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The Evolutionary Chain of International Financial Centers

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- 2. To Florentine bankers one must add those from Lucca (e.g., Riccardi), Pistoia (Ammannati), and Siena (Bonsignori).
- 3. Hunt (p. 160) reports creditors' recovery rates of 36 percent for the Peruzzi and 46 percent for the Bardi.
- 4. De Roover (p. 202) calculates that up to 1435 more than half of total earnings generated by the vast Medici network came from the Rome branch.
- 5. The heyday of banking in Florence, despite a resurgence of sorts in the following century, was over. The decline of the banking industry, it should be noted, preceded the decline of the great Florentine industry, wool, by approximately a century. After 1600, wool output in Florence fell drastically,

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- 9. These arrangements start in 1566.
 - 10. It should be noted that short-term interest rates were higher than long-term interest rate
- 11. What follows draws from Fratianni and Spinelli (2006).
- 12. The account of Ehrenberg on pages 244–5, although incomplete, is consistent with this reasoning. A much better explanation of the *ricorsa* bills is given by de Roover (1948, pp. 61–2).
- 13. The Fuggers, having barely survived the royal bankruptcies of 1575 and 1607,

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- 18. The restrictions were defined by the Bubble Act of June 1720 (Dickson, p. 148). On management running up share prices of the South Sea Company, see Dickson (pp. 141-45) and Neal (1990, p. 109).
- 19. See Neal (1990, Table 4.1 and Fig. 4.4) for the data on the explosion of bank notes issued by Banque Royale and on the Mississippi bubble.
- 20. Further boost to the power of the Bank had come in 1707, when Parliament gave the Bank the monopoly on joint-stock banking in England and made its notes legal tender; and in1715, when the Bank began managing the national debt, thus re-enforcing its role as the fiscal agent of the state.

21. With an acceptance, a party, typically a merchant banker, guarantees the

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- 26. Cassis (p. 120) mentions that the restrictive standards, coupled with fixed commissions, generated rents to the Exchange's owners. They also encouraged the rise of rival exchanges.
- 27. The data are from the World Federation of Exchanges, *Focus*, July 2007; see http://www.world-exchanges.org.
- 28. Howard Curtis Reed (1981) ranks international financial centers for much of the 20th century using hierarchical cluster analysis and stepwise multiple discriminant analysis. London and New York are always at the top. In banking, London prevails over New York; see Table 2.2. In finance, New York was higher than London in 1955 but falls behind London in 1965, 1975 and 1980;

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