

### **Change and Transformation of Premodern Credit Markets: The Importance of Small-scale Credits**

**Veranstalter:** Stephan Köhler, Universität Mannheim; Heidelberger Akademie der Wissenschaften

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Although the existence of premodern European capital markets is an undisputed fact, there is little empirical knowledge about the functioning of these medieval and early modern credit markets. The conference focused on the development of credit markets in the medieval and early modern period and the functioning of small-scale credits. Of special importance were firstly, the financial needs of individuals in the premodern markets and their strategies to deal with financial difficulties. Secondly, the conference focused on institutions and actors, that either do not exist anymore or are not directly connected to financial services, instead of searching for precedents for modern economic institutions. Thirdly, the role of the low finance and the understanding of the use of everyday credit and how the majority of the population actually made a living were of special interest.

GILLES POSTEL-VINAY (Paris) opened the conference with the presentation of some key aspects of research he did together with Philip T. Hoffman and Jean-Laurent Rosenthal on credit markets in France. He emphasized the changes in the financial sector over time, comparing the premodern and the modern period regarding credit instruments, the role of intermediaries and the importance of small-scale credit for the poor.

In the first section *The functionality of premodern credit markets: An economic and social reappraisal*, MATTHEW STEVENS (Swansea) spoke about the influence of the English conquest of Wales (1067–1283) on the country's credit market. He argued that on the one hand, the conquest did modernize the Welsh economy by promoting monetization, urbanization, developing a modern

law of credit and growing access to credit. On the other hand, legal disadvantages reinforced the English dominance in medieval Wales when it came to the accessibility to financial services for the Welsh.

Subsequently, GABRIELA SIGNORI (Konstanz) presented the Basel Court Books, stemming from the fifteenth century. The Court Books are highly differentiated and deal mainly with credits and other forms of debts. Signori especially focused on legal seizures and debt recognitions. The former belong to the informal credit system, while the latter fit into the frame of a formal credit system. She concluded that in the informal credit system trust between creditor and debtor played an important role, while distrust led creditor and debtor to record the debt relationship in the formal debt recognition.

SVEN RABELER (Kiel) also contributed to the reappraisal of the functionality of credit in premodern markets. He discussed the impact of clerical institutions on the credit market in the Bavarian town Kaufbeuren in the fifteenth century. He presented a register of repurchased eternal annuities, which had previously been owned by multiple clerical institutions. This document shows clergymen as important creditors to the city's real estate owners. Rabeler emphasized the crucial role of clerical institutions and the town council in a socially dominated credit market and the significance of annuities for the market of small loans in the small town of Kaufbeuren.

In section 2, *A spatial analysis of small-scale credit: Urban and rural environments compared*, STEPHAN KÖHLER (Mannheim) analyzed the register of the Tirolian notary Jakob of Laas (1390–1392) and records of provincial courts – *leich taidings* (1388–1391) – in order to identify the significance of intermediaries passing through urban centres for rural credit, the organization of the rural credit market in medieval Tirol and to recognize connections between the rural and urban credit markets. The lack of small-scale credits registered by a notary can be explained by the proportional high transactions costs. Several orally contracted small-scale debts were litigated before the provincial courts. The absence of small-scale credit in notary records can thus be explained by the selection bias of the sources.

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SO NAKAYA (Osaka) focused on small loans to peasants by a physician called Iacopo in late medieval Lucca (Tuscany). He used the memorandum of Iacopo that documents informal credit practices over a period of 40 years in order to examine characteristics of small-scale credits lent by the estate owner Iacopo to his farmers and other rural and urban men. Nakaya showed that Iacopo often granted consumer credits to his farmers, who paid back their debts in kind. He also discussed Iacopo's aim of lending money that was influenced by his social relationships.

Completing this section, BENJAMIN HITZ (Basel) talked about the significance of court records for our understanding of medieval credit networks on the example of Basel in the fifteenth century. Based on those records, containing lawsuits, testimonies and seizures, Hitz collected quantitative data to categorize the socioeconomic situation of creditors and debtors, their use of justice and their access to different credit practices. He presented his results using different methodological approaches, including network analysis that showed the imbalances of credit relations, the rather small spatial distance between creditor and debtor as well as the use of justice rising with wealth and the use of different formal credit practices in Basel.

Section 3 on *The materiality of credit and economic data* continued with the analysis of credit by using quantitative methods. TONY MOORE (Reading) introduced his work on a dataset about private credits in medieval London analyzing (together with Miriam Marra and Tom Graham) ten recognisance rolls from the city of London (1285–1363). He showed that most of the overall 2803 recorded credit transactions were short-term, medium-sized credits and often connected to trade. Although Moore presented extensive material, he stressed the fact that modern research is still only aware of a fraction of the whole extent of premodern credit markets.

Another aspect of capital markets was discussed by DAVID CHILOSI (Groningen), who compared (together with Max-Stephan Schulze and Oliver Volckart) price gaps in real markets, using wheat prices, with the cost of public borrowing in capital markets, using the interest rates urban annuity markets, in Italy

and the Holy Roman Empire during the period of 1350–1800. Transaction costs seem to be the key to explain economic growth. The analysis was based on wheat prices from over 300 cities and on 30,000 observations concerning yields. He concluded that for wheat prices inter-urban transactions costs in Italy and the Holy Roman Empire conformed to the European norm. Transaction costs across Europe tended to meet at the British level in the late Middle Ages. As hypotheses, he suggested that trade barriers were commodity-specific, and while monitoring costs were comparatively high in capital markets, the costs of discovering prices were particularly high in wheat markets.

The last paper of the section focused on the impact of money and credit on state capacity and state formation. PHILIPP RÖSSNER (Manchester) talked about the Leipzig Monetary Ordinance of 1500 that introduced the Saxon Thaler as new silver currency. He argued that the ordinance was revolutionary as the establishment of the new currency was based on a new approach to currency as a tool for influencing monetary stability, commerce and trade, and therefore influencing the state and commercial society. According to this, Roessner presented the first public debates on potential methods of economic intervention, namely the „Saxon Currency Dispute“, and showed one of the earliest propositions of devaluation as a means of export promotion.

Section 4 focused on *Practices of small-scale credit and the evolution of banking* and started with PIERRE-DAVID KUSMAN (Brussels) discovering the different financial activities of Piedmontese financiers in the late-medieval Low Countries. He contradicted De Roover's view of the Piedmontese as strictly small-scale creditors. Kusman argued that in fact Piedmontese moneylenders were not only active in small-scale moneylending, but also in high finance and merchant banking. In the interest of the actual business patterns of Piedmontese families in middle-sized and big cities of the Low Countries and the neighbouring regions during 1280–1330, Kusman reconstructed their commercial strategies, such as spreading their capital among several branches to avoid risks. Furthermore, he identified that Piedmontese

financiers contributed significantly to the supply of money in the big cities of the Low Countries.

Contributing to the topic of practices in small-scale credit, CHRISTIAN HAGEN (Kiel) discussed short- and long-term transformations of urban credit markets based on the so-called *Judenbuch*. The source is a part of Vienna town books and concerns credit transactions using real estate as collateral between Christians and Jews or other Christians. Hagen argued that until now research has focused on the transactions between Jews and Christians and has left out the credit transactions between Christians only. He observed that Jewish credit disappeared after the expulsion of Jews in Vienna in 1421. However, credit transactions in the *Judenbuch* are recorded until 1567, raising the question about the substitution of Jewish credit after 1421. Hagen argued that the source material collected does not suggest that Christian creditors did level out the lack of capital caused by the expulsion of Jewish creditors and therefore shedding new light on the substitution of Jewish credit in the 15th century.

HANNAH ROBB (Exeter) opened the last section, *Escaping Poverty? The importance of small-scale credit in premodern Europe* by introducing credit contracts from the church court records in York. With a special focus on language, Robb analyzed 118 cases of debts claimed in Ripon during the period 1452–1506 that were recorded in an ecclesiastical court. She argued that the language developed in these contracts was a language of trust and faith, which was especially typical for ecclesiastical courts in the fifteenth century.

MAURO CARBONI (Bologna) discussed the rise and significance of public pawn banks in early modern Italy as one alleged institution to escape poverty. The public pawn banks (*Monti di pietà*) made credit available to the working poor by lending money on the security of a pledge. Carboni focused on the significance of the Monte of Bologna and its expansion of services, which attracted not only the working poor but also wealthy customers and even public authorities. This expansion of services to a broader clientele led to the rise of capital and liquidity of the pawn bank and improved the credit conditions for

the working poor. Carboni asserted that the poor could not escape poverty, but the wider financial operations of the Monti actually lead to more abundant and cheaper credit services available to them.

The topic of survival and bridging financial shortages was taken on by TANJA SKAMBRACKS (Mannheim) who dealt with strategies of survival of the working poor in early modern Rome and Perugia. Her paper focused on two aspects: the *Monti di pietà* as institutions providing services of money transfer and deposit banking as well as the role of objects for the study of small-scale credit. Skambraks presented different forms of credit transactions documented in the account books (*Libri Mastri*) of the Roman Monte over the period from 1585–1595 and concluded that the inhabitants of Rome were interconnected by a network of various small credits. Skambraks also analysed a list of pawn objects auctioned by the Monte of Perugia in 1469/70 stating that these objects served as stores of value for the *pauperes pinguiore*s. These objects circulated in an economy of lower social strata where the repeated exchange of those goods for money can be observed.

The papers have shown that the links between small-scale credits, money, formal and informal financial institutions and credit markets have to be studied together. The comparative contexts in which the papers have been discussed have shown that there were not one but several forms of credit markets in premodern societies. Hopefully, this conference will provoke greater exploration and discussion of research of various forms of credit practices.<sup>1</sup>

#### Conference overview:

Gilles Postel-Vinay (Paris): Keynote speech

*Section 1: The functionality of premodern credit markets: An economic and social reappraisal*

Chair: Annette Kehnel (Mannheim)

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<sup>1</sup>For further information about the upcoming activities of the research project about small-scale credits, visit our homepage: <http://hi.uni-mannheim.de/kleinkredite/> (19.12.2019).

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Matthew Stevens (Swansea): Colonization and credit in medieval Wales

Gabriela Signori (Konstanz): Small loans in late medieval urban economics

Sven Rabeler (Kiel): Small credit in a small town. Clerical institutions and the credit market in Kaufbeuren in the fifteenth century

*Section 2: A spatial analysis of small-scale credit: Urban and rural environments compared*

Chair: Daniel Smail (Harvard)

Stephan Köhler (Mannheim): Rural and urban credit in medieval Tyrol

So Nakaya (Osaka): Small loans to rural men in late medieval Tuscany

Benjamin Hitz (Basel): What can court records show us about medieval credit networks? The case of fifteenth-century Basel

*Section 3: The materiality of credit and economic data*

Chair: Jochen Streb (Mannheim)

Tony Moore (Reading): Reconstructing credit in medieval London from statute recognisance rolls

David Chilosi (Groningen): Comparing inter-urban transaction costs: Capital and wheat markets north and south of the Alps, 1350–1800

Philipp Rössner (Manchester): Credit, velocity and monetary regulation as state capacity and state formation: The example of the early Saxon Thaler/Dollar, 1490s–1530s

*Section 4: Practices of small-scale credit and the evolution of banking*

Chair: Hiram Kümper (Mannheim)

Pierre-David Kusman (Brussels): High finance, banking and small-scale moneylending: A new trinity of financial functions for Lombards in the late-medieval Low Countries?

Christian Hagen (Kiel): Short and long term transformations of urban credit markets. Christian and Jewish creditors and debtors in late medieval Vienna

*Section 5: Escaping poverty? The importance*

*of small-scale credit in premodern Europe*  
Chair: Ulf-Christian Ewert (Münster)

Hannah Robb (Exeter): Trust and contract in the fifteenth century

Mauro Carboni (Bologna): Lending to the working poor: The rise of public pawn banks in early modern Italy

Tanja Skambraks (Mannheim): Strategies of survival: Pawnbroking and credit relations in early modern Rome

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