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Contribution to the discussion

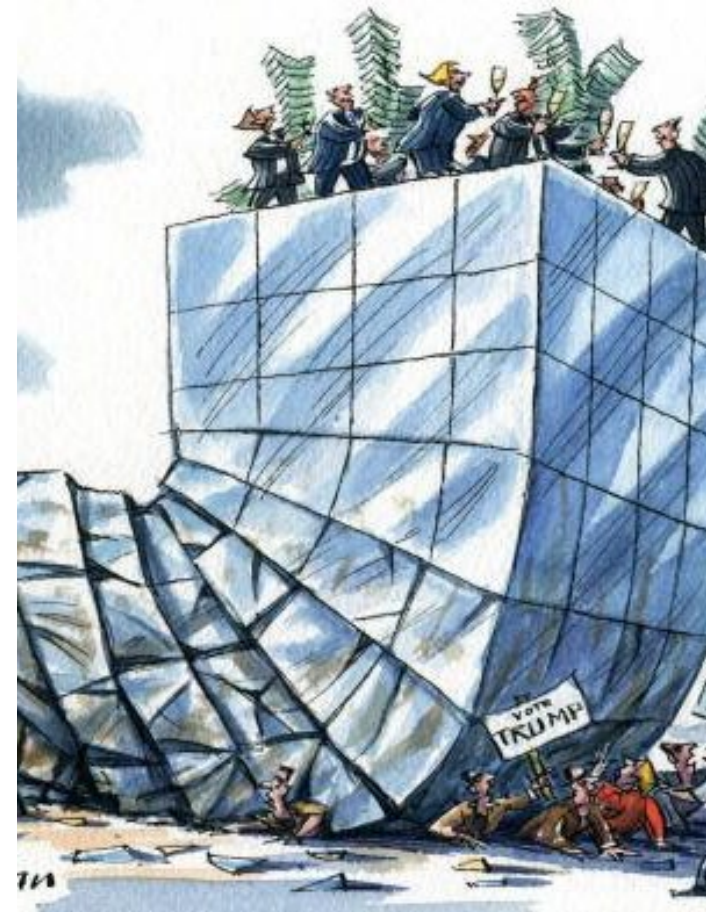
Central banks and major shocks: What do we know from history?

Maria Stella Chiaruttini, PhD – University of Vienna



What we do know

- Central banks often established as a reaction to a major shock
- Central banks' evolution influenced by major shocks
- Central banks often accused of causing major crises



By Ingram Pinn

<https://imperialglobalexeter.com/2018/09/01/this-weeks-top-picks-in-imperial-global-history-217/>

What we do not know

- The relationship between crises and the «geography of central banking»
 - impact on the local presence / activity of central banks
 - impact on the local economies



<https://wallup.net/old-world-map-cartography-geography-d-1600x1300-79/>

The spatial dimension of the Bank of Italy

- Fiscal and political crisis of 1848-49 leads to the merger of the Banca di Genova and Banca di Torino
 - one single issuer of paper money expanding monetary supply
 - formal integration of Genoese and Turinese banking markets within one single institution
- Economic and fiscal crises of the 1850s
 - development of a branch network to ensure de facto monopoly of issue
 - formal integration of provincial markets in Piedmont-Sardinia
- Italian unification
 - development of a branch network to claim monopoly of issue and provide a national payment system
- Crisis of 1866
 - nationwide note inconvertibility as a reaction to a Northern banking crisis?
- Banca Romana scandal
 - creation of the Bank of Italy -> consolidation of the branch network
 - different levels of credit contractions locally

The spatial dimension of the Bank of Italy competitors

- First banks of issue established during/after the shocks of the Napoleonic Wars (Naples, Florence)
- Fiscal crises in the Two Sicilies resulted in
 - enhanced role of the national bank
 - almost non-existent branch network -> weakening of local credit markets
 - split of the Neapolitan and Sicilian payment systems
- Economic and political crises in Tuscany and the Papal States
 - banking consolidation (Tuscany) or fragmentation (Papal States)
- Italian unification
 - pre-existing branch networks -> more or less vulnerable to outside competition
 - development of alternative branch networks as a competitive strategy
 - features of local competition between alternative providers of credit/means of payment???
 - local and nationwide consequences of this competition/cooperation ???



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LIBRARIES

DOIBI: A JOINT VENTURE

Marianna **Astore** (Paris School of Economics), Maria Stella **Chiaruttini** (University of Vienna), Federico **Barbiellini Amidei**, Paolo **Croce** and Paolo **Piselli** (Banca d'Italia)

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