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Mark Hengerer und Daniel Mollenhauer (Hg.)

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Beiträge zur Geschichte und Kultur Westeuropas
Band 2

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Herausgegeben von
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Vorwort der Herausgeber

Mit dem zweiten Band der Schriftenreihe *Geschichte und Kultur Westeuropas* legen wir eine Art Florilegium vor: Themen der Aufsätze sind Henri von Valois in Polen, Christian Louis von Mecklenburg in Frankreich, Gesellschaftsbilder im Hafengemälde, Texte über die Neue in der Alten Welt. Es kommt, nun in deutscher Sprache, das Gedicht hinzu, das den *Streit der Antikenverehrer und der Modernen* anstieß, und schließlich ein Einblick in eine französisch-italienische finanz- und bankgeschichtliche Studie. Es handelt sich in diesem Heft also um frühneuzeitliche, überwiegend beziehungs- und durchweg mediengeschichtlich relevante Themen bzw. Ansätze, die Übersetzung eines sehr wichtigen und einflussreichen Textes sowie eine Zusammenfassung eines Buches, das man ob des raschen Fluges der Zeit noch neu nennen darf.

Dass dieses Heft frühneuzeitlich ausgerichtet ist, ist den ersten Anfängen der Entstehung der Schriftenreihe geschuldet, nicht programmatisch: Wir hoffen auf den Eingang von Manuskripten auch zu anderen Epochen und laden zur Einreichung herzlich ein. Progammatisch indes ist der Umstand, dass die Texte durchweg so gearbeitet sind, dass sie auch jenen zugänglich sind, die nicht Französisch lesen: die Schriftenreihe möchte insofern Brücken bauen.

Danken möchten wir an erster Stelle denjenigen, welche die Aufsätze und auch die Übersetzung im peer-review-Verfahren begutachtet haben. Das Historische Seminar der Ludwig-Maximilians-Universität München hat die Publikation dankenswerterweise großzügig finanziell gefördert. Große und geduldige Unterstützung erfuhren wir vom sehr hilfsbereiten Team des Referates für Elektronisches Publizieren der Universitätsbibliothek München, Herrn Volker Schallehn, Frau Andrea Dorner und Frau Annerose Wahl. Isabella Schübel las den Band vor der Erstellung der Fahnen Korrektur, wofür wir ihr sehr dankbar sind.

München, im September 2021
Mark Hengerer und Daniel Mollenhauer

Neue Literatur

Nadia Matringe

Italian enterprise, the Lyon market And Europe in the 16th century

Book summary of: *La Banque en Renaissance. Les Salviati et la place de Lyon au milieu du XVIe siècle*, Rennes 2016, 416 p. ISBN 978-2-7535-4956-2

I

The existence of a powerful Italian merchant community in 16th century Lyon raises, from an economic history perspective, questions related to the convergence of opportunities offered by the market and the commercial projects of firms that decided to settle there. To what extent did the activity of Italian businessmen condition Lyon' economic life and how did Italian businessmen adapt to pre-existing economic structures? What relations did Italian banks in Lyon maintain with their Italian parent companies and what role did Lyon play in the business strategies of Italian firms at a European scale? Can we talk of a Florentine, Lucquese or "Tuscan" identity of firms, and how should it be defined in relation to other existing models of enterprise in the rest of the Mediterranean and in Northern Europe? How did these forms of organisation serve business conducted in Lyon? Finally, how did the different Italian banks deal with each other, and with other economic operators on the market and in the French Kingdom?

The panorama established by a long historiographical tradition, culminating in the monumental study of R. Gascon[1], is one of complete domination of the Italians on the Lyon market. Indeed, until recently, 16th century Lyon, at the time Europe's main commercial and financial centre, was described as an Italian colony, a by-product of inter-

1 Richard Gascon, *Grand commerce et vie urbaine au XVI^e siècle : Lyon et ses marchands (environs de 1520-environs de 1580)*, Paris/The Hague 1971.

national trade, the economic life of which was directed by Italians in order to fuel their international business. According to this tradition, an unbridgeable gulf would have separated the insular Italian mercantile aristocracy, solely preoccupied with bills of exchange and big business, from the local merchants of lower status, whose activity was limited to the redistribution of merchandise imported by the Italians and to the concomitant use of "primary" commercial paper (obligations). The thesis of the Italian dominance can be related to a broader Braudelian theory of Europe's economic development, which relies on a clear division between, on the one hand, backward economic zones – deprived of institutions stimulating trade and stakeholders used to complex financial instruments – and on the other, the great hierarchical network of modern commercial and financial centres that polarised most of European trade and generated technical and financial innovation. These clear spatial divisions entailed linear chronological distinctions between successive phases of the rise and decline of early modern financial centres.[2]

In the case of Lyon, this static representation of the market not only conditioned the perception of Italians versus French, but also that of the nature and evolution of Italian business, as well as the understanding of the changes that took place at the end of the 16th century. According to the literature, the Italians specialised in the importation of luxury products that constituted the basis of Lyons' commercial prosperity: silks and spices.[3] While the Florentines would have been equally involved in banking and merchandise, the Lucquese would have specialised in the exchange business.[4] The dazzling fortune of Lyon in the first half of the 16th century would have corresponded

2 This perspective has been developed by three economists in their collective work on the European exchange system in the 16th century, mostly based on existing literature (Marie-Thérèse Boyer-Xambeu, Ghislain Deleplace and Lucien Gillard, *Monnaie privée et pouvoir des princes : l'économie des relations monétaires à la Renaissance*, préface de P. Jeannin, Paris 1986.
3 Richard Gascon, *op. cit.*, p. 59–65, 81–94; Françoise Bayard, *Les Bonvisi, marchands banquiers à Lyon, 1575–1629*, Annales ESC 26/6, p.1246–1247; Henri Hours and Olivier Zeller, *Lyon, l'argent, le commerce et la soie*, Lyon 1986, p. 29–30; Jean-Francois Dubost, *La France italienne, XVIe–XVIIe siècle*, Paris 1997, p. 81.
4 Richard Gascon, *op. cit.*, p. 360–362; Marie-Thérèse Boyer-Xambeu et alii, *op. cit.*, p. 24.

to the fortunate alliance of exchange and merchandise. At that time, Lyon would have been the epicentre of the European exchange system.[5] In the 1550–60s, under the influence of a growing monetary disorder, a usury fever would have taken hold of the Italians – increasingly involved in banking and financial speculation.[6] The "separation of merchandise and banking" would have explained the chronological discordance between, on the one hand, a merchandise crisis started in the 1570s due to politico-religious troubles, and on the other, a financial crisis that would have started only a decade later.[7] As a first consequence of this crisis, the Italians would have integrated the distribution channels of local products, previously reserved to French merchants – an infiltration attempt taken ill by the latter.[8] The Lucquese, specialists of exchange as they were, would have dethroned the Florentines and, in the second half of the 16th century, all major bankers in Lyon would have originated from Florence's rival city, like the wealthy Bonvisi, Burlamachi or Micheli.[9] The Lyon crisis would have ended with a massive retreat of Italian firms. "One centre chasing the other"[10], Lyon would have dominated the international trade and exchange system before being downgraded by Besançon on the international level, and Paris on the national level. While the specialisation of the Lucquese in banking activities would explain why they resisted the crisis better than the Florentines, the technical superiority of the Genoese in the Franche Comté fairs would have determined their final triumph over Lyons' Tuscans.[11] Antwerp, Amsterdam and London would then have imposed themselves on the European busi-

5 Marie-Thérèse Boyer-Xambeu et alii, *op. cit.*

6 Richard Gascon, *op. cit*, p. 647–649.

7 Richard Gascon, *op. cit*, p. 643, 670–672.

8 Richard Gascon, *op. cit*, p. 654–657.

9 Marc Bresard, *Les foires de Lyon aux XV^e^ et XVI^e^ siècles*, Paris 1914, p. 208; Gascon, *op. cit*, p. 608; Henri Hours and Olivier Zeller, *Lyon, l'argent, le commerce et la soie*, Lyon 1986, p. 32; Françoise Bayard, *Après les Buonvisi, les Lucquois à Lyon aux xviie et xviiie siècles*, in: Rita Mazzei and Tommaso Fanfani (eds.), Lucca e l'Europa degli affari: secoli XV–XVII, Lucca 1990, p. 193.

10 Marie-Thérèse Boyer-Xambeu et alii, *op. cit.*, p. 171.

11 Richard Gascon, op. cit., p. 608; Marie-Thérèse Boyer-Xambeu et alii, *op. cit.*, p. 284–285.

ness, thanks to progress made by their merchants in the field of the transferability and negotiability of commercial paper.[12]

Such representation of economic life hides the transverse and long term dynamics at play in the European trade and exchange, such as the role of hinterlands in promoting the success of "central" marketplaces, the multiple and necessary collaborations between big business and "local" merchants everywhere the Italian network spread its ramifications, and the functional complementarity between commercial centres of different importance. The nature of the archives used by French historiography explains this prevailing thesis. While it seems paradoxical to characterise the role played by Italian firms by using French archives, these archives cannot constitute the full documentary basis to study a market whose functioning was broadly influenced by foreign businessmen. Administrative and juridical source material offers elements of description of commercial organisation (society deeds, trial acts), helps analyse financial techniques (protests on bills of exchange, exchange rates lists) and to measure commercial flows (custom fees, post-mortem inventories) – yet just partially. In this last field, indeed, recognised fraud and the specialisation of commercial houses considerably reduce the significance of the analysis. More fundamentally, these different kinds of archives do not show how the different sides of the commercial life they evoke were interconnected, and cannot help to reconstruct or analyse economic mechanisms such as the integration of financial markets and the social processes which conditioned them – for example, the constitution of business networks. Thus, such archives cannot provide a dynamic vision of the functioning of the market in relation to broader economic spaces.

Because they reveal the complementarity of commercial flows between different regions of the world, and of commercial and financial flows, merchants' account books take us beyond a fragmented vision of economic life. Study of such archives shows the forms of collaboration

12 Herman Van der Wee, *The growth of the Antwerp market and the European economy, fourteenth-sixteenth centuries*, La Haye 1963, p. 1082; Raymond de Roover, *L'évolution de la lettre de change, XIV^e–XVIII^e siècles*, Paris 1953, p. 115–119; Richard Goldthwaite, *op. cit.*, p. 229–230.

between stakeholders of different backgrounds, the functional relations between commercial centres and the articulation of international trade with the local economy. It thus reveals the cohesion of a trade involving a variety of objects (products, stakeholders, and territories). Commercial correspondence, on the other hand, sheds light on the organisation of networks and the elaboration of business strategies – left in the shadow by local source material. In order to disclose these economic and social processes, and to understand the functioning of the Lyon market from the inside, the present study analyses transactions performed by Italian banks in Lyon. Transactions, in this perspective, are understood as both social practices and the result of choices made in a given economic context, which reveals itself through them.

The study of Italian firms themselves can only gain from being undertaken through the archives of their Lyon branch. This peripheral approach enables to evaluate their adaptation to the local economic fabric – an aspect not taken into account when studying Italian firms in their home city –, and to show the role played by the Lyon market in the structuring of the firms' inner and international network. The abundant documentation left by Florentine firms active in Europe during the medieval and early modern age fits such undertaking, since many of these firms opened branches in Lyon and enjoyed a central position on the market. While the economic power of the great Lucquese firms (Bonvisi, Micheli & Arnolfini, Cenami & Parensi) settled in Lyon was in no way inferior, Florentines still occupied a privileged position in the city.[13] They were known as financiers and providers of silks, arms and spices. Their economic power was such that they often held the highest communal offices and dictated, on several occasions, municipal and royal politics. In return, they helped support the fiscal burden and endured – just as other Italians – stigmatisation in times of difficulty.

13 The Florentine "nation", created in Geneva in 1447, was the wealthiest, the biggest and the best organised of all. Only Florentines had a consul to represent them on the *Place des Changes* and in front of the communal authorities. The other nations (Lucquese, Genovese, Milanese…) were *de facto* groupings, based on common interests reflected in the vote for a deputy when circumstances required it (Richard Gascon, *op. cit.*, p. 359).

Michele Cassandro and Sergio Tognetti have used Italian archives (respectively, the Martelli's and Gondi's archives) to study the Lyon-market.[14] M. Cassandro, whose study focuses on the 1570s, adopted Gascon's thesis. Cassandro exploited the fair books, which only show the local aspect of the exchange business – the international side appearing essentially in other types of books (main ledgers and "committent" ledgers). His analysis thus concerns the institutional framework of Italian business (Payment's calendar, lists of exchange rates), and leaves aside the shaping of Italian strategies – *a fortiori* since the Martelli's correspondence is partly reproduced, without being exploited. Cassandro's main argument about the company's results – taken as an indicator of Lyons' financial situation – is grounded on the examination of profit and loss accounts. As demonstrated in the present book, such approach can induce traps of interpretation. Tognetti's study, the avowed purpose of which is to examine the role of the mercantile and banking elite, also relies on the study of analytical accounts. The author focuses on merchandise trade and royal finances. Observation of the profit and loss accounts transcribed in the book yet show the high probability that this bank, like the Salviati's, was heavily involved if not specialised in the exchange business.[15] Further research in the archives of Italian firms thus seemed pertinent.

II

Based on the archives of the Salviati bank in Lyon, this book sought to offer a new conception of the functioning of the market and its banks, by focusing on the study of merchant practices in relation to economic spaces, and devoting special attention to the reciprocal influence of Florentine mercantile traditions and Lyon economic structures.

14 Michele Cassandro, *Le fiere di Lione e gli uomini d'affari italiani nel Cinquecento*, Florence 1979; Sergio Tognetti, *I Gondi di Lione: una banca d'affari fiorentina nella Francia del Cinquecento*, Florence 2013.

15 Sergio Tognetti, *op. cit.*, p. 30.

A major familial group of the Florentine patriciate, the Salviati distinguished themselves on the European scene with the extent of their network of alliances – in particular, their privileged relations with the Medici – and with their economic power.[16] Settled in Lyon since 1508, they became known for their involvement in royal finances and their bank's function of relay node in communications between the Court and the Roman Curia – where the family had several members. In the 16th century, the Salviati who, according to their Roman cousins "with all their parents, associates and employees, included all Florence, the great, the little and the mediocre", got increasingly involved in banking and government finance. While the 16th century sanctioned the importance of the "medium merchant" (mostly dealing in commodities) in international trade, the Salviati positioned themselves as major bankers rather than merchants. Due to its advantageous position in the European trade and its function of clearing centre, the Lyon market offered them a good opportunity to develop this inclination. The Salviati were thus emblematic of this financial aristocracy that stirred up numerous complaints among the local councillors, increasingly hostile to its perceived ascendancy, and which was described by historians as having discretely controlled the economic and institutional life of the city – an influence all the more credible in the case of the Salviati that the main governor of their bank, Leonardo Spina, was elected consul of the Florentine nation repeatedly. This book shows by what means and at what cost the silent power of money exerted itself.

The *Archivio Salviati*, maintained since 1972 in the *Scuola Normale* of Pisa, constitutes the largest private fund archives after that of Datini, a merchant of Prato. It contains several thousands of business records from banking, trade and production houses, covering several (15th to 19th) centuries. This source material offers a unique testimony on the history of big business thanks to the preservation of continuous series of account books, from the opening to the closing of the companies, and to the juxtaposition of different types of commercial

16 For a study of the Salviati dynasty and their relations with the Medici, see Pierre Hurtubise, *Une famille témoin, les Salviati*, Vatican 1985.

documents (account books, journals, correspondence…), throwing light on given activities from different angles. The Lyon banks has left one of the richest collections, which contains not only journals and account books but also copies of the letters sent, and auxiliary registers (*ricordi*) with additional information on the functioning of the network.

Far from being a mere testimony of the activity of a single enterprise, Salviati archives also document the activity of many other Italian, German and Spanish firms, established all across Europe. Furthermore, they shed light on the functioning of several European trading centres. Thus, the purpose of this book was not the production of a monograph. While adopting an actor's perspective, the book exposes what the various types of transactions and the way they were recorded revealed about the strategies of Italian firms and about the position of Lyon in international trade. Targeted incursions into the records of other Florentine companies (Martelli, Capponi) helped testing some general hypotheses about the functioning of Florentine business. The notarial records of Paris and Tours proved to be a valuable source of information on the French mercantile environment—of which Italian documents offer only a restricted vision.

The book focuses on (without being limited to) the 1540s, a period defined by F. Braudel as an era of "peace in the Mediterranean", marked by a pause in the Italian wars between Charles V and his French rival, Francis 1. Lyon was at the time experiencing prosperity based on stable economic growth. The Salviati's business was booming, as attested by the opening of its Antwerp sub-branch (1539) and of a sub-company in Lyon devoted to the silk business (1544–1547). These years were also marked by an increasing coherence in the company's direction. After several estrangements, Averardo Salviati became the sole head of the Lyon bank. The criteria determining the choice of period under study were two: 1. it enabled analysis of the functioning of the firm and of the Lyon market outside of exogenous disruptive factors; 2. the period preceding the "decline" of the Lyon fairs was not well known. While the economic growth of the Lyon market was often attributed to Italian firms, the reasons behind their success had not been investigated. Furthermore, explaining the Italians' achievements in mid-16th century Lyon was going to provide a valid basis for understanding of the social and economic upheavals encountered by these firms and by the market at the end of the century.

The examination of the issues raised by the Italian presence in Lyon starts with enquiring into the impact that settling in Lyon had on the forms of organisation adopted by the Italians. The accounting system as well as the structuring of firms and their merchant network were affected. By bringing to light the weight of local economic structures on operating modes, the analysis lead to the formulation of broader hypotheses on the functioning of Tuscan enterprise in the early modern age.

Understanding economic mechanisms implies understanding the logic that shapes and governs them. Thus the Salviati's accounting system was the first object of this enquiry. While Tuscan accounting was studied by F. Melis through the Datini archives, the Salviati archives provided a perspective on its evolution throughout the course of the 16th century. Thanks to their excellent conservation, these archives give access to a complete picture of the accounting system from the perspective of the different agencies and enabled to expose how this system adapted to business practice in each of them. With few variants, the Salviati's accounting system was identical to that of other Florentine Lyon banks (Capponi, Martelli). In the context of a specialisation in banking on commission, its main focus was the control of circulating capital and of third-party position vis-à-vis the Salviati bank. The combination of cash accounts (*quadernucci di cassa*), fair accounts (*libri di fiere*) and current accounts (*libro grande/libro dei commitenti*) enabled following exchange transactions through time and space and visualizing the origins and settlements of debt. In a market dominated by payments through bank transfers (*virement des parties*), accounting was also a means of payment obviating the use of both cash and bonds. As such, it facilitated the circulation of credit and the creation of profit.[17] Companies more oriented towards the commodity trade, like the

17 This question is further developed in Nadia Matringe, *Ratio Pecuniam Parit. Accounting and the making of financial markets in the early modern age*, Working paper, <hal-01358129>.

bank of Pisa, had specific registers devoted to the reception and expedition of packages (*libro di ricevute e mandate di balle*) – which appeared in the main journals in the Lyon and Antwerp branches – as well as specific registers for merchandise fees (*libro di gabelle*) – which appeared in the cash accounts of other banks. The wool and silk companies of Florence resorted to the same accounting model as the commercial and banking companies (combination journals/ledgers), but also possessed registers for the inventory of raw material (*stratto di sette, quaderno d'oro*), and registers of artisans accounts (*libro di tessitori e tintori*). Thus, the location of the firm, the objects of trade, and – to a lesser extent – the personal preferences of accountants, conditioned the modes of accounting.

Inside the Lyon ledgers, recording methods typical of the Venetian "venture accounting"[18] (which emphasised each commercial undertaking separately) were combined with general profit and loss account and the regular establishment of balance sheets – considered by generations of historians as having promoted "rational" decision-making and therefore crucial factors in the rise of capitalism.[19] Study of the Salviati system, however, did not confirm this hypothesis. Analytical accounts (profit and loss, balance sheets) enabled neither the calculation of commercial profit nor evaluation of the company's financial situation. Profit and loss accounts offered only a distorted vision of economic results, due to the anticipated recording of profits, the inclusion of incomes and expenditures disconnected from commercial activity, and the occasional omission of some sources of profits. Profit was not defined in a restrictive manner and accounting was not governed

18 Frederic C. Lane, *Venture accounting in Medieval Business Management*, in: Bulletin of the Business Historical Society 19/5 (1945), p. 164–173.

19 Werner Sombart, *Der Moderne Kapitalismus*, Munich/Leipzig 61924, v. 2/1, p. 118–119; Max Weber, *General economic history*, London 1927, p. 275; James O. Winjum, *Accounting and the rise of capitalism: An accountant's view*, in: Journal of Accounting Research 9/2 (1971), p. 333–350; Rob A. Bryer, *Double-entry bookkeeping and the birth of capitalism: accounting for the commercial revolution in Northern Italy*. in: Critical Perspectives on Accounting 4/2 (1993), p. 113–140; Mary Poovey, *A History of the modern fact: Problems of knowledge in the sciences of wealth and society*, Chicago 1998, p. 33–65; Joseph Gleeson-White, *Double Entry: How the merchants of Venice created modern finance*, London 2012.

by principles of "depersonalisation" or "systematisation". Since the different sources of profit and loss were not always distinguished, it was not even possible to reach an approximate evaluation of the profitability of different sectors. Entries recorded as gain or loss primarily served to compensate discrepancies between the debit and credit of other double entry accounts and to rectify errors. Transfer of residual profits or losses to the balance sheet affected the ultimate results. Moreover, some accounts remained unbalanced until their definitive closure, long after establishment of the balance sheet and the opening of a new account book. Accounts open during a given partnership contract (which usually lasted for three years and corresponded to one set of account books) were sometime settled in the balance sheet of a subsequently created or renewed partnership, while others remained in use until their definitive closure, without ever transiting to the balance sheet of any book. Consequently, balance sheets did not offer any picture of assets and liabilities at a given time and could not help determine the company's solvency. In great Italian banks, just as in British merchant-banks[20], establishment of a balance sheet was mostly related to the necessity of opening a new book of account at the end of a partnership contract. It did not stimulate the pursuit of profit, but 1. promoted safe business conditions through the tight control of circulating capital and the surveillance of the clients' and partners' financial position vis-à-vis the firm; and 2. was a means of payments that produced both credit and profit.

Accounting was not the only organisational tool that Italian bankers active in Europe's main financial centres used in order to manage their business. Their networks of companies also helped them acquire a dominant position in international trade. The inner structuring and spatial configuration of international firms reflected how bankers coordinated their activities according to their fields of intervention and the structure of markets. Two distinctive features emerged from the study of the Salviati group. First, although the firm was centralised

20 Basil S. Yamey, *Accounting and the rise of capitalism: Further Notes on a theme by Sombart*, in: Journal of Accounting Research, vol. 2/2 (1964), p. 117–136.

around the two major investors and directors of the main banks, Averardo and Piero Salviati, the Lyon branch had a privileged position in the "system of partnerships"[21] developed on a European scale (which included companies in Florence, Pisa, and briefly Antwerp), thanks to its financial capacities and its function of banking relay – both related to opportunities offered by the Lyon market. The strategic importance of the Lyon branch gave it an increased autonomy in decision-making and encouraged the creation of sub-branches.

The second feature of the Salviati group was the importance of commission trading, which characterised the relations between the different companies and their correspondents abroad – and also amongst themselves. Commission trading indeed was broadly used by 16th century Italian banks, especially those located in the great commercial centres.[22] Predominance of the commission business explained the restricted size of the Salviati group, with only one branch outside of Italy (Lyon and its temporary Antwerp extension). A presence in the main trading centres of the time, where demand was concentrated, was sufficient to ensure profitability of the commission business. This operating mode did not require important capital reserves – unlike, for example, the mining industry, which necessitated important investments and prolonged immobilisations. The geography of business and the financial capacities of the firm were not restricted by its moderate size and limited capital reserves. While German firms, like the great Italian conglomerates of the 14th century, controlled with a broad network of commercial and industrial complementary companies the circulation of merchandise, from its production to its sale on distant markets, the dense network of correspondents of 16th century Italian banks enabled them to seize

21 Federigo Melis, *Aspetti della vita economica medievale (Studi nell'Archivio Datini di Prato)*, Florence 1962, p. 219.

22 Florence Edler de Roover, *The Van der Molen, commission merchants of Antwerp: trade with Italy, 1538–1544*, in: James L. Cate and Eugene N. Anderson (eds.), Medieval and historiographical essays in honor of James Westfall Thompson, Chicago 1938, p. 78–143; Wilfrid Brulez, *De Firma della Faille en de internationale handel van vlaamse firma's in de 16e eeuw*, Bruxelles 1959, p. 53–55; Michael E. Bratchel, *Italian Merchant Organisation and Business Relationships in Early Tudor England*, in: Journal of European Economic History 7/1 (1978), p. 5–33; Richard Goldthwaite, *The economy of Renaissance Florence*, Baltimore 2009, p. 89.

any banking or commercial opportunity as it occurred. The Salviati bank was involved, through commission trading, in business ventures involving several territories: money placed on the exchange travelled between several markets before returning to its initial point; merchandise imported from the Levant and insured by agents in Pisa could be delivered in Lyon, then sent to Antwerp for sale on behalf of London merchants... While German firms often tapped into their reserves, at their own risk, to finance the princes' politics, Italians mostly mobilised other people's money. They could gather colossal sums at any time and manage the debt roll-over by renewing credit.

Growing resort to commission trading could contribute to explain the progressive decentralisation of Italian firms in the late middle ages, which was observed by many historians.[23] Arguments advanced previously did not explain how the choice of the partnerships' system served the interests of those who adopted it and adapted to the evolution of business. Indeed, historians have considered the question only from an external point of view. For Melis and de Roover, the great bankruptcies of the 14th century were the main cause of the development of new organisational forms in Florence.[24] For the sociologists Padgett and McLean, this evolution was due to the "injection" of the "master-apprentice logic" of the Cambio bankers in the sphere of international trade[25]: this theory presents the inconvenience of being unverifiable and neglects the fact that an important part of the mercantile aristocracy (Salviati ahead) persisted to marry and do busi-

23 The historiographical tradition emphasises that after the disappearance, in the mid-14th century, of the medieval "super-companies" (Edwin S. Hunt, *The medieval super-companies: a study of the Peruzzi company of Florence*, Cambridge 1994), with hundreds of employees, dozens of branches, and a very centralised juridical structure, Florentines opted for the "system of partnerships", in which each company had its own articles of association, its own name, and its own set of books. These new firms had fewer partner and a more limited geographical scope.
24 Federigo Melis, *Le società commerciali a Firenze dalla seconda metà del XIV al XVI secolo*, in: Troisième conférence internationale d'histoire économique, Munich 1965, p. 47–62; Raymond de Roover, Money, Banking and Credit in Medieval Bruges, Italian Merchant-Bankers Lombards and Money-Changers. A study in the Origins of Banking, Cambridge (Mass.) 1948, p. 31.
25 John F. Padgett and Paul D. McLean, *Organizational Invention and Elite Transformation: The Birth of Partnership Systems in Renaissance Florence*, in: American Journal of Sociology 111/5 (2006), p. 1463–1568.

ness *inter se*. Padgett and McLean also considered the broadening of Florentine business as another reason for the development of more flexible forms of organisation. However, the German example (Fugger, Welser, Haug...) demonstrates that it was possible to combine a very centralised structure with an extended and varied commercial and banking activity. Goldthwaite criticised Padgett for not taking into account the economic dynamics at play in the transformation he analysed, yet his explanation remained close to that of the sociologists. According to Goldthwaite, indeed, the birth of the partnership system was related to the appearance of "new men" on the marketplace, less wealthy but full of initiative.[26] Even when accepting this hypothesis, it still needs to be explained why the model promoted by these "new men" was unanimously adopted by the old mercantile aristocracy.

The Salviati case suggests that the development of commission trading explains the loosening up of the jurisdictional structure of Italian firms, as well as their diminution in size and capital reserves. The need to adapt the companies' business to the fluctuating demand of great commercial hubs was not compatible with the weight of rigid hierarchical structures. What the firm's directors expected, above all, from their governors (as from their agents) was to grasp the changing opportunities offered by the market where they were settled. In this perspective, resort to "new men" (such as Lorenzo Pasquali, second governor of the Lyon branch), chosen for their ability and sense of business, seemed the consequence rather than the cause of the development of new associative forms – themselves related to the growth of 16th century international trading and banking centres, such as Lyon, Antwerp, Castile or Frankfurt.

Despite the growing importance of commission trading in the Late Middle Ages, few studies have devoted attention to its actual functioning. For a long time the historiography of merchant networks oscillated between an institutional approach, which examined the organ-

26 This change itself would have been a consequence of the elites' decimation after the Black Death, of new opportunities offered by the return of the Papacy to Rome, and of the modernisation of the textile sector in Florence (Richard Goldthwaite, *op. cit.*, p. 77–78).

isation of merchant communities from a jurisdictional and political angle[27] and a socio-cultural approach[28], which dwelt on beliefs and practices as vectors of trust between the members of a same diaspora. The management of long-distance trade and the power relations between stakeholders were often omitted in these studies. Because of its intense trade in merchandise and securities, Lyon offered the possibility of specialising in the commission business. In the Salviati bank of Lyon, between 1544 and 1564, the vast majority of total revenue (91 %) was generated by it – in particular, banking on commission (89 %), e.i., in decreasing order, exchange, deposit, and government loan operations. For obvious infrastructural reasons, commission banking on a very large scale in order to earn significant profits was easier than trading merchandise on commission. The circulation of capital by far exceeded that of goods in the main financial centres, where most payments were settled through exchange – which were also used as credit instruments in purely speculative operations. Moreover, intensive paperwork remained easier than handling huge quantities of spices or delicate precious silks.

Salviati archives thus shed light on crucial yet little known aspects of commission trading, relating to the establishment and maintenance of merchant networks over time and space. While examination of the network of correspondents revealed the Salviati's preference for compatriots, this apparent "closeness" was related to the privileged position of Florentines in international trade as much as it reflected socio-cul-

27 Douglas C. North, *Institutions*, in: Journal of Economics Perspectives 5/1 (1991), p. 97–112; Paolo Prodi, *Settimo non rubare: furto e mercato nella storia dell'Occidente*, Bologna 2009; Sheilagh C. Ogilvie, *Institutions and European Trade, Merchant guilds, 1000–1800*, Cambridge/New York/Melbourne 2011; Antonella Astorri, *Notte sulla Mercanzia fiorentina sotto Lorenzo dei Medici: Aspetti istituzionali e politici*, in: Archivio Storico Italiano 150 (1992), p. 965–93; Francesco Galgano, *Lex mercatoria: storia del diritto commerciale*, Bologna 1993.

28 Philip D. Curtin, *Cross-cultural trade in world history*, Cambridge/New York 1984; Daniel B. Klein (ed.), *Reputation: Studies on the Voluntary Elicitation of Good Conduct*, Ann Arbor 1997. The works of the economist Avner Greif contributed to bring together these two schools of thought through a redefinition of the concept of institutions, which included not only governmental constraints, but also social factors that determine patterns of behaviour (Avner Greif, *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*, New York 2006).

tural conditioning. Far from restricting the functional capacities of the bank, the Florentine predominance of the network was combined with a dynamic and varied commercial and banking activity, facilitated by the polyvalence of Florentine firms, specialised in exchange in Antwerp (Corbinelli), the trade of sugar and precious metals in Spain (Botti), royal finances in Paris (Del Bene), etc. Direct and indirect collaboration with non-Florentines yet remained unavoidable. The Affaitadi and the Welzer, were privileged commercial partners, and the Salviati also relied on Spanish and French merchants when venturing into their territories.

With correspondents abroad, including the branches of their own firm, the Salviati concluded flexible deals adapted to geographic distance and markets' fluctuations – whose execution was nonetheless strictly monitored. Although they occupied a key position in the circuits of information, the Salviati, like other businessmen, indeed had to contend with rapid swings of offer and demand and difficulties of adjustment. For instance, they experienced difficulties marketing Portuguese spices in Lyon for Burgalese merchants accustomed to the stable conditions of the Antwerp market, their main centre of distribution, where the spice trade was managed by a monopoly. The Burgalese merchants would expect to receive Antwerp prices for their spices, unconcerned that Portuguese spices in Lyon had to compete with Venetian spices, and that not only Italians, but also French merchants of Rouen were selling the former. The Salviati would try to market the pepper as quickly as possible, between successive deliveries from Brittany, but to retain their ginger until the depletion of Venetian stocks. Spanish suppliers, on the other hand, would pressure the Salviati to incompatible sales strategies on the basis of commercial expectations derived from the Antwerp market. Consequently, spices often ended up being sold at discount in periods of market saturation.

The practice of early modern businessmen thus invites to question not only the neo-classical perspective, which studies the firms' economic performance in the abstract context of a universally available information, but also the theories of the new institutional economics, which emphasise that information has a cost without considering its conditions of production. In practice, last-minute compromises were often adopted thanks to the system of "free commission" (*commissione libera)* which could create conflicts but also enabled the smooth functioning of business. Principals usually gave scales of prices to their agents, simply asking them to perform "the best possible deal". The most profitable business was the result of collaboration between an experienced agent and a principal willing to give him some autonomy. Different strategies were put to use to consolidate business relations and overcome moral hazard. They went from amicable procedures such as the circulation of individuals between firms, the sharing of social capital or the offer of free services, to juridical processes such as the del credere clause (a guarantee given to principals that commissioners would ensure the payment of bills acquired or sold for them in exchange of a 0.1 % increase in the commission fee).

However, on the whole, it appeared that the main criteria of one firm's positioning in a given network was its social status, political power and financial capacities, embodied in the word "credit" – the quality each businessman looked for when developing his business through agents. Between actors of equal importance, the interchangeability of the principal-agent positions reduced possibilities of fraud. Otherwise, balances of power were exploited. While assuring the powerful Welser that they "valued friendship more than money" when offering them compensation following bad economic results, the Salviati did not hesitate to tell dubious Castilian merchants that they should start looking for better deals elsewhere if they were not satisfied with the Salviati's services and did not hold the Salviati "in the same consideration as did all the lords of the world"[29]. The power position of stakeholders also determined their resort to justice. The Salviati were particularly well placed in this respect, since Florentines in Lyon hold justice. The only trials in which the Salviati took part during the 1540s were initiated by them – whether to recover seized goods or to compel insolvent clients or reluctant insurers to pay. The Salviati's influence extended even to royal justice. In 1546, the French merchants of the Atlantic coast complained to the king about Por-

29 Archivio Salviati, I, 579, f. 31.

tuguese spices being directed by Italian businessmen to Lyon. The French wanted to restrict the entry of spices into France, overland through Amiens and overseas through Rouen. The Salviati, "through friends", blocked ratification of this amendment, doing the Italian merchant community of Lyon a great favour. Influence in the corridors of power was also crucial in other countries. Averardo Salviati did not hesitate to contact the duke of Florence, Cosimo I, when Spanish admirals confiscated some of his cargos. The *Rota* of Barcelona ended up ruling in the Salviati's favour against its own compatriots. When the Spanish admirals appealed, the Salviati had recourse to the powerful Pedro de Cassador, payer of Catalogna, and won yet again. The Salviati's connections thus may have discouraged most of their clients from pressing charges. While the rhetoric of reciprocity invaded commercial correspondence, where merchants repeatedly stated that they would treat their client's business "as their own", commission trading yet remained a highly hierarchical business. "Trust" and cultural identities, as well as "transparency", played little role when money was at stake.

III

The second part of this book studies the functioning of the Lyon market and its firms through both a quantitative and a qualitative approach of the Salviati's business. This research led me to expand and sometimes to challenge the vision that previous historiography offered about the functioning of the Lyon market and strategies of the businessmen who were its main organisers. Although being Florentine – not Lucquese – the Salviati specialised in banking as early as the 1540s. While the trade of commodities constituted merely an ancillary activity of their bank, comparison with the statistics provided by French sources indicated that they were among the most important commodity merchants on the market (which is confirmed by Gascon[30]).

30 Richard Gascon, *op. cit.*, p. 214–216.

The study of the Salviati's commodity business, even for a limited period (1544–1554), enabled an appreciation of the firm's adaptability to local economic structures and challenged the idea that the Italians' success was primarily based on their monopoly of the luxury trade. Indeed, the Salviati's experiences in both the precious silks and the spice trade revealed the difficulties inherent in this type of traffic. In a highly competitive market, privileged access to resources did not guarantee the profitability of sales, which depended on the ability of local intermediaries (brokers, resellers) and on the capacities and good will of clients. The main difficulty encountered in the silk trade concerned payments. While raw silk was sold on credit to indebted artisans of Tours, who had difficulties paying and sometimes even went bankrupt. The most expensive products were sold to members of the Court – led by the King and the Queen themselves, who sent their "argentiers" to Lyon. Always prompt in buying new products to meet their need for pomp, this high-flying clientele was less prompt in payment. While the Salviati likely entered the trade of luxurious silk fabrics to strengthen their ties with the political elite, they ended up regretting this choice and ordering their factor to avoid "princes and gentlemen" at all cost, when selling the last stocks before closure of their silk company. Difficulties in obtaining payment also brought into play the Salviati's relation with their correspondents in Paris. Parisian merchants – their most important clientele after the Court – bought semi-precious and simple silk fabrics. Since these products were sold on credit and the Salviati wished to hold assets in the French capital, they usually asked their correspondents in Paris, mostly the Del Bene and the Capponi & Rinuccini, to cash the revenues of sales made in Lyon. Letters sent to these Parisian banks indicate that the Salviati suspected them of sometimes holding their assets. In the spice trade, the main obstacles, as aforesaid, were related to misunderstandings between Spanish providers and their agents in Lyon. Difficulties encountered in the trade of luxury products explained the specialisation of the Salviati in a field which was supposedly the domain of French merchants: sales in bulk of low added value products, domestic skins and furs, which the Salviati carried out on behalf of Pistoian providers, and which represented 36 % of the Salviati's sales between 1544 and 1554 – against 23 % for spices and 22 % for silk.

On the whole, the prosperity of the Salviati's commodity trade relied on the Salviati's capacity to detect and seize a series of opportunities for commercial ventures. Temporary associations with a Lucquese family settled in Florence to penetrate the precious silks trade; with Spanish businessmen to divert part of the Atlantic trade of Portuguese spices and import high quality raw silk from Almería; and with Pistoians merchants to import skins and furs, constituted the three pillars of the Salviati's merchandise trade. Difficulties encountered in anyone of these fields were overcome by the punctual reorientation of the activity towards one or the two others, and by frequent import of North European products (mainly, Flemish and British cloth) and export of French products (wool, leather, pastel, oil and grain). New products were regularly appearing in the Salviati's shop, depending on the offer and specific demands.

This constant diversification relied on the extent of the Salviati's banking networks. Indeed, Italian and Spanish providers were primarily exchange partners – before becoming merchandise providers. Such logic of commercial development counters the theory according to which exchange was driven by commerce, and not the other way around. In fact, even if exchange transactions were often necessitated by commodity trade, this trade would have been considerably different without an exchange system to support it. Significantly, when the British government sought to impose a regulation of the exchange system in 1576, the representatives of Italian businessmen declared that any obstacle to the free functioning of the exchange would cause a collapse of the merchandise trade[31]. Exchange stimulated commerce no less than commerce stimulated exchange.

In all sectors of trade, interactions between Italians and the local and "national" mercantile sphere took different forms, from the simple customer relationships to real partnerships (between, for example, the Salviati and the Albertas of Marseille). These contacts attested the

31 The Italian Merchants explain the foreign exchanges to Sir Thomas Gresham and other royal commissioners [Ms. of Lord Calthorpe, Vol XX, f. 28]. Quoted in: Alfred E. Bland, Philip A. Brown and Richard H. Tawney, *English economic history: select documents*, London 1914,p. 420–424.

importance of Lyons' relations with its hinterland as well as the Italians' will to ensure the durability of their presence in Lyon. What we know of the Bonvisi, who were one of the oldest and most powerful Italian houses in Lyon, and what we learned about them through Salviati archives, shows that they resorted to similar strategies. Observed from the inside of the firms that were its main organisers, Lyon's commercial prosperity seemed less grounded on an Italian omnipotence and a strict division of labour between Italian businessmen and local merchants, than on the system of commission trading and on the deep interdependency of economic operators, whose interests converged to serve the efficient functioning of the market.

The analysis then focuses on the Salviati's banking and speculative activities. Deposit banking has been the object of a separate study.[32] This book focuses on the market for government loans and the exchange market and devotes special attention to the question of financial innovation and the supposed technical gaps between economic operators through time and space. Even more than in the field of commodities, in this field firms' archives enable going beyond the traditional vision based on local sources, in which banking flows appear only peripherally and outside of their context.

The Salviati occupied a leading position in royal finances.[33] The study of their activity in this field between 1543 and 1553 revealed the origin of funds lent by Italian banks as well as their and their clients' strategies – which determined the financial capacities of the government and its prospects of victory in war. Italian banks of Lyon, which owed to the King the creation of the four annual free fairs and relied on him for the defence of their privileges, mobilised international credit to fuel the Treasury. As credit intermediaries, they made profits on each contract, independently of reimbursement. Like the Genoese bankers of

32 Nadia Matringe, *The fair deposit in the early modern period. Credit reallocation and trade finance*, Annales. Histoires, Sciences Sociales, 2017/2.

33 For a numbered estimation of the Salviati's contribution to royal finances in these years, which, in view of the uncertain nature of previous global estimations, can only be approximate, see *La Banque en Renaissance* chapter 5, p. 219–222.

Philip II[34], the Florentines in Lyon developed a strategy of risk sharing that protected them and their clients against defaults. Risk sharing occurred both horizontally, between Lyon banks that granted loans in common, and vertically, with each of these banks investing the funds of multiple clients. Contrary to what may be expected, the Salviati did primarily not turn to their rich industrial home city for the capital needed by the monarch, but towards émigré Jewish bankers in Venice and in Tuscany (chased out from Portugal under Joao III). Since this social group was under constant threat from local religious and temporal authorities, they needed to conceal their assets and sought powerful supports among foreign sovereigns. The most important of these lenders was the famous businesswoman, Beatriz Mendes.[35] Investors in royal finances through the Salviati bank also included German and Papal financiers, who strategically diversified their support in the context of constant wars between the principal European powers. As a supply market of capital, Florence's share represented only 3 % of the total amount of loans by the Salviati bank.

Unlike what has often been assumed[36], money lent to the monarch did not come from the clients' deposits. Usually remunerated between 2 % to 3 % from one fair to the next, the deposits' reinvestment in finances would have offered promising opportunities of profit for bankers, who lent to the King at 4 % per fair on average. Banks working on commission, however, could not dispose of their clients' deposits as they pleased. The Salviati's correspondence shows that they were bound to follow their client's instructions of transactions. Any reinvestment of the clients' deposits on the market for government loans constituted a form of discretion that the Salviati practiced only on a very small scale. Deposit, in fact, had a complementary function vis-à-

34 Mauricio Drelichman and Hans-Joachim Voth, *Lending to the Borrower from Hell: debt, taxes and default in the age of Philip II*, Princeton 2014.

35 On this powerful woman and her life of exile and insecurities, see Cecil Roth, *Doña Gracia Nasi*, Paris 21990.

36 Roger Doucet, *op. cit.*, p. 502; Richard Gascon, *op. cit.*, p. 254; *Marie-Thérèse* Boyer-Xambeu et alii, *op. cit.*, p. 24; Heinrich Lang, *Networks and merchand diasporas: Florentine bankers in Lyon and Antwerp in the sixteenth century*, in: Andrea Caracausi and Christof Jeggle (eds.), Commercial networks and European cities, 1400–1800, London 2014, p. 119.

vis royal finances: in case of market congestion for government loans, it was understood that the Salviati would temporarily invest their client's assets on the deposit market. The market for government loans had its own investors and was never an extension of the deposit market – as attested by the lists of rates quotations in Lyon, where the deposit rate and the rate for government loans appeared separately. Italian banks did not lend their own money to the king, but that did not mean they lent their depositor's money: funds were invested in government loans only on the explicit request of clients.

The concomittant growth of the royal debt and of the lenders' distrust progressively transformed the market for loans. The number of bankers and lenders grew on each contract, even when the sums involved remained the same, and royal bonds became transferable and negotiable. The augmentation of bonds' transfers and discount prefigured the constitution of a real secondary market in the following years. The process of debt's perpetuation and its *de facto* transmission from Francis I to Henry II signalled the emergence of a "public debt", disconnected from the monarch's person. Despite the profit opportunities they offered, financial operations remained risky for credit intermediaries, who could lose their clients when offering them unprofitable investments. The Salviati never specialised in this field, preferring deposit and exchange. Their involvement in royal finances seemed related to the need for maintaining access to the political power, in order to preserve their economic interests in Lyon – which were constantly under threat by local authorities and merchants. Averardo Salviati or Leonardo Spina never sought naturalisation or an office as a result for their financial support. The king and the bankers maintained a relation of deep interdependency. In the following decades, this relation endured numerous assaults, arising mostly from protectionism. The nexus between banking and finance, however, remained indissoluble, and the little attention devoted to banks in the historiography of the *Grand Siècle*, dominated by the figure of the French "financier", does not seem justified.

The study of exchange, the Salviati bank's field of predilection, enabled me to reconstruct clearing mechanisms that previously had only been evoked, and to offer new perspectives on the position of Lyon in the European exchange system. It also led to nuance the traditional spatio-temporal divisions between the technical levels of various economic operators.

The Salviati's exchange business showed how correspondents located abroad used their connections in Lyon to profitably transfer credit and conduct a banking business abroad. In this period of relative political respite, fund transfers related to the financing of wars were not apparent. The analysis thus focused on the transfers necessitated by the commodity trade, the management of the Church's revenues, and banking in Italy. It revealed, in the first place, how processes of adjustment of trade balances were performed in Lyon, such as the offsetting of the Antwerp and London debt vis-à-vis Lyon (imports of pastel, hessians from Brittany and Normandy, wine, oil, and silks) with the Lyon debt vis-à-vis Italian cities (primarily, import of silks and spices), or the relay function of Lyon in the returns of the Norman and Breton trade in Spain. Such examples were typical of the exchange business of Italian firms in Lyon, as they appeared repeatedly in their archives (not only Salviati archives but also Martelli and Capponi archives). All of them revealed the complementarity, but also the geographical dissociation, between merchandise and exchange flows, the integration of markets at different levels (international, national) and the constant articulation of "forced exchange", required to make payments, and "exchange by art" – that is, speculative exchange. Indeed, businessmen located abroad sent credit to Lyon to make payments elsewhere because these operations proved more profitable than direct transfers, thanks to differences in exchange rates. Lyon also played an important role in the repatriation of the Church's revenues from Spain, and also enabled a banking business to be carried out in Florence, due to the use of the bill of exchange as a credit instrument.[37] The international and sometimes French demand for fund transfers was the main source of revenue of Italian banks in Lyon, whose archives prove that they became increasingly involved in commission trading in the 16th

37 Raymond de Roover, *L'Évolution de la lettre de change*, Paris 1953, p. 50–55.

century. Yet it did not mean that Lyon occupied a central or controlling position in the European exchange system or was indispensable for this system to work, as was suggested by a study of the Salviati's proprietary exchange business.

According to the work of reference of Marie-Thérèse Boyer-Xambeu, Ghislain Deleplace and Lucien Gillard, Lyons' centrality came from its function of relay on the North-South axis that connected the Low Countries with Italy, and on the East-West axis connecting the latter to the Iberian Peninsula[38]. The structure of the Lyon exchange would also have explained its primacy in Europe: the resort to a single unified money of account[39] simplified the clearing process, the official and simultaneous fixation of exchange rates on all foreign markets guaranteed transparency of transactions, and indirect quotation[40] on all other markets facilitated speculation.[41] In this system, quotations on foreign markets would have been automatic reactions to news sent from Lyon after establishment of the *conto* (official list of exchange rates). This convenient organisation would have ensured the "systematic enrichment"[42] of Italian bankers. The analysis of the Salviati's proprietary exchange business did not confirm these views. This business mostly consisted in, on the one hand, bilateral exchange and re-change operations between Lyon and foreign markets, and on the other, triangular arbitrages between Lyon, North European markets (Antwerp and London) and Italy (primarily, Venice) or Spain (Castilian fairs), and between Lyon, Italy and Spain. These operations show that the relay function was not specific to Lyon, but could as well be performed by Antwerp in the relations between Lyon and Castile, or by the latter in the relations between Lyon and Antwerp. In these

38 Marie-Thérèse Boyer-Xambeu et alii, *op. cit.*, p. 173.

39 The écus de marc created in 1533 by the Florentine merchants of Lyon, defined as a constant amount of cents (45 sous tournois) unaltered by the monetary manipulations of the current money, the sun crown. (Marie-Thérèse Boyer-Xambeu et alii, *op. cit.*, p. 275).

40 Lyon gave the "certain" (indirect quote, in modern terminology) to all marketplaces, that is to say, the exchange was quoted in an "uncertain" or variable amount of foreign currency (direct quote) per unit of Lyons' currency.

41 Marie-Thérèse Boyer-Xambeu et alii, *op. cit.*, p. 176.

42 Marie-Thérèse Boyer-Xambeu et alii, *op. cit.*, p. 179.

operations, Castile and Antwerp were no more "secondary fairs" than Lyon was a "central fair". Secondly, the mode of quotations in different financial centres (direct/indirect quotation) did not always guarantee the profitability of exchange operations, which also depended on economic mechanisms external to a given market, such as the unexpected swings of foreign financial markets or the power relations between economic operators. Civil war in Naples or unexpected delays in the arrival of American fleets laden with precious metals, for instance, impacted respectively positively and negatively on the Salviati's arbitrages, independently of their previsions. Furthermore, the Salviati sometimes felt obligated to perform unprofitable or even detrimental arbitrages to suit the correspondents or clients whom they valued most. Thus, while acting as principals, the Salviati could actually behave as agents. Undoubtedly, the stability of the écu de *marc*, the fact that Lyon gave the "certain" to all other cities and occupied a central geographical position in European trade, did encourage the Lyons' banks financial activity. The dynamics of exchange, however, were by nature interactive, and could never be understood from a hierarchical perspective. In this complex system of multilateral exchanges, the positions of financial centres were interchangeable, and the relations that connected them were more of a complementary than a hierarchical nature. Lyon appeared as a convenient stop-over for arbitragists rather than "the head of the exchange", dictating trends on foreign markets.

The Salviati archives also document the history of banking practices. In particular, they shed light on the issue of the diffusion and evolution of payment and credit instruments in Europe. This book thus shows how different instruments were used by various groups of stakeholders according to the context and nature of operations. Italian bankers did not hesitate to use "primitive" techniques to make payments whenever necessary. They transferred species when exchange seemed disadvantageous. Similarly, when the cities where they sent merchandise were not exchange centres, such as Alexandria, or when exchange was not broadly diffused among the merchant groups with whom they traded (such as the Flemish), the Italians resorted to barter. Secondly, it seemed logical that merchandise such as raw silk, usually bought by French artisans on credit at five fairs (15 months), would be paid through obligations rather than bills of exchange – the maximal "usance" or maturity of which was 6 months. The familiarity of French merchants with the bill of exchange yet remained undeniable, and led them to collaborate frequently with Italians, especially to operate funds transfer on cities like Paris, where Italian networks were not as developed as in Lyon or Rouen. Far from being mere "factors"[43] of Italian businessmen, the French imposed themselves as indispensable intermediaries.

This book also invites us to reconsider the notion of technical innovation and its relation to various merchant communities. Genoese exchange in Besançon is demonstrated to be in no way more sophisticated than Florentine exchange in Lyon, the *ricorsa*[44] being common practice on the Lyon fairs in support of local banking in Florence, Venice and Rome – where deposit rates sometimes appeared less attractive. The theory of the "immaterial" era of Genoese exchange is not supported by analysis of exchange transactions in relation to the commercial dynamics that underlay them and the speculative opportunities they create. Indeed, while the impressive volume and already quite immaterial and speculative nature of the Salviati's exchange business was striking, this orientation did not prevent the very frequent combination of forced and speculative exchange. This constant overlap of the two sides of exchange contradicts the idea of a progressive disconnection of exchange from commodity trade. There were always two sides to any exchange transaction, thus, even when one party used exchange to grant a loan, the other could use it to make payments.

The Italians' sophistication in the field of exchange and accounting techniques did not prevent them from getting acquainted with

43 The expression was used by Jean-François Bergier in its book on the Geneva fairs, where the Italians illustrated themselves in the same fields as in Lyon – although their activity was less oriented towards finance (Jean-François Bergier, *Les foires de Genève et l'économie internationale de la Renaissance*, Paris 1963, p. 260). R. Gascon largely took over Bergier's view in his description of the division of labour between French merchants and Italian businessmen in Lyon.
44 Long term lending through continuous exchange and re-change operations. For the particulars, see Giulio's Mandich reference work, *Le pacte de ricorsa et le marché italien des changes au XVII^e^ siècle*, avant-propos de Gino Luzzatto, Paris 1953.

financial techniques mostly used in Northern Europe, such as assignment, which they used regularly for their business in the Atlantic space (Spain, North-Western France) and more occasionally in the Mediterranean. As for discount, it was already practiced on the Lyon fairs – where it concerned royal bonds and obligations – when it was not yet widespread in the Low Countries and cannot be considered a Flemish 17th century innovation. It seems that the level of diffusion of these techniques was less related to specific merchant cultures than to the functioning of markets and their banking organisation. In Lyon, the concentration of payments in a limited time period during the four annual Payments made assignment unnecessary. Debt transfers between local and international businessmen mostly took the form of book entries. In this context, deposit, whose initial aim was to tax unsettled account at the end of each fair, assumed the function of discount: it enabled merchants to buy bills on foreign markets without provision, and to anticipate payment of those drawn in their favour at the next fair.[45] In Antwerp, a city of *cambio aperto*, where exchange was practiced all year, most likely Italians would not hesitate to resort to assignment – as suggested by the existence of a "book of assignations" in the Antwerp branch of the Salviati firm.

IV

Going beyond the traditional approach of the Lyon market through firm archives thus helped shed new light on the organisation of its firms and on its position in international trade. These findings also led me to formulate new hypotheses cencerning the evolution of the European exchange system and of banking practices in Europe.

If there is any validity to the Italian model of enterprise, this book suggests that, above all, it was characterised by its flexibility. Commercial strategies were the product of a subtle equilibrium between "national" traditions and local opportunities, made possible by commission trading. The commission system enabled Italian firms to respond to the intense and fluctuating demand of the great European commercial centres, and to seize any opportunity as it occurred.

45 Nadia Matringe, *Credit reallocation and trade finance… op. cit.*

Salviati archives thus document a crucial moment in the financial history of Europe, which sees the constitution of societies specialised in services that spread throughout Northern Europe in the following centuries. This development was the consequence of and response to the growth of 16th century international trade and financial markets, the outstanding feature of which was the development of great exchange fairs (Lyon, Bisenzone, Castile, Francfort, etc.) with international clearing and banking functions. Banks specialised in commission trading exploited these new opportunities to establish a business model that has prevailed in the banking sector to this day.

However, neither the Sombartian notion of frantic quest for profits, nor the theory of the "systematic enrichment" of merchant-bankers can adequately account for the action of businessmen as revealed by their own archives. The occurrence of proper commercial ventures, such as the silk company or the trade of Portuguese spices, as well as the general strategy of prioritising exchange over merchandise, reveal an awareness of the nature and level of the profitability of different sectors, yet these notions were not transcribed, evaluated and measured through accounting. Furthermore, as attested by the structure of their accounting system and by their banking operations, the Salviati focused more on maintaining their network of correspondents than on immediate financial gains. Their interdependence with political and economic powers and their reliance on pre-existing economic structures made them, above all, attentive to the long-term profitability of their social capital and the durability of their undertakings. Their conception of profit integrated its social dimensions. Its quest was not the result of a disincarnate calculating logic based on accounting numbers, but a complex evaluation taking multiple quantitative, qualitative and temporal factors into account. The construction of stable business relations was a form of investment that necessitated sacrifices. The "trust" so generated was not altruistic. It was a form of organisation, the purpose of which was the prevention of risk and the enhancement of social capital. Today's banks still adopt similar strategies grounded in the personalisation of business relations with clients.[46] The existence of a long-term vision was also manifest in arbitrages. The Salviati sometimes explicitly accepted to a certain level of losses in one segment of an arbitrage (as attested by their business letters), anticipating that they could offset it in the next one. Thus, "collateral damages" related to social obligations or economic circumstances were accepted in order to ensure the overall long-term profitability of a business.

From a historical perspective, the practices and economic mechanisms analysed in this book call the thesis of Lyon's late 16th century "decline" into question, as well as the dominant theory on the evolution of banking practices in early modern Europe. The constant interpenetration of big business and the local economy revealed the adaptability of Italian firms. In the 1550s, when the first signs of a "merchandise crisis" were already visible according to Gascon, Salviati books, on the contrary, attest the good health of this sector and the capacity of the Italian firms to reconfigure their activity according to changes in their own network or in economic trends. The question then arises whether this flexibility, related to commission trading, could have ensured the persistence of the Italians' presence in Lyon, despite the religious and economic turmoil of the 16th century's last decades. The privileged relations that the Salviati kept with previous employees after their departure from a market (for example, with Tomaso Corbinelli in Antwerp) illustrates that the closing of a company was not equivalent to a retreat from the market. In other words, Italian banks deserting Lyon at the end of the 16th century could have kept agents and continued their business there, thanks to the system of commission trading. In this perspective, the apparent "retreat" of these banks is not necessarily an indicator of crisis. The Salviati and Bonvisi's attempts to integrate the kingdom's internal economy confirmed their will to ensure a durable presence in French territory. In the first half of the century, both were already selling textiles directly bought from French merchants. It is unlikely that the same practice in the second half of the 16th century

46 Michel Ferrary, *Confiance et accumulation de capital social dans la régulation des activités de crédit*, Revue française de sociologie 40/3 (1999), p. 559–586.

constituted an "encroachment" in a field reserved to French merchants – interpreted by Gascon as another symptom of the Lyon's crisis.

This book finally calls into question the role generally attributed to Flemish merchants as promoters of financial innovation in the early modern age. In Lyon, debt transfers and the negotiations of commercial bonds took place in a context of close relations between long term commercial partners – albeit of different origins. Although the first examples of endorsement come from Italy, it was in Antwerp that a real endorsement market developed for the first time. Did it mean that Flemish merchants were less reluctant than Italians to do business with strangers? This question appears all the more important since the theme of the growing anonymization of business relations and the birth of "impersonal" markets is usually associated with the rise of the United Provinces, promoters of a new mercantile ethic of competitive democracy. Questioning the Flemish "advance" in the field of financial techniques invites us to reconsider the role of innovation in the North European economic growth. Judging by the history of the diffusion of endorsement and discount, which appeared sporadically in the South of Europe several centuries before they became widespread in the North West, it seems that financial innovation, just as scientific innovation, was often born out of context, in a space-time where it was not perceived as indispensable, before being drawn somewhere else – in this case, in Antwerp and then Amsterdam – where it was exploited on a broader scale and sophisticated. Unlike the image often projected by historiography, financial innovation was not the product of central marketplaces and key moments in European history: it always came from elsewhere and always had a head start; it followed and prolonged economic growth, rather than initiated it.

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