

An Accounting History of Credit Money

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ARTICLE INFO	ABSTRACT
Publication Online: 27 July 2021	This article seeks to demonstrate that the invention of double-entry accounting, during the 13th and 14th centuries in the cities of northern Italy, was at the origin of the emergence of our monetary system: the credit money system. By showing the limits of the monetary histories that currently exist, this article shows that these limits are the consequence of a theoretical unthought: that of the different dimensions of money. It then shows that this problem is particularly well defined by double-entry accounting, which explains its decisive historical importance for the history of money.
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INTRODUCTION

The opposition between credit money and commodity money is known to economists and historians. What makes this modern credit money so special is that it is created when private banks grant credit to an individual or a companyⁱ. The flow of new credit minus the flow of repaid credit for an entire monetary zone gives us the money supply in circulation (excluding foreign exchange transactions). Nowadays, the money supply is therefore a mass of credit in circulation with debts as a counterpartⁱⁱ. This definition sheds light on the term "credit money". Commodity money, on the other hand, was characterized by a value per se of money in circulation, generally defined by its value in gold. In the past, therefore, the money supply did not have debts as a counterpart.

But historians and economists do not clearly perceive *when* and *how* this modern money appeared, nor *when* and *how* it gradually replaced metallic money. Generally, they confuse credit money with scriptural money and consider that it was pure convention that allowed the gradual transition from metallic money to scriptural money. In so doing, they do not explain how credit money itself came into existence and why this system was created. Nor do they explain in conceptual terms what this transition consisted of. They fail to see that what was at stake was a transformation of the fundamental rules of money, a change of dimension, and not just a change in its support. Actually, the promises of money, or the claims of the old currency, have become the modern currency. This is the reason why no history of money traces its evolution in a logical way from the Middle Ages to the present day. Such an undertaking systematically comes up against impassable inconsistencies as long as it has not been identified that the double part has provoked a change in the

dimension of money: the transition to modern credit money, starting with the transformation of claims into money.

We could multiply the examples to show that three cases can be observed among historians: First, the case in which the historian accounts for the evolution of modern credit money. In this case he starts openly from the seventeenth century and explains the evolution of the present system by giving money its contemporary definition of a credit system. Excellent works, precise and documented, naturally fall into this category, including a large part of contemporary economic thinking. Secondly, the case of medieval historians who analyze money in the context of coinage, and consider the credit system emerging at that time as a non-monetary system based on it. In general, these historians stop around the seventeenth or eighteenth century, because later the evolution of the monetary system appears to be too complex and too different from their object of research, even if they are extremely precise and documented for the period they cover. Finally, historians covering the whole period systematically fail to give a satisfactory definition of money, either in the vagueness of the explanations or in the unspoken facts. This is not surprising. While the first two types of work move within a single definition of money, adapted to the period they are studying, the third are torn between the two dimensions of money that prevailed successively, which they are unaware of. Thus, they necessarily fail to unify the history of money, because in order to do so they would have to extract the notion of dimensions of money from their historical analysis.

For contemporary credit money, if it functions as a credit system, owes it to the fact that it was originally only credit, claims, based on metallic money. Double-entry accounting, by rationalizing and unifying these promises of

payment and metallic money under common rules and thanks to reliable checks, has allowed these claims to be used on a massive scale. Then these claims developed over the centuries until they became completely independent of the metallic money on which they were originally based, as economic actors gained confidence in them, as they felt that their rules of operation mattered more than the metallic money in which they had always placed their trust.

This is how claims based on metallic money have become a currency in their own right, the credit currency we know. And the rules that allowed them to gain the confidence that we today attribute to credit money were given to them by double-entry accounting. It was double-entry accounting that made it possible to change the monetary dimension, to pass from simple metallic money to scriptural credit money. But it is essential to emphasize a fact that escapes the analysis of historians and economists: the fact that there is a third dimension of money. This third dimension is credit based on contemporary credit money, which is therefore a credit system based on a money that functions itself as a credit system. The confusion of the different dimensions of money is at the root of many theoretical problems in economics.

Thus, medieval historians of money and credit, such as Raymond de Rooverⁱⁱⁱ, do not perceive that the fine and complex credit tools that they brilliantly analyze will in fact become credit money itself. Symmetrically, economists or historians of modern money fail to see that this credit money was born of claims based on metallic money. All fail to discern that contemporary finance, especially the bond markets, are another monetary dimension, a mass of claims based on credit money. Finally, they fail to see that it is the logical structure of double-entry accounting that unifies them in a system of value definition. The complexity and efficiency of double-entry accounting is what places it at the heart of the different dimensions of money: it is it that created them, it is its rules that unify them, it is through it that we can think of them.

In general, modern credit money, poorly isolated conceptually from scriptural money, is considered to be the invention of central banks, especially in neo-classical economic thinking. The first to be recognized as such is the Bank of Amsterdam, created in 1609. For example, Stephen Quinn and William Roberds, in an article published in 2009 in the *American Economic Review*, consider that the Bank of Amsterdam was the first to use a unit of account that could only be protected from depreciation by open market operations^{iv}. According to these authors, this key innovation allowed the gradual introduction of modern money, which functions around this new unit of account that can be called "central bank money", and which would be the basis, even today, of relations between central banks and private banks. The need for the Bank of Amsterdam to protect its official currency against the depreciation and invasion of foreign currencies would have led it to invent the modern unit of account^v. Its success would then have led the other countries

of the world to adopt this central bank system, and first and foremost Protestant countries.

But Quinn and Roberds, both representatives of a common representation among many economists, made a mistake in confusing these interventions with the invention of the unit of account that would serve as the basis for modern money. This unit of account was not invented by the Bank of Amsterdam, but simply derived from the logic of double-entry accounting as it had been established in the fourteenth century. When the Bank of Amsterdam opened in 1609, it naturally used this accounting system to manage its deposits as many banks were already doing at that time. However, it is the entries of this system, which is nothing more than a credit system based on metallic money, passed between the accounts of the depositors that allow the existence of modern credit money, and this had already been practiced for a long time.

Indeed, when transfers of claims between correspondents according to the rules of the double game, without displacement of metallic money begin to appear, the possibility of granting these claims in a massive way also appears, in particular from a firm to one of its correspondents. And this possibility exists, it is important to point out, in spite of, and even because of, the prohibition on interest-bearing loans. To do so, it is sufficient to grant a payment period on the sale of an asset, as can be shown by a simple accounting analysis. In this case the duration of the payment period will correspond to the creation of modern money, albeit in reduced quantity, since this operation will give rise to a debt that can itself be used as a means of payment.

But beyond the history of accounting, we can see that the invention of the double-entry system originated the first modern banks in Italy, which emerged from the transformation of large commercial firms^{vi}. The creation of double-entry accounting thus marked the decisive stage in the invention of modern credit money. Actually, it was even consubstantial with it. In fact, it was because the need for credit was very pressing at that time that the possibility of issuing credit, even if this issue was necessarily secured by the sale of a good, led to the expansion of this technique and its counter-intuitive rules. Moreover, the fact that merchant firms that used the double-entry system could grant and manage numerous credits led them to modify the nature of their activities. From commercial enterprises managing payment deadlines or debt transfers to their correspondents, they became banks granting credit based on the forward sale of goods. There is *de facto* no difference between these two definitions, except that these companies must have had many customers who no longer really wanted to trade with them but rather to obtain credit. This is the reason for the transformation of the large Italian merchant companies of the late Middle Ages into banks. The invention of double-entry accounting was the reason for this evolution.

Later, when the first state banks were created, their purpose was to better control the credit capacity opened by the double-entry accounting, which involved many risks, and all of them used the double-entry accounting. The first central banks did not invent the modern unit of account, they only secured and extended it. This unit of account was already fully defined in the rules of double-entry accounting. It had already given rise to the development of many private banks and even, this point is important, of public banks, such as the *Banco della Piazza di Rialto* in Venice, which also managed the treasury of the Venetian State^{vii}. The Bank of Amsterdam therefore used the same system as all the banks of the time at the time of its creation, but tried to secure it in several ways. First by backing it up with the credibility of the city of Amsterdam, and second by supporting the value of its currency, including through open market operations, and this is its real success^{viii}. Indeed, once the stability of *Wisselbank* and its currency of account was achieved, depositors throughout Europe had an interest in using it as an international banking platform, and this efficiency led other countries to create central banks based on its model.

But the Bank of Amsterdam had first and foremost to guarantee and protect the credit system of the United Provinces, a system that relied as much on the East India Company, the armed and monetary arm of the state charged with making profits in all the Dutch colonies, as on the *Wisselbank*. Indeed, if bills of exchange had to be paid to the Bank of Amsterdam, if this bank granted advances to the State, it was the East India Company that allowed the issue and massive circulation of bills of exchange from the profit it generated^{ix}. What the double entry system allowed above all was to connect the issue of debt to the rational calculation of profit, which led to a feedback loop that was extremely profitable for the States that used this system, since thanks to it they developed and became richer.

I - THE BIRTH OF THE FIRST MODERN BANKS

The first modern banks appeared in Italy at the end of the Middle Ages with the transformation of large commercial enterprises^x. This fact is not surprising. The use of the double entry system certainly brought about this transformation. The large merchants who used it, in fact, very quickly realized that they were able to manage many payment terms with great rigor, and even to manage them on behalf of customers among themselves. However, due to the lack of money in circulation and the prohibition of interest-bearing loans by the Church, customers were always asking for more because they represented a means of payment that could circumvent the official currency. A delay in payment, in fact, allows for a momentary increase in wealth for the one to whom it is granted, until it is due. Moreover, for the one who grants the delay, it gives rise to the possession of a debt that can be used as an additional means of payment.

If we look closely at this operation from an accounting point of view, we can see that it is no different

from the issue of credit money, with the difference that this credit money exists here in very small quantities in a world of commodity money, and that there is no explicit payment of interest^{xi}. But nevertheless, it exists, as a means of complementary or marginal enrichment, but as a means of enrichment all the same. And for this reason, it will be more and more in demand in a world deprived of money and loans. This is the fundamental reason that pushed the great Italian merchants to transform themselves into banks. It is because they saw the demand for credit flowing towards them. They then moved their activity, ceasing to devote themselves to simple commerce and specializing in the management of these new types of credit that they granted to their clients. Without being aware of it, they had discovered modern money and devoted themselves to its management and development.

It was double-entry accounting that allowed the birth of modern banking and money, as early as the 14th century in Italy, much earlier than is generally believed. The first banks used double-entry accounting, and in fact invented this technique^{xii}. Thanks to the mastery of this technique the Italians became the bankers of all Europe in the fifteenth century until it was used by other countries, and then the bank expanded outside Italy^{xiii}.

II - FINANCIAL MARKETS AND STOCK EXCHANGES

The only thing that differentiates the credit money of this era from modern money is interest. Today, credit money circulates in exchange for the payment of interest, however low. But at the time of the birth of the banks, for such credits to be granted, the bank had to pay itself for the service it provided in another way. In reality, an elementary accounting analysis shows that this remuneration was based on the capital gain made on a sale of goods. This explains why the credits of the time were in fact forward sales of merchandise. This is because banks were born of commercial enterprises, and credits initially appeared as payment terms on the sale of goods in commercial enterprises that used double-entry accounting.

But since credits depended on the capital gains on the sale of goods, it became necessary to exchange as many goods as possible, in order to multiply the chances of realizing this capital gain and thus granting credit. The amount of credit granted depended on the quantity and price of the goods exchanged. There was therefore pressure to increase the number of places where goods could be exchanged, and in particular to increase the number of single-point exchange locations where numerous purchases and sales could take place at the same time. And these numerous purchases and sales, it is fundamental to understand this, were only taking place to pay for credits. But on the other hand, the credits resulting from this system of forward sales made it possible to finance market operations, in particular distant trade which made it possible to obtain goods at high prices.

This cannot fail to strike the observer, it is precisely at this time that the stock exchanges developed. The birth and expansion of financial markets, and more broadly the growing commodification of the medieval world, was in fact the counterpart, the compensatory mechanism that allowed the expansion of credit money. The stock exchange played the role of the interest rate at that time. A feedback loop emerged between credit growth and profit growth, and this was the efficiency of this new credit money.

This also explains very logically the origin of futures contracts, or forward contracts, which are known to play a decisive role in the expansion of financial markets^{xiv}. In fact, since in order to grant credit, it was necessary to pay a capital gain on the sale of a commodity, and since these credits were in fact payment terms, the granting of credit was linked to the sale of a commodity paid later at a price fixed immediately (which is the same thing as a payment term). Thus, the one who granted the credit (for example, the Italian bank) did so in exchange for a certain capital gain that was received later, at the time of payment, while the one who took out the credit did so in exchange for a future capital gain on the sale of the goods acquired on credit. Here again, the accounting logic shows us that these transactions are at the origin of forward contracts. It is immediately apparent that the stock exchange played the role of remuneration for credits, and therefore its development is linked to that of modern credit money.

The expansion of financial markets (or stock exchanges) was in a way necessary for the expansion of credit money as long as direct interest loans were prohibited. For these financial markets to grow, however, more and more goods necessarily had to pass through them, which put pressure on the commodification of the medieval world, and also pushed for new forms of economic exploitation, but also for technological progress and proto-industrial productivity increases (as in the Venice Arsenal) to improve competitiveness and realize capital gains on sales. In turn, this economic expansion fueled the need for credit, which was the origin of the development of this financing system. Generally speaking, Venice, at that time, could represent the archetype of that first modern capitalism, which saw the birth and expansion of double-entry accounting, modern credit money, and financial markets^{xv}. These three institutions are consubstantial, and nourished the growth of productivity itself at that time, which accelerated the birth of modern capitalism.

III - THE CHANGE

The exchange activity was a classic activity of the old banks, because the speculation on foreign exchange was the second source of credit financing with the profit on the sale of goods. The foreign exchange market and the monetary policy of the medieval and Renaissance states were articulated with the bill of exchange market and the circulation of modern money. But the exchange rate was sometimes an element of destabilization for the banks. In fact, the history of modern

banks in Italy in the 14th, 15th and 16th centuries is marked by numerous bank failures, which made it difficult for them to use the tools they had designed^{xvi}. It is known that it was by managing to protect itself from the risk of devaluation and by fighting against the anarchic invasion of foreign currencies that the Bank of Amsterdam managed to establish its credit currency very solidly in the 17th century.

IV - STATES USE CREDIT MONEY

The historical appearance of public banks, or central banks, began with the Taula in Barcelona^{xvii}, but it was in Italy that the most striking of them was born: the *Banco della Piazza di Rialto* in Venice in the sixteenth century. These great public banks continued the evolution of the previous centuries. Their main purpose was to avoid bankruptcy by engaging the responsibility and credibility of the States to which they belonged^{xviii}. But they were not at all different in their functions from the private banks that had preceded them. They managed exactly the same type of operations as the private banks that preceded them, received deposits and allowed the operation of credits between depositors. Some played more the role of platform than of credit actor, but it is certain that their depositors used these mechanisms of credit money among themselves as they did with the private banks. Many, like the Bank of Venice or the Bank of Amsterdam, used credit money to make advances to the State, especially in times of war, and this was the driving force behind their development, since it was in the State's interest to develop this credit money.

When they were created, the central banks used double-entry accounting in any case^{xix}. They did not invent anything in this respect, everything having been fixed a long time ago by the Italian accountants of the thirteenth and fourteenth centuries.

However, the Bank of Amsterdam managed, in the 17th century, to maintain the value of its credit currency and to protect it against attacks from foreign currencies through open market interventions^{xx}. This was part of a more general movement to develop the credit system of the United Provinces, in connection with the establishment of the East India Company, which allowed the Dutch state to develop and finance its military expenditures^{xxi}. This stability and efficiency attracted all the economic and financial actors of Europe to this bank, and it became the world platform for the exchange of credit money, as were in the sixteenth century the Besançon fairs, created by Charles V, or in previous centuries the great fairs of Northern Europe, where Italian merchant bankers ensured the compensation and circulation of credit. The other European countries, starting with the Protestant countries (but not only), then sought to build central banks on the model of the one in Amsterdam, in order to use in their turn a modern and secure credit currency. All of them used the only known method of using this modern currency: double-entry accounting.

V - THE RETURN OF THE INTEREST-BEARING LOAN AND THE SUSPENSION OF THE CONVERTIBILITY OF THE CURRENCY OF CREDIT

When was the interest-bearing loan reintroduced into the banking system? This question is less obvious than it seems, since economists and historians, because of their general lack of understanding of the mechanisms of double-entry accounting, have difficulty identifying the functioning of the payment period, and have a poor understanding of how it differs from the interest loan. This is logical, since this misunderstanding of double-entry accounting is also the reason why they do not see when and how modern money appeared. Therefore, they did not give due importance to the question of when this interest-bearing loan appeared in double entry system.

It was the Lutheran, and later especially Calvinist, Reformation in the sixteenth century that made it possible to reintroduce the commercial and interest-only loan in several countries. However, this interest loan was reintroduced much later in the banking system, and it seems, for example, that the Bank of Amsterdam did not use it in the seventeenth century. This is not surprising because it was seen that the double-entry accounting system - credit money - financial markets worked as an effective way of circumventing this interest loan, and had in fact proved to be much more effective in granting credit than a simple system of metallic money where the interest loan would have been allowed. However, with the Protestant Reformation after long struggles in northern Europe, there was no longer any religious reason to prohibit bank interest loans in these countries. Following the advice of Sidney Homer and Richard Sylla, it was the Bank of England that reintroduced it definitively, drawing inspiration from the inland bill of exchange practised by the Goldsmiths at the end of the seventeenth century^{xxii}.

In France it seems that it is at the beginning of the XVIIIth century, and in spite of the prohibition of the Church that the loan with interest began gradually to be authorized, before the Revolution and especially the Empire definitively framed it. At the time of the creation of the Bank of France and the granting of the privilege of issue by Napoleon, the latter used the interest loan in its accounting^{xxiii}.

However, this question is not so important for the history of the emergence of credit money, because the countries that used and developed this system the most in the 18th century, France and especially England, did not base their credit money on direct interest loans but rather on forward sales of goods. It was the suspension of the convertibility of this currency of credit, which occurred in 1797 with the *Bank Restriction Act*, that led to the autonomy of the currency of credit in relation to trade in goods and metal money. And it was at that time that the Bank of England's interest rate was used as a tool for steering the money supply, in connection with the control of inflation, which began to preoccupy economists more and more in the 19th century.

We have seen that modern money, double-entry bookkeeping and financial markets seem to have formed as a connected system that originally allowed for the detachment of precious metals and the bypassing of interest-bearing loans. Over the centuries, this system has slowly but surely been perfected, each country, each generation, in turn making an improvement that was later adopted by others. By the end of the 18th century, credit money was already well established, many central banks were created, credit money circulated securely and accompanied the developments of the Industrial Revolution. The religious ban that was at the origin of this tool forged over the centuries also came to an end, and interest loans were reintroduced without changing the nature of the system itself. As a result, the great practical efficiency of credit money was preserved while introducing the interest loan as a tool for steering this currency, at least in England from the Bank Restriction Act of 1797.

When Henry Thornton, an English banker and economist, published his treatise on monetary policy in 1802, the financial system he described was sufficiently modern and close to ours so that his thinking is still considered today as the theoretical basis for the action of central banks^{xxiv}. Moreover, this author is considered to be a precursor and to have had a great influence on Knut Wicksell, whose work would itself have a profound influence on those of Keynes and Hayek.

It is the suspension of convertibility that will separate monetary creation from trade in goods and metallic money. This will be a double-edged sword. For if, on the one hand, monetary creation will be easier for a state, leaving it with the possibility of resorting to it in the event of war, as England did, the inflationary risk reappears, while the connection to trade in goods, which the merchant banking system obliged it to do, largely deactivated this risk. Thus, this system led to the emergence of the great inflationary crises caused by the abuse of paper money in England, and led to the Bullionist controversy in the British Parliament, bringing economic science itself into a new age. Indeed, these experiments profoundly questioned economists on the theme of inflation, its relationship to money and production, and in this respect Thornton's work is very representative of this movement of economic thought entering the contemporary age.

VI - BANKNOTES AND THE GENERALIZATION OF CREDIT MONEY

The expansion of banknotes and checks is in fact the history of the extension of the use of credit money to the popular masses, and it began especially at the end of the seventeenth century. The bill of exchange was clearly a forerunner of these banknotes, if we perceive that credit money derives from the use of double-entry accounting^{xxv}. Moreover, when the Bank of England issued its first banknotes, it based itself on the *nota di banco* of Italian Renaissance banks. What

allowed the massification of the use of these banknotes was the securing of the credit money that the Bank of Amsterdam had succeeded in the 17th century and that the Bank of England was pursuing against the depreciation of this modern currency by poor quality currencies. This struggle for stabilization continued throughout the 18th century, and was marked by numerous accidents in all countries, especially during the wars between them^{xxvi}. The recourse to rescue funds, as Robert Walpole did in 1720 in England, allowed the maintenance and development of credit money, which in fact circulated in parallel with the official currency and ensured the joint development of profit. The association of a commercial company generating profit in the colonies, a public bank securing the currency of credit and granting advances to the state for the war, became the model of the most advanced states at that time.

The bank bills were the result of this coupling, and facilitated the circulation of claims, since they no longer even referred to the original claim, and were therefore an efficient tool for the transformation of claims into currency. They marked an important stage, both conceptually and in terms of popular use, of the credit money derived from the double game.

After the Napoleonic wars, stability was more or less achieved in England and France, even at the price of a step backwards with the introduction of the gold standard system, which re-adopted credit money to metallic money. The banknotes then spread widely in all the rich countries. The privilege of issuance was generally granted to central banks, because there was a fear of the issuance of credit money and the inflation it could generate. The central banks then became the keystone of modern money, since they could control credit money by issuing banknotes with an interest rate that they could modulate as they wished. The Banque de France symbolizes well at that time the awareness of the economic importance of central banks. However, the monetary policy of these central banks in the 19th century, in England as well as in France and the United States, was rather retrograde, since they tried to limit their issues of credit money as much as possible, frightened by the memory of inflation during the wars of the Revolution and the Empire.

It was only in the 20th century, after the First World War, which once again pushed the States to suspend the convertibility of credit currency and thus to use a modern, self-referential credit currency, connected to private debt and therefore profit, but also to the public debt that it allowed to be financed at low rates, that economists like John Maynard Keynes rightly judged that it was not necessary to return to the gold standard system, and that it was preferable to keep this system^{xxvii}. But the problem of inflation and even unemployment, that is, of the overall consequences of this credit money system, was then pressing, since there were no longer any constraints on it. Those particular questions led to the invention of macroeconomics, of which Keynes was the greatest defender^{xxviii}.

Developing an autonomous and self-referential credit currency to finance state spending from the growth of private profit was the objective of one of the first major public banks, the *Banco della Piazza di Rialto* in Venice in the 16th century. But if Venice had sometimes used the suspension of the convertibility of the credit currency to finance its wars against the Ottoman Empire, it had never been able to maintain this system in the long term, because it lacked the theoretical and statistical weapons to conduct a true modern monetary policy. The system of credit money, based on the obscure double-entry accounting method, took a long time to be fully mastered and rationally used by the states, and it was only after many experiments, patient adaptations and many wars and revolutions that the system of credit money was introduced.

At that time in most countries, the central bank became what it had always been meant to be: the organizer of the smooth functioning of credit money in the economy. The economy then reached its adult stage of development.

VII - EIGHT CENTURIES OF THE EMERGENCE OF CREDIT MONEY

Modern credit money has therefore come a long way, from the 13th century to the present day. There was first its appearance in Italy with the double part, then its use by the first banks, its joint growth with profit, its securitization by the big public banks, its autonomization by the re-establishment of the interest loan and especially the suspension of convertibility, its generalization by the diffusion of banknotes, and finally its definitive disconnection from metallic money in the 20th century.

At each stage of this evolution, credit money has always functioned thanks to double-entry accounting. However, this essential fact has never received the explanation it deserved: it is because double-entry accounting is at the origin of credit money, it is consubstantial with it.

From the oldest book of accounts we have kept track of, an anonymous document of a Florence firm dated 1211, which for the first time contained accounts of correspondents kept in *the sense of these*^{xxix}, that is to say, modern accounts of debts and receivables; until today, credit money has undergone an exceptional expansion due to double-entry accounting.

From then on, the origins of this invention must be remembered. It was because they wanted to unify the accounting of their treasury with the accounting of their company's credits, that the Italian accountants of the 13th and 14th centuries had come up with the strange rules of double-entry accounting. With the revolution of the inversion of the cash sign, their objective was to make credits a good to be counted like any other, they wanted to make them sound and stumbling coins like the one they had in the cash register: metallic money melted from precious metals. They also wanted to unify the value of their business and integrate the

problem of the variation in the value of the goods they owned into their accounts. Thus, they determined precisely the meaning of the concept of profit, which, combined with the efficient system of receivables and money management they had designed, would produce great consequences. In fact, as the centuries passed, it was finally their system that provoked the progressive replacement of metallic money by a credit money based on the rational calculation of profit, whose rules they had codified in their accounts of third parties *a la veneziana*.

Perhaps their obscure revolution can be summed up by the following idea: they had wanted to make credit a money, but they transformed money into credit.

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