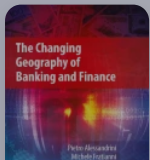


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# The Evolutionary Chain of International Financial Centers

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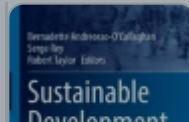
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4. De Roover (p. 202) calculates that up to 1435 more than half of total earnings generated by the vast Medici network came from the Rome branch.
5. The heyday of banking in Florence, despite a resurgence of sorts in the following century, was over. 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, following a competitive shift in favor of the Low Countries and England (Goldthwaite [1980](#), p. 52).
6. Interest payments were delayed in 1444, 1449, 1450, 1454 through 1459, and after 1467; back payments were canceled in 1483 and 1489; and interest was paid only in part from 1488 to 1492 (Conti, pp. 31–5, 57, 362–63). For the

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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 Rover ([1948](#), pp. 61–2).
13. The Fuggers, having barely survived the royal bankruptcies of 1575 and 1607, were dealt a final blow with the bankruptcy of 1626 (Ehrenberg, pp. 130–32).
14. Amsterdam had the largest share of the capital (50 percent) and the highest representation in the board (eight directors); Rotterdam followed with 25 percent of the capital and four directors; Delft, Enkhuizen, Hoorn and Middelburg had 6.25 percent of the capital and one director each. A 17th

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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 in 1715, 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 payment of the bill should the drawer default. Bills of exchange, we recall, were early medieval instruments used to finance international trade.
22. Baring Brothers of London learned the business of foreign lending through its association with Hope & Co. of Amsterdam; see Cassis ([2006](#), p. 20).

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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; see Table 2.4 in Reed.

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