
1 – 2: Fratianni and Spinelli’s paper was published in 2006. In it they call into question earlier interpretations (ex. Neal. 1990) about when Europe experienced a “financial revolution”.

1. _____ According to the older works (not Fratianni and Spinelli) **when** did Europe experience her “financial revolution”?
   a. sometime around 1000            d. sometime in the 1600s
   b. sometime in the 1200s            e. sometime in the middle 1800s
   c. sometime in the 1400s            f. sometime in the early 1900s

2. _____ According to the older works (not Fratianni and Spinelli) **where** did Europe experience her “financial revolution”?
   a. the Muslim middle east (Bagdad and Damascas)
   b. Northern Italy
   c. Eastern Spain (Barcelona)
   d. East-Central France (Lyons, and Paris)
   e. The English Channel (England and the Netherlands)
   f. Northern Germany
   g. The United States

3. _____ According to Fratianni and Spinelli (not the older works) roughly **when** did Europe experience the financial changes Neal and others have termed a “revolution”?
   a. sometime around 900            d. sometime in the 1600s
   b. sometime in the 1100s            e. sometime in the middle 1800s
   c. sometime in the 1300s            f. sometime in the early 1900s

4. _____ According to Fratianni and Spinelli (not the older works) **where** did Europe experience financial changes Neal and others have termed a “revolution”?
   a. the Muslim middle east (Bagdad and Damascas)
   b. Northern Italy
   c. Eastern Spain (Barcelona)
   d. East-Central France (Lyons, and Paris)
   e. The English Channel (England and the Netherlands)
   f. Northern Germany
   g. The United States

5. _____ According to Fratianni and Spinelli (not the older works) how appropriate is the term “financial revolution”?
   a. exceedingly appropriate. The financial innovations were both very profound and occurred quickly, within a few decades.
   b. appropriate on roughly the third date or later. One has to broach the subject sometime.
   c. inappropriate. While the financial innovations were profound, they started much earlier than is often thought and took a while to spread throughout the rest of the world.
6. On page 259 (2nd paragraph, 1st full paragraph) Fratianni and Spinelli list what they consider to be three main innovations that were revolutionary in the world of finance. What are these “three base criteria”? Make three check (✓) below.

- using gold for large denomination coins and silver for small denomination coins
- the use of Bills of Exchange
- public banks
- the use of clearing houses
- greater financial sophistication (an increase in the extent & depth of financial innovations)
- the ability to use different currencies in long-distance trade
- mechanisms that committed governments to honor their debt obligations

7. When did Britain get a system by which its government was credibly committed to honor its debt obligations?
   a. 1215 with the Magna Carta
   b. 1348 with the Black Death
   c. 1649 with the beheading of King Charles I
   d. 1688 with the Glorious Revolution
   e. 1781 with the loss of the American colonies
   f. 1815 with the defeat of Napoleon
   g. 1918 at the end of WW I
   h. 1946 with the Bretton Woods agreement

8. Who had the main “power of the purse” in English government after the above (# 7) change?
   a. The English barons.
   c. Oliver Cromwell and his cabinet
   d. The British colonial Office
   e. Henrietta Maria, wife of Charles I
   f. The International Monetary Fund
   g. The British monarch
   h. The British Parliament

9. Why is the answers to # 7 above so important to economists?
   a. Because seven ate nine.
   b. The above changes make property rights, especially when it comes to financial intermediation, more secure.
   c. The above changes largely explain why Britain fell behind the United Sates as a global power.
   d. The above changes largely explain why Britain concentrated on dominated the seas rather than dominating the landmass of continental Europe.

10. What states do Fratianni and Spinelli argue were first to achieve the three benchmarks from question # 6?
    a. the city-states of Genoa, Venice, and Florence, Italy
    b. Oklahoma, Arkansas, and Texas
    c. England and the Dutch Republic
    d. The Ottoman Empire
    e. The Tràın dynasty in Vietnam
    f. France and Spain
11. Roughly when did the above (# 10) states achieve the three benchmarks from question # 6 according to Fratianni and Spinelli?
   a. sometime around 900  
   b. sometime in the 1100s  
   c. sometime in the 1300s  
   d. sometime in the 1600s  
   e. sometime in the middle 1800s  
   f. sometime in the early 1900s

12. Which city-state was the most likely to use a private market solution to problem of managing government debt?
   a. Venice  
   b. Genoa

13. Which city-state was the most likely to use the government as the main manager of the government debt?
   a. Venice  
   b. Genoa

14. When (see page 263, the top paragraph) did Venice first assign (or earmark) tax revenues for the repayment of government debt?

15. When (see page 263, the bottom paragraph) was the San Giorgio chartered?

16. Which city-state chartered the San Giorgio?
   a. Amsterdam  
   b. Barcelona  
   c. Florence  
   d. Genoa  
   e. Paris  
   f. London  
   g. Lyons, France  
   h. Venice

17. What was the San Giorgio?
   a. A firm, founded by Armani Giorgio, that was the first European business to have partner branches in multiple cities.
   b. A firm, founded by Armani Giorgio, that was the first European business to offer bills of exchange drawable at merchants (not in the Giorgio network) in other cities.
   c. A non-profit guild in the late Middle Ages designed to protect dragons from viscous knights.
   d. A private company that held and marketed government debt.
   e. A system in which vassals could pay their lord money instead of paying them with military services, goods, or labor.
   f. A clearing house for local promissory notes.

18. Check (✓) three good things that the San Giorgio did. The San Giorgio:
   ____ made the government’s commitment to repay the debt more credible.
   ____ restrained the government from borrowing way too much.
   ____ eliminated the need for merchants to travel to Champagne to conduct trade.
   ____ allowed dragons to survive long enough to go to the land of Valinor & live happily ever after.
   ____ allowed the government to borrow, when it needed to borrow, at a low interest rate.
   ____ allowed the Italian city states to act as a single state when it came to foreign policy.

Leave Fifi alone you cruel beast!!
19. ______ According to Fratianni and Spinelli, why don’t the Italian city-states get the recognition they deserve when it comes to fiscal controls (on government spending and borrowing) and the long-term funded public debt?
   a. When the Italian-city states formed their confederation in 1492, the central government prohibited most of the earlier financial changes. Italy’s financial revolution was really only a very short-lived experiment.
   b. After Mussolini was defeated in World War II, English and American historians have discounted Italian achievements.
   c. Much of Italy was occupied by French forces under Napoleon Bonaparte. During this occupation, French troops burned most public records in Italy. History was almost erased.
   d. The Italian city-states were too small to compete and survive against the larger nations of Europe. Once conquered, their history was largely forgotten.

20. ______ According to lecture, what was the military situation like in Northern Italy from 1350 to 1450? Northern Italy was:
   a. the battleground for larger powers, namely France and Spain. The Italian city-states lost their real independence.
   b. broken up into independent city-states. These city-states were, however, usually at peace with each other.
   c. broken up into independent city-states. These city-states were usually at war with each other.
   d. united into a loose confederation of city-states. Each city-state determined its internal economic policies. The confederacy determined Italy’s foreign policy.
   e. united into a single, highly centralized state, with Milan as its capital.
   f. united into a single, highly centralized state, with the Papacy as its central power holder.

21. ______ According to lecture, what was the military situation like in Northern Italy from about 1490 to about 1600?
   a. the battleground for larger powers, namely France and Spain. The Italian city-states lost their real independence.
   b. broken up into independent city-states. These city-states were, however, usually at peace with each other.
   c. broken up into independent city-states. These city-states were usually at war with each other.
   d. united into a loose confederation of city-states. Each city-state determined its internal economic policies. The confederacy determined Italy’s foreign policy.
   e. united into a single, highly centralized state, with Milan as its capital.
   f. united into a single, highly centralized state, with the Papacy as its central power holder.

22. ______ What was the basis of Venice’s and Genoa’s power in the 13th through 15th centuries?
   a. trade with the Mediterranean and Europe plus finance
   b. their large silver mines
   c. their extensive hinterlands which produced grain for both domestic consumption and export
   d. wool for their large flocks of sheep
   e. salt from their unique access to Europe’s best salt mines
   f. Kryptonite
23. On the map below, precisely indicate and label the location of:
   - Amsterdam,
   - Florence,
   - Genoa,
   - London,
   - Venice
   - and maybe even Castrovillari