

## CHAPTER 10

### Medieval Venice

#### *Four episodes*

Venice originally used one coin, the penny of Verona. Then starting around 1182, it minted its own penny or *denaro*, a silver coin about 25% fine.<sup>1</sup> In 1201, so the story goes, Venice had exacted ten tons of silver from the leaders of the Fourth Crusade to ferry them to the Holy Land. Turning that mass of metal into pennies at the current standard would have produced 100 million coins. So Venice decided to mint a new silver coin, both heavier and of higher fineness, called the (*denaro*) *grosso* or “large penny.” The penny became known as the *piccolo* or small penny.<sup>2</sup> In 1284, Venice began minting a gold coin known as the ducat, identical in size to the Florentine florin.

*Small denomination coins in Venice depreciated in terms of large coins.*

Figures 10.1 and 10.2 summarize the history of the Venetian monies up to the mid-1450s. For silver coins, figure 10.1 charts the evolution of mint prices  $e_i(1 - \sigma_i)/b_i$  and mint equivalents  $e_i/b_i$  for the piccolo and the grosso and its successor, the soldino. The graph shows the usual pattern of secular upward movement, reflecting recurrent debasements of the silver coins.

Figure 10.2 shows the market price of the gold ducat in terms of piccoli or equivalents. It displays the same general upward trend we saw in Florence, composed here of sharp accelerations punctuated by periods of stability. The gold content of the ducat,  $b_2$  in our model, remained constant throughout the period. The silver content of silver coins declined, as shown by the mint equivalent of the silver grosso/soldino.

When the standard formula is not or cannot be implemented, our model identifies either a debasement of small coins or a reinforcement

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<sup>1</sup> This section is mostly based on the account of Lane and Mueller (1985), with some complements from Papadopoli (1893–1909) and Cessi (1937).

<sup>2</sup> Unfortunately, this account of the grosso’s origin is doubtful.