership. Although in many parts of Castile and León the *baldíos* were mainly woodland and pasture, in the Duero valley they had

been cultivated as arable land and vineyards. The sales were motivated solely by the need for cash and preference was given to tenants who wished to become owners of the land. In the long run, however, the sales brought about major changes and led to a concentration of land-ownership, the disappearance of communal rights, and (where the land remained in the hands of the original users) the indebtedness of the peasant farmers.

Yun's analysis of the role played by the municipal administrations is also extremely interesting. Leases of land in *foro* (a form of emphyteusis) were widespread in the XVth century and were originally stipulated between the seigneur and the community as a whole. As a result, the management of the land became the responsibility of the municipal council, and it was the council that paid the feudatory what was due to him. The *alcabalas* had originally been farmed out to contractors, but after 1525 they were frequently reorganized, *encabezadas*, and their revenues collected directly by the municipal council, which guaranteed the king (or the feudatory if he had become owner of the *alcabalas*) regular payment of a fixed sum. This meant that the communal administrations became indispensable intermediaries between the original owner of the lands leased in *foro* or of the revenues from the *alcabalas*, on one hand, and the vassals or producers on the other (p. 107). The growing importance of municipal administration is reflected in the series of *ordenanzas* that were issued from the mid-XVIth century onwards in various communes. These laid down precise regulations for farming and husbandry, and probably sought to enforce earlier customs that were beginning to be threatened by demographic growth. The author argues that these municipal laws played an important role in economic and social development, and contributed to the expansion of the economy in the XVIth century (it should be remembered that in this period the Crown of Castile was the most active and populated part of Spain). The abundance of communal lands (the *baldíos* and *concejiles* that were controlled by the municipalities (as much as 70% in certain exceptional cases cited by the author) was not only an important factor in its own right but also a clear sign of the critically important role that local administration played in economic and social life.

Royal taxation and seigneurial revenues were closely linked. From the beginning of the XVth century the feudatories of the Kingdom of Castile took over the *alcabalas* and *tercias* on a massive scale, first to administer them on the king's behalf and then by usurpation or purchase as owners. Yun shows that in 1566 rents from *alcabalas* and *tercias* made up 74% of the revenues of the Count of Benavente from the *partido* and *mayordomía* of Mayorga de Campos, and this was true of other great households of the northern Meseta (p. 125). The author's analysis also reveals the indebtedness of the great nobles, especially through the use of the *censos*. Paradoxically the *censos* (a form of mortgage debt) would become one of the main sources of revenues for the Castilian aristocracy in the XVIth century (p. 236). This shows how the aristocracy succeeded in overcoming their financial difficulties with help from

the monarchy, which allowed seigneurial lands to become encumbered with *censos*, lowered the interest rates on these debts and provided the aristocracy with a variety of different sources of income (military and administrative offices, benefices in military orders etc.). Such policies were designed to prevent the crisis of the aristocracy bringing about wider social change.

The Crown was prepared to assist the nobility but it did not do the same for the Church, and in fact taxation on the clergy increased in the XVIIth century. But the clergy were the ablest operators in the economic field. The evidence from Tierra de Campos shows that the clergy as a whole (seculars, regulars and ecclesiastical houses) became wealthier and more powerful in the period from the Counter Reformation to the XVIIth century as a result of gifts of land and of public stock (the latter being an important source of liquidity in an economy where commerciable assets were in short supply), of land purchases, of the granting of interest-bearing loans. They also showed much greater capacity and sense of economy in the management of their estates and agricultural activities than the nobility. It was not until the Enlightenment and the impact of liberal reforms that the Church began to grow weak.

A study of economic and social development in Tierra de Campos must necessarily devote special attention to the fairs of Medina de Rioseco and Villalón which (together with Medina del Campo, which lay outside the estates of Tierra de Campos) became the spring-board of Castilian capitalism in the XVIth century. National and foreign goods were traded at the fairs, while loans and currency transfers were also transacted there. The author describes how such transactions were conducted, showing how they stimulated the economic life of the region and brought into being a reasonably large group of local merchants and businessmen who quickly rose to power in municipal and urban administrations.

The author also pays particular attention to the development of proto-industries in the light of the importance which domestic industry has now acquired in the debates on the transition to capitalism. There was both a guild-based urban textile industry and a rural textile industry in Tierra de Campos. The rural woollen industry produced mainly for the market, was normally conducted in combination with agriculture, and used raw materials that came from neighbouring regions. The industry underwent a certain expansion during the XVIIth century, but without experiencing any major change. The main cause was opposition from the merchants, whose interest lay in preserving the existing system, in preventing any diversification or improvement of production, or indeed any direct contacts between the urban master-craftsmen and the rural industry that carried out the primary phases of production. The weakness of domestic demand for manufactured goods, the control exercised by foreigners over Spain's colonial markets, and a misguided and damaging fiscal policy were all additional constraints on the development of these industries.

Despite the vitality of the nobility and the clergy, the author points out that the social structure was not immobile, thanks in part to the widening opportunities for careers in public administration. A new rural bourgeoisie also took shape, although its presence is much less well documented than that of the aristocracy, the bureaucracy and the clergy. Economic expansion in the XVIIIth century favoured the expansion of a rural bourgeoisie whose incomes came primarily from property and leases. Inflation, on the other hand, weakened the position of those whose incomes depended on *censos*, *juros* and other taxes that had been sold by the Crown. The *desamortizaciones* of Church and communal lands in the early XIXth century finally enabled the rural bourgeoisie to acquire huge amounts of land.

Small peasant farms survived as well, but mainly to provide labour for the large estates rather than to produce for the market. These developments strengthened a tendency that had first become apparent in the XVIIIth century and which led the Tierra de Campos to specialize in cereal production for the national market. Rather than encourage the complementary development of rural industries, cereal farming led to the expansion of the transport and carrying trades. Yun's study clearly demonstrates that the unification of the national market had begun well before the advent of the railways.

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J. DAY, *Uomini e terre nella Sardegna coloniale (XII-XVIII secolo)*, Turin, Celid, 1987, pp. 338.

John Day's previous work on Sardinian history is well known and esteemed, and amongst his recent publications is the general introductory chapter in Volume X of Giuseppe Galasso's *Storia d'Italia on Sardina and its Conquerors*. The chronology of that volume did not permit him to continue the study beyond the XVth century and the beginning of the period of Aragonese domination, but in the present volume he moves forward to the XVIIIth century and even beyond.

The present volume contains fifteen essays that have been previously published but are often far from easy to find. When read together, however, they enable us to appreciate better the originality of Day's interpretation of Sardinian history and explore his arguments more fully. His principal concern has always been to develop and explore new questions and problems rather than to follow the more conventional paths of Sardinia's political and institutional history, and the different problems that he has sought to elucidate relate in one form or another the central lines of interpretation that he has developed.

Rather than examine each essay in detail I shall attempt to give the

prospective reader some more general indication of Day's findings and the issues that they pose. As far as Sardinia's economic development after the medieval period is concerned, Day stresses on one hand the importance of the XVth century as a turning point and of the impact of external factors on the evolution of the island's economy, yet on the other hand he also draws attention to the elements of continuity over the *longue durée* that lasted from the domination of the Pisans (and to a lesser extent the Genoese) to that of the Catalans and the Aragonese.

In one section, he examines in detail the major changes that occurred in the XVth century, in particular the systematic introduction of feudalism which he argues was "not a dynamic social order in the marxist sense which was subject to the dialectic of its own internal contradictions" but rather a "static system of political domination and fiscal oppression." He also stresses how the great demographic crises that followed the harvest failures of the XVth century helped (as would happen again in the XVIth century) to concentrate wealth in the hands of the local *prinzipales* and in those of a small group of wealthy peasants and pastoralists. Similar changes occurred in settlement patterns which in the early XIVth century were highly dispersed and reflected the survival of agrarian individualism and private property and, conversely, the scarce importance of collective property. The century was also a moment of crisis in the island's monetary economy owing to the decline of the production of silver from the Iglesias mines after 1350.

On the other hand, Day also stresses the elements of continuity that linked the fiscal system imposed by the Pisans with the feudal system introduced by the Aragonese which he suggests had been anticipated in certain aspects of Pisan administration from the late XIIIth century. He also claims that underpopulation was a long-term feature of Sardinian history in contrast to the neo-Malthusian interpretations that have influenced other European economic historians (including Abel, Postan, Slicher van Bath, Duby and Le Roy Ladurie). He argues that the destructuring of Sardinian rural society can be dated from as early as the XIIIth century, as can the phenomenon of deserted villages which was to become more widespread in the XIVth century. He argues in addition that even before the XIVth century there was little money in circulation and that most of the silver from the Iglesias mines was exported.

When it comes to resolving the tensions between these two different sets of emphases, Day seems at the end to come down in favour of the latter and — albeit with great flexibility — to turn to terms like "unequal exchange," "colonialism," "rural poverty" to explain the island's long term economic development. The elements of continuity, in other words, outweigh the moments of change, although in the final section of his introduction the author argues that Sardinian history cannot be understood in terms of Eurocentric models and that in many respects its history was closer to that of many parts of black Africa.

Day's approach is particularly open to anthropological and sociological influences, without losing the specificities of the historian. In this context his analysis of banditry is particularly interesting, since he discards modern interpretations of the phenomenon and stresses its essentially non-pastoral character from the XVIth to the XVIIIth centuries.

These are all broad questions that have an interest that go far beyond that of Sardinian history alone, making it — Raffaele Ciasca's phrase — "a theatre of historical meditation and experiment." Indeed, the originality of Day's work lies as much in its heuristic and methodological aspects as in its empirical findings.

There are certain cases where Day has made important new documentary discoveries, particularly in relation to the origins of Sardinian feudalism. More important, however, is his capacity for radically re-interpreting and re-reading sources that are already known. He demonstrates that notwithstanding the poverty of the sources themselves, they can still be used to construct quantitative series, to plot graphs and to reconstruct processes and patterns of economic activity, of demographic development and forms of settlement. As a result he distills every possible shred of evidence from the sources — perhaps at times even more than is fully warranted. He has quantified in detail the evolution of monetary circulation, of prices, of cereal exports from Cagliari, of imports of wine, cheese, hides and leather in the same city, of customs revenues in Sassari and Alghero, the production of coin, salt exports, the imports of wine and oil at Iglesias and the prices of the lease of Bosa and Planargia: except for the last example these indices cover the period from the early XIVth to the late XVth century. In the statistical Appendix to the volume he has also provided demographic series for each city and town over the same period.

On the whole Day has succeeded in avoiding the dangers that arise from deriving statistical series from essentially heterogeneous sources, and even if some individual conclusions may be misleading as a whole they are persuasive. Greater doubts are raised, however, by his enthusiastic use of a document of very doubtful authenticity and chronology like the so-called "Donazione della Trexenta." Until the XVth century the sources are something of a quick-sand and even the authenticity of the well known "Privilegio Logudores" of 1080-1085 — which is used by Day and many others — has recently been challenged by a scholar from Bonn, and it too may shortly suffer the same fate as the famous "Carte d'Arborea" which was shown to be an XIXth century fake a century ago.

For this reason, the confident and problem-free manner in which these series are presented in Day's book seems open to criticism. A few question marks, some reference to the element of doubt and some warning of the extent of the uncertainties that attend the figures would have been helpful, since in their present form only the specialist will be in a position to recognize the very varying consistency of the different data series, the differing value of the

generalizations they suggest and the differing quality of the sources from which they are drawn.

These remarks arise from long and amicable debates that have gone on between the author and the reviewer for many years now. They should not be seen as detracting in any way from the fundamental contribution to our understanding of Sardinian history and of economic history more generally made by John Day's genuinely innovatory researches and ideas, and it is these that make the present volume something much more than a re-edition of previously published essays.

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L. DE ROSA, *Il Mezzogiorno Spagnolo tra Crescita e Decadenza*, Milan, Mondadori, Il Saggiatore, 1987, pp. 246.

Although there have been many important new contributions to the economic history of the Italian Mezzogiorno in the XVIth and XVIIth centuries — particularly the field of demographic studies and other important areas, such as the recent study of public employees in the XVIth and XVIIth centuries by R. Mantelli (*Il Pubblico Impiego nell'Economia del Regno di Napoli: Retribuzioni, Reclutamento e Ricambio Sociale nell'Epoca Spanuola (XVI-XVII secc.)* Napoli, Istituto Italiano per gli Studi Filosofici, 1986) — there are still many major gaps. This has also been stressed by Antonio Di Vittorio in a recent survey of current studies on the economic history of the Mezzogiorno ("Italian Historical Writing 1965-85 — an overview," paper given at the Conference of the Società degli Storici Italiani, held at Arezzo 2-6 June 1986). There is still, for example, no general history of prices on which to base comparative studies, no general studies on individual sectors of manufacturing, of agriculture, consumption and so forth.

The situation is the more surprising because a number of excellent general studies on the history of prices and public finances — including, for example, Luigi De Rosa's study of foreign exchange in the XVIth and XVIIth centuries and his work on public finances in the same period that were published over thirty years ago (L. De Rosa *I Cambi Esteri del Regno di Napoli dal 1591 al 1707* Naples 1955; L. De Rosa *Studi sugli Arrendamenti del Regno di Napoli* Naples 1958). But these pioneering works have unfortunately not been followed up.

De Rosa's work has subsequently ranged widely over the economic history of the Mezzogiorno, with the publication of major studies that have opened up new and hitherto unexplored problems on virtually every aspect of the economic history of the South (from its financial and monetary history

to banking, industry and other topics), but he has now written the long-awaited general study of the economic history of those two centuries when the Mezzogiorno was ruled by Castile. The importance of this volume is immediately evident. It offers a rounded picture of De Rosa's interpretation and understanding of this period, the principal themes of which are clearly evident from the way in which the chapters are organized. While many of these draw on the author's previously published work, they have been thoroughly revised and reworked to present a new and highly coherent overview.

De Rosa's analysis is rooted in a detailed and comprehensive examination of the Kingdom's financial and monetary history in this period, and it is from this that he draws a more general explanation of the causes of the process of economic decline that was experienced in the Mezzogiorno in the XVIth and XVIIth centuries. In economic terms these two centuries formed a very varied period, with alternating moments of expansion and recession. The Kingdom's finances followed similar patterns and went through six different phases which can be summarized as follows: the first, lasting to 1534, coincided with a long period of economic expansion; the second phase began in 1535 and lasted until 1580, when the third phase began, and was dominated by the demands which war placed on the Spanish throne, and hence by growing fiscal pressures on the Kingdom of Naples which led to the great monetary and economic crisis of 1622-23.

The fourth phase was dominated by the effects of the Thirty Years War in Naples. Masaniello's revolt marked the opening of a fifth phase. In this period although no new taxes were imposed on the Kingdom, the government's debts led to the alienation of the Kingdom's indirect taxes together with those of the city of Naples so that the country's economy became stretched almost to breaking point.

In the final period, despite belated devaluation and a short-term revival in trade in the late 1680s, the Neapolitan Viceroyalty — in De Rosa's incisive verdict — “went down under the combined weight of a fiscal system that had become contradictory and oppressive, alienated public revenues, an almost complete lack of productive investment, a massively swollen public debt, and a monetary system that had become almost totally dependent on paper against which there were virtually no reserves.”

Despite this process of progressive economic and financial decline, De Rosa argues that it would be wrong to see these two centuries as a period of undifferentiated decline. Important economic and social changes were also taking place and these are examined in the second chapter which deals with the elites and power and provides a detailed account of the development of the different sectors of the Kingdom's economy (eg. agriculture, industry, trade and banking).

The third chapter reconstructs the complex financial operations required to convert the public debt which Philip II and Antonio Belmosto undertook to meet the crisis of 1593-5, and the following three chapters examine the role

played by the Neapolitan public banks in the Kingdom's economy in the period.

The economic effects on Naples of the final period of the Thirty Years War are then examined, with particular reference to the complex economic, financial and social crisis that took shape during the 1630s and 1640s (Chapter 7). The development of the foreign exchange market in Naples is studied in another chapter (Chapter 8), and the final chapter (Chapter 9) is devoted to the monetary crisis that proved to be the issue that dominated the final years of Spanish rule in the Mezzogiorno.

What then was the underlying cause of the subordination of the Mezzogiorno and its inability to escape from the grip of a process of economic and social decline that seemed to push the region ever closer to the margins of the developed world? De Rosa identifies the elements that contributed to this situation with great clarity, and warns against reliance on unduly simplistic or unilateral generalizations. Simply to blame excessive fiscalism or the colonial structure of Spanish rule in the Mezzogiorno does not, he argues, offer a satisfactory explanation because the situation was more complex.

The key factors in the economic decline of the Kingdom of Naples are to be found, he argues, in the history of its public finances and its monetary system — the subjects that lie at the centre of his analysis. To meet the ever growing demands that were placed on the Kingdom to sustain the cost of the political and economic system of which it had become part and from which (he argues) it also derived great benefit, Naples always chose the easiest way — new debts, new taxes or else the capitalization and sale of public revenues. As a result, those who invested their savings in public finances did not become capitalists or develop an entrepreneurial interest in the growth of the economy, but were more simply *rentiers*. The ruling class was composed, therefore, of owners of lands that were rented for money and owners of annuities in the Public Debt. Their interests lay in protecting their revenues and their purchasing power, and as a result they were staunchly in favour of maintaining the value of the currency and supported the implementation of deflationary policies which, in conjunction with fiscal pressures that were as damaging for their lack of selectivity as for their overall weight, condemned the country to economic and social decline.

As well as providing an original, exceptionally wide-ranging and perceptive analysis, De Rosa's study also opens up many new areas for further research which go far beyond the field of economic history alone. His analysis indicates the need for more research on specific issues such as the ways in which the interests of the Neapolitan ruling classes which have been identified here drew on a wider social consensus. But in more general terms this book also demonstrates that the whole subject of the relations between Spain and the Mezzogiorno in this period is now in need of radical reconsideration.

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CH. P. KINDLEBERGER, *Storia della Finanza nell'Europa Occidentale*, Milano -Bari, Cariplo-Laterza 1987, pp. 174.

This vast study examines the history of European finances in the context of the history of money, banking and public finance in western Europe as a whole. Despite internal differences, Europe not only achieved a certain historic unity but was also the birth-place of the first modern economies. The broad canvas that Professor Kindleberger has drawn of these events portrays with admirable clarity the principal phases in the history of European finance, and especially the successive shifts in financial leadership after the Middle Ages first from the Italian cities to Spain, then to Southern Germany, to the Low Countries, to France and finally to England.

The study is divided into five principal parts (the first two dealing with money and banking, the fourth and fifth with financial and monetary problems) and offers an exhaustive yet coherent history of banking, money and the means of payment that have evolved to support an increasingly monetarized economy from the late Middle Ages to the present. In each of these cases Europe has historically been a testing ground, and its financial systems have developed hand in hand with other economic and political institutions.

Professor Kindleberger's overall approach is influenced at least in part by the ideas of I. Minsky, who stressed the contribution of unstable or weak financial institutions in precipitating financial crises. This thesis is frequently confirmed in the course of an analysis in which the author's unrivalled knowledge of the technical aspects of public finance and his ability to organize his material enables him to marshal the vast mass of empirical data to address such analytical and conceptual questions.

After a short discussion of money, Professor Kindleberger stresses the unique character of Italy's role in the development of financial institutions, describing the precocious development of the bill of exchange (*lettera di cambio*), the creation of deposit and pawn banks and then of lending banks in Lombardy, Florence and Genoa, and in the Genoese case the close relationship that developed between banking and the state.

Similar banks were only taken up elsewhere in Europe after considerable delay — for example, the Hansa — or else in quite different form, as in the case of the credit banks that were pioneered in the Netherlands or the precocious Keynesian banks that first appeared in England. These later innovations reflected not only different economic and social conditions but also different fiscal systems and freer relations between the state and private enterprise. But the more liberal character of these institutions did not mean a lack of organization or coordination in international terms. In this sense Kindleberger stresses that the gold standard did not come into being by chance as has sometimes been supposed. On the contrary, it provided the basis for international cooperation between banking institutions and was largely a creation of the Bank of England, whose power and capacity for financial management at

an international level it reflected. The author also notes in passing that the London finance markets played an important role in the development of the Industrial Revolution, since the links that bound the industrial cities to the financial institutions of the capital enabled London to underwrite and oversee the development of banking institutions in the provinces.

This was one reason why banking and credit operations in England were never treated with the same suspicion and hostility as in France after John Law's disaster and the panic to which it gave rise. But Kindleberger points out that even after the creation of the Bank of France by Napoleon and the appearance of the banks of the Pereire brother in the wake of new Saint-Simonian theories of state intervention, in France the central bank remained deeply suspicious of regional banks of issue and preferred in many cases to let its own branches fail rather than be drawn into acting as lender of last resort. As a result, French banks played little part in industrial ventures while the English banking system developed more organic and rational structures. This, in Kindleberger's view, accounts for the different rates of economic growth experienced in Britain and France, and he casts doubt on the validity of the argument that the two economies set off from roughly comparable levels of economic development. Even in the 1840s when investments in railways and other public utilities reached their peak, it was England that showed the greater capacity for channeling savings towards industrial ventures — and it was in the same period that London became the centre of world financial operations and the essential point of reference for foreign loans and for the financing of foreign trade.

The German banks emerged in the same period as an original alternative to both the English and the French systems, and were to provide the essential support for Germany's centralized but broad-based industrial ventures. Italy, once the pioneer of European banking with the invention of the bill of exchange and the sophisticated financial techniques developed by her Lombard and Florentine bankers in the Middle Ages, was now relegated to a secondary role in the history of European banking and finance. Much the same happened to the Netherlands, where after the XVIIth century financial activity became increasingly dependent on dealing in English stock instead of more constructive forms of domestic investment.

Kindleberger's study shows how the leading international financial centres have shifted frequently over time. While London became the leading financial centre in the world in the XIXth and early XXth century, Paris played a similar function for the rest of Europe. But despite the appearance that these changes came about as a result of the gradual transmission of expertise and opportunities from one country to another, financial history was also influenced by less peaceful forces.

Amongst these, war was one of the most powerful accelerators of financial change. After the Franco-Prussian war, for example, France's need to raise the capital to pay the indemnity owed to Germany brought about the

rapid integration of various national and foreign banking institutions in ways that would otherwise have been extremely difficult. But war mobilized wealth in other ways too, in particular as a result of the foreign policies adopted by the leading European states in the XIXth century. Even if imperialism did not conform to the model depicted in Lenin's famous essay, war in this period did take on new features in which banking and financial matters played an increasingly important role in state policy. It was also in this period that the cyclical fluctuations of the economy revealed the instability and weaknesses of financial institutions, and on this Kindleberger endorses the validity of Minsky's analysis of the financial causes of these crises.

The period following the First World War is analysed in detail since this was a moment of radical change in the structure of the international financial system following the collapse of the gold standard, the eclipse of Britain's guiding role in the world economy, and the emergence of the United States as the leading economic power in the world. But if the United States took over the place of Britain it did not inherit the latter's experience as an international lender. Nor was Britain's role as lender of last resort in the world economy taken on by the United States, and American preference for short and very short-term loans caused major upheavals and crises in Europe where the devastation of the war had created a profound need for long term credit. In Kindleberger's view, it was not only French policies towards Germany but also American financial policies that were responsible for Europe's inter-war instability.

The German currency inflation and the crisis of 1920 exacerbated the situation. Professor Kindleberger examines the alternative explanations that respectively blame monetary policy and the banking system, and argues that the robustly empirical analyses founded on the theory of the "instability of credit" are more satisfactory and persuasive than those derived from monetarist principles. The instability that characterized the banking and credit sectors for most of the 1930s was equally evident in the wider economic and political world, however, causing profound changes in the structure of international trade and international relations as the stronger states carved out preferential trading areas for themselves. But there was little understanding of what was happening in Europe in these years in the United States, and it was not until after the Second World War that the Americans begin to realize that they were now the guiding power in the world and in the Western economy in particular. Only then did they drop their hostility to international monetary, financial and political institutions and come forward with a programme of economic reconstruction. It was the aim of the Marshall Plan to move from providing financial assistance to generating new supplies of raw materials and thereby integrate the European and American economies.

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P. SPUFFORD, *Money and its use in Medieval Europe*, Cambridge, Cambridge University Press, 1987, xiv + 467 pp.

Peter Spufford has chosen a low-key title for what is in fact the first full-scale monetary history of Europe in the Middle Ages and, at the same time, a convincing demonstration of the "monetarist" proposition that history marches to the drumbeat of the precious metals.<sup>1</sup> His long-awaited study is based on an imposing mass of empirical data garnered from the numismatic literature as well as from a broad range of less specialized works. It is organized around a number of recurrent and interconnected themes: mine and mint production; bullion flows (whether determined by trade imbalances or, as was often the case, by political imperative); the distribution of various currencies and coin types and their respective roles in economic life; the effects of long-term fluctuations in the (metallic) money supply on socio-economic structures.

In the first section, covering the period from the Fall of Rome to the mid-twelfth century, Spufford considers the decline and disappearance of Roman gold coinage in the barbarian West and the difficult transition to a largely moneyless feudal economy (feudalism was born in the seventh century when the Frankish kings ran out of gold to pay their armies). In fact, the substitution of the Carolingian silver *denarius* for the Byzantine gold *solidus* or its fractions failed to resolve the basic problem of monetary scarcity. Despite the reversal of the metallic flow between Europe and the East at the time of the Frankish conquests, and notwithstanding the large numbers of silver *dirhems* that found their way to the West in the Viking age, the Carolingian and post-Carolingian economy was forced to limp along for two centuries on patently insufficient stocks of silver and practically no gold stocks at all.

For Peter Spufford, the "true beginning of a money economy in medieval Europe" occurred in the late tenth century with the discovery of rich silver deposits at Goslar in the Harz mountains. This happy accident led to an upsurge of minting and the multiplication of regional markets (markets and mints went hand in hand). It was undoubtedly a major, if generally underrated, factor in the broad movement of economic and demographic expansion that was just getting underway at this time.

But the bonanza was short-lived: production in the Saxon mines had already reached its peak around 1025. There followed a general retreat from silver coinage that seems to have accelerated after 1095 because of the drain of silver to the Middle East to finance the crusades. A sure sign of the new "shortage of money" was the progressive deterioration of the circulating coinage. By about 1160, only England and Cologne were still minting good

<sup>1</sup> A free rendering of Fernand Braudel's "Ainsi se rythment les chapitres de l'histoire du monde. A la cadence des fabuleux métaux" ("Monnaies et civilisations. De l'or du Soudan à l'argent d'Amérique," *Annales. E.S.C.*, I, 1946).

silver pieces (1.4 g. weight and 0.925 fine in both cases). Elsewhere, the ancient Carolingian *denarius* was in a piteous state. The *diner* of Barcelona, for example, weighed barely two thirds of a gram and contained only one part silver to five parts copper. The Venetian *denaro* was "little thicker than an eggshell" (P. Grierson) and only one part silver to 20 parts copper. In much of northern and eastern Europe the circulating currency consisted of token *bracteates*, coins too thin to receive an impression on both sides.

It was not until the closing decades of the twelfth century that new silver strikes in the German states and Tuscany permitted the "commercial revolution" to shift into high gear. A cumulative increase in monetary stocks, later including Bohemian and Sardinian silver as well as West African and Hungarian gold, resulted in fact in "a total transformation of practically every facet of the economy and society in which money was involved."

It also led to the reform of the silver-based coinage, beginning with the Venetian *grosso* or groat of ca. 1201, and the introduction of gold coinage on a commercial scale starting with the Florentine florin of 1252. The debased billon pennies, in the meantime, were relegated to the status of small change, but they remained in most cases the basis of the money of account.

From the late fourteenth to the late fifteenth century, Europe experienced yet another major bullion famine caused by the inevitable decline of mine production and aggravated by a continuing drain of precious metal to the East. This long period of monetary stringency, which happened to coincide with a dramatic fall in population, was brought to an end by the resurgence of the German silver mining industry beginning in the 1460s, a development which also marked a turning point in the history of coinage with the minting of silver pieces several times heavier than the groat, and the return to the use of silver — now in the form of coins — in international transactions after a century and a half dominated by the florin and the ducat. It appears, however, that the "victory of gold" in the fourteenth and fifteenth centuries was less a question of supply than one of demand: minting figures from that period suggest that the shortage of money affected both types of currency.

The effects of these long swings in the metallic money supply — the fortune and the affliction of preindustrial economies — could be strikingly similar. But, at the same time, monetary institutions naturally developed — or failed to develop — at a different pace in different parts of Europe. From the twelfth to the fifteenth century, no matter where it originated, precious metal was soon concentrated in the various poles of economic progress, especially in northern Italy and the Low Countries. The Hanseatic zone and eastern Europe remained monetary backwaters to the end of the Middle Ages.

It is clear from Peter Spufford's meticulous account that monetary circulation in the Middle Ages was rarely ideally suited to current economic conditions. Often the appropriate coin types for whole categories of transactions were in short supply or simply did not exist. Moreover, it is difficult to discern equilibrium tendencies at work even in the long run. In the end it was

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socio-economic structures that had to adjust to the flux and reflux of precious metal, not the other way around. Money, in short, for better and for worse, played a decisive role in medieval history, which is all the more reason to salute the publication of what is certain to become the standard work on the subject.

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