

Western civilisation." For a number of weeks, the president would consult his advisers over boiled eggs at breakfast and randomly drive up the gold price, beginning at \$31.36 an ounce until it settled at \$35. By then a recovery was under way.

This absorbing study of the first collective of central bankers is provocative, not least because it is still relevant. Mr Ahmed, who was a World Bank economist and now manages investments in America, likens central bankers to Sisyphus. This was the man whom the gods condemned to roll a large stone up a steep hill only for it to roll down again when it reached the peak. These great central bankers were so wedded to a dogma that they were incapable of imagining its failure.

Perhaps this kind of single-mindedness is endemic to central bankers; since the early 1990s the idea of controlling inflation at all costs has been so compelling that central bankers have ignored such unintended consequences as bubbles in the housing and stock markets. But these were big enough, when they burst, to trigger a worldwide slump. Not lords of finance surely; more like high priests. ■

## Scotland and England

### Unkilting the myths

**Union and Unionisms: Political Thought in Scotland, 1500-2000.** By Colin Kidd. Cambridge University Press; 312 pages; \$90 and £45

MANY countries have a union, or even two, in their history, and for some it occupies a central place. So it is with Scotland and England, yet for much of the union's 300-odd years, most people both north and south of the border have taken it for granted, and the arguments in its favour have largely gone by default. In this book Colin Kidd, professor of modern history at Glasgow University, rescues unionism from both neglect and misunderstanding. His surprising conclusions extend well beyond the narrow topic of the constitutional origins of the United Kingdom, mysterious though those turn out to be.

Asked to summarise the condition of unionism, a reasonably well informed student of British politics might respond that

## Europe's first financiers

### A question of principal

#### An Italian archive yields its treasures

WHO were civilisation's first financiers—the moneymen who could transform one man's deposits into another customer's credit? Perhaps they were the Egibi family in Babylon as early as the 7th century BC, though a more plausible case can be made for Pasion, an Athenian contemporary of Socrates at the start of the 4th century BC, when bankers were already the butt of music-hall humour ("the most pestilential of all trades"). Egyptians were using cheques 70 years before the birth of Christ, but Eurocentric historians look no further back than medieval Europe.

Even then, there is confusion about where the first European bankers banked. For example, Niall Ferguson, in his entertaining British television series, "The Ascent of Money", is so dazzled by the magnificence of the Medici in Florence in the 15th century that he gives them more credit, as it were, than they deserve.

If European banking was invented anywhere, it was probably in Genoa in the 12th century, spurred on by the revival of trade in the Mediterranean. That, at least, is the case convincingly put forward at [www.lacasadisangiorgio.it](http://www.lacasadisangiorgio.it). The site was formally launched at the end of 2008 at the conclusion of a 25-year study of Genoa's early economic history in the voluminous and carefully preserved state archive. The prize possessions are documents from the 12th century describing financial instruments that are commonplace today.

The first recorded public bond is dated January 1150 when the municipality raised 400 lire by granting to investors the tax revenue raised from stallholders in the marketplace. The term was 29 years, and the loans were described as *compere*—or purchases—to evade the church's usury laws. In the 13th century tradable government bonds were issued in Genoa, paying 7% interest. In the 14th

century the first sinking funds were organised in Genoa; and, 100 years later, the first lottery. Giuseppe Felloni, a Genoese historian and numismatist has written a commentary on this impressive list of historical firsts in a 91-page pamphlet, "Genoa and the History of Finance: A Series of Firsts?" A fuller account and the pamphlet itself can be found at [www.giuseppefelloni.it](http://www.giuseppefelloni.it).

By the 15th century Genoa's finances were in such a parlous state that in 1407 the municipality established a private bank to consolidate its debts and called it the Bank of Saint George. Commercial moneylenders already operated alongside the bond market (they were known as *banchieri*) but the Bank of Saint George was the first institution in Genoa that could be called a bank. It also operated as a giro bank and it stayed in business for 400 years. It was not the first in Europe; a giro bank in Barcelona beat them to it by six years. The oldest bank still in business is Italian, however. Monte dei Paschi di Siena was founded by the municipality in 1472 to give loans to the poor at better rates than those offered by the moneylenders: a business model that has persisted for half a millennium.



union between Scotland and England in 1707, if not the union of the crowns in 1603. That would not be true.

controversy that surrounded the Act of Union in 1707. So its antithesis, if anything, was English imperialism, not Scottish nationalism. As for Unionism with a capital