Commercial Agreements and Social Dynamics in Medieval Genoa

QUENTIN VAN DOOSSELAERE
Nuffield College, Oxford University

CAMBRIDGE
UNIVERSITY PRESS

4

Credit Network for Routinized Merchants

The previous chapter showed that, before the end of the thirteenth century, the Genoese who participated in the long-distance trade were, for the most part, multivalent actors. In that context, commenda contracts were an efficient norm-based framework that fostered heterogeneity of ties. However, the mercantile routinization and specialization that had already developed in a few other European regions was emerging in Genoa, and credit was increasingly defining the relationships between local specialized operators. So, whereas we have been so far concerned primarily with those Genoese whose occasional participation created the conditions for the commercial revolution, this fourth chapter focuses on those for whom, in increasing numbers, long-distance trade became a main occupation and career.

It is the emergence of these merchants' networks that Braudel singles out to explain the rise of capitalism in late medieval Italian city-states. Brushing aside alternative explanations, such as the rise of agricultural productivity, the demographic impulse of the late Middle Ages, and the rise of protoindustrialization, he notes that long-distance trade was "the only area which favored the reproduction of capital" (1992, p. 239). Accordingly, he firmly assigns the origin of the sustained accumulation of financial resources to those who were increasingly able to dominate long-distance trade through their deployment of specialized networks – around the Mediterranean first and across the rest of the world next – in order to take advantage of the differences of price in space and time.

Braudel describes the merchants' predatory endurance, which made them unlike any other network before them, but he does not focus on the social origins of his leading economic class. In writing that the merchants

were foreign to their surrounding social context (1979, p. 239), he even implies that their emergence was exogenous to the preexisting social system. In this chapter, I analyze 250 years of credit ties in order to show the role of credit in the formation of the merchant network, and to show that this was not the case. Indeed, my description of the network's participants illustrates the social endogeneity of the rise of capitalists. In analyzing the social origins of the network's members and the partner selection patterns, I also analytically confirm the continued blending of military repertoire and commercial success. The men who waged wars and controlled trading routes were, thus, able to build enormous wealth because financial opportunities arose not so much from fair market competition but instead, as Braudel points out, from gaining control over resources.

I begin the analysis of this chapter with a brief history showing how wealth-building among the commoners induced political change in Genoa. Then, in section 4.1, I review the formal functioning of the four most important types of medieval credit instruments, concentrating on those characteristics that were most relevant to the change in social relationships. For example, I indicate how the emergence of an international payment system necessitated network connections that had not been a prerequisite of the commenda relationships.

Next, in section 4.2, I provide an analysis of the credit network participants, empirically confirming that, for the most part, credit was an instrument that, unlike the commenda, did not involve the Genoese community as a whole, but instead involved experienced traders with different career paths.

Finally, in section 4.3, I analyze credit-tie dynamics over almost three centuries in order to trace the changes in the social makeup of merchants active in Genoa. Reviewing, successively, the place of origin, occupational distribution, and status distribution of the credit network, I begin by explaining the role of foreigners, who at first constituted the majority of routinized long-distance traders. Next, I round out the occupational description started in Chapter 3 by pointing to two occupations that originated in a craft but became central in the credit network architecture. I then conclude with an analysis of the status distribution of the emerging mercantile community. I point to the increasing role of the aristocracy in the credit network toward the end of the thirteenth century, when, along with a few commoner clans, the nobility replaced the itinerant foreign merchants. As a result of the rise of specialization, commendae, which had provided occupational mobility opportunities and introductory selection into the long-distance trade network, declined sharply. By contrast, credit instruments thrived as a robust framework for social exchange among the mercantile class and solidified the social categories apart from the dichotomic status-based division that had organized feudal relationships up until then.

The Rise of Commoners

The object of the following paragraphs, which will precede the formal analysis, is to explain how – while credit increasingly defined relational ties among the routinized long-distance operators – the rising wealth of the commoners gave them an independent strength, and how political dynamics became an integral part of the rise of commerce as a social exchange currency.

Historians of medieval Genoa often point to internal strife among the elite to explain its medieval political history (Tabacco 1989). In particular, the beginning of the *podesta* regime in 1190, which provided for delegating the administration of the city to an outsider in order to overcome factionalism, is often cited as clear evidence of continual discord among the urban elites.

Evidently, internal rivalries were intense, but, as S. A. Epstein noted, those were not always motivated by "high minded differences" (1996, p. 109) and do not always explain much about economic relationships.[1] In addition, small random personal altercations[2] that could start a cycle of violence among armed clans also occurred in most other Italian

[1] Aside from the more cultural explanation for the Guelf/Ghibelline antagonism, historians often point to the divergent interests between, on the one hand, the landed aristocracy and, on the other, the mercantile urban elite in order to make sense of factions. Although this might hold true in explaining the antagonism between the Genoese urban center and the *contado*'s aristocracy, it does little to help us understand the city's contentious internal history. From the mid thirteenth century onward, almost all the protagonists, including the powerful Guelf "land-based" clans of Fieschi and Grimaldi, were heavily involved in the long-distance trade (for example, LO#63g/March 1253; DO#1481/June 1290; BA#3571/August 1349). This common commercial interest does not mean that infighting was necessarily caused by cultural antagonism or by the perpetuation of personal vendettas. Indeed, in medieval Italy, holding political office provided material benefits. As S. R. Epstein remarks, "Political authority was a source of economic rent just as much as the market was"(2000).

[2] The Genoese official Chronicle reports many such small personal altercations. Most often, those small events were not, by themselves, enough to start major strife. They were, instead, a manifestation of the antagonism between individual clans, each of which had to protect its members from encroaching clans.

towns, even those under the *podesta* regime.[3] Such violence was a legacy of the feudal social organization, whose survival depended in part on the eruption of violent episodes to justify its response function (Bloch 1961), which had become less significant since the receding of outside threats. As S. R. Epstein noted, those who "claimed seigniorial rights over trade and people" had "a comparative advantage in warfare," and "political fragmentation was both the prerequisite and effect of their independence" (2000a, p. 289).

In Genoa, the *podesta* certainly acted as the head of the formal executive, but his role should not be exaggerated. Greif (2006) relies heavily on the *podesta* to explain how the Genoese resolved their factionalism, which, in turn, according to him, explains their economic prosperity. But this view overstates the *podesta*'s influence on communal peace. For example, in an effort to establish a causal relationship and to demonstrate empirically the efficiency of the *podesta* (2006, p. 246), Greif uses S. A. Epstein's data (1996, pp. 325–6) to show that, after the *podesteria* regime stopped being "self-enforcing" in 1339, the next 200 years witnessed 39 revolts. A large number, indeed, but, according to the same data source, Greif does not note that the rate of revolt per year was almost identical *when the podesteria was self-enforcing* (sixteen revolts from 1257 to 1339).

In fact, the Genoese did not lose their grip on the city administration. Indeed, a town council elected by a group of members of the nobility was still in control of finance and monitored the *podesta*'s decisions. For example, a group of eight "*nobile*" administered the city's public finances (Sieveking 1898, p. 48), and, according to Vitale, the *podesta* needed the approval of the parliament when he decided to fight the dissidents and those who disturbed the peace (*dissidenti e i perturbatori*) (1951, p. 51). This permanence of the town council underscores the fact that, despite the emergence of trade in the definition of relational ties to supplement the preceding political organization around centralized and topodemographic affiliation, access to the political process on the part of the commoners was still very limited until the 1257 revolution (Vitale 1956; Pavoni 1992).

That year, members of the lower class, assisted by the trade-oriented aristocratic clans of Doria and Spinola, brought to power Guglielmo

[3] As Hyde notes, the *podesta* became a permanent institution throughout communal Italy (1973, p. 101).

Boccanegra, who took the title of "captain of the people"[4] and ran the city along with a council of thirty-two commoners (Petti Balbi 1997). The historians Sieveking (1906, pp. 61–3) and Lopez (1975, p. 27) noted that the 1257 revolution had been preceded by a banking crisis that had threatened the interests of those commoners who had managed to accumulate some capital through long-distance trade. This wealth building among commoners had actually been facilitated by a decade of economic prosperity and relative stability, as Genoa was able to fully assert its control over the whole of Liguria by the mid thirteenth century.

Hence, it appears that the revolution was the sudden expression of slow-building social changes, which, during a period of relative peace, led to the replacement of the previous political system, which had relied on its response to constant military engagements to maintain its authority. As part of the same process, peace also facilitated cross-status alliances because the nobility, which had, up until then, always managed to reunite itself when the city was in danger, was deprived by the lack of military emergencies of its own periodic integration mechanism.

Boccanegra, the new city leader who was born into a rich family closely linked to the mercantile elite,[5] led a regime that provided increased political access to citizens of all conditions. However, his lasting accomplishments served primarily the mercantile group, as he is mainly remembered not only for disentangling Genoa's poor geopolitical situation in order to bolster its commerce, but also for restoring the public finances. Although his stewardship lasted only five years and was followed by seven decades of aristocratic leadership, his tenure constituted an historical break. From then on, appointments to public office were divided equally between aristocrats and commoners (Vitale 1956, p. 86).

The grip of the most powerful feudal clans over the city's formal administration definitively ran its course in 1339, when a coalition of merchants – aristocrats and commoners alike – under growing pressure from the lower caste to see one of their own as the ruler, anointed Simone

[4] The similar title had been used in Florence in 1250. The regime there was supported mainly by the *popolo grasso*, the emerging middle class, which comprised professionals, the wealthiest craftsmen, and the merchants.

[5] The Boccanegra family was involved in trade at least from the early thirteenth century onward (LA#157/March 1203, #394/July 1203; LA#1704/December 1225) and – according to the database – became increasingly active in the year preceding the 1259 revolution (DO#780/December 1252; JE#10/March 1253, #744/July 1253, #749/July 1253, #910/May 1252; DO#953/May 1254). See Sayous (1937) and Petti Balbi (1991) for more on the Boccanegra clan.

Boccanegra – the grand nephew of that Guglielmo Boccanegra who had run the first revolutionary regime – as Genoese doge (Agosto 1981, p. 97; Pistarino 1993, p. 173).[6] The popular elements of the city had hoped to nominate the *abate* – an official who since the 1257 revolution had directly assisted the "captain(s) of the people" on behalf of the commoners – to the highest office. However, the new doge, Simone Boccanegra, successfully undercut the popular surge demanding additional self-representation by immediately taking the title of "defender of the people" and by excluding the aristocrats from the government (Petti Balbi 1991; Airaldi 2004).

Over time, the increasing social division between the mercantile commoners and the lower economic classes became formalized in the political organization of the city, which provided separate representation according to occupational criteria. Henceforth, the formal division, which divided the commoners into two distinct groups of merchants (*mercatores)* and craftsmen (*artifices*), was added to the original communal separation between status groups.[7]

In the rest of the chapter, I analyze the credit network to track the change in the social makeup of this mercantile class. I show how credit consolidated the elite commercial network and how the nobility increasingly relied on credit in the definition of relational ties to catch up with those commoners who had taken advantage of the upward mobility of the twelfth and thirteenth centuries. Before getting to that, in the next section I set up the analysis by describing the standard agreements that organized credit ties. Using the example of tangible credit relationships, I especially point to those characteristics that facilitated the rise of medieval merchants.

4.1 MEDIEVAL CREDIT INSTRUMENTS

There is a persistent perception that medieval credit – other than that extended to feudal and public authority[8] – was mainly usurious and

[6] As such, Genoese history differs from that of the other two great Italian Renaissance republics. In Venice, the nobility never shared power with the *populares*, whereas in Florence the fight between *magnati* and *popolani* (1290–95) ended in the complete triumph of the rich bourgeoisie.

[7] For details, see Forcheri (1974, pp. 50–3).

[8] Those loans often escaped the mechanism of credit markets as they were often a disguised form of either forward sale of taxes (Kaeuper 1973) or tribute extorted in exchange for political and military protection.

confined to consumption loans.[9] In this understanding, the lending role is often confined to non-Christian minorities – Jews in particular – who were not subject to the Church's interdiction against receiving interest (Dubois 1990, p. 756; Favrier 1998, p. 206). Against this view, well-documented quantitative studies have demonstrated that medieval credit transactions were widespread, that not all were usurious in the sense of abusive or secret, and that medieval lenders came from a variety of geographical origins, ethnicities, and religions.[10] My analysis of the Genoese record certainly complements the work of these authors, as the countless consumption loans extended by local citizens attest to a wide participation in credit markets.[11] Among those, many contracts involved ecclesiastics charging interest for collateralized loans,[12] which certainly puts the Church's activities in perspective.

An analysis of the notarial record, which I start next with a description of the sample that will provide the empirical evidence for my formal analysis, also confirms, on a large scale, previous studies (Usher 1943; Dubois 1990) showing that, while personal loans and real estate mortgages were indeed plentiful, medieval credit transactions were not restricted to consumption, but were an integral part of trade and production.

Sample

As was the case in my analysis of the commenda network, for the credit data set I consider all the instances of commercial credit from 1154 to the end of the fourteenth century that I found among the more than 20,000

[9] See Heers (1974) or Udovitch (1979) for a summary of the various studies of this issue.

[10] See Postan (1927); Reynolds (1930); de Roover (1952); Poliakov (1965); Pugh (1968); and Murray (2005). For example, Poliakov documents the medieval Jews' wide variety of occupations. He also demonstrates that when Jews were indeed lenders, they were often acting as intermediaries by loaning to Christians money that belonged to other Christians (1965), and Murray lists a variety of lenders in the Bruges market (2005, pp. 19–48).

[11] It remains true that in many parts of medieval Europe, where financial markets were undeveloped, foreigners (not necessarily only Jews, but also Lombards and Cahorsins, for example) played a large role in local credit markets. The explanation, though, is not related to the Church position on usury (for exhaustive comments on usury in the Middle Ages, see LeGoff (1999, pp. 1265–1305), but rather to the social proscription against extending loans to friends and acquaintances, as well as the contempt and anger toward those who profited from the precarious circumstances of members of the same community.

[12] For example, S#358/March 1158; CA#77/January 1191; CA#351/March 1191; LA#665/August 1210; LA#1189/ September 1216.

TABLE 4.1. *Credit data set, 1154–1406*

	1154–99	1200–49	1250–99	1300–49	1350–1406
Number of contracts	970	1,315	909	380	242
Total amount (£)	51,151	57,461	229,325	210,903	83,568
Mean amount (£)	53	44	252	555	345
Std amount (£)	67	65	416	940	401
Number of ties	2,206	2,191	1,744	795	301
Number of individuals	1,164	1,584	1,161	717	373
Number of ties per individual	3.79	2.77	3.00	2.22	1.61

notarial minutes I reviewed. Altogether, I selected more than 3,800 contracts organizing a total of 7,238 credit relationships among 4,687 persons. In Table 4.1, I break down some of the credit sample statistics by periods. It is well to remember when referring to empirical patterns over time – perhaps even more than with the commenda sample analyzed in Chapter 3 – that, because the number of records available for coding varied through time, the size of the credit data set is neither an indication of the trade volume dynamics nor a way of determining the commercial loan's relative importance in medieval long-distance commerce. For example, one should be careful not to interpret the low mean number of ties per person in the fourteenth-century data set as exemplifying an historical trend. The data points per year for that period are much sparser and come from smaller and more disparate portions of notarial records than those for the earlier period, which explains why individual careers are underrepresented. When considering the denser period of data entries, those of 1300–15 and 1340–55, the average number of ties stands at 2.78, and is in line with the average over the whole period.

What the sample does provide, though, is empirical evidence that can be used to compare changes both in the architecture of the commercial network and in the social makeup of the participants. In addition, and keeping in mind my introductory precautionary comments about comparing monetary values over time, the data set confirms the mid thirteenth century's large upsurge in mean transaction size observed in Chapter 3.

Sample selection criteria. For the most part, when analyzing the record, the differentiation between international credit and smaller consumption loans or local commercial borrowing, such as that of a shoemaker to buy nails, is fairly straightforward.[13] Indeed, both the exchange contracts, which included either the repayment of principal in a foreign currency and/or the borrower's travel plans, and the short-term promissory notes, which backed large trade credit, can be safely categorized as directly or indirectly funding long-distance commerce. More difficult to sort out are those far less common loans that are not identified by a specific purpose and that do not stipulate international payment instructions, but whose terms resemble those of long-distance trade credit. In some cases, the identity of the borrower provides a clue for differentiating between personal and commercial loans. This is, for example, the case with the brothers Simone and Nicolaio Grillo, who, in 1253, lent more than £1,000 to an Arabian prince who pledged "precious stones and silk fabrics enriched by golden thread" as collateral (Belgrano 1866, pp. 119–20). Another example is Bishop Ralph of Liege who, in 1191, upon returning from Syria with a suite made up of his nephew, archdeacons, chaplains, seneschals, butlers, and a secretary, borrowed 200 marks of fine silver (Byrne 1920, p. 216).

In other cases, straight debt notes are more difficult to classify. When in doubt, I have usually aggregated these few credit transactions to the clearly commercial contracts that pertained directly to the international trade. However, those represent a very small number. If I overestimated the size of the long-distance credit network sample, the quantity of these contracts certainly does not constitute a meaningful portion of the credit data statistics reported in Table 4.1.

In addition to the direct credit relationships, I have complemented the data set with two types of ties that have proven important in the organization of Genoese medieval credit. First, I coded the guarantor/borrower and guarantor/lender ties for those loans that include a personal guarantor. This was especially common before the first decades of the thirteenth century because many lenders required the guaranty of a third party. Second, I also coded those proxy/principal relationships that linked a lender to a traveling merchant because, for cases in which the principal of a loan was payable abroad, lenders increasingly empowered fellow merchants to recuperate the funds on their behalf. The proxy/principal ties should not be confused with those of an employee, or even of an exclusive agent, which were more common in the organization of European trade beginning in the late fourteenth century. Had the lenders been

[13] GI#531/1210; GI#1996/1211.

employers, it is doubtful that each delegation of authority would have necessitated a separate notarial record. In addition, the notarial records show that those recuperating funds might do so simultaneously for several different merchants and were often themselves active traders.[14] For example, during his career Bonifacio de Tiba,[15] a nobleman whose family had recently emigrated to Genoa and who had been asked by Luchetto Grimaldi to recuperate a debt at the Champagne fairs (April 1263), also entered into a £400 commenda partnership to Constantinople with Simona Fieschi and received 200 Provinese pounds in an exchange contract with Dagano Spinola. As an aside, what is remarkable – although it was not unusual at the time, which confirms that when it came to long-distance trade, boundaries between factions were a lot less sharp than what the historiography portrays – is that Bonifacio de Tiba entered into transactions with families who, as the historiography goes, were arch-enemies throughout the medieval period, and during the second part of the thirteenth century in particular. The Grimaldi and Fieschi were the leading Guelf clans, while the Spinola, along with the Doria, led the Genoese Ghibelline party, which was then controlling the state.

Periodicity. Before getting on with the analysis, it will be helpful to say a word about the periodicity of the credit network data set in order to clarify the scope of the analysis. Unlike temporary equities, which declined sharply toward the beginning of the fourteenth century, credit-based relationships span the whole period covered in this book. As such, a preliminary contrast, which will be further elaborated later in the analysis, can be drawn between commenda and credit-based instruments. While the commenda induced social changes, which in turn precipitated its own demise, credit-based institutions provided a framework for consolidating the social architecture and, therefore, lasted longer.

As Table 4.1 indicates, the concentration of entries in the data set declines with time – not because the amount of credit drops, but because the data available to me did – so that the methodology, which relies on a

[14] The data set shows that agents (n = 328) also entered into, on average, 4.94 transactions as principals [(mean general population = 3.06 (n = 9,958)].

[15] See, for other examples, Ambrosio Ferrabo (CA#173/February 1191; CA#491/April 1191; CA#527/April 1191; CA#572/May 1191; CA#603/May 1191; CA#746/June 1191; CA#787/June 1191; CA#870/August 1191); Guglielmo Lercario (JE#746/April 1254; JE#766/June 1259; DO#1196/December 1262; JE#800/June 1267; BA#636/August 1282; STU#513/February 1388) and Leonardo Gentilis (BA#4040/March 1388; BA#4228/August 1395; BA#4327/June 1401).

very large sample, cannot be applied evenly for the almost 300 years that pertain to credit-based instruments in this book. It remains true, however, that for the period coinciding with the commenda's golden age (1154–1300), the credit sample is large enough to establish a comparison between, on the one hand, the temporary equity network and, on the other, the credit networks. In addition, I was able to gather a large sample of credit relationships from 1340 to 1355 (n = 682).[16] The analysis of that network provides measurements that will help extend the trend analysis of the earlier centuries.

In the next pages, I describe the functioning of three varieties of standard medieval credit agreements that together constitute almost all debt instruments related to long-distance trading in the notarial cartularies. In decreasing order of risk to the lenders, I will start with a description of the *foenus nauticum*, a sea loan that transferred all traveling risks to the lender. I then explain the mechanism of terrestrial and overseas exchange agreements (*cambium*). I show the similarity between these two types of contracts, including the clause providing for repayment of the principal in a foreign location, a circumstance that necessitated an increasingly sophisticated organization of trade. Finally, the last categories of credit agreements described are the short-term promissory notes that financed many long-distance transactions.

Although these three categories of credit proceeded from distinct legal clauses pertaining to obligations that organized different commercial purposes, they shared a common base that differed fundamentally from the temporary capital ventures analyzed in the previous chapter. Indeed, the terms of the credit contracts are not concerned with the outcome of a business venture,[17] but rather with the conditions under which the debtor had to repay the principal and interest.[18] As for all credit transactions, the question for the creditor was not so much – as was the case in a temporary equity venture – how the borrower invested the funds; the creditor was more concerned with how to structure deals that compelled the debtor to reimburse in time. Obviously, good trading practices could only help the

16 Unless indicated, the credit network analysis is based on the parameters of eight networks whose periodicity matches the commenda networks used in Chapter 3, except for the last one (1340–55). Here also I chose the number and the periodicity of the networks to maximize the period covered while maintaining enough data density for each network.

17 Maritime loans might sometimes stipulate the commercial value of goods, but this refers to the collateral and not to the obligation of the borrower. In addition, in a handful of contracts the lender had a direct interest in the return of the venture.

18 Notwithstanding special provisions for transport risks.

debtor's access to credit, but, for a creditor, it was the ability of a borrower to come up with the money at the due date that was key, not the profitability of his transactions per se. As a result, as in any debt transactions, and notwithstanding the pledges and formal personal guaranties provided in many loans, the odds of paying back were also associated with the debtor's capacity to borrow from someone else[19] at the settlement date. By contrast, a failed commenda venture did not require the traveler to pay anything back to the debtor and, therefore, did not involve his social connections to the same degree.[20] An unprofitable commenda was a legal, albeit not desirable, business outcome leaving little recourse for the investor. That this was a possibility is made clear in the will of Pietro della Croce in January 1192. He warns his heirs that his wealth might be less than expected because he invested in commendae.[21] However, failure to pay back a loan was wrongdoing, and the borrower could be forced to pay or go to jail.

Sea Loans

The sea loan, called *foenus nauticum*, was an agreement stipulating that the repayment of the principal upon returning to Genoa was contingent upon the safe arrival of the cargo or the ship carrying the borrowed money or goods to a specific destination. This type of loan was not much different from the antique bottomry loans whose essential elements are already described in the Hammurabi code issued around 2250 B.C., with the exception that, in most cases, the antique lender was also the original owner of the goods transported and was thus, unlike the situation during the medieval period, also an equity participant (Millett 1983, p. 37).

Most scholars agree that the sea loan continued, uninterrupted, from the time of antique trading (Hoover 1926; Lopez et al. 2001). However, during the early Middle Ages, it had disappeared from the western Mediterranean when commerce considerably slowed down. When, toward the end of the millennium, Italians again regularly took to the sea for voyages to the Levant, they probably revived this sea lending practice. The customary contingency clauses confirming that the lender assumed

19 Most large and successful modern commercial enterprises would be insolvent if it were not for the ability to borrow when a debt is due.

20 Because many commenda operators were occasional participants, a failed venture did not necessarily carry subsequent business consequences vis-à-vis the ability of the traveler to find new investors.

21 "*de predictes rebus maior pars est super mare*" (CA#1546/January 1192).

the sea risk, such as *sana eute nave* or *risicum et fortunam dei maris et gentium*,[22] can be found with precisely the same wording in the commercial records of many Mediterranean[23] cities with a variety of legal foundations. Thus, as was the case for the commenda, the sea loan was in use all around the Mediterranean under a uniform framework derived from customary commercial practices.

The records show sea loan agreements involving almost all common Mediterranean destinations, such as Alexandria, Tripoli, Maiorca, and Montpellier, and the interest rates recorded in our data set for the twelfth and early thirteenth centuries did not vary much for a given destination.[24] Depending of the distance, the rates varied from 25% to 33% for a trip to the western Mediterranean basin, and from 40% to 100% for a voyage to the Levant. Historians are quick to point out that this difference in rates for a given destination is an indication that the Levant was more profitable. That is not at all evident, however, because the capital would be repaid much faster when invested in the western Mediterranean trade.

Sea loan interest rates might seem prohibitive to the modern reader, but the borrower must have been confident that the ventures would yield even higher returns, leaving a profit after deduction of interest expenses. This appears to have been a reasonable assumption considering that the scant record of profit from twelfth-century commendae shows that temporary equity ventures could certainly return more than the sea loan's interest rate. The extremely high interest rate is yet another evidence of the relatively small role at the time of business acumen, as understood in the modern sense. The management of the strictly commercial risk (that is, the risk of selling the goods at a price that would not cover expenses) was not the key to a venture's success. The real trading exposure was the traveling risk, as is evident from the enormous premium paid to the sea loan lender. With a totally inelastic continental demand, the emphasis was not so much on which, or how, goods were traded but on securing supply and transporting them safely.

22 "Only if ship is returned safe and sound" or "At the risk of the god of the sea and the people (on sea)."

23 See, for example, Venice (Lopez 2001), Marseilles (Pryor 1977), and Barcelona (Sayous 1936).

24 S#231/August 1157; S#1238/July 1164; OB#478/May 1184 and GI#920/October 1203. The notary would mark the interest rate as *quatuor quinque* (25%) or *tribus quatuor* (33%) or as a certain amount of *denarii per libram*.

Sea loans did not constitute a large portion of the credit market,[25] most likely because the terms were not flexible enough (remember that round-trip specific destinations were the norm for sea loans) for the opportunistic nature of medieval trading. In that regard, it is thus unsurprising that an analysis of the sea loan network shows the providers of funds to have been the most frequent long-distance operators. Indeed, the routine nature of the operations of people such as Bongiovanni Malusfiliaster, Idone Mallone, and Giacomo de Bombel[26] benefited more from their predictable outcome than those of commendae. This is confirmed by a systematic analysis of the data set: When pooling the eight credit networks from 1154 to 1355, I found that on average the number of ties of those extending sea loans was twice that of the whole population of creditors. The mean standardized nodal degree of those extending sea loans was 0.7708 (n = 84) versus 0.3232 (n = 2272) for the whole population of creditors. The standardized nodal degree parameter is not as easy to interpret as the nodal degree or number of transactions. However, it is an appropriate measure when comparing the activities of operators in networks of different sizes. A simple interpretation of the difference between the two mean standardized nodal degrees is that the mean share of the credit network's total degree for those who extended sea loans was more than twice that of those who did not.

Exchange Contracts[27]

Toward the end of the twelfth century, sea loans declined and were increasingly replaced by the maritime exchange *cambium maritimum* or *cambium nauticum*, which combined some of the elements of the secular

25 Before the fourteenth century, out of more than 6,000 credit ties I recorded only 275 sea loan ties.

26 For Malusfiliaster: S#106/June 1156, #180/May 1156, #224/July 1157, and #665/August 1160. For Mallone: OB1#405/April 1184. For Bombel: GI#228/June 1201.

27 The letter of exchange in many ways replaced the medieval *cambium* from the late fourteenth century onward (de Roover 1952). It would have been valuable to code letters of exchange in the context of this research, but those credit agreements were private documents. As a result, there is no exhaustive record dating from the fourteenth and fifteenth centuries other than those of a few merchants whose sampling is neither large enough nor random enough to give us a picture of the letter of exchange network. However, what can be safely advanced is that any switch from the *cambium* to the letter of exchange implied merchant routinization. Indeed, one of the biggest advances of the letter over the *cambium* was its liquidity, which was directly associated with the size of the web of relations of both a given debtor and his creditors. This was especially true in the beginning as the parties still needed to recognize the borrower's handwriting.

Mediterranean sea loan reviewed earlier with some of the clauses of the terrestrial exchange – usually referred simply as *cambium* – which had been used by foreign merchants who visited Genoa beginning in the eleventh century.

***Overland* Cambium.** On September 19, 1191, Rolando de Soler, a merchant from Asti, 120 kilometers north of Genoa, received a sum from three Genoese. Further, Rolando promised to repay the principal and interest, not in Genoese pounds, but in Provinois deniers (the money of Champagne) at the fair in Lagny, Champagne. In addition, Rolando pledged some (unidentified) goods *(pignori)* and strengthened the loan by receiving personal surety from two fellow merchants from his hometown, one of whom was a close kin.[28]

The contract between Rolando de Soler and the three Genoese partners can be regarded as a typical exchange, or *cambium*, contract. It is best described as a credit agreement between two or more persons providing for the repayment of principal in a different place, at a later date, in a foreign currency, to the lender or his proxy *(missus)*. Thus, the supplier of local currency was the lender, and the supplier of the foreign coins was the borrower. In almost all cases, the contract does not include the payment of interest, as the lender's return on investment consisted of the difference in the currency exchange rate. Scholars insist on using the word "undervaluation" to qualify this difference (de Roover 1953). This implies a strategic pricing mechanism. However, the reality was probably much simpler. Medieval currency quotes exhibited very large bid-offer spreads, and the conversion operations might very well have been the largest part of the lender's profit. In fact, in the exchange agreement, the loan and exchange operations were inseparable, and, aside from a classic lending and currency exchange operation, the agreement provided the lender with an ability to transport funds to faraway markets without any risk and while being paid.[29]

In the case of Rolando de Soler, it is likely that he used the Genoese pounds to buy merchandise that had been imported to Genoa from the

[28] CA# 1044/1191. The Soler family was one of the most active in late twelfth-century Genoa. The mean nodal degree of the six most active family members is 14, more than four times the long-distance trade network average.

[29] The contention that the *cambium* was primarily a transfer-of-funds operation can easily be dismissed because the provider of local currency was not paying any kind of compensation to the taker. Instead, the difference in currency rates clearly indicates that the transport of funds was not as valuable as its availability.

East. He then was to carry it to northern France with the intention of reimbursing the *cambium* with the proceeds of the sale. For one or all of the three Genoese partners, the money received in Champagne would probably have been used to purchase northern merchandise to carry back to Genoa. Over time, the creditors would not need to travel to recuperate the funds, as almost every *cambium* contract was to include arrangement for payment to a proxy, which, in turn, enlarged the pool of potential lenders.

Exchange contracts were particularly suitable for trading in Champagne; because of the high level of participation at the fairs, the gatherings functioned as a large clearinghouse. However, while Champagne is by far the most common destination of exchange contracts in the data set, *cambium* contracts can also be found in trading to a variety of cities such as Rome, Verona, Milan, and Paris.[30]

Maritime Exchange. The share of all exchange transcations in the credit network grew in the course of the thirteenth century from 12% for the period of 1150–1200 to eventually reaching almost 65% of all long-distance credit ties recorded by notaries in the fourteenth century. The bulk of the terrestrial exchange in the data set is dated before the end of the thirteenth century, before the proportion of overland *cambium* to maritime exchange declined. This reflects the fact that transportation by way of land to northern Europe began to be replaced by maritime shipping after the first Genoese galleys turned to the Atlantic around 1280.[31] As such, the inverse proportion of exchange contract types in the total debt recorded for the periods 1250–1300 and 1300–1400 confirms the tight connection in usage between the terrestrial and maritime exchange contracts. Indeed, the maritime exchange, *cambium nauticum* or *cambium maritimum*, which replaced the straight sea loan toward the end of the twelfth century, was very similar to the overland exchange in stipulating the repayment of the principal in a foreign currency in a foreign city[32] to the lender or, more

[30] CA#338/1191; OB#3/1190; GI#454/1201; and LA#181/1203.

[31] See de Roover for crisp analysis of the decline of the Champagne fairs (1969, pp. 24–5).

[32] Raymond de Roover, the most widely cited authority in texts related to medieval exchange contracts, notes, "As a matter of fact, a *cambium* maritimum differed little from an ordinary *cambium*" (1952, p. 23). When referring to a maritime exchange to southern Italy, the principal was usually due in ounces of *tarreni*; when to Provence, in *regalium coronatorum*; when to the Magrhebian cities, in bezant *masumotinus* or *miliarensis*; when to Syria, in Saracen bezants; and when to the Byzantine Empire, in *perperrus* or *yperperus*.

often, to his proxy (*missus*). The only real difference was that, while the maritime exchange almost always borrowed from the sea loan the conditional nature of the repayment, which "depended upon the fortunate outcome of a voyage" (de Roover 1969, p. 17), an equivalent clause for overland exchange (*salvum terra*) was extremely rare. This absence of the clause *salvum terra* in overland exchange contracts provides strong counterevidence to the still-dominant cultural explanation of the "life cycle" of maritime loans advanced by de Roover (1952), Hyde (1973, p. 162), and Lopez (2001). According to that explanation, the maritime exchange maintained the sea loan's conditional payment upon the goods' safe arrival because of a need to evade the Church edict against usurious loans. Lopez even goes so far as to say that "the popularity of the contract of exchange as an instrument of credit seems to have been connected primarily, if not exclusively, with the fact that it could be used instead of loan contracts, which, by law of the Church, must be made without interest" (Lopez et al. 2001, p. 163). Genoese indeed did not use such terms as *mutuum* (loan) and *proficuum* (profit) when drafting exchange contracts. Likewise, because the profit of the lender was the differential in currency rates, it was difficult for the Church to figure out how much the investor was getting for lending the funds. Nevertheless, because overland exchange did not include a conditional payment of the principal, the most plausible explanation for the maritime exchange having kept its conditional clause is the fact that overseas transport was more dangerous, rather than that it was in response to the Church edict. To back their theory, the economic literature also accepts the same authors' assertion that, when the contract included a provision that allowed the borrower to repay the loan in Genoa if he had been unable to pay abroad, it was usually a fictive exchange (de Roover 1954, p. 202), also called a "dry exchange," which concealed a regular commercial loan. However, they cannot provide evidence that this was the case. To the contrary, two pieces of evidence point to the local reimbursement provision as an extra flexible clause for the borrower. First, the very high exchange rate that these provisions quoted demonstrates that paying back in Genoa was at a high premium. Second, the data set involved many mandates from lenders who instructed their proxies to recoup in foreign cities the proceeds of loans that, nevertheless, also included the option of local repayment. I am not suggesting that "dry exchange" transactions never took place. However, if "dry exchange" transactions were the rule, why would the creditors bother with the proxy instructions, and why do we have records of payment to foreign agents?

Instead of seeking a cultural explanation for the emergence of sea loans, we find that their use responded to an increased routinization of commercial practices. First, instead of being tied to a predetermined return trip to Genoa to pay back the principal and interest when they contracted a sea loan, the borrowers in exchange contracts were free after they met their obligation at destination. Depending on the contract, the travelers were allowed between eight and sixty days after arrival to repay the principal, enough time for them to sell the goods they carried before reinvesting the profit in whatever business they deemed appropriate. Incidentally, the payment at destination also meant that the risk premium was reduced, because the lender did not have to bear the traveling risk on the return voyage. Second, both the increased variability and the difficulty of assessing borrowing costs conferred to the more knowledgeable trader an advantage in the bargaining about currency rates for the repayment of the loan. Thus, unlike the case of commendae, and, to some extent, the more stable sea loan's interest rates, the regular traders were at an advantage because they could count on information networks built from repeated commercial encounters. As Gobel has demonstrated, this is especially important when markets are illiquid and fragmented (1998, p. 168). Third, and of special interest to this research, possibly the most significant change from previous arrangements was the role of the lender's proxy (*missus*), a role that limited network entry to only those investors who maintained ties within a network of international commercial operators.[33] It comes, thus, as no surprise that exchange contracts became an agreement for regular and increasingly specialized commercial operators. As with other forms of long-distance credit (as was the case for the sea loan lenders, but here for lenders and borrowers both), from the mid thirteenth century onward, the mean share in the total degree count in the long-distance trade of those engaging in exchange contracts was almost twice that of those who engaged in commenda contracts only.[34]

Promissory Notes

The third broad category of credit instruments reviewed in this section is short-term promissory notes, which formalized sales credit–deferred

[33] Unfortunately for the modern researcher, in many cases the documents do not mention the name of the proxy.

[34] For exchange contracts, the standardized mean degree was 0.52 (n = 1,275), while for the commenda-only operators it stood at 0.27 (n = 2,738).

payment for goods sold. Without much information about cash transactions, it is difficult to estimate the proportion of trade credit in the overall movement of goods. However, the very large number of those agreements in the notarial records indicates that the practice was probably widespread. For example, in my sample of promissory notes for the year 1210, the draper *Enricus draperius* was a principal in twenty-seven different sales credit transactions ranging from just £3 to £240, for a total of over £2,300.[35]

The promissory notes Enricus signed were standard for the time. The contract began with the recognizance by the buyer of having received a specific amount of goods for which he promised to pay at a future date,[36] which was usually no more than three or four months from the date of the notarial agreement. The interest portion of the proceeds payment is difficult to assess because the records provide neither a way to compare cash prices with delay payments nor a data series on prices paid for merchandise at different times. But with medieval interest on commercial loans running sometimes as high as 4% per month, any credit extensions must have been very valuable for the buyer. In that light, it is noteworthy that, despite the high cost of borrowing, the promissory bills were often not paid on time. Even in the middle of the fourteenth century, when business was becoming more routinized and, supposedly, more sophisticated, a small sample of thirty-one promissory notes, for which we have receipts of the repayment of principal, shows that four-month notes were, on average, reimbursed only after more than nine months.[37] This suggests that business practices and enforcement of contracts were dictated neither by market pricing nor by systematic application of rules. It is, however, unlikely that the operative enforcement mechanism was akin to that described by Greif with regard to eleventh-century Maghribi traders, that is, that a creditor "acted honorably solely to maintain his reputation" (2006, p.69). Indeed, the Genoese market was much more socially heterogeneous than Greif's traders' community. Thus, his theory is much less applicable because size of network is associated with the efficiency of his enforcement mechanism theory.

Certainly, some promissory notes probably went unpaid. But, for the most part, it seems that late payment was simply part of usual business

[35] See LA#501, #504, #510, #536, #580, #585, #608, #687, #693, #696, #787, #828, #881, #887, #888, #894, DO#236, #241, #244, #248, #249, #256, #268, #269.

[36] At the time, this was not a numeric date, but at a holiday (Carnival, Easter, Christmas).

[37] n = 31; mean maturity of notes = 4.035 months; mean repayment = 9.45 months.

practices and, despite the high cost of borrowing, no late-payment penalty was stipulated in contracts. By the same token, medieval trade credit may have included a way to differentiate among buyers by offering preferential rates and conditions, as is often the case today (McMillan and Woodruff 1999, p. 1286). However, I could not detect any pattern of pricing difference. The differentiation among buyers thus expressed itself not on the basis of price difference but in the binary decision to extend credit or not.

The data set shows that trade credit was extended for the purchase of a wide range of merchandise, such as lead, skins, grain, pepper, and, above all, products related to the textile industry.

The high proportion of items such as cloth, cotton, and alum in the sales credit notes data set indicates that promissory notes also served as working capital for artisans, such as the drapers and dyers. The notes financed the stock of cloth, which the artisans cut and dyed in their workshop, before selling the finished goods for cash to commendae operators, who would then carry them overseas.[38]

As in the case of exchange contracts, promissory notes also often involved proxies who could settle the transaction on behalf of either party if the party were absent, which confirms the international nature of the participants' activities and their need to have access to a network of colleagues to represent them when away.

Personal Surety

In any credit transaction, a key issue for the lender is to make sure the borrower will repay in time (Guseva and Akos Rona 2001). In medieval Genoa, the notarial records show that the protections from insolvent debtors can be divided into two main categories. The first has to do with the creditor selection process and the second with adding material or personal surety in case of default, as well as stiff penalties. For the most part, my records do not show that a third classic protection, that of raising interest rates – which poses the problem of adverse selection and reduces the market size (Steglitz 2000) – was common for commercial loans related to the long-distance trade. I do not mean to say that interest rates did not vary, just that they do not seem to be associated with the identity of the debtor.

[38] Further evidence that promissory notes served as working capital was the near absence of sales credit in regard to manufactured goods.

No doubt, the selection method was the primary protection for the lender, and credit-worthiness was certainly assessed according to wealth and reputation in the professional network of traders (Tilly 2005, pp. 14–15). However, as shown in the second chapter, the Genoese traders did not, during the early phase of the commercial revolution, enjoy the tight connection of their eastern counterparts, or that of the ethnic group that had dominated the early medieval trade, nor did they necessarily experience at first the regularity and repetition of transactions that foster high credit. This is why the notarial records indicate that creditors often relied on material and personal surety. First, almost all loans provided a penalty of double the principal in case of default.[39] Second, and probably of a more efficient nature, the majority of loans were collateralized by the debtor's entire asset base and often, more specifically, by the goods that he eventually bought with the loans (*pignus*).[40] Finally, and especially before the mid thirteenth century, that is, before the emergence of a commercial network of specialized Genoese merchants, creditors often required the personal surety of a third party in case of the primary debtor's default. This does not mean that the credit network, as a whole, was strongly embedded in a "trust" or "reputation" network. In fact, the need for a guarantor indicated just the opposite. However, belonging to a tight cluster of fellow merchants would ease access to credit from a different cluster.

An analysis of the data set shows that the incidence of personal surety was associated with the size of the loan, but the difference in both the sample average and the standard deviation is not very significant. However, an examination of the guarantor/creditor and guarantor/debtor ties shows that the loans included in the countersigning of a personal surety usually involved transactions between foreign merchants and Genoese. In most cases, the guarantor shared his or her place of origin with the borrowers.

39 It is difficult to assess whether this clause is more a matter of rhetoric than an actual threat to the debtor.

40 Borrowers routinely engaged their entire belongings (*obligatione bonarum meorum*) and those of the family and successors (*successors et habentes causam a me*). For other collateralized loans, the records usually don't provide a way to calculate the "loan-to-value," and it was most likely often close to 100%. In some cases, part of the purchase was in cash, and the creditor's protection was therefore better. For example, Soler and Belardungo borrowed £305 and gave £400 worth of merchandise as collateral (CA#566/May 1191).

As expected, the guarantors were more central than the average credit operators. Indeed, using the densest portion of the data set that refers to guarantors (1184 to 1225), I calculated that the mean share total degree of all credit network participants stood at 0.54 (n = 2268), whereas the guarantors' stood at 0.82 (n = 219). However, neither the borrowers – who received – nor the creditors, who requested personal surety, turned out to have an average degree centrality different from that of the general population of credit participants (the lenders' stood at 0.55 and the borrowers' at 0.53.). Thus, at a time when the Genoese involved in the long-distance trade were still mostly multivalent actors, the request by a creditor to a potential debtor was not motivated by market exposure or any other strictly economic parameter,[41] but simply by the place of origin of the borrower. Over time, the use of personal surety declined, and by the mid thirteenth century it was rare. This dynamic is consistent with the emergence of a Genoese mercantile class who induced credit practices superseding the social division according to place of origin.

4.2 CREDIT NETWORK FOR REGULAR TRADERS

In Chapter 3, I described how commenda agreements formed the primary institutional framework that organized the financial participation of Genoese of all social origins. I also pointed to the occasional nature of their activities to make sense of the meaning of the Genoese saying *Ego mercator sum*: A great many were involved, but few were regular traders, especially before the mid thirteenth century. The Genoese who are part of the long-distance credit data set of almost 7,300 ties, dating from 1154 to 1404, also exhibit a large degree of heterogeneity in social characteristics. However, they do not all exhibit it to the same extent. In fact, the purpose of this section is to demonstrate that credit-based instruments associated with long-distance trade formed an institutional framework for routinized traders.[42] Thus, unlike commendae, credit-based agreements did not derive their historical importance as revolutionary social institutions, but

41 Merchants mutually guarantying each other's loans. The "round robin" certainly solidified credit relationships, but of course diminished the credit solidity of the system as a whole.

42 One must be careful not to mistake occupational routinization and specialization for professionalization. As H. C. White notes, professionalism should be set off against corporatism and clientelism (2008, p. 196). Specialization, in our context, is set off against the occasional participation of the Genoese population at large. The style of merchant organization does not concern us here yet. Nevertheless, while clientelism pervaded the feudal economic system, and corporatism organized the artisans' ties within

rather as consolidators of commercial identities that induced occupational categories. Consequently, an analysis of the change in the social composition of the credit network over the course of the twelfth and thirteenth centuries provides clues as to where the mercantile elite who dominated the Renaissance came from.

Before getting to that analysis in the last section of this chapter, I will first, in this section, justify my choice of the credit network as the more suitable empirical site of analysis for illuminating that process. In order to do so, I review three characteristics of the credit operators – occupation, gender, and career – and demonstrate that, unlike the commenda, the credit network referred to a more specialized commercial network.[43] I found that, in the medieval world of wide and heterogeneous participation in long-distance trade, an analysis of the credit data set indicates that those receiving and extending credit had longer trading careers, and were less likely to have another principal occupation outside commerce. In addition, while women's participation in commendae was clear evidence of the social heterogeneity of the Genoese long-distance participation, their near absence from the credit network constitutes a further indication of the more specialized profile of those using credit in their participation in long-distance trade. Finally, I bring in one more piece of related evidence when I conclude this section by briefly comparing the commenda and credit network parameters over 175 years. Indeed, I show that the credit network architecture is both denser and more structurally stable than that of temporary equities and, thus, refers to a more specialized and more routinized set of participants.

Occupation

As mentioned earlier, the wide distribution of occupations was one of the characteristics of the commenda network heterogeneity. The credit network was different. Figure 4.1 reports the artisans' and professionals' combined share of the long-distance trade network population, not only for networks credit but also for commenda agreements. As the figure indicates, when excluding clearly commercial occupations directly related to long-distance trade, the proportion of Genoese identified by the

and without their communities, merchants' interactions were also corporatist. However, the difficulties in marking boundaries sapped the system and made control difficult.

[43] This is true only because most credit transactions did not involve intermediaries. Lending organizations, such as banks, occupied only a very small portion of the overall network.

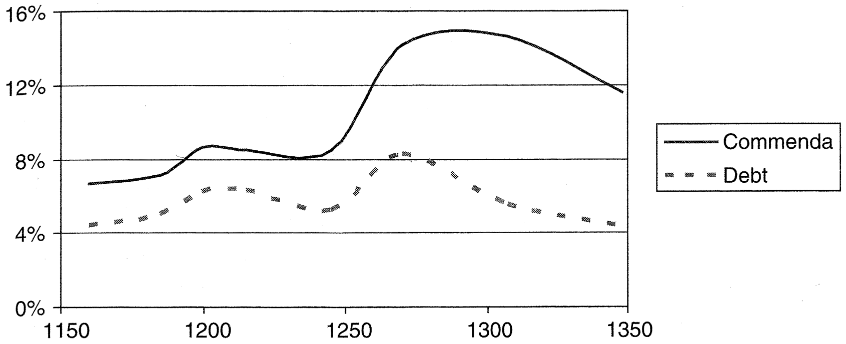

FIGURE 4.1. Artisans' and professionals' combined share of the long-distance trade network population, 1154–1355.

notaries according to their craft or profession is much lower.[44] As such, the lower heterogeneity with respect to occupation is the first evidence that credit was an institution more often linking specialized long-distance operators when compared to the commenda.

I have found that the pattern of lower participation in the credit networks vis-à-vis the commenda networks holds for both craftsmen and professionals. While artisans' share of the commenda networks rose throughout the thirteenth century to more than 10% of operators, their level of participation in the credit market was much lower. In fact, and leaving aside the 1350–1400 period, for which the sample is too small, this proportion is almost constant for any given fifty-year period and never exceeds 3.5%. In addition, artisans' credit ties often took the form of promissory note agreements extended by suppliers for the raw material they needed in their shops. This was, for example, the case when, in March 1253, Pietro Doria, on five occasions, sold alum to dyers who each received trade credit facilities.[45]

This does not mean that all alum transactions involved dyers, or that all animal-skin buyers were shoemakers or furriers. However, artisans' involvement in the credit market was often more industrial than commercial in nature, and, as a result, I probably overestimated the proportion of commercial debt contracted by that occupational group.

[44] I excluded from the calculation drapers, bankers and – obviously – *mercatores* when they started to be referred to as such in the fourteenth-century notarial cartularies. Also, I aggregated to the clearly professional occupations, such as teachers *(magister)* and doctors *(medicus)*, the members of the clergy involved in the long-distance trade.

[45] LO#97f, 98f, 99f, 100f, 101f/March 1253.

Grocers[46] constituted the only craft where the proportion of debt in the total network was higher than that in the commenda network. In itself, this exception confirms the more routinized characteristics of those who participated in credit networks. In the course of the medieval period, the grocers' occupation shifted; the art of knowing and handling spices became less important than the ability to trade. From the fourteenth century onward, some grocers became large international merchants. Indeed, the mean size of the transactions involving at least one grocer jumps from an average of £38 in the twelfth and thirteenth centuries to more than £300 in the fourteenth. Although our sample of grocers is small, and inference should be interpreted cautiously, the jump in average volume is a strong indication of some grocers' change of business activity. Their business has little relationship to that of shopkeepers or artisans, and their transactions cover a variety of products and a variety of markets.[47]

The data also shows that professionals, while increasingly well represented in the commenda network as the commercial revolution unfolded, constituted only a very small portion of the credit ties. This is especially true when excluding both land and maritime exchanges, where the sole profession of notaries artificially boosted the average participation of professionals in the credit market. But notaries seem to have been mainly trading either as principals, when they traveled to their postings in Genoese enclaves around the Mediterranean and leveraged their international professional network, or, toward the end of the fourteenth century, when acting as agents of merchants.

Gender

Many entries in the notarial records regard women borrowing small amounts of money, most likely for personal needs, as, for example, when on July 24, 1203, Soleste de Pilosis and her sister-in-law, Anna Nalsca, borrowed 20 sols from Oberto de Costa.[48] Similarly, women also lent equally small amounts – this almost always on their own, whereas

[46] Grocers constituted only 1.1% of the total debt network sample and only 0.68% for the commenda network. My hesitation to code grocers as long-distance merchants stems from the difficulty in differentiating the numerous grocers who held retail shops and who did not fully participate in the long-distance trade from the few who did.

[47] Despite the change in the nature of their business, Genoese grocers never occupied the same type of central position in the trading network as their counterparts in other European cities such as Venice (Lane 1973, p. 314) and London (Thrupp 1948, p. 2).

[48] See GI#431/August 1210.

borrowing was frequently done together with their husbands[49] – but as far as the record tells us, these were one-off agreements for both creditors and debtors. In many cases, the agreements involved mortgaging real estate properties, presumably because the borrower did not possess any other assets to put up as collateral.

Thus, women were not strangers to the idea of credit, and there seems to have been no specific cultural prohibition against them extending or receiving loans. Indeed, the long-distance credit–related data set also includes some women, who were as often debtor as creditor.[50] However, unlike commenda agreements, in which women constituted a significant part of the commenda network, they very seldom extended or received commercial loans.

Indeed, only 151 ties, out of almost 7,300 commercial credit relationships in the data set, involve one or more women. In fact, it is likely that I overestimated women's participation because I probably coded some personal loans – where the proportion of women's participation is around 25% – as commercial. As a result, the tiny proportion of the total financial volume of commercial credit involving at least one woman (less than 0.3%), as opposed to the proportion of the number of transactions (2.05%), might, in this case, be more representative of the near absence of women from the long-distance credit market. Moreover, and also indicative of the restricted nature of women's involvement, when a woman borrowed in the commercial credit market, she often did so jointly with her husband,[51] who added his wife's assets to his own in order to bolster the value of the collateral. For example, on the 27th of March 1313, Iohanna, the wife of an innkeeper (*tabernarius)*, Alegio of Bonifacio, along with her husband, received a trade credit of £20 for groceries (*tantan speciaria*).[52] The plan called for Alegio to travel to Flanders to sell the goods and then repay the principal and interest upon his return.

[49] I did not systematically record personal loans, but a sample of eighty-two personal loans recorded between 1154 and 1225, which involved at least one woman, shows that in more than 34% of the cases women borrowed together with their husbands.

[50] Out of 151 ties coded, women borrowed 79 times while extending loans 84 times (79 + 84 >151 because some were intra-women loans).

[51] While there was no specific prohibition against women extending loans, in the majority of cases the women acted on the advice *(consiliatores)* of one, or possibly two, male acquaintances, usually outside the nuclear family. For example, Iohanna's advisers were Pietro de Clavica, *qui facio vestites* (who makes clothing), and Iacio de Carpono, *accimator* (shearer). It may be that these advisers could diminish the ability of husbands to coerce their wives to invest their own funds against their will.

[52] DO#1776.

During the husband's absence, Iohanna probably ran the tavern by herself.

Next, I continue my study of credit network participants by analyzing the distribution of career length.

Career

In January 1191, Martino de Albaro borrowed £12 from Giovanni de Canneto – a draper – that he promised to pay back within one year. From that date onward, until September 1213, when he entered into an exchange contract payable in Syria, I found no fewer than forty-nine credit agreements tying him to forty-four different people. Martino de Albaro can certainly be classified as one of the early Genoese merchants. He borrowed both from grocers and drapers in order to trade a variety of goods, traveled around the Mediterranean, and used an array of commercial instruments to finance his operations. Many of his counterparts were foreign merchants – from Flanders and closer Italian cities. His commercial world was that of the routinized merchants. As far as the record shows, he never entered into transactions with women, aristocrats, or artisans – unless it was to deal in goods related to their craft.

Martino de Albaro's egonet is one of the densest I have recorded, but the length of his career was not unusual among the most active long-distance operators. A study of individual career dynamics is relevant because a trader's career unfolds through time, and the meaning of the social network that knits the long-distance trade together is associated with the duration of individual trajectories (H. C. White 2008, pp. 185–97).

Figure 4.2 reports the comparison of the mean career lengths of credit users and the rest of the long-distance trade operators. Although during the earlier period of the commercial revolution the career-length variation was not large, the difference became increasingly wide after the mid thirteenth century. In the portion of the database which refers to the fourteenth century, the career of a given long-distance trade participant who was using credit instruments was on average almost three times longer than that of one who wasn't.

This dynamic certainly confirms the increasing routinization of the trading networks and further validates the theory that credit best identifies the emerging mercantile group.[53] This pattern also holds true when

[53] It might be that credit ties in turn make careers longer, too.

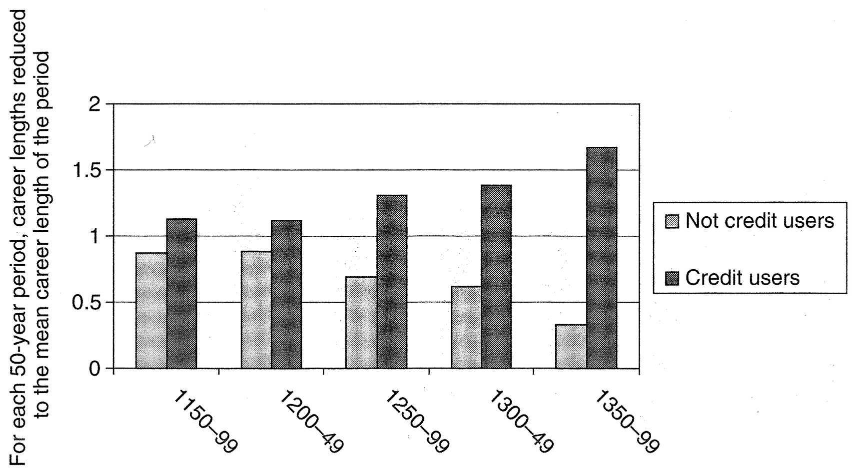

FIGURE 4.2. Comparison of career lengths of credit and noncredit users among all long-distance operators, 1154–1399.

controlling for the discrepancy in the average number of ties per trader observed in each group. Indeed, next, in Figure 4.3, I report the same ratios as in Figure 4.2, but this time only for those who were the most active participants.[54]

The pattern revealed in Figure 4.3 is slightly different from that reported in Figure 4.2. In the earlier period, the career of those not using credit was actually a little longer than that of those who did borrow or lend funds. A logical explanation for this lies in the fact that, at that time, foreign merchants were not yet as active as they would become toward the turn of the thirteenth century. In the first part of the twelfth century, commerce was mostly in the hands of multivalent persons, many of whom were men-of-arms. The subsequent period witnessed an increasing difference in career length between credit users and the others. This difference is in line with the temporality of the rise of specialization and the emergence of Genoese everyday merchants. This explains why commenda ties, which had provided strong threads in the fabric of the trade network, almost disappeared as temporary, and often changing, medieval

[54] I defined the most active as all of those for whom I was able to record at least ten trading interactions. For the less dense 1350–99 sample, I chose a cut-off of six interactions, which was the closest integer matching the average percentile cut-off for the rest of the period.

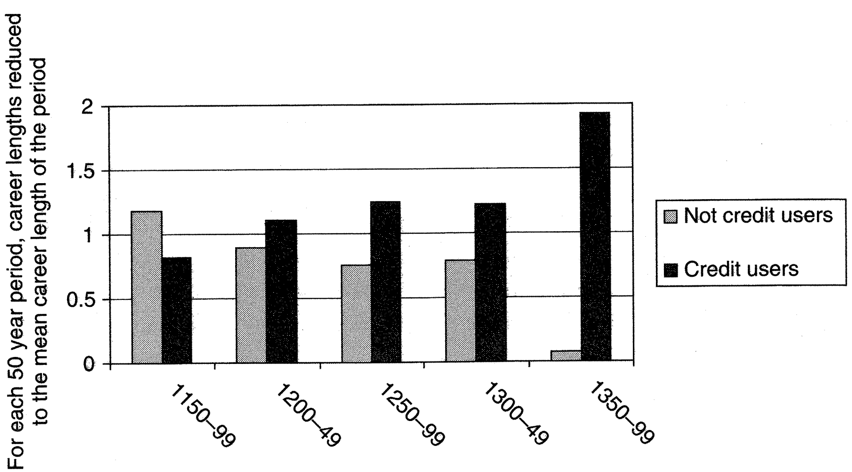

FIGURE 4.3. Comparison of career lengths of credit and noncredit users among routinized long-distance traders, 1154–1399.

partnerships were replaced by more static long-term ties that served to congeal trade relationships, a process that is consistent with the slowdown in upward mobility that historians[55] have noted. This, in turn, further provided fertile social ground for the growth of credit – a type of agreement that is more dependent on preexisting ties and wealth.

Next, I wind up section 4.2 by comparing the density of the commenda network and that of the credit network and bring forth another piece of evidence demonstrating that unlike the commenda, long-distance trade–related credit was a framework for routinized traders.

Density of Credit Network

Against the widely held neoclassical view that markets are animated by individual utility functions, economic sociologists are focusing on the shared social practices that organized economic exchanges and in the absence of which markets would break down.[56] Indeed, the "stable

[55] For example, see Kedar (1973, pp. 43–57) and Balard (1978, pp. 697–700).

[56] See, for more on this approach, Granovetter (1985); Powell (1990); Thomson (2003); and White (2002).

TABLE 4.2. *Density ratio between credit and commenda networks, 1154–1315*

	1154–1164	1182–1197	1198–1215	1216–1239	1245–1268	1269–1295	1296–1315
Ratio of density	1.93	1.72	1.43	1.43	2.81	3.35	2.96

memberships and structures" of markets (Leifer 1985, p. 442) are fostered by repetitive and transitive interactions (H. C. White 2002, 2008) that are initiated and reinforced by social relationships occuring outside the economic exchange context (Adler 2001, p. 218; Tilly 2005, p. 39).

As such, the institutional site of encounters by regular traders should prove dense because the organization of exchange naturally gives rise to clusters of people (Burt 1992). Table 4.2 reports the density[57] ratio between credit and commenda networks throughout seven consecutive periods. Because, in the case of the routinized exchange system, clustering is underpinning density, we should expect a higher density in the credit networks regardless of the size of the network. This difference is clearly reflected in Table 4.2.

Next, in Figure 4.4, I report the evolution of the credit network density up to 1355. Notice how, despite the large variation in network size, the density remains stable across the time period, thereby indicating equilibrium in the proportional size of the cluster's distribution (density would otherwise be inversely proportional to the size).

As I mentioned in Chapter 3, one of the reasons why the commenda network developed its particular architecture was the irregular availability of a given partner, both because of uncertainty as to each venture's duration and because of an irregular cash flow for both travelers and investors. As a contrast, credit contracts fostered more regular transactions and concerned more experienced traders.The movement of people and funds follows a pattern allowing for embryonic strategic planning and the formation of clusters of regular associates. Except during the earlier period, when merchants from northern Europe and from other Italian towns had not yet formed the basis of the first routinized mercantile network in Genoa, the credit network architecture was relatively

[57] Comments about the caution needed in interpreting density measures as a measure of cohesion (see p. 109) are relevant as well. Interpretation here is not about cohesion but about conformity to the ideal network structure.

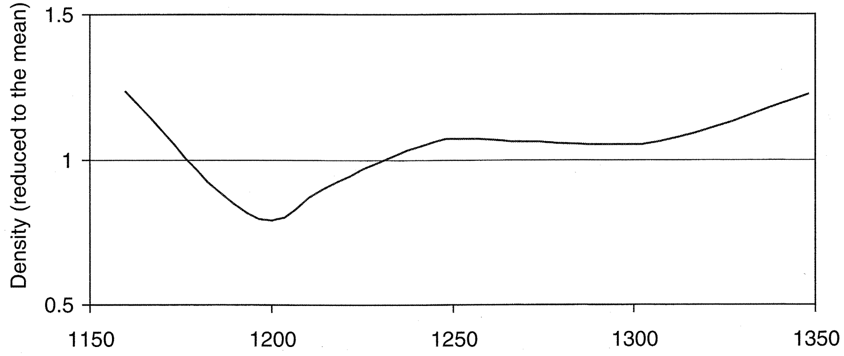

FIGURE 4.4. Credit network density, 1154–1355 (values are reduced to the mean).

stable.[58] Thus, it is not by the pattern of change in the network's construction that the emergence of the Genoese mercantile group can be explained. Rather, the study of the social makeup dynamic of the credit participants reveals the mechanism that gave rise to the Renaissance mercantile oligarchy. It is to that analysis that I now turn in section 4.3.

4.3 MERCHANTS

The first two sections of this chapter examined medieval debt instruments and showed why the credit network was a site of exchange among the more routinized long-distance traders active in Genoa. Building on this analysis, I now turn to a study of the medieval men who shaped and enacted the credit exchange system. The objective is to provide the reader with a sense of the historical dynamics shaping the composition of the mercantile group that gave rise to the fifteenth-century Renaissance oligarchy.

As with any classification process, stratification studies require the identification of salient social characteristics.[59] For the purpose of this research, and considering the limited information available for such a

[58] Keeping in mind that the sample I used to build the 1154–64 network is smaller than the later one and concerned only with the records of a single notary, note that the earlier-period credit network is more centralized and corresponds to a more hierarchical architecture, which, in turn, corresponds to the command/authority mode of coordination of the town as a whole.

[59] It would have been methodologically more satisfying to use block-model testing to single out ex-post-salient stratification characteristics as opposed to determining, a priori, which ones are most suitable. However, the low density of network makes the block clustering statistically insignificant, so the result does not provide any meaningful conclusion.

remote period of history, I have picked three: place of origin, occupation, and status.

I begin with the distribution of the places of origin of credit operators in order to show that, initially, foreigners constituted the first dense clusters of merchants active in Genoa. Then, I complete the occupational review started in Chapter 3 by describing the roles of drapers and bankers, two lines of work that naturally became central in the emergence of the Genoese long-distance credit network. Finally, I consider the status distribution of the mercantile elite in order to illuminate the economic and social mechanisms underpinning the fourteenth century's upward mobility. Each of these three parts corresponds to three occupational recruitment processes into the long-distance trade.

First, foreigners who visited Genoa as itinerant merchants organized themselves on the model of those early Middle Ages commercial networks of specific ethnic groups described in Chapter 2. Although we do not always know the precise kinship relationships of many credit participants, localism bound various network clusters according to distinct geographic places of origin (Bearman 1991). For those, the likely recruitment process was the spatial bases relationship, which welcomed new cohorts of itinerant merchants who could be trusted and integrated as part of a broader social organization (Greif 1989).

Second, I consider the consistent proportion of debt operators, whose occupation originated in craft but who naturally shifted into mercantile activities as long-distance commerce grew in the twelfth and thirteenth centuries. Silvia Thrupp indicated that the difference between some craftsmen and merchants was not always very large (1948, pp. 3–6). The database confirms that the occupations of drapers and bankers, in particular – yes, bankers did not occupy in tenth-, eleventh-, or even twelfth-century Europe the same lofty status they have today, and their occupation originated in the manual handling of coins – provided logical recruiting grounds for the long-distance credit network. For those two occupations, credit relationships escaped the tighter clustering of foreign merchants and, for the most part, corresponded to a more modern conception of an economic network as defined by a group of agents who, while pursuing repeated and enduring exchanges with each other, restricted their relationships to their occupational activities more than the previous commercial network did. Thus, for those two mixed occupations in particular, while recruitment into long-distance trade was surely also based on kinship and social opportunities, craft skills acquired by following a long apprenticeship period could matter as well.

Third, in considering the status distribution dynamic of the elite mercantile group, I first demonstrate that, for the most part, commoners struggled to access elite status unless they could leverage their wealth build-up either into participation in ventures that sought the monopoly control of colonies, or into political appointment to high office. Then, turning to the nobility, I show that as a corollary to the equity partners' selection dynamics described in Chapter 3, from the late thirteenth century onward, aristocrats increasingly used credit in the definition of their relational ties and provided the bulk of the replacements of the foreign itinerant traders of the earlier periods. For aristocrats who had, from the years that followed the early twelfth century, participated in the commercial expansion in the form of commenda partnerships with fellow Genoese of all social backgrounds, the increased intra-status ties observed in Chapter 3 induced specialization and routinization, and new generations of the feudal aristocracy increasingly shifted part of their control repertoire from that of men-of-arms to that of long-distance traders.

Places of Origin

Genoa was, from the early days of the commune, always willing to accept "outsiders." This is made evident by the city's granting, as early as the beginning of the twelfth century, a special status of participation in the Commune to anyone swearing they would abide by the rules and residing in town at least three months per year. This status of *habitatores* did not provide full citizenship and carried various fiscal obligations, but conferred certain rights, such as real estate possession and permission to participate in overseas ventures, to the regular visitors.

Those whose names in the commercial records show an origin outside Genoa can be divided in two groups. The Ligurians – habitants from nearby communities under Genoese control – formed the first. The other is composed of traders from more distant communities. These could be either from other parts of Italy or from political entities outside the peninsula.

An analysis of the data set indicates that the proportion of outsiders – across place of origin – in the credit network rose toward the end of the twelfth century and remained major throughout most of the thirteenth century before declining in the fourteenth century.[60] The bounding of the

[60] The percentage of outsiders in the total sum of degrees of credit networks stands at 16% for the period 1154–64; 54% for 1182–97; 52% for 1198–1215; 48% for 1216–39; 45% for 1245–68; 38% for 1269–95; 19% for 1296–1315; 15% for 1340–55.

TABLE 4.3. *Percentage of long-distance trade volume involving one or more Ligurians, 1154–1355*

	1154–1164	1182–1197	1198–1215	1216–1239	1245–1268	1269–1295	1296–1315	1340–1355
Percentage	1.2	8.6	11.3	8.7	4.0	4.5	5.5	6.5

period of a large presence of outsiders in the credit network conforms to an earlier finding in this book: on one end, the rise of the presence of foreigners in the twelfth century corresponded to changing commercial opportunities and, on the other end, the decline corresponded to the increased active participation of the Genoese nobility in the long-distance trade.

Although for a long time outsiders constituted an important part of the credit network, the distribution of places of origin inside that group changed over time. Starting with Ligurians, I continue my analysis in the next paragraphs by breaking down the places of origin to explain the specific participation dynamics of different groups.

Ligurians. Studies have insisted on, but not quantified, the important role of the members of the nearby countryside, often of modest condition, in the rise of Italian medieval commerce.[61] Table 4.3 reports the share of immigrants from Liguria – as the Genoese region is called – in the long-distance trade. While the participation of this group in the trade expansion is clear, at the same time, the impact is not large.[62]

In addition, the members of nearby communities were not, in the strict legal and political sense, "aliens." In this light, it is well to remember that the definition of Genoese was not at all simple in the twelfth and thirteenth centuries. Some Genoese were originally residents of communities under the legal jurisdiction and protection of those Genoese feudal lords who combined their urban power with feudal possession. Others lived in towns that were gradually falling under the city's control as Genoa extended its power over the whole of Liguria throughout the twelfth century.

[61] See Plessner (1934); Padovan (1941); and Luzzatto (1961).

[62] Caution is necessary in interpreting the numbers in Table 4.3 because the onomastic identification of a place of origin can be prone to confusion. A family might have been living in Genoa for generations and still be referred to as "from a nearby town."

No doubt, before the twelfth century, some of these people visited Genoa for commercial reasons, but their proportion of the population was comparatively smaller than in later periods. Indeed, my analysis of the first surviving notarial commercial agreements from 1154 to 1164 shows that, unlike in later records, the proportion of surnames indicating origin in a nearby town is very small. This is probably not the result of a bias in the sample because the same surviving registers contain numerous real estate transactions for which the proportion of agreements between members of nearby communities is the largest (70%). Further evidence that Ligurians did not participate much in the long-distance trade before the end of the twelfth century is the lack of names from outside Genoa in the list presented to the Byzantine emperor in 1174 to recover Genoese losses from the attack on their colony in 1162 (see also Balard 1978, p. 506, for similar comments). This lack of Ligurians is yet another reminder that, before Genoa's expansion in the late twelfth and the thirteenth centuries, the local economy and the long-distance trading opportunities did not yet warrant the migration that occurred subsequently. For the men of places such as Nervi and Langasco, the economic incentives were not clear enough to cause them to leave for the larger urban centers. Unlike those foreigners who repeatedly came to Genoa to trade goods, when Ligurians immigrated it was not as specialized merchants. As a result, it is logical that the Ligurians used commenda contracts to organize their commercial interactions in a proportion equivalent to that of the native Genoese. Like other Genoese, a few of them became everyday merchants, but most remained occasional participants in the long-distance trade.

Foreigners.[63] Foreign merchants did not regularly visit Genoa as early as they did some of the other Italian cities. The lack of local consumption explains the relatively low level of commercial activity in Genoa before the commercial expansion that followed the first Crusades. As Spufford (2002), and MacCormick (2001) have noted, the early medieval European trade was essentially driven by the demand of local courts. In Milan, for example, the abbey of Saint Ambrose created the kind of demand that justified the presence of foreign traders – and the emergence of local

[63] Note that in medieval Europe, the word "foreign" related not to a geographical but to a status criterion, and referred to the disenfranchised segment of the population. Those born overseas were described as aliens. For the purpose of this discussion, "foreign" will have a modern signification, i.e., "subject of another political unit."

negociantes (buyers) (Lestoquoy 1947, p. 15). Similarly, Pavia, the capital in succession of the Lombard, Frankish, and Italian kingdoms, enjoyed a privileged position as the seat of administration of the courts and was, de facto, the only outlet for silk. As a result, traders from beyond the Alps, and, above all, from England and Saxony (*gens Anglicorum et Saxorum*), who brought horses, slaves, woolens, and linen goods, regularly visited Pavia (Lestocquoy 1947).

By contrast, the Genoese feudal overlords – the *Marchese* – never really held court in the city, and the bishop of Genoa was, until the middle of the twelfth century, under the control of Milan. Thus, Genoa had no such concentrated economic and administrative center to attract early medieval long-distance traders, nor did it have a large enough sedentary wealthy population to make up a consumer base for luxury goods. This situation started to change around the time of the first Crusades. The Genoese purchasing power increased as military expeditions brought wealth to the victors, which directly fed the emerging international commerce and established the city as a hub of long-distance trade. We know of the presence, among the first itinerant merchants in Genoa, of northern merchants around 1125, as attested by a surviving document recording the Commune's decision to impose a tariff upon "*Hominess de Ultramontanibus partibus*" (men who came from beyond the mountains). This document confirms other research showing that some Flemish merchants traveled to Genoa to sell woolen fabrics in the early part of the twelfth century.[64] The operations of those northerners have been the object of the classic Genoese commercial historiography.[65] However, whereas the northerners' transactions are part of almost all the post-1190 cartularies that I have analyzed, there is little trace of them in surviving records prior to that date. Even taking into account the evident selectivity bias inherent in any notary client base, this evidence indicates that it is only toward the end of the century that the northerners expanded their activities.

These men who came from faraway Flanders were not the only Frankish visitors. Commercial treaties, often as part of broader military and political agreements, with cities such as Narborne in 1141 and Montpellier in 1143 confirm the emergence of a commercial flow between Provence and Genoa that was carried on by the merchants of these towns. This is confirmed by our database, which contains thirty-four persons

[64] See Reynolds (1930, pp. 496–7) and Laurent (1935, p. 146).
[65] See, in particular, Reynolds (1929, 1930, and 1931).

who can safely be traced to Provence. Among them, for example, were *Belengerius de Nerbona* (Berenger from Narbonne, CA#1368/1191), *Faber Martellus de Montepesulano* (Martellus, the blacksmith of Montpellier, DO#268/1210) and *Wilielmus de Provincia* (William from Provence, LA#844/1210).

Merchants from those Italian towns that had developed routinized commerce practices earlier also started to visit Genoa. In the twelfth century, we know of the presence of traders from Asti – a town located on the main road to the northern fairs through the alpine Mt. Cenis pass – as well as of cloth merchants from Lucca and of a group of men from Piacenza, some seventy miles east of Genoa, who lent funds to the city in 1149.

The first visitors from these inland towns considered Genoa not only a growing consumption center, but also a convenient maritime hub for their overseas commerce (Racine 1979), and as trade grew in the twelfth century, so did their share of the long-distance market. Unsurprisingly, it is in the debt network that the concentration of foreigners was largest. The foreign merchants consisted of tight clusters of people who sometimes reinforced their geographical links with kinships ties. I have already mentioned the de Soler family from Asti. Another example, out of many, is that of the Artesian (from Arras) kinsmen Simone, Nicolaio, and Giliotto de Iser. Localism (Bearman 1993) was key in the partner selection process. Merchants traveled together from their home regions and helped each other when in Genoa.

When the foreigners maintained credit relationships with the Genoese, their counterparts were more active and more experienced than the network average. Indeed, before 1250, the mean career length and mean nodal degree of Genoese interacting with foreigners stood respectively at 18.6 years and 4.95 (n = 515) versus 7.2 years and 3.32 for the whole sample of credit users (n = 1,350). While I will come back later in this section to the status stratification of the long-distance trade, a look at the names of those active with foreigners shows that many of the most commercially active aristocratic families are also among those who most frequently transacted with the foreign merchants, often even hosting them in warehouses (*statio*) that had been outfitted with living quarters. The Mallocello and Spinola were known to host the men of Lucca and Piacenza, the Stancone Romans and the della Volta, Pisans.[66] In fact, twenty-seven out of the thirty-three aristocratic clans who we can safely say

[66] See Grossi Bianchi and Poleggi (1979, p. 100).

entered into commercial ties with foreign merchants are found among those long-distance clans who would become the most active[67] in later centuries. By contrast, and notwithstanding a few families such as de Fornario and de Goano, the list of those nonaristocratic operators who maintained credit ties with foreigners is full of names that do not show up among those in the most active Renaissance mercantile families. For those clans, being involved early did not necessarily translate into lasting upward mobility. Genoese society was still experiencing ups and downs that limited the stability of wealth and occupation.

Before the mid thirteenth century, foreign merchants – as a group – were net creditors in the debt system[68] and were thus a crucial igniting force in the emergence of routinized mercantile activities. Over time, the men of Arras, and of the northern Italian towns of Asti and Alexandria, who undertook the long journey to Genoa to sell Flemish cloth, and who had constituted an important cluster of merchants in the late twelfth century, lost part of their business when the Genoese first accompanied and then replaced them at the Champagne fairs (Vitale 1949, p. 36). Around the mid thirteenth century, other foreigners – Piacentine and Tuscans, in particular – remained very active in the Genoese markets (Bautier 1987). However, by that time the Genoese did not need their credit as much, nor did they need to copy commercial practices that the foreign merchants had brought to them 100 years earlier. Their own class of routinized traders was emerging.

Although the foreigners clearly constituted the bulk of the credit market in the first part of the thirteenth century, in the next few paragraphs I continue my description of the social makeup of the merchant network by showing how two early medieval crafts,[69] those of drapers and bankers, naturally evolved into commercial occupations and constituted a second broad category of recruitment into the mercantile class. In doing so, I also complete the description of the occupational distribution of the long-distance trade begun in Chapter 3.

Mercantile Craft

Drapers. As Ph. Wolff (1986, pp. 256–7) notes, the status of drapers, known as *draperii*, was often referred to, toward the end of the medieval

[67] See footnote 54 (p. 145) for the definition of "most active."
[68] The data set empirically confirms the comments of Reynolds (1930, p. 504).
[69] I have already covered grocers in section 4.2.

period, as "*mercatores sive draperies pannorum lanne*," which indicates that the *draperii* were also merchants. Although, in the Genoese notarial records, the word "draper" is never followed by a supplemental word indicating a more strictly commercial activity, the volume of long-distance trade–related transactions shows that drapers were as much wholesale clothiers as they were artisans, working and dealing not only with wool – *drapi* was the trans-Alpine term for woolens – but also with linens, Lombard's fustians, and textiles in general. For example, in the year 1210, *Enricus draperius*, the most active draper of that period in the data set, sold and bought at least £3,003 worth of textiles of all kinds.

It remains that drapers were artisans. Their apprenticeship into their manual occupation was long (four to five years), and their guild was organized as a craft like any other. In addition, in all fiscal and electoral lists, drapers are always classified among the *artifices*. Nevertheless, it is clear from a fiscal list of 1404, calling for drapers to pay from two and a half to five times as much in taxes as other crafts, that the profession was lucrative and probably enjoying higher status than other textile crafts.[70] This is also because drapers stood at the end of the manufacturing chain and often benefited from asymmetric work relationships. Indeed, in many parts of Europe, drapers controlled other artisans, such as master shearers and dyers.[71] There is no evidence that such formal control existed in Genoa. However, the notarial records show many employment agreements offered by drapers to other textile trades. For example, on January 10, 1192, two dyers, Widotus and Pinellus, agreed to color precious fabrics that Rufino del Canneto, a very active *draperius* as per our data set, had bought from two northern merchants, Belardo Belardungo and Guala de Rugiasco.

Higher earnings provided the drapers with disposable income with which to build up financial capital. How the increasing wealth translated into upward mobility is difficult to assess empirically, mainly because of the lack of stable surnames, especially prior to 1250. Indeed, many drapers are referred to in notarial contracts by their first names followed by the word *draperius* or, more seldom, by the district where we know many drapers occupied their shops.[72] Despite this onomastic difficulty, I established a sample of more than fifty families who counted at least five long-distance transactions by a *draperius* in the data set. From those 50, 10 ended up among the top 140 commoner mercantile Renaissance families (see Appendix E). Obviously, not knowing what happened to the other forty families – and surely some family names became extinct – we have to conclude that the 20% upward mobility is underestimating the social reality of the time. However, if at first this number seems high, I have found only a couple of drapers' families whose descendants later assimilated into one of the wealthiest mercantile *populares* oligarchic clans, such as those of Giustiniani, Sauli, Promontorio, Adorno, and Campofregoso.[73] Thus, being a draper conferred a certain amount of wealth, but social upward mobility ended up being limited. Part of the reason can be traced to the drapers' early specialization, which, while providing superior income, at the same time limited their wealth-building capacity for two reasons. First, while technical skills and the network embededness of routinized business operators provided opportunities for them to lower their costs, and thus to gain a competitive advantage in mature markets, the drapers' focus on textiles did not fit the opportunistic nature of medieval commerce. Certainly, the records show some *draperii* dabbled in nontextile goods (for example, the *draperius* Iohannes Bavosus bought a large quantity of pepper in November 1259),[74] but this was a rare event. Second, the record shows that most drapers were net debtors in the Genoese financial markets, and the high proportion of promissory notes indicates that they used the international credit market mainly to buy whole cloth that they enhanced in their shops before selling it for cash to exporters. As a result, drapers focused on using their international financial relations to build up inventories – thus using debt as rolling capital – and not on financing their own distribution in partnership with traveling operators. Their commercial relations with the

70 This 1404 list was transcribed by Sieveking (1909, pp. 76–8). With the exception of grocers, drapers paid the largest amount. The large tax imposed on foreign *draperii* also indicates that the guild was powerful.

71 See Pirenne and Espinas (1909, pp. 219–23).

72 Of the 115 Genoese families that I identify as drapers who were active in the long-distance trade before 1250, more than 60% include at least one member referred to as *draperius* or are from the "Canneto," a district where many of their places of business stood.

73 The Longo and de Corso families integrated into the Giustiniani clan, and the Barbavaria family became part of the Centurioni clan in 1395. In addition, a Fornario declared himself a draper, but that lineage is difficult to follow. One could argue that the most prominent families did not have to be referred to by their occupations in order to be identified, and that – as a result – the count of drapers among them is underestimated. However, this argument does not hold for two reasons. First, the computation referred to a period prior to the given family's prominence. Second, for the occupation "banker," even persons from the most prominent clans are occasionally referred to by their occupation.

74 JE#943.

wealthier Genoese elite were often cash transactions, and did not develop into the more long-lasting relationships that could be solidified by repeated financial agreements with longer duration. As we have seen in Chapter 3, in the case of professionals, commercial ties to the Genoese elite, especially to the aristocracy,[75] were a salient factor in an occupation's commercial growth potential. As a result, and unlike the situation among bankers (who will be the subject of the next paragraphs), the specialization of drapers to some degree prevented them from having that opportunity. In fact, from 1154 to 1400, fewer than 10% of the *draperius* ties in the long-distance network were with aristocrats, and, among those who transacted with the nobility, upward mobility to the status of merchant was much more likely: Of the 10 *draperius* families who made the list of the top 140 Renaissance commoner families, at least 8[76] had regular transactions with the nobility, thus more than 8 times the *draperius* population average.

Bankers. Along with drapers, bankers constituted the second occupational group that originated in a craft that was intrinsically connected to long-distance trade expansion. The revival of European banking has been the object of a controversy as to what technical service, credit, deposit, or money-changing activity gave rise to the profession,[77] and the early Renaissance bankers are often portrayed as sedentary businessmen providing an increasingly sophisticated array of financial services throughout Europe (Usher 1943). However, up to the time in the early twelfth century, when the present research picks up with the Genoese long-distance activity in the notarial records, bankers had been – as Manucci (1910, p. 275) and Lopez (1979) both note – more akin to craftsmen working with precious metals than to emerging commercial

[75] Of all noble clans, only the Barbavaria family – who probably emigrated from Milan – has any member specifically referred to as a *draperius*. However, the aristocratic status of the Barbavaria was not among those won in military service. Nicolas Barbavaria bought feudal rights in the early thirteenth century from the Marquese di Ponzone (Vitale 1951, p. 44). Unsurprisingly, though, the Barbavaria family was atypical among *draperii* in its equal involvement in equity and debt markets and in its transacting business with the prominent aristocratic families of the time, such as, for example, Nepitella in 1295 (GI#1216), della Volta in 1213 (DO#309), and Streiaporco in 1225 (LA#1372). As a result, the Barbavaria family had the highest average transaction volume in the long-distance trade network of any *draperius* family of the time.

[76] Corso, Campanario, Monleone, Longo, Formento, Costa, Pignatario, and Nantono.

[77] Banking existed in antiquity; Greek banks began to receive deposits and make loans and money transfers (Westermann 1930). For the controversy regarding occupational origin, see Hall-Cole (1938); Sayous (1936); and Reynolds (1938).

entrepreneurs. Their original name of *cambiatores* or *composores*, as well as their craftsmen origins, certainly gives credit to de Roover's idea that banking originated in the physical handling of coins (1952, pp. 24–5). In particular, the bankers' money-changing operation was necessary because of the great variety of medieval currencies in circulation as well as the unevenness of conditions. In order to determine the respective values of a wide variety of coins, a banker had to be skilled in assessing the quality of metal alloys. Naturally, it is on that basis that bankers provided the first currency-exchange services. Further supporting the idea that depositing and lending were not the banker's primary focus is the Latin origin of the word "banker" – *bancherius*, a term derived from *banca*, the bench at which money changers laid the small piles of coins of various origins and the scale they needed to conduct their business.[78] Working in the open certainly could not have been conducive to safeguarding large amounts of money.

Elements of individual biographies indicate the rise of the profession toward the second part of the thirteenth century. However, the occupation was already established around the mid twelfth century, as evidenced by the purchase of the city's banking rights by a group of investors in 1145 for £400 and by the names of eleven bankers appearing in the cartulary of Giovanni Scriba from 1154 to 1164.

It would be wrong to assume that the commercial growth of the *bancherii* arose from innovative operations that provided them with a competitive advantage in recognizing financial opportunities ahead of other operators. It is generally agreed that, given that the early bankers lacked formal training, most advances in financial technique originated with traders and not with bankers (Hall-Cole 1938; de Roover 1952). Likewise, it would be a mistake to assume that bankers' success could have resulted from their ability to deploy sums left under their care to invest in the long-distance trade, because deposits were relatively small and almost always repayable on very short notice. Indeed, with the exception of a £50 deposit by the priest Guglielmo of Langasco in the care of *Ingone bancherius* on February 17, 1158,[79] which was repayable in a

[78] In Genoa, "erano chiamati bancherii perche non lavoravano in uma bottega o laboratorio, come solevano fare i negozianti e gli artigiani, ma dietro un tavolo (bancum) posto nella piazza del mercato" (Manucci 1910). [In Genoa, "they were called bankers because, unlike other craftsmen and shopkeepers, they did not work in a workshop or an office, but at a bench on the market square.] Note, though, that the butchers also used an open-air stand (*bancum macillarie*) made out of stone (Di Tucci 1933, p. 82).

[79] See S#357.

year, twelfth-century banking deposit agreements I have seen regarded small amounts (£6 to £25) that were repayable on short notice (seven days) if not on sight.

In the early part of the commercial revolution, medieval banking was not yet much about lending and fiduciary services. As Cole noted, at the onset of the commercial revolution "bankers occupied no exalted place in the business world. They played only a very minor role in the financing of commerce and industry. Compared to the merchants of their day, they were small businessmen, indeed" (1932, p. 79). Lopez added, "their cash reserve was so modest that some of them took it home in a box every night" (1979, p. 11).

However, if the volume of their transactions was small in twelfth-century Genoa, the *bancherii* benefited from a central position in the trade network, since anybody involved in long-distance commerce inevitably used coin-exchanging services. Thus, it comes as no surprise that, among those whom we can clearly identify as practicing an essentially commercial occupation in the twelfth and thirteenth centuries, bankers, as a group, interacted the most with the rest of the less routinized long-distance participants, which interaction was – as we saw in Chapter 3 – a key to trading growth. Indeed, when defining such essentially commercial occupations as drapers, foreign merchants, bankers, and those who do not declare an occupation but whose network nodal degree is in the top tenth percentile, I found that – before the fourteenth century – only 32% of bankers' long-distance ties were with fellow commercial operators, whereas for that population as a whole, the proportion was almost twice that (58%).

As bankers became more and more professional, they left the open-air piazza and the manual operation of checking alloy in coins. Their business regarding long-distance trade also changed, and the database shows that, to an ever-increasing degree, bankers were involved in large transactions with the wealthiest commercial families. Here again, heterogeneity in commercial ties, a key to success during the early phase of the commercial revolution, was in time replaced by more homogeneous relationships that consolidated social boundaries.

Banking became increasingly lucrative. However, the nobility remained underrepresented, at least until the mid fifteenth century. Dealing exclusively with money and belonging to an occupation that had clear roots in craft was, most likely, unacceptable for an aristocracy that was still impregnated with feudal culture, and an examination of the data set indicates that aristocrats were ready to be called "*mercatores*" before

they would be called "bancherius." Indeed, in the twelfth century none of the fifteen bankers in the data set belonged to the *nobiles gentes*, and in the thirteenth century, I counted only a couple. This gradually changed throughout the fourteenth century, but, even still, out of the thirteen bankers mentioned in a document of 1359, only two – Giovanni Lomellino and Iodisio Vivaldi – belong to the nobility.[80] By the early fifteenth century, however, the situation was different. The record shows many members of aristocratic families designated as *bancherius*.[81] In addition, while bankers' recruitment in the earlier centuries was, for the most part, from lesser families among the *populares*, the bulk of the late fourteenth and fifteenth-century banking volume in the data set is contracted by the wealthiest families, such as the de Podio, Giustiniani, Franchi, Sauli, and Adorno.

The shift of control of the banking occupation to the wealthiest, and often aristocratic, families signals a social change. Indeed, the acceptance of money as a currency of control by those clans, who, up until then, had buttressed their privileged position by right of birth, shows the increasing significance of commerce in the definition of relational ties among the elite. It is thus fitting that, in the next few paragraphs, I conclude this chapter with a short analysis of the status stratification dynamics in the formation of the mercantile elite.

Commoner versus Aristocratic Mercantile Elite

I will begin my comments about the credit network's status distribution by first addressing the commoners. Then I will take up the dynamics of participation in the debt market by aristocrats before briefly commenting on credit partner selection among the Genoese elite as a whole.

Commoners. As I showed earlier in the book, the routinization of long-distance trade induced the social and political category of *populares mercatores*, a reference to those plebeian families who counted as regular and everyday long-distance traders. Continuing this chapter's study of the social makeup dynamic of the merchants, the objective of the next few pages is to provide the reader with an idea of the path to the *populares*

80 Note, however, that, even if these two families categorically classify as *nobiles*, neither one seems to have much in the way of feudal antecedents.

81 Grillo, Lomellini, Vivaldi, and Mallocello, in particular.

mercatores occupational status in the late fourteenth and fifteenth centuries.

Tracking commoners' lineage historical path is hard for two main reasons. First, immigration and assimilation to aristocratic families through marriage and name association make it difficult to follow the microdynamics of merchant families. Second, *populares* surnames could be unstable, which makes onomastic tracking over a long period of time fairly complex. For example, the records provide information about *Ansuixus de Sanctus Genesius*, an active long-distance trader in the late twelfth century. We know that during his career he established credit and commenda ties for sizeable ventures to a variety of Mediterranean ports.[82] During that time, Ansuixus accumulated enough capital to provide a comfortable income for future generations of his direct family. While my database shows several long-distance traders with the same surname over the next 200 years,[83] it is almost impossible to assess whether Ansuixus indeed began a commercial dynasty, or, if all these men were related only by their residence around the *Sanctus Genesius* church in central Genoa. In addition, over time, the use of surnames with toponomic origin declined, which would suggest that the incidence of name changing among those families was higher than for the others.

This said, while dynastic origins are sometimes difficult to assert, their end point is much easier to determine. Here, I refined the merchant list used for my analysis of drapers by using the 1440 tax records on assets to identify the wealthiest clans. I found that among the thirty leading *populares* mercantile families, only five (Longo, Corsio, de Campis, de Vialio, Vignoso) were among the thirty most active prior to 1250. This finding is quite robust as it stands using a ranking based on nodal degree in our data set, the custom payment for 1376–77, or the tax assessment of 1440. Thus, while nearly all the aristocratic families active in the twelfth- and thirteenth-century long-distance trade were still thriving, this was not true for the *populares*. Maybe a few changed their names or became naturally extinct, but for many others who had been very active traders

[82] For examples of commendae, see CA#1093/1191 and GI#1599/1206; for sea exchange, see GI#842/1203; for straight debt, see CA#1094/1191; and for promissory notes, see CA#447/1191. For a sample of destinations: to Naples, see CA#134/1191; for Sicily, see CA#359/1191; for Ceuta, see CA#425, 426/1991; for Alexandria, see GI#639/1203.

[83] *Wilielmus de Sanctus Genesius*, 1244–50; *Andriolus de Sanctus Genesius*, 1252–53; *Faciolus de Sanctus Genesius*, 1281; *Odoardus de Sanctus Genesius*, 1282; *Franceschinus de Sanctus Genesius*, 1288, *Iohanninus de Sanctus Genesius*, 1292; *Antonius de Sanctus Genesius*, 1343–49.

for multiple generations, the decline is evident from the loss of rank in commercial activity as measured either by the fourteenth-century notarial contracts I coded or by the custom records.

It is hard to pinpoint the reasons for the commercial downfall of these families over such a long period, as it would require further systematic research into each clan's microdynamics. However, it is possible to recognize why some rose in prominence. Aside from a handful of smaller elite clans (Sauli, Premontorio, and Maruffo), every single other wealthy commoner dynasty can be traced to one of two processes: either to the adhesion of a large group of merchants who set out to invade and control the trade of foreign settlements, or to the leveraging of political appointments into the extraction of wealth and formal privileges. The first process is best exemplified by the wealth-building activities among those merchants who participated in and financed the conquest of Chios and Phocea in 1347 by a fleet led by one of their own, the Admiral Simone Vignoso.[84] For the next 200 years, associating to their own name[85] the common appellation of "Giustiniani," this group of merchants privately controlled Genoese colonies, where the export of mastic and alum made them the wealthiest mercantile group in the city (Heers 1961, p. 565). Well organized, their colonies resisted until 1566 not only the fall of the Byzantine Empire in the mid fifteenth century, but also the Genoese political and institutional turmoil.

In the Giustiniani's wealth-building process, military control and monopolistic extraction were key elements. However, the coordination of commercial operations among several families was also a factor in their success.

The Franchi clan is the other wealthy group of merchants who originated in a military venture. Indeed, at the onset, as Petti Balbi (1976,

[84] The Vignoso had been active in long-distance commerce since at least the second quarter of the thirteenth century. The data set shows members of that family trading all over the Mediterranean (the Levant in 1227, Tunis in 1239, Romanie in 1274, Tabriz in 1307, Caffa in 1393) and in the northern country as well (Champagne in 1263, England in 1384). The historical selection sequence in our data set is indicative of the institutional dynamic that brought about the use of debt, as opposed to temporary equity, among routinized operators. From 1216 to 1250, as beginners in the long-distance trade, the data set shows members of the Vignoso family contracting thirteen commenda ties as compared to only two credit ties. Then, from 1253 to 1401, I counted twenty-four commercial ties involving the Vignoso in the sample, twenty-one of which were debt ties.

[85] In Chapter 5, I will explain the *albergho* phenomena, which regrouped families into a single clan. It is enough for now to note that the level of Giustiniani business integration was high, and that the group organized itself via formal representation.

p. 155) and Heers (1989, p. 26) note, the merchants who eventually took the common name of Franchi hoped to take commercial control of Corsica by military means.[86] While the military venture did not prove as lasting or as profitable as that of Chios, the families nevertheless stayed united in a single organization, which conferred on the clan leverage in the long-distance trade. This said, the large difference in wealth between the Giustiniani, on the one hand, and the Franchi, on the other, demonstrates that while the pooling of resources certainly provided certain commercial benefits, the key was the monopolistic control of commercial resources.

The second process of wealth building for *populares* mercantiles families was leveraging the highest public offices into various fiscal and feudal privileges. Among the wealthiest commoner families members of the Adorno, Campofregoso, and to a lesser degree Zoalio and Montaldo families, had accumulated seigniorial privileges and countless estates granted to them by the city while they served as doges. In addition, their relations with the highest local and international aristocracy provided them with enfeoffment of land and with marriage opportunities to consolidate their elite status (Heers 1961, p. 568). These families were still involved in long-distance trading, but not nearly as much as other leading *populares* clans. As Heers notes, their lifestyle was comparable to that of the most prominent European aristocratic families. They often lived outside the urban center, tending to their feudal prerogatives while maintaining political networks that ensured their reappointment to the highest offices.

Evidently, these two types of wealth-building processes,[87] political appointment and monopolistic extraction, had little to do with the type of superior strategic business acumen that is portrayed in historical economic literature. This is not to say that Genoese merchants' commercial techniques did not become increasingly sophisticated. It is only to point out that maintaining strong ties with the political elite and participating in war still constituted the paths to success in an early Renaissance world that increasingly mixed commerce and political hegemony.

In turning next to an analysis of the nobility's increased use of credit in the definition of their relational ties, I will show that the path to

[86] It should be noted that the operation was led by an aristocrat.

[87] As Heers (1961, p. 564) notes, aside from the Giustiniani and the Franchi, only the two smaller *populares* clans of Sauli and Premontorio count the "*grands commercants*" (large merchants) among them.

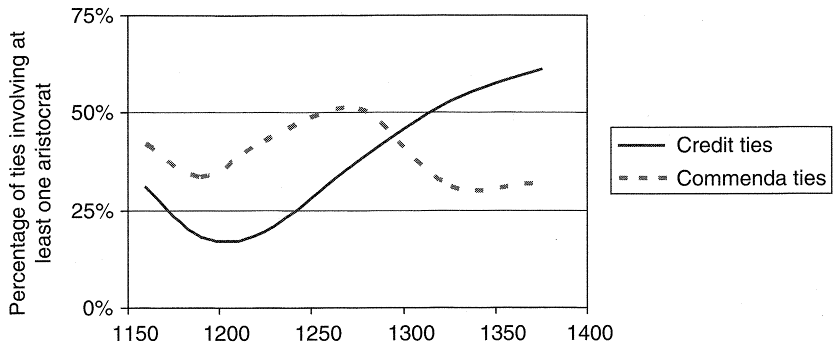

FIGURE 4.5. Percentage of network ties involving aristocrats, 1154–1400.

commercial success was a little easier for them than for *populares*, because ascribed formal status was still a salient variable in accessing the elite commercial network.

Aristocrats. Figure 4.5 reports the percentage of commercial ties involving aristocrats in the long-distance trade network over a period of 250 years for both commenda and credit relationships.[88] Note not only the overall increase in the nobles' participation in the long-distance trade after the mid thirteenth century, but also the shift to credit ties. This pattern is consistent with this research's earlier findings regarding the transfer of part of the aristocracy's resources into more routinized and univalent commercial practices than the earlier multivalent activities of the feudal men-of-arms. Similarly, the decrease in the number of credit ties during the very first period covered by the database is consistent with this historical shift. Indeed, as I have shown in the third and fourth chapters, at a time when Genoese trade had not yet attracted foreign traders the way it had in other Italian cities, long-distance commerce was dominated by the ruling elite, along with a very small number of specialized traders inside a hierarchical network that naturally reproduced the patronage structure of the feudal social organization. At that time, aristocrats were, for the most part, either passive investors or involved in commercial ventures as a by-product of seafaring expeditions.

[88] It is well to remember the likelihood that, for the most part, long-duration equity agreements took the place of commendae. Thus, outside of cash relationships, which, for obvious reasons, are not associated with the robustness of longer-duration agreements, credit ties provided the repetitive solid raw material to knit the long-distance trade together.

Long-distance trade participation was one expression of the constant commingling of family interests with the city's expansionist policy. By and large, the nobility's role was to secure trading routes while not necessarily actually dealing with the goods themselves. It is when referring to that time that the expression "prince merchant" gained currency, and aristocrats did, indeed, use credit as well as temporary equity. But neither network signaled the rise of specialization. They were both the expression of the social organization as a whole, where commerce took its place in an unsegregated sphere.[89]

Then, the emergence of univalent long-distance traders – at first mainly foreigners, but then increasingly Genoese – modified the credit networks' architecture. It became less hierarchical and included several clusters of merchants who regularly and intensively interacted with each other. As attested by the request in 1192 by Suzobono (a very active *populares* long-distance operator)[90] for a personal surety before agreeing to a small loan to Marchesio della Volta (a member of one of the leading feudal families),[91] status in this increasingly segregated sphere did not confer a privileged position in the negotiation of relational ties to the same degree that it had in other social interactions up until then. As a result, and because of the well-documented importance of reputation, trust, and repetition in the credit network, aristocrats were less likely to use credit, which emerged as the framework of choice for regular traders. When they did, it was – for the most part – as creditors pumping their capital into the long-distance trade in the segment activated by routinized operators, but not necessarily as active participants.

[89] While this book argues that the timing of aristocratic participation in the credit market signals the rise of occupational categories in the definition of their social ties, it is important to flesh out here why a counterargument about the impact of the Church's position on usury is not salient in this discussion. Much has been written about the Church's position on usury (Le Goff 1999; de Roover 1952; Lane 1969) and it would be logical to believe that the aristocrats, whose piety has been well documented in other research (Kedar 1976; S. A. Epstein 1996), did not enter into credit agreements because they simply wished to comply with the canon law. This cultural explanation might have some appeal, but historical evidence shows that Italian aristocrats knew of and used the credit market extensively before the rise of the long-distance trade. In addition, unlike the rest of the European nobility, who were probably, as a whole, net debtors, the Italians were net creditors to public authorities (see Vitale 1955, p.107). As the history of Genoese public finance indicates, the nobility were not afraid of Church interdiction when they charged very high rates of interest to the Commune. Thus, cultural norms were not an obstacle, but occupational dynamics were.

[90] Suzobono's nodal degree in the 1182–97 long-distance trade network is 20.

[91] Ingo della Volta, possibly the uncle of Marchesio della Volta, guaranteed the £10 loan (CA#1813/ February 1203).

As Figure 4.5 also reveals, by the latter part of the thirteenth century, when mercantile wealth accumulation had induced formal political and social changes, aristocratic families increasingly turned to commerce in order to participate in the new control repertoire.

Evidence of the nobility's increasing operational control over commerce can be seen in my analysis of the Genoese customs records for the years 1376 and 1377.[92] Having coded the status affiliation of each importer, I found that the proportion of nobles among the custom-duty payers represented roughly 65% of the total trade volume. Those numbers are slightly higher than the proportion of the total degree aggregation in the 1340–55 network that referred to aristocratic operators,[93] and thus confirm the steady rise of occupational category over formal status.

In addition, every one of the forty leading aristocratic families, as measured by trade volume in the customs records of 1376–77, was active in the credit network in the late thirteenth and early fourteenth centuries. For those aristocratic clans, being passive investors, as in the early days of the commercial upsurge, was no longer enough, and participating in the increasingly routinized credit-ties dynamic had become a necessary condition for their sharing in the control of the city.

As the previous paragraphs make clear, throughout the fourteenth century, ventures including aristocrats constituted an increasing portion of the trade volume. By then, a growing number of noblemen could be considered everyday merchants, not hesitating to be called *mercator* in official documents.

Next, I conclude the chapter with a short analysis of the credit partner selection process to show how it was still easier for the nobility than for commoners to access the mercantile elite. However, my analysis also indicates that social advantage was closing in on the nobility: By the fifteenth century, the occupational category "merchant" became the salient characteristic in credit partner selection among the elites, confirming thereby the consolidation of the social organization around commercial exchange.

[92] It is possible that, in some cases, the name on the customs records is that of an agent. Assuming that agents were less likely to be aristocrats than the actual importers, the actual share of aristocrats in the total trade volume is probably higher than that computed from the customs records. It is also well to keep in mind that privileges, exemptions, and frauds are always inherent in historical fiscal records and, consequently, that the information might not be as precise as it first appears.

[93] The total nodal degree of noblemen represents 46% of the total (1,212 out of 2,658) for almost 58% of total volume (£250,075 out of £438,898).

TABLE 4.4. *Closures index (S14) for homophilic credit partner selections, 1300–1400*

	Status	Occupational (Merchants)	Mercantile Elite + Aristocrats	Mercantile Elite + Commoners
Value of S14[a]	0.25	0.58	0.36	0.09

[a] See page 113 for methodological background and definition of S14.

Credit partner selection among the elites. In Chapter 3, I reported the value of a closure index that measured the propensity for status and occupational homophily. As the reader may remember, the index took values from minus one to plus one, with a positive value indicating a propensity to form homogeneous partnerships given the appropriate availability. Measures close to zero indicated that, on average, the attribute was not salient in the partner-selection process. Table 4.4 reports the value of the index for four different credit networks' binary partitions.

First, as expected, the closure index for formal status homophily (0.25) indicates that status was only marginally salient in credit partner selection. This is, indeed, consistent with the increasing occupational commingling of the mercantile *populares* elite with those members of the aristocracy who, at this point, openly adopted the title of *mercator*. It should be noted, however, that the cross-status commingling, which during the early period of the commercial revolution characterized all long-distance trade partnerships, was now limited to active and more routinized traders. Indeed, for the limited number of commenda contracts that still took place in the fourteenth century, thus concerning a more heterogeneous population than that of the routinized traders using credit instruments, the closure index for status jumps to 0.63.

Conversely, the much higher intramerchant closure index (0.58) is consistent with the rise of occupational categories. In fact, the progression of the closure index from the period 1300–49 (0.38) to 1350–1400 (0.62) (not reported in Table 4.4) suggests that the occupational boundaries were getting tighter.

More surprising, perhaps, is that the network autocorrelation for credit networks during the 1340–55 period among three trade-volume parameters – average and total volume, as well as nodal degree – were low, which suggests that the data does not indicate that credit partner

selection was a function of individual amounts traded or the number of commercial ties. While this is surprising, the difference in the value of the closure index reported in the last two columns of Table 4.4 provides an explanation of why strictly quantitative economic variables were not the only salient partner selection criteria. Indeed, the value reported in the third column concerns a binary partition that separated all aristocrats and the top mercantile clans – nobles and commoners included – from the rest of the population. The fourth column separates all commoners and the top mercantile elite from the rest of the population. While the closure index drops in both cases, it does so much less sharply when aristocrats are aggregated to the mercantile elite than when the commoners are (0.36 versus 0.09). Thus, while occupation was the main selection criteria for credit ties, status was a second choice. In other words, the difference between the closure indexes in columns three and four shows that in the hybrid social organization of the late fourteenth-century Genoa, where lords involved in long-distance trade at the same time continued to impose their political authority in their countryside estates or even in town, formal status still carried enough network power to provide access to the elite pool of commercial partners. However, the rise of occupational categories was threatening that privilege, and as the analysis in the next chapter reveals, status lost its saliency in fifteenth-century commercial dealings.

As I show in Chapter 3, in the early part of the commercial revolution, commendae had been a fine institutional framework that facilitated the pooling of resources from heterogeneous social origins. However, that framework declined not because of its economic obsolescence and its replacement by a more "efficient" institution, but because long-distance partnerships became more homogeneous with respect not only to status but also to occupation. By contrast, credit ties thrived in partner selection dynamics driven by membership in a small elite group. In this case, the stability of the network's social makeup, the higher threshold of wealth or status, and the frequent social interactions – not only through commercial partnerships but also through intra-status relationships – solidified the social system as a whole.

Next, in Chapter 5, I continue my analysis of the relation between the structure of Genoese social ties' temporal movement and commercial institutional dynamics by showing how maritime insurance further consolidated the mercantile oligarchy.