



Money Changes Everything: How Finance Made Civilization Possible

William N. Goetzmann

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"[A] magnificent history of money and finance."--*New York Times Book Review*

"Convincingly makes the case that finance is a change-maker of change-makers."--*Financial Times*

In the aftermath of recent financial crises, it's easy to see finance as a wrecking ball: something that destroys fortunes and jobs, and undermines governments and banks. In *Money Changes Everything*, leading financial historian William Goetzmann argues the exact opposite--that the development of finance has made the growth of civilizations possible. Goetzmann explains that finance is a time machine, a technology that allows us to move value forward and backward through time; and that this innovation has changed the very way we think about and plan for the future. He shows how finance was present at key moments in history: driving the invention of writing in ancient Mesopotamia, spurring the classical civilizations of Greece and Rome to become great empires, determining the rise and fall of dynasties in imperial China, and underwriting the trade expeditions that led Europeans to the New World. He also demonstrates how the apparatus we associate with a modern economy--stock markets, lines of credit, complex financial products, and international trade--were repeatedly developed, forgotten, and reinvented over the course of human history.

Exploring the critical role of finance over the millennia, and around the world, Goetzmann details how wondrous financial technologies and institutions--money, bonds, banks, corporations, and more--have helped urban centers to expand and cultures to flourish. And it's not done reshaping our lives, as Goetzmann considers the challenges we face in the future, such as how to use the power of finance to care for an aging and expanding population.

Money Changes Everything presents a fascinating look into the way that finance has steered the course of history.

Money Changes Everything: How Finance Made Civilization Possible Details

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From Reader Review Money Changes Everything: How Finance Made Civilization Possible for online ebook

Zhi Wei Lee says

Excellent read for the early history of finance and its impact on the wider political economy. Wonderfully detailed and backed by extensive research. A very heavy read, but in chunks it is very much accessible to the layperson.

Brian says

Fascinating look at how finance and credit spurred innovation through history. It was the Rialto, not the canals, that spurred Venice to prominence.

Brishen says

This is a book that changed my thoughts on what money and finance really is. To be honest, I started out disappointed, thinking that I'd bought a book that was going to explain money to me and instead was going on and on about credit and other financial innovations that people came up with over the past few thousand years. It was only after time that I started to put together that this was all money: that you can't disentangle finance and money because they are one and the same part of the process of bringing together the far flung regions of the world, the past, and all possible states of the future, to the here and now. Highly recommend.

Edward Lau says

Best book ever for history + finance. It's amazing how intertwined global events are with finance. Those who don't know history will repeat the same mistakes. How true does this ring.

Laura Spira says

This is an astonishing book. I wish it had been available when I first started studying finance and I wish my students over many years had been able to read it. The author does a truly amazing job of demonstrating how finance and civilisation are intertwined, showing how vitally important finance has been throughout history. It is, in effect, a history of the world from the perspective of finance. The underpinning research is extensive and a dedicated reader will find it easy to follow up points of interest in depth. But the author wears his scholarship lightly: it is an immensely readable book, well written, impressively structured to retain the non-specialist reader's interest. Highly recommended.

(I received an electronic copy via Netgalley)

Jonathan says

William Goetzmann's "Money Changes Everything" offers a sweeping history of the role of finance and financial innovations in social complexification, from ancient Mesopotamia to the post-war West. The book is well-researched, reasonably accessible (albeit still jargon-heavy by the nature of the topic), and interesting.

I would have been interested in more analysis of the last hundred years, which are really underdiscussed in Goetzmann's account. The post-1970s "financialization" of the economy deserves far more attention, although it would risk challenging the narrative of "civilizational advancement" in some regards. Goetzmann doesn't deny that finance has had some less than honorable elements to its history (such as the connection with slavery), but he largely sidelines this, choosing not to look at the social and environmental impacts that the charters and calculations have had. Reading "Money Changes Everything," one realizes how much more there is to "everything" than what Goetzmann discusses, and the way finance empowers some groups over others (both within and between countries), creates class systems, entrenches power structures, and shapes political processes is as much a part of how "everything changed" than the developments in finance *as a practice*.

Dan says

This is an amazing read! The breadth and depth covered by Goetzmann is incredible. This book brings to light how the very fabric of the world in which we operate in has, to large extent, been woven by the economic thoughts of powerful minds through the ages. Tempting to read again..

Antonio Vena says

Un bellissimo libro sul ruolo della tecnologia finanziaria nello spingere una comunità a trasformarsi in una civilizzazione e proprio nel creare accelerazione tecnologica e soprattutto prosperità.

Un excursus completo dai Sumeri alla tecnofinanza eccezionale.

Ottima la dialettica tra democrazia e sistema finanziario.

L'autore fa un po' lo gnorri sui crimini finanziari gravissimi nella crisi del 2008, forse considerati un male inevitabile nella corsa verso il futuro.

Dopo questo aspetto Taleb e Skin in the game.

Pete says

Money Changes Everything: How Finance Made Civilization Possible (2016) by William N Goetzmann is a very impressive book that looks at how finance has evolved through history. The book does a great job in explaining how important financial developments have been for the development of the world.

The book is broken into sections that look at ancient Mesopotamian finance, ancient Greek finance, Roman

finance, Chinese finance, the changes to modern finance in Europe that helped Europe explore and dominate the world and how modern finance has become global.

Goetzmann is a professor of finance and management studies at Yale and is an expert on the history of finance.

The sections on the ancient world show how important the development of finance was to the development of math and how important it was for cities and empires to employ finance. It was startling to discover that 90% of the records recovered from some Mesopotamian cities were financial records.

The sections on Roman and Greek finance showed how large cities could use finance to get their food supplies and what sort of laws were required. The section on Chinese finance is also remarkable and shows how Chinese rulers used coins and then paper money.

The section on the development of European financial developments from the twelfth century onward is fantastic. Making the point that Hindu-Arabic numerals were popularised in the Liber Abaci is very much worthwhile. The trading of bills of exchange, then the creation of companies and stock market booms and bubble is very well explained.

The weakest part of the book is the modern section where oddly Marx and Ayn Rand's contribution to finance is pondered. While Marx is certainly an important figure in history it's odd to have in the book. The book also has quite a bit on Keynes. Keynes is more justified but still it's somewhat odd.

Shivam Kejriwal says

Probably among the best books I have ever read. I would recommend it to anyone interested in getting an economic overview of history. The author has managed to make a relative dry and intense topic an easy read.

Michael Garrett says

Almost everything anyone would want to know about the history of finance and about the study of the history of finance. And that includes a lot that any one reader doesn't care to know, as it takes broad leaps across time and disparate civilizations.

Robbert Manders says

Could have been a third thinner.

Daniel says

What makes civilisation possible? Goetzmann posited that it is money or finance. Financial innovation was the key ingredient that made human progress thus civilisation possible.

The main problem, is how for any one person or company afford the huge investment that makes huge projects possible? In Mesopotamia, we first had loans and bookkeeping so farmers could borrow money to buy seeds and employ labor, to pay back with interest once harvest was done.

Greece and Rome were powerful because they had access to metal mines that provided precious metals to make coins that effectively expanded their money supply, and all countries accepted the metals for trade. Greece also invented pooling of money to finance trade voyages with detailed contracts and a functional court to mediate disputes. The Chinese however first invented paper money backed by banks or governments.

The Templars built stations all across Europe to the middle east to enable the invention of Traveller's cheque where one could deposit their money in Europe and withdrew alone the way and at the destination. The Chinese invented similar country wide banking stations.

The Venice government issued bonds that paid interest to finance its wars. It always repaid and so had good credits. Monarchs who did not repay their creditors found themselves shut out of the credit market.

Amsterdam and subsequently London used the publicly sold bonds to finance their empires, fought wars and colonised. The horrible American slave trade and Opium trade were prime examples of the exploits.

Europe prospered mainly because of financial innovation from the study of risks (from gambling), enabling them to sell insurance and annuities.

In America shares were favoured over bonds and this allowed publicly traded companies to be formed that built the railways, ports etc. Unfortunately in China the government controlled all the resources and thus lagged behind in this amazing financial technology.

And then there was modern finance, with securitization that was supposed to spread risk and further allowed investors to invest their money. Then new theories such as efficient market theorem that enabled the calculation of option prices appeared.

Throughout history, the wisdom of crowds sometimes turned into the madness of mobs and over-enthusiasm led to over-pricing and then crash and depression. It cannot really be prevented.

A well researched book that took real effort to read but ultimately extremely worthwhile. I am very impressed with the author's knowledge of the Chinese language and ancient Chinese economic development, and thank you for including original Chinese characters for easy cross-reference with what I knew from Chinese history!

Siying Dong says

The contents are very interesting. Great insights I hope some chapters were easier to understand.

Marks54 says

This book is a history of finance, beginning in archaic civilizations and moving through Greece, Rome, the Middle Ages, India, and China up through the present and the crisis of 2008. The author is a prolific finance professor at Yale who also appears to have credentials in archaeology and history. The premise of the book is straightforward - the historical record if examined will show how knowledge about finance is crucial for a society to become a functioning and valuable civilization. Successful financial management is critical to the growth and maintenance of civilizations. This is not some ideal norm but rather the claim that if a society does not solve its financial problems then it will not and cannot develop into a real civilization. When a society cannot meet its fundamental financial obligations to its members, then big trouble follows (see France in 1789). This sounds like an exceptionally strong claim, but it is not as odd as it might seem. I suspect that most finance professors have known for a while that what they teach is very important for the world. What is different about Goetzmann's book is that he actually makes the beginnings of a plausible case about the importance of finance for society. I have read lots of history and have frequently wondered how some wars or regime was funded - how did the financing work? This book provides some good insights on that.

The book is not a comprehensive history of finance. Such a book would be much longer and highly technical in nature. As a result, this book is of necessity selective and its choice of topics very much a matter of the author's personal interests.. Having said that, however, the chapters and states selected are excellent and the major issues get addressed. Goetzmann has done a fine job is done on the chapters This is a well written and well crafted result.

This is an involved book and each chapter provides a detailed story about its time and place - I will not try to summarize them here. Each chapter is well referenced, in case more reading is sought. A personal indicator for me of how valuable I found the book was how many referenced books I made note to obtain (or have already obtain). Some in the earlier chapters are even available for free on the Internet in pdf form. Goetzmann's book is also amazing for its incorporation of geography into his chapters. One could easily plan a vacation themed on the history of finance that would take you to various cites in Italy, France, London, Russia, and China - or more if wished.

While finance can be a technical subject with lots of math, Goetzmann's book is very accessible. His descriptions of various problems and models are largely verbal and generally clear. There are lots of terms thrown around - for example an extended discussion of various ideas of liability in the Roman economy - but it is easy to follow if one keeps Google or some related financial site handy. This is a serious book, however, and readers may find it necessary to check up on parts of their general history that are a bit rusty (Medieval Europe; Chinese Dynasties). This book was better read a few chapters at a time. There is a lot of material presented and readers will need to pay attention.

I learned a lot from the book and was especially fascinated by how the author showed the longstanding history behind many if not most of our financial institutions and problems. Finance was around long before the rise of modern financial analysis after WWII. Goetzmann was also very effective at tying together aspects of history that I had wondered about, for example, how the English and French financial bubbles early in the 18th century were related to the emergence of the Industrial Revolution later in the century. The book is also wonderful on matters of agency problems and corporate organization, which are not well covered in many histories.

The book is a bit of a slog, but it gets easier the closer it comes to the present - where there was less new material for me. Overall, the book was well worth the effort.

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