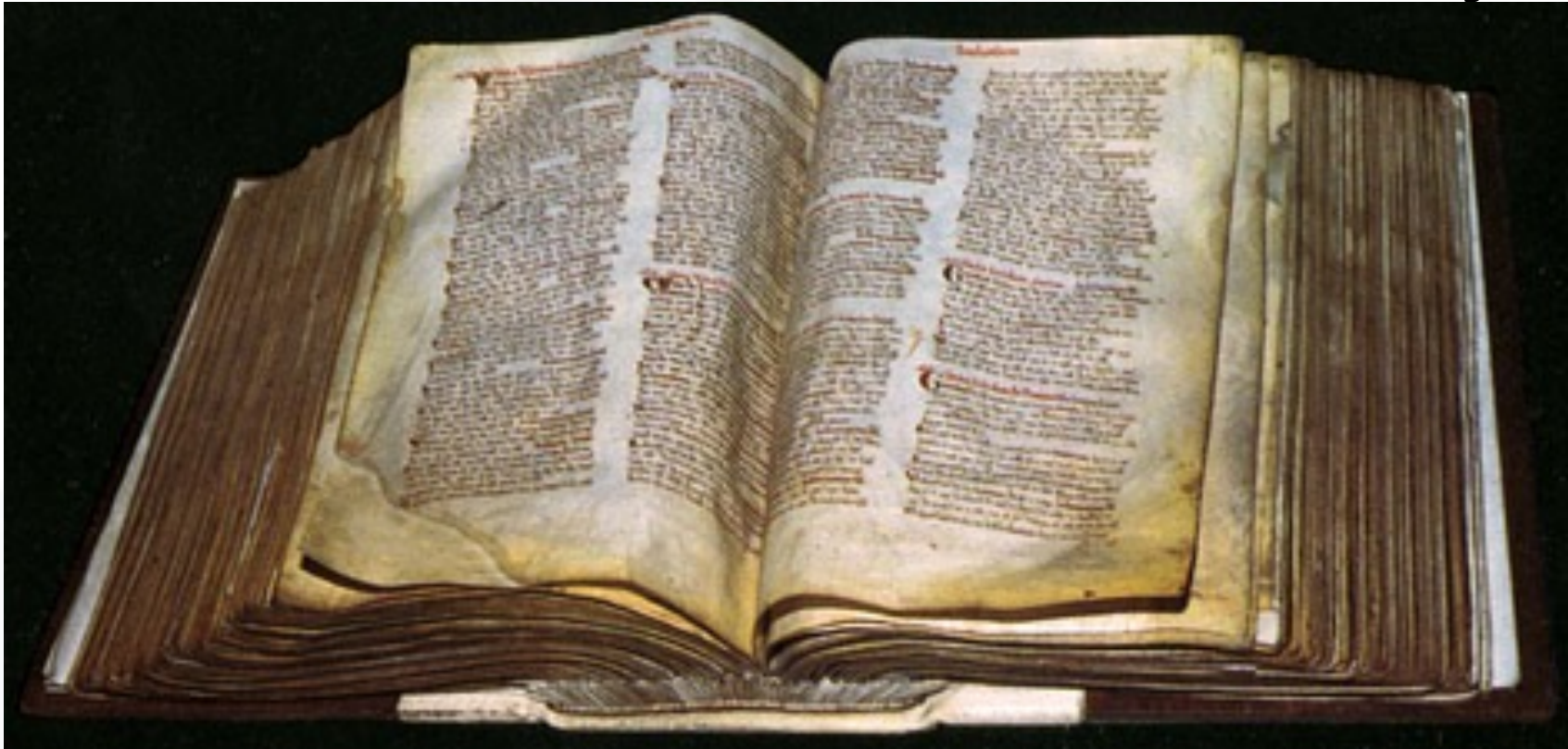


Lesson 2 of the Money & Society MOOC: Lessons from History



The doomsday book. After conquering England in 1066 , William I commissioned this survey of his new realm. This enabled him to systematically exact a tribute from the English: which they continue to pay to this day?!



Ancient Mesopotamian Accounting



The symbol for beer, an upright jar with pointed base, appears three times on the tablet.



Rai stones of Yap

- Translucent limestone – valuable like gold?
- Some religious significance
- Valued according to the cost of production
- Expensive to create
- Consensus ownership



The 'other' global currency

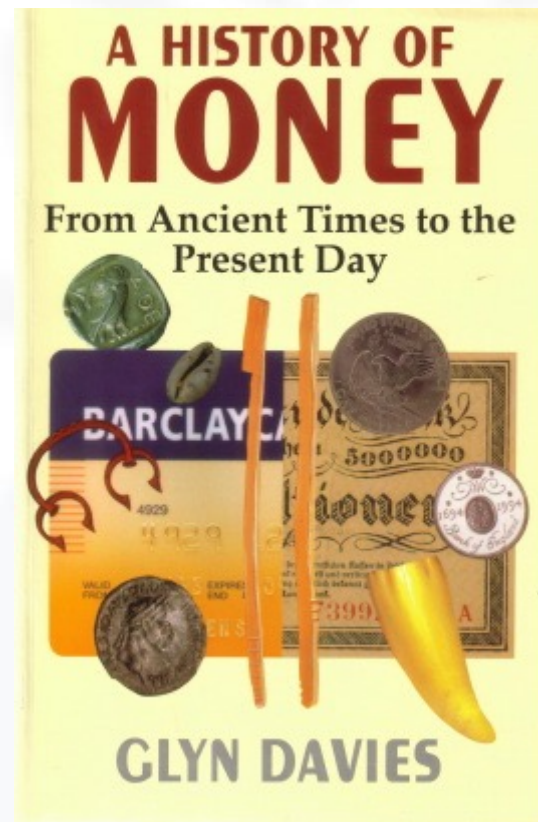


Think...

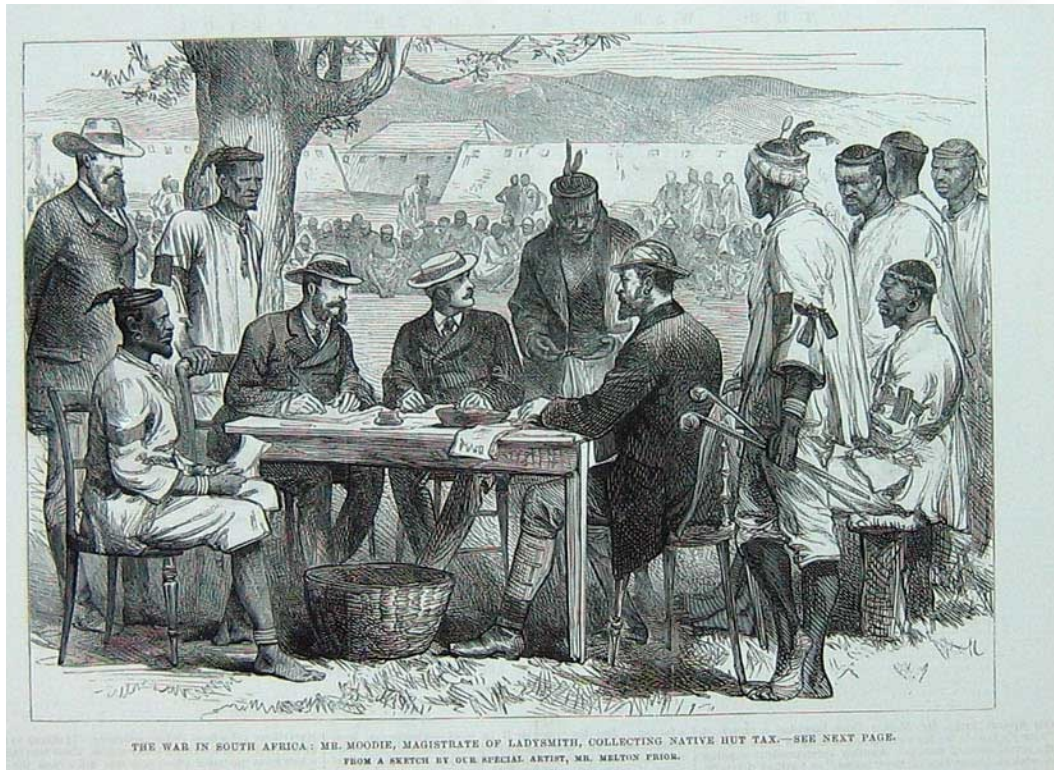
Given the global scope and long time over which Cowrie shells were used as money, why do you think they merit only a footnote in monetary history, compared to say, gold?



Origin of the myth of barter?



Colonial currency



Antique Print of 1879 War
South Africa Moodie Ladysmith Native Hut Tax

British South African Company
Hut Tokens



First Fiat



Optionally watch [Money Masters](#) until 13:50



Rome

"...the Roman monetary system was a numerary one, and the numismatic relics which have so long been regarded by the learned world as copper coins, were essentially irredeemable notes stamped, (for lack of paper) on copper, and devised and designed to pass in exchanges for a much greater value than that of the material of which they were composed." - Alexander Del Mar, cited in Zarlenga

Brutus issued the EID MAR **silver** denarius to remind his soldiers that they fought for the Roman **Republic**.

The reverse of the coin bears the images of two daggers, between which is a liberty cap, an ancient symbol of freedom. The inscription reads EID MAR, meaning "the Ides of March."



Optionally watch [Money Masters](#) until 16:10 (2 mins)

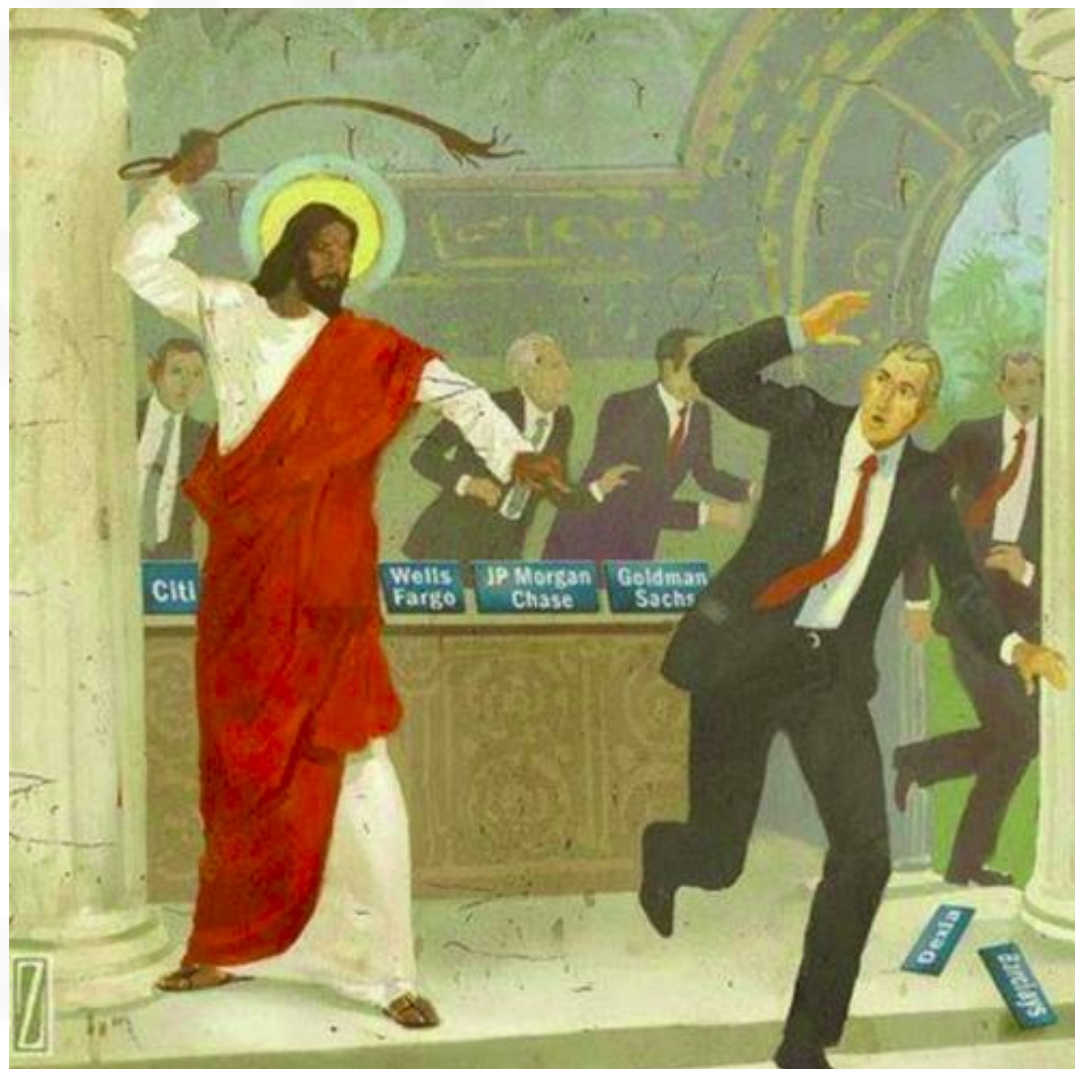


Cornering the market

He made a whip from ropes and chased them all out of the temple, including the cattle and the sheep.

He scattered the coins and overturned the tables of those who exchanged currency.

John 2v15



Think...

Can you think of any examples of markets being cornered?

Now watch this clip from [Money Masters](#) until 25:30



Tally sticks

Optionally watch Chris Cook on the [Kaiser report](#) until 25:30



Now watch [A History of the Knights Templar](#) until 13:45



Templar banking network



The Templar seal conveys poverty, pilgrimage and brotherhood as two knights share a horse. This origin myth belied a hugely powerful network.

Templar Commandery network
circa 1300AD



Bills of Exchange

- Interest influences the nature, function & impact of money & **usury was discouraged by most religions**
- The Italian bankers, including the Bardi and Peruzzi, got around this in the **13th century**, through the creation of Bills of Exchange, which became a **private international money used by elites**, including the merchants, nobility, monarchs and the catholic church
- The banks issued more Bills of Exchange than the coins referred to, so they were effectively **issuing their own currency**, and this was **more significant than charging interest** through fees



Cosy with Catholicism

- The Italian Banks made **deals with the Pope to collect money**, and with Monarch's such as **Edward III, to fund for wars**, from whom they extracted monopoly trade deals
- The **money-creation function** of these banks was their main profit making activity, often **overlooked by historians who assume a coin-based system in the Middle Ages**



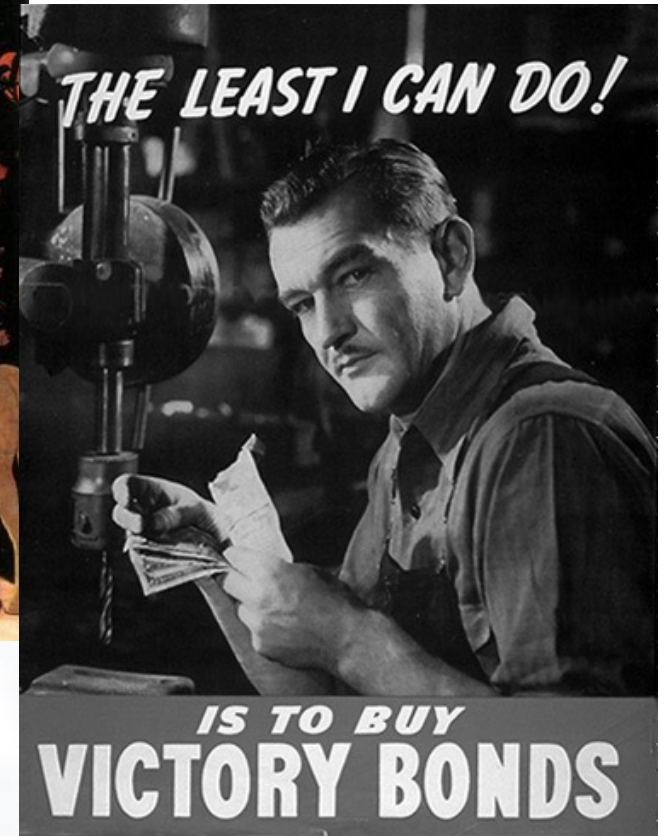
Creditors to crowns



Bonds



The Battle of San Romano. This victory of the Florentine army over the Sienese in 1432 would not have been possible without Florence's compulsory bond purchases.



This Canadian propaganda shows how bonds were sold to citizens even in WWII

Now watch this clip from [The International](#)



Clipping and Free Coinage



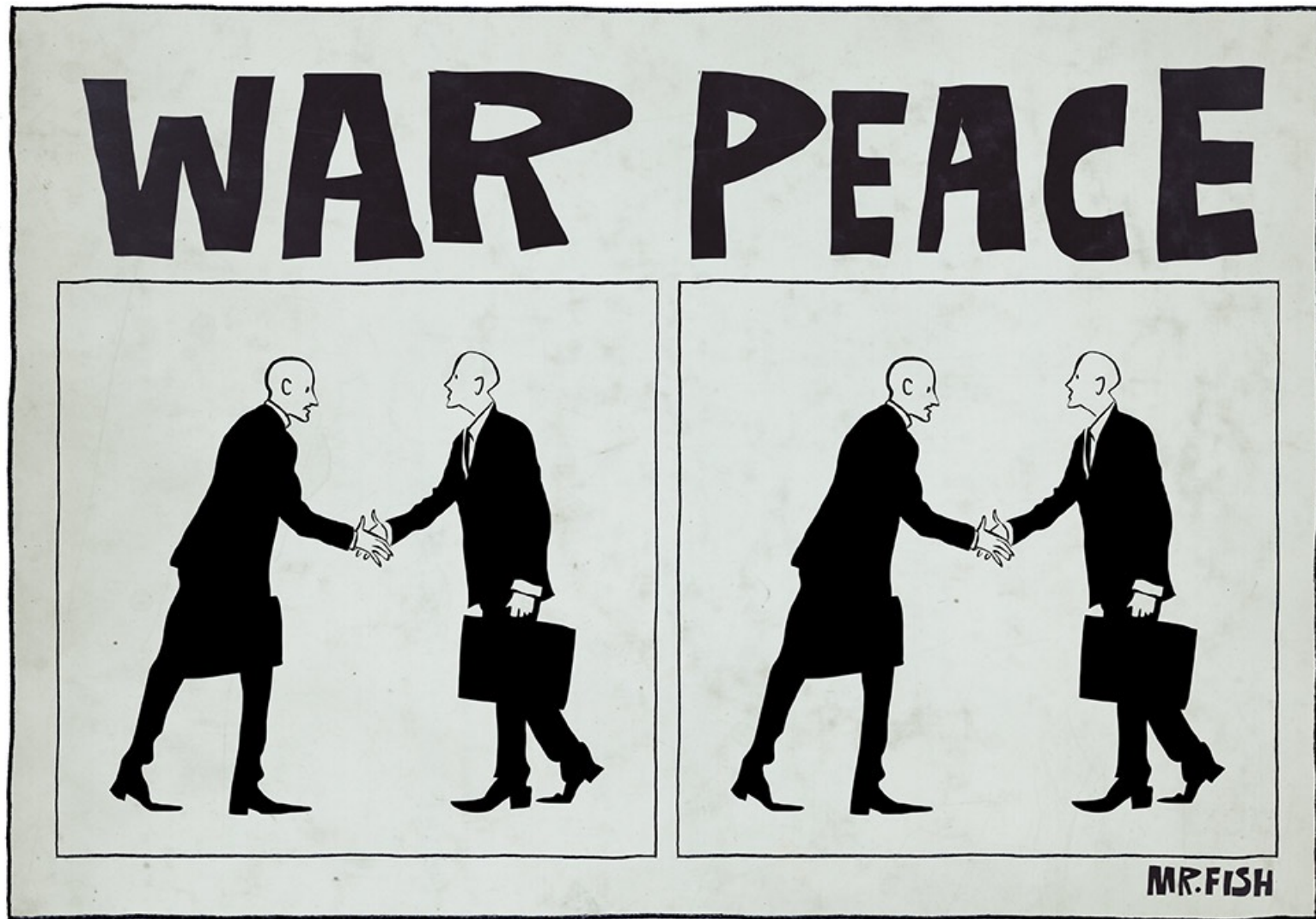
Origin of central banking



Now watch [Money Masters](#) To 27:16



On war being a racket



Now watch [War is a racket](#)



Unacknowledged Power



Wadesdon Manor in Buckinghamshire, UK, built from 1874 for Baron Ferdinand de Rothschild and donated to the National Trust in 1957, and is now overseen by a Rothschild charitable trust.



Silver surplus



Now watch [Four Horsemen](#) until 22:10



Inflation & deflation

Between the 16th and 18th centuries, as much as 300 tons of silver per year were stolen from Peru and Mexico. Prices increased 3-4 times across Europe.



This bullion never made it back to Spain and was recovered from the sea bed along with 40 tons of silver and gold.



Hyperinflation and other hunger games



During the Serbian hyperinflation 1993-94, famous national faces ceased to be used on the notes. It was rumoured that this note featured the daughter of the artist.



The Weimar inflation of 1921-23



Gold and silver and oil standards



If they dare to come out in the open field and defend the gold standard as a good thing, we shall fight them to the uttermost, having behind us ... the laboring interests and all the toiling masses, we shall answer their demands for a gold standard by saying to them, you shall not press down upon the brow of labor this crown of thorns. You shall not crucify mankind upon a cross of gold.

1896 Presidential candidate William Jennings Bryan

There is also a newly emerging alliance among Saudi Arabia, Israel, Egypt, and Russia. The new alignment will have no particular use for US dollars and no reason to support them. This turn of events marks the beginning of a significant diminution in the role of the dollar in the international monetary system.

Jim Rickards, author of The Death of Money



Now watch [Radical Abundance: How we get past 'Free'](#) until at least 5:00



Medieval two-tier economies



Bracteates were one sided medieval coins. Their thinness made them cheap to produce and resistant to clipping



Think...

When you think about 'money' which do you have more in mind, a medium of exchange, or store of value? Spending or saving? something worthless or something valuable?

Now read this short passage from [The Ecology of Money](#), section “Currency as a form of tax”



Scrip



Wörgl scrip, with seven 1% stamps

Private US stamp scrip. Once it had 3 stickers it could be redeemed anytime before 1936. It does not say when stamps should be attached.



Now watch [The essence of money](#) (7 mins)



Private credit

Newspaper postage only is chargeable on this sheet.



Daily, \$12.00; Weekly, \$1.00; Semi-monthly, \$1.00; Monthly, \$3.00. NEW YORK, OCTOBER 1, 1848. [Including a Cole book—Pay must be in advance.]

THOMPSON'S BANK NOTE REPORTER.
PUBLISHED AND CONDUCTED
Daily, weekly, semi-monthly and monthly, by J. THOMPSON,
Book & Exchange Broker, 64 Wall street, N. Y.
Carriers supplied at 64 Wall street; 12 Spruce street, second
door, and at Mulberry & Nassau, 351 Pearl street.

Wednesday, 27th Sept.

After the letters by the steamer were distributed, our
broad cuff market, which had been depressed, revived, and
Corns advanced, and Flour remained firm at last week's
prices. The prospect of a considerable demand for Corn &
& Flour for Great Britain is now good, and although we shall
probably see none of the extravagant prices of last season—
and it is better that we should not—yet the appearances
are that a healthy demand will exist at fully remunerating
prices for a large portion of our surplus provisions. We
trust our growers and millers will freely meet the demand,
and not hold back in the speculative hope of getting higher
prices.

Current prices for the following articles:

Flour, extra, \$5.00	Wheat, common, 120-125
" common, 4.50	" do, 120-125
" and N. Y., 5.00	Pork, prime, 10.00
do, mixed, 4.50	" do, 10.00
do, yellow, 4.50	Lard, 9.00
do, round, 4.50	Butter, 8.00
Oats, 3.00	" do, 8.00
Kye, 3.00	" do, 8.00

Bank of Sanluisky.
The Bank of Sanluisky is again in the hands of its old
owners and managers—men who have long had the control
of its interests, and sustained its credit. We thought at the
time it changed hands before the transaction was highly
advisable; for, however honest the transaction, and however
well qualified the new purchasers may have been, the change
at such a time was liable to misconstruction, and calculated
to create distrust. The consequence was, that a new run
commenced against the bank, but it has been honestly and
honestly met; and we expect there is abundant means
and an honest determination to meet all lawful demands
that may come against it. [Sundays series.]

First, then, the Bank of Sanluisky is of that
class which changes hands; the owners sell out
and buy back, swap off or trade away at pleasure
—got an instrument down and give liberal credits
for the balance.

Second—The people had but little confi-

[For new Counterfeits and Land Warrant article, see page 32.]

dence in the new purchasers, and a run com-
menced. Now to our logic, it is plain that the
"new purchasers" owed the "old owners" a
large portion of the purchase money, and to save
this the bank was wheeled back into the hands
of the "old owners," and thus the "new purchasers"
stepped out.

Promptitude.
Some Banks (and we would name the Far-
mers' Bank of Amsterdam, N. Y.) are in the
habit of omitting to remit for collections prompt-
ly. To such banks we would say, there is
nothing that will so effectually and certainly de-
stroy your credit as the keeping of money from
those who send you collections.

Now, see why. A stranger, or a person
whom we do not wish to trust, reaches us a note
for collection, and asks, "When shall I call for
the money?" Answer, "It is due on the 10th,
call on the 15th." The 15th comes, and so does
the man for his money; but not a word from the
cashier. To pay the man, is taking a risk; be-
sides there is an injustice in advancing money
which should have been in our hands. Then
again if we say that the bank to which we sent
it has not remitted, he will set his pleasure about
believing us, and may go from the office under
the conviction that we are shaming on his money
very much to his inconvenience.

We can say emphatically and pointedly, that
being exposed in this way, engenders a strong
feeling against those who leave us so exposed.

[Mr. Crocker, in a letter dated just previous to the
sailing of the steamer, states that he had every prospect of
concluding a sale of five millions of the loan 1856, with
Messrs. Barlow, Orwood, Corney & Co. and others, and
that he would return by the steamer of the 23d September.
The opinion of parties interested here is, that the sale was
consummated, and the market has improved somewhat in
consequence.]

[A \$50 note, having the name of the bank for which
it was originally issued extracted, and the Bank of Com-
merce, Philadelphia, in its stead, with fictitious signa-
ture, has been received by one of the Philadelphia Banks in a
minute. It has J. Kewy, as president, and persona is
connected with the Bank of Commerce.]

Bank Note
Reporters that
would print what
various known
notes were worth



Dollar bills from
the US between
1837 and 1862

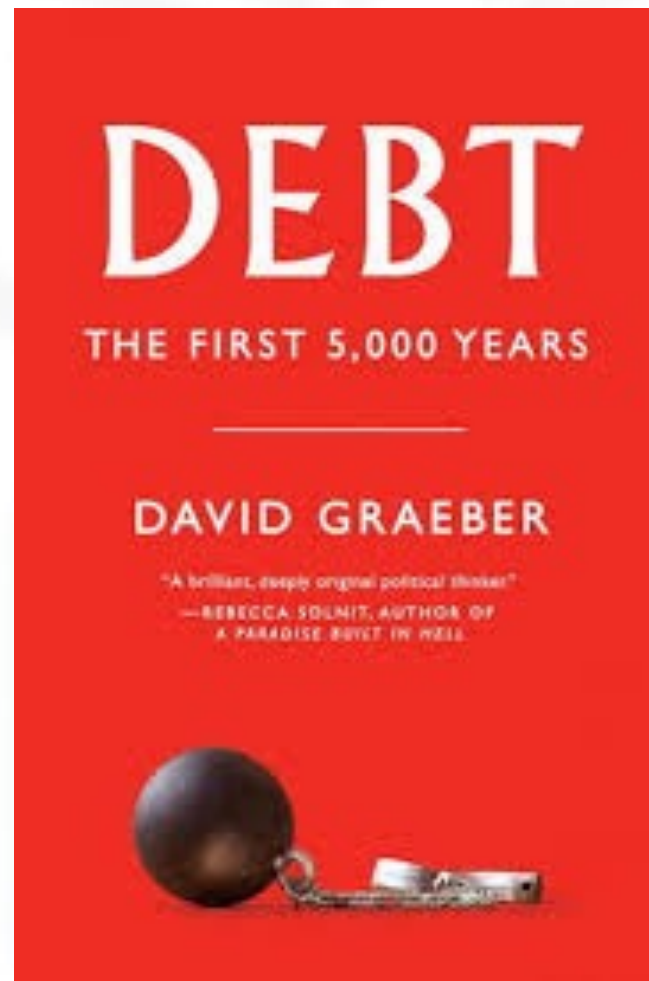
Now Watch [Money Masters](#) for 1 min



Recurring banking crises



Eras of specie & credit



Assignment

- Can you detect any recurring themes in monetary history?
- Develop your own theory on the main factor influencing monetary history, and turn this into a “law” enabling you to make predictions relevant to our current situation.
- Provide examples from monetary history, using examples from this lesson, other sources if required, and Glyn Davies book: <https://archive.org/details/HistoryOfMoney>
- When you have formulated your law, and justified it from examples, write it up in no more than 500 words and post it in the forum, then comment on and vote up and down the laws of the other students.



Further reading

Davies, G (2002) The History of Money: <https://archive.org/details/HistoryOfMoney>

Ferguson, N (2008) The ascent of money , Penguin Books. Documentary:
<http://topdocumentaryfilms.com/the-ascent-of-money>

Graeber, David, 5000 years of Debt (2011) Chapter 8. Audio is here:
<http://www.unwelcomeguests.net/archive/audiobooks/Debt, The First 5000 Years/5000-debt-08-Credit-Versus-Bullion,-And-the-Cycles-of-History.mp3>

Zarlenga, S (2002) The lost science of Money

Martin, F (2014) Money: The Unauthorized Biography.

Rickards, James <http://www.internationalman.com/articles/jim-rickards-decline-of-the-petrodollar-system-is-good-for-gold>

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Adapted from Bendell, J and M. Slater (2015) Money and Society, free course,
www.iflas.info

There is still time to sign up to the related certificate, with 5 days in London. See
<http://www.cumbria.ac.uk/Courses/Subjects/BusinessComputing/Short/SustainableExchange.aspx>