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*“Four times a year for so many years”:
The Italian Exchange Fairs during the XVIth-XVIIth Centuries*

In its early times the fair, whose medieval origins are certain, gave rise to a very large circuit where goods were exchanged and several events of international significance – such as the fair of Champagne – were held. These exhibitions acquired their modern features only after the seat of the fair was transferred to Lyon in the XVIth Century; here they became progressively specialized until trade in goods and money neatly separated into fairs of goods, such as the well-known ones of Champagne, and exchange fairs (trading exclusively credit instruments).

As Felloni reminds us: *“The increase in exchange is a powerful factor in the economic growth, as long as there is no shortage of the means of payment. If this happens the multiplication of business transactions stops. An efficient way to overcome the problem is balancing the debts and credits. A solution to this was represented by the “clearing house”, in a way, this could be a good definition for the exchange fairs of the Early Modern period”*.¹

Cashless payment transactions are, without any doubt, among the most important elements of the European commercial network. This mean of payment enabled the medieval merchants to provide liquidity wherever it was required. As a result, cashless payment transactions on the basis of the bill of exchange contributed consequently to financing the trade within Europe and therefore to the integration of different economic regions.

¹ G. Felloni, *Genoa and the history of finance: a series of firsts?*, Genova, 2004, 75-79.

They were developed by Italian operators, most likely Genoese merchants; the “*cambi*” became the most important International mean of payment and for a long time creditors and debtors met at prearranged towns at set times of the year starting the *long adventure* of the European exchange fairs.

1. The credit instruments: a lexicon

The bills of exchange were payment obligations or promises in the form of a debt written in front of a notary; they were exchange contracts more formally than functionally. In these cashless transactions were involved:

- 1) the merchant, who raised a credit by the notary;
- 2) the merchant or creditor, who lent the money and request the repayment;
- 3) the creditor’s representative(s) who could receive the payment in place of the creditor himself.

Since the XIVth Century such “bills” circulated among different merchants and different commercial companies: the *lettera di cambio*, in its proper sense, became the most important mean of cashless payment transactions and the most reliable credit instrument for providing liquidity in the most developed centers of trade and finance where the Italian merchant bankers were operating.²

² R. De Roover, *L'évolution de la lettre de change (XIV^e-XVII^e siècles)*, Paris, 1953.

In general³, a bill of exchange contained the following information:

- 1) the issuer of the bill, the drawer or drafter who receives money from the remitter (the issuer was also called taker or *prenditore*);
- 2) the addressee or the drawee (*trattario*) who had to pay the bill (also called payer or *pagatore*). The drawee became the acceptant after accepting the bill of exchange by signing it. If the acceptance was denied, if the bill was “protested”, the bill was dishonored;
- 3) the beneficiary of the bill (*beneficiario*), who had to present the bill to the drawee and to whom the drawee had to pay the face value of the bill (*payee*);
- 4) the deliverer or remitter (*rimettente*), who paid the issuer the money for the bill received from him (*datore*);
- 5) the sum of money which the bill of exchange was issued over;
- 6) the currency - the value of the bill had to be repaid in;
- 7) the exchange rate;
- 8) the usance (“*ad uso*”) or the “expiring date” (term of the bill) respecting the commercial custom of the place (*piazza*);
- 9) the date on which the bill of exchange was issued;
- 10) the signature of the issuer.⁴

³ In a three-person-bill, the function of the beneficiary and the remitter were usually joined in one person (*beneficiario*).

⁴ On these technical aspects the clearest references in English are: M. A. Denzel, *The European Bill of Exchange* (www.helsinki.fi/iehc2006/papers1/Denzel2.pdf, accessed April 10, 2010) and J. H. Munro, *The Bill of Exchange* (www.eh.net/coursesyllabi/syllabi/munro/BILLEXCH.htm, accessed April 10, 2010).

The buyer of the bill - the deliverer or remitter (*datore, rimettente*) - sent the original bill of exchange and – to be safe – possibly various copies (“*prima, seconda, terza di cambio*”) and an accompanying letter (advice letter and in the case of the fair the “*spaccio di fiera*”). Then the remitter sent a copy of the bill, sometimes also accompanied by a letter of advice to the drawee. Finally, the payee would accredit the remitter with the amount the bill of exchange (“*per me pagate [...]*”).

2. The exchange fairs: from the Middle Age to the XVIIth Century

Cassandro underlines that fairs “during the Medieval Age, the fairs could have been found everywhere, without any geographical or political limit”.⁵ The XIth-XIIth Centuries’ Flemish fairs were the first examples of trade events carried out on an International scale, promoting commercial flows in the town of Bruges as years went by. Another example was the town of Antwerp⁶ which inherited, in a certain sense, the tradition of Bruges, though it adopted procedures that better fitted the requirements of a modern economy.⁷

⁵ M. Cassandro, *Le fiere nell’economia europea medievale e della prima età moderna*, in: Studi Storici Luigi Simeoni 51 (2001), 9-27.

⁶ J. A. Van Houtte, *Bruges et Anvers marchés “nationaux” ou “internationaux” du XIV^e au XVI^e siècle*, in: *Revue du Nord* 34 (1952), 89-109; Idem, *The Rise and Decline of the market of Bruges*, in: *Economic History Review* 19 (1966), 29-47; H. Van Der Wee, *The growth of the Antwerp market and the European Economy (Fourteenth-Sixteenth centuries)*, Louvain, 1963; H. Van der Wee – J. Materné, *Antwerp as a World Market in the Sixteenth and Seventeenth Centuries*, in J. Van der Stock (ed.), *Antwerp: Story of a Metropolis, 16th-17th Century*, Gent, 1993, 19-31.

⁷ E. Cornaert, *Caractères et mouvement des foires internationales au moyen âge et au XVI^e siècle*, in Studi in onore di Armando Sapori, I, Milano, 1957, 357-371; C. Verlinden, *Mercati e fiere*, in M. M. Postan – E. E. Rich – E. Miller (eds.), *Storia economica di Cambridge*, III, Torino, 1978, 137-175; H. Van Der Wee, *Sistemi monetari, creditizi e bancari*, in E. E. Rich – C. H. Wilson (eds.), *Storia economica di Cambridge*, V, Torino, 1976.

The Italian “moneychangers”, who often operated abroad grouped in a single guild organization, deserve a separate consideration. The guild was regulated by statutes for the protection of its members’ rights and had accredited consuls to the town authorities where the fairs were held.⁸ The Italian merchants from Asti were the first ones to reach the trading centres on the other side of the Alps in the XIIIth Century, very soon followed by the Tuscan (at first from Siena, than from Florence and Lucca) Lombard and Genoese merchant-bankers.⁹

The earliest testimonies of the massive presence of Italian traders in fairs of international significance relate to trade events held in the French region of Languedoc¹⁰, though the fairs of Champagne¹¹ are definitely the most studied model. On these occasions, where the Italian merchants were protagonists, commercial exchanges were carried out together with banking brokerage which developed credit and currency exchange related tools.¹² The Italian businessmen played a central role in this process thanks to their strong entrepreneurial abilities, as much as to influence the institutions of the fair and the trade of different goods that reached the French region from many European countries. The presence of the Genoese merchants, who took part in the Champagne events starting from the XVth Century, became more intense the

⁸ L. Dalle Molle, *Il contratto di cambio nei moralisti dal secolo XIII alla metà del secolo XVII*, Roma, 1954, 20-22.

⁹ R. L. Reynolds, *Genoese Trade in the late Twelfth Century, particularly in cloth, from the Fairs of Champagne*, in: *Journal of Economic and Business History* 3 (1931), 362-381.

¹⁰ J. Combes, *Les foires en Languedoc au moyen âge*, in: *Annales E.S.C.* 2 (1958), 231-259.

¹¹ R.-H. Bautier, *The Fairs of Champagne*, in R. Cameron (ed.), *Essays in French Economic History*, Homewood (Ill.), 1970, 42-63; R. D. Face, *Techniques of Business in the Trade between the Fairs of Champagne and the South of Europe in the XIIth and XIIIth Centuries*, in: *Economic History Review* 10 (1958), 427-439.

¹² M. Cassandro, *Credito e banca in Italia tra Medioevo e Rinascimento*, in *Credito e sviluppo economico in Italia dal Medioevo all’età contemporanea*, Verona, 1988, 131-145.

following century, when they were counted among the protagonists of this new type of fairs where financial bills of exchange were the only negotiated values.¹³

The American economic historians North, Milgrom and Weingast remind us that the Earls of Champagne, feudatories in the region, had granted the early privileges and safe-conducts to merchants already in 1209, and those benefits were determined more in detail in 1290, by the end of the XIIIth Century. Trade operators who wanted to establish a permanent representation in the area were offered both personal and property protection by the authority of the earldom; safety was guaranteed not only during the fair days but also all along the long journey that took the merchants from their countries to the towns of the French region.¹⁴ The legal protection accorded to agreements and contracts initialled in these fairs was indeed the main reason for their success.¹⁵

The role of the merchant-bankers, who more and more turned their attention to financial operations, became more incisive with the fairs of Geneva in the XVth Century¹⁶. Here, most of the Italian operators, though still partially devoted to the trade of luxury products, turned into professionals specialised in banking and all its different

¹³ M. Cassandro, *Strategia degli affari dei mercanti-banchieri italiani alle fiere internazionali d'Oltralpe (secoli XIV-XVI)*, in *Aspetti della vita economica medievale*, Firenze, 1985, 140-150; Idem, *Uomini d'affari ed economia delle fiere tra XIII e XVI secolo*, in S. Cavaciocchi (ed.), *Fiere e mercati nella integrazione delle economie europee secc. XIII-XVIII*, Firenze, 2001, 755-778.

¹⁴ P.R. Milgrom – D. C. North – B. R. Weingast, *The Role of Institutions in the Revival of Trade: The Law Merchant, Private Judges, and the Champagne Fairs*, in: *Economics & Politics* 2 (1990), 1-23.

¹⁵ S. Epstein, *Fairs, Towns, and States in Renaissance Europe*, in S. Cavaciocchi (ed.), *Fiere e mercati nella integrazione delle economie europee secc. XIII-XVIII*, Firenze, 2001, 71-90; Idem, *Regional Fairs, Institutional Innovation, and Economic Growth in Late-Medieval Europe*, in: *Economic History Review* 47 (1994), 459-462; J. H. Munro, *The "New Institutional Economics" and the Changing Fortunes of Fairs in Medieval and Early Modern Europe: The Textile Traders, Welfare, and Transaction Costs*, in S. Cavaciocchi (ed.), *Fiere e mercati nella integrazione delle economie europee secc. XIII-XVIII*, Firenze, 2001, 405-451.

¹⁶ J.-F. Bergier, *Genève et la Suisse dans la vie économique de Lyon au XV^e-XVII^e siècles*, in: *Cahiers d'Histoire* 5 (1960), 34-44; Idem, *Genève et l'économie européenne de la Renaissance*, Paris, 1963; M. Körner, *Solidarités financières suisses au XVI^e siècle. Contribution à l'histoire monétaire, bancaire et financière des Cantons Suisses et des États voisins*, Lausanne, 1980; Idem, *Investissements en Suisse au XVI^e siècle: répartition sectorielle*, in A. Guarducci (ed.), *Investimenti e civiltà urbana, secoli XIII-XVIII*, Firenze, 1989, 949-981.

facets. The presence of Italian bankers was massive in Geneva; operators from Florence, Genoa and Lucca were the most influential ones. It is worthwhile to observe that at this point in time these economic operators were less ‘merchants’ in the most traditional meaning of the word and more bankers working at high level on a European scale. As Cassandro widely explained, “*Geneva was a bridge between old and new, between the commercial Medieval fairs and the new Early Modern meetings which will turn into real financial exchange fairs*”.¹⁷

In parallel with the events unfolding in Geneva, the fairs of Lyon¹⁸ took off in the middle of the XVth Century, until they completely supplanted the first venues within a few decades. Thanks to the Italian merchant-bankers, Lyon became the beating heart of the European economy in the XVth Century: silk drapes, wool cloths, spices and other luxury goods were exchanged along the Rhone¹⁹. The rapid growth of these fairs has frequently been ascribed to French public finance²⁰ related matters, but the drastic measures in monetary policies had in those years weakened the institution of the fair as provoked repercussions in the region’s domestic economy.²¹ Therefore, around the Thirties of the XVIth Century, as French merchants and the Italian colleagues alike were

¹⁷ Cassandro, *Uomini d'affari* (cf. n. 13), 768-769.

¹⁸ M. Brésard, *Les foires de Lyon aux XV^e et XVI^e siècles*, Paris, 1914; R. Doucet, *Le Grand Parti de Lyon au XVI^e siècle*, in: *Revue Historique* 171 (1933), 473-513, 172 (1934), 1-41; R. Gascon, *Nationalisme économique et géographie des foires. La querelle des foires de Lyon (1484-1494)*, in: *Cahiers d'Histoire* 2 (1956), 253-287; Idem, *Grand Commerce et vie urbaine. Lyon et ses marchands (environs de 1520 – environs de 1580)*, Paris – La Haye, 1971. Also very useful the monographical issue *Les Foires de Lyon passé, présent, perspectives*, in: *Cahiers d'Histoire* 5 (1960) and M. Cassandro, *Le fiere di Lione e gli uomini d'affari italiani nel Cinquecento*, Firenze, 1979.

¹⁹ M.-T. Boyer-Xambeau – G. Deleplace – L. Gillard, *Banchieri e principi. Moneta e credito nell'Europa del Cinquecento*, Torino, 1991; A. Orlandi, *Le Grand Parti. Fiorentini a Lione e il debito pubblico francese nel XVI secolo*, Firenze, 2002 and J. Bottin, *Les foires de Lyon et les Italiens autour de 1600: déclin ou reconfiguration?*, in P. Lanaro (ed.), *La pratica dello scambio. Sistemi di fiere, mercanti e città in Europa (1400-1700)*, Venezia, 2003, 201-220.

²⁰ R. Bonney, *Revenues*, in R. Bonney (ed.), *Economic Systems and State Finance*, Oxford, 1995, 423-505; J. Dent, *Crisis in Finance. Crown, Financiers, and Society in Seventeenth Century France*, New York, 1973.

²¹ F. C. Spooner, *L'economie mondiale et les frappes monétaires en France (1493-1680)*, Paris, 1956; R. Bonney, *The King's Debt. Finance and Politics in France, 1589-1661*, Oxford, 1981.

clearly boycotting the Ligurian financial operators, the Genoese bankers were impelled to set up other fair locations.

In 1535, a Genoese senate act established that exchange fairs were to be held in Besançon, in the Free County, under the protection of the emperor Charles V.²² Starting from 1562 several fair locations followed one another, along an ideal route approaching the Italian territory, until the seat of the fair was transferred to Piacenza, under the protection of the Farnese Dukes, in 1579.

The exchange fairs reached their maximum splendour in the following forty years; Piacenza became the main operating market, an increasing number of operators coming from all the European trading markets were gathered there together and the volume of trade was multiplied.

The fairs in Piacenza inherited the features of a time-honoured institution which improved itself through the subsequent stages of Geneva and Lyon. This financial institution reached its highest level of success between the end of the XVIth Century and the beginning of the XVIIth Century; almost all European International transactions were settled right in Piacenza every three months.²³ The prime mover of the *Bisenzone* fairs²⁴ was above all and more than International commerce, the enormous volume of transactions generated by the Spanish Crown's public debt.²⁵ The Castilian *asientos*,

²² G. Giacchero, *Il Seicento e le Compere di San Giorgio*, Genova, 1979, 39-59; D. Gioffré, *Gênes et les foires de changes: de Lyon à Besançon*, Paris, 1960, 117.

²³ A. De Maddalena, *Affaires et gens d'affaires lombards sur les foires de Bisenzone. L'exemple des Lucini (1579-1619)*, in: *Annales E. S. C* 22 (1967), 939-990.

²⁴ In Piacenza they also continue calling this meetings "*Bisenzone fairs*" from *Besançon*.

²⁵ Some classic works on the Spanish Public Debt: A. Castillo Pintado, *Deute flottante et dette consolidée en Espagne de 1557 à 1600*, in: *Annales E.S.C.* 18 (1963), 745-759; Idem, *Los juros de Castilla. Apogeo y fin de un instrumento de crédito*, in: *Hispania* 23 (1963), 43-70; C. Jago, *The Influence of Debt on the Relations between Crown and Aristocracy in Seventeenth-Century Castille*, in: *Economic History Review* 26 (1973), 218-236, P. Toboso Sánchez, *La deuda pública castellana durante el Antiguo Régimen (juros) y su liquidación en el siglo XIX*, Madrid, 1987. Other evidences in: A. Espina Montero, *Finanzas, deuda pública y confianza en el gobierno de España bajo los Austrias*, in: *Hacienda Pública Española* 156 (2001), 97-134, J. I. Andres Ucedo, *Castile's Tax System in the Seventeenth Century*, in: *Journal of European Economic History* 30 (2001), 597-617 and J. Conklin, *The Theory of Sovereign Debt and Spain under Philip II*, in: *Journal of Political Economy* 106 (1998), 483-513.

generating a chain of payment that kept financial operators busy for decades, were undoubtedly the flywheel of the fair.²⁶

Yet, in 1621, the Genoese bankers decided in a high-ended manner to transfer the seat of the fair to Novi, on their territory.²⁷ This act marked the beginning of a series of splits within the “*contrattatione*” of the bankers operating in the Italian fairs, in the first decades of the XVIIth Century. In these years, the history of the exchange fairs was characterized by the simultaneous presence of different credit markets. Some Italian financial operators, first of all the Tuscans and Lombards (natives of Florence, Lucca, Bologna, Milan above all) did not accept to take part in the fair of Novi, so they rather decided to continue to hold their meetings in Piacenza, thus actually creating a real “secession” panel in 1622.²⁸ Nor the Venetians agreed on the decision to join the Genoese in Novi and, starting from 1631, they too set up a “parallel meeting” in the town of Verona. In Venice, they were discussing the advisability of setting up fairs of goods and fairs of exchange on the Republic territory as an alternative to the Genoese

²⁶ On the Spanish financial history: C. Álvarez Nogal, *Los banqueros de Felipe IV y los metales preciosos americanos (1621-1665)*, Madrid, 1997; J. C. Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*, New Brunswick (N. J.), 1983; A. Castillo Pintado, *Mecanismos de base de la hacienda de Felipe IV*, in R. Menendez Pidal (ed.), *Historia de España. La España de Felipe IV. El gobierno de la monarquía, la crisis de 1640 y el fracaso de la hegemonía europea*, Madrid, 1982, 217-255; J. I. Gutiérrez Nieto, *El sistema fiscal de la monarquía de Felipe IV*, in Menendez Pidal (ed.), *Historia de España. La España de Felipe IV, El gobierno de la monarquía, la crisis de 1640 y el fracaso de la hegemonía europea*, Madrid, 1982, 257-332; Idem, *El pensamiento económico político y social de los arbitristas*, in R. Menendez Pidal (ed.), *Historia de España. El siglo de Quijote (1580-1680)*, Madrid, 1982, 245-351; A. Domínguez Ortiz, *Política y Hacienda de Felipe IV*, Madrid, 1983; J. E. Gelabert, *La bolsa del rey. Rey, reino y fisco en Castilla (1598-1648)*, Barcelona, 1997; Idem, *Castilla Convulsa (1631-1652)*, Madrid, 2001; I. Pulido Bueno, *La Real Hacienda de Felipe III*, Huelva, 1996; F. Ruiz Martín, *Las finanzas de la monarquía hispánica en tiempos de Felipe IV (1621-1665)*, Madrid, 1990; C. Sanz Áyan, *Los banqueros de Carlos II*, Valladolid, 1988; F. Serrano Mangas, *Vellón y metales preciosos en la Corte del Rey de España (1618-1668)*, Madrid, 1996; R. Valladares, *Banqueros y vassallos. Felipe IV y el Medio General (1630-1670)*, Cuenca, 2002.

²⁷ J. G. da Silva, *Banque et crédit en Italie au XVII^e siècle*, Paris, 1969 and J. G. da Silva - R. Romano, *L'histoire des changes: les foires de "Bisenzona" de 1600 à 1650*, in: *Annales E. S. C.* 17 (1962), 715-721, G. Felloni, *Asientos, juros y ferias de cambio (1541-1675)*, in A. Otazu (ed.), *Dinero y crédito*, Madrid, 1978, 335-359 A recent interesting study on the “Bisenzona” fairs is: L. Pezzolo - G. Tattara, “*Una fiera senza luogo*”: Was Bisenzona an International Capital Market in Sixteenth-Century Italy”, in: *Journal of Economic History* 68 (2008), 1098-1122.

²⁸ For a complete chronology of these “secessions”: C. Marsilio, *Dove il denaro fa denaro. Gli operatori finanziari genovesi nelle fiere di cambio del XVII secolo*, Novi Ligure, 2008, 87-118.

and Florentine meetings, suggesting Verona as the most suitable place, already since a few years. In January 1631, after a two decade debate, the Venetian authorities passed a law proclaiming an independent fair of exchange, though still leaving a certain freedom of action to their bankers residing in the Dominion. This fair was, with many vicissitudes, a rather weak institution due to the scarce presence of operators; it received a cold welcome from both the domestic and – especially – the foreign circuit, and was therefore doomed to failure.

At the end of the Twenties of the XVIIth Century, also the merchants of Bolzano had been granted a first series of privileges by the town authorities in order to stimulate commerce in the Adige town.²⁹ As Denzel reminds us “*in Bolzano there was a existing yet rudimentaly-developed system of cashless payments*”, but the efforts to reorganize the town’s old fairs of goods – personally supported by archduchess Claudia de’ Medici of Tyrol – intensified during the first years of the 1630s, and in 1633 the Merchant Magistrate (the *Merkantilmagistrat*) was establishment. Nevertheless, in the following two years, the town authorities and the merchants agreed to make a few amendments to the fair regulation, whose final draft - the *Claudian Privilege* - would be drawn up in Italian and German in September 1635.³⁰

So starting from the Thirties of the XVIIth Century, a whole network of Italian interacting but independent exchange fairs was thus created (*cf. table 1*).

²⁹ G. Canali, *Il Magistrato Mercantile di Bolzano e gli statuti delle fiere*, Firenze, 1942. The most recent works are: M. A. Denzel, *Die Bozner Messen und ihr Zahlungsverkehr (1633-1850)*, Bolzano, 2006 and M. A. Denzel - A. Bonoldi, *Bozen im Messenetz Europas (17-19 Jahrhundert) – Bolzano nel sistema fieristico europeo (secc. XVII-XIX)*, Bolzano, 2007.

³⁰ M. A. Denzel, *The System of Cashless Payment as a Basis for the Commercial Integration of Europe and the World*, in M. A. Denzel (ed.), *From Commercial Communication to Commercial Integration, Middle Ages to 19th Century*, Stuttgart, 2004, 199–248; M. A. Denzel, *Cashless Payments at the Bolzano Fairs, 1630s to 1850*, in M. A. Denzel and S. Chaudhuri (eds.), *Cashless Payment from the Antiquity to the Present*, Stuttgart, 2008. For a clear explanation of the Spanish Credit Market of the XVIth-XVIIth Centuries M. A. Denzel, *The Spanish Financial Market in the International System of Cashless Payment from the 15th up to the 18th Century* (http://www.usc.es/estaticos/congresos/histec05/b24_denzel.pdf, accessed April 15, 2010).

Table 1 – A comparative chronology of the Italian exchange fairs in the 17th Century

Novi Reform of 1622 (lasting 8 days)	Piacenza Reform of 1622 (lasting 8 days)	Verona Reform of 1631 (lasting 8 days)	Bolzano Reform of 1635 (lasting 15 days)*
'Apparizione'	'Purificazione'	February	Mid-Lent
Easter	Saint Mark	May	<i>Corpus Christi</i>
August	Saint John the Baptist	August	St. Bartholomew (St. Giles)
All Saints' Day	Saint Charles	November	St. Andrew

Sources: A.S.G., *Senato, Senarega*, filza 1090, *Aditione fatte alli capitoli delle fiere di Bisenzone; Capitoli delle fiere de cambi da farsi nella città di Piacenza* cit.; G. Mandich, *Istituzione delle fiere veronesi (1631-1635)*; G. Canali, *Il Magistrato Mercantile di Bolzano e gli statuti delle fiere*.

The decline of the Genoese fairs started from the second half of the XVIIth Century, when they began to lose their monopoly on the European credit market, although still having a strong influence in the money market, at least until the meetings were temporary transferred to Sestri Levante in 1693 and, definitively, to Santa Margherita Ligure in 1708. The choice of two small centres of the Eastern Ligurian Riviera confirms then the more local scale of the Genoese fairs beginning at the end of the XVIIth Century.³¹

3. The exchange fairs: definition and operativeness

As far as the operation of this complex credit market is concerned, exchange fairs may be defined as a credit market through which a considerable amount of money was moved from one place (or marketplace) to another. These flows of money generated large profits when the lucrative investments reached maturity. The fairs were well-

³¹ According to Felloni the Genoese fairs last at least until 1763. New evidences collected by the author in the Archivio di Stato di Firenze (Florence State Archive) let us suppose that the exchange fairs in Santa Margherita Ligure lasted until 1688 (A.S.F., *Archivio Riccardi*, busta 343).

established institutions that rhythmically and cyclically marked the time of the European financial calendar. The fair allowed to concentrate a large amount of money in few days time and in a single place and to put it at once at the disposal of the circuit of credit in forms of loans that would be refunded after three months during the following meeting. The principal functions of the fair were:

- 1) Acceptance of bills of exchange issued in the most important European commercial centers and expiring in the fair;
- 2) Re-negotiation of new bills expiring in the towns;
- 3) Mutual compensation and payment - in cash - of outstanding balances (unbalanced positions).

Each of these fairs lasted eight days and could not be anticipated, but only extended according to needs; the extensions were decided on in Genoa and must be approved of and ratified by the Senate. The "*trattanti*", the bankers who took part in the works, usually met at the consul's residence, where he was given hospitality. They wrote notes on their "*scartafaccio*", the fair notebook, where credit and debit operations were posted, which was afterwards handed over to the chancellor of the fair in order to allow negotiations to start.³² The second day, bankers came to an agreement to offset their positions and to draw up a first provisional balance. The third day the prices of currencies coming from the main European marketplaces and the bills of exchange due date calendar were fixed. The fourth day, the letters of exchange and the price lists ("*listini*") were sent, and the message previously sent containing notice of acceptance

³² The Genoese notary supervising the fair's work.

of the bills of exchange settled the first fair day were answered.³³ The fifth day a book (“*libro del calcolo*”) with places and dates of acceptance, the exchange rates, and the marketplaces where those operations would be settled was filled in. The sixth day was devoted to draw up the final balance; the incoming answers to the letters previously sent allowed to offset many positions, in particular the outstanding transactions; the Chancellor went to see the bankers and made a note of all protested and outstanding entries on his book. The seventh day each operator audited the figures on his fair notebook, wrote down the addresses of the bankers, swapped bills of exchange duly signed and registered the payments received. The eighth day the bankers handed “the balance-sheet” over to the consul, who declared the fair officially over (*cf. table 2*).

Table 2 – The fair: the eight days’ format

Public sessions	
1 st day	Registration of operators’ proxys ³⁴ Acceptance of bills of exchange
2 nd day	Provisional balances “Sheets of acceptances”
3 rd day	Fixing official exchange rates ³⁵ Cash money registration (<i>scudi di marche</i>)
Private sessions	
4 th day	Bankers update their positions Bills of exchange Guaranty (backing of the bills)
5 th day	New bills of exchange issued and sold New balance - “sheets of payments”
6 th day	Bilance Protest for no acceptance
7 th day	Swapping bills of exchange Bills of exchange’s registration
8 th day	“Sheets of payments” handed to the Consul Fair officially closed

³³ The best price lists are pointed out in J.J. McCusker - C. Gravesteijn, *The Beginning of Commercial and Financial Journalism. The Commodity Price Currents, Exchange Rate Currents, and Money Currents of Early Modern Europe*, Amsterdam, 1991.

³⁴ At the fair either the bankers or their legal representatives could participate.

³⁵ The principal European towns’ currencies were expressed in “scudo di marche” currency unit.

As far as the exchange operations were concerned time was of the utmost importance: as a matter of fact, all payments were to be concentrated and settled within the few fair days, with a quarterly deadline, already at the time of Lyon and, again, of the Genoese fairs of Novi (*cf. table 3*).

Table 3 - The bills payment schedules: some important European markets

Town	Payments (days)
Genoa	20
Milan	20
Venice	25
Neaples	30
Valencia	30
Barcelona	30
Antwerp	35
Palermo	45
Seville	60
Medina del Campo (exchange fair)	60
Lyon (exchange fair)	60
Frankfurt (exchange fair)	60

The “*trattanti*” or “*cambisti*” could act in their own names (as owners) or employees, but probably more often as agents or legal representatives. Fairs transactions were possible as the agents were given instructions about how to comply with the necessary procedures. These messages were communicated through two particular type of commercial letters: the letters of fair (“*spacci di fiera*”) and the bills of exchange (“*tracta*”). The letters of fair contained the operating instructions required to settle the exchange agreement. The letter of exchange, which in its early phase was only a complemento the agreement, acquired in time an increasing value. The physical exchange was actually carried out and settled only through the bill of exchange containing the order of payment sent to the agent in the fair.³⁶ The exchange agreement stated that the party receiving a certain amount of currency present on the

³⁶ G. Felloni, *Moneta, credito e banche in Europa: un millennio di storia*, Genova, 1999, 94.

marketplace was bound to have someone to pay an amount of currency of different monetary quality but equal value in another marketplace.

Being the fair the place where the compensation in different International currencies took place, we should understand how this could happen. We must know that the exchange fairs had a “monetary system” of their owns.³⁷ During the XVIIth Genoese and Florentine fairs the system was based on a “fixed ratio” between the currency unit - the “*scudo di marco*”, a kind of “imaginary money”, and the “*scudo d’oro delle cinque stampe*” (“five towns’ gold coins”), which represented the “real coin”.³⁸ The Genoese Senate accepted as “good quality gold *scudi*” only the “*scudi delle 5 stampe*” as to say the gold coins from Genoa, Venice, Naples, Florence and Castile.³⁹ These hard coins were related to the special unit of account of the fair - the “*scudo di marche*” - and their stability and goodness were fundamental for the “fixing” which took place on the third working day of the meetings.

4. “Keeping the money running on the exchange”

Since the XVIIth Century the drawn *littera (lettera) di cambio* was called *tratta* (what it is

³⁷ The best description of the monetary differences between the Lyon and Novi exchange fair is in: M. Amato, *Le radici di una fede. Per una storia del rapporto fra moneta e credito in Occidente*, Milano, 2008, 143-153.

³⁸ On the “imaginary money”: L. Einaudi, *La teoria della moneta immaginaria nel tempo da Carlo Magno alla rivoluzione francese*, in: *Rivista di Storia Economica* 1 (1936), 1-35, translated as *The theory of imaginary money from Charlemagne to the French Revolution*, in F. C. Lane - J. C. Riemersma (eds.), *Enterprise and secular change: readings in economic history*, Homewood (Ill.), 1953, 229-261; L. Fantacci, *La moneta. Storia di un’istituzione mancata*, Venezia, 2005, 197-205; Idem, *Complementary Currencies: a Prospect on Money from a Retrospect on Premodern Practices*, in: *Financial History Review* 12 (2005), 43-61 and Idem, *The dual currency system of Renaissance Europe*, in: *Financial History Review* 15 (2008), 55-72.

³⁹ On the “scudo di marche” the best study is: G. Felloni, *Un système monétaire atypique: la monnaie de marc dans les foires de change génoises, XVI^e - XVII^e siècle*, in J. Day (ed.), *Études d’histoire monétaire*, Lille, 1984, 249-260.

nowadays called "*cambiale tratta*").

The bill of exchange was used basically for these four functions:

- 1) sending money abroad safely;
- 2) paying in an easy way a commercial transaction;
- 3) lending money ("*dare a cambio*")
- 4) arbitrage taking advantage of a price differential between two or more markets or periods.

What became a "*uso commerciale*" was issuing back and forward different bills from different places ("*piazze*") to the fair and "*vice versa*": in this way the merchant-bankers could gain high profits related to the "exchange and re-exchange loop".

The real risk consisted in the fact that "exchange rates" could change - not always rising - on short term due to:

- 1) the depreciation or appreciation of the different European currencies;
- 2) the changes in interest rates before the re-exchange could take place;
- 3) the speculative trading of bills.

In this peculiar case, the drawee - very often equal to the payee - issued a bill of re-exchange ("*recambium*") or the payee bought another bill of exchange. On the due date this new payee could achieve a higher sum than he had paid in the first transaction due to the variation of the exchange rates. A sequence of various re-

exchanges between two different places - town X and town Y - without transferring any money could prolong a merchant-banker's credit for a very long time, usually as long as the creditor was willing to renew the bill ("*continuazione dei cambi*").⁴⁰ The interest represented the creditor's "payment" for providing liquidity containing the difference between the exchange rates.

Another form of the "*cambio fittizio*", a "virtual bill of exchange transaction", was the "*cambio con ricorso*".⁴¹ The "*ricorsa*" that was developed on the international exchange fairs of the XVIIth Century was quite similar to the dry exchange. This peculiar credit contract was very popular, in particular, on the Genoese exchange fairs and reached its highest diffusion starting from the 1620s.⁴² It was a "hidden interest contract"⁴³ with some kind of uncertainty, but differed significantly from the "*cambium siccum*" as the repeated back and forward exchange operations were clearly settled between the fair's operator and the deliverer. The average annual interest was always fixed when the investor gave his money to the "*cambista*". In order to guarantee a profit for the creditor (remitter) the loan contract ("*contratto di cambio*") always said that the money should be invested ("*tenere sui cambi*") for a fixed period (for example four fairs in a year) and a fixed annual interest should be guaranteed to the investor. In case the average annual interest did not reach the annual percentage fixed in the contract, the lender should

⁴⁰ The most popular book of that period ("*manuale di mercatura*") is Giovanni Domenico Peri, *Il negoziante*, a volume divided in four parts: G. D. Peri, *Il negoziante di G. D. Peri genovese*, parte I, Genova, 1638; *Il negoziante di G. D. Peri genovese*, parte II, Genova, 1647; *I frutti di Albaro, ovvero Il negoziante*, parte III, Genova, 1651; *Il negoziante di G. D. Peri genovese*, parte IV, Venezia, 1655.

⁴¹ G. Mandich, *Le pacte de ricorso et le marché des changes au XVII^e siècle*, Paris, 1953.

⁴² On the "patto di ricorso" should also be seen: B. Giustiniani, *Breve trattato della continuatione de' cambi in cui si esaminano alcune moderne foggie di cambiare*, Genova, 1619 and D. Veronese, *Prattica d'aritmetica mercantile [...]* Genova, 1627.

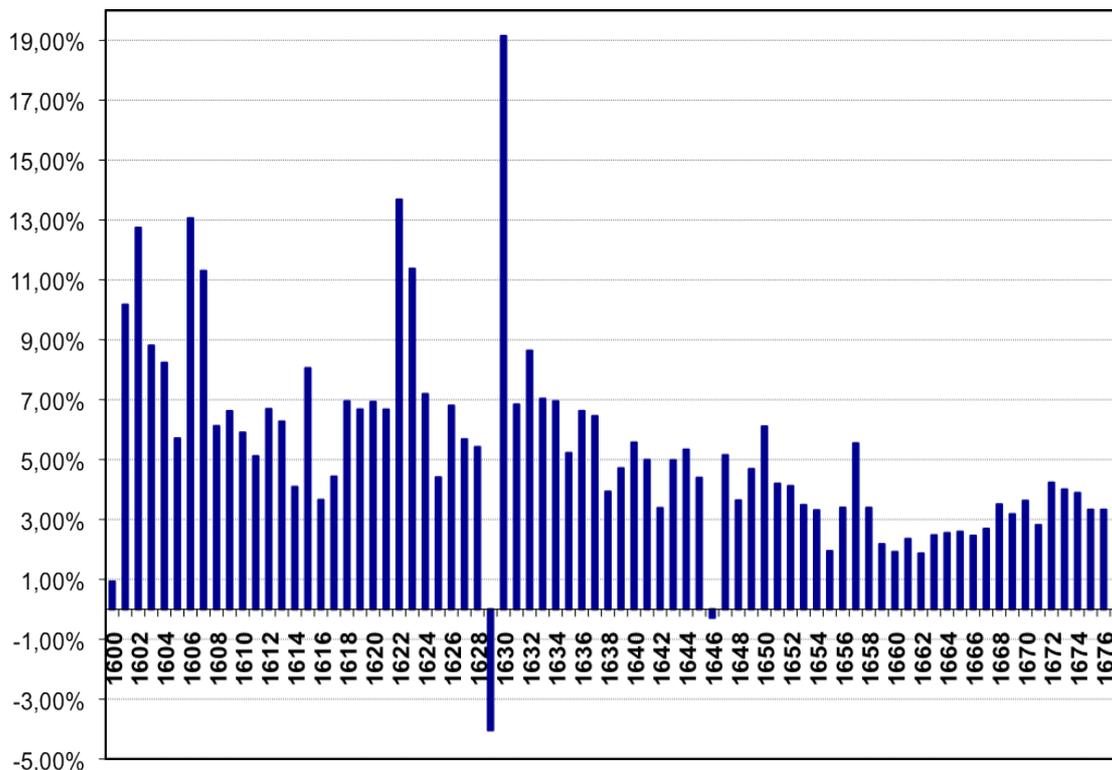
⁴³ For the bibliography on the theological aspects concerning the usury see: R. Savelli, *Between Law and Morals: Interest in the Dispute on Exchanges during the 16th Century*, in V. Piergiovanni (ed.), *The Courts and the development of commercial law*, Berlin, 1987, 39-102.

have to accept a lower interest fixed on the real interest rates registered on the different fairs.

Here we can follow a seventy-seven years “*contratto di ricorso*” which was signed between a Genoese *cambista* and a private investor - a member of the noble family Sauli (cf. *diagram 1*)

*Diagram 1 – A “contratto di ricorso” on the Genoese exchange fairs in the 17th Century*⁴⁴

⁴⁴“*Continuatione sopra £ 3170 moneta dell’anno 1600 per anni 34 con interesse di 4.10 per 100 all’anno unito ogn’anno l’interesse al capitale sopra il quale si continua il detto interesse*” in Archivio Durazzo Giustiniani - Genoa (A.D.G.G.), *Archivio Sauli*, filza 1287.



Source: Archivio Durazzo Giustiniani - Genoa (A.D.G.G.), *Archivio Sauli*, 1287

5. “Scudi registrati in fiera”: the function of the cash money on the fairs

Another important aspect of the monetary history of the exchange fairs is linked to the the almost inflexible prohibition of utilization of the “hard cash”. The classical literature has always spoken of the fair as a market that should substitute the usage of “cash money” within its monetary circuit. Some new evidences are showing us as the fair - especially starting from the 20s of the XVIIth Century - is changing this important regulatory function in this peculiar money market. In fact, as shown below, the increasing amount of hard cash money registred during the periodical meeting in Piacenza and Novi underlines that the Genoese and the Florentine operators are using

more and more cash to balance their debt entries at the fair. That is a strong change in the original statutory laws. Since the first collection of “*Capitoli et ordini delle fiere di Besenzone*”⁴⁵ in the XVIIth Century the financial operators were obliged to use as less hard money as possible. That could seem a logic solution to promote the development of the credit instruments which are utilized in the exchange fairs: the bills of exchange. But looking at the data recollected, we must reflect on the technical and functional meaning of this increasing quantity of cash money accepted in payment at the Genoese and Florentine fairs of the XVIIth Century.

6. “The Importance of Being Skilled”

The exchange market can operate properly only when supported by a network of agents and information as much widespread and reliable as possible.

The development of payment networks started in Europe from the moment when letters of exchange circulation was granted legal protection and professional relationships became more stable and cohesive. The network was built through a socialization procedure where neither automatism nor anonymity were possible; here a small number of individuals recognized one another by reason of their family or community ties and exchanged favours in business.

⁴⁵ See the Genoese rules of the exchange fairs (two Genoese editions: 1622 and 1637): *Capitoli e ordini delle fiere di Besenzone, che si fanno al presente in la città di Piacenza [...]*, Genova, 1622 and *Capitoli e ordini delle fiere di Besenzone, che si fanno al presente in la città di Piacenza, ristampate di novo con le giunte fatte dal Serenissimo Senato dall'anno 1622 sin al presente [...]*, Genova, 1637. Also in the “Capitoli” of the Florentine fairs the rule concerning the “hard money” is the same: *Capitoli delle fiere de cambi da farsi nella città di Piacenza, stabiliti al tempo dell'III.mo sig. Pietro Mozzi senatore fiorentino, console eletto dalle AA. Sereniss. di Toscana e dei M. Ill. Ottavio Secchi di Milano e Marco Otti di Venezia consiglieri eletti dalle loro nationi. Fermati con Grazia e Privilegio del Serenissimo Duca di Piacenza e Parma nel 1622. Et al presente distinti in Capitoli con l'aggiunta delle ordinationi fatte da Signori Consolo, Consiglieri, e Trattanti fino a l'anno 1628*, Piacenza, 1629.

Reliability and strength of the habits acquired was another reason for the network long lasting success; it was a mechanism that eased socialization and experience valorisation, and the benefits obtainable grew according to the number of participants. Differences of price for the same currency quoted on different markets were then brought to light by these relationships which also helped to reduce risks relating to solvency guarantee of the bills of exchange issued in foreign markets.

The studies carried out by economic historians have rarely highlighted the significance of their role, even though the way they operated supplies information also useful to understand the profession of a modern banker.

The skills required were: understanding of fluctuations of both the financial market and the political situation, sagacity, foresight and, last but not least, the ability to make rapid decisions in order not to lose interesting profit opportunities. The finance professional had to be able to interpret the market signals about a series of economic indicators, such as trends of currency exchange and interest rate, and to put them into practice in a tangible and efficient way. This action, moreover, had to be respectful of the principles shared by a professional group where the operator's skills were judged most of all on the esteem and confidence with which he was regarded.

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Abstract

The Genoese fairs inherited the features of a time-honoured institution which improved itself through the subsequent stages of Geneva, Lyon Piacenza and finally Novi. This economic and financial institution reached its zenith between the end of the XVIth Century and the beginning of the XVIIth Century; starting from 1580 almost all European International transactions were settled right in Piacenza fairs of exchange every three months. During the XVIth and XVIIth Centuries the Genoese bankers offered many financial services all around Europe at such high levels that not many competitors were able to contrast them. This paper aims to show that their success was due to their preminent role in financing the Spanish Monarchy from the first loans of the XVIth century - the asiento - to, at least, the last years of the XVIIth Century. At "Bisenzone", Genoese bankers raised money for these loans from a variety of sources reducing the risks of lending and funded the king's long-term obligations via short term loans. The prime mover of the Genoese exchange fairs was - more than International commerce - the huge volume of transactions generated by the Spanish Crown's public debt and the financial speculations of the most influential European financial operators (Genoese and Florentine above all). Piacenza and later on Novi became the main operating market where an increasing number of operators coming from all the European trading markets were gathered together and where the volume of transactions multiplied. In 1621, the Genoese bankers decided in a high-ended manner to transfer the seat of the fair to Novi, on the territory of their independent Republic, producing a long lasting rupture in the Italian bankers' network. The exchange fairs of Novi created an efficient financial network under Genoese control and permitted arbitrage among the other northern Italian financial markets (Piacenza, Verona, Bolzano). Undoubtedly Genoese fairs' network resulted an excellent mechanism to process and manage the financial information and an efficient system to transfer precious metals to different creditors all over Europe.

Keywords: Early Modern European Financial Market, Financial Institutions, Credit Market, Exchange Fairs, Genoese bankers, bill of Exchange, Spanish Public Debt