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# EKONOMIKA BOKELJSKE MORNARICE

## Rezime

Pomorstvo i trgovina neraskidivo povezana sa njim bili su osnovne delatnosti koje su sačinjavale privredu srednjovekovnog grada - komune Kotora. Svi oni koji su se bavili pomorstvom bili su članovi bratovštine Sv. Nikole mornara, danas poznatog pod imenom Bokeljske mornarice. Kao i svaki drugi ceh iz tog vremena, i ovo udruženje imalo je za osnovnu svrhu uzajamnu potporu svojih članova, kao i stvaranje uslova za razvoj delatnosti kojom se bave. Ubrzo po osnivanju, Bratovština ovo nadrasta, dobijajući i zaduženja vojno-odbrambenog karaktera. I više od toga, budući da u njenom članstvu nije bilo plemića, udruženje postaje i okosnica ukupnog ekonomskog i društvenog razvoja prvo samo pučana, a zatim i celokupnog razvoja Kotora. Unutrašnja organizacija bila je uređena Statutom i aktima koji su ga dopunjivali. Posebna pažnja u tim dokumentima bila je posvećena i načinu prihodovanja Bratovštine, kao i tome na šta se novac mogao trošiti. Rashodi su joj bili posvećeni, ipak, samo onome zbog čega je bila i osnovana - solidarnim i dobročinim aktivnostima, zatim religioznim, te onima koji su je snažili i učvršćivali uslove za razgranavanje delatnosti pomoraca - trgovaca. Na vrhuncu svoje moći, koji se poklapa sa vrhuncem ovakve medijevalne organizacije privrednih aktivnosti, Bokeljska mornarica bila je jedno od najbogatijih i najsnažnijih udruženja na Jadranu.

**Ključne reči:** Kotor, Bokeljska mornarica, bratovština, statut, alegati, Bratovština Sv. Nikole mornara

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# ECONOMY OF THE BOKA BAY NAVY (Boka Catharo Mariner Guild)

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## Summary

Navigation, with the maritime trading irrefutably thereto connected, were the essential activities of the mediaeval city-commune of Kotor (Catharo) economy. All persons engaged in navigation were members of the Saint Nicolas Mariner Fraternity, nowadays known as the Boka Bay Navy, or rather Bokelj Marine. Not unlike the other guilds of its time, this guild grounded its basic objectives on rendering mutual assistance to its membership, and creating an environment in which the activities of their guild would best be served. Soon after its establishment, the Fraternity was to surpass this basic objective and engage in assignments of military-defence character actions. Since its membership did not comprise nobility, the guild was soon to become the core of an overall economic and social development, initially of the commoners primarily, thereafter to involve the entire Kotor city community development. Fraternity's internal organisation was regulated by the Statute and enactments supplementing its provisions. Particular care in these documents was devoted to be manner in which the Fraternity was financed, and the allocation of available funds. Expenditures were dispensed, nevertheless, only for those purposes for which it was actually founded - i.e. for actions of solidarity and benefaction, for religious deeds, and those that were strengthening and reinforcing support for branching out of the maritime trading activities. At the apex of its power, coinciding with the peak reached by mediaeval economic activities organised along the same lines, Boka Bay Navy was to be the one of the richest and the strongest guilds in the entire Adriatic Sea region.

**Key words:** Kotor, Boka Bay Navy - Bokelj Marine, fraternity, Statute, allegatum, St. Nicolas Mariner Fraternity

**JEL:** N93, L91, O52

*Editorial Office Note: Given that there is a large number of footnotes in Italian, they are to be found at the end of the paper, starting from page 206.*

## **Bratovština Svetog Nikole mornara**

Kotorske bratovštine karakteriše mnogo toga sličnog sa onima iz susednih sredina, s obzirom da su na njih uticale vrlo slične prilike, a kasnije su zajednički, sve bile podložne i mletačkom uzoru. Ipak, one iz Kotora, nose i zanimljive specifičnosti svoga kraja i ličnih prilika. Ova udruženja, nisu nam značajna samo zato što preko njih možemo da dobijemo podatke o istoriji zanata jednog grada, već je za nas važnija činjenica, da su one jedina društvena forma, kroz koju je građanin uopšte mogao da deluje, s obzirom na činjenicu, da je vlast u primorskim gradovima bila isključivo u rukama plemića.

Pravi primer za ovo, pružiće nam Bratovština ljudi vezanih za more, Svetog Nikole mornara, koja kao profesionalna organizacija pomoraca-građana, nije dopuštala da u njene redove uđu vlastelini, pa makar bili i pomorci, jer je zajedno, s ostalim građanskim cehovskim udruženjima, bila sastavni deo '*Universitatis populi*', organizacije građanskog društvenog sloja, suprotstavljene udruženju kotorskih plemića '*Comunitatis*'. Pošto je zbog brojnosti članova, Bratovština Svetog Nikole mornara bila najveća, ali i ekonomski najjača, ona je u okviru '*Universitatis populi*', imala glavnu i odlučujuću reč. Moramo stoga naglasiti, da su upravo pomorci, čija je zasluga bila nemerljiva, bili ti, koji su puku nesebično pomogli u borbi za ostvarenje njegovih kakvih takvih prava, okrnjivši tako preimrućstvo plemstva, koje je kao konzervativni upravljač gradom i okolinom, kočilo svaki napredak građanskog društvenog sloja, samim tim i svaki ekonomski boljšitak. I sama mletačka vlast je zbog ovog, nastojala da obuzda plemiće, tako što im je smanjivala samostalnost upravljanja gradom i distrikтом, iako se Senat Sinjorije, prilikom preuzimanja vlasti 1420. godine, svečano obavezao, da će trajno poštovati punu dotadašnju autonomiju plemenitih (Mijušković, 1974, str. 75-76).

Kotor su razjedali i klasni sukobi, koji su itekako štetili pomorstvu, jer je upravo tamo bila potrebna tesna veza između brodovlasnika i nosilaca kapitala s pomorskim osobljem. Možda je još značajnije to, što grad, ne želeći da se preterano angažuje u ratu, sem bitke kod Skadra 1474. godine, za razliku od Peraštana

koji stalno imaju neku ratnu aktivnost, dolazi u pritajeni sukob sa novim gospodarem. Venecija mu zato ne daje veće povlastice, koje bi mu donele znatniji profit, a i sputava sprovođenje starih privilegija koje je već imala Bratovština Sv. Nikole mornara. I pored toga, slobodno može da se ostane pri tvrdnji za bratovštine u Kotoru, da su smatrane jednim od najjačih uporišta pučana i da su njihovi članovi, čvrsto povezani, disciplinovani i sa dobrom unutrašnjom organizacijom, stvarno predstavljali značajnu društvenu snagu.

Posebno se, među svima ostalim cehovskim udruženjima, isticala Bratovština Sv. Nikole Mornara (Gelčić, 1880, str. 157-160). Imala je kao osnovni zadatak da razvije pomorstvo, zaštiti interes samih pomoraca i da za slučaj rata obezbedi organizovani otpor. Kotorske bratovštine, inače, bile su ključne institucije kroz koje su ne samo njeni članovi, već i cela gradska komuna negovali i učvršćivali društvene, religiozne i ekonomске odnose. Mir i boljšitak u gradu, počivao je na principu ravnoteže sekularnog i sakralnog, a taj se princip poštovao i u radu njegovih udruženja. Svojim bratimima, ali i njihovim porodicama, bratovštine su nudile svojevrsno institucionalizovano kreiranje sopstvenog spasenja, i ovde, pre svega preko poštovanja principa hrišćanske vrline caritas.

Bratovština Svetog Nikole mornara, imala je vojnički organizovan odred mornara za odbranu grada, a po potrebi je formirala i eskadrilu brodova za dejstvo u obalnom moru (Vasiljević i Visković, 1975, str. 46). Ta organizacija je kroz istoriju imala ključni uticaj na razvoj pomorstva Boke, ali i celokupni ekonomski i društveni razvoj.

Bokeljska mornarica je prema nekim, ne posve pouzdanim izvorima najstarija bratovština, odnosno, cehovsko udruženje na istočnoj obali Jadrana, osnovana u IX stoljeću. Na osnovu dokumenata '*Instrumentum Corporis nostri gloriosi gonfalonis Martyris Sancti Tryphonis*' i '*Estatto dala Lezenda de misser San Tryphon martire confalon et protector della Cittade de Catharo*', Gelčić i Dabinović izveli su zaključak o ovom, najranijem, periodu njenog osnivanja. To je, međutim, prvi osporio Slavko Mijušković, pomerajući datum osnivanja kao nesporan u novije vreme. Pisani statut potiče joj iz 1463. godine. Njeno delovanje bilo je

## Saint Nicolas Mariner Fraternity

City of Kotor fraternities shared many features similar to those of the neighbouring milieus, all of them being under the influence of very similar circumstances, later on to be rendered, again all of them jointly, susceptible to the Venetian model. Nevertheless, Kotor fraternities are to embrace also some of the interesting specificities of their home traits and personal circumstance. These fraternities are not only important for us as the means to acquire through their development pertinent data about the history of guilds existing in a given city, but more importantly to learn that they were a unique social structure through which a citizen was at all able to initiate an action, in view of the fact that the rule in the sea coastal cities was exclusively in the hands of aristocratic nobility.

True example of this will be offered by the fraternity of the seafaring men, those of the Saint Nicolas Mariner Fraternity, which was a professional guild of the seafaring citizens-mariners not allowing access into its ranks to the noblemen even if they were of a maritime provenance. Together with the other civic guilds, it was a component part of the '*Universitatis populi*', an organisation of the civil social strata, confronting the guild of the Kotor city noblemen '*Comunitatis*'. Saint Nicolas Mariner Fraternity, being the most numerous in number but also economically the strongest, within the '*Universitatis populi*' it enjoyed the main and decisive say. Hence we must stress that the mariners were actually the ones, with their merits immeasurable indeed, who were rendering wholehearted assistance to the population in their fight to achieve any at all possible rights, thus hampering some of the privileges enjoyed by the aristocracy, which as a conservative ruler over the city and its surroundings, were obstructing every progress of the civil society in the city, thus hindering any economic progress at all. Even the Venetian ruling authority was in this context striving to restrain noblemen, by reducing their independent ruling powers over the city and the district, although the Senioria Senate, when taking over the power in 1420, solemnly pledged to respect and uphold in full the

past and present autonomy enjoyed by the aristocratic nobility (Mijuskovic, 1974, p. 75-76).

City of Kotor was destabilized by the class conflicts, which were a great detriment to the maritime activities, as it was actually there that the closest ties between the ship-owners and the capital holders with mariner crews was of the utmost necessity. More importantly perhaps is to view the fact that the City, reluctant to engage actively in warfare, except for the battle of Scudari of 1474, contrary to the disposition of the Perast city dwellers continuously engaged in some kind of war games, entered in a clandestine conflict with its new master. Thus Venice became reluctant to grant any substantial privileges to the city of Kotor that would bring considerable gains, while at the same time preventing implementation of the earlier privileges already enjoyed by the Saint Nicolas Mariner Fraternity. In spite of this it may be freely argued that the Kotor City fraternities remained one of the most powerful strongholds of the commoner population and that their members, strongly bonded, well disciplined and with a proper internal organisation, truly represented a significant people power.

Especially outstanding amongst all other guilds was the Saint Nicolas Mariner Fraternity (Celcic, 1880, p. 157-160). It had a basic task to develop navigation, protect interests of



uređeno, pored Statuta, i njegovim dopunama - alegatima, pojedinačnim aktima kojima se normiraju posebni slučajevi ili odnosi između bratima samih, ili između njih i državnih organa (Statut Bratovštine Svetog Nikole Mornara, 2009).

Bratovštini su pripadali brodovlasnici, zapovednici i posade brodova. Na čelu organizacije bio je gastaldus (prema langobardskom 'gastaldio' - upravitelj), tri prokuratora i dva sindika. Bratovština je potpomagala siromašne porodice, upravljala brodogradilišta, i bila angažovana u borbama na moru i kopnu. Kao cehovska i društvena organizacija nosilac je pomorskog prosperitetu Boke u razdoblju od XV do kraja XVIII veka. U svom izvornom delatnom obliku Bokeljska mornarica ukinuta je odlukom francuskih okupacijskih vlasti 1811.

Prvi dokument koji ukazuje na mogućnost postojanja jedne čvrše pomorsko-odbrambene organizacije u Kotoru, potiče iz doba Nemanjića, iz 1155. godine, u vreme vladavine velikog župana Dese. U njemu se govori o dvema kotorskim galijama, čije bi nabavljanje, održavanje, naoružanje, kao i obezbeđenje posade i veslača, bilo nezamislivo bez postojanja jednog stalnog mornaričkog udruženja.

Iako se ova Bratovština, tj. Mornarica, označavala prvo bitno kao kotorska, njen teritorijalna nadležnost pre mletačke dominacije, zavisila je od opsega jurisdikcije kotorske komune, da bi u drugoj eri venecijanskog vladanja, bila uslovljena separatističkim težnjama pojedinih razvijenih pomorskih centara u Zalivu. Svoj najširi obim imala je u prvoj polovini XIV, kada je gotovo obuhvatala čitavu Boku.



## Ekonomika Bratovštine

Videli smo da je osnovni cilj Bratovštine kotorskih pomoraca, bilo unapređenje zavičajnog pomorstva i međusobno pomaganje njenih članova. Statut bratovštine Svetog Nikole mornara, zajedno sa pratećim alegatima - odlukama statutarnog karaktera, bio je pogodan okvir da se jasno definišu sve obaveze finansijskog karaktera, kao i one vezane za održavanje raznih godišnjih rituala. Pored ovoga, Statut čuva i brojne podatke o karakteru pomorske privrede, reguliše obavezu plaćanja određenog procenta društvu, govori o važnim trgovачkim pijacama i slično.

mariners themselves, and in case of war to provide for an organised resistance. Kotor City fraternities where, anyhow, the key institutions in which not only its membership, but also the entire city commune was nurturing and strengthening social, religious and economic relationships. Peace and prosperity in the city was resting on the principle of a well established balance between secular and sacral, and this principle was also respected in the work of its fraternities. Membership brothers and their families were offered by the Fraternity, a particular institutionalised creation of their own salvation, and this primarily through the respect for the principle of the Christian virtue of caritas. Saint Nicolas Mariner Fraternity had a militarily organised echelon, set-up after the fashion of a mariner unit designated for the defence of the city, and if necessary, capable to form a squadron of ships for the defence action along the coastal sea front (Vasiljevic and Viskovic, 1975, p. 46). This organisation was to have, throughout historical developments, a crucial influence on the navigation and maritime progress of the Boka Bay, but also on its overall economic and social advance.

Boka Bay Navy, or rather a Boka Mariner Guild, according to some albeit not very reliable sources, is regarded as the oldest fraternity, i.e. the oldest guild in the eastern coastal littoral of the Adriatic Sea, established in the 9<sup>th</sup> century. Based on the documents '*Instrumentum Corporis nostril gloriosi gonfalonis Martyris Sancti Tryphonis*' and '*Estatto dala Lezenda de miser San Tryphon martire confalon et protector della Cittade de Catharo*', Gelcic and Dabinovic came to the conclusion that this was the earliest period of its establishment. However, the first to dispute this claim was Slavko Miljuskovic, shifting the date of establishment into some more recent times as an undisputable fact. The written Statute originates as early as 1463. Activities of the guild were regulated by the Statute and its supplements - allegatum, individual enactments prescribing rules to be applied in particular cases, or in the relations between brotherhood within the fraternity itself, or between them and the state authorities (Statute of the Saint Nicolas Mariner Fraternity, 2009).

Fraternity membership consisted of ship-owners, ship captains - commanders, and

ship crews. Fraternity organisation was headed by gastaldus (after the Langobardi 'gastaldo' - administrator), three procurators and two syndics. Fraternity was focused on aiding impecunious commoner households, on managing ship-building yards, and was engaged in fights on open seas and on land. Being a fraternity guild and an organisation of a social welfare character, it was the main stronghold of the Boka Bay maritime prosperity in the period from the 15<sup>th</sup> to the 18<sup>th</sup> century. In its original operational endeavour, Boka Bay Navy, or a Boka Catharo Mariner Guild, was abolished by the decree of the French occupational forces, promulgated in 1811.

The earliest document suggesting that a certain strong entity of both a maritime and defence provenance may have been present in the City of Kotor (Catharo), dates from the times of the Nemanjic Dynasty, and 1155, at the time of rule of Grand Zhupan Desa. Document recounts of the two Kotor City galleons, the purchase of which, together with their maintenance, armament, but also the galleon crew and oarsmen required, would be unthinkable without the presence of a permanently resident maritime fraternity.

Although this Fraternity, i.e. the Boka Marine Guild, was originally designated as that of the Kotor City provenance, its territorial competences, prior to the Venetian domination, depended on where the realm of the Kotor City commune extended, which was to become restricted, in the second era of the Venetian rule, by the separatist tendencies of some other well developed maritime centres in the Boka Bay. Boka Bay Kotor Fraternity reached its broadest scope of influence in the first half of the 14<sup>th</sup> century, when it enveloped almost the entire area of the Boka Bay.

## Fraternity Economics

We have seen that the basic goal of the Boka Catharo Mariner Fraternity was to promote homeland navigation and render mutual assistance to its membership. The Statute of the Saint Nicolas Mariner Fraternity, together with its appurtenant allegatum - decisions of a statutory character, was a convenient framework for clearly defining all the liabilities

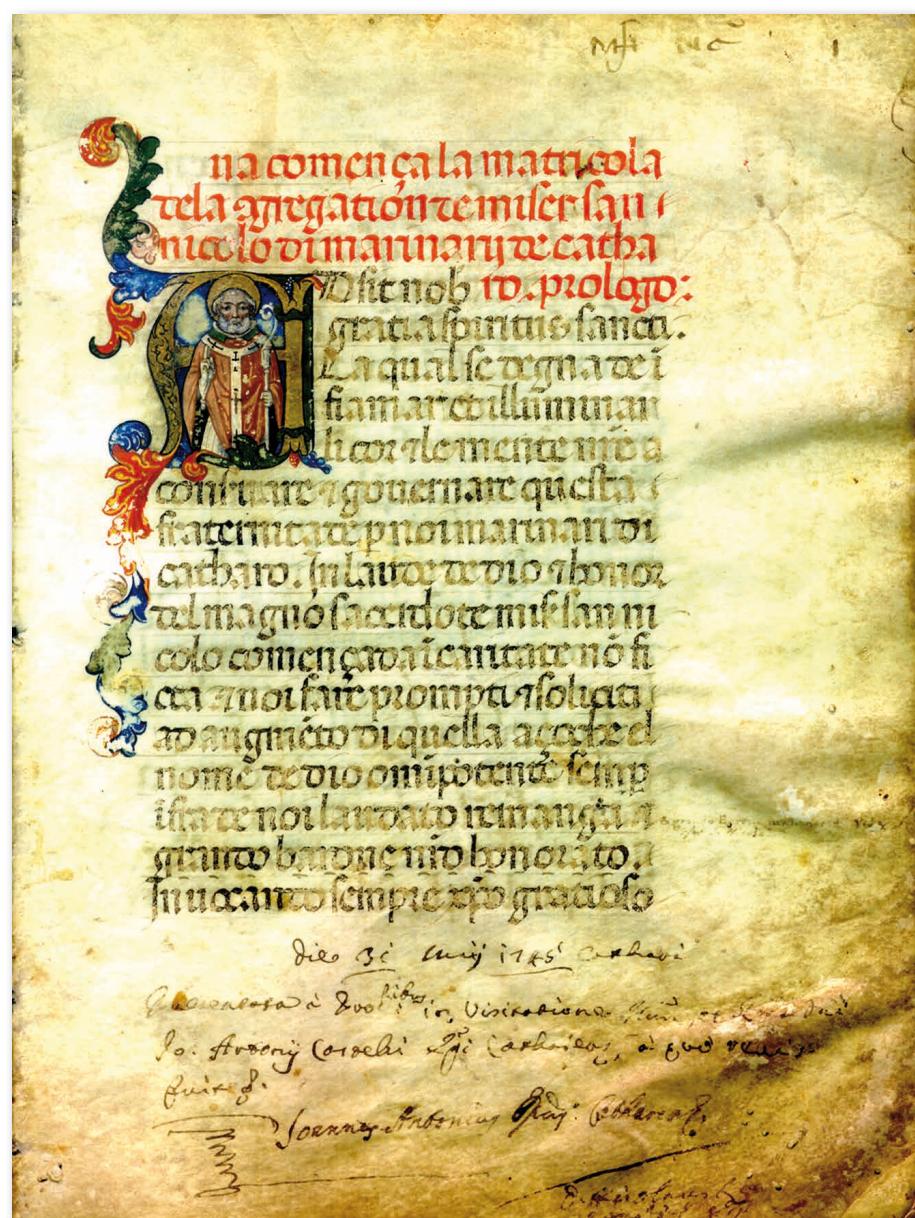
Bez pristupanja Bratovštini, nije bilo moguće baviti se pomorstvom. Statut je tu izričit i jasan, u IX glavi - 'O onima koji žele da postanu članovi naše škole (škola, odnosno scuola u venecijanskom dijalektu medijevalnog italijanskog, sinonim je za udruženje, ceh, odnosno bratovštinu)': 'Isto tako naređujemo da svi patruni nava, malih nava, brodova, barkozija i malih barkozija, koji žele da budu članovi naše Bratovštine i da poštuju ova naša naređenja, moraju da se upišu zajedno sa svojim brodovima u ovaj naš Statut i da se zakunu da će sačuvati sve ono što se u njemu nalazi i što će ubuduće biti naređeno...'<sup>1</sup>

Brodovlasnici - kapetani, morali su, dakle, da pored svog imena upišu i tipove svojih plovila, jer se na taj način određivala nosivost njihovih lađi, prema čemu se pak plaćala taksa za svaki kar tereta. U samom Statutu

se kao plovila pominju: 'nave, navette, navillii, barcosii, barcoseti'. Navedeni popis patruna i brodovlasnika, smatran je sastavnim delom Statuta. Svi ti spiskovi, ostali su nažalost izgubljeni (Milošević, str. 172). Posebnim, sledećim članom X - 'O Statutu', normirala se važna obaveza šestorice predstavnika uprave, koji su bili dužni, da svake treće godine, prekontrolišu taj popis i dopune spisak imena i brodova. Za slučaj da ovo odbiju, plaćali su kaznu od pet libri u vosku.<sup>2</sup>

Ovo potvrđuju još četiri alegata, u vremenskom rasponu od preko tri decenije. Potreba da se ova obaveza nanovo utvrđuje, govori, sva je prilika, i o tome da obaveze koje je članstvo u Bratovštini nametalo, nisu bile ni male, ni jednostavne, ali nam ukazuje na još jednu okolnost, da se verovatno velika većina mornara s druge strane Zaliva, nije osećala pripadnicima Kotorske mornarice, zbog pripadništva naseljima koja su se vremenom osamostaljivala.

Obaveza članstva za sve pomorce, osim Peraštana, koji su izašli iz organizacije još 1580. godine, izrekom se utvrđuje u alegatu br. 23, od 1631. godine.<sup>3</sup> Ista se obaveza, takoreći istim rečima, ponavlja i u alegatu br. 29, od 1645. godine. Dodatak priprećenih visokih kazni, od čak 50 perpera, govori o činjenici da se pomorci nisu, bar ne uvek, dragovoljno učlanjivali u Bratovštinu.<sup>4</sup> Konačno, odustajući od principa dobrovoljnosti, ma i prividne, u alegatima br. 36. i 38, iz godine 1666. i 1667, propisuje se, u prvom, popisivanje svih koji se bave pomorstvom, a u



of a financial character, and also those pertaining to promoting various annual ritual events. In addition, the Statute is preserving numerous accounts depicting the character of the maritime economics, regulating mandatory payments of a certain percentage due to the Fraternity, and speaks of important trading markets and similar.

Without accession to the Fraternity, it was not possible to engage in any maritime activity. Statute is very explicit and clear on that point in its Chapter IX - 'On those wishing to accede to the membership of our School (school, or scuola in the Venetian dialect of the Mediaeval Italian, is a synonym for an association, guild, i.e. a fraternity)': 'We hereinafter order that all the patroni nave, those of small nave-navette, navilii, barcosii and barcoseti, wishing to become members of our Fraternity submitting to our orders, must inscribe in Fraternity together with their ships in this our present Statute, and to give a solemn pledge to preserve everything that is present therein and which shall be so ordered in future...'<sup>1</sup>

Ship-owners-captains therefore were forced, in addition to their name, to inscribe also the type of their vessel as in this way the carrier capacity of their vessel was appraised, and thereby the tax was set for every charo (quadratum?) of cargo. In the Statute itself, the following vessels are listed '*nave, navette, navilii, barcoii, barcoseti*'. This list of ship-owners - patrons was deemed to be an integral part of the Statute. All of these lists have remained, unfortunately, inaccessible as they have perished (Milosevic, p. 172). In a separate Chapter X - "On the Statute", an important obligation was formulated tasking six official representatives of the directorate, to diligently examine that particular list, to so proceed every third year, and amend and supplement the list of names and ships accordingly. In case the officials should neglect to diligently engaged as prescribed, they would be charged with a fine of five pounds of wax.<sup>2</sup>

This was to be further confirmed by another four allegatum prescribed over a period of more than three decades. The need for this obligation to be yet again reiterated seems to suggest that the dues imposed on the Fraternity membership were neither slight nor simple. But this also points out at yet another circumstance,

and that is that probably a large number of mariners originating from the other side of the Bay did not deem themselves to be a part of the Bay of Kotor Marine Guild, as they belonged to the settlements and hamlets that were in time gaining their own independence.

Mandatory membership for all the mariners, except for the Perast dwellers who have left the organisation as early as 1580, explicitly is stipulated in the allegate No. 23 of 1631.<sup>3</sup> The same obligation, in almost the identical wording, is to appear in the allegate No. 29 of 1645. The addition of the threat of high penalties to be imposed, in an amount as high as 50 perpers, speaks of the fact that mariners were not always ready of their own free will to join the membership of Fraternity.<sup>4</sup> Finally, renouncing on the principle of voluntarism, albeit illusory, in the allegatum No. 36 and 38 of the years 1666 and 1667, it is prescribed, in the former, inscription and enrolment of all those engaged in maritime activities, and in the latter confirmation of the decision previously brought to that effect.<sup>5</sup>

Fraternity membership, however, was not an obligation without its rewards. The assistance rendered to the brothers, Fraternity members, was both abundant and frequent as the organisation had at its disposal not only its customs revenues, but also the revenues from port taxes and some other dues collected. In addition to these regular earnings, prescribed by Statute and its allegatum, Fraternity was acquiring its assets also through donations, legations, and testamentary endowments. This pertains both to the immovable property and to the movable objects of higher value. In the last will and testament of the late Marino Belly, it reads that he will be leaving to the Fraternity all of his carpets in the value of one and a half ducats (Milosevic, 2003, p. 155). The property so acquired was to remain in the permanent ownership of the Fraternity (Gelcic, p. 14 and 15), i.e. "the property of all the mariners, both those present and those future ones", as is explicitly stated in the allegate No. 3. The exception was only the Church of Saint Nicolas itself, which belonged to the Franciscan Order, and also everything that is bequeathed to the church itself.<sup>6</sup>

drugom se ta odluka potvrđuje.<sup>5</sup>

Članstvo, međutim, nije predstavljalo samo obavezu bez ikakvih prednosti. Zauzvrat, pomoć koja je pružana bratimima (izvorni naziv za člana bratovštine), bivala je i izdašna i česta, s obzirom da je organizacija raspolagala ne samo prihodima od carine, već je ubirala i lučke takse i neke druge dažbine. Pored ovih redovnih prihoda, propisanih Statutom i njegovim alegatima, Bratovština je imovinu sticala i prilozima, legatima, nasledstvima. Ovo se odnosi kako na nepokretnosti, tako i na pokretne stvari od veće vrednosti. U testamentu Marina Belija, tako, stoji da iza svoje smrti ostavlja Bratovštini tepihe u vrednosti od jedan i po dukat (Milošević, 2003, str. 155). Imovina koja je ovako nastajala, ostajala je u trajnom vlasništvu Bratovštine (Gelčić, 1880, str. 14 i 15), odnosno 'svih pomoraca sadašnjih i budućih',

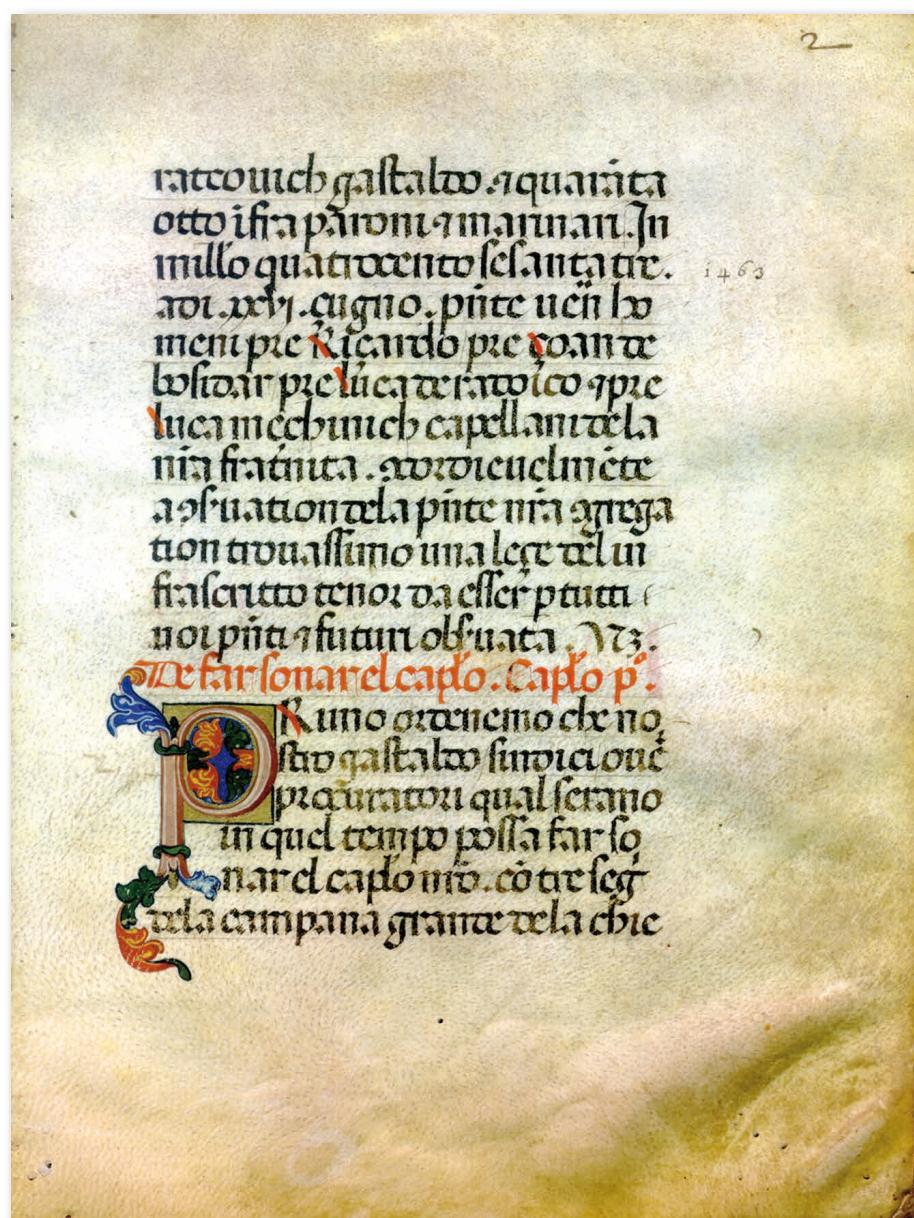
kako se to izričito kaže u alegatu br. 3. Izuzetak je bila sama crkva sv. Nikole, koja je pripadala redu franjevaca, kao i sve ono što se samoj crkvi priloži.<sup>6</sup>

## Prihodi Bratovštine

Već na samom početku Statuta, na marginama naslovne strane, bez broja glave, sa datumom 1496. godine, poslednjeg dana novembra, drugim rukopisom, određena je jedna vrsta prihodovanja od kazni, dok je na poleđini naslovne strane, na margini, drugim rukopisom napisano, da se na str. 48, nalazi odluka Skupštine Škole za lučke takse, doneta za nju samu.

Bratovštini je od svih vlada bilo dozvoljeno da ubira lučku taksu, prema broju jarbola, zvanu 'alboraggio', i to na brodove i veće barke

onih mesta u provinciji koja su potpadala pod nadležnost kotorskih pomoraca. Vlasnici su je plaćali svaki put kada bi lađu izvukli na suvo (Dabinović, 1934, str. 125). Ova taksa donosila je, početkom XIX veka, oko 900 lira godišnje. Plaćanje lučke takse, uređeno je odredbom 'O plaćanju lučke takse', koja se iako veoma važna, nalazi kao nenumerisana tek pri kraju Statuta. Čudi da se ovako važan prihod reguliše tek na kraju teksta Statuta. Radi se o obavezujućoj taksi, koja se plaćala srazmerno veličini broda, prema mogućnosti nosivosti tereta. Napominje se, da je za manje karake, iznos već ranije bio utvrđen, mada se ne kaže koliki je, što znači da je bio obavezujući i pre donošenja ovog



## Fraternity Revenues

At the very beginning of the Statute, on the margins of its front page, without the chapter number, and dated 1496, on the last day of November, in a different handwriting, a certain kind of revenue collection was prescribed from penalties imposed, while on the back of the front page, on the margin, and in another handwriting, it is written that on page 48 there is a decision of the Assembly of the Fraternity regarding the port taxes to be collected for its own benefit alone.

Fraternity had the permission from all the governments, to collect the port tax according to the number of ship masts, called 'alboraggio' and this on the ships and larger barcolii from those places in the province which were under the jurisdiction of the Kotor City mariners. The owners of these vessels were paying this tax every time they would pull the vessel on dry land (Dabinovic, 1934, p. 125). This tax was earning the revenue, early in the 19<sup>th</sup> century, of some 900 lira annually. Payment of the seaport tax was regulated in the provision "on Port Tax Payment" which was although very important, situated as a provision without its numbering at the end of the Statute text itself. It may appear odd that such an important source of revenue is being regulated at the very end of the Statute document. It was a mandatory tax to be paid in proportion with the size of the vessel, and according to the cargo capacity of the ship. It is noted that, for the smaller charache (?) the amount was already prescribed, although there is no mention of the amount itself, which means that it was mandatory even before the adoption of our Statute, in 1463, at the time when some earlier organisation of mariners was in existence, and certainly at the time when some earlier Statute was in force. In the said Statute, it is prescribed hereinafter, that the tax will be collected according to the size of the vessel - charache 'as usual', for the minor ships from 400 to 500 charo five ducats will be paid, for the vessels of even smaller charo, of 200 to 300 charo - four ducats of alboraggio are paid. It was further decided that two soldi were to be paid per one charo.<sup>7</sup>

Further in the text of the Statute, some other grounds for the tax collection were prescribed,

for example, the weight of the ship cargo in Chapter IX: '...And they are to report to our Fraternity the weight of cargo from every one of the voyages of their ship, paying one Kotor (Catharo) grosse per charo, where this obligation is irrevocably duty bound with the membership in the Fraternity. At the same time, in Chapter XI fine is prescribed for contravening the payment of this due.<sup>8</sup> In order to obtain a clearer picture of the revenues so accrued, and also of their importance, we may freely say that the Chapter XI provision - "On patrons venturing in navigation", is the component part of the previous Chapter IX provision of the Fraternity Statute - 'On those wishing to become members of our Scuola'. Tax on the weight of the ship cargo is determined also in the allegate No. 23 which stipulates that all those engaged in maritime trade must pay 'four soldi per miaro' of goods no matter of what kind it is that is being exported from the Boka Bay.<sup>9</sup>

Tax was also collected on every vessel that was sailing from the port, as testified by the allegate No. 6 of April 1523.<sup>10</sup> These taxes, for sailing out of port and for the weight of the transported cargo, were the most regular revenue to be collected by the Fraternity, as confirmed in the allegate No. 61 of the end of the 17<sup>th</sup> century.<sup>11</sup> Taxes were being collected also for some other purposes, which were precisely defined in the Statute itself or in the allegatum thereto - for charitable activities, and up to the renewal and maintenance of churches. Clear example of such deeds is given in the provisions "On church fees" which also pertain to the collection of taxes on every seafaring vessel sailing out of port.<sup>12</sup>

Tax that was collected on the transported cargo was especially complicated when speaking of the transit - or 'connected voyages', where the ship after its every travel did not return to the home port. Upon departure from Kotor, the vessel would have several stop over stations and reloading of the cargo, up to its final destination. All of the cargo would be taken into account as the basis for calculating the tax to be paid per charo of cargo on board. Every patron upon his return to port, within one month must have reported all of the cargo transported and must have paid the prescribed tax for his cargo shipped to that destination.

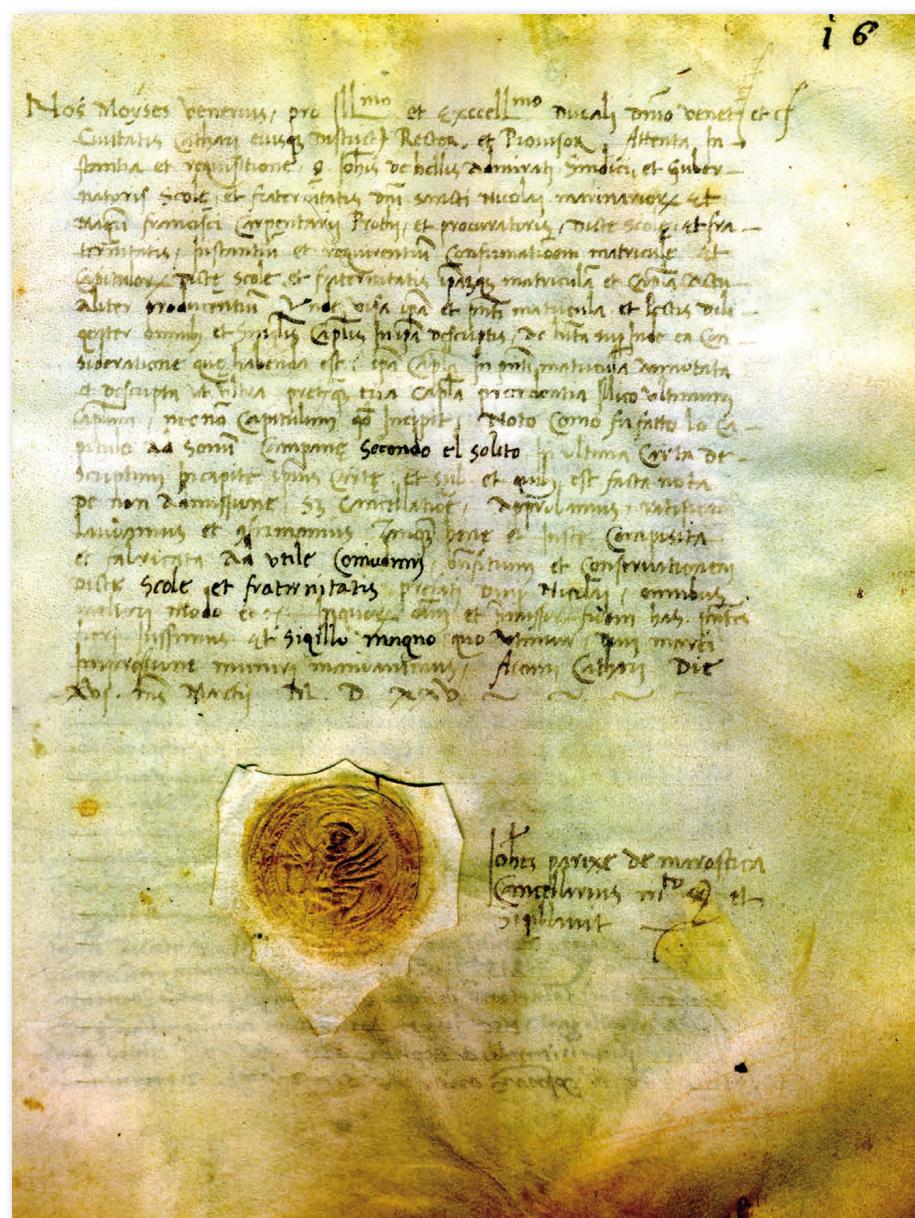
našeg Statuta, 1463. godine, u doba postojanja neke ranije organizacija mornara i svakako u vreme važenja nekog starijeg Statuta. Propisuje se, dalje, da se taksa ubira prema veličini broda - karake 'kako je uobičajeno', manji brodovi, od 400 do 500 kara plaćaju pet dukata, a još manji, od 200 do 300 kara - četiri dukata. Uz to, odlučeno je da se plaća po dva solda za jedan kar.<sup>7</sup>

Kasnije, u daljem tekstu Statuta, propisuju se i drugi osnovi za ubiranje taksi, na primer težina brodskog tovara, u IX glavi: '... I treba da prijavljuju našoj Bratovštini teret svakog putovanja svoga broda, jedan kotorski groš po karu', gde je ova obaveza nerazdvojno povezana sa samim učlanjenjem u Bratovštinu. Istovremeno, predviđena je, u XI glavi, i kazna za protivljenje plaćanju ove obaveze.<sup>8</sup> Da bismo dobili jasnu sliku, o kakvim se to prihodima

radilo, i o njihovom značaju, možemo slobodno da kažemo da XI odredba - 'O patrunima koji idu na put', čini sastavni deo prethodne IX odredbe Statuta Bratovštine - 'O onima koji žele da postanu članovi naše škole'. Taksu na težinu brodskog tovara ustanavljava i alegat. broj 23, koji kaže da svi koji se bave pomorskom trgovinom moraju da plaćaju po 'četiri solda na jedan miljar' bilo koje vrste robe koja se iz Boke izvozi.<sup>9</sup>

Taksa se naplaćivala i po svakom plovilu koje isplovi, o čemu svedoči alegat br. 6, od aprila 1523. godine.<sup>10</sup> Ove takse, za isplovljavanje i za težinu prevezene robe, bile su najredovniji prihod Bratovštine, što potvrđuje i alegat br. 61, s kraja XVII veka.<sup>11</sup> Takse su se prikupljale i za različite druge namene, koje su bile precizno određene samim Statutom, ili alegatima - od karitativnih delatnosti, do obnove i održavanja crkve. O tome jasan primer daju odredbe 'O naknadi crkvi', koje se takođe odnose na prikupljanje takse od svakog isplovljavanja.<sup>12</sup>

Taksa koja se naplaćivala na prevezeni teret, postajala je posebno složena kada se radilo o tranzitnim - 'vezanim' putovanjima, kod kojih se brod nije posle svakog prevoza vraćao u matičnu luku. Posle polazišta iz Kotora, lađa bi imala nekoliko pristajanja i prekrcaja robe, do konačnog odredišta. Sva ta roba bila je uzmimana kao osnovica za izračunavanje takse koja se plaćala po karu tereta. Svaki patrun, po povratku s puta, u roku od jednog meseca, morao je da prijavi sav prevoženi teret i da plati propisanu taksu za njega. U odredbi se



The provision also prescribes that in case the patron should fail to find the procurator of the Fraternity as he is absent out of town, he is duty bound to pay this tax to the gastald, who must deposit the same in the treasury, in the presence of his wife and two witnesses. In such circumstances, it was necessary to preserve the written document, which had to stipulate how much money was received and for what voyages the tax was paid, and on all these proceedings the witnesses so present had to give their certification. If they should have failed to do so, they would be punished each by a fine of one perper. Irrespective of all this, Fraternity was also been paid for engagement of every individual foreign mariner within the crew of the sailing ship, all this according to the provisions prescribed in Chapter XI of the Statute - 'On the voyage bound patrons'.<sup>13</sup>

Taxes were collected mainly in money. Among the money taxes the one prescribed was also the tax to be paid by the foreigners for using the tools for tolling ships on to dry land, which amounted to four Venetian grosse.<sup>14</sup>

In addition, some of the personal fines were also collected in money, as witnessed by the case of the calaphata master Radeglia, in the last provision of the Statute, without number.<sup>15</sup> Any conduct opposed to the one prescribed in the Statute was also susceptible to be fined. Examples are also given of those procurators who had forgotten to hand over the cash registers prior to their departure on a voyage (one of the chapters without number, following the Chapter XXVI of the Statute). In addition, church chaplains of the Saint Nicolas Mariner Fraternity, who would fail to officiate the holy mass, or take part in the procession, as commented upon in Chapter VI of the Statute - 'On Chaplains', their salary would be reduced for four soldes.<sup>16</sup>

Fraternity also had a monopoly over the sales of ship requirements and supplies, as they were the goods originating from its own arsenal. High revenues were also accrued from the real estate, from houses and land property that the Fraternity acquired through bequests or purchase and sales. In the allegate No. 13, for example, the sale is approved of one plot of land.<sup>17</sup> Hence the content of the allegate No. 4 from the very end of the 15<sup>th</sup> century makes

a list of some ten vineyards and eight houses in the ownership of the Fraternity. Already the very next allegate represents fully copied last will and testament of the priest Anthon Gisdavac, who has on 15 July 1501 bequeathed to the Fraternity land in Kavco, Ljesevici and Brda, which are bearing an annual income. In the document which pertains to the rental of the House of Fraternity, of 18 December 1508, it is stated that this building, which was obviously owned by the Fraternity, was to be rented to the Chaplain Tripo Vlatkovic for the sum of 12 perpers per annum. It is also stated that it was agreed that he shall, in lieu of rental fee, serve mass in the Church of Fraternity, and also that the mariner Fraternity will be able to continue to use this real-estate property during the holydays of Saint Triffone. The rental money paid directly to the offices of the Fraternity, and this in cash, is commented in the allegate No. 14 of 3 August 1633, where the Assembly is determining the amount of rental money to be paid by the tenant Inermo Calenda, and states that the amount has already been paid.<sup>18</sup>

Allegate No. 17 speaks of the Fraternity ownership of the house with the storeroom on the ground floor, but it is actually the case of cancelling the rental of Master Hieronimo Cascalier.<sup>19</sup> In the allegate No. 19 it is also commented on the care for the revenues accrued from the real estate, rental of such property, or more precisely the earnings there from: '...from rental, livelli, donations, legates and inheritance, and also from management of our own houses and property...'.<sup>20</sup> Obviously, the substantial revenues were coming also from permanent rentals, which is directly witnessed by the allegatum No. 13 and 14, where tenants are designated of the specified real estate property, and also the value of rental.<sup>21</sup>

Fraternity was acquiring also revenues from the individual jobs and deals of various kinds. Allegate No. 16 speaks of the case when it was paid for the services of 'liberation',<sup>22</sup> while mediation in liberation cases was granted to the organisation as an old privilege.

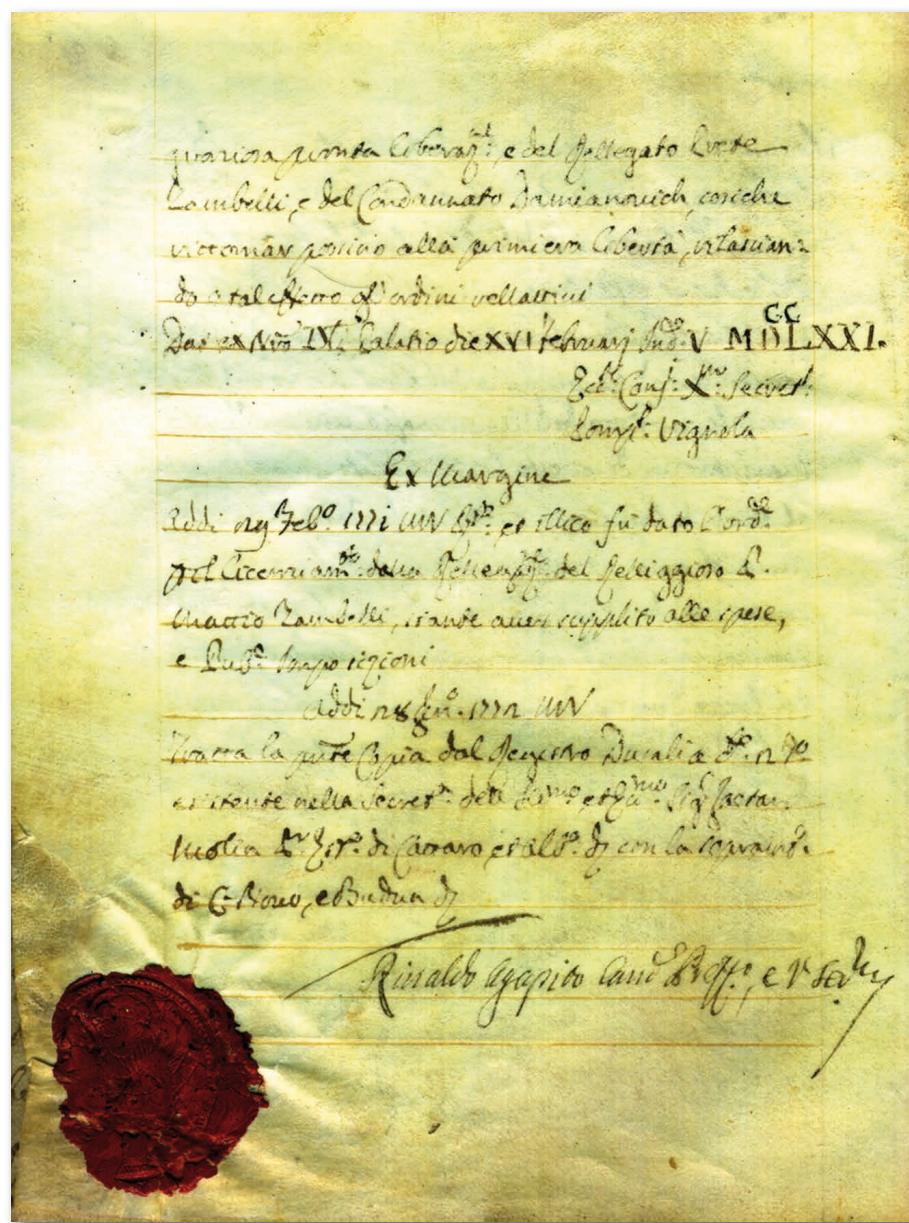
In addition, it was also receiving a certain amount as a gift from the government - 'grazie' on the occasion of the celebration of the fiesta of Saint Triffone, which again, in the early 19<sup>th</sup> century, amounted to 100 lira. In the

još kaže, da ukoliko patrun ne nađe blagajnika Bratovštine, zbog toga što se on nalazi van grada, da je ovaj namet dužan da plati gastaldo, koji je u obavezi da ga odloži u kasu, u prisustvu svoje žene i dva svedoka. U takvim prilikama, bilo je neophodno da se sačini pisani dokument, u kome je moralno da se kaže koliko je novca primljeno i za koja putovanja, kao i da o svemu tome, prisutni svedoci izdaju potvrdu. Ako oni ovo nisu želeli da učine, kažnjavali su se sa po jednim perperom. Nezavisno od toga, Bratovštini se plaćalo i za angažovanje svakog pojedinačnog stranog mornara u posadi broda, što je sve propisano u XI glavi Statuta - 'O patrunima koji idu na put'.<sup>13</sup>

Takse su se ubirale, uglavnom, u novcu. Od novčanih taksi, propisana je i ona koju plaćaju stranci za korišćenje alata po izvlačenju broda na suvo, i koja je iznosila četiri venecijanska

groša.<sup>14</sup> Takođe, u novcu su se ubirale i neke lične kazne, o čemu svedoči slučaj kalafata majstora Radelje, u poslednjoj odredbi Statuta, bez broja.<sup>15</sup> Za svako ponašanje koje se kosilo sa onim propisanim u Statutu, takođe su se naplaćivale kazne. Primer su i prokuratori, koji bi zaboravili da predaju kasu pre odlaska na put (jedna od nenumerisanih glava, iza glave XXVI). Takođe, i kapelanim crkve Bratovštine sv. Nikole mornara, koji bi propustili da služe sv. misu, ili da učestvuju u procesiji, o čemu govori glava VI Statuta - 'O kapelanim', umanjivala bi se plata za četiri solda.<sup>16</sup>

Udruženje je imalo i monopol nad prodajom brodskih potrepština, pošto se radilo o robi iz njenog arsenala. Veliki prihodi, stizali su i od nekretnina, kuća i zemljišta, do kojih je Bratovština dolazila zaveštanjima ili kupovinom i prodajom. Alegatom br. 13, na primer, odobrava se prodaja jednog zemljišta.<sup>17</sup> Tako, sadržaj alegata br. 4, sa samog kraja XV veka čini popis od deset vinograda i osam kuća, koji su u vlasništvu bratovštine. Već naredni alegat predstavlja u potpunosti prepisan testament sveštenika Antona Gisdavca, koji je 15. jula 1501. zaveštao Bratovštini zemljište u Kavču, Lješevićima i Brdima, koja nose određeni godišnji prihod. U dokumentu koji se tiče najma Doma Bratovštine, od 18. decembra 1508. godine, stoji da je ova zgrada, koju je očigledno posedovala Bratovština, izdata kapelanu Tripu Vlatkoviću za 12 perpera godišnje. Još se kaže da je ugovoren da će on, umesto zakupa, da služi mise



receipt from the end of the previous century presented to the Taxation Chamber authority, the precise amount is stated which was given to the Fraternity for this occasion - 390 Dalmatian lira and eight soldi. In this Receipt, dated 15 January 1790, it is also stated that this amount 'from time immemorial' was being granted to the Marine, and that there was no interruptions in its continuity of payment (IAK 0 22). Gelcic also underlines that the term 'ab immemorabili' was always used when speaking of privileges of the Fraternity (Gelcich, 1880, p. 49).

This money was confined with the gastaldo and the admiral. The allegate No. 20 even explicitly orders that one half of this amount is to be given to the admiral, and the second half to the church.<sup>23</sup> This money was mainly used for covering the costs of two banquet festivities which were organised at the Church of Fraternity and in front of the Cathedral. Gelcic states that for those same purposes, even as early as 1595, money was also given - at that time 20 ducats, and with the termination of 1700 that amount of revenue was even increased. In addition to the festive banquet ceremony, this money served also to pay for some other entertainment events and festivities for the mariners, organised on the occasion of the festivity of Saint Triffone - artificial fire works, lighting, music with the trumpet players and percussion instruments, knightly champion games, etc. (Gelcic, 1880, p. 42 and 46).

State authorities also were at times rendering assistance to the Fraternity. It may be assumed with certainty that this aid was gaining in importance to the measure in which, in time, the revenue sources were drying out for the Fraternity. One of the last allegatum, No. 99, the one stressing almost the only function which had remained in the hands of the Fraternity - the ceremonial one, is ordering the donation of 10 Dalmatian ducats for the election of the officers.<sup>24</sup>

Finally, the Fraternity revenues should also include the earnings from wax and oil. Not unlike the monetary revenues, these earnings in kind were collected in the form of regular taxes, but also fines. From the reports given on the occasion of the extinction of Fraternity, in 1810, it may be concluded that every member of Fraternity was paying his regular annual

contribution for illumination of the altar and churches with 4 soldes per year - as a 'luminaria' fee, which at that time amounted to 20 lira (Milosevic, 2003, p. 136-137).

The fee in wax is already mentioned in the third chapter of the Statute - 'On Gastald'. In this chapter it is ordered that the gastald will have to pay a fine of twenty pounds of wax for every refusal to perform obligations and duties that were in that chapter so prescribed.<sup>25</sup> Guardian of the church was also liable to pay a penalty, in case he should refuse to show to the Assembly the items entrusted to him for management. The fine for this offence was determined in Chapter VIII of the Statute in the amount of 10 pounds of wax.<sup>26</sup> Members of the Fraternity administration were also susceptible to the penalty for the lack of diligence in keeping the books and records of mariners and vessels. Chapter II of the Statute prescribes such a penalty of five pounds of wax.<sup>27</sup>

Fines were also paid in oil in case of failing to convene an Assembly meeting, or organise a procession. Every brother in the Fraternity who would fail to respond, according to the letter of this un-numbered provision of the Statute entitled 'Procession Orders', had to pay one half a canister of oil.<sup>28</sup> Another fine, according to an unnamed and un-numerated provision at the end of the Statute, was also charged in oil - the failure to appear at a funeral ceremony for a child of a Fraternity brother.<sup>29</sup>

In the years closing to the end of the 18<sup>th</sup> and the beginning of the 19<sup>th</sup> century, when the sources of revenues from taxes and donations have dried out, Fraternity remained in a passive mode, supporting itself only from the donations paid by the members, and also from some slight amounts from the above mentioned sources and luminarii, which amounted in total, in 1819, to 330 lire. Those remaining land plots owned by Fraternity were called 'Budovina' and 'Vukovina'. The former one was in the hands of the fiefdom serf Stijepo Steznic at Krtole, who was supplying oil and heating wood, while the other property was in the hands of the fiefdom serf Ivo Zarkovic, also at Krtole, underneath Bordjiste, who was supplying wheat and fire wood. Both of these properties were bringing revenue of 140 lire (Milosevic, 2003, p. 136-137).

u crkvi Bratovštine, kao i da će organizacija mornara moći i dalje ovu nepokretnost da koristi o praznicima Sv. Tripuna. O najmu plaćenom direktno kancelariji Bratovštine, i to u novcu, govori alegat broj 14, od 3. avgusta 1553. godine, u kome Skupština određuje iznos zakupa Inermu Kalendi, te konstatuje da ga je on već izmirio.<sup>18</sup>

Alegat br. 17. govori o svojini bratovštine na kući sa skladištem u prizemlju, zapravo radi se o otkazu zakupa majstoru Jerolimu Kaskalijeru.<sup>19</sup> I 19. alegat, dalje, kazuje o staranju o prihodima od nepokretnosti, te o njihovom najmu, tačnije o prihodima: '... od najmova, livela, poklona, legata i nasljedstva, kao i o upravljanju sa svojim kućama i posjedima...'.<sup>20</sup> Očigledno, značajan prihod dolazio je i od trajnog najma, o čemu nam neposredno svedoče alegati br. 13. i 14, kojima se određuju zakupci određenih nepokretnosti, kao i vrednost zakupa.<sup>21</sup>

Bratovština je sticala i prihode od pojedinačnih poslova različitih vrsta. Alegat br. 16, tako, govori da joj je plaćeno za usluge 'oslobađanja',<sup>22</sup> a posredovanje u oslobođanju, organizaciji je bilo dato kao stara privilegija.

Osim toga dobijala se i jedna suma od poklona vlasti - 'grazie' povodom svečanosti Svetog Tripuna, što je opet, početkom XIX veka, iznosilo 100 lira. U Priznanici s kraja prethodnog veka, prezentirane Poreskoj komori, navodi se tačan iznos koji je za ovu priliku izdat Bratovštini - 390 dalmatinskih lira i osam soldi. U toj Potvrdi, datiranoj 15. januara 1790, kaže se i da se ta suma 'od pamtiveka' izdavala Mornarici, i da u tome nije bilo prekida (IAK O 22). Gelčić, inače, ističe da se termin 'ab immemorabili' uvek upotrebljavao kada je reč o privilegijama Bratovštine (Gelčich, 1880, str. 49).

Taj novac se poveravao gastaldu i admiralu. Alegat broj 20, čak izričito određuje da se polovina ove sume daje admiralu, a druga polovina crkvi.<sup>23</sup> Uglavnom je ovaj novac služio da se pokriju troškovi dva svečana banketa, koja su organizovana u Crkvi Bratovštine i pred Katedralom. Gelčić navodi da se za istu svrhu još 1595. godine davao novac - tada 20 dukata, a da je terminacijom iz 1700. godine taj prihod i povećan. Osim banketa, ovim novcem su plaćane i druge zabave i svečanosti za pomorce, održavane u povodu praznika Sv. Tripuna - veštačke vatre, rasveta, muzika sa trubačima

i udaraljkama, viteške igre... (Gelčić, 1880, str. 42. i 46).

Državni organi su, i inače, povremeno pomagali bratovštinu. Može se sa sigurnošću pretpostaviti da je ova pomoć bivala značajnija, u onoj meri u kojoj su, vremenom, opadali izvorni prihodi Bratovštine. Jedan od poslednjih alegata, br. 99, koji naglašava skoro jedinu funkciju koja je Bratovštini ostala - onu ceremonijalnu, utvrđuje i davanje od 10 dalmatinskih dukata za izbor oficira.<sup>24</sup>

Najzad, u prihode Bratovštine treba uračunati i prihode u vosku i ulju. Poput novčanih, i ovi naturalni prihodi su ubirani u vidu redovnih taksi, ali i kazni. Iz izveštaja datog prilikom gašenja Bratovštine, 1810. godine, može se zaključiti da je svaki član Bratovštine plaćao redovan godišnji doprinos za osvetljavanje oltara i crkava, od 4 solda godišnje - 'luminaria', što je tada iznosilo oko 20 lira (Milošević, 2003, str. 136-137).

Kaznu u vosku pominje već treća glava Statuta - 'O gastaldu'. U njoj se određuje da će gastald morati da plati kaznu od dvadeset libara voska za svako odbijanje izvršenja obaveza koje su mu u toj glavi propisane.<sup>25</sup> Gvardijan crkve plaća, takođe, kaznu ukoliko odbije da Skupštini pokaže stvari koje su mu poverene na upravljanje. Kazna predviđena za ovo, utvrđena u glavi VIII Statuta, jeste 10 libara voska.<sup>26</sup> I članovi uprave Bratovštine podležu kazni za neuredno vođenje knjiga pomoraca i plovila. Glava H Statuta tu kaznu propisuje na pet libara voska.<sup>27</sup>

Uljem se kazna plaćala u slučaju neodazivanja na Skupštinu, ili procesiju. Svaki bratim koji se ne odazove, prema slovu nenumerisane odredbe statuta 'Naređenje o procesiji', morao je da plati pola konate ulja.<sup>28</sup> Još je jedna kazna, prema neimenovanoj i nenumarisanoj odredbi na kraju Statuta, naplaćivana u ulju - nedolazak na sahranu deteta nekog bratima.<sup>29</sup>

U godinama krajem XVIII i početkom XIX veka, kada su presahli prihodi od takse i poklona, bratovština je ostala u pasivi, pa se izdržavala jedino od dobrovoljnih priloga koje su uplaćivali članovi, kao i od neznatnih iznosa s pomenutih terena i luminarija, što je ukupno iznosilo, 1810. godine, 330 lira. Ti preostali zemljišni posedi zvali su se 'Budovina' i 'Vukovina'. Prvi je držao kmet Stijepo Steznić

## Fraternity Church Revenues

Activities of any mediaeval Fraternity, and even its very purpose of existence and later sustenance, would be inconceivable without the links to a certain part of the church officialdom. All particulars pertaining to the aspect of life beyond the sphere of material and business operational would necessarily be connected to the church, from its support rendered in times of need and distress, medical cure and assistance, support to education, and up to the higher spiritual deliberations. The Kotor City Mariner Fraternity was naturally linked with the patron saint of mariners and seafarers - Saint Nicolas, bestowed with the attribute of The Mariner.

The earliest witness accounts, dating from the 14<sup>th</sup> century, are connected with the church, recounting of the mariner fraternity inception that we are calling nowadays the Boka Marine Guild, of rather Bokelj Marine, accounts originating in connection with the church situated at Misulic, yet with the entire prevalence and functioning of Fraternity later on to be reliant on the Fraternity church consecrated to the Saint Nicolas Mariner. The only Fraternity in the City of Kotor (Catharo), with the privilege of having its own church, was well cognisant of how to promote the church prominence within its own organisation, and how to endow it with particular revenues as prescribed in its Statute and allegatum thereto. In the Statute itself no chapter is to be found devoted specifically to the Church itself, except for the two un-numbered ones, at the very end of the document - 'On church fees', and 'On damage caused to the church'. In the previous clauses of the Statute, Church and its position and remunerations thereto were being decided upon according to the stipulations prescribed therein. Already in Chapter I - 'The Assembly in session shall be so proclaimed by tolling of the bells', hence at the very beginning of the Statute comments are made on the church, addressing it as 'our church'. The same term is to be used further in the Statute contents, in Chapter VI - 'On Chaplains'.

The provision 'On church fees' we deem in this context to be the most significant one, and thus even more bizarre that it is situated,



in our view, in a place least appropriate. The provision prescribes that no ship shall sail out of port without paying a church tax. Instead of payment, however, it was allowed for the donation to be deposited in the church as a pledge, certainly until the return of the ship from its voyage with gains made there from it.<sup>30</sup>

The importance of the church is underlined also in another provision situated in the same place, at the end of the Statute, which prescribes that no official will be allowed to cause any damages to the church, and that all the mentioned penalties and fines may be paid by the pledge - 'by policom, con poliza'.<sup>31</sup>

Those parts of provisions in the numerated chapters of the Statute which speak of the Church are most often devoted to the penalties and fines, which are to be paid directly to the church. Any negligence, i.e. refusal to perform duties, or non diligent performance of duties themselves, was subject to sanctions, both for the procurators and for the syndics, in Chapters IV and V.<sup>32</sup> This type of conduct is also examined in Chapter XXVI - 'On Inventory', which also prescribes penalties and fines for administration officials if they should fail to execute handing over of their duties properly in accordance with the established procedure.<sup>33</sup>

Supplements to the Statute, or allegatum, regulate in more detail church revenues.

u Krtolima, koji je prinosio ulje i drvo za loženje, dok je druga zemlja bila u posedu kmeta Iva Žarkovića, takođe Krtolanina, ispod Bordišta, koji je davao pšenicu i drva za gorivo. Ta oba poseda, donosila su prihod od 140 lira (Milošević, 2003, str. 136-137).

## Prihodi crkve Bratovštine

Delatnost jedne srednjovekovne Bratovštine, pa ni sama svrha njenog nastanka i kasnije održanja, bila bi nemoguća bez vezivanja za određeni deo crkvene organizacije. Sve što se odnosilo na aspekte života izvan materijalne, poslovne sfere, bilo je nužno vezano za crkvu, od potpore u nevolji, lečenja, obrazovanja, sve do viših duhovnih sadržaja. Bratovština pomoraca u Kotoru prirodno se vezala za sveca zaštitnika moreplovaca i putnika - sv. Nikolu, kome je dodat i atribut 'mornar'.

Za crkvu su vezana i prva svedočanstva iz XIV veka, o nastanku udruženja pomoraca koje danas nazivamo Bokeljskom mornaricom, i to za crkvu na Mišuliću, kao i celokupno kasnije postojanje i delovanje - za crkvu Bratovštine posvećenu Sv. Nikoli Mornaru. Jedina Bratovština u Kotoru koja je imala svoju crkvu, znala je da joj odredi položaj u okviru svoje sopstvene organizacije, pa i da je obezbedi namenski određenim prihodima u svom Statutu i njegovim alegatima. U samom Statutu nijedna glava posebno nije posvećena Crkvi, sem dve nenumerisane, na samom kraju teksta - 'O naknadi crkvi' i 'O šteti crkvi'. U prethodnim članovima Statuta, Crkva, njen položaj i primanja, opredeljivani su prema sadržaju tih članova. Već u I glavi - 'Da se Skupština oglasi zvonom', dakle, na samom početku Statuta, govori se o crkvi, kao 'o našoj crkvi'. Isti termin upotrebljen je malo dalje, u VI glavi - 'O kapelanima'.

Odredbu 'O naknadi crkvi', smatramo u ovom smislu najznačajnijom, pa tim više čudi što je smeštena na, po nama, neodgovarajućem mestu. Ona određuje da nijedan brod ne može da isplovi bez plaćanja takse crkvi. Umesto plaćanja, dozvoljeno je da se u crkvu ostavi zalog, svakako do povratka broda i prihodovanja od toga.<sup>30</sup>

Značaj crkve podcrtava i druga odredba koja se nalazi na istom mestu, na kraju Statuta,

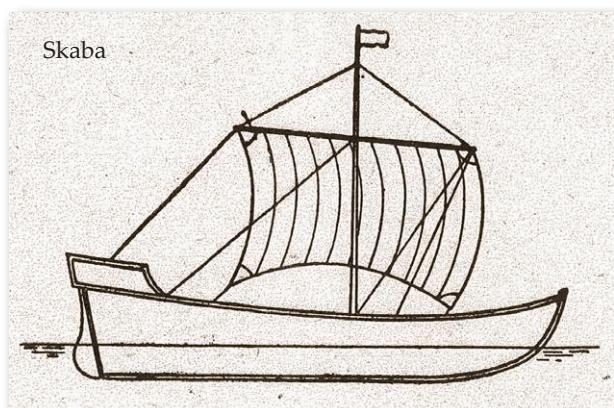
i koja propisuje da nijedan službenik ne sme da pričini štetu crkvi, kao i da se sve spomenute kazne mogu naplaćivati iz zaloga - 'policom'.<sup>31</sup>

Delovi odredbi u numerisanim glavama Statuta u kojima se govori o Crkvi, najčešće su posvećeni kaznama, koje se neposredno plaćaju crkvi. Zanemarivanje, odnosno odbijanje dužnosti, kao i njeno nesavesno obavljanje, tako je kažnjivo, za prokuratore i za sindiče, u glavama IV i V.<sup>32</sup> O takvoj vrsti ponašanja govori i glava XXVI - 'O inventaru', koja takođe propisuje kazne za upravne organe ukoliko ne sprovedu primopredaju dužnosti po utvrđenom postupku.<sup>33</sup>

Dodata odluke Statutu, alegati, podrobnije regulišu prihode crkve. Posebno se u ovom pogledu izdvaja alegat broj 3, inače značajan za odnos Bratovštine i njene crkve, sačinjen 17. aprila 1453. godine. Ovaj alegat predstavlja Ugovor kojim se Bratovštini daje na korišćenje crkva Svetog Nikole, uz obavezu da povremeno, prema svojim mogućnostima bratimi treba i da popravljaju crkvu, izgrade zvonik sa zvonom, sedišta u porti, te da moraju da nabave misal, kalež, misno ruho i ostale predmete neophodne za bogosluženje.<sup>34</sup> Da se ova odluka dosledno primenjivala vidimo i iz alegata broj 37, donetog dva veka kasnije, 25. januara 1667, u kome se konstatuje da su predstavnici Bratovštine, vlasnici i osnivači crkve odlučili da jedan od prihoda - komšijska naknada, koja se davala zato što se zid nečije kuće naslanja na zid crkve Bratovštine, bude upotrebljena za crkvenu dekoraciju.<sup>35</sup>

Značajno je da na njihov teret pada i plaćanje sveštenika. Za prihode crkve važna je i odredba da sve što je priloženo u korist naslednika ove crkve, pripada samostanu Svetog Franje.<sup>36</sup>

U alegatu broj 6, već citiranom, određuje



Especially outstanding in this regard is the allegate No. 3, important for the relationship between Fraternity and its Church, drawn on 17 April 1453. This allegate is compiled in a Contract form, in which Fraternity is granted the right to avail itself of the church of Saint Nicolas, provided Fraternity members shall, from time to time and according to their means, care for and repair the church building, construct the bell tower together with a bell, put in place seating arrangement in the churchyard, together with the obligation to supply misalem, calicem, paramentum and other items necessary for officiating the divine mess.<sup>34</sup> This decision was being diligently implemented, as we can see in allegate No. 37, passed two centuries later, actually on 25 January 1667, where it is stated that the Fraternity members, together with the owners and founders of the Church, have decided that one of the revenues, the neighbouring fee - which is being paid in cases where walls of a person's house would be immediately adjacent and in the closest proximity to the walls of Fraternity Church - was to be used for church ornamental decoration.<sup>35</sup>

It is important to note that those neighbouring persons were also obliged to pay fees to the priest of the church. An important provision important for the church revenues was the one prescribing that everything that was donated in favour of the successor to be of this church, was to be rendered to the Saint Francis Monastery.<sup>36</sup>

In the allegate No. 6, already mentioned hereinabove, a certain amount was set out from every tax charged for sailing out of port, which was designated to be given to the church - or actually an amount equal to one half of such a sum paid.

Revenues collected from fines and penalties to be paid in favour of the church were set out in the allegatum and in the Statute. An example is to be found in the allegate No. 7 which pertains to the fine imposed on the Fraternity member, owner of the Caravel ship, for damages caused to the Fraternity property - breaking down of the saona (or vlaka, a wooden rail used to haul the ship) for ship hauling procedure, pronouncing the fine due to be paid within two years time to the church.<sup>37</sup>

Funds allocated to the church, nevertheless

were neither accrued continuously nor in any sufficient amount. This is best witness by the allegatum No. 61 and 63, which are setting up additional taxes in favour of the church. In the former one, dated 24 April 1689, it is ordered, concordant with the times past, that every ship loaded with trading merchandise and leaving from one of the townships under the Kotor City jurisdiction, with the exception of Perast, was to pay one reale of 40 grosse, while for the Prcani dwellers (Parzagno) this would not apply as they were to pay only one half of a reale. It is noted that this decision was made based on the observation that many merchants, seized by greed, were failing to pay their due for the up-keep of the church. It is specified that it was agreed to increase this due in future for yet another grosse, to be charged on every miaro of mercantile goods that is exported. The first decision ends in the wording that from that time onwards, no trader will be able to obtain a travelling permit without previously receiving a receipt from the Fraternity procurator specifying that he has duly paid his dues to the church. In the second decision, in addition to the above mentioned grosse, payment is prescribed of yet an additional one, which comes to a total of 8 soldes for one miaro of mercantile goods.<sup>38</sup>

The fact that this obligation was not always honoured is commented upon in the allegate No. 63, passed two years later, which demands from every mariner to hold a receipt certifying that he had settled his dues.<sup>39</sup>

## Expenditures and Grants

Funds collected by the Fraternity over the decades were growing, and whether it was the brotherhood disposing with them or rather the Church of Saint Nicolas Mariner, albeit not being the assets of any individual member of Fraternity or some of them collectively, those funds have certainly benefited every mariner member of Fraternity individually by offering him a certain material support and security. The main allocation of funds was channelled for support and upholding of Fraternity itself, of its church, but also for assistance rendered in cases of various disasters. In addition, Fraternity engaged its funds in the promotion of activities of its brotherhood and the maritime activities

se iznos koji od svake takse za isplavljanje pripada crkvi - praktično jedna polovina.

Prihodi od kazni koji se naplaćuju u korist crkve, određeni su i alegatima, kao i Statutom. Primer nam daje alegat broj 7, koji se odnosi na kaznu bratima, vlasnika karavele, zbog nanete štete imovini Bratovštine - lomu saona (sâône, ili vlâke, drvene šine po kojima se vuče brod) za izvlačenje broda, i određuje da bude, u roku dve godine, plaćena crkvi.<sup>37</sup>

Sredstva namenjena crkvi, nisu ipak pristizala u kontinuitetu u dovoljnim količinama. O tome nam svedoče alegati broj 61 i 63, koji ustanovljavaju dodatne takse namenjene crkvi. U prvom od njih, od 24 aprila 1689. godine, odlučeno je, u skladu sa prošlim vremenima, da se za svaki brod sa trgovackom robom, koji kreće iz nekog naselja kotorske jurisdikcije, osim Perasta, plaća jedan real od 40 groša, dok za Prčanjane ovo ne važi, pošto oni plaćaju samo pola reala. Napominje se da je ovako odlučeno, pošto je zapaženo, da mnogi trgovci poneti gramzivošću, ne daju taj prilog za održavanje crkve. Precizira se, da je dogovoren, da u buduće prilog bude povećan, za još jedan groš, na svaki miljar trgovacke robe koja se izvozi. Prva odluka se završava rečima, da od tada, ni jedan trgovac više neće moći da dobije dozvolu za putovanje, a da prethodno nije pribavio potvrdu prokuratora Bratovštine, da je isplatio svoj prilog za crkvu. U drugoj odluci, osim spomenutog groša, predviđa se uplata još jednog, što znači ukupno 8 solada za 1 miljar trgovacke robe.<sup>38</sup>

Da ova obaveza nije bila poštovana, govori alegat broj 63, donet dve godine kasnije, koji zahteva da svaki pomorac mora da poseduje potvrdu o njenom izmirenju.<sup>39</sup>

## Rashodi i davanja

Sredstva koja je Bratovština skupljala i koja su decenijama rasla, bilo da je njima raspolagala ona sama, ili crkva sv. Nikole mornara, iako nisu pripadala pojedinačno članovima, ili nekim od njih, svakako su svakom bratimu ponašob pružala određenu materijalnu sigurnost. Njihova osnovna namena bila je izdržavanje same Bratovštine, njene crkve, kao i potpora u slučaju raznih nedaća. Takođe, Bratovština je angažovala

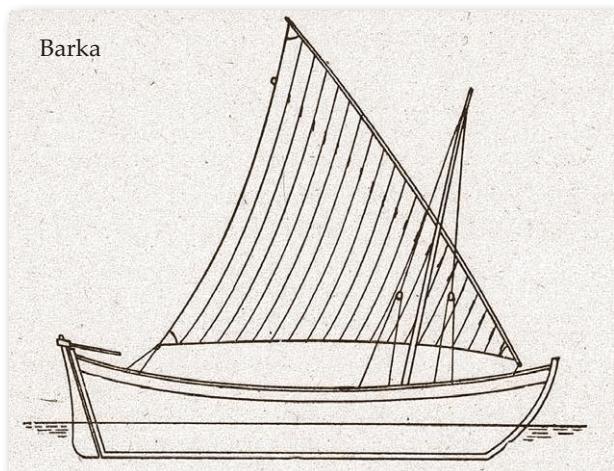
svoja sredstva i za unapređenje delatnosti svojih bratima i pomorstva uopšte. Sve ovo je osnovni pravni dokument Bratovštine uredno pobrojao i normirao.

## Dobročina davanja

Bratovština je pružala pomoć svojim članovima u slučaju bolesti, nesposobnosti za dalji rad, starosti, stradanja na moru, prilikom umiranja i sahranjivanja, ali i kod obezbeđenja miraza za kćeri bratima, bez koga je udaja u ono vreme bila nezamisliva.

Uz mnoga druga dobrotvora činjenja, Bratovština je od pirata otkupljivala zarobljene pomorce, onda kada njihovi, iako trgovacki, ali naoružani brodovi, nisu uspevali da odole tim napadima. U alegatu br. 6, koji smo već citirali, propisuje se povećanje takse namenjene upravo otkupljuvanju roblja.<sup>40</sup>

Bratovština se nije samo kao institucija, kolektivno, starala o svom članstvu. Negovala je i razvijala duh pomoći i solidarnosti kod svakog pojedinog bratima. Otuda nisu retki dokumenti poput Testamenta kapelana Antuna Gisdavca, koji inače predstavlja alegat broj 6, sa samog početka XVI veka. U ovom dokumentu, posle prizivanja Boga, Bogorodice i svetaca, određivanja novčanih iznosa za mise i crkve, leprozorijum, bolnicu sv. Duha, sveštenicima, Bratovštini sv. Križa i onima koji će mu pomoći u bolesti, Kotorskoj mornarici posebno ostavlja svoja imanja, sa kojih 7 stara žitarica od godišnjeg prinosa treba odvojiti za maloletnu decu mornara, za čiju odeću ostavlja i određenu količinu grubog sukna (raše), te konačno, univerzalnim naslednikom



in general. All this was properly enumerated and regulated by the basic legal document of Fraternity.

## Charitable grants - alms

Fraternity was offering assistance to its members in case of illness, in case of disability to continue work, old age, mariners perishing at sea, in cases of demise and burials, but also in providing dowry for daughters of brothers without which any marriage of girls in those times would be unthinkable.

Together with many other charitable endeavours, Fraternity was paying redemption money to pirates who captured mariners, at the times when their ships, although of a mercantile character yet ones well equipped and armed vessels, would not be able to resist such attacks. In the allegate No. 6, already quoted hereinabove, it is prescribed that taxes shall be increased actually for the redemption of persons enslaved.<sup>40</sup>

Fraternity did not engage only as an institution, and collectively, in the care for its membership. It was grooming and developing spirit of caritas in its endeavours and solidarity within every one of its individual mariner brother. Thus ample documents are to be found, the likes of the last will and testament bequest of the Chaplain Anton Gisdavac, contained in the allegate No. 6, from the very beginning of the 16<sup>th</sup> century. In this document, after calling on God Almighty, Holy Virgin and holy fathers, after bequeathing monetary amounts to be given for the holy mess and for the needs of the church, for the upkeep of the leprosarium, and for the Saint Spirito Hospital, bequest to the priests, to the Fraternity of Saint Cross, and those who are to assist him in his ailing predicament, he leaves to the Kotor Marines especially all of his lands and real estate property, from which 7 measures of wheat from the annual crop harvest were to be given to the underage children of mariners, and for the clothing of those children a certain quantity of coarse cloth (rasha) is also left, and finally, he proclaims the universal heir to his property the Saint Nicolas Mariner Fraternity, i.e. its impecunious members.

Humanitarian role of Fraternity is directly and clearly identified in the six separate

chapters. The Assembly, according to Chapter XII of the Statute - 'On Impecunious Brothers', was the one that was deciding on the aid to be rendered to the impecunious member, and just how much importance was allotted to the prompt reaction in case of distress of such a brother, is best witnessed by the process facilities when deciding on the aid to be given, those that are actually prescribed in this Chapter, stipulating that in such a case, it was sufficient to have the presence of one gastaldo and one syndic and procurator, while for the quorum to be obtained the presence of only six brothers would suffice.<sup>41</sup>

Furthermore, it was stipulated that assistance will be rendered also to a daughter of an impoverished brother mariner, to collect on her behalf sufficient money for the dowry. In Chapter XIII of the Statute - 'On brothers unable to provide for their daughter's marriage' it is specified that the Assembly shall set aside a certain sum for the purchase of a wedding gown for the future bride-to-be.<sup>42</sup>

Regarding the case of a mariner deceased during the voyage, who was temporarily buried outside of Kotor City, in Chapter XV of the Statute - 'On those who have deceased beyond the Bay', it is stated that their earthly remains will be transported to a common burial ground (where every member of Fraternity had the right to be buried if he should so wish) and the transfer of earthly remains was to be made by his colleague, who would be paid for such a deed two or two and a half ducats, depending on the longer of shorter distance, from Hvar (Lesena) or Duraco.<sup>43</sup>

In the framework of charitable provisions, there is also the one stipulated in Chapter XVIII - 'On those who can not cover the costs of their own burial', where it reads that Fraternity will pay for the funeral, in accordance with the distinction of the deceased and the opinion of the directorate officials of this brother whose family is short of funds to pay for the burial of its dearly beloved.<sup>44</sup> This provision is followed by the next one contained in Chapter XIX - 'On those unable to attend all of the three days of vigil over the deceased', which is actually its supplement, and where it is specified that the Fraternity will cover also the costs of the requiem mess which must be officiated on the

proglašava Bratovštinu Sv. Nikole Mornara, odnosno njene siromašne članove.

Humanitarna uloga bratovštine neposredno je prisutna u šest posebnih glava. Skupština je, po glavi XII Statuta - 'O siromašnim bratimima', bila ta koja je odlučivala o pomoći siromašnom članu, a koliki se značaj pridavao brzoj reakciji na nevolju nekog bratima, govore procesne olakšice za odlučivanje o pomoći, koje se upravo ovom glavom utvrđuju: u tom slučaju, bilo je dovoljno prisustvo starešine i po jednog sindika i prokuratora, dok je za kvorum bilo dovoljno samo šest bratima.<sup>41</sup>

Dalje, bilo je predviđeno i da se pomogne kćerki nekog siromašnog člana, da joj se prikupi novac za miraz. Glavom XIII Statuta - 'O bratimima koji ne mogu da udaju kćeri', precizira se da će Skupština odrediti sumu, za kupovinu sukne za buduću nevestu.<sup>42</sup>

Za pomorca koji je umro na putu, i koga su sahranili privremeno van Kotora, glavom XV Statuta - 'O onima koji umiru van Zaliva', rečeno je da će njegove kosti u zajedničku grobnicu (svako od pripadnika Bratovštine, imao je pravo da se sahrani, ako želi, u zajedničku grobnicu), preneti njegov kolega, kome će se platiti dva ili dva i po dukata, u zavisnosti od veće, odnosno manje udaljenosti od Hvara, odnosno Drača.<sup>43</sup>

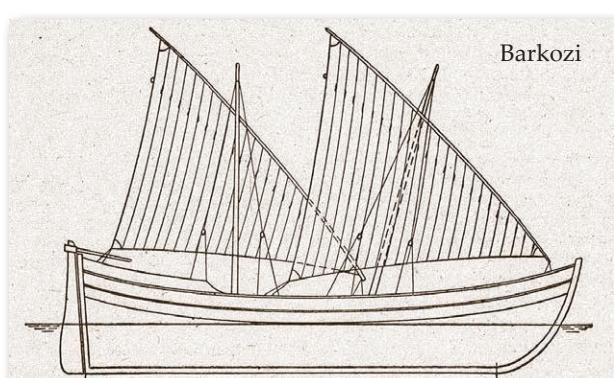
U okviru milosrdnih odredbi, nalazi se i ona u glavi XVIII - 'O onima koji ne mogu podmiriti trošak svog pokopa', u kojoj se kaže, da će Bratovština platiti sahranu, prema ugledu pokojnika i oceni upravnih organa, onom svom bratimu, čija porodica nema sredstava da to plati.<sup>44</sup> Na ovu odredbu, nadovezuje se sledeća, XIX - 'O onima koji ne mogu biti sva tri dana na bdenjima', koja praktično čini njenu dopunu, gde se prezizira, da će udruženje snositi i troškove za misu zadušnicu, koja se mora dati trećeg dana po pogrebu, ukoliko bliski srodnici nemaju novca za to.<sup>45</sup> Poslednja odredba ove grupe, XX - 'O mornaru strancu', kaže, da će na teret Bratovštine, pasti troškovi ukopa stranog pomoraca, koga je smrt zadesila u Kotoru.<sup>46</sup> Svojevrsna dopuna ove odredbe Statuta, predstavlja alegat broj 34, donet dva veka kasnije, 1. septembra 1660. godine, čiji je sadržaj izjava kojom je Tripo Frano, ostavio grobnicu koju je izgradio u crkvi Bratovštine, za ukop stranih pomoraca, ostalih stranaca koji preminu u Kotoru, ili siromašnih.<sup>47</sup>

## Redovna davanja

Od samog nastanka, Bratovština je bila ustrojena kao strukturisana organizacija, čije organe vode izabrani službenici, od najviših - gastalda, preko sindića i prokuratora, do povremeno angažovane mладеžи za periodične i namenske poslove. Uz ove, u službenike Bratovštine mogu se ubrojati i duhovnici i laici vezani za crkvu Sv. Nikole Mornara i franjevački samostan uz koji se nalazila - kapelani i gvardijani, skupa sa njegovim pripravnicima. Za svoju službu svi oni su bili plaćeni iz kase Bratovštine, od njenih redovnih i povremenih prihoda.

Gastald je biran među članstvom, svakako među najviđenijim i najbogatijim pomorcima. Otuda ne čudi što se o njegovim primanjima, kao zvaničnika Bratovštine, nigde ne govori. Očigledno se može zaključiti da je svoju funkciju, doživljavanu kao najveću čast među bokeljskim pomorcima, obavljao besplatno.

Ova, najviša funkcija Bratovštine, regulisana je Glavom III Statuta.<sup>48</sup> Birao se na godinu dana. Pored mogućnosti da saziva Skupštinu, njegov glavni zadatak, bio je da čuva sve vredne stvari udruženja: glavnu knjigu u kojoj se nalazio i Statut, krst, kadionicu, razne predmete od srebra, svileni ornat (sveštenička odežda, svečano odelo), i druge dragocenosti, kao i kasu u kojoj je bio pohranjen novac organizacije. Nju su, prema članu XXVI Statuta - 'O inventaru', morali da mu predaju sindici i prokuratori, najkasnije u roku od 15 dana, od dana kada je stupio na dužnost.<sup>49</sup> Pored ovog, starešina je morao jednom godišnje da napravi i poseban inventar nekretnina, uz pomoć sindića i prokuratora, a bio je obavezan i da ga da na uvid Skupštini ili nekom od članova uprave, ukoliko bi ovi to zatražili.



third day after the burial, in case the next of kin would be short of money to provide for it.<sup>45</sup> The last provision in this groups, the one in Chapter XX - 'On the foreign mariners', stipulates that at the expense of Fraternity, all costs of burial of a foreign mariner will be covered, if the demise of the deceased occurred in the City of Kotor.<sup>46</sup> A particular supplement to this provision of the Statute is given in the allegate No. 34, passed two centuries later, on 1 September 1660, containing the statement given by Trifon Pietro quondam Fracesco, who bequeathed the burial crypt or vault that he had built at the Fraternity church, for the burial of the foreign mariners, and other strangers demised in Kotor, or those impecunious ones.<sup>47</sup>

## Regular dues and grants

From its very inception, Fraternity was set up as a structured organisation with its bodies headed by the elected officials, from the highest ranking ones - the gastalds, through the syndics and procurators, and down to the temporarily engaged youth for some seasonal and particular assignments. Together with this lot, Fraternity officials may be also deemed to have been both the spiritual leaders and laymen officials connected with the church of Saint Nicolas Mariner, but also those of the Franciscan Monastery close at its hand - its chaplains and guardians, together with their apprentices. All of them were being paid for their services from the Fraternity coffers, both from its regular and provisional revenues.

Gastald was elected from amongst the mariner brotherhood, certainly amongst the most distinguished and the most opulent mariners. Hence it does not come as a surprise that his remunerations, in the role of the top official functionary of Fraternity, are never mentioned anywhere. Obvious conclusion is that for his function, experienced as the highest possible honour amongst the Boka Catharo Mariner Guild, he was not paid and was working and acting pro bono.

This highest function within the Fraternity ranks was regulated in Chapter III of the Statute.<sup>48</sup> He was elected for a term of office of one year. In addition to the power to convene the Assembly, his main task was to safeguard

valuable objects of Fraternity: the main book containing the Statute, the cross, thurible censer, various silver utensils, a silk ornate clothing attire (ceremonial priestly officiating robes and garments), and other valuables, but also the coffers holding the money of the organisation. In accordance with the provisions of Chapter XXVI of the Statute - 'On Inventory', these coffers had to be handed over to him by the syndics and procurators not later than 15 days from the day he had taken the office.<sup>49</sup> In addition, the highest official had to make a special inventory list of immovable property once every year, with the assistance of the syndics and procurator, and was duty bound to submit it to the Assembly for inspection, or to one of the members of the administration, in case they should so request.

The first chapter of the Statute that speaks of the salary remunerations given to one of the officials is Chapter IV, where there is a mention of procurators, who were paid for their services in the amount of three percent from everything that they have collected, for the duration of their function. Cashiers - treasurers or procurators, were having the term-of-office in the duration of one year, and they were elected at the same church holiday - Saint Saviour's Day, the same time when the gastalds were being elected, which indicates that probably earlier, some previous mariner brotherhood or guild, was having Saint Saviour as its patron saint (Dabinovic, 1934, p. 124). Tasks of procurators, precisely defined in the Statute, were the following: to collect all the revenues of Fraternity, in the presence of two witnesses, to keep a detailed book-keeping on what they have collected, but also on all the items that they were not able to collect, and to safeguard and keep in the coffers all the money so collected. In truth, they were actually and in fact not in possession of the money as it was kept and guarded by the gastald, but every procurator was entrusted with one of the keys to the coffers. They were submitting proper accounts on all these proceedings to the Assembly, or any of its members, at his request, and were duty bound to present also all the bills and accounts. Provisions of Chapter XXIV stipulate that they were the only ones authorised to pay expenses of the organisation (Mijuskovic, 1970, p. 74). In addition, they were also authorised to engage in forcible

Prva glava Statuta u kojoj se govori o plati nekom od službenika, jeste glava IV, u kojoj se govori o prokuratorima, kojima se za službu plaćalo tri posto od svega što su ubrali, dok im je ta funkcija trajala. I blagajnicima, prokuratorima, mandat je trajao godinu dana, a birani su na isti praznik - Spasovdan, kada i gastald, što nas upućuje, da je verovatno ranije, neko predašnje pomorsko udruženje kao svog sveca zaštitnika, imalo Svetog Spasa (Dabinović, 1934, str. 124). Zadaci prokuratora, tačno su određeni Statutom: bili su dužni da ubiraju sve prihode Bratovštine, uz prisustvo dva svedoka, da vode precizno knjigovodstvo o onome što poberu, ali i o svemu što nisu uspeli da naplate, kao i da sav taj novac čuvaju u kasi. Istina je, da oni faktički nisu bili u njenom posedu, pošto je nju čuvalo gastald, ali je svakom od blagajnika, bio poveren po jedan njen ključ. O svemu ovome podnosili su račun Skupštini, ili bilo kom njenom članu, na njegov zahtev, a bili su dužni i da prezentiraju sve račune. Odredbom XXIV, jedino su oni bili ovlašćeni za uplatu troškova organizacije (Mijušković, 1970, str. 74). Pored ovog, bili su ovlašćeni i za prinudnu naplatu. Statut sadrži i interesantno rešenje, kojim se kaže, da ako ova lica ne uspeju da ustanovljeni iznos prinudno naplate u roku od dva meseca, da istu vrednost moraju da daju od svojih para, što je pak bila svojevrsna kazna za nehat. Ako bi oni ovo odbili da učine, kažnjavani su globom od 10 libara voska za crkvu, što je opet bilo predviđeno IV članom Statuta Bratovštine.

I manastirskim dobrima, takođe su raspolagali prokuratori. Za vreme kotorskog

biskupa Rajmunda Agoutija (1331-1334), donet je Zakon o izboru manastirskih prokuratora. Svakako da je imao svoju dugu tradiciju, jer se kaže da je donet u skladu sa starim običajem - *secundum antiquam consuetudine*. Do 1372. godine, sudije su zajedno sa Većem dvanaestorice, kasnije i Većem umoljenih, birali gradske činovnike, među njima i po dva prokuratora, za svaki manastir u gradu i okolini. Njihovu funkciju, najbolje možemo da sagledamo preko primera koje nam pruža arhivska građa: iz isprave od 31. jula 1463. godine, možemo da saznamo da su u to vreme prokuratori manastira Svetog Franje bili Gregor de Gimo, Bazilije Marinov de Bezantis i Mihailo Trifunov de Buća. U dokumentu se zatim govori o ključnoj ulozi prokuratora manastira: ustupanju manastirskog zemljišta u zakup. Radilo se o imanju, vrtu manastira Svetog Franje izvan gradskih vrata Svetog Nikole na Škurdi, koje je za stalno dato Urbanu i Simku de Mekši. Prokuratori su inače za takvu odluku, morali dodatno da imaju i odobrenje manastirskog gvardijana (u ovom slučaju Fra Marina iz Dubrovnika), redovnika (male braće), kotorskog providura i sudija.

Prokuratori su još bili ovlašćeni ne samo da izdaju kuće koje su manastiri imali u svom posedu, već i da zakupnину koju su dobijali, daju trećim licima. Tako su isti ovi prokuratori, ispravom od 29. novembra 1436. godine, dali svešteniku Nikoli de Mekši, vikaru, najamninu od 30 groša, od kuće obućara Stojka Jagne na Šuranju, koliko je ovaj inače plaćao manastiru. U ovoj ispravi, još su prodali za 400 perpera, Jakobu i Leonardu de Eskulu, vinograd manastira Svetog Franje na Puču, uz obavezu da daju desetinu prihoda kapelanu crkve Svetog Tripuna. Kroz ove primere, možemo da sagledamo da su prokuratori crkava, imali gotovo istu ulogu kao i prokuratori bratovština, kao i da su kotorske crkve, pored svojih redovnih prihoda, isto kao i bratovštine, punile svoje kase i preko zemljišne rente, od davanja zemlje u zakup, bilo na određeni period, bilo na večita vremena - *dare ad tempus, dare ad*



collection of receivables. The Statute contains also an interesting arrangement stipulating that if such a person should fail to forcibly collect the due claims within a period of two months, due claims must be compensated by that same person in the same value from his own money, which was a particular punishment for the lack of diligence. If the person sanctioned would refuse to so proceed, he was sanctioned with the fine of 10 pounds of wax for the church, as prescribed in Chapter IV of the Fraternity Statute.

Monastery property was also in the hands of procurators. At the time of the Kotor City bishop Raymond Agouti (1331-1334), Law on the election of monastery procurators was passed. It certainly had its long tradition, as it is said that it was passed in accordance with the old custom and tradition - *secundum antiquam consuetudine*. Until 1372, judges were together with the Council of the Twelve, and later on with the Council of the Placated, electing city officials, among them two procurators for each one of the monasteries in the city and its vicinity. Their function may best be assessed through the examples offered to us by the archive documents: document of 31 July 1463 where we can learn that at that time procurators of the Saint Francis Monastery were Gregorius de Gimo, Basilius Marinov de Bezantis and Mihael Trifunov de Bucha, the document further commenting on the crucial role held by the monastery procurator: awarding monastery land for rental. This was actually the land plot situated in the gardens of the Saint Francis Monastery, outside of the city gate of Saint Nicolas at Scudra, which was ceded in permanent rental to Urbano and Simko de Mekshi. Procurators had to acquire for such a decision an additional approval of the Monastery guardian (in this case Fra Marino of Dubrovnik), that of the Little Friar Brothers, of the Kotor City providura, and that of the judges.

Procurators were also authorised not only to rent to tenants houses owned by the monasteries, but also to give so collected rental fees to the third persons. Thus those same procurators, in the document of 29 November 1436, gave to the priest Nicola de Mekshi, the vicar, a rental fee in the amount of 30 grosse from that house rented by the cobbler Stojko Jagne at Suranj, the amount that this one was paying to the Monastery. In this document, it

is stated that they have sold for 400 perpers, to Jacob and Leonard de Esculo, a vineyard of the Saint Francis Monastery at Puc, provided they should give one tenth of the revenues to the chaplain of the Church of Saint Triffone. Through these cases we can gain an insight into the fact that church procurators had an almost identical role with the procurators of the fraternities, and that the Kotor City churches, in addition to their regular income, just the same as the fraternities, were filling their coffers also through the rental of land, giving the land on lease either for a certain period of time, or for some times immemorial - *dare ad tempus, dare ad afflictum perpetum, or afflictus ad perpetuum*. In addition to the above stated duties, Venetian provider Nicolo Pizani, passed, on 5 March 1432, yet another law regulating procurators obligation to supervise timely maintenance of church buildings in order to prevent their fall into ruin. These legal provisions especially were a dire necessity of those times as many of the Kotor City churches and monasteries were falling in disrepair, while rehabilitation and reconstruction works were never undertaken. This law prescribed an inventory to be made of all the church and monastery properties and assets, and the list of inventory to be kept at the municipal city offices, prescribing in particular that once a year the list was to be revised, and that on the Saint George's Day. In the inventory list, all the movable and immovable property had to be listed and all the church valuables inscribed, but also those of the fraternities (Zivkovic, 2010, p. 61 and 62).

Work of the cashier was supervised and the financial control conducted by the supervisors-syndics, with a mandatory presence of a gastald, as the third member of the control operation. They were elected by secret ballot, for a term-of-office of two years. All those who were reluctant to accept such function were fined with a penalty of 30 pounds of wax for the church. Their basic task was to examine the accounts, at the most three times a year, but also more frequently if necessary, if they should deem it appropriate. Their report on conducted control was presented to the Assembly. Every Fraternity member was practically duty-bound to accept election of another brother to the post of a syndic, as in the case of contrary, if he was

*affictum perpetuum* ili *affictus ad perpetuum*. Pored navedenih obaveza, mletački providur Nikola Pizani, doneo je 5. marta 1432. godine još jedan zakon, kojim je regulisano da prokuratori imaju obavezu i da nadziru blagovremeno izdržavanje crkvenih građevina, kakao bi se sprečilo njihovo ruiniranje. Ove zakonske odredbe, gotovo da su u to vreme bile preko potrebne, jer su se brojne kotorske crkve i manstiri nalazili u propadanju, pošto se sanacije i obnove nisu preduzimale. Ovim zakonom, naloženo je da se popišu sva crkvena i manastirska dobra, kao i da se taj spisak čuva u gradskoj kancelariji, s tim što je precizirano, da se jednom godišnje mora revidirati i to o Svetom Đorđu. U popisu, inventaru, morale su da se navedu sve pokretne i nepokretne stvari i da se upišu sve crkvene dragocenosti, isto kao i kod bratovština (Živković, 2010, str. 61 i 62).

Poslovanje blagajnika, finansijsku kontrolu, obavljali su nadzornici-sindici, uz obavezno prisustvo gastalda, kao trećeg člana. Birani su tajnim glasanjem, na rok od dve godine. Svaki onaj ko nije želeo da se prihvati ove funkcije, kažnjavao se sa 30 libara voska za crkvu. Njihov osnovni zadatak, bio je da najviše tri puta godišnje pregledaju račune, ali i češće, ako procene da je to neophodno. Svoj izveštaj o obavljenoj kontroli, iznosili su pred Skupštinu. Svaki član je praktično, imao obavezu da prihvati izbor nekog bratima na mesto sindika, jer u suprotnom ukoliko bi se protivio njegovom izboru, morao je da plati kao kaznu, 30 libara voska za crkvu.

U svrhu ispravnog finansijskog rada, sindici su vodili knjigovodstvo preko ‘velike sveske’. U ‘quaterno grande’, po članu XXII Statuta, upisivali su sve prihode i rashode Bratovštine, a samu knjigu, kao što smo već naveli, čuvao je uz ostale dragocenosti gastald, u kasi sa ostalim dragocenostima.

Pored velike, XXIII članom Statuta, bilo je predviđeno postojanje i ‘male sveske’-‘*del quaterno picolo*’. Njena svrha, bila je ta, da se na određeni način postoji (obavlja) uvid u poslovanje i onih bratima, koji nisu bili na upravnim funkcijama. Malu knjigu, vodio je neko od ‘dostojnih’ članova, ‘prikladni’-*parconebole* (udeoničar, investitor u trgovačke poduhvate koje su vodili patruni), čiji je zadatak isto bio da pribeleži sve prihode koje su sakupili

blagajnici. S vremenom na vreme, knjigovodstvo velike i male knjige se upoređivalo, kako bi se sprečile finansijske zloupotrebe u udruženju.

Rad sindika obavljan je *pro bono*, što zaključujemo iz činjenice da se ne pominju nikakva njihova primanja u glavi V Statuta, koja reguliše njihov položaj i rad.

Sveštena lica, kapelani su, prema glavi VI Statuta, dobijali 40 perpera godišnje plate, isplaćivane iz dva puta. Osim plate, za svaku procesiju bivali su plaćeni sa po dodatna četiri groša. Prihod kapelana povećava se i odredbama glave VII, u kojoj se propisuje da za praznik Sv. Nikole služe sve službe i mise, uz sveštenike same crkve, i dodatna četiri sveštenika iz drugih crkava. Svima njima predviđena je za to nagrada od dva perpera. Na isti način, nagrađivani su jednim perperom ukupno kapelani i četiri gostujuća sveštenika o prazniku Duhova (glava XVII - ‘O godišnjoj proslavi’).

Sveštenici crkve Bratovštine imali su i prihode pri bdenjima i sahranama, ako bi zamjenjivali nekog od bratima (glava XIX - ‘O onima koji ne mogu biti sva tri dana na bdenjima’). O značaju duhovnog karaktera okupljanja u Bratovštine, svakako govore ove brojne odredbe Statuta, kojima se određuju prihodi sveštenstva. Pored svih numerisanih glava, na kraju Statuta, nalaze se i dve nenumerisane, koje takođe govore o tome. Prva, ‘Dodatak za kapelane’ jednostavno konstatiše da kapelani imaju dodatak od pet perpera, dok druga, ‘Dodatak gorespomenutih’, kaže da se kapelanim daje po četiri perpera, što svakog ponedeljka drže pomen mrtvima.

Gvardijan, laik koji se starao crkvi - crkvenjak, iz redova bratima, dobijao je godišnju platu od deset perpera, a njegov pomoćnik pripravnik od šest, što je sve regulisano odredbama glave VIII - ‘O gvardijanu crkve’.

Ta raznolikost i učestalost u davanjima, jasan je pokazatelj dobrog finansijskog stanja Bratovštine, na vrhuncu njene moći. O tome postoji i jedan zanimljiv, neposredan dokument. Naime, XVII glava Statuta, stavljena je van snage 1579. godine, upravo pod motivacijom preterane raskoši, odlukom dalmatinskog apostolskog vizitatora, veronskog biskupa Augustina Kaurija, kako je zapisano na margini uz samu glavu Statuta.

to protest against such an election, the member so opposed had to pay the fine of 30 pounds of wax for the church.

For purpose of conducting properly their financial duties, syndics were maintaining book-keeping through "a Greater Book" or '*quaterno grande*', where after the provisions of Chapter XXII of the Statute, they were recording all the revenues and expenditures of Fraternity, while the book itself, as we have already stated, was in the safekeeping, together with other valuables, of the gastald, in the coffers together with other valuables.

In addition to the Greater Book, Chapter XXIII of the Statute also prescribed keeping of a 'Small Book' - '*del quaterno picolo*'. Its purpose was to provide for an insight into the business of those brothers who were not holding managerial functions. The Small Book was kept by one of the "trustworthy" members, those "deserving" - *parconebole* (shareholder, investor in trading ventures conducted by the patrons) members, whose task was to record all revenues collected by the procurators. From time to time, bookkeeping of both the greater and the small book were compared in order to prevent any financial misuses in the Fraternity.

Work of the syndics was performed on a *pro bono* basis, as we may conclude from the fact that none of their remunerations have been mentioned in Chapter V of the Statute regulating their status and work.

Clerical personalities, chaplains in particular, according to Chapter VI of the Statute, were receiving 40 perpers as an annual pay, to be paid in two tranches. In addition to their pay, for every procession they were rewarded with additional amount of four grosse. Income of the chaplains was increased also after the provisions in Chapter VII, where it is prescribed that for the Saint Nicolas Day, all church services and mess were to be served by the priests of the church itself, but also by additional four priests from other churches. All of them were to be rewarded by an amount of two perpers. In the same way reward of one perper

in total was given to chaplains and four visiting priests during the Saint Spirit's Day (Chapter XVII - 'On the annual holiday celebrations').

Priests of the Fraternity church had also an additional income for funeral vigils and burial ceremonies, if they were acting in lieu of one of the brothers (Chapter XIX - 'On those who could not attend all of the three days of vigil'). The importance of gatherings of a spiritual nature, bringing closer together Fraternity membership, is certainly evident in many provisions of the Statute, prescribing earnings for the clergy. In addition to all the above cited chapters, at the end of the Statute what is to be found are the two, un-numbered ones, that are also speaking on this subject. The first one, 'Supplement for the Chaplains' simply states that chaplains are to receive an additional amount of five perpers, while the other one, 'Supplement to the aforementioned' states that chaplains are to be given four perpers for officiating requiem mess every Monday for the brothers deceased.

Guardian, a lay person taking care of the church affairs - a sexton, from amongst the ranks of Fraternity mariner brotherhood, was receiving an annual salary of ten perpers, and his assistant and apprentice was receiving six perpers, all this having been regulated in the provisions of Chapter VIII - 'On the church guardian'.

This diversity and frequency of remunerations is a clear indicator of a good financial position that the Fraternity enjoyed at the peak of its power. There is to be found, in this respect, a very interesting document dealing



## Ulaganja i zajmovi

Sva ta sredstva Bratovštine, svakako su omogućavala njenim članovima, i da pod povoljnijim uslovima dođu do zajma koji bi im pomogao u radu. Sami osnovni dokumenti Bratovštine, ni Statut, ni njegovi alegati, o tome ne govore podrobno, osim u jednom slučaju. Pa i tada, kazuje se o pozajmljivanju sredstava od crkve. Odredba Statuta bez broja, pod nazivom 'Zabranja pozajmica bez zaloga', propisuje da se sredstva crkve ne mogu uzimati na zajam, bez zaloge. Ukoliko bi zaloga izostala, predviđena je kazna od deset libara voska.<sup>50</sup> Ostaje, međutim, nejasno na koga se odredba o kazni odnosi - zajam je neko, u ime crkve morao da isplati, što valjda ne bi učinio bez prethodno primljene zaloge; opet, onaj kome su sredstva bila potrebna, i ko je želeo da uzme zajam, teško da bi mogao da plati kaznu.

Bratovština Sv. Nikole mornara nije svakako bila, što je očigledno iz ovih odredbi, društvo za investiranje, nego cehovska organizacija za

potporu svojih članova i profesionalni razvoj njihove delatnosti. Ona je to jasno odredila u svom Statutu iz 1463. godine, birajući put pune profesionalizacije svojih upravnih struktura sa vlasnicima brodova - patruni i mornarima koji stvarno plove, uklanjajući iz njih i suvlasnike brodova - *parcenevoli*, koji istovremeno nisu bili pomorci koji plove, već samo ulagači kapitala, kao i kalafate - brodograditelje, koji se takođe nisu ostiskivali na more. S druge strane, Bratovština je forsirala monopol svoje profesionalne organizacije, određujući da niko sa područja kotorske komune ne može da plovi i trguje, ako pak nije član Bratovštine pomoraca. To je opet značilo, da svi moraju novčano da doprinesu u određenom procentu od svoje trgovačke zarade. U srednjovekovnom periodu, zatvoreni tip ovakvog ekonomskog korporativnog sistema, imao je izuzetan uspeh i donosio je ogromnu zaradu samoj Bratovštini, ali i njenim članovima, kojima je upravo takvo organizovanje omogućavalo daleko povlašćeniji položaj u poslovanju.

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directly with this matter. Namely, Chapter XVII of the Statute was abolished, deleted and pronounced void without effect in 1579, actually motivated by an excessive opulence, in the decision pronounced by the Dalmatian Apostolic Visitation official, the Verona Bishop Augustine Kaury, as duly noted in the margins of that very Chapter of the Statute.

## Investments and Loans

All of these assets acquired by the Fraternity were certainly allowing its membership to acquire loans under favourable conditions in order to help them in their work. Yet no basic documents of Fraternity itself, and neither its Statute nor its allegatum, are recounting any specific issues on this matters, except in one particular case. Even in that case what is stated is that the funds have been borrowed from the church. Statute provision, without number, entitled 'Prohibition of borrowing without a pledge', prescribes that the church funds can not be borrowed, without giving a pledge. If the pledge should be absent, fine was prescribed in the amount of two pounds of wax.<sup>50</sup> It remains unclear, however, who would be the subject of such a fine - the loan certainly had to be disbursed by someone in the name of the church, which no person would certainly do without previously receiving an asset pledged in its stead; yet again, the person in dire need of such funds, wishing to borrow them through a loan, would be hardly in a position to pay the respective fine so imposed.

Saint Nicolas Mariner Fraternity was certainly not a society intent on investment purposes, as evident from all of these provisions, but it was a guild organised for rendering support and assistance to its membership and to the professional development of their basic maritime activity. It had clearly stipulated its goals in the Statute of 1463, selecting the path of full professional orientation of its managerial structure, in cooperation with the ship owners-patrons and mariners who were truly engaged in maritime navigation ventures, eliminating from their ranks the co-owners of ships - *parcnevoli*, who were not the navigating seamen, but only investors of capital, and also the calaphate - ship-builders, who were neither the seafaring men. On the other hand, Fraternity was enforcing the monopoly of its professional organisation, ruling that no one from the area of the Kotor City commune may navigate and trade outside of the mariner Fraternity membership. This in turn designated that all of them had to give their contribution in money of a certain percentage from their trading gains. In the mediaeval times, such a closed-ended type of economic corporate system had an outstanding success and contributed enormous gains to the Fraternity itself, but also to its membership, where such an organisational structure actually allowed for them to attain a much more privileged position in their business operations.

## Fusnote / Endnotes

1. 'Item ordenemo che tuti li padroni de nave, navete, navilij, barcosi et barcoseti, quali volono esser de questa nostra fraternita et sotometerse a questi nostri ordeni. Se debiano far iscriver con li suo navilij in questa nostra matricula, et curar a servar tuto quello in essa sta e per avignir serra ordenato...'
2. 'Item ordenemo che siano per li nostri gastaldo, sindici et procuratori sia examinata questa nostra matricula de tre ani in tre ani, coe li paroni et lor navilij scriti in questa nostra matricula, et quelli non fossero scriti, como disemo nel capitolo precedente, siano scriti per li diti nostri gastaldo et officiali. Et se per negligentia de tal nostri officiali non fosse fata diligente examination et non fosse scrito alcuno di tal patroni, pagano pre nominati officiali alla nostra fraternita livre V de cera.'
3. '...Che tute quelle persone, siano di che stato et conditione esser si vogliono, habitanti in questa Città et nel territorio, eccetuato il luoco di Perasto, che navigano, o intendono darsi alla navigatione, non possino ciò fare se prima non saranno descritti nella nostra Scuola di San Nicolò di Marinari, con gli oblighi a che sono tenuti gli altri confrati della medesima Scuola, soto la pena sudita.'
4. '...li così sia ingionto a tutti quelli ch'esercitano l'arte della marinarezza, così nella Città come nel territorio, eccetuata la terra di Perasto, debbano nel termine di giorni oto prossimi venturi farsi descrivere nella sudeta scola, soto pena alli contrafacenti di perperi cinquanta, applicata la mità alla Magnifica Canceleria Fiscale et l'altra per beneficio dell'antedeta chiesa. Intendendosi che quelli che al presente non si trovano in questa Città, ritornati che sarranno debbano eseguir l'istesso, soto pena accenata.'
5. '...comandiamo che debba imediate esser formato un rolo delli marinari tutti, tanto della Città di Catara quanto delle terre e ville della giurisdizione , qual rolo dovrà esser tenuto e conservato nella Scuola loro...'
6. '...Item ad omnes oblationes et quaecumque legata bonorum mobilium et stabilium, quae facerent pro marinarios presentes et futuros dicte capellae sancti Nicolai, sint Fraternitatis mariniorum presentium et futurorum, aliae vero oblationes et legata rerum mobilium et stabilium, quae fient dicte capellae per hereditarios et alios exceptis marinariis, sint conventus sancti Francisci, cuius est et fuit dicta capella sancti Nicolai, sine contradictione alicuius personae.'
7. 'Item fo fato i capitolo che le charache paga secondo è sta solito li soi arboragi li navilij menor zoe de 500 in 400 quando passa, zinque ducati che paga arburago li altri menor de 200 in 300 quando passa, quattro ducati che paga arburagio. Item fo fato in capitolo che paga ognun do soldi per charo.'
8. Glava IX i XI: ' Et responder ala nostra fraternita de ogne viaço dela portada di suo navilij grosso uno de Catharo, del caro.', i '... chi contrafase paghi alla Scola perperi 1.'
9. '...Che tutti quelli che navigheranno, come di sopra, siano tenuti a pagar per ogni miano di robba di qual si sia sorte, che estrareranno sopra le loro barche o vasselli fuori di queste Bocche, o di altri luochi, soldi quattro per miano...'
10. '...Che nell'avvenire oltre li soldi quaranta che sono in oblico di pagar tutti li vascelli et fregate per ogni viaggio... siano anco obligati dar et pagar per ogni viaggio soldi vinti, ch'in tuto saranno soldi sessanta de pichi...'
11. '...fù stabilito nei tempi trasandati dalli precedenti confrati, ch'ogni patron di nave, naviglio, o altra barca da questa giurisdizione, eccetuato il loco di Perasto, dovesse avanti la sua partenza da questa Città, per cadaun viaggio riconoscer la chiesa, cioè li padroni da Catara et altri luochi della giurisdizione, con un reale di groseti quaranta, et quelli di Parzago con mezzo reale solamente... resti obbligato e tenuto ogni patron e mercante ch'estrazesse robba, cioè mercantia da questa Città, per qualsiasi loco, oltre il solito grosseto, contribuirne nell'avenire un altro grosseto, e così oto soldi in tuto per ogni migliaro di robba...'
12. 'Item che nissuno navilio se possa partir senza pagar la gesia, overamente dar el pegno in gesia in pena quella parera a lor.'

- 13.'... 'Item ordenemo che tuti patroni li qual vano al viaçio et partendose dal porto de Catharo per andar in Puia, Marca, Romania over altrui, et de la trovasse altri viaçì per Venexia, Dalmatia, Albania over altrui. Et non tornando a Catharo per tanti viaçì, quanti fara for del colpho de Catharo, per tanti resonda alla nostra fraterni ta la quantita se contien in capitolo de so pra notato... Et siando çonto el navilio ala riva de Catharo, patron de quello sia tinuto per fina un mexe satisfar in man di nostri procuradori de tuti viaçì havera fato, da po la partita de Catharo, suo navilio...'
- 14.' Item se qualche forestiero vignesse a tirar suo navilio in terra et etiam volesse tuor li ordegni over vasi della dita scuo la, che paga del centenaro venetiano grossi quattro.'
- 15.'...Et casu quo dito Radeglia non volesse andar, habia a pagar la pena grossi quattro per cadauna volta. Etiam se li diti patroni non volessero chiamar lo dito Radeglia, habbian li pagare la sua giornada.'
- 16.'...Et per lor fatiga habiano grossi IIII per cadauna procession. Et quello chi vinera a falir che non vinesse o mandasse per lui, cada in la prenominata pena de grossi IIII per fiata.'
- 17.'... Item fo proposto che si posa vender uno teren in Marcevac, di quadagnoli doi, per quanto sarà stimato.'
- 18.'...fo presa la parte ch'Inermo Calenda si possi descomprar d'ogni volta che portará perperi quindessi, de grossi undessi, per affito, il qual hoggi mi ha venduto,...'
- 19.'...fo optenuta la parte che maestro Hieronimo Cascalier deba alibar il magazin che si trova de conto nostro, zoè de la schola nostra, et è soto la casa de sua habitation medemamente è et essa de dita nostra scola. La qual casa fo concessa a dito maestro Hieronimo la possi habitar usque ad libitum nostrum, et del dito magazin; fo asignato termine al sopradito maistro Hieronimo per fine mese di ferver, proxime futuro, et questo a beneficio de la giesia et scola nostra.'
- 20.'...cura nel riscuotere, ricuperare et effetualmente acquistare gli affiti, livelli, donationi, legati et heredità lasciatile, et nel far governar case et possessioni sue...'
- 21.'...et fo presa la parte di poter tramutar uno livelo con messer Trifon Bucia et suo fratelo, il qual ne paga perperi quatro in perpetuo, posto in Carni Plat, et lui chonsegnarne altro livelo di perperi quattro, qual paga ser Trifon, pagar dito Chocic in perpetuo. Et si vignise a mancho il dito livelo di ser Trifon soprascrito, che posiamo andar sopra il nostro livelo di Carni Plat.' i '... fo presa la parte ch'Inermo Calenda si possi descomprar d'ogni volta che portará perperi quindessi...'
- 22.'1555 adì ferver, Ser Michiegli antescrito come gastaldo, ha receputo da li nobil nomini di queste terre per liberatione fato del bando obtenueto dal Clarissimo Provvededor in tempo del levar di standardo ha receputo in reson di lire 6 soldi 5 per ducati, ducati numero 3. De li quali soprascritti danari ha dato lire 8 per descomprar uno chalexe, quale hanno sta impegnato per besogno de la gesia.'
- 23.'...che li saranno concesse nelle soleninità delle feste di San Triffone, siano partite per la metà, cioè una metà per la chiesa di San Nicolò predeto, et l'altra di esso Armiraglio. Con conditione che quando sarano dati pegni o denari per le sudete gracie, debbano esser immediate partite per la metà come di sopra...'
- 24.'...che gli saranno accordati dal militare e di 10 ducati dalmati che gli veranno corrisosti dalla Reggia Cassa, perchè formi la solita tavola ed elega !/ li suoi uffiziali.'
- 25.'...Et quello che sera trovato et tolto per el nostro capitolo, refutara, paga de pena alla nostra scola livre XX de cera.'
- 26.'...Et tal cose dito deba ben governar, et sempre in la creation del nostro gastaldo presentarle in capitolo nostro soto pena de livre X de cera.'
- 27.'...Et se per negligentia de tal nostri officiali non fosse fata diligente examination et non fosse scrito alchuno di tal patroni, pagano pre nominati officiali alla nostra fraternita livre V de cera.'
- 28.'Item ordenemo quando sona Capitulo, overo la procession che va atorno la tera che vegna tuti fradelli. Non vegnendo che pa gano mezza canata d oio.'
29. Item fo fato in capitolo che quando moresse qualche fiol over fiola deli nostri fradeli,

- maxime qualcun deli fradelli, et non vignesse ad accompagnare, per cadauna volta paga canata una de oglio, et che se possa dare in poliça.'
30. 'Dela satisfaction ala gesia': Item che nissuno navilio se possa partir senza pagar la gesia, overamente dar el pegno in gesia in pena quella parera a lor... Non posa partir alcun navilio se patron non paghi alla chiesa, overo lasci la piegaria.
31. 'De dano dela gexia': Item che nissuno offitial possa far in danno de la gesia: et che tute le predite pene se possa scoder con poliza.
32. '...paga livre X de cera alla nostra chiexia.', odnosno '...pageno alla nostra chiexia livre XXX de cera per uno.
33. '...Et li diti castaldo, sindici et procu ratori fossero negligenti examinare dito inventario, como di sopra dixemo, et consegnar tute cose prenominate al castaldo novo per satio di çorni XV da po la sua creation, pageno livre X de cera alla nostra chiexia.'
34. '...Item quod dici marinari Cathari, presentes et futuri, cogantur et debeant de temporibus in tempus, secundum possibilitatem eorum reparare dicam capellam, sive Ecclesiam, et ipsam tenere copertam et in ipsa ecclesia facere palam altaris, campanile et campanam, misalem, calicem, paramentum et alia necessaria cultui divino, et bancos circa ipsam ecclesiam, pro usu suaee Fraternitatis.'
35. '...di dare lire cento e cinquanta di questa moneta, in recognitione et compenso del comodo havuto d'appogiarsi, come a fato con l'estesa di sua casa, alle mura della chiesa di San Nicollò... per adobamento e ornamento nella chiesa, cioè nelle solenità, così delli marineri come ancho feste mobilli et festività più principalli della religione, nella chiesa di San Nicolò solamente...'
36. '...cum illa provisione qua fuerint in concordia cum capellano, vel capellanis quos elegerint...
37. '...che ser Zuan Caulovich diè portar doi peze de vasse, qual peze forono rote sotto suo navilio. Et casu quo non portarà dice peze, che dico ser Zuan paga alla giexia perperi dodixi in termeme de anni doi proximi che diè vignir.'
38. '...Con savia delliberation fù stabilito nei tempi trasandati dalli precedenti confrati, ch'ogni patron di nave, naviglio, o altra barca da questa giurisdizione, eccetuato il loco di Perasto, dovesse avanti la sua partenza da questa Città, per cadaun viaggio riconoscer la chiesa, cioè li padroni da Cataro et altri luochi della giurisdizione, con un reale di groseti quaranta, et quelli di Parzagno con mezzo reale solamente. Quel dannaro, poi, con relligiosa pietà veniva inpiegato al honor della chiesa, e santo suddeto. È con ogni modo, di presente, così invalsa l'avidità di molti che, ricusando sodisfare a tempio divino d'un così giusto e tenue procento, si fanno leciti partire senza recognizione alcuna, onde defraudata la Scolla non può supplire all'occorrenze e bisogni del culto di Dio. Parimente fù stabilito che oltre la recognizione suddetta dovesse cadaun mercante contribuir alla chiesa suddetta grosseto uno per ogni miaro di robba o mercantie ch'estrazesse, ma di presente, accresciuti li disendii della Scolla, si conosce neccessario trovar compenso e modo per potervi supplire e sostentare il decorso della medesima per tanto. L'andera parte ch'alcun patron di nave, naviglio o altra barca di questa Città e giurisdizione, non possa haver dall'officio della cancelleria pretorea le neccessarie esedizioni, nel tempo vorà partire per qualsisia loco, se prima non haverà una fede da uno delli procuratori della Scolla in scrito, sigillato coll'impronta della Scolla di san Nicolò, d'haver puntualmente saldato e sodisfato la chiesa delli suoi driti...'
39. '... con cui fu saviamente disosto che non potesse esser rilasciata dall'Officio della Cancelleria, alcuna fede e seditione ad alcun padrone di nave, o naviglio, o altra barca di volere partire da cotesta giurisdizione, eccetuato il solo luoco di Perasto, se prima non avesse fede, giurata da uno delli procuratori della Scolla stessa, siggilata con l'impronta di san Nicolò, d'haver pontualmente saldato e soddisfato la chiesa da suoi giusti e consueti diritti...'
40. '...et soldi vinti alla recuperatione de poveri schiavi, siano anco obligati dar et pagar per ogni viaggio soldi vinti...'
41. '...qual capitolo debiano esser nostro

- gastaldo e uno sindico, e uno over doi procuratori, et al manco di altri fradelli sie. Et li sia proposto la neccessita de tal nostro fratello. Et quella sovention sera ordinata per el dito capitolo, quella li sia fata...
42. 'Item ordenemo che quando fosse alchuno di nostri fratelli impotente a maritar le sue fiole, quello sia sovenuto de una gonela per una del prexio serra el nostro capitolo ut supra ordinato.'
43. '...che conduca li ossa de tal nostro fradello a Catharo, et la chiexia nostra honorevelmente lo faça sopelir in le sepulture nostre, con li altri fradelli. Et per fatiga del conducente, se li ossa se trovarano esser de la de Lesena over de la de Duraço, habia ducati tre. Et in qua ducati uno e meço. Et per lo simile sia fato alli nostri parçonieveli...
44. '...che morendo alchuno di nostri fradeli, over parçoneveli et non possando far la sesa de suo sopelir, la scuola nostra faça secundo la condition del moriente...'
45. 'Item ordenemo che morendo alchuno di nostri fradeli over parçoneveli e non habiendo dove de che far el terço çorno la sua vigilia, la nostra scola faça con li nostri cappellani con la messa in canto per lemosena di quelli capellani se daga dala nostra scola grossi quattro.'
46. 'Item ordenemo che quando se trovasse alchuno marinaro foristiero de morir in Catharo, et non habiendo de sopelirse, la nostra scola lo sepelisa nelle nostre sepulture, con la sesa segondo la condition del moriente. Sopra qual corpo vadano tanto dupieri do et le candele... Morendo un marinaro foreste povero, va sepelito con uso della chiesa et nelle loro sepolture come li propri'
47. 'Dechiarò io Trifon Pietro quondam Francesco, colla inerente nota, senza di mio proprio pugnio, che l'archa fata da me fare nella chiesa di San Nicolò de Marineri, rinuncio quela alla Scola delli medesimi, ma obligandola di ricever in quella tuti li marineri forestieri et altre sorte de persone pur estera, et a tut i li altri che in quella sepelir potesero, senza paga e recognizione alchuna, ma a solo ogieto di carità per tale dichiaro la mia intenzione.'
48. 'Item ordemo che el di dela Ascensione sia adunato el nostro capitolo, al son dela campana, como de sopra ordenemo, et in quello sia trovato uno sufficiente di nostri fratelli che sia nostro castaldo. Et quello sia boleta et per maior parte del nostro capitolo affirmado, per uno anno tanto, con sacramento de augmentar et exaltar et mantinir con tuto el suo poder el stado de la nostra fraternita. Et quello castaldo sia tinuto et obligato a tinir la nostra matricula et quella demonstrar ad ogni requisition del nostro capitolo over de alchun di nostri officiali, et etiam tinir et governar la nostra croxe et tutti argenti et altre robe de valor, et la cassa deli dineri, et quelli sempre aparichiati tinir ad ogne requisition del nostro capitolo, over di nostri officiali. Et quello che sera trovato et tolto per el nostro capitolo, refutara, paga de pena alla nostra scola livre XX de cera.'
49. '... et consegnar tute cose prenominate al castaldo novo per satio di çorni XV da po la sua creation...'
50. 'Item che nisuno possa imprestar li deneri dela gesia sen za pegno sicuro, sotto pena de livre diexe de cera.'



# SUŠTINA I AKTUELNOST MANDEL- FLEMINGOVOG MODELAA

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## Rezime

Dominantna preokupacija i opsesivna tema kreatora ekonomske politike je potraga za takvim modalitetima ekonomskog ponašanja koji će omogućiti da se simultano ostvare dva velika cilja svake otvorene ekonomije - unutrašnja i spoljna ravnoteža. Mehanizam za postizanje ove dve ravnoteže kao i implikacije po ekonomsku politiku elegantno su obuhvaćeni Mandel-Flemingovim modelom. Cilj ovog rada je da predstavi Mandel-Flemingov model sa svim pripadajućim specifičnostima, ukaže na njegov donekle kontroverzan razvoj kao i na suštinu i aktuelnost zaključaka koji iz njega proizilaze.

**Ključne reči:** Mandel-Flemingov model, fiskalna politika, monetarna politika, unutrašnja ravnoteža, spoljna ravnoteža, režimi deviznog kursa, mobilnost kapitala

JEL: A20, D5, E50, F41

# SUBSTANCE AND RELEVANCE OF THE MUNDELL-FLEMING MODEL

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## Summary

Predominant preoccupation and the theme obsessing economic policy creators is the quest for such modalities of economic behaviour that will allow for simultaneous achievement of the two major targets of every open economy - internal and external equilibrium. Mechanisms for achievement of these two balances and their implications on economic policy are comprised in the Mundell-Fleming model. The objective of this work is to present Mundell-Fleming model in all its specificities, focusing on its rather controversial development, and the substance and relevance of conclusions that can be drawn.

**Key words:** Mundell-Fleming model, fiscal policy, monetary policy, internal equilibrium, external equilibrium, exchange rate regimes, capital mobility

JEL: A20, D5, E50, F41

## Uvod

Poslednjih nekoliko decenija svedoci smo činjenice da su nacionalne granice postale preuzak okvir za obavljanje ekonomskih aktivnosti. Danas, više nego ikada pre, događaji na svetskoj sceni utiču na ekonomske i političke odluke pojedinačnih zemalja. Sintagma "zatvorena ekonomija" uveliko je prevaziđena a otvorenost ekonomije prema međunarodnim finansijskim i realnim tokovima postala je *conditio sine qua non* dugoročnog održivog rasta i razvoja. Međutim, ne tako davno svet je još uvek bio mozaik velikog broja zatvorenih ekonomija u kome su trgovinske, finansijske pa čak i komunikacione veze između zemalja bile ograničene. U dotičnom ambijentu standardni Hiksov IS/LM model mogao je relativno uspešno da se koristi za analizu uticaja monetarne politike (promena LM krive) i fiskalne politike (promena IS krive) na uspostavljanje simultane robne i finansijske ravnoteže u privredi. Iz današnje perspektive najveća manjkavost originalnog IS/LM modela je upravo njegov fokus na pojedinačnu zatvorenu ekonomiju, koji je možda bio adekvatan u međuratnom periodu ali ni u kom slučaju ne odgovara aktuelnim trendovima. Navedenu slabost ispravili su Robert Mandel (*Robert Mundell*) i Markus Fleming (*Marcus Fleming*) kada su šezdesetih godina prošlog veka razvili makroekonomski model otvorene privrede - Mandel-Flemingov model.

### Istorijski osvrt: Od Mandela i Fleminga do Mandel-Fleminga

"Teorija je poezija nauke.

To je pojednostavljenje, suštinska apstrakcija,  
preuveličavanje istine.

Kroz pojednostavljenja teorija stvara karikaturu  
stvarnosti.

Karikatura nije pravi svet - ona ga ismeva.  
Ipak, obratite pažnju na prave stvari u tom  
ismevanju!

Karikatura se ruga realnosti ali njeni nedostaci je  
osvetljavaju."

Mundell (1964, str. 421)

Makroekonomija otvorene privrede nije novo polje teorijskih istraživanja. Njeni rudimenti mogu se pratiti unazad sve do

nekih merkantilističkih i klasičnih ideja. Međutim, formalni matematički modeli trgovinskih i kapitalnih tokova, uključujući i reakcije deviznih kurseva mnogo su novijeg datuma. Ranih šezdesetih godina prošlog veka radovi Markusa Fleminga i Roberta Mandela dali su ključan doprinos u ovom smislu kada su, nezavisno jedan od drugog, sistematski pristupili analizi uloge koju igra međunarodna mobilnost kapitala u određivanju delotvornosti alternativnih makroekonomskih politika pod različitim režimima deviznog kursa. Od ovih pionirskih koraka do danas Mandel-Flemingov model je nadograđivan na najrazličitije načine, ali je i dalje ostao "glavni radni okvir otvorene makroekonomije" (Frenkel, Razin, 1987, str. 1).

Kada se govori o Flemingovom doprinosu modelu koji danas označavamo kao Mandel-Flemingov (u daljem tekstu: MF model) misli se na njegov rad iz 1962. godine u kome je analizirao posledice odluke o režimu deviznog kursa na efikasnost fiskalne i monetarne politike. Značajno je napomenuti da je Fleming preliminarnu verziju navedenog rada objavio interno u okviru MMF-a već novembra 1961. godine. Taj preliminarni nacrt je bio gotovo identičan onom publikovanom sledeće godine u kvartalnom časopisu MMF-a osim što nije sadržao matematički apendiks (Boughton, 2003). Ekspanzivna monetarna politika, kako u dotičnom radu tvrdi, efikasnija je pod fluktuirajućim nego pod fiksnim deviznim kursom i to kako apsolutno tako i relativno u odnosu na fiskalnu akciju. Sa druge strane, prema Flemingu, neizvesno je da li će ekspanzivni efekat fiskalne politike meren rastom budžetskih izdataka ili snižavanjem poreza, biti veći ili manji pod fluktuirajućim odnosno fiksrim deviznim kursom (Fleming, 1962).

Sa druge strane, u literaturi se uobičajeno navodi (Wang, 2009; Boughton, 2003; Frenkel, Razin, 1987; etc) da je Mandel svoj doprinos MF modelu dao istraživanjima koja je izneo u seriji od pet članaka (Mundell 1960, 1961a, 1961b, 1963 i 1964). Svojim radom na dotičnu temu, ali i u oblastima monetarne dinamike i analize optimalnih valutnih područja, Robert Mandel je 1999. godine odlikovan Nobelovom nagradom za ekonomiju (Pantelić, 2011).

Kako sam Mandel navodi kada je počeo da piše nije imao nikakvu ideju o tome kakvi bi se

## Introduction

During the last several decades, we are witnessing the fact that the national borders have become a frame too narrow for conducting economic activities. Nowadays, more than ever before, events taking place on the world stage are affecting economies and political decisions of individual countries. The syntagm "closed economy" has by far been surpassed, and an economy open to international financial and real flows became a *condition sine qua non* for a long-term sustainable growth and development. Not so long ago, however, the world was still a mosaic composed of a large number of closed economies where trading, financial, and even communication links between countries were restricted. In such an environment, Hick's IS/LM model could rather successfully be applied on the analysis of the monetary policy impact (change in the LM curve) and fiscal policy focus (change in the IS curve) on the achievement of a simultaneous output and financial equilibrium in an economy. From the present day perspective, the major drawback of the original IS/LM model is actually its focus on a particular closed economy that may have been adequate during the period between the two world wars, but in no case can it be deemed adequate in the actual current trends. The drawback mentioned was corrected by Robert Mundell and Marcus Fleming when they developed, during the 1960s, the macroeconomic open economy model - known as the Mundell-Fleming Model.

### Historical overview: From Mundell and Fleming, to Mundell-Fleming

*"Theory is the poetry of science.  
It is simplification, the essential abstraction,  
the exaggeration of truth.  
Through simplification theory creates a  
caricature of reality.  
Through deduction the premises of the  
caricature are translated  
into empirical - and therefore refutable -  
generalisation.  
The caricature itself is not the real world - it  
mocks it.  
Yet mind true things by their mockeries!  
The caricature mocks reality;*

*The deductions from the caricature illuminate it.*

Mundell (1964, p. 421)

Open market macroeconomy is not a new field of theoretic research. Its rudiments may be followed as far back as some of the mercantile and classic ideas. The formal mathematical trade and capital flow models, however, including reaction of exchange rates, are of a much later date. Early in the 1960s, works by Marcus Fleming and Robert Mundell gave a crucial contribution, in the sense that, irrespective of one another, they took a systemic approach to the analysis of the role played by the international capital mobility in determining efficient and beneficial alternative macroeconomic policies under different exchange rate regimes. From these pioneering steps, until this day, Mundell-Fleming model was upgraded in the most varied ways, yet it still remains "the main term of reference of any open macroeconomy" (Frenkel, Razin, 1987, p. 1).

When speaking of Fleming's contribution to the model that we designate today as Mundell-Fleming model (hereinafter: MF model), we have in mind his work from 1962, where he analysed consequences that a decision on the exchange rate regime may have on the efficiency of fiscal and monetary policies. It is important to note that Fleming published a preliminary version of the said work internally, within the IMF, as early as November 1961. This preliminary draft was almost identical with the one to be published the following year, in the quarterly IMF journal, except for the absence from its contents of the mathematical appendix (Boughton, 2003). An expansionist monetary policy, as Fleming argues in the said work, under the flexible exchange rate, is more efficient than it is under the fixed exchange rate, both in absolute and in real terms, in respect to the fiscal action. According to Fleming, however, it remains uncertain whether the expansionist fiscal policy effects, measured in growth of budgetary expenditure or lowering of taxes, will be higher or lower under the flexible, i.e. under the fixed exchange rate (Fleming, 1962).

In the literature, on the other hand, what is usually quoted (Wang, 2009; Boughton, 2003; Frenkel, Razin, 1987; etc.) is that Mundell gave his contribution to the MF model through

sve zaključci mogli pojaviti (Mundell, 2001). U prvom od navedenih radova izneo je ideju da određeni instrument ekonomske politike treba da se usmeri ka onoj meti odnosno ka onom cilju nad kojim ima relativno najveći uticaj (Mundell, 1960). Usmeravanje monetarne politike, koje se u svojoj analizi prve dotakao, ka unutrašnjoj odnosno spoljnoj ravnoteži prema Mandelu zavisi od toga da li je devizni kurs fiksni ili fluktuirajući. U slučaju fiksног devizног kursа monetarna politika je usmerena ka spoljnoj ravnoteži dok se u slučaju fluktuirajućeg devizног kursа on sam prilagođava kako bi ostvario spoljnju ravnotežu a monetarna politika može da se orijentiše na unutrašnju ravnotežu (Mundell, 1960). U narednim radovima Mandel je proširio svoju teoriju i ukazao na alternativne *ad hoc* politike koje mogu biti iskorišćene za dostizanje spoljne ravnoteže u slučaju da se monetarna politika, pod režimom fiksног devizног kursа, iskoristi za dostizanje unutrašnje ravnoteže (Mundell, 1961a). Naime, nakon Drugog svetskog rata puna zaposlenost je označena kao primarni cilj ekonomske politike a monetarna politika kao osnovni instrument prilagođavanja. Ovo potonje je uticalo da se monetarna politika udalji od svoje primarne funkcije pri režimu fiksног devizног kursа koji je tada preovladavao ka novom zahtevu - unutrašnjoj ravnoteži a da pri tom nije razvijeno novo oružje za borbu sa neravnotežom platnog bilansa što konsekventno dovodi do svojevrsnog vakuma. U tim uslovima Mandel predlaže alternativne politike olicene u merama uvozne kontrole (kvote, carine) ali i mere stimulacije uvoza koje kreatori ekonomske politike mogu da iskoristite za dostizanje spoljne ravnoteže u slučaju kada zvanične rezerve postanu opasno niske (Mundell, 1961a). Daljom nadogradnjom svoje teorije Mandel je došao do zaključka da su *i* monetarna *i* fiskalna politika (dakle *i-i*) efikasnije za dostizanje ravnoteže pod režimom fluktuirajućeg devizног kursа pri čemu je prednost ipak na strani monetarne politike (Mundell, 1961b) a zatim je dve godine kasnije učinio esencijalan zaokret uvodeći u model prepostavku o savršenoj mobilnosti kapitala. U takvoj konstelaciji prilika, fiskalna politika postaje neefikasnа za dostizanje unutrašnje ravnoteže pod režimom fluktuirajućeg devizног kursа (Mundell, 1963). Očigledna protivrečnost

sa prethodnim zaključkom da su obe politike efikasne pod režimom fluktuirajućeg devizног kursа, rezultat je upravo nove ekstremne pretpostavke ali i donekle izmenjene definicije fiskalne i monetarne politike.

Iako je Mandel naglasio da čuvenu prepostavku o savršenoj mobilnosti kapitala ne treba shvatiti u bukvalnom smislu odnosno da su njegovi "zaključci crno-beli a ne svetlotamno sivi" kao stvarni svet (Mundell, 1963 str. 485) ubrzo su usledile i prve kritike (npr. Mc Leod, 1964) da je model nerealan, uzak i previše simplikovan. Međutim, ovakva otežana percepcija Mandelovih ideja u vreme njihovog nastajanja ne iznenađuje previše budući da neke od polaznih prepostavki kao što međunarodna integracija tržista kapitala i fluktuirajući devizni kursevi nisu bili dominantna karakteristika svetskog ekonomske ambijenta ranih šezdesetih godina kada je model nastajao. Naprotiv, većina valuta je u to vreme bila fiksirana u okviru Bretonvudskog sistema a trgovinska ograničenja nisu bila retkost, i to je upravo glavni razlog koji je Mandelove zaključke nekim njegovim savremenicima učinio dalekim ili iracionalnim. Na navedene kritike Mandel je ažurno odgovorio (Mundell, 1964) počevši citatom sa početka ove tačke.

Sinteza navedenih doprinosa Mandela i Fleminga je ono što danas nazivamo MF model. Donekle paradoksalno, pomenuta dva autora nisu sarađivala zajedno ni na jednom od radova na ovu temu, iako su u jednom mometu bili i bliske kolege u istraživačkom odseku Međunarodnog monetarnog fonda. Ipak, postoji jedan njihov zajednički rad, i to Fleming-Mandel (dakle ne Mandel-Fleming) ali se taj rad ne odnosi na makroekonomiju otvorene privrede (Fleming, Mundell, 1964).

Nije poznato da je Fleming ikada komentarisao nezavisnost svog rada niti neverovatan vremenski tajming u kome su on i Mandel publikovali svoje ideje. Sa druge strane, ne tako davno Mandel se ipak dotakao istorije MF modela, rekavši da je Fleming verovatno radio na modelu pre nego što su postali bliske kolege u MMF-u ali da Fleming ni na koji način nije zaslužan za njegove ideje (Mundell, 2001). Nakon toga je naveo da je Fleming pročitao najmanje četiri njegova rada te je stoga njegov rad "u velikoj meri subjektivno originalan"

research that he presented in a series of five articles (Mundell 1960, 1961a, 1962b, 1963, and 1964). For his work on the said topic, but also in the field of monetary dynamics and analysis of optimum currency areas, Robert Mundell was awarded, in the year 1999, the Nobel Prize for Economics (see: Pantelic, 2011).

According to Mundell himself, when he started writing, he had no idea at all of the conclusions that may emerge (Mundell, 2001). In the first of the said works he presented the idea that a given economic policy instrument should be focused on such a target i.e. objective, on which it has the greatest impact (Mundell, 1960). Channelling monetary policy, that he had first tackled in his analysis, towards internal i.e. external equilibrium, according to Mundell, depends on whether the exchange rate is fixed or floating. In case of a fixed exchange rate, monetary policy is channelled towards an external equilibrium, while in the case of a floating exchange rate it will itself strive to achieve external equilibrium, and the monetary policy can orient itself towards an internal equilibrium (Mundell, 1960). In the works that are to follow, Mundell expanded on his theory and pointed out at the alternative *ad hoc* policies that may be used for the achievement of external equilibrium in case monetary policy, under a fixed exchange rate regime, is used to attain internal equilibrium (Mundell, 1961a). Namely, after the Second World War, employment was designated as the primary target of the economic policy, with the monetary policy as the basic instrument for adjustment. This latter caused the monetary policy to depart from its primary function in the fixed exchange rate regime, which was then having a prevailing inclination towards a new necessity - internal equilibrium, at the time when no new weapon for fight against the balance of payment inequilibrium had yet been designed, and this inevitably led to a particular vacuum to emerge. In such circumstances, Mundell proposed alternative policies personified in the import control measures (quotas, customs duties), but also measures for import stimulation that the monetary policy creators may apply to attain external equilibrium in case official reserves were to fall dangerously low (Mundell, 1961a). Further upgrading of his theory led Mundell to

the conclusion that both the monetary and the fiscal policies (thus *together*) are more efficient for reaching equilibrium under the floating exchange rate regime, where the advantage is, nevertheless, on the side of the monetary policy (Mundell, 1961b). Two years later, he was to make an essential U-turn by introducing into the model the assumption of perfect capital mobility. In such a constellation of circumstances, fiscal policy becomes inefficient for reaching internal equilibrium under the floating exchange rate regime (Mundell, 1963). The obvious controversy with the previous conclusion, arguing that both of the policies are efficient under the floating exchange rate regime, is actually the result of a new extreme assumption, but also of an up-to-a point change in definition of the fiscal and monetary policies.

Although Mundell stressed that the famous assumption of perfect capital mobility should not be understood literally, i.e. that his "conclusions are black-and-white, and not light-or-dark grey" as the real world actually is (Mundell, 1963, p. 485), the first criticism was soon to arrive (for instance, McLeod, 1964), arguing that the model is unrealistic, narrow and over-simplified. Such a hardened perception of Mundell's ideas at the time of their inception is not too surprising as some of the initial assumptions, the likes of international capital market integration, and the floating exchange rates, were not predominant characteristics of the world economic environment in the early 1960s, when the model was evolved. Quite the opposite, most of the currencies at that time were fixed within the scope of Bretton-Wood system, and trade restrictions were not infrequent, yet this was the main reason that made Mundell's findings appear far-fetched or irrational to some of his contemporaries. Mundell responded promptly to his critics (Mundell, 1964), starting with the quotation given at the beginning of this title.

The synthesis of contributions made by Mundell and Fleming is what we call today MF model. Rather paradoxically, these two authors did not cooperate together on any of the works published on this topic, although at a certain point in time they were close colleagues in the research department at the International Monetary Fund. Nevertheless, there is one work

(Mundell, 2001, str. 225). U kasnijoj verziji istog teksta (Mundell, 2002) ipak je pomirljivo zamenio tu poslednju rečenicu sledećom: "Moj rad prethodi njegovom u publikaciji, ne neophodno i u konцепцији". Ipak, kada je reč o pretpostavci o perfektnoj mobilnosti kapitala tada Flemingov (1962) rad prethodi Mandelovom (1963) iako je kod Fleminga to specijalan slučaj pre nego fokus celog rada. Toliko o kontroverzama.

Konačno, zanimljivo je kratko se osvrnuti i na evoluciju samog naziva - *Mandel-Flemingov model*. Naime, ubrzo nakon što su izložili svoje ideje, oba autora postala su veoma uticajna. U raznovrsnoj literaturi tokom naredne decenije obojica su navođena kao autori koji su značajno doprineli temi ali gotovo uvek uz neustaljeno *ad hoc* apostrofiranje jednog od autora. Prve objavljene reference na sintagmu "Mandel-Flemingov model" mogu se pronaći tek kod Dornbuša (Dornbusch, 1976) dok je udžbenik istog autora četiri godine kasnije odomačio ovo ime u nauci (Boughton, 2003). Ipak, MF model onako kako ga je video Dornbuš odnosi se samo na slučaj fluktuirajućih deviznih kurseva i perfektnu mobilnost kapitala što znači da je u izvesnom smislu moguće praviti razliku između MF modela sintetizovanog kod Dornbuša i generalizovanog MF modela sa različitim vidovima mobilnosti kapitala (Young, Darity, 2003). Iako pojedini autori i dalje insistiraju na ovakvoj oštrot distinkciji ipak se može reći da je danas opšte prihvaćeno da se o MF modelu govoriti kao o opštem modelu otvorene makroekonomije koji otvara prostor za analizu efikasnosti ekonomskih politika pod različitim režimima deviznog kursa ali i uvažavajući mogućnost različitog stepena mobilnosti kapitala. Upravo ovakav pristup sledimo i u ovom radu. Na kraju značajno je napomenuti da MF model svakako nije ostao imun na kritike o kojima će biti više reči u poslednjoj tački ovog rada.

## MF model - ravnoteža na tržištu roba, novca i platnog bilansa

Kada su proizvodni resursi jedne zemlje u potpunosti uposleni i kada je nivo cena stabilan, zemlja se nalazi u stanju unutrašnje ravnoteže (Krugman, Obstfeld, 2009). U praktičnom smislu, međutim, potrebno je navedene

veoma striktne referentne tačke kao što su "puna zaposlenost" i "stabilnost cena" donekle relaksirati. U tom kontekstu može se reći da se unutrašnja ravnoteža odnosi na stanje pune zaposlenosti ili postojanja nezaposlenosti u visini od nekoliko procenata godišnje odnosno, kada je reč o stabilnosti cena, podrazumeva inflaciju koja ne prelazi dva do tri procenta godišnje (Salvatore, 2009). U slučaju kada resursi nisu u potpunosti iskorisceni ili kada su prezaposleni, javljaju se teškoće koje umanjuju efikasnost privrede i generalno pomeraju nivo cena, uvodeći zemlju u stanje unutrašnje neravnoteže. Kreatori ekonomске politike u ovoj situaciji reaguju, koristeći politike prilagođavanja, i to pre svega monetarnu i fiskalnu politiku, kako bi ekonomiju pokrenuli u pravcu ponovnog uspostavljanja stabilnosti cena i pune zaposlenosti. Naravno, postoji i druga opcija. Ako se sačeka dovoljno dugo unutrašnja ravnoteža može biti obnovljena i bez intervencije ekonomске politike. Ipak, kako kaže Kejns - *u dugom roku smo svi mrtvi*. Dodatno, društveni troškovi takvog pasivnog prilagođavanja mogu biti previsoki. Kreatori ekonomске politike mogu da urade više nego da pasivno čekaju da tržišni mehanizam odgovori na neravnotežu ili još konkretnije oni mogu i moraju da reaguju odgovarajućom ekonomskom politikom sprečavajući prevelike fluktuacije proizvoda ali i obezbeđujući da novčana masa raste optimalnim tempom, nikako prebrzo niti presporo.

Postizanjem unutrašnje ravnoteže aktivnosti kreatora ekonomске politike u zatvorenoj ekonomiji u velikoj meri se završavaju. Međutim, otvorena ekonomija se razlikuje od zatvorene po tome što se cirkulacija roba, usluga i kapitala ne odvija samo u okviru nacionalnih granica već mnogo šire - internacionalno. Dakle, u jednoj otvorenoj ekonomiji stranci potražuju deo nacionalnog proizvoda (izvoz) dok je deo domaće agregatne tražnje zadovoljava inostranom proizvodnjom (uvoz). Ovo navodi na zaključak da je u otvorenoj ekonomiji potrebno voditi računa o još jednom aspektu ravnoteže - ravnoteži u ekonomskim transakcijama sa inostranstvom.

Kada je reč o spoljnoj ravnoteži, u literaturi se pod ovim pojmom najčešće podrazumeva ravnoteža tekućeg računa zemlje. Ipak, iako

that they have made together, and that is the Fleming-Mundell (hence not Mundell-Fleming), but that paper does not deal with open market macroeconomy (Fleming, Mundell, 1964).

It is not known whether Fleming had ever commented on the independence of his work, and neither on the incredible timing when he and Mundell published their ideas. Not so very long ago, however, Mundell did mention the MF model history, saying that Fleming was probably working on the model before they became close colleague at the IMF, but that Fleming is in no way deserving for his (Mundell's) ideas (Mundell, 2001). He continued by saying that Fleming had read at least four of his works, thus that his work is "to a great extent subjectively original" (Mundell, 2001, p. 225). In a later version of this same text (Mundell, 2002), he did amicably replace that last sentence with the following one: "*My work precedes his in publication, not necessarily as well in conception*". When deliberating the assumption of perfect capital mobility, however, Fleming's work on this subject (1962) did precede the Mundell's one (1963), although in case of Fleming, it is a singular work that he presented, rather than the substance of his entire labour. Let this be so much said about controversies.

Finally, it is interesting to briefly examine evolution of the name itself - *Mundell-Fleming* model. Namely, soon after they have presented their ideas, both authors became very influential. In assorted literature over the following decade, both of them were quoted as authors who have significantly contributed to the topic, but almost invariably with inconsistent *ad hoc* emphasis placed on one of the authors. The earliest published references to the syntagm "Mundell-Fleming model" can be found as late as Dornbusch (Dornbusch, 1976), while the text book by the same author, published four years later, turned this into a household name in the realm of sciences (Boughton, 2003). Nevertheless, MF model, as perceived by Dornbusch, pertains only to the case of floating exchange rates and a perfect capital mobility, which means that in a certain sense, it is possible to draw a line between the MF model synthesised by Dornbusch, and the generalised MF model with various forms of capital mobility (Young, Darity, 2003). Although

some authors still insist on this strict distinction, it may be said that it is generally recognised today that the MF model is deemed to be a general model of an open macroeconomy, that is opening up the space for analysis of economic policy efficiency under different exchange rate regimes, but always respecting the option of a different degree of capital mobility. Actually it is this approach that we shall be following in this paper. Finally, it is important to mention that the MF model has certainly not remained immune to criticism that we shall be exploring in more detail in the last title of this paper.

### **MF model - Equilibrium in the product market, money market, and in the balance of payment**

When production resources of a given country are fully employed and when the level of prices is stabilised, that country is in a state of internal equilibrium (Krugman, Obstfeld, 2009). In the practical sense, however, it is necessary for the said very strict reference points, such as 'full employment' and 'price stability', to be somewhat relaxed. In that context, it may be said that the internal equilibrium refers to the situation of full employment, or the presence of unemployment, amounting to several percentages annually, i.e. when speaking of price stability, inflation is assumed which does not exceed two to three percent annually (Salvatore, 2009). In case resources are not fully employed, or when they are over-employed, difficulties may appear lowering efficiency of the economy and generally shifting the price levels, leading the country to a state of internal inequilibrium. Economic policy creators, in this situation, are reacting by using the policy of adjustment, primarily monetary and fiscal policies, in order to set the economy in motion in the direction of a reinstated position of price stability and full employment. There is, of course, another option. If a sufficiently long time has elapsed, internal equilibrium may return even without any intervention by the economic policy. Nevertheless, as Keynes presumes - *over a long-term, we may all be dead*. In addition, social costs of such a passive adjustment may be too high. Economic policy creators can do more than just passively awaiting for the market

je ova definicija prikladna pod određenim okolnostima, ona se ne može primenjivati kao opšte pravilo. Tvrdoglavu insistiranje na ravnoteži tekućeg računa zemlje, na primer, ne ostavlja zemlji mogućnosti za značajnije dobitke od intertemporalne trgovine (Krugman, Obstfeld, 2009). Iz ovog razloga kreatori ekonomске politike mogu definisati određeno ciljno stanje tekućeg računa i proglašiti ga za stanje kome teže odnosno koje se uklapa u njihovu percepciju postizanja spoljne ravnoteže (Kovačević, 2011). Praktično to znači da i manji deficit odnosno manji deficit tekućeg računa može biti ciljno stanje spoljne ravnoteže ukoliko omogućava da se tokom vremena ostvaruju trgovinski dobici bez rizikovanja da se pojave makroekonomski problemi koji nastaju usled velikih spoljnih neravnoteža, naročito deficit.

Modelski, mere ekonomске politike u zatvorenoj ekonomiji usmerene na postizanje unutrašnje ravnoteže posmatraju se uz pomoć klasičnog Hiksovog IS-LM modela. Ukratko, IS kriva reflektuje negativni odnos između kamatne stope i nivoa realnog nacionalnog dohotka na tržištu dobara i usluga odnosno pokazuje sve kombinacije kamatne stope i nacionalnog dohotka u kojima je robno tržište u ravnoteži, u značenju jednakosti štednje i investicija (engl. *savings, investment - odatle IS*). LM kriva je u funkciji prikazivanja stanja na tržištu novca odnosno pozitivnog odnosa između kamatne stope i, opet, realnog nacionalnog dohotka. U svakoj tački duž LM krive postoji jednakost tražnje za novcem i ponude novca (engl. *liquidity, money supply - odatle LM*), tako da je novčano tržište u ravnoteži. Model podrazumeva da su cene određene egzogeno. Posmatranjem IS i LM krive u jedinstvenom grafikonu mogu se analizirati interakcije tržišta dobara i tržišta novca, u uslovima datog nivoa cena, kao i efekti fiskalne i monetarne politike u procesu uspostavljanja simultane robne i finansijske ravnoteže u zatvorenoj ekonomiji.

Međutim, analiza situacije u otvorenoj ekonomiji, zahteva uključivanje međunarodnih faktora u osnovni IS-LM model. Ovo se postiže upotreboru krive bilansa plaćanja (u daljem tekstu: BP kriva) koja pokazuje različite kombinacije kamatne stope i realnog nacionalnog dohotka, uz dati nivo deviznog

kursa, pri kojima je platni bilans u ravnoteži. Budući da formalno matematičko izvođenje BP krive prevazilazi opsege ovog rada, u nastavku, sledeći Eicher et al. (2009, str. 510-511), u istom cilju biće prezentovan jedan intuitivan pristup. Izaberimo prvo jednu tačku u okviru kamatna stopa - realni nacionalni dohotak u kojoj je platni bilans u ravnoteži i to tako da su i tekući i kapitalni račun ponaosob u ravnoteži. Sada zamislimo daje u ekonomiji došlo do iznenadnog rasta nacionalnog dohotka i posmatrajmo promene u komponentama platnog bilansa. U okviru tekućeg bilansa najznačajnija stavka je neto izvoz koji varira inverzno sa dohotkom iz razloga što je povezanost izvoza sa domaćim dohotkom neznatna ali je zato uvoz direktno uslovijen domaćim dohotkom, u smislu da rast domaćeg dohotka povlači rast uvoza. Naime, kako raste domaći dohotak potrošači kupuju veću količinu svih proizvoda i usluga uključujući i inostrane. Konsekventno, sa rastom domaćeg dohotka neto izvoz kao razlika izvoza (koji je u odnosu na domaći dohotak egzogen odnosno determinisan van modela) i uvoza (koji je sa domaćim dohotkom pozitivno korelisan) opada. Rezultat je deficit tekućeg bilansa. Kako bismo ponovo imali ravnotežu platnog bilansa deficit u tekućem delu mora biti neutralisan deficitom u kapitalnom delu bilansa. Budući da je kapital motivisan da se useljava u ekonomije u kojima su prinosi od investiranja visoki, *trik je da se kamatna stopa podigne dovoljno visoko* da rezultirajući kapitalni prilivi pokriju deficit tekućeg računa i ponovo se uspostavi ravnoteža platnog bilansa.

Dakle, višem nivou realnog nacionalnog dohotka odgovara viša kamatna stopa što upućuje na pozitivan nagib BP krive. Međutim, za kreatore ekonomске politike je mnogo značajnije da saznaju *za koliko* treba da poraste kamatna stopa kako bi se ponovo uspostavila ravnoteža. Drugim rečima, njih interesuje *nagib* BP krive odnosno ugao koji ona zaklapa sa x-osom.

Na nagib BP krive presudno utiče *stepen mobilnosti kapitala*. Ukoliko je mobilnost kapitala niska logično je da u slučaju rasta dohotka kamatna stopa mora da poraste više kako bi se održala ravnoteža platnog bilansa. U tom slučaju BP kriva je relativno strma. Sa druge strane, u slučaju relativno visoke mobilnosti

mechanism to respond to the inequilibrium, or more concretely, they can and must react with an adequate economic policy to prevent excessive fluctuation of output, but also to provide for the money mass to grow at an optimum pace, never too quickly, and neither too slowly.

When an internal equilibrium is attained, activities of economic policy creators in a closed economy are completed. An open economy, however, is a different story from the closed one, as the circulation of goods, services and capital is not taking place only within the scope of national borders, but much broader - internationally. Hence in an open economy foreigners are demanding one part of the national product (export), while one part of the domestic aggregate demand is satisfied with imported products (import). This leads to the conclusion that in an open economy it is necessary to take care of yet another equilibrium aspect - equilibrium in the cross-border economic transactions.

When speaking of an external equilibrium, literature on this subject most often designates this term to imply equilibrium in the country's current account. Nevertheless, although this definition is appropriate under certain circumstances, it can not be applied as a general rule. Stubborn insistence on the country's current account equilibrium, for instance, does not give the country an opportunity to make substantial gains from inter-temporal trade (Krugman, Obstfeld, 2009). For this reason, economic policy creators can define a certain targeted state of the current account, proclaiming it the state that is actually targeted, i.e. the one fitting their perception that an external equilibrium is attained (Kovacevic, 2011). In practical terms, this means that even a small surplus, or a small current account deficit may be the targeted state of equilibrium, if it allows for the achievement, over time, of the trade gains without the risk of emerging macroeconomic problems which may occur as a result of high external inequilibrium, especially an incurring deficit.

*In the modelling sense*, economic policy measures, in a closed economy, directed towards achievement of internal equilibrium, are assessed with the aid of a classic Hicks IS-LM model. In short, IS curve reflects negative

relationship between interest rate and the real output in the goods and services market, i.e. it shows all the combinations of the interest rate and the domestic product where the product market is in equilibrium, in the sense of parity between savings and investments - hence IS. The LM curve is in the function of presenting situation on the money market, i.e. positive relationship between interest rate and, again, real domestic product. In every point of the LM curve there is parity between liquidity demand and money supply - hence LM represents equilibrium in the real and monetary sector. The model designates that pricing is exogenous. Study of the IS and LM curves in a single graph may give us an analysis of the interaction between product market and money market, in the condition of the given level of prices, as well as the effects of fiscal and monetary policies in the process of simultaneous output and financial equilibrium in a closed economy.

Analysis of a situation in an open economy, however, requires incorporation of international factors into the basic IS-LM model. This is done by using the balance of payment curve (hereinafter: BP curve) which depicts different combinations of the interest rate and the real domestic product, with the given level of exchange rate, where the balance of payment is in an equilibrium. Since the formal mathematical extrapolation of the BP curve surpasses the scope of this paper, further in this text, following Eicher et al. (2009, p. 510-511) to that same end, an intuitive approach will be presented. Let us firstly select one point within the range of interest rates - real domestic product where balance of payment is in the equilibrium in such a way that both the current account and the capital account respectively are in the equilibrium. Let us now imagine that the chosen economy had experienced a sudden growth of domestic product and let us observe the changes in the components of the balance of payment. Within the current balance of payment the most important item is net export which varies inversely with the income because the link between export and national income is insignificant, but import is directly impacted by the national income as the growth of domestic income induces growth of import. Namely, when domestic income grows, consumers start

kapitala i mali porast kamatne stope pokrenuće kapitalne fondove koji su potrebni za pokriće deficitu tekućih transakcija. BP kriva je tada relativno ravna. U specijalnom slučaju savršene mobilnosti kapitala kada i minimalna promena kamatne stope dovodi do "poplave" kapitala nagib BP krive teži nuli odnosno ona postaje horizontalna, paralelna sa x osom. Razume se, u odsustvu bilo kakve mobilnosti kapitala nagib BP krive teži beskonačnom čineći samu krivu vertikalnom linijom paralelnom sa y osom.

Uključivanjem BP krive u IS-LM okvir stvara se mogućnost za posmatranje simultano sva tri aspekta ravnoteže u otvorenoj ekonomiji - ravnoteže na tržištu roba, novca i platnog bilansa. Iako možda na prvi pogled deluje jednostavno, dodavanjem samo jedne krive otvara se mnogo širi prostor za analizu velikog broja slučajeva sa krajnjim zaključkom da se efekti monetarne i fiskalne politike u otvorenoj ekonomiji značajno razlikuju od onih u zatvorenoj. Pokazaće se da efekti ekonomске politike u otvorenoj ekonomiji predominantno zavise od režima deviznog kursa (fiksni ili fluktuirajući) i stepena mobilnosti kapitala (niska, visoka ili savršena).

### Fiskalna versus monetarna politika u MF modelu uz režim fiksnog deviznog kursa

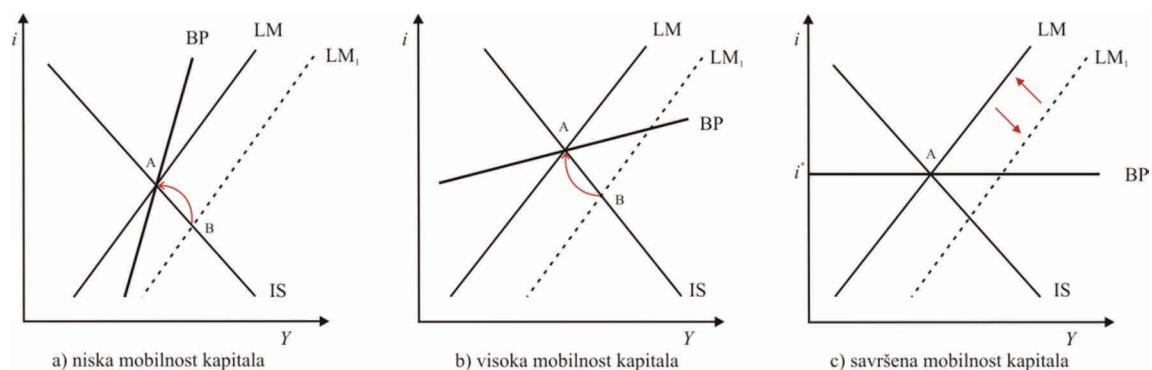
U ovoj tački ispituje se efekasnost fiskalne i monetarne politike za dostizanje simultane unutrašnje i spoljne ravnoteže u situaciji kada se polazi iz tačke u kojoj se ekonomija nalazi ispod nivoa pune zaposlenosti, uz napomenu

da se scenario ne razlikuje previše ni u slučaju polaska iz unutrašnje ali i spoljne neravnoteže, na primer u izrazu deficitu. Analiza se odvija u režimu fiksnog deviznog kursa što znači da navedene ekonomске politike neće direktno uticati na pomeranje BP krive. Konačno, efikasnost monetarne i fiskalne politike razmatra se u sva tri scenarija mobilnosti kapitala (niska, visoka i savršena mobilnost).

Analiza iz ove tačke ključnije je za razumevanje funkcionalisanja sveta u periodu od kraja Drugog svetskog rata pa sve do 1971. kada je sistem fiksnih kurseva bio na svom vrhuncu kao i za razumevanje iskustava zemalja Evropske unije pri nastojanjima da očuvaju svoje kurseve na putu ka zajedničkoj valuti. Konačno, analiza je takođe relevantna i za zemlje koje imaju režim fluktuirajućeg deviznog kursa u meri u kojoj upravljaju tim fluktuiranjem (Salvatore, 2009).

Polazimo iz tačke A (grafikon br. 1) u kojoj je ekonomija u stanju ravnoteže. Međutim, pretpostavimo da se u ovoj tački ekonomija nalazi ispod svog potencijalnog nivoa dohotka što se manifestuje nezaposlenošću proizvodnih resursa. Ovakvo stanje zabrinjava kreatore ekonomске politike i oni se odlučuju da preduzmu neku ekonomsko-političku akciju. Mogućnosti koje im stoje na raspolaganju su ekspanzivna monetarna i ekspanzivna fiskalna politika. Razmotrimo prvo situaciju u kojoj kreatori ekonomске politike ne žele fiskalnu ekspanziju i odlučuju se da unutrašnju ravnotežu pokušaju da dostignu samostalno merama ekspanzivne monetarne politike. Celishodno je na samom početku priložiti grafičke prikaze.

Grafikon br. 1. Efekti ekspanzivne monetarne politike u režimu fiksnog deviznog kursa pri različitom stepenu mobilnosti kapitala



Izvor: Standardni prikaz MF modela kao kod: Eicher et al. (2009), Salvatore (2009), Dunn, Mutti (2000), Wang (2009), Kovačević (2011), Miljković (2008), etc.

buying larger quantities of all products and services, including foreign ones. Consequently, with the growth of domestic income, net export as the difference between export (which in respect to the domestic income is exogenous, i.e. determined outside of the model) and import (which has a positive correlation with the domestic income) is falling. The result is current balance deficit. In order to reinstate balance of payment equilibrium, deficit in the current part must be neutralised by a surplus in the capital part of the balance. Since capital is motivated to venture into economies where investment returns are high, *the trick is to raise interest rate high enough* so that the resulting capital inflows can cover current account deficit, and the equilibrium of the balance of payment can be established again.

Therefore, a higher level of real domestic product is accommodated by a higher interest rate, which points out at the positive slope of the BP curve. However, economic policy creators find it much more important to know just *how much* the interest rate should be raised in order to reinstate equilibrium. In other words, they are interested in the *slope* of the BP curve, i.e. in the angle that it makes with the x-axis.

The slope of the BP curve has a crucial influence on the *degree of capital mobility*. If the capital mobility is low it is logical to assume that in case of income growth interest rate must grow even higher in order to sustain the balance of payment equilibrium. In that case, BP curve is relatively steep. On the other hand, in case of relatively high capital mobility even a small growth in the interest rate will set in motion capital funds that are necessary to cover current transactions deficit. BP curve in that case is rather flat. In the special case of perfect capital mobility, when even a minimum change in the interest rate causes a "deluge" of capital, the slope of the BP curve tends towards zero, i.e. it becomes horizontal, parallel to the x-axis. It stands to reason, of course, that in the absence of any such capital mobility the slope of the BP curve tends towards infinite, making the curve itself a vertical line parallel to the y-axis.

Incorporation of the BP curve into the IS-LM framework creates an opportunity to observe simultaneously all of the three equilibrium aspects in an open economy - equilibrium in

the product market, in the money market, and in the balance of payment. Although at the first glance it may appear to be simple, the addition of only one curve opens up a much broader scope for analysis of a large number of cases, with the ultimate conclusion that the effects of monetary and fiscal policies in the open economy *substantially differ* from the ones in the closed economy. It will be revealed that the economic policy effects in the open economy predominantly depend on the exchange rate regime (fixed or floating), and the degree of capital mobility (low, high or perfect).

### Fiscal versus monetary policy in the MF model with the fixed exchange rate regime

In this part of the work we shall examine the efficiency of fiscal and monetary policies in attaining simultaneous internal and external equilibrium, in a situation when the basic premise is that the economy is below the level of full employment, noting that this scenario will not differ greatly even in the case we should start from internal but also external inequilibrium, for example, in the sense of deficit. The analysis is done in the fixed exchange rate regime which means that the said economic policies will not have a direct impact on the shift in the BP curve. Finally, efficiency of monetary and fiscal policies is assessed in all of the three capital mobility scenarios (low, high, and perfect capital mobility).

The analysis presented here is of crucial importance for understanding how the world has functioned in the period from the end of the Second World War and up to the year 1971, when the system of fixed exchange rates was at its apex, but also for understanding the experience that European Union countries had in their attempts to preserve their domestic exchange rates, on the road towards their common single currency. Finally, this analysis is also relevant for the countries with the floating exchange rate regimes to the extent to which they are managing the floating rate (Salvatore, 2009).

We shall start from point A (Graph 1) in which the economy is in the state of equilibrium. However, let us assume that in this point the economy is below its potential level of income,

Porast ponude novca pomera krivu LM na novi nivo (desno i dole) gde postoji niži nivo kamatne stope, koji kroz porast investicija i proces multiplikacije dovodi dohodak na potencijalni nivo (na grafikonu br. 1 nalazimo se u tački B). Međutim, deo porasta nacionalnog dohotka odlazi i na povećanje uvoza što vodi deficitu tekućeg bilansa. Istovremeno pad kamatne stope motiviše kapital da se preseli u inostranstvo gde su prinosi od investiranja, u izrazu kamatne stope, viši čime se i kapitalni segment platnog bilansa pogoršava. Deficit platnog bilansa dovodi do porasta tražnje za inostranim valutama - uvoznici razmenjuju domaću valutu za stranu kako bi platili robu i usluge koje su uvezli iz inostranstva dok vlasnici kapitala takođe kupuju stranu valutu kako bi mogli da investiraju u inostranstvu, što stvara pritisak na depresijiju nacionalne valute. Međutim, budući da se nalazimo u režimu fiksnog deviznog kursa, ukoliko ne želi devalvaciju nacionalne valute, centralna banka je primorana da interveniše na deviznom tržištu odnosno da otkupljuje ekcesnu ponudu domaće valute upotrebotom deviznih rezervi. Jasno je da ovo nije dugoročno održivo rešenje. Dva su razlog za to. Prvi je oličen u činjenici da upotreba deviznih rezervi dovodi do smanjivanja novčane mase u ekonomiji. Ukoliko centralna banka ne steriliše ovaj efekat preduzimanjem kompenzatornih operacija na otvorenom tržištu, redukcija novčane mase će vratiti krivu LM na početan nivo odnosno efekat monetarne ekspanzije će se *de facto* istopiti. Ukoliko se centralna banka odluči da sterilizuje efekte povećanog korišćenja deviznih rezervi na novčanu masu kupovinom obveznica na otvorenom tržištu, ekonomija još neko vreme može da ostane u tački B. Međutim budući da nisu nepresušan izvor finansiranja devizne rezerve moraju se u nekom momentu istrošiti. Onog momenta kada špekulanti prepoznaju da se taj momenat bliži, igra je završena i zemlja je najčešće primorana da napusti fiksni devizni kurs odnosno da sproveđe drastičnu devalvaciju (slučaj sa Meksikom i još nekoliko azijskih zemalja devedesetih godina prošlog veka). Nakon toga po pravilu sledi inflaciono-devalvaciona spirala čime se ekonomski problemi samo usložnjavaju a prilagođavanje tada zahteva korenite, često nepopularne, ekonomске reforme.

Iako ne postoje značajnije razlike u mehanizmu

prilagođavanja između slučaja relativno niske mobilnosti kapitala (grafikon 1a) i slučaja relativno visoke mobilnosti kapitala (grafikon 1b) razlike ipak postoje u *brzini* prilagođavanja (Eicher et al., 2009). Pri nižoj mobilnosti kapitala odliv kapitala iz zemlje zbog pada kamatne stope je sporiji dok se pri relativno višoj mobilnosti kapitala on seli znatno brže. Brži odliv kapitala relativno ranije dovodi do deficita platnog bilansa, devizne rezerve se brže troše, strategija sterilizacije u ovim uslovima ne nailazi na opravdanje budući da bi morala da bude izuzetno obilna što još više apostrofira njenu održivost, a sve to u krajnjoj instanci kroz mehanizam prilagođavanja brže vraća LM krivu na početnu poziciju (Kovačević, 2011).

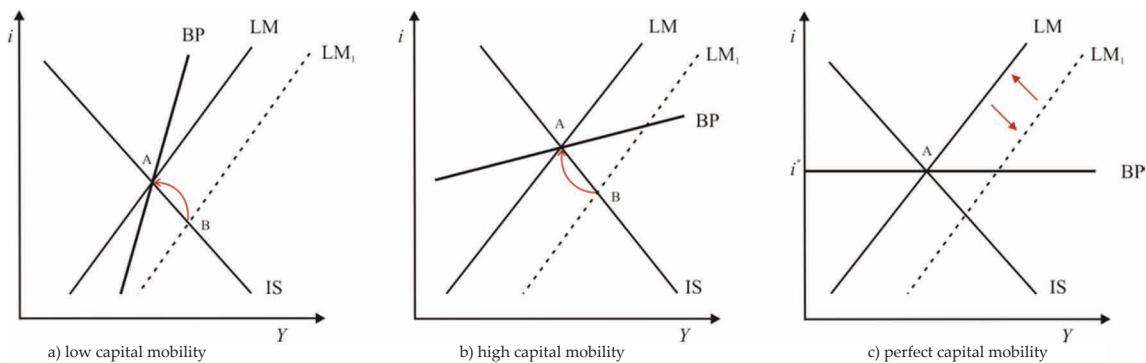
Ostaje slučaj savršene mobilnosti kapitala u značenju da investitori mogu slobodno da sele kapital iz jedne ekonomije u drugu bez ikakvih dodatnih troškova i rizika. Na taj način, budući da se razlike u kamatnim stopama eliminisu tokovima kapitala, realne kamatne stope su iste u svim ekonomijama ( $i^*$ ). U ovom scenaruji BP kriva je horizontalna odnosno paralelna sa x osom (grafikon 1c). Pogledajmo sada efekte monetarne ekspanzije u ovom specijalnom slučaju. LM kriva se pomera u desno, ekonomija se seli u tačku B u kojoj je dohodak na potencijalnom nivou ali je kamatna stopa niža. Međutim, ovo je, kako se to popularno kaže u literaturi (Miljković, 2008), samo hipotetička unutranja ravnoteža. Razlog je u činjenici da u svetu savršene mobilnosti kapitala čak i minimalna promena kamatne stope dovodi do neograničenog odliva kapitala, koji kroz već opisani mehanizam vrši gotovo trenutan pritisak na povratak LM krive na početnu poziciju. Pojedini autori (Eicher et al., 2009) zaključuju da bi se, u ovom slučaju moglo reći da se LM kriva faktički ni ne pomera sa prvočitne pozicije i da *nema čak ni privremeno dejstvo na rast nacionalnog dohotka* koje je ipak moguće u slučajevima nesavršene mobilnosti kapitala ali uz žrtvovanje ravnoteže platnog bilansa.

Praktična implikacija ove analize je zapravo činjenica da monetarna politika u režimu fiksnog deviznog kursa pri visokom stepenu mobilnosti kapitala postaje potpuno neefikasna za pokretanje ekonomije u pravcu potencijalnog dohotka. Štaviše, *režim fiksnih deviznih kurseva* u

which is manifested in unemployment of production resources. Such a situation is the matter of concern for the economic policy creators and they decide to undertake an economic policy action. The options that they have available are expansionist monetary policy and expansionist fiscal policy. Let us firstly examine the situation in which economic policy creators do not wish to have fiscal expansion and decide to try and attain internal equilibrium autonomously through measures of expansionist monetary policy. It is necessary to give here, at the very beginning, the graphic presentations of this case.

while holders of capital are also buying foreign currency in order to be able to invest abroad, which creates a pressure on depreciation of the national currency. However, as we are in the fixed exchange rate regime, if the central bank is not willing to devalue national currency, it will be forced to intervene with foreign currency on the foreign exchange market, i.e. it will have to purchase from its foreign currency reserves the excess domestic currency supply. Clearly, this is not a long-term sustainable solution. There are two reasons for this. The first one is to be found in the fact that the use of foreign exchange reserves is leading to the fall in the

Graph 1 Effects of expansionist monetary policy in the fixed exchange rate regime with different degrees of capital mobility



Source: Standard presentation of the MF model, as in: Eicher et al. (2009), Salvatore (2009), Dunn, Mutti (2000), Wang (2009), Kovacevic (2011), Miljkovic (2008), etc.

Growth in money supply moves the LM curve on to a new level (to the right and downwards) where there is a lower level of interest rate, which through the growth in investments and the multiplication process brings income to a potential level (on Graph 1 we are at point B). However, one part of growth in the national income goes also to the growth of imports, which leads to the current balance deficit. Concurrently, the fall of interest rate motivates capital to move abroad, where returns on investments, expressed in the interest rate, are higher, leading to the deterioration in the capital segment of the balance of payment. Balance of payment deficit causes the growth in foreign currency demand - importers exchange local currency for the foreign one in order to pay for goods and services that they have imported from abroad,

money supply in the economy. If the central bank fails to sterilise this effect by undertaking compensation operations on the open market, reduction in the money supply may return the LM curve to its starting level, i.e. the effect of monetary expansion will *de facto* melt away. If the central bank is to decide to sterilise effects of increased use of foreign exchange reserves on the money supply, by purchasing bonds on the open market, the economy shall for a certain period of time remain in the point B. However, as the foreign exchange reserves are not an endless source of financing, at a certain point in time they will be exhausted. The very moment speculators recognise that such a moment is near at hand, the game will be over and the country most often forced to abandon the fixed exchange rate regime, i.e. forced to implement a drastic devaluation of its currency

kome se domaća valuta vezuje za drugu valutu ili korpu valuta *vezuje monetarne politike zemalja* učesnika u ovakovom aranžmanu, pri čemu je ova veza naročito ograničavajuća ako dotične zemlje imaju bliske finansijske i trgovinske koneksiјe. Najveća odnosno ekonomski najjača zemlja će po pravilu biti u mogućnosti da vodi monetarnu politiku kako želi, dok će ostale zemlje u principu moći samo da prate dotičnu politiku. Problem nastaje kada najjača zemlja u sistemu počne da vodi monetarnu politiku u pravcu koji ne odgovara ostalima.

Ilustrativan primer u ovom kontekstu je odluka Velike Britanije da napusti Mechanizam deviznih kurseva (European Exchange Rate Mechanism, ERM) Evropskog monetarnog sistema u letu 1992. godine (Dunn, Mutti, 2000). Naime, Velika Britanija se početkom devedesetih godina prošlog veka nalazila u recesiji i bila joj je potrebna ekspanzivna monetarna politika. Međutim, sve dok se funta nalazila u sistemu ERM u kome je bila fiksirana za ostale evropske valute uključujući i nemačku marku, Britanija nije imala prostora da primeni monetarnu ekspanziju koja je bila neophodna njenoj privredi. Otežavajuća okolnost bila je činjenica da se Nemačka, koja je bila vodeća zemlja sistema zahvaljujući svojoj ekonomskoj snazi ali i preši centralne banke, u to vreme suočavala sa inflacionim pritiscima usled ujedinjenja Istočne i Zapadne Nemačke i shodno tome primenjivala restriktivnu monetarnu politiku. Špekulantи su prepoznali da je ovakva situacija neodrživa i nakon serije ozbiljnih intervencija, Britanija je bila prinuđena da napusti ERM. Odluka da se funti dopuste fluktuacije stvorila je preko potrebnu nezavisnost centralnoj banci Engleske.

Razmotrimo sada alternativu - upotrebu ekspanzivne fiskalne politike u cilju postizanja simultane unutrašnje i spoljne ravnoteže na višem nivou dohotka. Startujemo ponovo iz tačke A u kojoj je nacionalni dohodak ispod svog potencijalnog nivoa. Fiskalna ekspanzija, kroz proces multiplikacije, povećava nacionalni dohodak, što dalje dovodi do povećane tražnje za novcem a budući da je ponuda novca određena egzogeno sledi rast kamatne stope. U zatvorenoj ekonomiji više kamatne stope mogu da obeshrabre privatnu potrošnju,

naročito investicionu i da na taj način redukuju ekspanziju privrede. U pitanju je čuveni efekat istiskivanja (engl. *crowding out effect*), koji je sam po sebi donekle kontroverzan, budući da u ekonomskoj teoriji ne postoji saglasnost oko njegovog postojanja. Zapravo, klasično-monetaristička doktrina naročito insistira na značaju ovog fenomena dok u kejnzijskoj teoriji istiskivanje ne postoji (tzv. nulti scenario istiskivanja).

U otvorenoj ekonomiji, za razliku od zatvorene, moguće su različite varijante, budući da viša kamatna stopa podstiče priliv kapitala iz inostranstva što popravlja kapitalni segment platnog bilansa dok istovremeno rast dohotka i porast uvoza koji sledi dovodi do pogoršanja tekućeg računa platnog bilansa. Kako bi se utvrdio neto efekat ovih promena potrebno je da znamo da li su kapitalni prilivi dovoljni da kompenzuju deficit u trgovinskim transakcijama ili ne, a to presudno zavisi od stepena mobilnosti kapitala.

U slučaju niskog stepena mobilnosti kapitala (grafikon 2a) porast kamatne stope dovodi do umerenog priliva kapitala što kreira samo relativno manji deficit u kapitalnom bilansu, koji je nedovoljan da kompenzuje srazmerno veći deficit u trgovinskim transakcijama. Nepokriveni deficit platnog bilansa manifestuje se većom tražnjom od ponude na deviznom tržištu što dalje, budući da smo i dalje u režimu fiksnog deviznog kursa, primorava centralnu banku da interveniše kako bi odbranila postavljeni paritet. Upotreba deviznih rezervi, slično kao i u primeru monetarne ekspanzije, ima za posledicu kontrakciju novčane mase i *dalji rast* kamatne stope, čime se efekat fiskalne ekspanzije na nacionalni dohodak umanjuje. U literaturi (Dunn, Mutii, 2000) se navodi da je čak moguće da efekat istiskivanja nastao na ovaj način bude i veći od slučaja u zatvorenoj ekonomiji. Centralna banka naravno može na kratak rok da izbegne monetarnu kontrakciju sterilizacijom efekta smanjivanja deviznih rezervi na novčanu masu preduzimaći kompenzatorne operacije na otvorenom tržištu. Međutim, kako je već naglašeno, budući da devizne rezerve nisu neiscrpan izvor finansiranja, na duži rok ovakva strategija je neodrživa.

(case of Mexico and some Asian countries in the 1990s). Thereupon, what follows as a rule is an inflationary-devaluation spiral which only multiplies economic problems and the adjustment in that case demands robust and often unpopular economic reforms.

Although there are no significant differences in the *mechanism* of adjustment between the cases of rather low capital mobility (Graph 1a) and that of rather high capital mobility (Graph 1b), differences are still present in the *speed* of adjustment (Eicher et al., 2009). In case of low capital mobility, capital outflow from the country because of the fall in the interest rate is slower, while in case of high mobility capital is relocating considerably faster. Faster capital outflow brings about an earlier deficit to appear in the balance of payment, foreign currency reserves are exhausted faster, sterilisation strategy in such circumstances is not justified as it would have to be extremely voluminous, which even further stresses its sustainability, and all this in the ultimate instance, through the mechanism of adjustment, is restoring faster the LM curve to its starting position (Kovacevic, 2011).

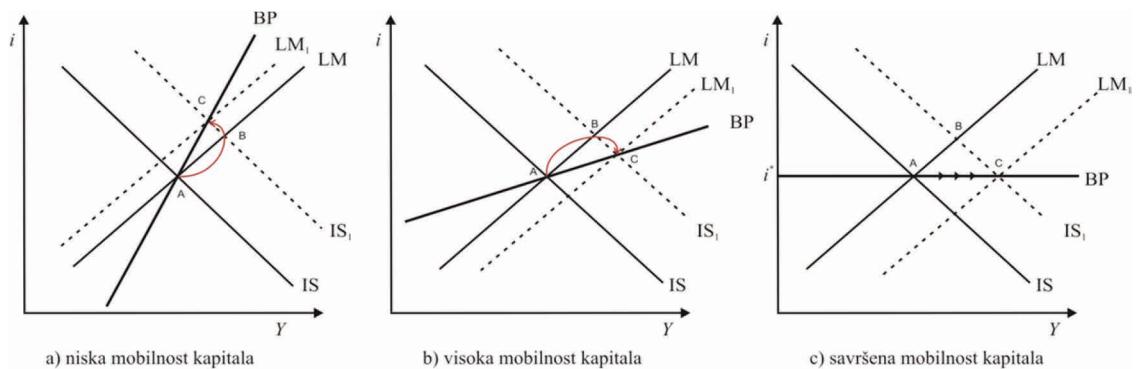
What remains is the case of perfect capital mobility meaning that investors may freely move capital from one economy to the other without any additional costs and risks. In this way, since the differences in interest rates are eliminated through capital flows, the real interest rates are the same in all the economies (*i*). In this scenario, the BP curve is horizontal, i.e. parallel to the x axis (Graph 1c). Let us see now the effects of monetary expansion in this special case. LM curve is shifting to the right, economy is moving into the point B where income is at a potential level, but the interest rate is lower. However, this is what is generally called in literature (Miljkovic, 2008), only a hypothetical internal equilibrium. The reason for this is the fact that in the world of perfect capital mobility even a minimal change of the interest rate causes an unlimited capital outflow, which through the above described mechanism, makes an almost instant pressure on the return of LM curve to its starting position. Some authors (Escher et al., 2009) conclude that in this case it could be said that the LM curve, in actual fact, has not even moved from its initial position, and that *it does not have*

*even a temporary effect on the growth of the national income*, which is nevertheless possible in cases of imperfect capital mobility, but balance of payment equilibrium is sacrificed.

Practical implication of this analysis is actually the fact that monetary policy in the fixed exchange rate regime, with the high degree of capital mobility, becomes totally inefficient for setting economy in motion in the direction of potential income. Even more so, *the fixed exchange rate regime*, where the domestic currency is pegged to another currency or a currency basket, *connects monetary policies of countries* participants in such an arrangement, and this link becomes especially limiting if the respective countries are having tight financial and trade connections. The largest, i.e. economically the strongest country in such a constellation, as a rule, will be able to lead the monetary policy at its wish, while all the other countries in principle will be able only to follow the policy imposed. Problems emerge when the strongest country in the system starts to conduct monetary policy in the direction inconvenient for the others partakers.

An illustrative example in this context is the decision of Great Britain to abandon European Exchange Rate Mechanism - ERM of the European monetary system, in the summer of 1992 (Dunn, Mutti, 2000). Namely, Great Britain, in the early 1990s, was in recession and it needed an expansionist monetary policy. However, for as long as the pound sterling was within the ERM system and was fixed to the other European currencies, including German mark, Britain did not have the opportunity to apply monetary expansion which was essential for its economy. Aggravating circumstance was the fact that Germany, being the leading country in the system thanks to its economic power, but also thanks to the prestige of its central bank, was faced at that time with the inflationary pressures resulting from the unification between East and West Germany, hence they were implementing restrictive monetary policy. Speculators recognised that such a situation was not sustainable and after a series of serious interventions, Britain was forced to abandon the ERM. The decision to allowe pound sterling to float produced the dearly needed independence for the central bank of England.

Grafikon br. 2. Efekti ekspanzivne fiskalne politike u režimu fiksnog deviznog kursa pri različitom stepenu mobilnosti kapitala



Izvor: Standardni prikaz MF modela kao kod: Eicher et al. (2009), Salvatore (2009), Dunn, Mutti (2000), Wang (2009), Kovačević (2011), Miljković (2008), etc.

U slučaju kada je integracija tržišta kapitala nepotpuna ali je još uvek dovoljno visoka da krivu BP učini ravnjom od krive LM, međunarodne reperkusije čine fiskalnu politiku prilično moćnom u svetu fiksnih deviznih kurseva (grafikon 2b). Naime, nakon inicijalnog rasta kamatne stope usled fiskalne ekspanzije, visoka mobilnost kapitala rezultuje njegovim većim prilivom od obima koji je potreban za finansiranje deficit-a tekućeg bilansa što vodi suficitu platnog bilansa. Centralna banka je opet primorana da interveniše ali ovaj put tako što kupuje višak ponude inostrane valute u zamenu za domaću. Devizne rezerve se povećavaju, novčana mase u opticaju raste odnosno kamatne stope padaju (dakle *efekat istiskivanja* je u ovom slučaju izbegnut). Desna promena LM krive je dodatni impuls za rast nacionalnog dohotka ka potencijlnom nivou, shodno intencijama kreatora ekonomске politike. Dakle, fiskalna ekspanzija i indukovana monetarna ekspanzija pokazuju značajnu efikasnost u uslovima visoke mobilnosti kapitala, uz fiksni devizni kurs.

U situaciji savršene mobilnosti kapitala, odnosno horizontalne BP krive (grafikon 2c), fiskalna ekspanzija ima maksimalan učinak na rast nacionalnog dohotka. Razlog je u tome što inicijalni rast kamatne stope usled fiskalne ekspanzije podstiče neograničen prliv kapitala čime platni bilans trenutno ulazi u zonu suficita. Centralna banka je, opet trenutno, primorana da interveniše čime se LM kriva pomera gotovo istovremeno sa promenom IS krive a ekonomija duž krive BP klizi ka svom potencijalnom

nacionalnom dohotku.

Uvažavajući sve prethodno rečeno može se zaključiti da je kombinacija fiksnog deviznog kursa i otvorene ekonomije učinila monetarnu politiku veoma slabim alatom za ekspanziju privrede. Dakle, jedna otvorena ekonomija koja želi da se ekonomskom politikom izbori protiv nezaposlenosti i približi potencijalnom nivou nacionalnog dohotka, u režimu fiksnog deviznog kursa mora da primeni eksplanzivnu fiskalnu politiku a zatim da dozvoli neophodno monetarno prilagođavanje. Ipak, krajnji efekat na nivo nacionalnog dohotka nije jednoznačan. Ukoliko kapitalne transakcije dominiraju u platnom bilansu a kapitalni tokovi su visoko elastični, što u principu važi za visoko razvijene industrijske zemlje, efekat fiskalne eksplanzije na nacionalni dohodak biće veoma jak. Sa druge strane, ukoliko je integracija tržišta kapitala veoma ograničena a u platnom bilansu dominiraju trgovinski tokovi, efekat fiskalne politike biće relativno slab. Ovaj drugi slučaj je naročito karakterističan za zemlje u razvoju i tranziciji. Praktična implikacija navedenih zaključaka je teza da u svetu fiksnih deviznih kurseva visoko razvijene industrijske zemlje nisu nemoćne u neutralisanju poslovnih ciklusa primenom ekonomске politike. Monetarna politika u ovoj situaciji neće postići mnogo ali je zato fiskalna eksplanzija veoma moćna. Sa druge strane, zemlje u tranziciji i razvoju, u režimu fiksnih deviznih kurseva, suočavaju se sa velikim ograničenjem ekonomске politike budući da ni monetarna, ali u ovom slučaju ni fiskalna politika, ne mogu

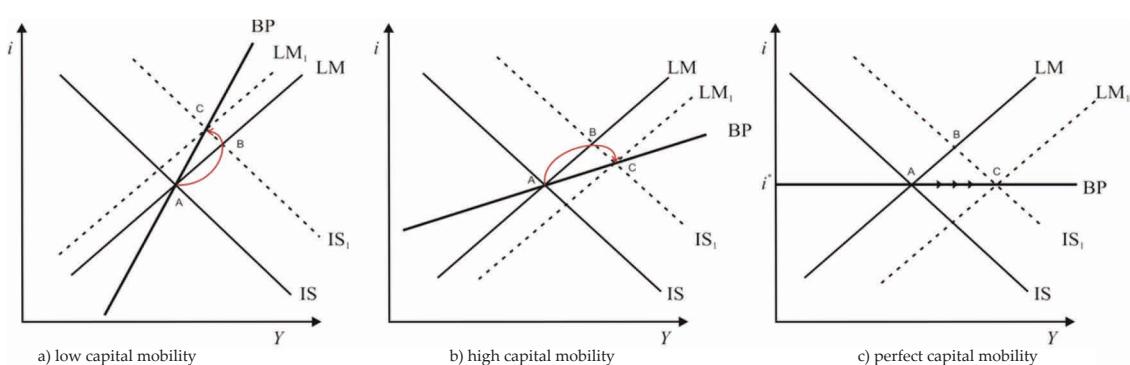
Let us now examine the alternative solution - the use of expansionist fiscal policy for purpose of attaining simultaneous internal and external equilibrium at a higher level of income. Let us start from point A where national income is below its potential level. Fiscal expansion, through the process of multiplication, increases national income, which in turn leads to a higher money demand, and as the money supply is determined exogenously, what follows is the interest rate growth. In a closed economy, higher interest rates can discourage private spending, especially the investment one, and in that way reduce economic expansion. It is the case here of the notorious *crowding out effect*, which in itself is rather controversial, as in the economic theory there is no consensus even about its very existence. In actual fact, classic monetarist doctrine especially insists on the importance of this phenomenon, while in the Keynesian theory crowding out effect theory does not exist (the so called zero crowding out scenario).

In the open economy, as opposed to the closed economy, different variants are possible, since the higher interest rate boosts foreign capital inflow, which improves capital segment of the balance of payment, while at the same time, income growth and import growth which follows, causes deterioration in the current account of the balance of payment. In order to determine net effect of these changes, we must know whether capital inflows are sufficient to

compensate for the deficit in trade transactions or not, yet this crucially depends on the degree of capital mobility.

In the case of a low degree of capital mobility (Graph 2a), interest rate growth brings about a moderate capital inflow which creates only a small surplus in the capital balance, which is not sufficient to compensate the proportionally higher deficit in trade transactions. Balance of payment deficit, which is not covered, is manifested through a higher demand than supply on the foreign exchange market, which in turn forces the central bank, as we are in the fixed exchange rate regime, to intervene in order to defend the set parity. The use of foreign currency reserves, similar to the case of monetary expansion, has as the consequence contraction of the money supply and *further growth* of interest rate, where the effect of fiscal expansion on national income is decreasing. In literature (Dunn, Mutti, 2000) it is stated that it is even possible that the effect of crowding out created in this way may become even higher in case of a closed economy. Central bank, of course, can avoid in a short-term, monetary contraction through sterilisation of effects caused by reduction of foreign currency reserves on the money supply by undertaking compensation operations on the open market. However, it was already stated, since foreign currency reserves are not an endless source of financing, that this strategy is not sustainable in any long-term perspective.

Graph 2 Effects of expansionist fiscal policy in the fixed exchange rate regime, with the different degree of capital mobility



Source: Standard presentation of the MF model, such as: Eicher et al. (2009), Salvatore (2009), Dunn, Mutti (2000), Wang (2009), Kovacevic (2011), Miljkovic (2008), etc.

značajnije da utiču na rast nacionalnog dohotka. Ovo ostavlja nerazvijene zemlje sa veoma malo autonomije u segmentu makroekonomskih politika ukoliko insistiraju na zadržavanju režima fiksnog deviznog kursa. Upravo ovaj nedostatak nezavisne makroekonomskih politika u situaciji kada su ekonomije postajale sve otvorene, u literaturi (Dunn, Mutti, 2000) se navodi kao jedan od glavnih razloga za raspad Bretonvudskog sistema fiksnih deviznih kurseva i rastuće popularnosti režima fluktuirajućeg kursa, naročito među zemljama u razvoju i tranziciji. Drugim rečima, priča o slomu Bretonvudskog sistema zapravo je priča o neuspešnim pokušajima zemalja da pomire ciljeve unutrašnje i spoljne ravnoteže, u skladu sa pravilima tog sistema (Krugman, Obstfeld, 2009).

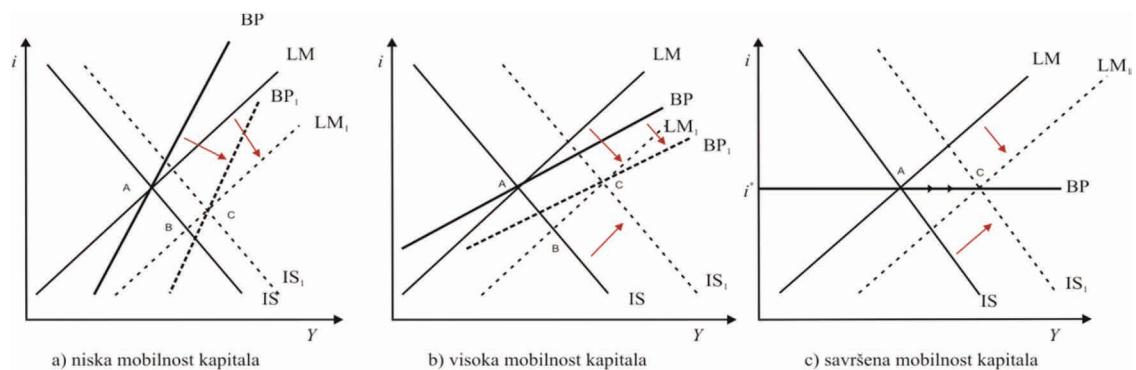
### Fiskalna versus monetarna politika u MF modelu uz režim fluktuirajućeg deviznog kursa

Jedan od najupečatljivijih efekata promene režima deviznog kursa u pravcu fluktuirajućeg je svakako povećanje nezavisnosti u vođenju monetarne politike. U režimu fluktuirajućeg deviznog kursa platni bilans više nije ograničenje koje limitira efikasnost ove ekonomskih politika, dok prilagođavanje deviznog kursa dodatno

pojačava uticaj monetarne politike na privredu.

Početni impuls ekspanzivne monetarne politike isti je u oba razmatrana režima deviznog kursa. Porast ponude novca redukuje kamatne stope što vodi rastu nacionalnog dohotka kroz indukovani rast investicija ali i odlivu kapitala, jer se sada profitabilnije može investirati u inostranstvu. Višak ponude domaće valute stvara pritisak na depresijiju nacionalne valute. U režimu fiksnog deviznog kursa centralna banka interveniše kako bi odbranila postavljeni paritet što vodi laganom gubitku deviznih rezervi. Međutim, u režimu fluktuirajućeg deviznog kursa rezon je potpuno drugačiji. Pomenuta neravnoteža u ponudi i tražnji na deviznom tržištu vodi promeni deviznog kursa u pravcu depresijije. Nema intervencija centralne banke, gubitka deviznih rezervi ni indukovane kontraktacije novčane mase. Inicijalna monetarna ekspanzija u režimu fluktuirajućeg deviznog kursa dakle ostaje netaknuta. Pored toga, depresijacija će povećati izvoz (domaća roba je sada jeftinija i kupuju je kako domaći tako i inostrani kupci) što daje dodatni impuls rastu nacionalnog dohotka, i vodi desnoj promeni IS krive. Ipak, na konačan efekat monetarne ekspanzije presudno utiče stepen mobilnosti kapitala. Razmotrimo opet sva tri slučaja.

Grafikon br. 3 Efekti ekspanzivne monetarne politike u režimu fluktuirajućeg deviznog kursa pri različitom stepenu mobilnosti kapitala



Izvor: Standardni prikaz MF modela kao kod: Eicher et al. (2009), Salvatore (2009), Dunn, Mutti (2000), Wang (2009), Kovačević (2011), Miljković (2008), etc.

In the case when capital market integration is incomplete, yet it is still sufficiently high to make BP curve flatter than LM curve, international repercussions make fiscal policy considerably powerful in the world of fixed exchange rates (Graph 2b). Namely, after the initial growth of interest rate due to fiscal expansion, high capital mobility results in its higher inflow than the volume which is necessary for financing current balance deficit, which leads to surplus in the balance of payment. Central bank is again forced to intervene, but this time in the way that it buys surplus in the foreign currency supply in exchange for the domestic currency. Foreign currency reserves are increasing, money supply in circulation is growing, i.e. interest rates are falling (hence *the crowding out effect* in this case is avoided). Shift to the right of the LM curve is an additional impulse for growth of the national income towards a potential level, in accordance with the intentions of the economic policy creators. Therefore, fiscal expansion and induced monetary expansion show a significant efficacy in the situation of high capital mobility, together with the fixed exchange rate.

In the case of perfect capital mobility, i.e. horizontal BP curve (Graph 2c), fiscal expansion has a maximum effect on the growth of national income. The reason for this is that the initial interest rate growth due to fiscal expansion instigates an unlimited capital inflow, thus leading balance of payment instantly into the surplus zone. Central bank, again instantly, is forced to intervene thus inducing the LM curve to shift almost simultaneously with the change in the IS curve, and the economy along the BP curve slides towards its potential national income.

Taking into consideration all the above stated, it may be concluded that the combination between a fixed exchange rate and an open economy has rendered monetary policy a very feeble tool for economic expansion. Hence, an open economy wishing to use economic policy to fight unemployment and come closer to its potential national income level, in the fixed exchange rate regime must apply expansionist fiscal policy, and thereupon allow the necessary monetary adjustment. Nevertheless, the ultimate effect on the level of national income is not unambiguous. If capital

transactions are predominant in the balance of payment and capital flows are highly flexible, that in principle applies for highly developed industrial countries, fiscal expansion effect on the national income will be very strong. If capital market integration is very limited, on the other hand, and in the balance of payment trade flows are predominant, fiscal policy effect will be relatively weak. This latter case is especially characteristic for developing countries, or countries in transition. Practical implication of the said conclusions is the thesis that in the world of fixed exchange rates highly developed industrialised countries are not incapable of neutralising business cycles when they apply economic policies. Monetary policy in this situation will not have much effect, yet fiscal expansion remains very powerful. On the other hand, countries in transitions with the fixed exchange rates, are faced with a large number of economic policy restrictions, as neither monetary, and in this case nor a fiscal policy can have a significant impact on the growth of national income. This *leaves undeveloped countries with very small autonomy in the segment of macroeconomic policy* if they are to insist on hold on to *the fixed exchange rate regime*. It is actually this absence of an independent macroeconomic policy, in the situation when economies were opening up, that is stated in literature (Dunn, Mutti, 2000) as one of the main reasons for the collapse of the Breton-Wood fixed exchange rates system and the growing popularity of the floating exchange rate regime, especially amongst the developing and countries in transition. In other words, the story about the fall of the Breton-Wood system is actually a story of failed attempts by countries to reconcile targets for internal and external equilibrium, in accordance with the rules of that system (Krugman, Obstfeld, 2009).

### **Fiscal versus monetary policy in the MF model, with the floating exchange rate regime**

One of the most outstanding effects of the exchange rate regime change in the direction of the floating one is certainly a broader independence in conducting monetary policy. In the regime of the floating exchange rate,

U scenariju niske mobilnosti kapitala (grafikon 3a) inicijalni pad kamatne stope usled monetarne ekspanzije dovodi do relativno sporijeg odliva kapitala što utiče na srazmerno manje pogoršanje platnog bilansa. Kako bi se obnovila spoljna ravnoteža domaća valuta depresira (desna promena BP krive) što dalje utiče na poboljšanje trgovinskog bilansa. Budući da je pri niskoj mobilnosti kapitala zahevana depresijacija za očuvanje ravnoteže nije bila velika, konsekventno nije usledilo ni veliko pomeranje IS krive. Dakle, efekat monetarne politike na ekspanziju privrede u uslovima niske mobilnosti kapitala je skroman ali i to je, kako se popularno kaže (Eicher et al., 2009), opet bolje od scenarija pri režimu fiksног deviznog kursa u kojem taj efekat praktično ni ne postoji.

Kada je reč o situaciji relativno visoke mobilnosti kapitala, put ka simultanoj unutrašnjoj i spoljnoj ravnoteži u smislu mehanizma je identičan, međutim krajnji efekat na nacionalni dohodak je izraženiji. Naime, usled visoke mobilnosti, pad kamatne stope podstiče veći odliv kapitala u inostranstvo što znači da će i deficit platnog bilansa biti veći. Konsekventno, depresijacija nacionalne valute potrebna za ponovno uspostavljanje ravnoteže mora da bude srazmerno veća. Sledi sve veća atraktivnost domaćeg izvoza na međunarodnom tržištu i jača desna promena IS krive (grafikon 3b). Poredeći slučaj relativno niske i relativno visoke mobilnosti kapitala, interesantno je zapaziti da je inicijalna monetarna ekspanzija u oba slučaja uticala na jednak rast nacionalnog dohotka. Međutim, dodatni rast dohotka prouzrokovani depresijom domaće valute znatno je veći u slučaju visoke mobilnosti kapitala (Kovačević, 2011).

U slučaju savršene mobilnosti kapitala, efekat monetarne politike na ekspanziju privrede je maksimalan (grafikon 3c). U ovom slučaju rast ponude novca teži da smanji kamatnu stopu (Salvatore, 2009) ali budući da su kapitalni tokovi toliko intenzivni odmah kreće i depresijacija nacionalne valute što vodi istovremenom pomeranju krivih IS i LM odnosno ekspanziji bez ikakvog povećanja kamtne stope.

Dakle, fluktuirajući devizni kurs u otvorenoj ekonomiji pojačava efekte monetarne politike za razliku od fiksног deviznog kursa koji ih je ograničavao. Ilustrativativan primer koji

se u literaturi navodi (Dunn, Mutti, 2000) je slučaj Kanadske monetarne politike krajem devedesetih godina prošlog veka. Naime, Kanadski dolar je snažno depresirao sredinom 1998. godine a zatim je već početkom 1999. godine počeo ubrzano da se oporavlja što je viđeno kao pretnja rastu izvoza i generalno ekonomskom rastu. Iz tog razloga centralna banka Kanade je 4. maja 1999. redukovala kamatnu stopu za 25 baznih poena i objavila da to radi zbog skorašnje snažne apresijacije nacionalne valute. Posledica je bila depresijacija kanadskog dolara od 30 baznih poena *u samoj jednom danu*. Dakle, fluktuirajući devizni kurs je centralnoj banci Kanade omogućio da postigne tačno efekat koji želi, što bi bilo nemoguće u režimu fiksног deviznog kursa.

Zaključak da fluktuirajući kurs značajno povećava efikasnost monetarne politike ipak nije bez problema. Pre svega, potrebno je da kretori ekonomске politike budu spremni da prihvate implikacije potencijalno velikih promena deviznog kursa. Ukoliko je povećana volatilnost iz nekog razloga za njih neprihvatljiva, centralna banka će morati da osmisli svoju politiku u pravcu stabilizacije kursa pre nego u pravcu dostizanja idealnog nivoa nacionalnog dohotka. Ako izbegavanje volatilnosti deviznog kursa postane dominantan cilj centralne banke, monetarna politika nije mnogo efikasnija od scenarija pri fiksном deviznom kursu.

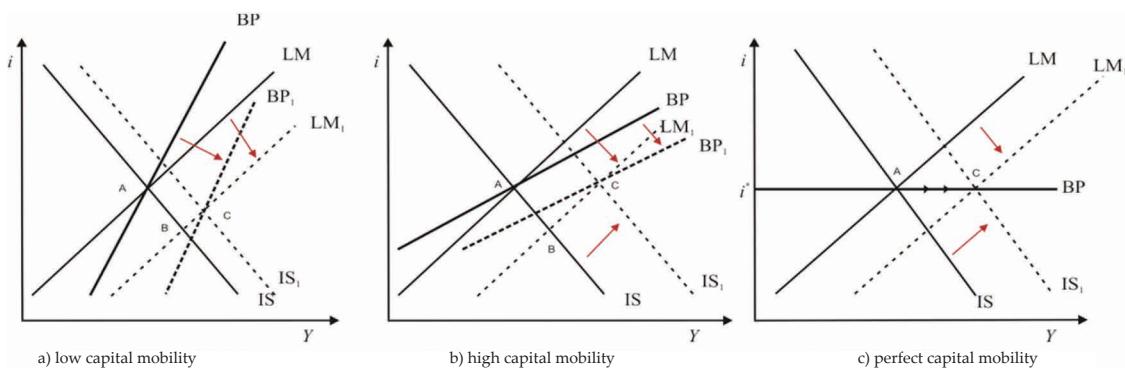
Kada je reč o fiskalnoj ekspanziji, inicijalni impulsi su identični kao i u režimu fiksног deviznog kursa. Rast nacionalnog dohotka vodi rastu tražnje za novcem usled čega dolazi do porasta kamatne stope. Viša kamatna stopa privlači kapitalne fondove što vodi suficitu kapitalnog računa platnog bilansa. Sa druge strane, viši nacionalni dohodak se delom troši i na uvoz, što utiče na pogoršanje stanja u tekućem delu platnog bilansa. Ključno pitanje je - šta se u krajnjoj instanci dešava sa platnim bilnsom? Ako on uđe u zonu suficita uslediće apresijacija nacionalne valute i vice versa, eventualni deficit platnog bilansa vodi depresijaciјi nacionalne valute. Na ovaj neto efekat koji će opredeliti pravac kretanja nacionalne valute, u smislu apresijacije odnosno depresijacije, presudno utiče stepen mobilnosti kapitala. Razmotrimo još jednom sva tri slučaja - nisku, visoku i savršenu mobilnost kapitala.

balance of payment is no longer a constraint limiting the efficacy of this monetary policy, and the exchange rate adjustment additionally intensifies the impact that the monetary policy exerts on the economy.

The initial impulse of expansionist monetary policy is the same in both of the examined exchange rate regimes. The growth in the money supply reduces interest rates, which leads to the growth of national income through an induced growth of investments, but also capital outflow, as the cross-border investments now become more profitable. Surplus domestic currency supply is creating pressure on the national currency depreciation. Under the regime of the fixed exchange rate, central bank intervenes in order to defend set parity which leads towards a gradual loss of foreign currency reserves. However, under the

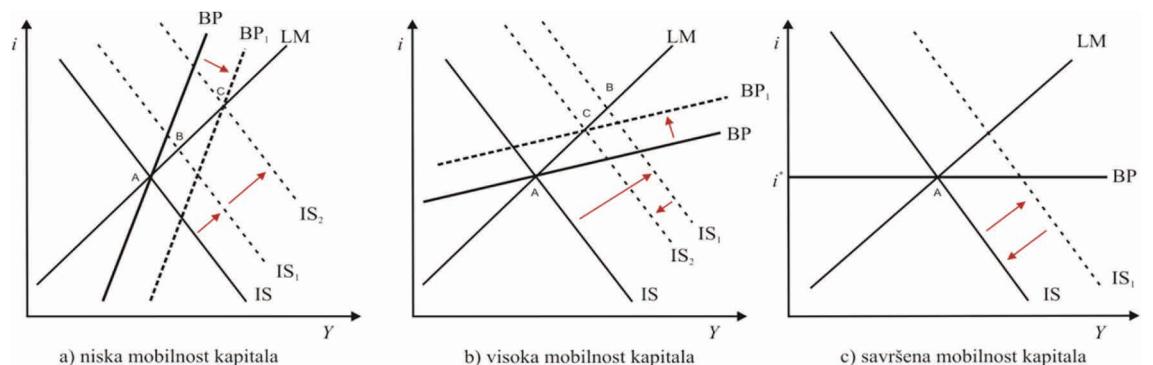
regime of the floating exchange rate, rationale is completely different. The said inequilibrium in the supply and demand on the foreign exchange market leads to the change in the exchange rate towards depreciation. There is no intervention by the central bank, no loss of foreign exchange reserves is incurred, and neither is any induced contraction of the money supply present. Hence the initial monetary expansion in the floating exchange rate regime remains intact. In addition, depreciation will increase exports (domestic goods are now cheaper and are purchased both by domestic and foreign buyers), which gives an additional boost to the growth of the national income, and leads the IS curve to shift to the right. Nevertheless, the final effect of monetary expansion is unfalteringly impacted by the degree of capital mobility. Let us examine again all of the three cases at hand.

Graph 3 Effects of expansionist monetary policy in the floating exchange rate regime with different degrees of capital mobility



Source: Standard approach to the MF model, as in: Eicher et al. (2009), Salvatore (2009), Dunn, Mutti (2000), Wang (2009), Kovacevic (2011), Miljkovic (2008), etc.

Grafikon br. 4. Efekti ekspanzivne fiskalne politike u režimu fluktuirajućeg deviznog kursa pri različitom stepenu mobilnosti kapitala



Izvor: Standardni prikaz MF modela kao kod: Eicher et al. (2009), Salvatore (2009), Dunn, Mutti, (2000), Wang (2009), Kovačević (2011), Miljković (2008), etc.

U uslovima niske mobilnosti kapitala, kao što je već više puta naglašeno, priliv kapitala zbog rasta kamatne stope neće biti dovoljan da anulira deficit u u trgovinskim transakcijama što rezultira deficitom platnog bilansa. Pogoršanje platnog bilansa dovodi u nesklad ponudu i tražnju za nacionalnom valutom a upravo taj nesklad je, u odsustvu intervencija centralne banke, okidač za depresijaciju nacionalne valute (desna promena BP krive). Što je manja mobilnost kapitala to je potrebna veća depresijacija kako bi se ponovo uspostavila narušena ravnoteža platnog bilansa. Međutim, slabljenje nacionalne valute utiče na rast tražnje za domaćim izvozom budući da je on nakon depresijacije cenovno konkurentniji, što stvara dodatni impuls za ekspanziju privrede (IS kriva se pomera još jedan put, u istom pravcu). Dakle, fiskalna politika je u režimu fluktuirajućeg deviznog kursa uz nisku mobilnost kapitala u mogućnosti da utiče na rast nacionalnog dohotka pri čemu je inicijalni efekat fiskalne ekspanzije dodatno povećan usled depresijacije nacionalne valute.

U uslovima visoke mobilnosti kapitala, konačan rezultat fiskalne ekspanzije značajno se razlikuje. Nakon inicijalnog rasta kamatne stope, poboljšanje kapitalnog dela platnog bilansa, usled visoke mobilnosti kapitala, premašuje pogoršanje u segmentu trgovinskih transakcija što rezultira suficitom platnog bilansa. Dolazi do neravnoteže na deviznom tržištu ali ovaj put i izrazu veće tražnje od ponude domaće valute.

Ishod ovog nesklada je apresijacija nacionalne valute (leva promena BP krive) sa negativnim reperkusijama na konkurentnost domaćeg izvoza i sledstveno na domaću proizvodnju. Privreda dospeva u stanje nove ravnoteže tek nakon leve promene IS krive koja delimično neutrališe efekat inicijalne fiskalne ekspanzije (grafikon 3b). Porast mobilnosti kapitala je, dakle, u režimu fluktuirajućeg deviznog kursa učinio efekte fiskalne ekspanzije veoma skromnim. Podsećanja radi, sasvim suprotno se desilo u režimu fiksног deviznog kursa.

I konačno, sledeći logiku da rast mobilnosti kapitala u režimu fluktuirajućeg deviznog kursa smanjuje efikasnost fiskalne politike, nije teško zaključiti da će u specijalnom slučaju savršene mobilnosti kapitala fiskalna politika biti potpuno neefikasna. Rezon je jasan - fiskalna ekspanzija vrši pritisak na kamatnu stopu ali i njena najmanja promena u odnosu na svetsku kamatnu stopu podstiče masivan priliv kapitala. Rastuća tražnja za nacionalnom valutom rezultira njenom apresijacijom koja traje sve dok prethodno opisani procesi prilagođavanja ne vrate IS krivu na njenu početnu poziciju odnosno kamatnu stopu na svetski nivo (grafikon 4c).

Zaključak je da u zemljama u razvoju i tranziciji koje još nisu u potpunosti integrisane u međunarodno tržište kapitala, i fiskalna i monetarna politika u režimu fluktuirajućeg deviznog kursa mogu biti prilično efikasne. Posebno je bitna okolnost što u ovom slučaju

In the low capital mobility scenario (Graph 3a), the initial fall of the interest rate due to monetary expansion leads to a relatively slower capital outflow, which in turn impacts a proportionally lower deterioration of the balance of payment. In order to restore external equilibrium, domestic currency depreciates (shift to the right of the BP curve), and this further leads to the improvement of the trade balance. As the low capital mobility requires depreciation for preservation of equilibrium yet it is not a very high one, consequently neither has a big shift in the IS curve occurred. Hence, the monetary policy effect on economic expansion, in the case of low capital mobility, is modest, but even this is, as commonly phrased (Eicher et al., 2009), better than the fixed exchange rate regime scenario where such an effect is practically non-existent.

When speaking of the situation where relatively high capital mobility prevails, the road towards simultaneous internal and external equilibrium, in terms of mechanism, is identical. However, the ultimate effect on the national income is more vigorous. Namely, due to high mobility the fall in the interest rate instigates high capital outflow abroad, which means that the balance of payment deficit will be higher. Consequently, national currency depreciation, necessary to restore equilibrium, must be proportionally higher. What follows is an enhanced attraction of domestic export on the international market and a stronger shift to the right of the IS curve (Graph 3b). Comparing the case of a relatively low, and the case of relatively high capital mobility, it is interesting to note that the initial monetary expansion in both cases impacted an equal growth of the national income. However, additional income growth caused by depreciation of the domestic currency is substantially higher in the case of high capital mobility (Kovacevic, 2011).

In case of perfect capital mobility, the effect of monetary policy on economic expansion is at its maximum (Graph 3c). In this case, the growth of money supply *tends* to lower the interest rate (Salvatore, 2009), but as the capital flows are so intense, national currency depreciation is immediately set in motion which in turn leads to the simultaneous shift of the IS and LM curves, i.e. to the expansion without any

interest rate raise.

Therefore, the floating exchange rate in an open economy is boosting monetary policy effects, opposite to the fixed exchange rate which has a restricting result. An illustrative example, quoted in the literature (Dunn, Mutti, 2000), is the case of the Canadian monetary policy of the late 1990s. Namely, Canadian dollar suffered robust depreciation in the mid-1998, in order to start a very speedy recovery as early as the beginning of 1999, which was deemed to be a threat to the growth of exports and generally to the economic growth. For this reason, Central Bank of Canada reduced, on 4 May 1999, interest rate for 25 basis points and announced that it is doing so because strong appreciation of the national currency is to be expected shortly. As a consequence, what ensued was the depreciation of the Canadian dollar for 30 basis points *during one day alone*. Therefore, floating exchange rate allowed Central Bank of Canada to achieve precisely the effect that it desired, which would have been impossible in the fixed exchange rate regime.

The conclusion that the floating exchange rate significantly boosts monetary policy efficacy is, nevertheless, not free from all problems. First of all, it is necessary for the economic policy creators to be ready to accept implications of potentially high changes in the exchange rate. If a higher volatility is to be unacceptable for them for some reason, central bank would have to conceive its policy in the direction of the exchange rate stabilisation rather than in the direction of reaching an ideal level of the national income. If the avoidance of the exchange rate volatility is to become a predominant target of the central bank, monetary policy will not be more effective than the scenario of the fixed exchange rate.

When speaking of fiscal expansion, the initial impulses are identical to the ones in the fixed exchange rate regime. The growth of national income is leading to the growth in money demand which in turn leads to the growth of the interest rate. Higher interest rate attracts capital funds, which leads to the surplus in the capital account of the balance of payment. On the other hand, higher national income is in part spent also on the imports, which impacts deterioration of the balance in

nema pretrje po devizne rezerve nakon ekspanzivne ekonomske politike, što je za ove zemlje posebno značajno. Nakon svega rečenog ne iznenađuje previše što su se mnoge manje razvijene zemlje opredelile baš za fluktuirajuće devizne kurseve.

Sa druge strane, fluktuirajući devizni kurs i visoka mobilnost kapitala značajno slabe ekspanzione efekte samostalne fiskalne politike. Ipak, prethodni scenario može biti izbegnut ukoliko nakon fiskalne ekspanzije usledi kooperativna mera monetarne politike. Dakle, ukoliko nakon fiskalne ekspanzije centralna banka poveća ponudu novca u dovoljnoj meri da se izbegne rast kamatne stope, fiskalna ekspanzija će imati uticaja na nacionalni dohodak. Ovo praktično znači da u zemljama u kojima su kapitalni tokovi visoko mobilni, a takvi su većinom u visoko razvijenim i finansijski integrisanim industrijskim zemljama, centralna banka ima konačnu reč u kreaciji ukupne makroekonomske politike - kako monetarne tako i fiskalne.

U navedenom kontekstu u izvesnom smislu može se tumačiti i činjenica da je pre izbijanja aktuelne svetske ekonomske krize, u velikom broju zemalja a naročito među onim razvijenima, fiskalna politika definitivno bila zapostavljeno dete porodice ekonomskih politika. Njena uloga je uglavnom bila svođena na automatske stabilizatore, dok je svaka diskreciona fiskalna mera posmatrana sa dubokim podozrenjem (Arestis, 2011). Ovaj koncept koji umanjuje značaj fiskalne politike dok naglašava doprinose monetarne politike postao je poznat kao *novi makroekonomski koncenzus*. Međutim, sa izbijanjem svetske finansijske krize koja je brzo prerasla u ekonomsku krizu, pokazalo se da fiskalna politika ima jednu uspavanu lepotu. Konkretno, kada je svet postao svestan da tržište svojim samostalnim delovanjem neće moći da reši nastale ekonomske probleme, svaka država posegnula je za svojevrsnom strategijom oporavka. U duhu tzv. novog makroekonomskog koncenzusa monetarna politika odabrana je kao prva linija odbrane. Monetarne mere za stabilizaciju povećale su likvidnost finansijskog sistema injekcijama sredstava, dok su centralne banke širom sveta snizile referentne kamatne stope. Međutim, efikasnost monetarne politike je limitirana kada

se osnovna kamatna stopa približi nuli a upravo se to desilo krajem 2008. odnosno početkom 2009. godine. Sa monetarnom politikom koja je dolaskom do tzv. nulte granice (engl. *zero bound*) postala neefikasna i ekonomskim sistemom pred kolapsom, fiskalna politika se pokazala kao veoma moćan, zaboravljeni alat. Širom sveta osmišljavani su stabilizacioni fiskalni paketi koji bi podržali agregatnu tražnju i spasli ekonomiju od dramatičnog pada. Zapravo iz današnje perspektive može se reći da je fiskalna politika u poslednjih nekoliko godina doživela svojevrsnu renesansu.

## Kritike MF modela i njegova nadogradnja

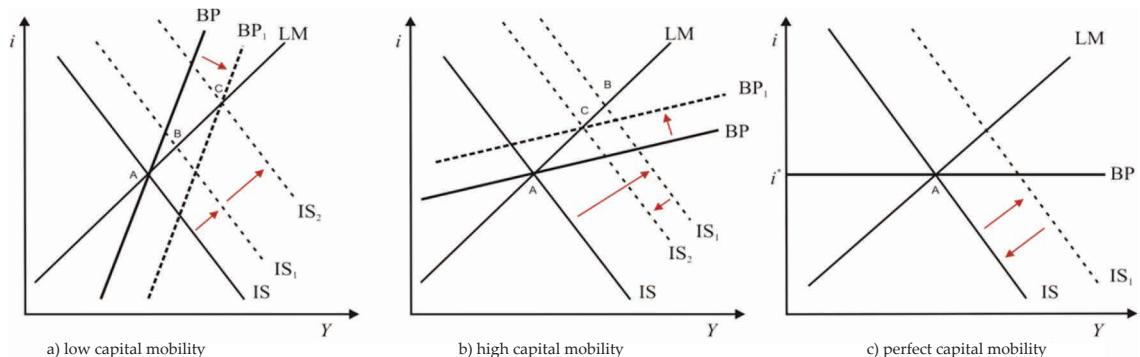
Prva velika kritika MF modela odnosi se na njegov vremenski horizont koji je *de facto* kratkoročan budući da prepostavka o fiksним cenama iz pozadine modela u dugom roku nije održiva. Sagledavanje realnih posledica ekonomske politike na privredu zahteva napuštanje ove prepostavke odnosno prihvatanje činjenice da su cene, iako kratkoročno možda fiksne, dugoročno svakako podložne fluktuacijama. U slučaju kada se i cenama dozvole fluktuacije na putu ka potencijalnom nivou nacionalnog dohotka, utočište se nalazi u modifikaciji MF modela posredstvom mehanizma aggregatne ponude i tražnje. Pri tome, kada je reč o AS-AD modelu u otvorenoj ekonomiji treba imati u vidu da se kriva aggregatne ponude (AS) u otvorenoj ekonomiji ne razlikuje od one u zatvorenoj ekonomiji dok je kriva aggregatne tražnje (AD) u otvorenoj ekonomiji *ravnija* od svog pandana u zatvorenoj ekonomiji iako su obe negativnog nagiba. Takođe, treba obratiti pažnju da inflacija pogađa i scenario u okviru IS-LM-BP dijagrama budući da svaki rast cena znači da se realna količina novca u opticaju smanjuje, što se očituje levom promenom LM krive. Konkretno, ukoliko se za primer uzme slučaj monetarne ekspanzije pri fluktuirajućem deviznom kursu u uslovima relativno visoke mobilnosti kapitala (grafikon 3b) i prepostavi da postoji rast cena pre dostizanja željenog nivoa dohotka, LM kriva bi se nakon inicijalne desne promene pomerila još jedan put, ovaj put u levo, gde bi u preseciju preostale dve krive

the current part of the balance of payment. The crucial question is - what is to happen in the final instance with the balance of payment? If it enters into the surplus zone, what will follow is appreciation of the national currency, and *vice versa*, an eventual balance of payment deficit leads to the depreciation of the national currency. This net effect which will determine trend of movement of the national currency in terms of appreciation i.e. depreciation, will be under the crucial influence of the degree of capital mobility. Let us examine, once again, all of the three cases - the case of low, the case of high, and the case of perfect capital mobility.

of economy (IS curve shifts one more time in the same direction). Hence, fiscal policy in the floating exchange rate regime, with low capital mobility, is able to result in growth of the national income, where the initial effect of fiscal expansion is additionally enhanced through depreciation of the national currency.

In case of high capital mobility, the final result of fiscal expansion is significantly different. After the initial growth of interest rate, the improvement of the capital part of the balance of payment resulting from the high capital mobility exceeds deterioration in the segment of trade transactions, which results in

Graph 4 Effects of expansionist fiscal policy in the floating exchange rate regime with the different degrees of capital mobility



Source: Standard presentation of the MF model, as in: Eicher et al., (2009), Salvatore (2009), Dunn, Mutti (2000), Wang (2009), Kovacevic (2011), Miljkovic (2008), etc.

In the case of low capital mobility, as already stated, capital inflow resulting from the interest rate growth will not be sufficient to annul deficit in the trading transactions, which in turn will result in the balance of payment deficit. Deterioration of the balance of payment leads to a disproportion between national currency supply and demand, and such a disproportion actually, in the absence of central bank intervention, will act as a trigger for the national currency depreciation (shift to the right of the BP curve). The lower the capital mobility remains, the greater depreciation is needed for restoring again the disturbed balance of payment equilibrium. However, weakening of the national currency boosts the growth in demand for domestic export as it becomes more competitive in price after depreciation, which creates an additional impulse for expansion

the balance of payment surplus. An imbalance occurs on the foreign exchange market but this time also in the expression of higher demand than the supply of domestic currency. The result of this imbalance is appreciation of the national currency (shift to the left of the BP curve), with negative repercussions on the competitiveness of the domestic exports and consequently on the domestic production. The economy reaches the state of new equilibrium only after the shift to the left of the IS curve, which moderately neutralises the effect of initial fiscal expansion (Graph 3b). Hence the growth in capital mobility in the floating exchange rate regime has made the effects of fiscal expansion very modest. Let us recall that the case was completely opposite in the fixed exchange rate regime.

Finally, following the logic that capital mobility growth in the floating exchange rate

nastala dugoročna ravnoteža. Dakle, monetarna ekspanzija je i dalje efikasna ali rast dohotka u ovom slučaju je manji i pri tom dolazi na račun povećanja cena.

Sledeća ozbiljna kritika MF modela odnosi se na činjenicu da on ne razdvaja tokove od fondova, budući da se LM kriva zasniva na novčanim fondovima dok se BP kriva bazira na tokovima kapitala (Salvatore, 2009). U tom smislu model prepostavlja da rast kamatne stope dovodi do kontinuiranog priliva kapitala koji finansira platnobilansni deficit dok je u realnosti verovatnije da će taj priliv biti jednokratan odnosno da će se okončati nakon što investitori prilagode svoj portfolio.

U literaturi se navodi još nekoliko nedostataka osnovnog MF modela. Činjenica da se model bazira na statičnim očekivanjima svakako je jedan od njih. Kako bi se prevazišlo ovo ograničenje Dornbuš (Dornbush, 1976) uvodi u model sofisticiranja, racionalna očekivanja. Ovo proširenje donekle menja ishod koji predviđa osnovni MF model u smislu pojave efekta *premašaja deviznog kursa* odnosno činjenice da nakon monetarne ekspanzije devizni kurs depresira više u kratkom roku u odnosu na njegovu dugoročnu ravnotežu. Od značaja je naglasiti da Dornbuš svoju analizu smestio u ono što naziva "Mandel-Flemingov svet" (Dornbush, 1976, str. 1173) koji po njemu podrazumeva *isključivo* fluktuirajuće devizne kurseve i savršenu mobilnost kapitala. Dodatno polazi se od realne konstatacije da postoji različita brzina prilagođavanja cena ravnoteži na robnom i novčanom tržištu pri čemu je u ovom potonjem slučaju prilagođavanje ravnoteži daleko brže. U tim uslovima, identično kao kod MF modela, monetarna ekspanzija vodi snižavanju kamatne stope i uzrokuje depresijiju valute. Međutim, u Dornbušovoj verziji, tada počinje proces prilagođavanja na robnom tržištu koji podrazumeva da na putu ka dugoročnoj ravnoteži mora doći do rasta cena, pada realne ponude novca i rasta kamatne stope. Budući da, na osnovu nepokrivenog pariteta kamatne stope, do rasta kamatne stope može doći samo ako se očekuje promena deviznog kursa u smeru apresijacije, Dornbuš zaključuje da tekuća depresijacija mora biti veća od očekivane ravnotežne vrednosti deviznog kursa. Upravo ta razlika između očekivane

depresijije nacionalne valute i stvarne depresijacije otvara prostor za anticipiranje buduće apresijacije u cilju uspostavljanja simultane robne i finansijske ravnoteže. Dakle, nakon monetarne ekspanzije, a usled različite brzine procesa prilagođavanja cena na robnom i finansijskom tržištu, nacionalna valuta će u kratkom roku depresirati više u odnosu na dugoročni ravnotežni devizni kurs.

Na kraju važno je istaći i jednu praktičnu mogućnost koju nam nudi osnovni MF model. To je mogućnost svojevrsne analize troškova i koristi (engl. *cost-benefit analysis*) prilikom donošenja odluke o optimalnom režimu deviznog kursa. U tom smislu u MF svetu savršene mobilnosti kapitala ali i rigidnih cena, izbor režima deviznog kursa treba da zavisi od vrste šokova koji dominantno pogađaju konkretnu ekonomiju. Ukoliko su ti šokovi prevashodno realni optimalan je fluktuirajući devizni kurs. Sa druge strane, ukoliko su šokovi dominantno monetarni, pravi izbor je fiksni devizni kurs. Međutim, savremenim pristup režimima deviznih kurseva polazi od činjenice da su poremećaji na tržištu kapitala bar jednakovražni ako ne i važniji od poremećaja na tržištu roba, naročito u zemljama u razvoju u kojima veliki deo populacije nema pristup tržištima kapitala (Lahiri et al., 2007). Ukoliko se, iz tog razloga polazne MF prepostavke zamene i umesto od savršenih tržišta kapitala i tržišta roba bez poremećaja podje se od savršenih tržišta roba i segmentiranog tržišta kapitala, čuvena MF tvrdnja se "*izvrće naglavačke*" - fluktuirajući devizni kursevi su sada potrebni u prisustvu monetarnih šokova dok su fiksni devizni kursevi optimalni u prisustvu realnih šokova. Stoga, Lahiri i saradnici (Lahiri et al., 2007) zaključuju da optimalan režim deviznog kursa treba da zavisi ne samo od vrste šoka koji pogađa ekonomiju (realni *versus* monetarni), kao što je to naglašeno u osnovnom MF modelu, već i od vrste poremećaja (poremećaji tržišta roba *versus* poremećaji na tržištu kapitala).

Konačno, bitno je naglasiti da MF model ne omogućava značajniju analizu efekata makroekonomskih politika na blagostanje. Ovakva razmatranja u MF modelu su uglavnom ograničena na efekte promene dohotka zanemarujući socijalne implikacije promenljivih kao što su, na primer, potrošnja

regime decreases fiscal policy efficacy, it is not hard to conclude that in the special case of perfect capital mobility fiscal policy will be totally inefficient. The reason is clear - fiscal expansion exerts pressure on the interest rate, but even the slightest change in the interest rate, in respect to the world interest rate, causes a massive capital inflow. The growing national currency demand results in its appreciation which persists for as long as the described processes of adjustment do not return the IS curve to its initial position, i.e. the interest rate to the world level (Graph 4c).

The conclusion is that in the developing countries and those in transition, which are not as yet fully integrated in the global capital market, both the fiscal and the monetary policies in the floating exchange rate regime can be rather effective. Especially important is the circumstance that in this case there is no threat to the foreign currency reserves after the expansionist economic policy is implemented, which is of special importance for these countries. After all the deliberations presented hereinabove, it does not come as a great surprise that many of the less developed countries have actually decided in favour of the floating exchange rates.

Floating exchange rate, on the other hand, and high capital mobility substantially weaken expansionist effects of an autonomous fiscal policy. Nevertheless, the previous scenario can be avoided if after the fiscal expansion what is to follow is the cooperative monetary policy measure. Hence, if after the fiscal expansion central bank is to increase the money supply to an adequate level in order to avoid interest rate growth, fiscal expansion will have its impact on the national income. This practically means that in the countries where capital flows are very mobile, and those prevail mostly in the highly developed and financially integrated industrial countries, central bank will have the final say in the creation of the aggregate macroeconomic policy - both monetary and the fiscal one.

It is in this context, in a certain sense, that it is also possible to interpret the fact that prior to the eruption of the world economic crisis, in a large number of countries, and especially amongst the developed ones, fiscal policy definitely remained a neglected child in the

family of economic policies. Its role was mostly reduced to the automatic stabilisers, while every discretionary fiscal measure was viewed with profound mistrust (Arestis, 2011). This concept, which downgrades the importance of fiscal policy while accentuates contributions made by the monetary policy, became known as *the new macroeconomic consensus*. However, with the eruption of the world financial crisis which was soon to grow into an economic crisis, it was revealed that the fiscal policy does embody certain charm of a sleeping beauty. In concrete terms, when the world became aware of the fact that the market, through its autonomous action, will not be able to resolve economic problems at hand, every country reached for its own particular recovery strategy. In the spirit of the so-called new macroeconomic consensus, monetary policy was chosen to be the first line of defence. Monetary stabilisation measures were boosting liquidity of the financial system through injections of funds, while central banks throughout the world lowered the reference interest rates. However, the efficiency of the monetary policy remains limited when the basic interest rate is close to zero, and that is exactly what happened in late 2008, i.e. at the beginning of the 2009. With the monetary policy which had, with the advent of the *zero bound*, become inefficient, and an economic system facing the collapse, fiscal policy proved itself to be a very powerful, yet forgotten, tool. Throughout the world, stabilisation fiscal packages were hastily designed that would support aggregate demand and save economy from a dramatic collapse. It is actually from the present day perspective that we can say that the fiscal policy, during the last several years, has experienced its particular renaissance.

## Criticism of the MF model and its upgrading

The first criticism of the MF model pertains to its time horizon which is *de facto* a short-term one, since the assumption on fixed prices imbued in the model is not sustainable in the long-term. Assessment of real effects that the economic policy will have on the economy requires this assumption to be abandoned, i.e. the fact to be accepted that prices, although

ili slobodno vreme. Iz ovog razloga neki autori (npr. Obstfeld, 2001) ukazuju da je MF model u izvesnom smislu prevaziđen i razvijaju potpuno novi okvir makroekonomskih zavisnosti, ali ovaj put polazeći od mikroekonomskih osnova i činjice da svi agenti u ekonomiji deluju tako da optimiziraju svoj položaj. Ostaje da se vidi da li će ovaj novi okvir, tzv. nova otvorena makroekonomija (engl. *new open macroeconomics*) u budućnosti uspeti da potisne MF model. Ipak, sama činjenica da autori aktivni u ovoj oblasti (npr. Obstfeld (2001, 2002), Lane (2001), van Hoose (2004), Corsetti (2007), etc.) i dalje koriste MF model kao relavantan reper u odnosu na koji upoređuju svoje rezultate, u svakom slučaju predstavlja svojevrsno svedočanstvo o trajnom uticaju i aktuelnosti originalnog MF modela.

## Zaključak

Iako je tada prodiranje međunarodne dimenzije u zatvorenu ekonomiju još uvek bilo u povoju, pionirski koraci koje su Mandel i Fleming napravili šezdesetih godina prošlog

veka u pravcu analize efekata ekonomske politike u otvorenoj ekonomiji pri različitim režimima deviznog kursa i dalje čine jezgro međunarodne makroekonomije. MF model pokazuje da prilagođavanje privrede na putu iz neravnotežnog u neko novo ravnotežno stanje dominantno opredeljuje režim deviznog kursa ali i stepen mobilnosti kapitala. U tom smislu model se veoma uspešno koristio za analizu ekonomskih politika u Bretonvudskom sistemu kada trgovinska ograničenja nisu bila retkost, dok je jednak aktuelan i danas, u eri fluktuirajućih deviznih kurseva i međunarodne integracije tržišta kapitala. Postavke modela i zaključci koji iz njega proističu su u tolikoj meri upečatljivi i intuitivni da i danas predstavljaju podlogu za veliki broj ekonomsko-političkih odluka ali i standard za poređenje predviđanja novijih modela. Model, kako je ukazano u poslednjoj tački ovog rada, ipak nije ostao imun na kritike od kojih su neke motivisale dalja istraživanja. Međutim, svako značajno odstupanje od prognoza osnovnog MF modela i dalje se pažljivo ispituje.

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perhaps fixed over short-term, certainly experience fluctuations over long-term. In case prices would also be allowed to fluctuate on their road to a potential national income level, refuge to be found is in the modification of the MF model, through the mechanism of aggregate supply and demand. In such a situation, when speaking of the AS-AD model in an open economy, it should be borne in mind that the aggregate supply curve (AS) in the open economy does not differ from the one in the closed economy, while the aggregate demand curve (AD) in the open economy is even more *smooth* than is its opposite number in a closed economy, although both have a negative slope. It should also be noted that the inflation affects the scenario given within the IS-LM-BP diagram, as any price growth indicates that the real money supply in circulation is falling, as reflected through the shift to the left of the LM curve. In concrete terms, if we are to take as an example the case of monetary expansion in the floating exchange rate regime, in the circumstances of a rather high capital mobility (Graph 3b), and we are to assume that there is price growth before the desired level of income is attained, the LM curve, after its initial shift to the right, would have to shift one more time, this time to the left, where in the intersection of the other two curves a long-term balance would be established. Hence, monetary expansion remains efficient, but the growth of income in this case is lower and achieved at the expense of price growth.

Another serious criticism of the MF model pertains to the fact that it does not distinguish flows from funds, as the LM curve is based on money funds, while the BP curve is based on capital flows (Salvatore, 2009). In this sense, the model assumes that the interest rate growth would cause a continuous capital inflow to ensue and finance the balance of payment deficit, while in reality, what is more probable is that this will be a single, one-off inflow that will end once the investors have adjusted their portfolio.

In literature, several other shortcomings of the basic MF model are quoted. The fact that the model is based on static expectations is certainly one of them. In order to overcome this constraint, Dornbusch (Dornbusch, 1976)

introduced into the model more sophisticated rational expectations. This expansion, up to a point, does change the outcome predicted by the basic MF model in terms of emergence of the *exchange rate overshoot*, i.e. the fact that after monetary expansion exchange rate depreciates more over short-term than in respect to its long-term equilibrium. It is important to note that Dornbusch positioned his analysis in what he calls "*Mundell-Fleming's world*" (Dornbusch, 1976, p. 1173) which in his mind comprises exclusively floating exchange rates and perfect capital mobility. In addition, he starts from the real argument that there is a different pace of price adjustment to the equilibrium established on the product and money markets, where in this later case equilibrium adjustment is by far a faster one. In such circumstances, identical with the case of the MF model, monetary expansion leads towards lowering of the interest rate and causes currency depreciation. However, in the Dornbusch version, it is at this point that the process of adjustment begins on the product market, which implies that on the road towards long-term equilibrium, what has to happen is the price growth, fall in real money supply, and interest rate growth. Since on the basis of the interest rate parity which is not covered, interest rate growth may be expected only if the change in the exchange rate is anticipated in terms of appreciation, Dornbusch concludes that the current depreciation must be higher than the forecasted balancing value of the exchange rate. Actually, it is this difference between the expected depreciation of the national currency and the real depreciation that is opening up space for anticipation of the future appreciation, aimed at setting up a simultaneous product and financial equilibrium. Therefore, after monetary expansion has taken place, yet due to the different pace of price adjustment process on the product and financial markets, national currency will experience higher short-term depreciation in respect to the long-term balancing exchange rate.

Finally, it is important to note also one practical option offered by the basic MF model. It is the option for a specific *cost-benefit analysis* to be made when deciding on the optimum exchange rate regime. To that end, in the MF world of perfect capital mobility, but also

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of rigid prices, the selection of the exchange rate regime should depend on the types of shocks which are predominantly impacting given economy. If these shocks are mainly of a genuine and real provenance, the optimum choice is the floating exchange rate. On the other hand, if the shocks are predominantly of a monetary nature, the right choice is the fixed exchange rate. However, the modern approach to the exchange rate regimes starts with the fact that the capital market turbulences are at least as important, if not more important, than the turbulences in the product market, especially in the developing countries where a large part of population has no access to the capital markets (Lahiri et al., 2007). If for this reason the initial MF assumptions are replaced and instead of starting from perfect capital markets and product markets without turbulences, we are to start from perfect product markets and a segmented capital market, the famous MF claim is being "*turned on its head*" - floating exchange rates are now necessary in the presence of monetary shocks, while the fixed exchange rates remain optimal in the presence of real shocks. Thus Lahiri and associates (Lahiri et al., 2007) conclude that the optimum exchange rate regime should depend not only on the type of shocks affecting an economy (real *versus* monetary), as emphasised in the basic MF model, but also on the type of turbulence (product market turbulence *versus* capital market turbulence).

Finally, it is important to note that the MF model does not allow for any substantial analysis of the macroeconomic policy effects on welfare. Such deliberations in the MF model are mostly limited to the effects of income change, while disregarding social implications of the variables, such as for example, consumption or leisure time. For this reason, some of the authors (for instance, Obstfeld, 2001) point out that the MF model is, up to a certain point, outdated and they venture into developing a completely new framework of macroeconomic dependencies, but this time starting from microeconomic arguments and the fact that all the agents present in an economy act in quest of

optimising their own position. It remains to be seen whether this new framework, the so-called *new open macroeconomics*, will be able in future to suppress the MF model. Nevertheless, the fact alone that the authors active in this field (for instance, Obstfeld (2001, 2002, Lane (2001), van Hoose (2004), Corsetti (2007), etc) still continue to use the MF model as a relevant benchmark for comparing their respective results, in any case serves as a particular testimony to a resilient and long-lasting relevance of the original MF model.

## Conclusion

Although, at that time, the advent of international dimension in closed economy was still in its infancy, the pioneering steps undertaken by Mundell and Fleming in the 1960s, in the direction of economic policy effects analysis in the open economy, under different exchange rate regimes, still remain the core of international macroeconomics. The MF model demonstrates that the adjustment of an economy in its transition from the state of inequilibrium into a new state of equilibrium predominantly depends on the exchange rate regime, but also on the degree of capital mobility. In that sense, model was very successfully applied for analysis of economic policies in the Bretton-Wood system, when trade constraints were not infrequent, yet it remains just as relevant today, in the era of floating exchange rates and global integration of the capital market. Model hypothesis and conclusions deriving there from are so striking and impressive, yet intuitive that even today they serve as basis for a large number of economic and political decisions made, but also stand as benchmark standard for comparison of projection powers of the more recent models. As stated in the last title of this paper, the model did not remain immune to criticism, some of them serving as motivation for further research to be conducted. However, any significant deviation from the prognostics made by the basic MF model is still being carefully investigated.

# RAZVOJNI PUTEVI BANKARSTVA U VELIKOJ BRITANIJI I IRSKOJ

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## Rezime

Moderni oblici bankarstva javili su se krajem 17. i početkom 18. veka. Od tada se razvoj bankarstva može podeliti u tri glavna perioda. Prvi je trajao do poslednjih decenija 19. veka i može se označiti kao period „ruralnih banaka“. Mnoštvo malih banaka, budući da velike još uvek nisu proširile mreže svojih filijala, zadovoljavalo je tražnju za kreditima na lokalnim monetarnim tržištima unutar pojedinih regionalnih i gradova. Drugi period počeo je krajem 19. veka i trajao do šezdesetih godina 20. veka. Bio je to period strukturalne i tržišne konsolidacije. Tokom ovog perioda velike banke su uspele da uspostave široke mreže lokalnih filijala, kao i da zauzmu aktivnu ulogu u inostranstvu. Na taj način ograničavale su prostor kod kuće, u kome su poslovale male banke, dominantne u prethodnom periodu. Stoga su manje banke bile primorane ili da se udružuju međusobno ili da se udružuju sa većim i snažnijim konkurentima. Treći period počeo je u drugoj polovini 20. veka, kada su banke morale da prođu proces restrukturiranja, pri čemu su neke od većih banaka postale globalne. Tokom tog perioda, banke su bile svedoci sve veće konkurentnosti na domaćem terenu, uzrokovane liberalizacijom i deregulacijom bankarskog poslovanja na međunarodnom nivou. Na britanskom tržištu su se takođe pojavile strane banke, naročito banke regulatori, takozvane „banke štedionice“ osnažene su zahvaljujući međusobnim vezama, dok su, u slučaju Engleske, tržište depozita preplavile brojne građevinske kompanije čija su osnovna delatnost bile hipoteke i koje su postepeno evoluirale skoro do nivoa pravih komercijalnih banaka. U isto vreme, došlo je do izrazitog produbljivanja i širenja bankarskog poslovanja sa rezidentima, kao i ekspanzije ostalih bankarskih aktivnosti u oblasti takozvanog investicionog bankarstva.

**Ključne reči:** istorija bankarstva, banke, istorijski razvoj, Velika Britanija, Engleska, Škotska, Irska

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# DEVELOPMENTAL PATHS OF BANKING IN GREAT BRITAIN AND IRELAND

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## Summary

Modern forms of banking started to appear towards the end of the 17<sup>th</sup> and in the early 18<sup>th</sup> century. From then on, development of banking can be divided into three main eras. The first one lasted until the final decades of the 19<sup>th</sup> century and can be designated the era of "rural banks". A multitude of small banks, as the large ones had not yet spread their branch networks out wide, met the credit demand on local monetary markets within individual regions and towns. The second era began prior to the end of the 19<sup>th</sup> century and lasted until the 1960s. This was an era of structural and market consolidation. During this period, large banks managed to set up wide domestic branch networks, as well as to play active roles abroad. In this manner, they were confining the space at home in which small banks, which had been predominant in the preceding era, were operating. Smaller banks were thus forced either to join forces or to join larger and stronger competitors. The third era began in the second half of the 20<sup>th</sup> century, as banks were forced to undergo restructuring, with some of the large ones becoming global banks. During this period, banks witnessed increased competition on their home ground because of liberalisation and deregulation of banking business at the international level. British market was entered by foreign banks as well, specially regulating banks, the so-called "trustee savings banks" were reinforced by mutual connections and, in the case of England, the deposit market was infused by numerous construction companies whose primary business were mortgage loans and which gradually evolved into almost true commercial banks. At the same time, outstanding deepening and broadening of banking business with residents and expansion of other banking activities in the realm of the so-called investment banking took place.

**Key words:** banking history, banks, historical development, UK, England, Scotland, Ireland

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Nema sumnje da je teško i pomisliti na evropsku i svetsku istoriju finansija i bankarstva, a ne spomenuti London kao međunarodni finansijski centar *par excellence*. Uloga Velike Britanije u modernoj ekonomskoj, finansijskoj i političkoj istoriji od izuzetnog je značaja. Tokom prethodnih vekova trgovina na velikim udaljenostima predstavljala je priliku za veliku akumulaciju kapitala. Iako su rizici bili znatni, i zarada je bila podjednako visoka. Već u tom ranom periodu, London je postao važan centar u kome su italijanski bankari iz Lombardije razvijali svoje poslovanje. Za sobom su ostavili permanentan trag, u vidu Ulice Lombard u kojoj su nekada poslovali. Ogroman iznos britanskih stranih investicija u moderno doba učinio je London prvoklasnim međunarodnim finansijskim centrom, što on jeste bez prekida već dva veka - do dana današnjeg.

Međutim, London nikada ne bi postao globalni finansijski centar da nije imao snažnu pozadinu u bankastvu. Bankarstvo u Britaniji, koje je u velikoj meri diversifikovano i obimno u smislu organizacije i vrste poslova koje obuhvata, karakteristično je po svojim regionalno specifičnim razvojnim putevima koji su opstali sve do kraja 20. veka. Postojale su znatne razlike između bankarstva u Engleskoj, Škotskoj i Irskoj. To je delom bilo uslovljeno različitim društvenim i ekonomskim strukturama ovih regiona, na jednoj strani, odnosno različitim administrativnim kulturama, na drugoj.

Sem toga, treba naglasiti da su u Britaniji postojale dve paralelne bankarske strukture, kao što je to bio slučaj u Holandiji i Francuskoj, koje su takođe bile kolonijalne sile i koje su



preuzele ulogu međunarodnih finansijera. Jedva transparentan niz banaka, privatnih, ličnih kompanija i akcionarskih društava i slično, poslova je isključivo sa prekomorskim teritorijama, Evropom i kolonijama. To su bile banke preko kojih bi Britanci ponekad investirali više od polovine svoje ušteđevine u inostranstvo. Region u kome su ove banke poslovale bio je čitav svet, jer je Britanija za njih bila suviše mala. I upravo su te banke učinile London svetskim finansijskim centrom zahvaljujući svom globalnom pristupu, pretvorivši London u mesto na kome se odlučivalo o sudbinama vladara, čitavih država, ali i običnih ljudi.

Kada govorimo o bankarstvu u Britaniji, uvek moramo imati na umu ove razlike i specifičnosti, što će biti kriterijum koga ćemo se strogo pridržavati u narednim segmentima. Stoga ćemo posebno predstaviti razvoj bankarstva u Engleskoj, što će obuhvatiti i Vels, a zatim i u Škotskoj i Irskoj.

## Engleska

Moderni oblici bankarstva pojavili su se u poslednjoj četvrtini 17. veka. Od tada se razvoj bankarstva može podeliti na tri fundamentalna istorijska perioda. Prvi je trajao do poslednjih decenija 19. veka i može se označiti kao period „ruralnih banaka“. Mnoštvo malih banaka zadovoljavalo je tražnju za kreditima na lokalnim finansijskim tržištima unutar pojedinih regiona i manjih gradova, budući da velike banke još uvek nisu uspele da prošire mreže svojih filijala. Drugi period počeo je krajem 19. veka i trajao do šezdesetih godina 20. veka. Tokom ovog perioda velike banke su uspostavile široke mreže lokalnih filijala i počele da igraju aktivnu ulogu u inostranstvu. Na taj način ograničavale su prostor na domaćem terenu za manje manjih banaka, koje su dominirale u prethodnom periodu. Tako su manje banke bile primorane ili da se udružuju međusobno ili da se udružuju sa većim i snažnijim konkurentima. Treći period počeo je u drugoj polovini 20. veka, kada su banke morale da prođu proces restrukturiranja, pri čemu su neke od većih banaka postale globalne. Tokom tog perioda, banke su se suočile sa sve većom konkurentnošću na domaćem terenu. Na

**T**here is no doubt that it is difficult to think of European or world financial and banking history without London as an international financial centre *par excellence*. The role of Great Britain in the modern economic, financial and political history has been exceptionally important. During the previous centuries, long-distance trade was the opportunity for huge capital accumulation. Although risks were substantial, profits were correspondingly high, too. Already in these early times, London became an important centre where Italian bankers from Lombardy were developing their businesses. They left behind a permanent trace, the Lombard Street where they once operated. An enormous extent of British foreign investments in the modern age made London a first-class international financial centre, a situation which has been uninterrupted for two centuries - to this day.

However, London could never have become a global financial centre without a strong background in banking. British banking, which is extraordinarily diversified and large in terms of organisation and types of business it performs, is characteristic for its regionally varied developmental paths that persisted into the late 20<sup>th</sup> century. There used to be substantial differences between English, Scottish and Irish banking. This was in part due to differing social and economic structure of these regions on the one hand and in part due to differing administrative cultures on the other.

Additionally, it has to be emphasised that Britain had two parallel banking structures, just as was the case with the Netherlands or France, which were also colonial powers and assumed the role of international financers. A hardly transparent array of banks, private, personal and stock companies and the like was operating, conducting business exclusively with overseas territories, the European space or colonies. These were the banks through which the British would sometimes invest over a half of their savings abroad. The business district of these banks was the entire world as Britain was too small for them. And exactly these banks were the ones that made London a worldwide financial centre by the virtue of their global approach, turning London into a place where fates of rulers, whole states and, nonetheless,

those of ordinary people were determined.

When speaking of British banking, we always have to bear these differences and peculiarities in mind, a criterion we respect thoroughly in the subsequent sections. Therefore we discuss the developments in England, which encompasses Wales as well, in Scotland and Ireland separately.

## England

Modern forms of banking began emerging in the last quarter of the 17<sup>th</sup> century. Henceforth, banking development can be divided into three fundamental historical periods. The first one reaches into the last decades of the 19<sup>th</sup> century and can be described as the "era of rural banks". A plethora of small banks was meeting the credit demand on local financial markets within individual regions or smaller towns, since the large banks had not yet managed to spread their branch networks. The second period begins before the end of the 19<sup>th</sup> century and lasts until the 1960s. During this period, large banks established a widely spread branch network at home and also played an active role abroad. In so doing, they were diminishing the domestic manoeuvring space of smaller banks, which had dominated the preceding period. Smaller banks were now forced to join forces among themselves or to merge with larger and stronger counterparts. The third period starts in the latter half of the 20<sup>th</sup> century as banks were forced to undergo restructuring, with some of the larger ones becoming global banks. During this time, nationwide banks were faced with increased competition on their doorstep. British market witnessed the entry of foreign banks; the so-called "trustee savings banks" improved their position through mutual business connections and deposit market was flooded by numerous construction companies, whose primary task was the provision of mortgage loans, gradually evolving almost into commercial banks proper.

In the British Isles, a whole array of bankers, who usually originated from trade or goldsmith craft, had been operating prior to the establishment of modern banking, but have also been present ever since, until this day. Financing of business partners gradually encompassed more and more of their primary

britanskom tržištu su se pojavile strane banke; takozvane „banke štedionice“ popravile su svoju poziciju zahvaljujući međusobnim poslovnim vezama, dok su tržište depozita preplavile brojne građevinske kompanije čija je osnovna delatnost bilo odobravanje hipotekarnih kredita, i koje su postepeno evoluirale skoro do nivoa pravih komercijalnih banaka.

Čitava plejada bankara, koji su obično poticali od trgovaca ili kujundžija, poslovala je na Britanskim ostrvima pre uspostavljanja bankarstva u modernom smislu, ali su ostali prisutni i nakon toga, sve do današnjih dana. Finansiranje poslovnih partnera postepeno je zaokupljalo sve veći broj njihovih primarnih poslovnih aktivnosti. Tokom generacija, pojavile su se prave privatne, porodične banke. Takvi bankari bili su sveprisutni, u varošicama i gradovima, ali i na selu. Posebno su bili brojni u Londonu, političkom i ekonomskom centru Monarhije. Međutim, sa pojmom modernog bankarstva, ovi privatni bankari naišli su na dilemu. Njihovo vreme lagano se bližilo kraju, pošto nisu mogli da konkurišu velikim akcionarskim društvima. Mnogi su likvidirali svoje bankarsko poslovanje, prodali firmu ili popustili pred konkurencijom. Uprkos tome, mnogi su pronašli svoju nišu u kojoj su opstali zahvaljujući uskoj specijalizaciji. Neki od njih su se okrenuli zadovoljavanju tražnje i potreba najbogatijih društvenih slojeva, drugi su se upustili u domen investicionog bankarstva, neki su svoj put pronašli u kolonijalnoj trgovini ogromnih razmara, dok su neki poslovali sa drugim bankama, trgovcima i biznismenima raznih profila.

Krajem 18. i početkom 19. veka, samo u Londonu bilo je 70 privatnih bankarskih kompanija. One u blizini Vest Enda više su bile angažovane oko klijenata iz aristokratskih krugova, koji su živeli u tom kraju. Čuvali su njihovu ušteđevinu i upravljali njihovim novčanim sredstvima, transferisali ih, pozajmljivali im novac u zamenu za založene nekretnine, izdavali putničke čekove, itd. Druga grupa privatnih bankara upadljivo je bila koncentrisana u Sitiju, na berzi i u njenoj blizini, ili u Ulici Lombard. Oni su imali manje prestižnu klijentelu, koja je obuhvatala biznismene, trgovce i bankarske brokere; oni su obavljali poslove u ime manjih ruralnih banaka,

zastupajući ih u Londonu, i tome slično.

Privatni bankari iz Sitija 1773. godine osnovali su klirinšku kuću u Londonu koja će se baviti saldiranjem uzajamnih obaveza i transferisanjem gotovine iz jedne banke u drugu. U skladu sa očekivanjima, smeštena je u Ulicu Lombard. Zanimljivo je da im se njihovi konkurenti sa Vest Enda nisu priključili *en masse*. Tako je London dobio još jednu finansijsku funkciju i postao nacionalni klirinški centar, dalje šireći svoju ulogu do međunarodnog nivoa. Bankarska akcionarska društva, koja su počela da se pojavljuju u velikom broju posle zakonodavnih promena usvojenih 1826. i 1833. godine, nisu imala pravo da pristupe Londonskoj klirinškoj kući sve do sredine 19. veka. Nakon što im je konačno dozvoljeno da se pridruže, bilo je potrebno još dve decenije da bankarska akcionarska društva dobiju mogućnost da učestvuju u upravljanju klirinškom kućom. Drugi gradovi su takođe dobili svoje klirinške kuće, dok su u mnogim mestima ovu ulogu jednostavno obavljale filijale Banke Engleske, iako nijedna od ovih institucija nije mogla da se poredi po grandioznosti i značaju sa onom u Londonu.

Godina 1694. se obično smatra prekretnicom koja označava trenutak kada je bankarstvo počelo da se razvija na novoj osnovi. Te godine osnovana je Banka Engleske (*Bank of England*), koja je brzo nametnula svoju valutu kao pouzdanu meru vrednosti u odnosu na druge banke, i koja je uz to imala i prava emisije. Banka Engleske je postepeno postajala sve moćnija. Nakon mnogo diskutovanja na tu temu, njene kompetencije su u prvoj polovini 19. veka proširene kada je u pitanju regulisanje likvidnosti onih banaka kojima su se druge banke obraćale u vanrednim situacijama. Kako bi obavljala svoju ulogu i van Londona, Banci Engleske je odobreno da oformi filijale. Cilj ovake mere bio je dvostruk: kroz mrežu svojih filijala Banka Engleske će biti operativna u slučaju problema sa likvidnošću drugih banaka, ali će moći i da obavlja kliring van Londona. U radiusu od 65 milja oko Londona, Banci Engleske su odobrena ekskluzivna prava na emitovanje novca. Van ovog radiusa, druge banke su takođe smelete da emituju sopstveni papirni novac. Stoga je, dugoročno posmatrano, namera bila da Banka

business activities. In the course of generations, true private, family banks would emerge. Such bankers were omnipresent, in smaller towns and cities, but also in the countryside. They were especially numerous in London, the political and economic centre of the Monarchy. However, with the advent of modern banking, these private bankers faced a dilemma. Their era was slowly coming to an end, as they could not compete with large stock companies. Many liquidated their banking business, sold it or yielded to the competition. Nevertheless, many still found their niche in which they survived by the virtue of narrow specialisation. Some of them turned to meeting the demands and needs of the richest social strata, others ventured into the domain of investment banking, some would find their way in the vast colonial trade, yet other conducted business with other banks, merchants and various businessmen.

In the late 18<sup>th</sup> and early 19<sup>th</sup> century, there were 70 private banking companies just in London. Those around the West End were more involved with aristocratic customers who also lived nearby. They kept their savings and managed their monetary assets, transferring

them, lent them money in exchange for pawned real estates, issued traveller's cheques, etc. The second group of private bankers was evidently concentrated in the City, at the stock exchange and near or on Lombard Street. They had a less prestigious clientele such as businessmen, merchants and bank brokers; they conducted business on behalf of smaller rural banks, representing them in London as well and the like.

In 1773, private bankers from the City institutionalised a clearing house in London intended for settling mutual liabilities and for transferring cash from one bank to another. As expected, it was located on Lombard Street. Interestingly, their counterparts from the West End did not join them en masse. London thus acquired a yet another financial function, as it would become a national clearing centre, further expanding its role to the international level. Banking stock companies, which started to appear in great numbers in the aftermath of legislative changes passed in 1826 and 1833, had not had the right to enter the London Clearing House until the mid 1800s. And when they were finally allowed to join it, it would take another

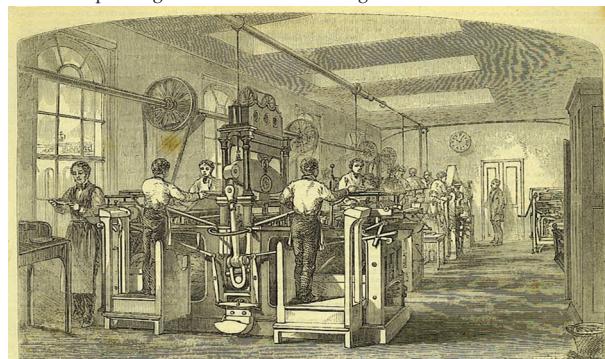


Bank of England



Potpisivanje Povelje Banke Engleske, 1694.  
Sealing of the Bank of England Charter, 1694

Štamparija novca Banke Engleske  
Bank note printing room in the Bank of England



Engleske neutralizuje druge emisione banke, što je sa uspehom i ostvareno. To je delom bilo zahvaljujući kredibilitetu njenih operacija, ali i zahvaljujući merama zabrane. Posle Drugog svetskog rata, postala je emisiona banka Ujedinjenog kraljevstva, iako su još dve banke u Škotskoj i Severnoj Irskoj zadržale emisiona prava. Međutim, monopolski status Banke Engleske obezbeđen je time što su „škotska“ i „irska“ funta deo emisije Banke Engleske. Banka Engleske, koja od 1940. godine više nije institucija u privatnom vlasništvu, vremenom je postala prava centralna banka. Posle nekoliko neslavnih bankrotstava pojedinačnih banaka, 1979. godine Banci Engleske odobreno je široko definisano pravo na rigoroznu kontrolu poslovanja banaka i davanje dozvola za vođenje bankarskog poslovanja.

Osnivanje bankarskih akcionarskih društava intenzivirano je dvadesetih i tridesetih godina 19. veka, budući da su u tom periodu nastali zakoni kojima je regulisan njihov status. Indirektno je to propisano Zakonom o Banci Engleske. Taj Zakon je 1826. godine odobrio osnivanje bankarskih akcionarskih društava sa

emisionim pravima izvan radijusa od 65 milja oko Londona. Posle 1832. godine bankarskim akcionarskim društvima bilo je dozvoljeno da posluju unutar „zaštitnog“ radijusa of 65 milja, pod uslovom da se odreknu svojih emisionih prava. Zahvaljujući tome, bankarska akcionarska društva počela su da niču jedno za drugim. Do 1837. godine njihov broj porastao je na 114. Bankarska akcionarska društva obično su bivala formirana izvan glavnih urbanih centara, kako bi se povećala inače nedovoljna ponuda kredita. Nove poslovne kompanije rado su dodavale regionalne atraktivne svom nazivu. Što se tiče njihove organizacije i obima poslovnih aktivnosti, bile su prilično skromne, sa malim kapitalom i nekolicinom akcionara. Nisu se mnogo razlikovale of mnoštva privatnih banaka rasejanih po celoj Engleskoj.

Važna inovacija za bankarska akcionarska društva javila se sa formiranjem Nacionalne pokrajinske banke (*National Provincial Bank*), budući da je namera bila da ona pokriva čitavu teritoriju države odmah po osnivanju. Ova banka bila je karakteristična po svom insistiranju na sopstvenoj emisiji, što ju je sprečavalo da uđe na londonsko tržište. Takođe, ova banka je doveo do uvođenja škotskog bankarskog modela u Englesku. To je postalo još izraženije nakon osnivanja *London & Westminster* banke, prvog bankarskog akcionarskog društva za primanje depozita u Londonu. Ta banka, koju je osnovao biznismen iz Škotske, imala je prilično inovativnu ulogu za engleske uslove. Tražila je potencijalne klijente među pripadnicima rastuće srednje klase. Ono što je takođe odsakalo od londonskog konteksta jeste njena poslovna strategija. Plaćala je kamatu na depozite, što pre toga niko nije činio - ni londonske kompanije za privatno bankarstvo, a još manje Banka Engleske. Uspeh London i Vestminster banke bio je ogroman i banka je brzo napredovala. Tek nekoliko drugih bankarskih akcionarskih društava za primanje depozita koji su pratili njen primer mogli su da konkurišu obimu depozita građana koji je prikupila. Uspeh bankarskih akcionarskih društava za primanje depozita još je jače odjeknuo budući da metode njihovog poslovanja nisu prihvatali ni drugi privatni bankari ni Banka Engleske. To je bio i razlog zašto im sve do 1857. godine



Nacionalna pokrajinska banka  
National Provincial Bank



two decades for banking stock companies to be allowed to participate in the management of the house. Other cities also got their clearing houses and in many places, this role was simply performed by branches of the Bank of England, yet none of these could match the grandeur and significance of the one in London.

Year 1694 is usually regarded as the turning point when banking started to develop on new bases. That year, the Bank of England was established, which quickly asserted its currency as a reliable measure of value in comparison with other banks, which also had the issuing rights. Bank of England would gradually acquire more and more powers. Following long debates, its competences were

expanded in the first half of the 19<sup>th</sup> century as regards the regulation of liquidity of those banks which other banks turned to in case of emergency. In order to perform this role outside London, Bank of England was allowed to establish branches. The aim of this measure was two-fold: through its branch network, Bank of England would be operational in case of compromised liquidity of other banks and could undertake clearing business outside London. In the 65-mile radius around London, Bank of England was granted exclusive rights to issuing money. Outside this perimeter, other banks were also allowed to issue their own stamps. Therefore, in the long run, it was intended for Bank of England to neutralise other issuing banks, which was then successfully achieved. This was in part due to the credibility of its operations, but also due to prohibitive measures. After World War II, it became the issuing bank of the United Kingdom, although the other two banks in Scotland and Northern Ireland have retained the issuing rights. However, monopoly status of the Bank of England is assured by

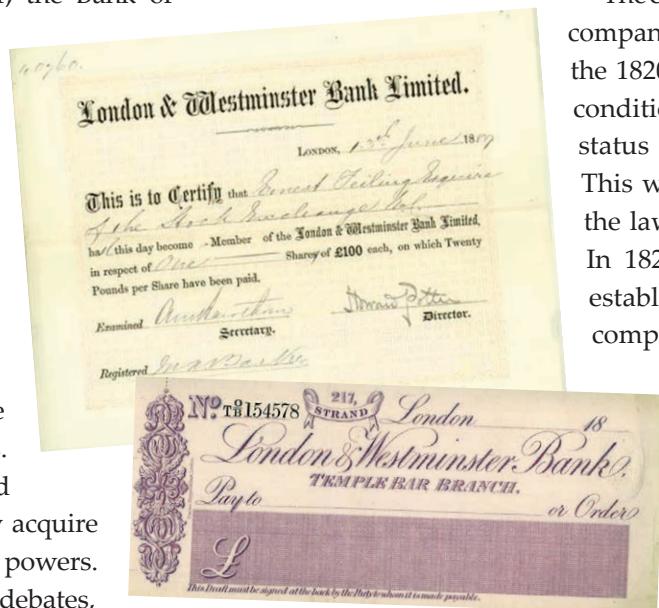
"Scottish" and "Irish" Pounds being part of the Bank of England's issuance. Bank of England, which ceased to be a privately-owned institution in 1940, gradually became a true central bank. In 1979, following several infamous bankruptcies of individual banks, it was granted a broadly-defined right to rigorous control of banks' businesses and conferral of licences for banking business.

The establishing of banking stock companies became more intense in the 1820s and 1830s, as legislative conditions that regulated their status were created at that time. This was indirectly set down by the law on the Bank of England. In 1826, the law permitted the establishment of banking stock companies with issuing rights

outside the 65-mile perimeter around London. After 1832, the existence of banking stock companies was allowed within the 65-mile "protective" radius, provided that they

renounced their emission rights. On the basis of all this, banking stock companies were emerging one after another. Until 1837, their number had risen to 114. Banking stock companies were usually founded outside major urban centres, so as to increase the otherwise insufficient credit supply. New business companies were eager to attach regional adjectives to their names. As concerns their layout and scope of business activities, they were rather modest, with little capital and few shareholders. They did not differ much from a multitude of private banks scattered across English regions.

An important novelty for banking stock companies came with the creation of the National Provincial Bank, as it was intended to cover the entire territory of the state already at its inception. This bank was characteristic for insisting on its own issuing, which precluded it to enter the London market. This bank also entailed the introduction of Scottish banking model into England. This became all the more pronounced with the founding of London & Westminster Bank, the first deposit banking



nije bilo dozvoljeno da posluju unutar sistema Londonske kliničke kuće. Uprkos tome, porast broja banaka koje su primale depozite bio je nezaustavljen zbog rastuće srednje klase i sve većih prihoda njenih pripadnika.

Nova legislativa iz 1844. godine nametnula je strože uslove za osnivanje bankarskih akcionarskih društava, kako bi se postigla dugoročna sigurnost njihovog poslovanja. Nakon donošenja novog zakona, prema nekim izvorima, osnovano je samo 12 novih bankarskih akcionarskih društava. Međutim, rigidnija regulativa ipak nije bila dovoljna da spase bankarski sistem Engleske od niza bankrotstava u 1857. godini, koji će se kasnije tokom mnogih godina smatrati tipičnom bankarskom i finansijskom krizom. Naime, nikakve zakonodavne mere nisu mogle da otklone posledice lošeg menadžmenta u bankama. Ironično, likviran je i ne tako mali broj banaka koje su osnovane u skladu sa zahtevnijim preduslovima. Kao rezultat toga, legislativa je izmenjena i dopunjena tako da je i bankarskim akcionarskim društvima dozvoljeno da primenjuju princip ograničene odgovornosti.

Ovo je podrazumevalo manje rigidne zahteve i dovelo do ogromnog porasta u broju bankarskih akcionarskih društava sa ograničenom odgovornošću. Još jedan podsticaj u tom pravcu predstavlja je bankrot Banke Glazgova (*City of Glasgow Bank*), čiji su akcionari morali da osiguraju gubitke svom aktivom koju su posedovali, kako je bilo propisano odredbama o neograničenoj odgovornosti. Za mnoge akcionare, to je predstavljalo pravu noćnu moru u egzistencijalnom smislu. U Engleskoj je 1880. godine bilo 128 bankarskih akcionarskih društava, što je najveći broj ovih institucija u njenoj celokupnoj istoriji. Većina ih je i dalje bila mala, posedovala malu količinu kapitala i poslovala unutar lokalnih granica, budući da nije imala filijale. Samo dva akcionarska društva imala su razvijenu mrežu filijala. Samo su *London & County* i Nacionalna pokrajinska banka imale preko 100 filijala. Bankarska akcionarska društva bila su deo sistema koji je u to vreme obuhvatao još 175 regionalnih privatnih banaka i 43 privatne banke u Londonu. Naučena lekcija o značaju obrazovanja za dobro upravljanje bankarskim poslovanjem zaslužna je za osnivanje

Bankarskog instituta već 1878. godine, gde se testiralo znanje zaposlenih u bankarstvu. Banke su takođe bile istog mišljenja kada je reč o objavlјivanju njihovih bilansa stanja, kao dobrodošlom potezu za jačanje poverenja u banke - ne samo u periodima kriza ili skandala. I poslednji među skepticima popustili su nakon krize koja je izbila usled problema *Barings* banke tokom 1890. godine.

Veliki broj bankarskih društava ukazivao je na fragmentaciju engleskog bankarskog sistema. Proces konsolidacije, naročito akcionarskih društava, počeo je tokom poslednjih decenija 19. veka, sa dolaskom drugog perioda u istoriji engleskog bankarstva. Kroz procese spajanja i preuzimanja lokalnih privatnih ili akcionarskih banaka, došlo se do broja od 12 banaka, sa ukupno preko 100 filijala širom Engleske. Nacionalna pokrajinska banka je imala ambicioznu organizaciju od samog osnivanja ranih tridesetih godina 19. veka. *Barclays*, osnovan 1896. godine, formiran je putem merdžera privatnih regionalnih banaka koje su ujedinile snage u pokušaju da izbegnu akvizicije. Kada su *Lloyds* i *Midland*, poreklom iz Birmingema, preselile svoje centrale u London tokom osamdesetih i devedesetih godina 19. veka, sprovele su intenzivne akvizicije drugih manjih banaka, čime su ojačale svoje prisustvo u različitim regionima. *London & Westminster* banka neznatno je zaostajala, premašivši broj od 100 filijala tek krajem 19. veka.

Međutim, konsolidacija se nije ovde zaustavila, već je nastavljena kroz merdžere velikih nacionalnih banaka. Do ranih dvadesetih godina 20. veka, formirala se grupa od pet velikih banaka, koje su praktično kontrolisale čitavo bankarsko tržište u Engleskoj zahvaljujući svojim mrežama filijala. Akvizicije su vodile do sve dužih i komplikovanih naziva, te su banke odlučile da ih pojednostave. Veliku petorku, koja je dominirala sve do šezdesetih godina 20. veka, činila su sledeća bankarska akcionarska društva: *Barclays*, *Lloyds*, *Midland*, Nacionalna pokrajinska banka i *Westminster*. Imala su različite vrste menadžmenta, pa su u nekim tako postojale izuzetno centralizovane strukture upravljanja (*Midland*), druga su usvojila decentralizovane aranžmane upravljanja (*Barclays*), dok se većina nalazila negde između ta dva ekstrema.

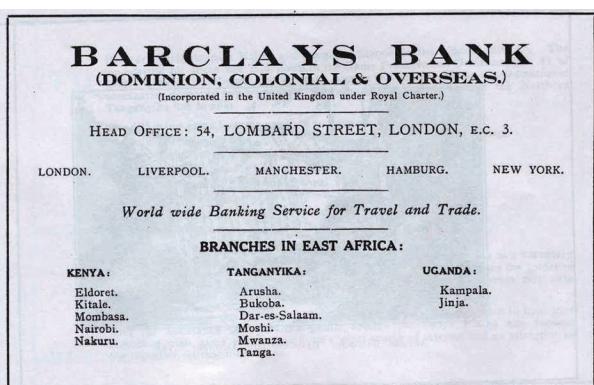
stock company in London. The bank, which was established by businessmen from Scotland, was given a rather innovative role for English circumstances. It saw and searched for its potential customers among the members of the rising middle class. Also extraordinary in London context was its business strategy. It paid interest for deposits, which had never been done before - not by London private banking companies and even less so by the Bank of England. London & Westminster Bank's success was great and the bank made quick progress. Only few other deposit banking stock companies that followed its example could compete with the scope of people's deposits it collected. The success of deposit banking stock companies was all the more resounding as their methods of operation were embraced neither by other private bankers nor the Bank of England. This was also the reason why they had not been allowed to conduct business within the system of London clearing house before 1857. Nevertheless, the growth of deposit banks was unstoppable due to the rising middle class and its increasing incomes.

In 1844, new legislation imposed stricter conditions as to the creation of banking stock companies, so as to provide for long-term security of their business. After the new law had been passed, only as few as 12 new banking stock companies were established, as some sources claim. However, stricter regulations were still not enough to save the English banking system from a series of bankruptcies in 1857, which would subsequently be regarded as an exemplary banking and financial crisis for many years to come. Namely, poor management of banks could not be averted by any legislative measure. Ironically, not so few banks that had been founded under more

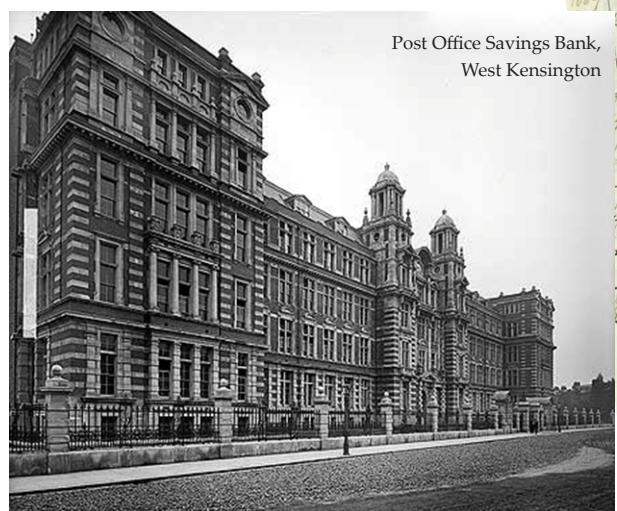
demanding conditions underwent liquidation. As a result, legislation was amended in order to allow for limited liability to be employed by banking stock companies as well.

This implied less strict demands, which led to an enormous growth of limited liability banking stock companies. Another incentive in this direction was the bankruptcy of the City of Glasgow Bank, where stock owners had to secure any losses with all the assets they owned as the stipulations on the unlimited liability required. For many stock owners, this represented a true existential nightmare. In 1880, England had 128 banking stock companies, the largest number in all its history. Most of them were still small, owning little capital and having no branches, operating within local boundaries. Only two stock companies had a vast branch network. London & County and National Provincial Bank alone had over 100 branches. Banking stock companies were part of a system which at the time encompassed another 175 regional private banks and 43 private London banks. The lesson learnt on the importance of education for good banking business management is to be credited for the establishment of The Institute of Bankers as early as 1878, which conducted tests of knowledge of people working in the banking business. Banks also found common ground regarding publications of their balance sheets as a very welcome move for bolstering trust in banks - not only in periods of crisis or scandals. The last of the sceptics were convinced to follow suit by the crisis resulting from the Barings bank's problems in 1890.

A large number of banking companies indicated the fragmentation of English banking system. The process of concentration, especially of stock companies, commenced in the last decades of the 19<sup>th</sup> century, with the arrival of the second era of English banking. Through mergers and takeovers of local private or stock company banks, 12 banks emerged, having a total of over 100 branches throughout the territory of England. The National Provincial had had an ambitious layout already from its establishment in the early 1830s. Barclays, established in 1896, was formed via mergers of private regional banks that joined forces in their attempt to fend off takeovers. As Lloyds and Midland, originating in Birmingham, moved



Paralelno sa svim oblicima bankarstva koji su postepeno uključivali najšire društvene slojeve u sistem finansijskog posredovanja, u Engleskoj se razvijala i nešto drugaćija vrsta bankarstva. To su bile specijalne banke za štednju, nazvane „banke štedionice“. Prvobitna ideja potekla je iz Škotske i bila je namenjena nešto siromašnjim i najsuviše siromašnjim društvenim slojevima, odnosno „radničkoj klasi“. Ove banke su u Engleskoj zakonom priznate 1863. godine. Banke štedionice funkcionišale su na nekoj vrsti uzajamne osnove. Primjenjivale su posebne uslove poslovanja. Njihove poslovne aktivnosti bile su pravno definisane, dok su opcije za investiranje prikupljenih sredstava bile ograničene kako bi se obezbedio najveći mogući stepen sigurnosti u poslovanju, a samim tim i štednje. Važan motiv u pozadini svega toga bilo je i uverenje da postojeće banke zanemaruju interes investitora, naročito onih iz redova običnih ljudi. Stoga su banke štedionice investirale svoj profit u fondove rezervi. Mreža banaka štedionica „vrednih poverenja javnosti“ veoma se razgranala. Tome je doprinela i država, budući da je počev od 1863. godine osiguravala depozite. Među značajnim institucijama koje su svoje poslovanje zasnivale na ovom konceptu bile su Banka poštanska štedionica (*Post Office Savings Bank*), Jorkširska banka (*Yorkshire Penny Bank*) i Poverenička banka štedionica (*Trustee Savings Bank*). Ove banke štedionice odigrale su izuzetno važnu ulogu u mobilizaciji malih, skoro zanemarljivih štednih uloga kojima druge banke nisu posvećivale dovoljno pažnje. Na taj način, sistem finansijskog posredovanja uključio je najšire društvene slojeve, akumuliravši pri tom znatna sredstva. Banke štedionice su postale još značajnije

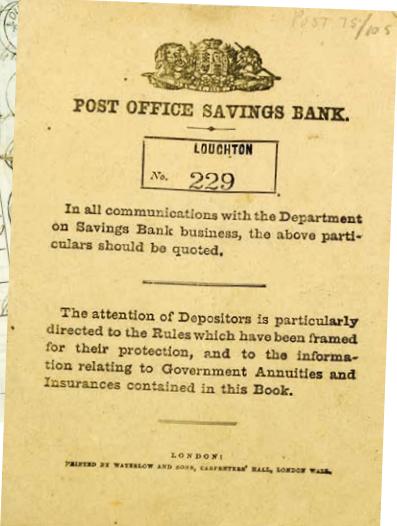


Post Office Savings Bank,  
West Kensington

posle 1887. godine, kada je osnovano njihovo udruženje, Udruženje povereničkih banaka štedionica, zahvaljujući čemu su doble na težini na bankarskom tržištu. Ovakav bum i znatna sredstva kojima su raspolagale nagnale su ih da razmotre bavljenje čisto komercijalnim bankarstvom već u periodu između dva rata, naročito tokom dvadesetih godina 20. veka. Međutim, moralo je da prođe mnogo decenija pre nego što su njihovi planovi konačno ostvareni.

Period između Prvog i Drugog svetskog rata doneo je velike promene u oblasti bankarstva. Posle nekoliko preuzimanja manjih banaka, konsolidaciju bankarskih akcionarskih društava zaustavila je intervencija guvernera centralne banke. Naspram velike petorke banaka, želeo je da nekoliko lokalnih banaka integriše u šestu banku koja bi poslovana na nacionalnom nivou, ali su njegovi planovi propali. Vlada je trebalo da pripremi legislativu koja bi regulisala merdžere banaka, ali do toga nije došlo. Međutim, pet velikih banaka javno se zavetovalo da neće međusobno spajati. Tokom dvadesetih godina 20. veka, ove banke su proširile svoje poslovanje na domaćem tržištu putem preuzimanja i otvaranja novih filijala u Irskoj i Škotskoj. Takođe su počele sve aktivnije da razvijaju svoje poslovanje na međunarodnom planu. *Lloyds* i Nacionalna pokrajinska banka zajedno su izašle na tržiste Belgije, Francuske, Nemačke i Švajcarske. *Lloyds* i *Westminster* su otvorile zajedničku filijalu u Italiji - *Banco Italo-Britannica*. *Westminster* se proširio na bankarskim tržištima u Francuskoj,

Španiji i Belgiji. *Barclays* je tražio poslovne prilike u



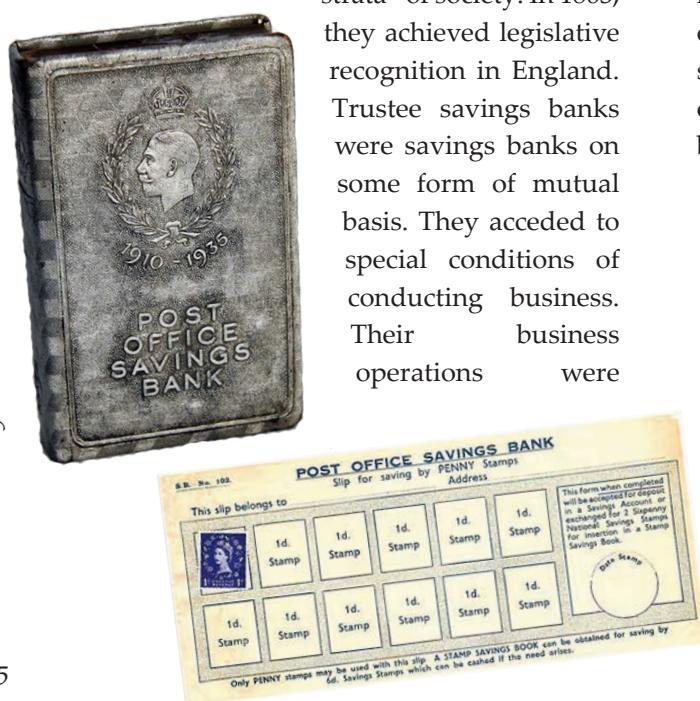
their headquarters to London in the 1880s and 1890s, they undertook intensive takeovers of other smaller banks, thus increasing their presence in different regions. The London & Westminster bank lagged somewhat behind, exceeding 100 branches only at the end of the 1900s.

However, concentration did not stop there, as it progressed with mergers of large national banks. By the early 1920s, a group of five large banks emerged, which practically controlled the entire English banking market by the virtue of their branch networks. Takeovers led to increasingly prolonged and complicated names, therefore banks decided to simplify their titles. The big five, which dominated until the 1960s, was composed of the following banking stock companies: Barclays, Lloyds, Midland, National Provincial and Westminster. They had different types of management, some of them had strongly centralised management structures (Midland), yet others adopted decentralised management arrangements (Barclays), whereas most of them were somewhere in between the two extremes.

Parallel to all the forms of banking that were only gradually encompassing the widest social strata in the system of financial mediation, a somewhat different kind of banking was being developed in England as well. These were special savings banks, dubbed the "trustee savings banks". The original idea was brought from Scotland and was intended for the less and the least well-off social strata, the "labouring strata" of society. In 1863, they achieved legislative recognition in England. Trustee savings banks were savings banks on some form of mutual basis. They acceded to special conditions of conducting business. Their business operations were

legally stipulated and the options of investing the collected assets were restricted so as to provide for the highest possible degree of safety of their operations and consequently of savings. An important motif behind this was also the belief that existing banks were neglecting investors' interests, especially those of common folk. Therefore, trustee savings banks invested their profits in reserve funds. The network of savings banks "worth public trust" expanded a lot. The state contributed towards this as well, as it secured deposits from 1863 onwards. More significant institutions based on this concept were the Post Office Savings Bank, Yorkshire Penny Bank and Trustee Savings Bank. These savings banks played an exceptionally important role in the mobilisation of small, minute savings other banks paid insufficient attention to. In this manner, the system of financial mediation included the widest social strata, accumulating substantial assets in the process. Trustee savings banks were granted greater importance after 1887, which saw the establishment of their association, the Trustee Savings Banks Association, which gave them better specific weight on the banking market. Their boom and substantial assets prompted them to think of venturing into pure commercial banking as early as in the interwar period, especially in the 1920s. However, many decades had to pass before these plans were finally implemented.

The period between the First and the Second World War brought about several great changes in the field of banking. After several takeovers of smaller banks, the concentration of banking stock companies was halted by the intervention of the central bank's governor. To counter the big five banks, he wanted to integrate several



Francuskoj, Nemačkoj i Alžiru. Takođe je kupio akcije belgijskih i italijanskih banaka. Na veliko iznenađenje, samo je *Midland*, najveća banka na svetu sa preko 1.300 filijala i ogromnom aktivom, ostala unutar granica Britanije. Naime, menadžment ove banke bio je uveren da prinosi koje ubiraju njeni konkurenti po osnovu poslovanja u Evropi nisu vredni uloženog truda. Uprkos tome, tačno je i to da je zvanična državna politika podržavala angažovanje britanskih banaka u kontinentalnoj Evropi kao sredstvo za suprotstavljanje uticaju Nemačke. Međutim, Evropa nije bila jedini cilj velikih engleskih banaka; one su preuzimale druge banke, osnivale nove i otvarale filijale u prekomorskim kolonijama: Egiptu, Južnoj Africi, Australiji, Novom Zelandu, Kanadi, Indiji, itd. U tom pogledu je dominirao *Barclays*. Cilj direktora ove banke bio je da predsedava Britanskom imperijalnom bankom (*British Imperial Bank*), što je zapravo i ostvario 1929. godine.

Tokom dvadesetih godina 20. veka, banke su solidno napredovale na domaćem terenu, beležeći konstantan rast depozita i kredita. U prvoj polovini decenije, to je bilo pripisivano investicionoj groznici, dok se u drugoj polovini to moglo objasniti istinskim ekonomskim rastom. U Britaniji je velika ekomska depresija trajala do 1932. godine. Tokom tog perioda, banke su drastično smanjile svoje kreditne aktivnosti pošto su pad industrijske proizvodnje, trgovine i izmenjenih investicija - i javnih i privatnih - doveli do smanjenja tražnje. Sem toga, banke su same po sebi bile preokupirane rešavanjem pitanja problematičnih kredita koje je bilo teško ili nemoguće naplatiti. Kasnije, kako su se ekonomski uslovi poboljšavali, kompanije su deo svojih investicionih sredstava nabavljale kroz državne subnvencije i zajmove od drugih privatnih banaka koje su imale aktivnije prisustvo u ovom segmentu tržišta. To je dovelo do izmenjene strukture investicija bankarskih akcionarskih društava. Tokom tridesetih godina 20. veka, došlo je izraženog razvoja odeljenja investicionog bankarstva. Tokom Drugog svetskog rata, banke su podvrgnute strogoj kontroli države, čime je vlasti omogućeno da upravlja troškovima finansiranja ratnih operacija zemlje.

Čak i po završetku rata, banke u Britaniji ostale su predmet brojnih ograničenja i državne

kontrole. Morale su da sprovode namere vlade po pitanju finansijske i opšte ekonomske politike. Ove dužnosti su oslobođene krajem pedesetih godina 20. veka, kada je pristup konkurentnosti ponovo dobio na značaju. U to vreme ukinuta je zabrana merdžera i velika petorka banaka počela je da punim intenzitetom preuzima druge banke, dalje povećavajući konsolidaciju bankarskog sektora. Posebno je spektakularno bilo spajanje *Westminster* banke i Nacionalne pokrajinske banke, koje je rezultiralo stvaranjem Nacionalne banke *Vestminstera* (*National Westminster Bank*), druge po veličini banke u Britaniji sa 3.400 filijala u januaru 1968. godine. U tom trenutku, najveća banka po veličini akcionarskog kapitala bio je *Barclays*, iako je imao 259 filijala manje. *Midland* je pao na treće mesto, a *Lloyds* na četvrtoto. *Barclays* se ubrajao u četiri najveće banke na svetu, dok je Nacionalna *Westminster* banka zauzimala šestu poziciju. Međutim, što se tiče profitabilnosti, stvari su stajale drugačije. Prema tom kriterijumu, *Lloyds* banka je bila najuspešnija. Podrazumeva se da su ove banke u znatnoj meri povećale svoje međunarodne aktivnosti u posleratnom periodu, te da su radile na internacionalizaciji svog poslovanja. To je posebno bio slučaj krajem 20. veka, posle liberalizacije finansijskih tokova, za koju su britanske banke, barem one tradicionalno najveće među njima, bile odlično pripremljene. Posleratni period je takođe doneo bum ogromnih razmara u bankarskom poslovanju. Pored pravnih lica i investicionog bankarstva, stanovništvo je postalo podjednako važno. Došlo je do ekspanzije potrošačkog kreditiranja, ličnih kredita, uvođenja tekućih računa građana, čekova i kreditnih kartica, čime se u ogromnoj meri proširio dijapazon



local banks into a sixth nationwide bank, but his plans failed. The government was to draw up legislation regulating banking mergers, yet this did not happen. However, the big five of the banking business publicly vowed not to undergo mergers with one another. In the 1920s, these banks expanded their business on the domestic market by takeovers and openings of branches in Ireland and Scotland. They also began to more actively internationalise their operations. Lloyds and National Provincial ventured together into Belgium, France, Germany and Switzerland. Lloyds and Westminster opened a joint bank in Italy, the Banco Italo-Britannica. Westminster entered banking markets in France, Spain and Belgium. Barclays sought business opportunities in France, Germany and Algeria. It also acquired shares in Belgian and Italian banks. Surprisingly, only the Midland bank, world's largest bank with over 1300 branches and enormous assets remained within British boundaries. Namely, its management was convinced that returns yielded by European operations of its competitors did not justify the invested efforts. Nevertheless, it is also true that official state policy supported British banks' engagement with business in mainland Europe as a means of countering the German influence. However, Europe was not the only target of the large English banks; they took over banks, founded new ones and opened their branches in overseas colonies: Egypt, South Africa, Australia, New Zealand, Canada, India, etc. The Barclays bank was the most prominent in this respect. Its Director's objective was to chair the British Imperial Bank, which he actually achieved in 1929.

During the 1920s, banks made good progress on domestic ground, with persistently growing deposits and loans. In the first half of the decade, this was attributed to investment fever, whereas in the latter one, this was explained by the actual economic growth. In Britain, the great economic depression lasted until 1932. During this period, banks drastically reduced their lending activities as the decline of industrial production, trade and changed investments - public or private - entailed smaller demand. In addition, banks themselves were very much preoccupied with resolving the issues of dubious loans which were hard or impossible to collect. Later on,

as economic conditions improved, companies acquired part of their investment resources through state subsidies and borrowing from other private banks that made a more active appearance in this segment of the market. This resulted in the altered structure of investments made by banking stock companies. In the 1930s, investment banking departments witnessed a substantial growth. During World War II, banks were subjected to strict state control, enabling the government to administer costs of funding the country's war efforts.

Even after the war had ended, British banks still remained subjected to numerous restrictions and state control. They had to implement government's intentions regarding financial and general economic policies. They were relieved of this duty at the end of the 1950s when competitive approach regained its significance. At that time, the ban on mergers was lifted and the big five began taking over other banks with full intensity, further increasing the concentration of banking. Especially spectacular was the merger of the Westminster and National Provincial banks, resulting in the creation of the National Westminster Bank, the second largest British bank with 3400 branches, in January 1968. At that moment, the largest in terms of equity owned was the Barclays, although it had 259 fewer branches. The Midland slit to the third place and Lloyds was fourth. Barclays was among the four largest banks in the world and the National Westminster was sixth. However, as far as profitability is concerned, matters were different. According to this criterion, Lloyds bank was the most successful. It goes without saying that these banks substantially increased their international activities in the post-war period and carried on with the internationalisation of their business. This was especially the case towards the end of the 20<sup>th</sup> century, in the aftermath of the liberalisation of financial flows, which British banks, at least the largest of them according to tradition, were well fit for. The post-war period also brought about an enormous boom of banking business. In addition to business entities and investment banking, population became very important as well. Consumer lending, personal loans, introduction of current accounts for citizens, cheques and credit cards, etc. took off, thus enormously expanding the scope

poslovnih aktivnosti banaka, a samim tim, naravno, i njihovih prihoda. Tokom poslednjih decenija, odvijala se integracija bankarstva i osiguranja, u čemu je prednjačila Nacionalna banka Vestminstera. U poslednjim decenijama 20. veka, englesko bankarstvo ušlo je u proces fundamentalne tehnološke modernizacije, naročito kada je u pitanju informaciona tehnologija (Cottrell, 1994).

Konsolidacija bankarstva, međutim, uzrokovala je i strah od kartelizacije ili čak monopolizacije tržišta. To je nateralo vladu da interveniše podstičući osnivanje drugih većih banaka koje bi mogle da konkurišu velikoj četvorci. Istovremeno, otvorila je domaće tržište inostranoj konkurenciji. U početku su među inostranim konkurentima preovladavale američke banke. Kasnije su banke iz drugih zemalja takođe ušle na britansko tržište. Strane banke su prvenstveno usmerile svoje poslovanje na korporativni sektor. Kasnih sedamdesetih godina 20. veka, britanske kompanije su navodno skoro jednu trećinu svojih ukupnih kredita uzimale od filijala stranih banaka. Međutim, posle deregulacije bankarskog tržišta osamdesetih godina 20. veka, ovaj koeficijent se značajno promenio. Početkom 1980-ih, samo u Londonu je bilo preko 400 stranih banaka, koje su imale velikog uticaja na tržište. Tako su, 1984. godine, one stanovnicima Britanije odobravale 17% ukupnih kredita u britanskoj funti, a skoro 70% ukupnih kredita u stranim valutama. Tokom osamdesetih i devedesetih godina 20. veka, konkurenca na bankarskom tržištu u Britaniji postajala je sve intenzivnija, delom usled preuzimanja domaćih banaka, a delom usled grananja mreža filijala.

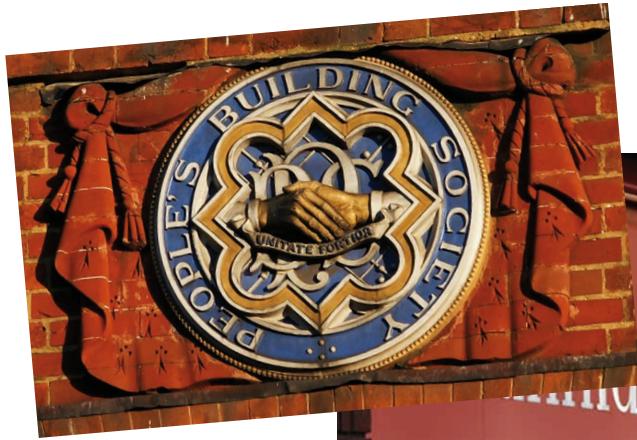
Banke štedionice takođe su imale važnu ulogu na bankarskom tržištu. Tokom decenija, njihova niša i *raison d'être* postepeno su nestajali, budući da su i druge banke posvećivale obilatu pažnju potrebama stanovništva. Stoga je preduzeta reorganizacija ovih institucija. One su 1976. godine spojene u Povereničku banku štedionicu (*Trustee Savings Bank*), kako bi se bolje iskoristio njihov veliki finansijskih

potencijal. Ovakva konsolidacija predstavljala je ozbiljnu pretnju u smislu konkurenčije vodećim komercijalnim bankama, jer je novonastala banka bila u mogućnosti da obavlja istu vrstu poslova kao i one. Ovako veliki korak unapred bio je moguć zahvaljujući tome što su nekada odvojene banke štedionice već počele da dopunjaju i proširuju svoj assortiman bankarskih usluga. Poverenička banka štedionica (PBŠ) je 1985. godine pretvorena u akcionarsko društvo, koje će postepeno preuzeti većinu banaka štedionica sličnog tipa u Britaniji. Broj njenih filjala premašio je broj filijala *Barclays* banke. PBŠ je bila poznata kao banka prijateljski nastrojena prema klijentima i koja je mogla da se pohvali visokom efikasnošću. Povrh svega toga, imala je znatno bolji menadžment od drugih banaka, čak i od velike četvorke. Deset godina kasnije, spojila se sa *Lloyds* bankom, kada je nastala *Lloyds* PBŠ banka (*Lloyds TSB Bank*), jedna od vodećih banaka u Britaniji. U isto vreme, merdžeri vodećih banaka doveli su do stvaranja velikih i kompleksnih bankarskih kompanija koje su igrale izuzetno važnu ulogu

u nacionalnoj ekonomiji. Stoga im je dodeljen status „banaka od nacionalnog značaja“, a kasnije i status „banaka suviše velikih da bi propale“, što je na dugoročnoj osnovi podrazumevalo promene principa bankarskog poslovanja, odnosa na tržištu i metoda regulative.

Britanske vlade su, inače, podsticale konkurentnost na finansijskom tržištu. Tipičan, isključivo britanski primer jesu takozvana „građevinska društva“ (*building societies*), koja su formalno ono što im ime implicira, dok su zapravo hipotekarne banke. U posleratnom periodu, naročito od 1970-ih godina, ova društva su aktivno prikupljala štedne uloge stanovništva. Do početka 1980-ih godina, uspela su da ostvare znatan udio na tržištu, premašivši 40%. Tokom devesetih godina 20. veka, mnoge od ovih kompanija transformisane su u klasične komercijalne banke ili su prestale da postoje nakon što su preuzete od nekog drugog pravnog lica. Tako se njihov broj smanjio sa 700, koliko ih je bilo 1960. godine, na 52, koliko ih je danas. Konkurenca nije išla u prilog komercijalnih





of banks' business operations and of course their revenues. In the recent decades, integration of banking and insurance business has been taking place, whereby National Westminster Bank has been especially prominent. In the decades close to the end of the 20<sup>th</sup> century, English banking entered the process of fundamental technological modernisation, especially as concerns information technology (Cottrell, 1994).

Concentration of banking also caused fear from market cartelisation or even monopolisation. This prompted the government to intervene by encouraging the creation of other large banks that could compete with the biggest four. At the same time, it opened the domestic market for foreign competition. At the beginning, U.S. banks were the predominant foreign competitors. Later on, banks from other countries would enter the British market as well. Foreign banks first and foremost directed their operations into the business sector. In the late 1970s, British companies allegedly hired almost one third of all their loans at branches of foreign banks. However, after the deregulation of the banking market in the 1980s, these ratios changed substantially. In the early 1980s, London alone had over 400 foreign banks, which had a substantial impact on the market. Thus, in 1984, they granted British residents 17 % of all loans in British Pounds and even 70 % of all loans in foreign currencies. In the 1980s and 1990s, the competition on British banking market only became more intense, in part through takeovers of domestic banks and in part by the creation of broader branch networks.

Trustee savings banks also had an important role on the banking market. Over decades, their niche and raison d'être gradually disappeared,



as other banks paid generous attention to people's needs, too. Therefore, reorganisation of these institutions was undertaken. In 1976, they were merged into the Trustee Savings Bank (TSB), so as to make better use of their large financial potential. This unification posed a serious competition to the

largest commercial banks, as this new bank was capable of performing the same type of business as them. Such a leap forward was possible because the previously separate savings banks had already been supplementing the banking business assortment. In 1985, the TSB was transformed into a stock company, which would then gradually take over most of suchlike savings banks in Britain. The number of its branches surpassed that of the Barclays. The TSB was renowned as a customer-friendly bank, boasting high efficiency. On top of all this, it had a significantly better management than other banks, beating even the big four. Ten years later, it merged with the Lloyds bank, which led to the Lloyds TSB Bank, one of the leading British banks. At the same time, large bank mergers resulted in big and complex banking companies that played a very important role in the national economy. Hence, they were granted the status of "nationally significant banks" and finally, the "too big to fail" status, which in the long term meant changes in the principles of banking business, relations in the market and methods of regulation.

Otherwise, British governments were encouraging competition on the financial market. A typical, yet uniquely British example, are the so-called "building societies", which are formally what their name implies, but they are actually mortgage banks. In the post-war era, especially so since 1970s, these societies have been actively gathering residents' savings. By the beginning of the 1980s, they had managed to achieve a substantial market share, exceeding 40 %. In the 1990s, many of these companies were transformed into classical commercial

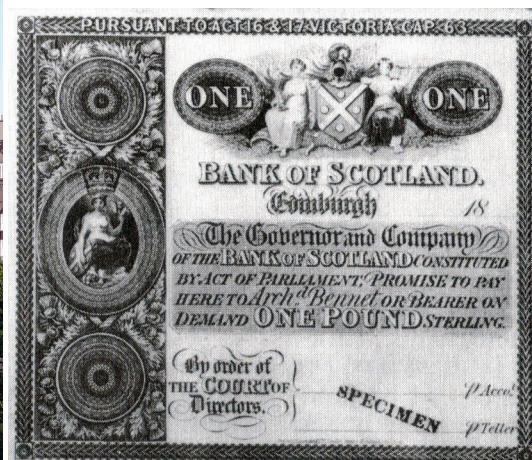
banaka i očekivala se njihova reakcija. Tokom 1980-ih godina, komercijalne banke, naročito one veće, intenzivno su pojačale hipotekarno kreditiranje. U isto vreme, prilagodile su radno vreme svojih filijala i ponudile više kamatne stope na depozite, što je bio najubedljiviji potez. Istovremeno, komercijalne banke su proširile svoje poslovanje van domena osnovnog kreditiranja, tako da obuhvate različite oblike finansijskih instrumenata (Davies, Richardson, Manning, 2010).

## Škotska

Kao i Škotska sama po sebi, škotsko bankarstvo se umnogome razlikovalo od engleskog. Štaviše, Englezi su od Škotlandana učili kako da se bave modernim bankarstvom. Počeci ovog procesa sežu do 1695. godine kada je u Edinburgu osnovana Banka Škotske (*Bank of Scotland*), koja će uskoro proslaviti 320 godina postojanja. Nekoliko decenija Banka Škotske bila je jedina škotska banka. Kraljevska banka Škotske (Royal Bank of Scotland) pojavila se tek 1727. godine. Ove dve banke dominirale su poslovnim svetom Edinburga i bile čvrsto usađene u različite političke pozadine. U to vreme ni u drugim gradovima ni na selu nije bilo banaka. Kreditiranje je obično ostavljano trgovcima koji bi svom osnovnom poslu dodavali finansijsko poslovanje. Međutim, njihove aktivnosti nisu mogle da zadovolje rastuću tražnju, dok su obe operativne banke bile manje-više ograničene na oblast Edinurga. Čak su i biznismeni iz Glazgova, uključujući trgovce duvanom, teško dolazili do kredita,

jer se u Edinburgu nije toliko verovalo u stabilnost njihovog poslovanja. Ali u životu se za sve može naći načina. Počelo je da se pojavljuje mnoštvo malih, neuglednih banaka koje nisu imale velikog finansijskog potencijala, ali koje su preuzele ulogu posrednika između Edinburga kao centra sa obiljem novca i manjih gradova. Te banke su uzimale kredite od edinburških banaka da bi ih zatim odobravale zainteresovanim klijentima u Glazgovu i drugim manjim gradovima u Škotskoj. Ponuda kreditnih sredstava popravila se posle pravog buma drugih malih bankarskih društava koja su nicala širom Škotske. Skoro po pravilu, njih su osnivali trgovci koji su postepeno napuštali svoje trgovinsko poslovanje, na kraju se potpuno posvećujući bankarstvu. Obe edinburške banke iritirala je pojавa konkurenata, te su pokušavale da ih zaustave. To im je uspelo u slučaju nekih manjih i ranjivijih banaka. Međutim, vredan je pažnje primer jedne takve neugledne banke koja je prebrodila dečje bolesti i uspešno se razvila u važnu bankarsku instituciju - Bankarsko društvo Dandi (*Dundee Banking Company*).

Važno mesto u istoriji bankarstva zauzima Britansko suknarsko preduzeće (1746), koje je imalo aktivnu ulogu u bankarskom poslovanju. To je zapravo bila kompanija za proizvodnju i trgovinu tekstilom, ali je ubrzo počela da svojim klijentima odobrava i kredite. Kasnije je proširila ponudu usluga, koje su bile dostupne u njenim filijalama u različitim oblastima Škotske. Tako je ova kompanija postala prva kompanija koja je vodila bankarsko poslovanje kroz svoju mrežu filijala. Iako je Banka Škotske imala istu namenu još od svog osnivanja, prve filijale nije



banks or ceased to exist as they were annexed by some other business entity. Thus, their number has declined from 700 in 1960 to 52 as of now. Competition worked against the favour of commercial banks and their response was respected. In the 1980s, commercial banks, especially the biggest ones, strongly increased mortgage-based lending. At the same time, they adjusted their branches' working hours and, what was the most convincing move, they offered higher interest rates for deposits. At the same time, commercial banks expanded their business outside the domain of base lending to various forms of financial instruments (Davies, Richardson, Manning, 2010).

## Scotland

Like Scotland itself, Scottish banking was in many ways different from the English one. Moreover, the English were learning how to undertake modern banking from the Scots. The beginnings of this are to be traced to 1695 when Bank of Scotland was established in Edinburgh, which is soon going to celebrate its 320<sup>th</sup> anniversary of uninterrupted operation. For several decades, Bank of Scotland was the only Scottish bank. The Royal Bank of Scotland appeared no sooner than 1727. The two banks dominated the business world of Edinburgh and were firmly embedded in various political backgrounds. At that time, other cities and the countryside had no banks at all. Lending business was usually left over to merchants who added financial trade to their fundamental business. However, their activities could not

meet the increasing demand, whereas both operative banks were more or less limited to the Edinburgh area. Even businessmen from Glasgow, tobacco merchants notwithstanding, had a difficult time getting loans, as the firmness of their businesses was not completely trusted in Edinburgh. But life always finds a way around. A multitude of small, tiny banks began to emerge, which had no large financing potential, but they assumed the mediatory role between Edinburgh as a centre with abundance of money and smaller towns. They took out loans from Edinburgh banks and then granted them to interested customers in Glasgow and other smaller Scottish cities. Supply of credit funds improved following a proper boom of other new small banking companies that had been established across Scotland. Almost as a rule, they were founded by merchants who gradually left their trade business, eventually completely embracing banking. Both Edinburgh banks were irritated by the arrival of competitors and were attempting to stop them as well. They succeeded in doing so with some smaller more vulnerable banks. However, a noteworthy example of one such tiny bank that did overcome its juvenile ailments and successfully developed into an important banking institution was the Dundee Banking Company.

An important place in the history of banking is occupied by the British Linen Company (1746), which actively took part in the banking business. This was basically a company for producing and trading textile, but it soon began giving credits to its customers as well. Later on,



Royal Bank of Scotland



Novčanica od 20 šilinga, Royal Bank of Scotland, 1727.

Twenty shilling banknote, Royal Bank of Scotland, 1727

otvorila sve do 1780-ih godina. Nasuprot tome, Kraljevska banka Škotske nije imala nameru da razvija sopstvenu mrežu filijala. Bila je zadovoljna samo jednom filijalom u Glazgovu, koja je bila izuzetno profitabilna zahvaljujući ekonomskom procvatu ovog grada.

Veliki problem tokom ovog perioda bankarstva bila je činjenica da je skoro svaka banka emitovala sopstveni novac, što je vodilo u opasnost od monetarne nestabilnosti, naročito tokom 1760-ih godina. Nakon nekolikih amandmana na bankarske statute i osnivanja zvanične menjачnice koja je utvrđivala devizne kurseve za monetarne emisije različitih banaka, opasnost od neizvesnosti je otklonjena. U to vreme škotske banke su takođe počele da odobravaju gotovinske pozajmice umesto da koriste menice, što je bila standardna praksa do tada. Gotovinske kredite prva je odobravala Kraljevska banka Škotske, dok su ostale banke sledile njen primer. Škotske banke su imale vodeću ulogu i u razvoju depozita, uključujući plaćanje kamate. Prve koje su pokrenule ovu inovaciju jesu banke u Glazgovu, budući da je tamo postojala najveća tražnja za gotovinom, usled opšteg ekonomskog procvata grada. Zbog toga su banke morale da smisle način za prikupljanje što je moguće više štednje građana kako bi zadovoljili tražnju za kreditima. Taj model se kasnije proširio na Englesku i ostale evropske zemlje.

Brz industrijski razvoj u kome je Škotska prednjačila, kao i sve veći obim trgovine, stvorili su okruženje povoljno za razvoj i jačanje bankarstva. Brojna mala bankarska društva i pojedinačni bankari više nisu mogli da zadovolje sve potrebe ili prosti nisu bili u stanju da ih zadovolje u potpunosti. Ograničenost njihovih resursa posebno se manifestovala tokom tridesetih godina 19. veka kada su u punom jeku bili radovi na izgradnji železnice i kada je metalurška industrija doživljavala ogromnu ekspanziju. Postalo je jasno da finansijska podrška za projekte ovako velikih razmera zahteva ujedinjene snage i resurse. Stoga su počela da se javljaju bankarska akcionarska društva sa znatno većim bazama kapitala. Ove banke su postepeno zamenile mnoštvo malih banaka, u nekim slučajevima ih pripojivši. Među bankarskim akcionarskim društvima vredne su pomena Ujedinjena banka Škotske (*Union Bank*

*of Scotland*) (1830) i *Clydesdale* banka (1838), koje su važile za dve najbolje banke. Obe su pristupale poslu ozbiljno, razvijale svoje mreže filijala, i ubrzo postale ravnopravne sa svojim prestižnim konkurentima, Bankom Škotske i Kraljevskom bankom Škotske. Godina 1845. važna je za razvoj bankarstva jer su britanske vlasti odlučile da više ne odobravaju radne dozvole bankama sa emisionom funkcijom, zbog loših iskustava sa njima. Međutim, već postojeće banke bile su u mogućnosti da nastave sa svojim poslovanjem. Slična mera bila je predviđena dvadeset godina ranije, ali nije sprovedena usled snažnog otpora, pretežno sa strane Škotlandžana.

Početkom 19. veka u Škotskoj se razvijala drugačija vrsta bankarstva, koja se kasnije proširila na Englesku i ostatak sveta. Reč je o banka štedionicama, tačnije popularnim bankama za štednju čija su ciljna grupa bili najširi slojevi društva. Škotski ministar Henri Dankan imao je to na umu kada je osnovao prvu banku štedionicu u Rutvelu 1810. godine. Tokom godina, banke štedionice su nikle širom Škotske. U narednim decenijama izrodile su se različite varijante prvobitne ideje, od kojih su najuspešnije bile takozvane „banke za štednju u penijima“ (*penny savings banks*), prvenstveno namenjene onima koji su jedva sastavljeni kraj s krajem. Na taj način sistem finansijskog posredovanja praktično je obuhvatio sve društvene slojeve. Prikupljanjem čak i zanemarljivo malih štednih uloga u krajnjoj liniji se došlo do znatnih resursa na nacionalnom nivou. Osetljiva socijalna situacija obavezivala je banke štedionice da upravljaju prikupljenom štednjom sa najvećom pažnjom i da je investiraju u najpouzdanije fondove, obično državne hartije od vrednosti. Posle 1863. godine ove banke su stekle status „povereničkih banaka štedionica“ (*trustee savings banks*). Škotlandžani bi trebalo da zahvale postojanju gусте mreže banaka štedionica na svojoj tradicionalno visoko razvijenoj kulturi štednje. Ona se nalazi i u osnovi legendarne škotske štedljivosti koja je poznata kao osnovna crta njihovog nacionalnog karaktera.

U funkcionalnom smislu, škotski bankarski sistem je bio celovit već sredinom 19. veka - sistem posredovanja obuhvatio je sve nivoe društva, društvene slojeve i sektore ekonomije.

it developed an even broader service offer which was available at its branches in various parts of Scotland. Therefore, this company was the first to conduct banking business via its branch network. Although Bank of Scotland had had the same intention ever since its establishment, it opened no branches until the 1780s. On the contrary, Royal Bank of Scotland had no intent at all to develop its own branch network. It was satisfied with only a single branch in Glasgow, which was remarkably profitable due to the economic boom this city was experiencing.

The big problem of this banking era was the fact that virtually every single bank was issuing its own money, which led to the danger of monetary instability, especially so in the 1760s. With some amendments to banking statutes and the founding of an official currency exchange office which determined exchange rates for different banks' monetary emissions, the danger of uncertainty was averted. At the time, Scottish banks also began lending cash instead of using bills of exchange as had been standard practice up to then. Cash credits were first employed by the Royal Bank of Scotland and the rest would follow suit. Scottish banks also had a leading role in the development of deposit banking, including payments of interest. The first ones to start this innovation were the banks in Glasgow as there was the highest demand for money due to the city's general economic boom. Hence banks had to come up with a way to attract as much people's savings as possible so as to meet the credit demand. This was the model that eventually spread into England and other European countries.

Fast industrial development in which Scottish lands were at the forefront, as well as constantly increasing size of trade resulted in an environment favourable of development and strengthening of banking. Numerous small banking companies and individual bankers could no longer satisfy all the needs or were simply unable to match them completely. Limitations as to their resources were especially manifest in the 1830s when railroad network was being intensively constructed and ironwork industry was experiencing an enormous expansion. It became clear that financial support for such large-scale projects required joining of forces and resources. Thus, banking

stock companies began emerging, having substantially larger capital foundations. These banks then gradually replaced a multitude of small banks, in some cases by annexing them as well. Worth mentioning among banking stock companies are Union Bank of Scotland (1830) and Clydesdale Bank (1838), which were regarded as the two most excelling ones. Both banks approached their business seriously, developed their branch networks and were soon on a par with prestigious competitors, Bank of Scotland and Royal Bank of Scotland. The year 1845 was important for the development of banking as British authorities decided to halt granting business licences for banks with issuing function because of negative experience with them. However, the already existent banks were able to carry on their business. A similar measure had already been envisioned twenty years earlier but had not been enforced due to



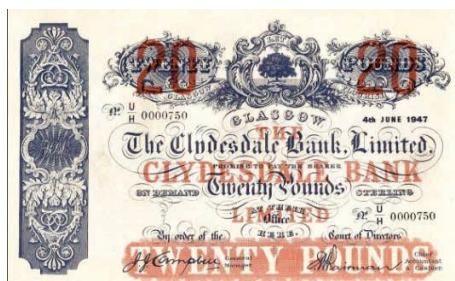
Konkurenca je bila jaka, a mesta za nove banke bilo je relativno malo, pošto su već postojeće banke težile ka tome da prošire svoje mreže filijala kako bi pokrile što veće teritorije, ako ne i celu zemlju. U isto vreme, obim poslovanja rastao je velikom brzinom. Činilo se da su izgledi za dalja značajnija proširenja ograničeni. Stoga su škotske banke krenule na jug, prelazeći granicu sa Engleskom. Prvo su, šezdesetih godina 19. veka, stigle u London, finansijski centar sveta toga vremena. Međutim, londonski bankari ih nisu smatrali dobrodošlima, i previše svesni bankarskog iskustva koje su pridošlice iz Škotske akumulirale godinama. Škotlandjani su, međutim, brzo postali prisutni i van Londona. Tako je 1874. godine *Clydesdale* banka otvorila tri filijale na severu Engleske. To je bio trenutak u kome je postalo jasno koliko veliku pretnju Škotlandjani predstavljaju za Engleze. Mnogi su se plašili da će škotske banke na kraju ostvariti dominaciju na tržištu zahvaljujući višem nivou efikasnosti. Zato su engleski bankari lansirali pravu kampanju protiv škotskih banaka. Situacija nimalo nije bila naivna, jer se englesko nezadovoljstvo brzo prelilo u oblast politike, primoravši britansku vladu da oformi islednu komisiju. Ona, ipak, nikada nije podnela konačni izveštaj pošto su se stvari prethodno sredile same od sebe. Zbog otpora na koji su naišle, škotske banke su odustale od svojih planova da prošire svoje mreže filijala na teritoriji Engleske. To, međutim, nije važilo za njihova predstavništva u Londonu. Za uzvrat, druga strana, odnosno engleski bankari obećali su da svoje filijale neće osnovati preko granice sa Škotskom.

To nepisano pravilo ostalo je na snazi tokom narednog stoljeća. Kasniji razvoj situacije pokazao je da je škotsko bankarstvo uspelo da očuva svoj identitet zahvaljujući ovom sporazumu. Istoriski gledano, engleski bankarski sistem prošao je konsolidaciju tokom koje se izdvojilo pet velikih banaka, od kojih bi svaka - čak i sama za sebe, a kamoli u kombinaciji sa drugima - predstavljala pravu opasnost po celokupan bankarski sistem Škotske.

Ovaj uzajamni dogovor bio je na testu posle Prvog svetskog rata, jer su engleske banke preuzele četiri od osam škotskih akcionarskih banaka, ali su na kraju one, uprkos svemu, uspele da očuvaju sopstveni identitet i menadžment. Strateške i operativne poslovne odluke i dalje su donošene u Škotskoj. Engleski

vlasnici su sprovodili kontrolu kako bi njihove investicije bile bezbedne. U ostalim aspektima za škotske bankare je međuratni period bio relativno povoljan. Nakon širenja mreže filijala za polovicu, približili su se svojim klijentima kao nikada ranije. To im je, naravno, donelo velike koristi jer su pokazatelji akumuliranih sredstava bili u stalnom porastu. Međutim, mnogo važnije pitanje za banke bilo je investiranje tih sredstava. Tražnja za kreditima je već bila niska tokom 1920-ih godina i dodatno će opasti tokom 1930-ih paralelno sa usporavanjem ekonomskog rasta. Posle Drugog svetskog rata, škotske banke su poslovale u mirnom okruženju bez potresa,

jer su britanske vlasti ograničavale kreditne aktivnosti banaka primenom različitih mera sve do šezdesetih godina 20. veka. U svakom slučaju, banke su na raspolaganju imale



strong resistance, primarily by Scots.

At the beginning of the 19<sup>th</sup> century, Scotland was a place where another kind of banking developed, which subsequently spread into England and elsewhere around the world. These were savings banks, namely popular savings banks intended for the broadest social strata. Scottish minister Henry Duncan had these in mind when he established the first savings bank in Ruthwell in 1810. Over the course of years, savings banks permeated the entire Scotland. Subsequent decades brought about different variants of the original idea, the most successful of which were the so-called "penny savings banks", intended primarily for those who were barely able to make both ends meet in their lives. In this manner, the system of financial mediation engulfed virtually all social strata. Collection of even the smallest savings eventually added up to substantial resources at the national level. Social sensitivity obliged savings banks to handle collected savings with utmost care and invest them into the most reliable funds, usually state securities. After 1863, they acquired the status of "trustee savings banks". Scots are to be grateful to the existence of a dense savings banks' network for a traditionally high culture of saving money. This is also the foundation on which the legendary Scottish frugality as a main trait of their national character is based.

In functional terms, Scottish banking system was already complete by the mid-19<sup>th</sup> century; the system of mediation included all the levels of society, social strata and sectors of economy. Competition was strong and room for new banks relatively scarce, as the already existing ones were striving to expand their branch networks in order to cover territories as large as possible if not the entire nation. At the same time, scope of business was growing rapidly. Prospects for further substantial enlargement seemed limited. Therefore, Scottish banks ventured to the south, crossing the border into England. First, they arrived in London in the 1860s, the financial capital of the world at the time. However, they were not actually welcomed by London banks as the latter were too aware of the years of banking experience the Scottish newcomers had accumulated. Before long, Scots established their presence outside

London as well. Therefore, in 1874, Clydesdale Bank opened three branches in the north of England. That was the moment at which it became evident just how big a threat Scots represented to the English. Many feared that Scottish banks would eventually dominate the market due to their higher efficiency. English bankers hence unleashed a true campaign against Scottish banks. This was no storm in a teacup, though, as English discontent soon spilled over into politics, forcing British government to set up a commission of inquiry. However, the latter never produced any final report as the matters settled beforehand. Because of the resistance they encountered, Scottish banks abandoned their plans for spreading their branch networks into England. This, however, was not true of their representations in London. In turn, the other side, i.e., English bankers, promised that their branches would advance no further than the border between Scotland and England. This unwritten rule would then remain in force for another century. Later developments showed that Scottish banking was able to retain its identity because of this accord. As the history would have it, English banking system underwent a concentration from which five big banks obtained and each of them would represent a real threat to the entire Scottish banking system even on their own, let alone their combined bulk.

This mutual deal was put to the test after World War I as English banks took over four out of eight Scottish joint stock banks, but in the end, the latter nevertheless managed to preserve their own identity and management. Strategic and operative business decisions were still made in Scotland. English owners exercised control so as to keep their investments safe. Otherwise, Scottish bankers perceived the interwar period as relatively favourable. With a one-half expansion of their branch networks, they came closer to their customers than ever before. This of course yielded great benefits to them as indicators of collected assets were in constant increase. However, a much bigger issue for banks was investing these resources. Credit demand had already been low in the 1920s and further decreased in the 1930s as economic growth was slowing down. After World War II, Scottish banks conducted their business

više sredstava nego što im je bilo dozvoljeno da plasiraju. U to vreme dogodila su se neka pripajanja manjeg obima, usled čega je broj banaka smanjen na šest, od kojih su dve bile u engleskom vlasništvu. Sa druge strane, Kraljevska banka Škotske preuzeila je dve male engleske banke.

Kao i za druge delove Britanije, 1960-te godine predstavljale su prekretnicu i u razvoju škotskog bankarstva. Državna kontrola je relaksirana, bankama je data puna autonomija i odgovornost za sopstvenu poslovnu politiku. Banke su dobivojno poništile svoj kartelski sporazum i ponovo se oslonile na pristup konkurentnog tržišta. Kao posledica toga, raspon bankarskih usluga je znatno povećan, pri čemu su se posebno isticale usluge vezane za kreditne kartice i čekove. U relativno kratkom periodu škotsko bankarstvo je evoluiralo u dinamičan, ekonomičan, izuzetno profitabilan sektor ekonomije usmeren ka korisniku. Usled konsolidacija sprovedenih tokom sedamdesetih godina 20. veka, broj bankarskih akcionarskih društava u Škotskoj smanjen je na tri: Banku Škotske, Kraljevsku banku Škotske i *Clydesdale* banku, od kojih je poslednja bila najmanja i u vlasništvu engleske *Midland* banke.

Prijateljski sporazum o teritorijalnoj podeli prekršen je 1970-ih godina. U to vreme neke engleske banke prešle su škotsko-englesku granicu kako bi osnovale svoje filijale. Iako se konkurenčnost unekoliko povećala, engleske banke u Škotskoj nisu ostvarile veliki obim poslovanja. Međutim, stvari su se drugačije odvijale u suprotnom pravcu. Škotske banke su takođe prešle prethodno utvrđenu granicu, ali su njihove mreže filijala u Engleskoj imale neuporedivo većeg uticaja. To je naročito bio slučaj sa Kraljevskom bankom Škotske, koja se postepeno razvila u banku na nivou Britanije.

Dvadeseti vek je bio period velikog buma i za banke štedionice. One su uspešno implementirale inovacije, kao što je masovno uvođenje tekućih računa tokom 1960-ih godina. Sedamdesetih i osamdesetih godina 20. veka

mreža ovih banaka će takođe biti podvrgnuta procesu adaptacije na nove okolnosti. To je podrazumevalo prelaz ka komercijalnom bankarstvu. Međutim, fragmentacija ovog sektora predstavlja veliki problem: izuzev Banke štedionice Glazgova (*The Savings Bank of Glasgow*), najveće u Britaniji u to vreme, sve ostale banke jedva da su imale nekoliko filijala. Stoga je doneta odluka da se prvo sproveđu spajanja u veće regionalne banke (štedionice), pa tek onda transformacija u akcionarsko društvo. Takva organizacija bi bila u stanju da konkuriše komercijalnim bankama kada je reč o ponudi usluga stanovništvu i korporativnom sektoru. Proces transformacije počeo je sredinom 1970-ih i privoden je kraju 1986. godine kada su sve regionalne banke štedionice privatizovane i postepeno spojene u jedan entitet - Povereničku banku štedionicu Škotske (*TSB Bank of Scotland*). Posle deset godina nezavisnog poslovanja, nju je preuzeo *Lloyds*.

Pored bankarskih akcionarskih društava, nekoliko privatnih banaka, usko specijalizovanih za servisiranje specifičnih potreba kompanija, već je poslovalo od ranije. Ovde ćemo spomenuti samo *Noble and Grossart & Co.* Čuvena Britanska suknarska banka (*British Linen Bank*) opstala je primenjujući isti pristup, ali je, počev od 1971. godine, točnila pod okriljem Banke Škotske. Bankarska konkurenčija

je postala još intenzivnija brzo nakon što je počelo vađenje nafte i prirodnog gasa iz basena Severnog mora. Tada su strane banke nagrbole u Edinburg u velikom broju, željne velike zarade dok je brzo razvijajući energetski sektor još bio u začetku. Prekomorska Nacionalna banka Australije (*National Australia Bank*), koja je otkupila *Clydesdale* od *Midland* banke, takođe je pristigla u Škotsku.

Do velikog porasta obima poslovanja tokom sedamdesetih i osamdesetih godina 20. veka došlo je zahvaljujući napretku informacione tehnologije. Na teritoriji Britanije, Škotlandjani su prednjačili u njenoj implementaciji. Škotske banke su imale dobar menadžment i solidnu efikasnost, što je postalo evidentno krajem



in a calm environment without any shocks because British authorities were holding back credit activities of banks by employing various measures until the 1960s. In any case, banks had more assets than they were allowed to lend. In that time, some smaller-scale mergers occurred, reducing the number of banks to six, with two in English ownership. However, Royal Bank of Scotland took over two small English banks.

Like elsewhere in Britain, 1960s represented a turning point for Scottish banking as well. State control was loosened, banks were granted full autonomy and responsibility for their business policies. Banks voluntarily cancelled their cartel agreement and once again relied on competitive market approach. As a result, the range of banking services increased substantially, with credit-card- and cheque-based operations especially prominent. In a relatively short period, Scottish banking would evolve into a dynamic, customer-friendly, cost-effective and highly profitable sector of the economy. Because of concentrations achieved in the 1970s, the number of Scottish banking stock companies decreased to three: Bank of Scotland, Royal Bank of Scotland and Clydesdale Bank, the latter being the smallest and owned by the English Midland Bank.

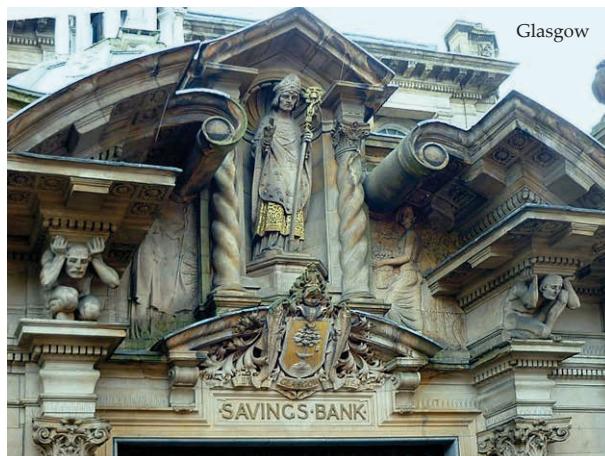
Friendly agreement on territorial division was broken in the 1970s. At that time, some English banks crossed the Scottish-English border by establishing their branches. Although competition somewhat increased, English banks in Scotland did not achieve a large scope of business. However, things were different in the opposite direction. Scottish banks also crossed the previously agreed borders, but their branch networks in England had an incomparably greater impact. This was especially so in case of the Royal Bank of Scotland, which gradually evolved into a British-wide bank.

20<sup>th</sup> century was an era of great boom for savings banks as well. They were successful

at introducing novelties, such as en masse introduction of current accounts in the 1960s. In the 1970s and 1980s, this network would be, too, subjected to a process of adaptation to the new circumstances. This entailed convergence towards commercial banking. However, fragmentation of this sector represented a big problem: with the exception of The Savings Bank of Glasgow, the largest in Britain at the time, all the remaining ones seldom had several branches. Therefore, a decision to first undergo mergers into larger regional (savings) banks, followed by a holding company was arrived at. Such an organisation would be capable of competing with commercial banks as regards offering services to the population and the business sector. The process of transformation began in the mid-1970s and was completed in the 1986 when all regional savings banks were privatised and gradually merged into a single entity, the TSB Bank of Scotland. After ten years of independent existence, it was taken over by the Lloyds Bank.

In addition to banking stock companies, several private banks, which were narrowly specialised to suit specific needs of companies, had already been operating since more distant times. Hereby, let us mention only Noble and Grossart & Co. The venerable British Linen Bank persevered by applying the same approach, yet, since 1971, it has been doing so under the auspices of the Bank of Scotland. Banking competition intensified soon after oil and natural gas extraction in the North Sea had begun. Back then, foreign banks were coming to Edinburg in great numbers, aspiring for large profits in the wake of a quickly developing energy sector. The overseas National Australia Bank, which bought the Clydesdale from the Midland bank, arrived in Scotland as well.

A great increase in the size of business during the 1970s and the 1980s was enabled by the advancements in the information technology.



20. veka. Bilo bi teško poreći da je to rezultat bogate, duge tradicije ciljanog obučavanja zaposlenih po pitanju performansi čitavog assortimenta bankarskih usluga. Ta tradicija datira iz 1875. godine, kada je osnovan Institut bankara Škotske (*Institute of Bankers of Scotland*), prva institucija za bankarsku edukaciju i obuku na svetu (Cottrell, 1994).

## Bankarstvo u Irskoj

Kao što je bio slučaj i u drugim oblastima, razvoj bankarstva u Irskoj tekao je u nekoliko faza. Bankarstvo je postalo izraženije u 18. veku. „Bankarskim tržištem“ tog vremena dominirali su privatni bankari, koji su obično bili i trgovci u isto vreme, što je tada bila česta praksa. Sem sa trgovcima, ova privatna bankarska preduzeća i dalje su bila u tesnoj vezi sa zemljoposrednicima. Obično su imali udela u finansiranju povećanog obima trgovine, naročito kada je reč o poljoprivrednim proizvodima. Sredinom 18. veka, usled krize, mnogi privatni bankari suočili su se sa poteškoćama oko likvidnosti, te su mnogi od njih čak i bankrotirali. Posebno su teško podlođeni bili oni koji su aktivno učestvovali u međunarodnoj trgovini. Na osnovu ovog negativnog iskustva, a kako bi se sprečilo nešto slično u budućnosti, vlasti su intervenisale. Zakonske mere su usvojene 1756. godine, propisujući odvajanje aktivnosti u oblasti bankarstva i spoljne trgovine. Kombinacija ove dve vrste ekonomskih aktivnosti više nije bila dozvoljena zakonom. Sredinom 1700-ih privatni bankari počeli su da gube na značaju. Njihova finansijska snaga postepeno je slabila, ekonomska kriza u periodu napoleonskih ratova takođe je uzela danak, primoravši mnoge od njih da prekinu svoje poslovanje. Preostali privatni

bankari, budući da nisu bili konkurentni, pridružili su se bankarskim akcionarskim društvima tokom narednih decenija, te su tako do kraja 19. veka potpuno nestali sa liste bankarskih preduzeća u Irskoj.

Dok je na jednoj strani moć privatnih bankara opadala, na drugoj se razvijala nova struktura bankarstva. U Irskoj su, takođe, bankarska akcionarska društva počela da se javljaju u prvim decenijama 19. veka, odnosno u vreme kada je ekonomski razvoj u izvesnoj meri živnuo. Sem toga, treba naglasiti da se irsko bankarstvo razvijalo na sličan način kao bankarstvo u Britaniji. Dok se nije povećao broj akcionarskih društava, postojala je samo Banka Irske (*Bank of Ireland*), koja nije imala filijala van Dablinia. Banka Irske osnovana je već 1783. godine na osnovu dekreta koji je usvojio irski parlament, sa namerom da preraste u neku vrstu irske centralne banke. Stoga joj je poverena privilegija emitovanja novca na čitavoj teritoriji Irske. Međutim, prilika da se ova privilegija primeni u praksi nikada nije realizovana, i, nakon što je Irska uključena u zonu britanske funte, to je postalo nemoguće. Tako se Banka Irske razvila u jednu od vodećih komercijalnih banaka.

Pojava bankarskih akcionarskih društava predstavljala je veliku inovaciju budući da su se ona pridržavala principa neograničene odgovornosti kako bi pridobila poverenje klijenata u svoj rad. To je nesumnjivo bila prednost u odnosu na privatne bankare koji su imali daleko ograničenije resurse. U isto vreme, sazreli su normativni uslovi. Godine 1820. odlučeno je da bankarska akcionarska društva sa emisionim pravima mogu biti osnovana na teritoriji izvan radiusa od 65 milja oko Dablinia, i ta regulativa ostala je na snazi do 1845. godine.



Scots were said to be at the forefront in its implementation as far as Britain was concerned. Scottish banks are regarded as sporting good management and efficiency, which was claimed to be evident at the end of the 20<sup>th</sup> century. It would be hard to deny that this has been the result of a venerably long tradition of deliberate education of workers about the performance of a whole array of banking services. This tradition ranges as back as 1875 when the Institute of Bankers in Scotland, the first banking education and training institution in the world was established (Cottrell, 1994).

## Banking in Ireland

As was the case elsewhere, the development of banking in Ireland progressed through several phases. Banking became more prominent in the 18<sup>th</sup> century. “Banking market” of the time was dominated by private bankers, who were usually merchants at the same time, a common practice back then. Apart from merchants, these private banking companies were still closely connected with landlords. They usually took part in the financing of increased trade, especially in farm produce. In the mid-18<sup>th</sup> century, many private bankers encountered gross liquidity difficulties because of crisis and many even went bankrupt. Especially hard-hit were those active in international trade. On the basis of this negative experience and with a view to preventing it from reoccurring in the future, authorities intervened. Legislative measures were adopted in 1756, ordering the separation of banking and foreign trade activities. Combining the two types of economic activity was no longer permitted by the law. Mid 1700s also entailed the beginning of the decline of private bankers’ relevance. Their financial strength gradually weakened, economic crisis during the era of Napoleonic Wars took its toll on them as well, forcing many to close down their businesses. The remaining private bankers would join banking stock companies in the following decades as they were uncompetitive, disappearing from the lists of Irish banking companies before the end of the 19<sup>th</sup> century.

On the one hand, the power of private bankers was decreasing, yet on the other, a new structure of banking was rising. Irish, too, were

beginning to know banking stock companies in the first decades of the 19<sup>th</sup> century, i.e., at the time when economic development was somewhat boosted. In addition, it has to be emphasised that Irish banking had developmental characteristics similar to those of the British one. Until the number of stock companies increased, only Bank of Ireland had existed, which had no branches outside Dublin, however. Bank of Ireland was established already in 1783 on the basis of the decree adopted by the Irish parliament, intended to evolve into a sort of an Irish central bank. Therefore, a prerogative of issuing banknotes for the entire Irish territory was conferred upon it. However, the opportunity to implement the prerogative never came and after Ireland had been included into the British Pound zone, this became impossible. Hence, Bank of Ireland developed into an important commercial bank.

The advent of banking stock companies meant a great novelty as they adhered to the principle of unlimited liability so as to bolster customers’ trust in their work. This was undoubtedly an advantage over private bankers who had much more limited resources. At the same time, normative conditions reached maturity. In 1820, it was determined that banking stock companies with issuing rights could be established in the territory beyond the 65-mile radius around Dublin; this regulation remained in force until 1845. Within the 65-mile radius, only those banks that were ready to give up their issuing rights were permitted to conduct business. The government was protecting the interests of “its” Bank of Ireland. The first banking stock companies were created during the period in which Ireland was included in the British Pound zone (1826), which occurred five years after the introduction of a fixed 1:1 exchange rate. Currency dualism, i.e., synchronous use of British and domestic Pound in Ireland would remain entirely normal for a whole century, until 1928 that is - even when Ireland was already an independent republic. Throughout this dual-currency period, banks kept most of their reserves and a substantial part of their assets in British Pounds, with population not lagging far behind in this regard.

Favourable economic conditions and stimulating legal environment enabled the

Unutar radijusa od 65 milja, samo je bankama spremnim da se odreknu svojih emisionih prava bilo dozvoljeno da posluju. Vlada je štitila interes „svoje“ Banke Irske.

Prva bankarska akcionarska društva nastala su u periodu kada je Irska bila deo zone britanske funte (1826), odnosno pet godina posle uvođenja fiksног deviznog kursa 1: 1. Dualni sistem valuta, odnosno istovremeno korišćenje britanske i domaće funte u Irskoj ostaće potpuno normalna stvar tokom čitavog jednog veka, tačnije sve do 1928. godine - čak i u periodu kada je Irska već bila nezavisna republika. Tokom ovog dvovalutnog perioda, banke su čuvale veći deo svojih rezervi i znatan deo svoje aktive u britanskim funtama, a ni stanovništvo nije mnogo zaostajalo u tom pogledu.

Povoljni ekonomski uslovi i stimulativno pravno okruženje omogućili su osnivanje mnogobrojnih akcionarskih društava. Među njima je bilo i sedam banaka koje su održale kontinuitet postojanja u različitim oblicima sve do nedavno ili čak i do današnjeg dana. U periodu bankarske „osnivačke groznice“ (1820-1836), na bankarskom tržištu su se pojavile tri grupe banaka. Prvu grupu su činile banke sa snažnom pozadinom u protestantskim oblastima Severne Irske (Ulster) i sa sedištem u Belfastu. Dve banke, sa katoličkom osnovom, bile su konkurencija Banci Irske u Dablinu, a druge dve bile su, praktično, filijale londonskih banaka.

Prvo bankarsko akcionarsko društvo u Irskoj, Severno bankarsko društvo (*Northern Banking Company*), osnovano je 1824. godine u Belfastu. Oblastima u Severnoj Irskoj nedostajala je tradicija u privatnom bankarstvu, ali su uprkos tome postale pokretač ekonomskog razvoja Irske u prvim decenijama 19. veka. Stoga ne iznenađuje to što su vodeći akcionari obično imali bliske veze sa industrijskim sektorom u razvoju. Godinu dana kasnije, katolički biznismen osnovao je *Hibernian* banku u Dablinu, sa namerom da uspostavi kontrabalanš sa Bankom Irske. Te iste godine, još jedna banka, koja je pripadala trećoj grupi, počela je svoje poslovanje u Belfastu: Pokrajinska banka Irske (*Provincial Bank of Ireland*), čiji akcionari su većinom imali sedište u Londonu, iako je zapravo osnovana sa snažnom podrškom Škotske. Ove tri banke igrale su najznačajniju ulogu u Irskoj

tokom više od jednog veka. Udružile su se u Nacionalnu banku (*National Bank*) (1834), sa namerom da pokriju seoske predele Irske kako bi privukli seosko stanovništvo ka bankarskom poslovanju. Ova banka takođe je imala značajnu ulogu i na engleskom tlu - ne samo u oblastima gde su živeli irski emigranti, već i u samom Londonu. Dve godine kasnije, Kraljevska banka Irske (*Royal Bank of Ireland*) otvorila je svoja vrata klijentima u Dablinu, uživajući snažnu podršku verske zajednice Kvekera (protestantske veroispovesti). Ubrzo potom, u Belfastu je otvorena Ulster banka.



Ulster Bank, Belfast

Tokom decenija, gore pomenute banke prevazišle su stroga lokalna ili regionalna ograničenja i tek nedavno su uspele da prošire svoj obim poslovanja, uglavnom širom Irske. Uprkos tome, neophodno je naglasiti da je seosko stanovništvo dugo vremena bilo na marginama interesovanja banaka. Ove banke su 1836. godine imale preko 130 subsidijara i filijala. Jedna od prepreka na putu ka većoj ekspanziji bankarstva bila je „ideološko-političke“ prirode. Tokom (veoma) dugog perioda, bankarska akcionarska društva u Irskoj bila su taoci partijskih interesa sa religijskom osnovom, odnosno tradicionalnih irskih verskih podela. Upravo iz tog razloga ovde spominjemo istoriju osnivača pojedinih banaka. To je definisalo poslovno okruženje pojedinačnih banaka, ali i ciljnu populaciju. Podela je bila jasna, protestanti posluju sa drugim protestantima, a katolici sa katolicima. Međutim, budući da je ekomska superiornost protestantske zajednice bila očigledna, to nije moglo da ostane bez posledica po bankarski sektor. Tek su tridesetih godina 20. veka katolici konačno ostvarili prevagu.

Da ovo ne bi bilo jednostrano izlaganje koje predstavlja samo uspešne bankarske

establishment of many stock companies. Among them were seven banks which (have) maintained their continuity in various forms to recent past or even to this day. During the era of banking "foundation fever" (1820-1836), three groups of banks entered the banking market. The first group represented banks with a strong background in the Protestant areas of Northern Ireland (Ulster), with headquarters in Belfast. Two, which had a Catholic basis, competed with the Bank of Ireland in Dublin and two additional ones, which were, essentially, branches of London banks.

The first banking stock company in Ireland, the Northern Banking Company, was founded in 1824 in Belfast. Regions in the Northern Ireland lacked any strong tradition of private banking, yet they became the motor of Ireland's economic growth in the first decades of the 19<sup>th</sup> century. Therefore it comes as no surprise that the leading shareholders usually had close ties to the emerging industrial sector. A year later, Catholic businessmen founded Hibernian Bank in Dublin, which was aimed to counterbalance the Bank of Ireland. During that same year, another bank, which belonged to the third group, entered its business path

in Belfast: the Provincial Bank of Ireland, whose majority owners were seated in London, although it was established as having a strong Scottish background. These three banks played the most important role in Ireland for over a century. They were joined by the National Bank (1834), which aimed at covering Irish countryside so as to attract rural population to the banking business. This bank also played an active role on the English soil - not only where Irish emigration lived, but in the London City as well. Two years later, Royal Bank of Ireland opened its doors in Dublin, which had a strong backing in the Quaker religious community (a Protestant denomination). Shortly thereafter, Ulster Bank was opened in Belfast.

In the course of decades, the aforementioned

banks overcame their narrow local or regional limits and have only recently managed to expand their scope of activity usually throughout Ireland. Hereby, it is nevertheless necessary to emphasise that rural population was for a long time on the margins of banks' interest. In 1836, these banks had over 130 subsidiaries and branches. One obstacle in the way of a greater expansion of banking was also an "ideological-political" one. For a (very) long time, Irish banking stock companies were held hostage by partial interests based on religious grounds, i.e., by traditional Irish religious divisions. Exactly because of this, we mention the background of individual banks' establishers. This defined the business environment of individual banks or target populations. The separation was clear, with Protestants doing business with other Protestants and Catholics with Catholics. However, as economic superiority of the Protestant community was apparent, this could not have remained without consequences in the banking domain. Only in the 1930s did the Catholic side finally achieve superiority.

To avoid a one-sided account, mentioning only the banking success stories, bankruptcies that thwarted trust in banking stock companies have to be brought up as well. In 1836, the Agricultural and Commercial Bank of Ireland, also an issuing bank, went bankrupt. Its demise was due to bad management, i.e.,

lack of realistic planning of maturity of debts and liabilities plus reckless monetary issue. The same was true of the Munster Bank in Cork (1864), which initially deliberately expanded its branch network, reaching Dublin as well as it took over the La Touché private bank. However, this success story came to an end after twenty years of business. This bank was renowned for its relatively high deposit interest rates compared to other banks, which was also the cause of its long-term demise in the absence of usual support by the Bank of Ireland. Cork's local environment was severely affected by the loss of its bank, therefore, the founding



priče, moramo spomenuti i bankrotstva koja su uništila poverenje u bankarska akcionarska društva. Poljoprivredna i komercijalna banka Irske (*Agricultural and Commercial Bank of Ireland*), takođe jedna od emisionih banaka, bankrotirala je 1836. godine. Njena propast bila je rezultat lošeg menadžmenta, odnosno nedostatka realističnog planiranja ročnosti dugovanja i obaveza, u kombinaciji sa nepromišljenim emisijama novca. Isto je važilo i za Munster banku (*Munster Bank*) u Korku (1864), koja je prvo bitno ciljano proširila mrežu filijala, došavši do Dablinja i preuzevši privatnu banku *La Touché*. Njena uspešna priča, međutim, završila se posle dvadeset godina poslovanja. Ova banka bila je poznata po svojim relativno visokim kamatnim stopama na depozite u poređenju sa drugim bankama, što je ujedno bio i razlog njene dugoročne propasti u nedostatku uobičajene podrške Banke Irske. Lokalno poslovno okruženje u Korku ozbiljno je bilo pogodjeno gubitkom ove banke, te je tako 1885. godine inicirano osnivanje njene „naslednice“, *Munster and Leinster* banke, sa katoličkom pozadinom. Lekcije naučene na osnovu prethodnih, bolnih iskustava nametnule su veoma opreznu poslovnu politiku novoj banci, zahtevajući pouzdane garancije prilikom odobravanja svakog pojedinačnog kredita. Sem toga, banka je osnovana na principu ograničene odgovornosti, bez prekoračenja iznosa akcionarskog kapitala, što je korak koji su druge banke već bile preduzele. Treba istaći činjenicu da su, tokom 1880-ih godina, bankarska akcionarska društva bila u obavezi da redovno objavljuju svoje godišnje bilanse stanja. Ovim potezom vlasti su želele da izgrade poverenje u banke i da podstaknu menadžment banaka da sprovodi prudentnu poslovnu politiku uz preuzimanje umerenih rizika. Teško da možemo reći da se to nije isplatilo.

Formiranje sistema bankarskih akcionarskih društava pratio je i razvoj mreže lokalnih banaka štedionica. Godine 1836. bilo ih je 79. Nasuprot bankarskim akcionarskim društvima, koja su u relativno retkim slučajevima doživljavala bankrot, banke štedionice su bankrotirale neuporedivo češće. U tom smislu posebno su tipične 1840-te godine, kada se od menadžera banaka štedionica više nije zahtevalo da garantuju rezultate poslovanja sopstvenom

imovinom. To je dovelo do upečatljivih bankrotstava 25 banaka štedionica, iza kojih su ostali mnogobrojni investitori sa gubicima. Stoga je materijalna odgovornost menadžmenta još jednom pooštrena 1848. godine, rezultirajući primetnim smanjenjem broja slučajeva lošeg ili neodgovornog upravljanja. Istovremeno, sredinom 19. veka broj banaka štedionica dostigao je vrhunac. Do Prvog svetskog rata njihov broj je drastično smanjen usled merdžera i prekida poslovanja. Do 1914. godine ostalo ih je samo osam (!). Otuda banke štedionice nisu predstavljale ozbiljnu konkurenčiju bankarskim akcionarskim društvima. Međutim, njihovo poslovanje je imalo nešto većeg uticaja u Ulsteru gde su imale podršku protestantske zajednice, dok su u drugim delovima Irske bile daleko manje primetne.

Ulogu banaka štedionica preuzeila je Banka Poštanska štedionica (*Post Office Savings Banks*), koju su vlasti osnovali 1861. godine. Njeno osnivanje podstaknuto je ne samo opadanjem i neizvesnošću poslovnih aktivnosti banaka štedionica, već prvenstveno smanjenjem njihovog broja. Oslanjanjem na mrežu poštanskih usluga, bili su pokriveni i seoski predeli. Iako je ova poštanska štedionica pružala sigurnost depozita, na drugoj strani je uzrokovala odliv kapitala. Redovno je investirala sve svoje suficie u hartije od vrednosti britanske vlade, kao što su to činile i banke štedionice. Ova praksa je prekinuta tek 1930-ih godina, kada su obveznice irske vlade postepeno zamenile investicije u britansku finansijsku aktivu.

U ovom obliku bankarski sektor Irske opstao je do šezdesetih godina 20. veka kada su velike promene uvedene izmenjenom državnom politikom. Irska se otvorila ka spoljnem svetu, napustivši svoju protekcionističku politiku koja je bila na snazi do tada, što se odnosilo i na bankarski sektor. U drugoj polovini 20. veka, irsko bankarstvo krenulo je stazom osnaživanja sopstvene pozicije u odnosu na nadolazeću stranu konkurenčiju. To je dovelo do perioda merdžera sa ciljem konsolidacije i povećanja tržišnih udela. Formirane su dve velike bankarske grupe. Prva je bila okupljena oko Banke Irske, koja je vremenom preuzeila *Hibernian* banku i poslovne aktivnosti Nacionalne banke u Republici Irskoj. Spajanjem

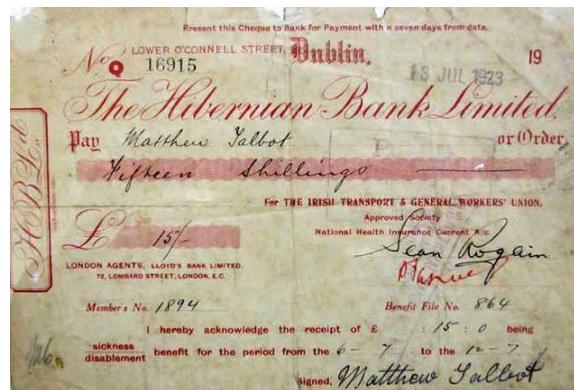
of its “successor”, Munster and Leinster Bank, having a Catholic background, was initiated in 1885. Lessons learnt from previous painful experience dictated a very careful business policy imposed on this new bank, demanding reliable guarantees in exchange for issuing every single loan. In addition, the bank was founded on the limited liability principle, not exceeding the amount of its equity, a move other banks had done before. Noteworthy is the fact that in the 1880s, banking stock companies were obliged to regularly publish their annual balance reports. By this move, the authorities aimed at building trust in banks and encouraging banks’ management to pursue prudent business policies taking moderate risks. We could hardly claim this did not pay off.

The creation of the system of banking stock companies was accompanied by the network of local savings banks as well. In 1836, there were 79. Contrary to banking stock companies whose bankruptcies were relatively rare, savings banks witnessed incomparably more of them. In this regard, 1840s were especially typical as savings banks’ managers were no longer required to guarantee business outcomes with their own property. This led to reverberating bankruptcies of 25 savings banks, leaving behind a large number of investors who suffered damages. Therefore, material liability of management was once again tightened in 1848, resulting in a significant decline in the number of cases of poor or even irresponsible management. At the same time, peak number of savings banks was achieved in the mid-19<sup>th</sup> century. Until World War I, their number had drastically declined because of mergers and business closures. By 1914, as few as eight remained (!). Hence, savings banks represented no serious

competition to banking stock companies. However, their work had a somewhat greater impact in Ulster where they enjoyed support in the Protestant community, whereas in other parts of Ireland, they were much less visible.

The role of savings banks was replaced by the Post Office Savings Bank, which authorities established in 1861. Its founding was stimulated not only by declining and uncertain business activities of savings banks, but primarily the reduction in their numbers. By relying on postal service network, countryside was covered as well. This postal savings bank did provide for safety of deposits, but it also caused capital drain. It regularly invested all of its surpluses into British government securities, as did other savings banks. This practice was only terminated in the 1930s when Irish government bonds gradually replaced investments into British financial assets.

In this form, Irish banking system persisted until 1960s when major changes were brought about by altered government policy. Ireland opened itself outwards, abandoning its protectionist policy that had been in use until then, which included the banking sector as well. In the second half of the 20<sup>th</sup> century, Irish banking entered a path of reinforcing its own position relative to impending foreign competition. This ushered in the era of mergers intended to consolidate and increase market shares. Two large banking groups were formed. The first one was clustered around the Bank of Ireland, which gradually took over Hibernian Bank and business operations of National Bank in the Republic of Ireland. With the merger of Munster and Leinster Bank, Provincial Bank of Ireland and Royal Bank of Ireland, the Allied Irish Bank was created. National Irish



*Munster and Leinster* banke, Pokrajinske banke Irske i Kraljevske banke Irske, nastala je Ujedinjena banka Irske (*Allied Irish Bank*). Nacionalna irska banka (*National Irish Bank*) i Ulster banka takođe su igrale značajnu ulogu. Zahvaljujući ovim procesima spajanja, obogaćen je sadržaj poslovanja, banke su modernizovane u tehnološkom smislu, i proširile su svoju ponudu usluga. Ono što je dodatno podsticalo ovaj proces jeste dekartelizacija bankarskog tržišta, pošto su karteli bili njegova tipična odlika prethodnih decenija. Iako ovaj proces nije bio nimalo jednostavan, već, naprotiv, veoma bolan, omogućio je irskim bankama da zadrže visoke udele na tržištu u poređenju sa udelima subsidijara stranih banaka. Kasnih osamdesetih godina 20. veka, subsidijari američkih banaka imali su 5% tržišnog učešća u najboljem slučaju, dok su banke iz ostalih zemalja tadašnje Evropske zajednice imale 10%. Među njima su engleske banke, svakako, bile najbrojnije, budući da su, istorijski gledano, dugo prisutne u Irskoj zbog preuzimanja izvesnog broja manjih banaka. U to vreme značaj uloge Banke poštanske štedionice i drugih banaka štedionica počeo je da opada. Banke štedionice su se spojile u dve grupe, sa sedištim u Korku i Dablinu, respektivno, i u velikoj meri su proširile mreže svojih filijala tokom 1960-ih godina. Njihov ukupni, zajednički ideo na tržištu do 1985. godine opao je na skromnu jednu desetinu. Pad je posebno bio znatan kada je reč o poštanskoj štedionici. Državne institucije za finansiranje bržeg ruralnog i industrijskog razvoja (Korporacija za poljoprivredne kredite i Društvo za industrijske kredite) prešle su sličan put. Izgleda da su filijale stranih banaka povećavale svoje tržišno učešće upravo na račun finansijskih institucija u državnom vlasništvu.

U prošlom veku prvi put je došlo i do spajanja bankarskog poslovanja i poslova osiguranja. Ne samo da je najveće osiguravajuće društvo u Irskoj (Irsko životno osiguranje - *Irish Life Assurance*) postalo suvlasnik vodećih banaka, već su i same banke otpočinjale poslove osiguranja. One su osnivale sopstvena osiguravajuća društva i počele da nude usluge osiguranja paralelno sa bankarskim uslugama, naročito u oblasti životnog osiguranja. Time su banke ispratile promenu u navikama

stanovništva, koje je imalo tendenciju da sve više i više svoje ušteđevine ulaže u polise životnog osiguranja. Krajem 1980-ih godina, na šeme životnog osiguranja već je odlazila jedna polovina štednje stanovništva. Međutim, internacionalizacija irskog bankarstva nije bila jednostrana, jer su vodeće irske banke potražile mogućnosti zarade u inostranstvu. Krajem osamdesetih, Ujedinjena irska banka i Banka Irske zarađivale su polovinu svog profita u inostranstvu, najviše u Britaniji i Sjedinjenim Državama (McGowan, 1990).

## Zaključak

Bankarstvo u Britaniji, čija su raznolikost i veličina u smislu organizacije i obima poslovanja izuzetni, karakteristično je po svom razvoju koji se zasebno odvijao po regionima čak i tokom dobrog dela 20. veka. Između bankarstva u Engleskoj, Škotskoj i Irskoj postojale su značajne razlike. Sa jedne strane, to je bilo uzrokovano različitim društvenim i ekonomskim strukturama pojedinih regiona, a sa druge, razlikama u kulturi administracije. Unutar ovakve strukture, irsko bankarstvo bilo je u slabijoj poziciji. Nasuprot tome, rivalitet između bankarstva u Škotskoj i Engleskoj bio je očigledan, pri čemu se škotsko bankarstvo smatra vodećim kada je reč o inovacijama i konsolidaciji bankarskog poslovanja. Staviše, treba naglasiti da je na Britanskim ostrvima postojala dualna bankarska struktura, slična onoj u Holadniji i Francuskoj, koje su takođe bile kolonijalne sile i koje su igrale ulogu međunarodnih finansijera. U Britaniji je postojala jedva transparentna mreža banaka, privatnih, ličnih kompanija, akcionarskih društava i slično, koje su poslovale isključivo sa prekomorskim teritorijama, kontinentalnom Evropom ili kolonijama. Upravo to su bile banke preko kojih bi Britanci ponekad investirali više od polovine svoje ušteđevine u inostranstvo. Region u kome su ove banke poslovale bio je čitav svet, jer je Britanija za njih bila suviše mala. I upravo su te banke učinile London svetskim finansijskim centrom zahvaljujući svom globalnom pristupu, pretvorivši London u mesto na kome se odlučivalo o sudbinama vladara, čitavih država, ali i običnih ljudi.

Moderni oblici bankarstva javili su se krajem

Bank and Ulster Bank also played an important role. With this merger process, the contents of business was enriched, banks underwent technological modernisations and expanded their service offers. This process was also stimulated by the de-cartelisation of the banking market, which had been a typical trait of the preceding decades. This process was not at all straightforward, it was rather painful, yet it allowed Irish banks to retain high market shares compared to those of subsidiaries of foreign banks. In the late 1980s, subsidiaries of American banks had a 5%-market share at most, whereas banks from the rest of the then European Community had 10 %. Among the latter, English banks of course constituted the majority, as they had had a long history of presence in Ireland due to takeovers of certain smaller banks. At that time, the role of the Post Office Savings Bank and that of other savings banks started to decline as well. The latter had merged into two groups seated in Cork and Dublin, respectively, and had greatly expanded their branch networks in the 1960s. Their joint total market share had decreased to a modest one-tenth by 1985. The decrease was especially significant with the postal savings bank. State institutions for financing faster rural and industrial development (Agricultural Credit Corporation and Industrial Credit Company) also followed a similar path. It seems that branches of foreign banks were increasing their market shares exactly at the expense of state-owned financial institutions.

The past century also introduced the convergence of banking and insurance business. Not only did the largest Irish insurance company (Irish Life Assurance) become a co-owner of the largest banks, but even the banks themselves entered the insurance business. They established their own insurance companies and began offering insurance services alongside banking ones, especially in the field of life insurance. In this manner, banks followed the change in population's habits, whose tendency was to invest more and more of its savings into life insurance policies. At the end of the 1980s,



life insurance schemes already absorbed one half of people's savings. However, the internationalisation of Irish banking was not one-sided as the largest Irish banks sought profits abroad. In the late 1980s, Allied Irish Bank and Bank of Ireland earned up to a half of their profits abroad, especially in Britain and the United States of America (McGowan, 1990).

## Conclusion

Banking in Britain, whose diversity and size in terms of organisation and scope of business are exceptional, is characteristic for its regionally cleavaged development well into the 20<sup>th</sup> century. Marked differences existed between English, Scottish and Irish banking. On the one hand, this was due to differing social and economic structures of individual regions and on the other, a consequence of differences in administrative culture. Within this structure, Irish banking was the weaker side. On the contrary, though, rivalry between Scottish and English banking was evident, whereby Scottish banking was allegedly the leading one in terms of innovation and consolidation of banking business. Furthermore, it needs to be stressed that in the British Isles, a dual banking structure used to exist, much like in the Netherlands and in France, which were colonial powers as well and played the role of international financers. In Britain, there was a hardly transparent network of banks, private, personal, stock companies, etc., which conducted business exclusively with overseas territories, mainland Europe or colonies. Exactly these were the banks through which the British would at times invest over one half of their own savings abroad. Business environment of these banks was the entire world as Britain was not enough for them. These were also the banks that, by their global approach to business, made London a world financial capital where fates of rulers, whole countries and, last but not least, of ordinary individuals were determined.

Modern forms of banking started to appear towards the end of the 17<sup>th</sup> and in the early

17. i početkom 18. veka. Od tada se razvoj bankarstva može podeliti u tri glavna perioda. Prvi je trajao do poslednjih decenija 19. veka i može se označiti kao period „ruralnih banaka“. Mnoštvo malih banaka, budući da velike još uvek nisu proširile mreže svojih filijala, zadovoljavalo je tražnju za kreditima na lokalnim monetarnim tržištima unutar pojedinih regionalnih i gradova. Drugi period počeo je krajem 19. veka i trajao do šezdesetih godina 20. veka. Bio je to period strukturalne i tržišne konsolidacije. Tokom ovog perioda velike banke su uspele da uspostave široke mreže lokalnih filijala, kao i da zauzmu aktivnu ulogu u inostranstvu. Na taj način ograničavale su prostor kod kuće, u kome su poslovale male banke, dominantne u prethodnom periodu. Stoga su manje banke bile primorane ili da se udružuju međusobno ili da se udružuju sa većim i snažnijim konkurentima. Treći period počeo je u drugoj polovini 20.

veka, kada su banke morale da prođu proces restrukturiranja, pri čemu su neke od većih banaka postale globalne. Tokom tog perioda, banke su bile svedoci sve veće konkurentnosti na domaćem terenu, uzrokovane liberalizacijom i deregulacijom bankarskog poslovanja na međunarodnom nivou. Na britanskom tržištu su se takođe pojavile strane banke, naročito banke regulatori, takozvane „banke štedionice“ osnažene su zahvaljujući međusobnim vezama, dok su, u slučaju Engleske, tržište depozita preplavile brojne građevinske kompanije čija su osnovna delatnost bile hipoteke i koje su postepeno evoluirale skoro do nivoa pravih komercijalnih banaka. U isto vreme, došlo je do izrazitog produbljivanja i širenja bankarskog poslovanja sa rezidentima, kao i ekspanzije ostalih bankarskih aktivnosti u oblasti takozvanog investicionog bankarstva.

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18<sup>th</sup> century. From then on, development of banking can be divided into three main eras. The first one lasted until the final decades of the 19<sup>th</sup> century and can be designated the era of "rural banks". A multitude of small banks, as the large ones had not yet spread their branch networks out wide, met the credit demand on local monetary markets within individual regions and towns. The second era began prior to the end of the 19<sup>th</sup> century and lasted until the 1960s. This was an era of structural and market consolidation. During this period, large banks managed to set up wide domestic branch networks, as well as to play active roles abroad. In this manner, they were confining the space at home in which small banks, which had been predominant in the preceding era, were operating. Smaller banks were thus forced either to join forces or to join larger and stronger competitors. The third era began in the second

half of the 20<sup>th</sup> century, as banks were forced to undergo restructuring, with some of the large ones becoming global banks. During this period, banks witnessed increased competition on their home ground because of liberalisation and deregulation of banking business at the international level. British market was entered by foreign banks as well, specially regulating banks, the so-called "trustee savings banks" were reinforced by mutual connections and, in the case of England, the deposit market was infused by numerous construction companies whose primary business were mortgage loans and which gradually evolved into almost true commercial banks. At the same time, outstanding deepening and broadening of banking business with residents and expansion of other banking activities in the realm of the so-called investment banking took place.

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UDK 06.068NOBEL::330"1993" ; 330.11Nort Daglas

*Daglas Nort*

*Nobelova nagrada za 1993.*

# VELIKAN EKONOMSKE MISLI 20. VEKA

## Rezime

Daglas Nort i Robert Fogel dobili su Nobelovu nagradu iz ekonomije 1993. godine za obnavljanje istraživanja ekonomske istorije uz primenu ekonomske teorije i kvantitativnih metoda u cilju objašnjenja ekonomske i institucionalne promene. Daglas Nort se rodio 1920. godine u Kembridžu, Masačusets, SAD. Završio je Kalifornija univerzitet u Berkliju. Studirao je političke nauke, filozofiju i ekonomiju, a doktorirao na Vašingtonskom univerzitetu. Šezdesetih godina prošlog veka pokrenuo je dodiplomske studije ekonomske istorije na Univerzitetu Vašington u Sijetlu, gde će kao profesor ostati sve do 1983. godine, kada prelazi na Vašingtonski univerzitet u Sent Luisu. Prelazak na drugi fakultet pokazao se kao dobar poslovni potez jer ga je tu sačekala grupa mladih politikologa i ekonomista koji su pokušavali da razviju nove modele političke ekonomije. Uz njihovu pomoć stvorio je Centar za političku ekonomiju, koji i danas funkcioniše kao kreativni istraživački centar. Nort je jedan od najznačajnijih ekonomista 20. veka, čiji uticaj i doprinos ekonomskoj misli nije ništa manji ni u ovom 21. veku.

**Ključne reči:** Daglas Nort, Nobelova nagrada, ekonomija, Kalifornija, univerzitet, Berkli, Vašingtonski univerzitet, Sent Luis, neoklasizam, društvo, informacija, kreativnost, konkurenca

JEL: B31, B52, D70, O43

Douglass North

Nobel Prize for 1993



# GREAT ECONOMIC THINKER OF THE 20<sup>th</sup> CENTURY

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## Summary

Douglass North and Robert Fogel won the 1993 Nobel Memorial Prize in Economic Sciences for having renewed research in economic history by applying economic theory and quantitative methods in order to explain economic and institutional change. Douglass North was born in 1920 in Cambridge, Massachusetts (USA). He graduated from the University of California at Berkeley. He studied political science, philosophy and economics, and gained his PhD at the University of Washington. In the 1960s he launched an undergraduate program for economic history studies at the University of Washington in Seattle, where he taught as a professor until 1983, when he moved to Washington University in St. Louis. The shift to another university turned out to be a felicitous move given that there he met a group of young political scientists and economists who were attempting to develop new models of political economy. With their help, he established the Center in Political Economy, which continued to be a creative research center. North is one of the most significant economists in the 20<sup>th</sup> century, his contribution to the economic thought being just as great in the 21<sup>st</sup> century.

**Key words:** Douglass North, Nobel Prize, economics, California University, Berkley, University of Washington, St. Louis, neoclassicism, society, information, creativity, competition.

JEL: B31, B52, D70, O43

Daglas Nort i Robert Fogel dobili su Nobelovu nagradu iz ekonomije 1993. godine za obnavljanje istraživanja ekonomske istorije uz primenu ekonomske teorije i kvantitativnih metoda u cilju objašnjenja ekonomske i institucionalne promene.

## Biografija

Porodica Nort živila je nadomak Kembridža (Massachusetts, SAD) gde se 1920. godine rodio Daglas. Naime, Daglasov otac bio je direktor osiguravajućeg društva Metropoliten i sa porodicom se zbog posla mnogo selio. Daglas, treće najmlađe dete u porodici, promenio je zbog toga više škola. Osnovnu školu je pohađao u Konektikatu, Otavi (Kanada), Lozani (Švajcarska), Njujorku i Long Ajlendu, a srednju školu je završio u Konektikatu. U srednjoj školi počeo je da se bavi fotografisanjem, a veliki podstrek su mu bile nagrade koje je dobijao za svoje fotografije. Na njegova buduća interesovanja i obrazovanje najviše je uticala majka, inteligentna, interesantna i radoznala osoba, potom tetka i teča, koji su ga uveli u svet klasične muzike. Tetka i danas zauzima posebno mesto u Daglasovom životu.

Studirao je političke nauke, filozofiju i ekonomiju na Kalifornija univerzitetu u Berkliju gde će postati ubeđeni marksista angažujući se u mnogim studentskim aktivnostima ove političke opcije. Bio je osrednji student koji je želeo da studije nastavi na pravnom fakultetu, ali ga je u tome omeo Drugi svetski rat. Tada dolazi do razlaza sa komunistima jer je bio protiv rata i ubijanja. Zbog toga se, kada je završio Berkli, opredelio za mornaricu gde je ostao tri godine.



Zavoleo je brodski život, a slobodno vreme provodio u čitanju, pre svega štiva iz ekonomije. Uz ova angažovanja bavio se i fotografisanjem migranata. Radio je sa Doroteom Lange koja je bila rukovodilac sektora za fotografiju pri Administraciji za bezbednost u poljoprivredi, i koja ga je ubeđivala da njegova životna preokupacija treba da ostane fotografija dok je njen muž, koji je radio na Ekonomskom fakultetu Univerziteta u Kaliforniji, smatrao da Daglas treba da postane ekonomista. Nort se opredelio za ovu drugu opciju i upisao postdiplomske studije ekonomije na Berkliju. Želja mu je bila da uz pomoć ekonomske nauke dođe do napretka društva. Verovao je da će spoznajom šta određuje uspešnost privrede kroz vreme poboljšati njen učinak. Taj cilj nikada nije izgubio iz vida.

Najveći uticaj na Daglasa kao postdiplomca imali su profesori Robert Brejdi, Leo Rogin i M. M. Najt. Daglasov mentor bio je M. M. Najt, profesor sa izvrsnim poznavanjem činjenica, ali i velikim iskustvom iz ekonomske istorije. Tokom ovih studija Daglas je naučio mnogo činjenica, ali nije u potpunosti spoznao suštinu ekonomske teorije. Kada se zaposlio na Vašington Univerzitetu u Sijetlu, svoje slobodno vreme je provodio igrajući šah sa Donom Gordonom, brilljantnim mladim teoretičarem. Za tri godine svakodnevног igranja šaha Daglas kaže: "Možda sam tukao Dana u šahu, ali me je on naučio ekonomskoj teoriji i tome kako da razmišljam kao ekonomista, veštini koja je možda najznačajnije umeće koje sam stekao." Svoju disertaciju posvetio je istoriji životnog osiguranja u SAD.

Daglas je postao stipendista Saveta za istraživanja u oblasti društvenih nauka. Sledeće godine su mu bile veoma produktivne, kada je imao uspešnu saradnju sa poznatim svetskim ekonomistima Jozefom Šumpeterom, Sajmonom Kuznjecovim i mnogim drugim. Od 1956 do 1957. godine radio je kao naučni saradnik u Nacionalnom birou za ekonomska istraživanja, da bi 1966. i 1967. godinu proveo kao stipendista na Ford fakultetu u Ženevi. Tih šezdesetih godina

Douglass North and Robert Fogel won the 1993 Nobel Memorial Prize in Economic Sciences for having renewed research in economic history by applying economic theory and quantitative methods in order to explain economic and institutional change.

## Biography

The North's family lived in the vicinity of Cambridge (Massachusetts, USA), where Douglass was born in 1920. Douglass's father was a manager at the Metropolitan Life Insurance Company, and as a result of his business the family moved a number of times. The third, youngest child in the family, Douglass changed several schools due to this. He attended elementary school in Connecticut, Ottawa (Canada), Lausanne (Switzerland), New York and Long Island, and completed his high school education in Connecticut. It was at high school that he became interested in photography, and the prizes he won for his photographs served as a major encouragement. His future interests and education were mostly influenced by his mother, an intelligent, exciting and intellectually curious person, but also by his aunt and uncle, who introduced him to the world of classical music. His aunt continues to play a very special role in Douglass's life even today.

Douglass studied political science, philosophy and economics at the University of California at Berkeley, where he became a convinced Marxist and engaged in a variety of student activities concerning this political option. He was a mediocre student who hoped to go to law school, but this was thwarted by the outbreak of the Second World War. It was then that he parted with the communists, because he had strong feelings against the war and killing. This was why, after he graduated from Berkley, he joined the Merchant Marine, where he spent three years.



He enjoyed the life at sea, and spent his free time reading, mostly books in the field of economics. In addition, Douglass dealt with photographing migrants. He worked with Dorothea Lange, head of the photographic division of the Farm Security Administration, who tried to persuade him to choose photography as his life preoccupation, whereas her husband, working in the economics department at the University of California, thought that Douglass should become an economist. North chose the latter option, and enrolled at the postgraduate studies of economics at Berkley. His intention was to improve societies by means of economic science. He believed that the understanding of what determined the performance of economies through time can actually improve their performance in the future. He has never lost sight of that objective.

Douglass's most influential professors were Robert Brady, Leo Rogin and M. M. Knight. M. M. Knight was his mentor, a professor with exquisite knowledge of the facts, but also with huge experience in economic history. During his studies, Douglass learned a lot of facts, but he did not acquire a real understanding of economic theory. When he got a job at the University of Washington in Seattle, he spent his free hours playing chess with Don Gordon, a brilliant young theorist. In the three years of playing chess every day, as Douglass himself says: "...I may have beaten Don at chess, but he taught me economics and how to reason like an economist, and that skill is still perhaps the most important set of tools that I have acquired." Douglass dedicated his PhD dissertation to the history of life insurance in the United States.

Soon he was granted a Social Science Research Council Fellowship. The following years were rather productive, and Douglass developed successful cooperation with the leading world economists, including Joseph Schumpeter, Simon Kuznets, and many

pokrenuo je dodiplomske studije ekonomiske istorije na Univerzitetu Vašington u Sijetu, gde će kao profesor ostati sve do 1983. godine, kada prelazi na Vašingtonski univerzitet u Sent Luisu. Prelazak na drugi fakultet pokazao se kao dobar poslovni potez jer ga je tu sačekala grupa mladih politikologa i ekonomista koji su pokušavali da razviju nove modele političke ekonomije. Uz njihovu pomoć osnovao je centar političke ekonomije koji i danas funkcioniše kao kreativni istraživački centar.

Daglas Nort se prvi put oženio 1944. godine. U tom braku dobio je tri sina: Daglasa, Kristofera i Malkolma, koji su rođeni u periodu 1951-57. godine. Kada su deca krenula u školu, njegova žena je počela da se bavi politikom i postala uspešna u tom poslu u državi Vašington. Drugi brak sklopio je 1972. godine sa Elizabetom koja je postala njegov životni pratilec, ali i partner u projektima i programima, kritičar i urednik.

Život Daglasa Norta, međutim, nije ispunjen samo naučnim radom i istraživanjima, iako oni jesu njegova osnovna preokupacija. Stratan je fotograf, lovac i ribolovac, okrenut prijateljima sa kojima uživa u nabrojanim hobijima. Osim toga, obožava muziku, koja je uvek bila vrlo važna u njegovom životu, dobri hranu i vino. U jednom periodu svog života imao je i avion, te mu je i pilotiranje bio jedan od brojnih hobija.

## Naučni rad

Daglas Nort je jedan od najznačajnijih ekonomista 20. veka čiji uticaj i doprinos ekonomskoj misli nije ništa manji ni u ovom 21. veku. Odlučujući intelektualni preokret kod Norta desio se sedamdesetih godina prošlog veka kada je počeo da shvata da neoklasična teorija ne može da objasni promene koje su se desile u evropskim zemljama od srednjeg veka. Korak dalje u preispitivanju neoklasike učinio je u koautorskoj knjizi sa Lensom Dejvisom *Institucionalne promene i ekonomski razvoj u Americi* (1971.) i sa koautorom Robertom Tomasom *Uspon Zapada: Nova ekonomika istorija* (1973.). Osam godina kasnije, u knjizi *Strukture i promene kroz ekonomsku istoriju*, Nort napušta stav da su ustanove po definiciji efikasne i proučava zašto se u nekim zemljama održavaju neefikasna pravila i ustanove. U tumačenjima koja je davao provejavali su elementi neoklasike

sa čijom teorijom je Nort sporo i teško raskidao. Tek je sa knjigom *Institucije, institucionalne promene i ekonomski učinak*, iz 1990. godine, Nort sasvim napustio neoklasičnu doktrinu.

Po Nortovom mišljenju, društva se međusobno udaljavaju tokom istorijskog razvoja umesto da konvergiraju zato što različita društva imaju različita pravila igre. Vlade u skladu sa raznim običajima, ideologijama i interesima stvaraju različita pravila igre u okviru kojih su različite mogućnosti da se (ne) poštuju: život, vlasnička prava, sloboda ugovora, trgovinsko sudstvo, arbitraže. Državna potrošnja u zemljama ima različitu visinu, što utiče na visinu transakcionih troškova. Zemlje trećeg sveta su siromašne zato što institucionalna ograničenja definišu skup ishoda za političku/ekonomsku aktivnost koja ne podstiču produktivnu aktivnost.

"Ideje, dogme, običaji i ideologije oblikuju subjektivna mentalna stanja i procese, koje pojedinci koriste da bi protumačili pojave sa kojima se suočavaju i da bi napravili sopstvene izbore. Proces učenja je, prema Nortu, funkcija dve stvari. Prvo, načina na koji struktura

**GF:** Gledajući svet danas, šta vas najviše uznamirava?

**DN:** ... Optimistično verujem da postoje rešenja za naše probleme, samo nisam optimista po pitanju toga da li ćemo ta rešenja pronaći i sprovesti. Čini se da Vlada (SAD) nije toliko inventivna. Mediji su dvosekli mač, koji podjednako informišu i dezinformišu. Ekonomija je danas dosadna. Postoje neki novi glasovi u oblasti institucionalne ekonomije, ali većina istraživanja je veoma formalna i bazirana na matematici. Ne bavi se pitanjem kako pronaći dalji put.

Ne znamo šta bi moglo da uspe, jer nismo živeli u svetu kao što je ovaj. Svet koji je otvoren za konkurenčiju je nesiguran svet. Ljudskom biću se ne dopada da bude nesigurno i zbog toga preduzima mere da odstrani nesigurnost, što ima efekat smanjenja kreativnosti.

(Iz intervjua Gejl Fosler Grupacije sa Glasom Nortom pod naslovom "Kuda dalje?", objavljenog 16.11.2010.)

others. In 1956-1957 he worked as a research associate at the National Bureau of Economic Research, and in 1966-1967 he went off to Geneva as a Ford Faculty Fellow. In the 1960s he launched an undergraduate program for economic history studies at the University of Washington in Seattle, where he taught as a professor until 1983, when he moved to Washington University in St. Louis. The shift to another university turned out to be a felicitous move given that there he met a group of young political scientists and economists who were attempting to develop new models of political economy. With their help, he established the Center in Political Economy, which continued to be a creative research center.

Douglass North married for the first time in 1944. He and his wife had three sons, Douglass, Christopher and Malcolm, born between 1951 and 1957. After the boys were in school, his wife became a successful politician in the Washington State. In 1972 Douglass married again, to Elisabeth Case, who continues to be his life companion, but also a partner in the projects and programs, critic and editor.

**GF:** *In looking at the world of today, what disturbs you most?*

**DN:** ... I am optimistic that there are solutions to our problems; I am just not optimistic that we will find and implement them. The (US) Government seems to be less innovative. The media is a two-edged sword, both informing and dis-informing. Economics is boring at the moment. There are a few voices in the new institutional economics field, but most of the research is highly formalistic and mathematical. It doesn't address the issues of how we find our way forward.

We don't know what is going to work because we have never lived in a world like this. The world that is open to competition is an insecure world. Human beings dislike being insecure and, therefore, take actions to cut off insecurity, which has the effect of reducing creativity.

*(From the Gail Fosler Group interview with Douglass North, titled "Where Do We Go From Here", published on 16.11.2010)*

The life of Douglass North, however, has not been filled just by scientific work and research, although that has been the fundamental focus of his life. In addition, he is a photographer, hunter and fisherman, enjoying his many hobbies with his friends. He also loves music, which has always been an important part of his life. He enjoys good food and wine. At one point of his life, he had an airplane, and learning how to fly it was also on the list of his hobbies.

## Scientific Work

North is one of the most significant economists in the 20<sup>th</sup> century, his contribution to the economic thought being just as great in the 21<sup>st</sup> century. The decisive intellectual shift in North's thinking occurred in the 1970s, when he started to realize that neo-classical economic theory cannot explain the changes that had characterized European economies from medieval times onward. A step further in researching neo-classicism were his two books: co-authored with Lance Davis, *Institutional Change and American Economic Growth* (1971), and, co-authored with Robert Thomas, *The Rise of the Western World: A New Economic History* (1973). Eight years later, in his book *Structure and Change in Economic History*, North abandoned his view that institutions are, by definition, efficient, and started investigating why in some economies inefficient rules and institutions persist. The interpretations he provided contained some traces of neo-classical elements, showing that the break-up with this theory was slow and difficult for North. It was only in his book *Institutions, Institutional Change and Economic Performance*, published in 1990, that North completely abandoned the neo-classical doctrine.

According to North's opinion, instead of converging, societies mutually diverge in the course of historic development, because different societies have different rules of the game. In line with various customs, ideologies and interests, the governments create different rules of the game, within which there are different possibilities to (dis)respect: life, ownership rights, freedom of contract, mercantile courts, arbitrages. Public consumption varies in different economies, which in turn affects the

usvojenih verovanja filtrira informacije koje se stiču iskustvom. Drugo, različitih iskustava sa kojima se pojedinci susreću u raznim društвима i raznim vremenima. Mentalni procesi počinju na nivou pojedinca, ali ako su pojedinci na nekoj teritoriji izloženi čudnim shvatanjima i skućenim mogućnostima izbora, oni će kao društvo težiti da donose odluke koje imaju dalekosežne loše posledice. Naravno, oni suočeni sa permisivnjim okruženjem i liberalnijom percepcijom imaju mnogo bolje šanse. U osnovi odatle, od neformalnih ustanova počinju da se grade društveni izbori koji mogu biti uspešne priče, katastrofe ili nešto između...

Ako u društвима ne dolazi do nužnih promena i inovacija, to je stoga što institucionalna i organizaciona struktura tih društава na daje podsticaje za takvo nešto. Ta društva ћe stagnirati ili propadati sve dok se pravila igre ne promene, tako da stimulišu rad, inovaciju i uspeh, a kažnjavaju nerad, mediokritetstvo i neuspeh. Naravno, ponekad mogu proteći vekovi dok se takve promene ne dese, što se lepo vidi iz mnogih Nortovih, ali i ne samo iz njegovih analiza." (M. Prokopijević).

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transaction costs. The third-world countries are poor because the institutional limitations define a group of outcomes (payoffs) for political/economic activity that do not encourage production activity.

"Ideas, dogmas, customs and ideologies shape the subjective mental states and processes, used by individuals to interpret the phenomena they are facing and to make their own choices. The learning process, according to North, is a function of two things. Firstly, the manner in which the structure of adopted beliefs filters information gained through experience. Secondly, various experiences which individuals acquire in different societies and different times. Mental processes start at the level of an individual, but, if the individuals in a certain territory are exposed to weird beliefs and limited possibilities of choice, they, as a society, will tend to make decisions with

generally bad repercussions in the long run. Naturally, those faced with a more permissive environment and more liberal perception will stand a much better chance. Therefore, it is from informal institutions that the social choices begin to be constructed, either as successful stories, catastrophes, or something in between..."

If societies do not experience the necessary changes and innovations, this is due to the fact that institutional and organizational structure of these societies does not encourage such line of developments. Such societies will stagnate or deteriorate until the rules of the game are changed, so as to stimulate labour, innovation and success, and penalize idleness, mediocrity and failure. Naturally, sometimes it may take centuries for these changes to take place, which is easily seen from many analyses conducted by economists, including North." (M. Prokopijevic)