

Syllabus BANK: IUC Slow Finance Summer Campus 2024

by Matteo Basei Fantolino: *Storelli D., MONETA, Cultura Anglosassone vs. Cultura Latina, l'Albero delle idee*

ABSTRACT:

There is an Italian economic school, that is, between political economy and civil economy, in the light of the figures of Antonio Genovesi and Gaetano Filangeri, in the framework of 18th century Neapolitan philosophy and in particular of Giambattista Vico.

BIRTH OF THE FIRST BANKS

Did paper money, i.e. money no longer convertible into precious metals, appear for the first time in England in 1694 with the founding of the Bank of England? No, it was introduced about six hundred years earlier in China (always, of course, at forced exchange) for which the Bank of England can boast the primacy only for the West. But can the Bank of England boast the distinction of being the first fractional reserve bank? No, not even that, since the Bank of Amsterdam, founded in 1609 as a money warehouse, became a fractional reserve bank, ceasing to be only a money warehouse already in 1615. At the time all the institutions later defined as banks were money warehouses, yes think of that of Venice as well as other cities in northern Italy, and then of Middelburg, Nuremberg, Hamburg, Deft and Rot-terdam, as well as the public banks, for example, in Spain, Sweden, France, Russia, Poland, Holland and Genoa - San Giorgio bank - whose directors seem to have had, until 1797, i.e. the arrival of Napoleon, absolute civil and criminal jurisdiction, as reported by the archivist Antonio Lobero, who traces constitution on an unparalleled 9 April 14512, which is why it seems she was the most admired among the bankers, who evidently appreciated the privilege of the directors of the San Giorgio bank to judge themselves for the offenses - including criminal ones - they had committed. In practice, these institutions were created to allow merchants, whose trade had intensified, to settle their accounts not only during periodic international fairs, but on a daily basis. The most practical way to do this was through the money warehouses, economics, *Universale Bollati Boringhieri*, Turin, 2009, p 87 where each merchant had an account, so that payments between merchants could be made through simple accounting records at the local coin warehouse. The Bank of Amsterdam, in 1615, began to issue bank notes (banknotes) in excess of its monetary reserves, without, however, modifying the external appearance of these banknotes, so as to inform the holder that there was risk that the banknote could not be 100% convertible into gold, so much so that some authors speak of banknote counterfeiting, related to the risk, for the bearer, of losing part of the ownership of his gold, which therefore became gold of the bank. In this way, from a warehouse of money as it was, it was transformed, first, into a fractional reserve bank. After the Banco di San Giorgio, the second oldest credit institution in the world is the Banco di Napoli, 1463. At the time it was not called that because, as Angelo Forgione' points out, there were the Public Banks of the Pious Places, which they operated with the exclusive philanthropic purpose of granting pawn loans, without applying any interest, in order to constitute an alternative to the mortgage (at interest) which, instead, was granted by the Genoese, as well as, above all, by the Jews, with rates particularly high (also) because commensurate with the risk - looming over them - of being ousted from the Viceroyalty, as happened, in fact, in 1539, by the viceroy Don Pedro de Toledo. If, by any chance, you are interested in knowing what I think about the relationship between Jews and usury, I will satisfy your curiosity shortly. Even before these public banks, we find the Casse di Deposito

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delle Casa Sante, among which the Casa Santa dell'Annunziata, whose correspondence relating to deposits and withdrawals (dating back to 1463) were found near the 'State Archive of Naples, by prof. Domenico De Marco, expert in Economic History and academic of the Lincei, and by Eduardo Nappi, researcher and manager of the parent archive of today's Banco di Napoli.

The historian of the Banco di Napoli, who identifies this institution as the pro-Forgione, also informs us that in 1569, the credit union was introduced in Naples, i.e. a credit instrument that could be endorsed, with indications relating to the reason for payment, and transferred (from time to time) even to those who do not have a deposit. This credit instrument was therefore negotiable, and could be used by anyone, for any type of payment, including taxes. Already bank checks (transferable). But there is more, because the Public Banks of the Pious Places soon lost their pious philanthropic function and were reconverted (in 1584) into Deposit Banks, which accepted sums of money for safekeeping, using them for interest-bearing loans, therefore for profit. On these deposits it was possible to issue payment orders, which were defined as policies and slips, depending on the size of the sum. Then, on the credit lines, as a result of deposits and withdrawals, a note was made, called a notation in faith, which redefined the functioning of the credit line as that of today's current accounts. We are in 1584. The credit faith was recognized, for evidentiary purposes, by the Courts, so that policies and insurance policies were accepted by public offices for the payment of state taxes and could possibly be presented at banks other than the issuing one. Properly endorsed, policies and slips were used, instead of cash, for daily expenses, since they were accepted even by the smallest of shops. People trusted. And he had a good right to. The trust was well placed because every single policy and every single policy was always convertible into gold, because they were real deposits. Even if everyone asked for it at the same time. There was, in fact, an absolute reserve of 100%, which will remain so until the unification of Italy. Latest example of 100% absolute reserve in the West. 277 years of real banknotes, not paper money, because, as seen, a transferable check - and the policies and policies were such - with full coverage defines a real banknote, as the owner can go to the bank for collection, with the reasonable certainty of obtaining it, i.e. with the right to obtain it, not with a mere expectation of obtaining it, anchored to the circumstance that others do not do so too. But a check that circulates freely on the market, by simple endorsement, and which is not taken to the bank for collection because people trust it, does not generate any economic return for the banks: the tendency to make the non-transferable checks? Therefore the policies and policies operated like real cheques, and in this they recalled, to a certain extent, the letters of exchange that, in the twelfth century, the Knights Templar delivered, upon payment of a commission, to pilgrims for the Holy Land, at the time they received the relevant deposits for safekeeping, in order to keep them safe from theft. The policies and insurance policies thus anticipated the first real checks of the modern era, issued in 1763 by Hoare's Bank of London to ensure payment without the use of sums of money, thanks to a supporting current account. It follows that, in the almost three-thousand-year-old Naples (which still retains the pattern of checkerboard streets, introduced, in a rather innovative way, by Hippodamus of Miletus in the 5th century BC) the first current accounts were born of history (and we are talking about retail accounts, not just business, i.e. not just limited to merchants) and the first banknotes, decades in advance of those that goldsmiths, particularly Londoners, would issue starting from the following century.

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Note

1. *As Williams et al. reminds us. (1998), chap. 6, cit. in Jörg Guido Hülsmann, The ethics of money production, Solfanelli, p. 39, chapter 1: Coins, paragraph 5: paper money and the free market.*
2. *Memoirs on the bank of S. Giorgio, Genoa, 1932, reported in E. Pound, L'ABC dell'e-*
3. *For further information, J. G. van Dillen [19341 History of the Principal Public Banks, 2nd edition, 1964, London, Frank Cass, cited in Jörg Guido Hülsmann, The ethics of money production, Solfanelli, p. 99, chapter 6: Private Inflation: Counterfeiting of Money Certificates, paragraph 3: Three Origins of the Fractional Reserve Bank.*
4. *Made in Naples, How Naples civilized Europe (and how it continues to do so), Magenes, Milan, 2013, pp. 164 et seq.*

CIVIL ECONOMY AND POLITICAL ECONOMY

Incidentally, in Naples, the practice of goldsmithing without gold, i.e. fractional reserve, never took root, except by force, in 1861.

Moreover, Campania felix (as the Romans called it) has been a traditionally fertile land for theories and innovations in the monetary and economic fields.

In this regard, we recall the figure of Antonio Genovesi (priest, philosopher, teacher of metaphysics and ethics, researcher of theology and classical literature, as well as professor of economics; practically unknown in the national academic panorama) that is, the one who, in the eighteenth century, theorized the so-called civil economy - *Lessons in civil economy, 1765* - which defines a paradigm substantially opposed to that of political economy (born later, i.e. in 1776, with Adam Smith, and his *Inquiry into the nature and causes of the wealth of Nations*), since it does not consider homo oeconomicus, but homo and that's it, that is, it does not consider man exclusively as the bearer of his own interests - that is, man who tends only to realize his own interests - but the man in relationship with others, man inserted into society: homo reciprocans, as defined by the economist Stefano Zamagni' from whom these observations are taken.

The professor. Zamagni observes that someone, recently, across the Channel, has taken liberally from this approach and launched the slogan of Big Society (2009) which could be understood as an inclusive, not exclusive society. A society that responds, if you prefer, to the paradigm of the civil economy rather than that of the political economy. Therefore, there is a delay of about two and a half centuries.

The professor. Zamagni, in fact, notes that the distinction between the two derives from the different conception of Roman civitas - hence civil economy - compared to the Greek polis - hence political economy.

He observes that the latter tended to be exclusionary since on average around 25-30% of the city population was entitled to enter the agora (the square of the city-state), that is, they had a say in the matter, being able to participate in democracy.

The rest no, that is, women, slaves, servants, the poor, and so on.

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Therefore the Greek polis defined a substantially elitist model; de-mocratic, but elitist: a democracy of the elite, therefore an oligarchy.

The Roman civitas, however, is essentially the opposite, as it defines a model that tends to potentially include everyone, since everyone must find their place in the city. From this different vision of society comes a different vision of the economy.

In political economy, in fact, it is thought that the organization of society is based on two areas: the market and the State. The capable participate in the market, corresponding to those who participated in the agora in ancient Greece, while the others - for example the less capable, the disabled, those with fewer possibilities perhaps also because they were abandoned in some way - essentially cannot participate. to the market, either because they do not enter it or because they are expelled from it (for example, fired).

And who takes care of them? The state. This is why in England - the homeland of political economy - the concept of the Welfare State was born - whose relative theoretical development is essentially English - which allowed taking into account those who, for a certain reason, were excluded from working activity.

In the paradigm of the civil market economy, however, everyone must be included, that is, everyone must have an opportunity to participate, even those suffering from deficits and disabilities.

It follows that the production process must be organized in such a way as to give everyone an employment perspective, so that everyone feels part of society. Therefore, for the civil economy, integration occurs through an (inclusive) work perspective, for the political economy, it occurs through the Welfare State, i.e. with assistance, to a certain extent excluding (as well as easily leading to in the so-called paternalistic welfarism).

To implement the political economy model, it is sufficient to have an efficient state capable of providing and managing this assistance.

To create the civil economy model this is not enough,

since an efficient society is needed, which is able to articulate itself in a solid third sector (which was defined thus not by chance) capable, potentially, of involving and allowing everyone to participate, which, therefore, came with equal dignity, with equal will .

They are treated not as numbers or as "social waste" but as lost-It is no coincidence that today, in Italy, home of the civil economy, there is a third sector among the most robust and advanced in the world. Unlike other nations that are now approaching this approach and which, for obvious reasons, have difficulty implementing it, because a well-developed third sector is missing: voluntary associations, social cooperatives, social enterprises which, instead, are teeming where the tradition is different; in Italy there is an "army" of six million volunteers, in effective service for the good of others.

The civil economy, unlike the political economy, is based on three principles for the functioning of the market, not on two, such as: the principle of exchange (of equivalents), and the principle of redistribution, typical of political economy.

To them, civil economy adds the principle of reciprocity, completely absent in political economy.

It follows that for political economists, exchange and taxation are sufficient. For civil economists, no, since, due to the principle of reciprocity, it is necessary to recognize value in interpersonal bonds.

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This is because we start from the assumption that each of us, to feel good, needs use value, exchange value, but also bond value, since each of us is linked to others, we are not an isolated monad; think about family, friends, common interests and so on.

Not considering this aspect represents, for civil economists, a serious scientific gap since the bond value is a fact, an experimental evidence. Just as it is a fact that the constructive experience of volunteering is enriching from a human point of view, therefore, through the lenses of a political economist it is a waste of time and income. With the lenses of the civil economist, however, it is a gain in terms of bond value, since doing good for others does good for oneself.

And when someone is better they are happier, so they bring joy to themselves and others, make themselves and others feel better, and therefore make the country do better by achieving that "public happiness" which it should aim for, according to Antonio Genoese and his Neapolitan school of economics, the administrative action of the government.

Thus we tend to realize that "right to happiness", included in the Constitution of the United States of America but elaborated by the Neapolitan Gaetano Filangieri (student of that school) in the wake of the imposing and original thought of Giambattista Vico.

In fact, the students of the Genoese school were given adequate legal and philosophical training - so they were jurists even before economists - which allowed them to identify and conceptually undermine the foundations of privilege on which feudalism was based.

Then it was landowner and ecclesiastical feudalism, but we know that it is not the only type of feudalism that exists; it follows that the work begun by men like Genovesi and Filangieri is not yet finished.

In fact, as Giorgio Del Vecchio observed: «[...] law, as a universal principle of action, dominates all human relationships and therefore also those that tend to satisfy needs and purchase material goods. Law therefore dominates, in a word, the economy."

And in fact, jurists, by training, and have always studied what we could consider "building blocks of thought", that is, the bases on which the relationship between the parties is based, and therefore the way of conceiving this relationship, which presupposes the way of conceiving man.

Therefore, even today, there is no marketing or communication that matters because this is pure philosophy, that is, that activity that has accompanied man since he began to think, that activity which, if lived adequately, avoids a series of negative consequences, not excluding that of being duped, perhaps by the emulators of Gorgias, the orator ridiculed, similarly to his disciples, by Socrates, because he considered oratory - today we would say communication - an art as an end in itself itself, therefore usable for any purpose, whether just or unjust.

It is no coincidence that in the Middle Ages, training was common for jurists and philosophers, and fell within the so-called trivium, which included grammar, rhetoric and dialectics, while the quadrivium was divided, in rigorous logical succession, into arithmetic, geometry, astronomy and music. -

the last, the most complex, since it is the expression of mathematical harmonies that allow us to mirror those observed in the sky - the rest precisely.

it was mechanical - art - because it was done with the hands, mechanical arts

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It was precisely the mastery of these juridical/philosophical tools that allowed an elaboration of thought which, by attacking feudal privilege, set a precedent in the world. A real lesson.

Not yet

well assimilated.

Filangieri, in 1780, published *The Science of Legislation* which, as Angelo Forgione reminds us, had an extraordinary diffusion throughout Europe and became the reference text of the North American colonies during the revolution of independence from Great Britain, of which Filangieri's work denounced the spoliations to the detriment of America and India.

Benjamin Franklin - who in Philadelphia participated in the drafting of the constitutional charter of the nascent United States of America - read this work with admiration and maintained a close correspondence with the author (since 1781), even inviting him to participate in the work, as a witness of the influence it had on what they were doing, the outcome of which - the Constitution, precisely, in 1787 - Franklin sent a copy to Filangieri to thank him for his studies.

This work was also used, in 1804, by the French commission that drafted the Napoleonic Code, i.e. the first modern civil code, an outline of the civil legislation of Europe, including the Italian civil code.

liano, i.e. the Albertine Statute.

This allows us to qualify Gaetano Filangieri as the father of modern law. And, thanks to him, the world has also learned that sentences must be justified.

Civil economists know that we do not live on income and taxes alone, so one of the most eminent economists on the national academic scene, Stefano Zamagni, recognizes that these things are easily brought into focus by non-economists rather than by economists, because the tradition of political economy "has literally manipulated people's brains, making entire generations of economists believe that it is enough to exchange goods and services and pay taxes to feel good".

This is useful but obviously not sufficient, as everyone knows, except political economists.

Antonio Genovesi observed: «From what things can we understand how foolish and how badly those who claim any degree of independence are thinking. [...] This idea is therefore a chimera, which has ruined people, families, nations, So-urans. [...] When we could not depend on men, we could not depend on air, fire, water, earth, plants.

you, from animals and from all other things on earth?"⁴.

However, it is a fact that, whether civil or political, the first economics chair in history - 1755 - was assigned to a person by the name of Antonio Genovesi. Originally the chair was defined as "Mechanics and Commerce" and was also the first chair to give lessons in Italian rather than Latin.

If you are interested in knowing, you can ask yourself which of the two approaches the English, inventors of political economy and the Welfare State, consider successful. We (and not only us) have adopted theirs, but they, for about a century now, seem to think differently, since they expressed themselves in the following terms, observing that we had managed to pass through "bare mountains, few fertile lands, almost deserted countryside", to a situation in which "fertile lands, woods, vineyards, olive groves, orchards, vegetable gardens, gardens abound", and above all, that "this construction work costs Italy much less than it costs the English the subsidy we give to the unemployed. What a contrast!". It follows that "future generations of Italy and the world will have reason to remember, love and imitate" what the Italians have done.

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Statement by the English minister, who would later become prime minister, Anthony Eden, on the occasion of the international agricultural conference, organized in Rome, by the International Institute of Agriculture (a body established by the Italian Government when it was counting the years with

4 Antonio Genovesi, *Diceosina o sia della filosofia del giusto e dell'onesto*, Marzorati, Milano, 1973, citato in Maurizio Pittau, *Economie senza denaro - I sistemi di scambio non monetari nell'economia di mercato*, Emi, Bologna, 2003, p. 58, capitolo due: *Dono, fiducia ed altruismo; paragrafo: Reciprocità e simmetria. Pag.XXI precursore della FAO, che, tuttora, ha sede a Roma. Né Eden (conservatore) era l'unico politico inglese di rango a pensarla in questo modo. Il 22 dicembre 1932, il deputato liberale Lloyd Gorge, già primo ministro nonché Cancelliere dello Scacchiere, rimproverava il suo Governo di inerzia, e lo spronava a risolvere i problemi della disoccupazione, proponendo di "fare come Mussolini nell'aropontino"*⁶.

In Naples, Angelo Forgione reminds us, Ferdinando Galiani from Abruzzo (from Chieti, Abruzzo is another fertile land for economic and monetary studies) also trained as a pupil of Antonio Genovesi, whose treatise, *Della Moneta*, he imposed him as a reference figure for currency theorization, thanks to his brilliant intuitions in the currency field as well as on the economic value of goods and that of the work necessary to produce them. The work achieved great success throughout the international academic world and was cited several times in Marx's *Capital* of the following century.

And Neapolitan was the banker Lorenzo Tonti who in the 17th century invented a particular monetary system divided into the so-called "tontine" (name taken from his surname) characterized by strong social purposes. A use of tontine is still found in the countries of the so-called South of the world such as, for example, Cameroon, where it takes the form of the so-called flash cash, a kind of social consumer inheritance.

Another application of tontine is recorded for welfare and insurance purposes through the creation of "self-help" groups

within a homogeneous context such as an ethnic group, a socio-professional category or a place of residence. Systems such as tontine allow traditional economies to implement mutualistic actions by making up for the scarcity of fiat money, thanks to the rapid making available to the community of any surplus liquidity, i.e. availability not immediately necessary to satisfy needs.

The circulation made possible by reduced hoarding fuels exchanges, allowing these communities to stimulate the circulation of goods and services.

1. *Filippo Giannini, Benito Mussolini, Solfanelli, Chieti, 2010, p. 92.*
2. *F. Giannini, cit., p. 156. Riscoprendo il legame sociale queste comuni-tà, nonostante situazioni al limite, realizzano quello che è stato defini-to: "il miracolo della sopravvivenza".*
3. *Maurizio Pittau, Economie senza denaro - I sistemi di scambio non monetario nell'economia di mercato, Emi, Bologna, 2003, pp. 130 e 134, capitolo quattro: Il denaro nelle economie nadizionali del Sud del mondo: paragrafo: Denaro e destrutturazione sociale, nonché paragrafo: l'economia neoclassica.*