

The Spanish Financial Markets in the International System of Cashless Payment from the 15th up to the 18th Century*

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Introduction

Cashless payment transactions are, without doubt, among the most important elements of commercial integration within the developing world economy. Cashless payments – in particular in its Italian ‘variant’, the exchange transactions – enabled 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 – a fact which cannot be ascribed enough importance to – and also increasingly to the intercontinental settlement of payments, and therefore to the integration of different economic regions which have been more and more connected through trade links. Yet at the same time, it is possible to examine how this integration proceeded when using the example of cashless payment transactions, i.e. different stages of an integrative process can be established making visible how the economic regions were gradually growing together by means of connections of cashless payment transactions.

Cashless payments, here in the meaning of the ‘Italian type’ of exchange transactions, had its starting point in the commercial and financial centres of Upper and Central Italy during the Commercial Revolution of the 12th/13th century – particularly in Genoa. Omitting the various early forms of the ‘classical’ bill of exchange, it has to be stressed that this bill of exchange became and remained the most important medium of cashless payment transactions up to the 20th century. The process of diversification of cashless payments is based on the bill of exchange and, therefore, on closely related techniques (especially the endorsement and the discount) across wide parts of the economic interesting and, thus, for merchants relevant world. This process carried on over several centuries and was accompanied by various regional developments until immediately before World War I, when an network was attained within the whole economic potent and economic relevant world, which was essential for the merchants. Cashless payment transactions among the established exchange markets of all economical relevant regions of the world could be completed fast and without high charges with financial centres of countries or subcontinents acting as intermediaries for such a business within their countries or regions.

From the late 12th century on, the earliest forms of cashless payments in the occi- dent presumably emerged in the sphere of Genoese law. The further development of

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these payment techniques, and their expansion primarily by Tuscan and Upper Italian merchant-bankers in the European commercial centres, led to the establishment of a system of cashless payments in Europe. The network of the cashless payment system in the 14th and 15th centuries was Mediterranean-centred and mainly concentrated on a triangle constituted by Italy, North Western Europe and the East coast of the Iberian Peninsula with Barcelona and Valencia as the centres of exchange business. A new stage of development was reached when the financing of the discoveries of the 15th century, mainly by Italian merchant-bankers, and the transfer of enormous sums of money resulting from the trade in spices and later on in precious metals increasingly created a demand for the highly organized cashless payment system of the Italian companies. These merchant-bankers and their companies more and more integrated the rising financial markets on the Iberian Peninsula into their network. This was the beginning not only of fundamental changes in the geographical structure of the payment system in Europe, but also of the expansion of the mechanisms and techniques of cashless payments in the “New Worlds” – in the both Americas as well as in India.

It is the aim of the following contribution to show these complex processes and their main features in the context of the financial places of the Iberian Peninsula between the 16th and the 18th century. Thereby, it will be shown, how the financial network based on cashless payment transactions became tighter and tighter between the Iberian and the other European markets and which importance the Iberian places had within the process of shifting the core of the international cashless payment system from the Mediterranean towards the Atlantic Ocean.

1. Theoretical and Methodical Reflections on Integration within the System of Cashless Payment Transactions¹

The central theoretical and methodical idea is represented by the distinction between the *integration* of an exchange place or a financial market *into* the solely European-centred international system of cashless payments of a certain period of time on the one hand, as it can be observed until the end of the 19th century, and on the other hand the *linking* of a place *to* this system: “In most cases, the *linking* can be seen as the ‘early stage’ and precondition of *integration* of exchange markets into the already existing payment system. This gradual process, often too difficult to comprehend in detail due to the lack of sources, can be called *integrative process*: a process with the final result of *integration*, i.e. the complete integration of an exchange market into the particular payment system of a certain time.² The criteria for *integration* are a (rela-

¹ Taken from: Markus A. DENZEL, The System of Cashless Payment as a Basis for the Commercial Integration of Europe and the World, in: Idem (ed.), From Commercial Communication to Commercial Integration, Middle Ages to 19th Century, Stuttgart 2004, pp. 199-248, here pp. 202-206.

² This term of ‘integration’ differs from that of other economic historians, cf. among others Larry NEAL, Integration of International Capital Markets: Quantitative Evidence from the Eighteenth to Twentieth Centuries, *Journal of Economic History* 45 (1985), pp. 219-226; idem, The Integration and Efficiency of the London and Amsterdam Stock Markets in the Eighteenth Century, *Journal of Economic History* 47 (1987), pp. 97-115; Eric S. SCHUBERT, Innovations, Debts, and Bubbles: International Integration of Financial Markets in Western Europe, 1688–1720, *Journal of Economic History* 48 (1988), pp. 299-306; idem, Arbitrage in the Foreign Exchange Markets of London and

tively) extended network of international exchange rate quotations being run by this exchange market as well as equally extensive exchange rate quotations on this market, and finally the regularity of the own and the foreign quotations, whereas the (relatively) regular exchange relation to one or only few foreign exchange markets is sufficient for a *linking*. The *linked* exchange market can use the mediation of the other one, functioning as an intermediary in this case, for his own transactions with another i.e. a third party in such a way that this third party uses it itself and also to effect exchange business with the linked market.”³

This integrative process can be considered a model of sequence involving different steps of integration which are – not only as the result of frequently lacking relevant sources – not always possible to be distinguished clearly from each other. The author’s research up to now suggests to differentiate between at least two fundamental possibilities of this integrative process: Accordingly, the first is to be found in Europe and at its peripheries, in the Baltic States, the Russian Empire and the Levant or the Ottoman Empire respectively; the second proposes, that non-European possessions or areas were influenced by Europeans with European cashless payment techniques being introduced gradually. While the integrative process was starting already with the development of cashless payment techniques throughout Europe in the course of the Commercial Revolution of the 12th and 13th centuries, the integrative process within the non-European area started for the most part only since the middle of the 18th century, a period with considerable more extensive and secure data available than for the beginnings of this process in Europe. The view on the development of the European-shaped international cashless payment system within non-European regions allows reconstructing different phases or stages of this process of integration in a more subtly differentiated manner than it would be possible for Europe, where only particular peripheries of a certain time can be analysed in this way.⁴

Amsterdam during the 18th Century, *Explorations in Economic History* 26 (1989), pp. 1-20; Marie-Thérèse BOYER-XAMBEU / Ghislain DELEPLACE / Lucien GILLARD, A la recherche d’un âge d’or des marchés financiers: Intégration et efficience au XVIII^e siècle, *Cahiers d’économie politique* 20/21 (1992), pp. 33-65.

- 3 Translated from: Markus A. DENZEL, Die Integration Deutschlands in das internationale Zahlungsverkehrssystem im 17. und 18. Jahrhundert, in: Eckart SCHREMMER (ed.), *Wirtschaftliche und soziale Integration in historischer Sicht. Arbeitstagung der Gesellschaft für Sozial- und Wirtschaftsgeschichte in Marburg 1995*, Stuttgart 1996, pp. 58-109, pp. 59s. Cf. idem, Die Integration ostmittel-, ost- und südosteuropäischer Städte in die internationalen Zahlungsverkehrsverbindungen im 19. und beginnenden 20. Jahrhundert, *Südost-Forschungen* 55 (1996), pp. 45-73, here pp. 45-48; idem, Die Integration der Schweizer Finanzplätze in das internationale Zahlungsverkehrssystem vom 17. Jahrhundert bis 1914, *Schweizerische Zeitschrift für Geschichte* 48 (1998), pp. 177-235.
- 4 Markus A. DENZEL, Les places de change de la périphérie européenne considérées comme des enclaves territoriales: de l’association à l’intégration des marchés financiers dans le système de paiement par virements (bas Moyen Age – début du 20^e siècle), in: Paul DELSALLE / André FERRER (eds.), *Les enclaves territoriales aux Temps Modernes (XVI^e–XVIII^e siècles)*. Actes du Colloque de Besançon, Besançon 2000, pp. 209-232.

In Europe,⁵ North and Central Italy represented the system's core since the first half of the 14th century. The development of this system of cashless payment transactions from the Italian core can be understood this way that cities lying outside this integrated core and functioning as exchange places were just bound to this core.⁶ Thus, not only the technique of cashless payment transactions was spread, but the core of the system was extended at the same time. These new exchange places, being linked to the core, were forerunners in applying new technologies within payment transactions (as well as in the trade of goods) and they were also centres of a new supra-regional or even intercontinental communication. Therefore, these exchange markets were spots crystallizing a 'modern' development within the tertiary sector and contributing greatly and essentially to the linking as well as to the integration of 'their' region into the European, later worldwide network of payment transactions. Basically, no changes took place within this integrative process between the end of the Middle Ages and the early 20th century.

Which steps can be distinguished within this integrative process? At the beginning of any linking of a 'new' exchange place to the central area of international cashless payments 'contact' is being established, i.e. an exchange relation is detectable caused by a market value quotation to at least one financial market which already belongs to a centre with a system of cashless payment transactions and which is consequently already integrated into this system (*type 1*). If such exchange relations of the 'new' exchange place on already integrated financial markets of the central area become more steady – in particular since exchange rates were quoted relatively regular over a longer period of time (at least over some years, rather decades) on a particular constant group of exchange markets – a second stage is achieved (*type 2*). The former 'new' exchange place, being still outside the core of the system of cashless payment transactions, can be regarded as established and thus as already closely bound to the international system of cashless payment transactions. In the case of financial places of a particular European periphery, this stage continued often for a long period of time, partly for even more than two centuries. An even closer linking was achieved by the exchange place when at least one integrated exchange market of the core area started to quote it. Initially, the quotation was only temporary or it was done most often irregularly, later on more regularly (*type 3*). It was also possible that two or more already integrated places bound the exchange place closer and closer to the core, each of them with a different intensity. Yet only when at least one exchange market of the core area

⁵ Concerning the non-European financial markets cf. Markus A. DENZEL, Kolonialstädte als Finanzplätze vom 18. Jahrhundert bis 1914. Das asiatische Wechselnetz und seine Anbindung an das europäisch-internationale Zahlungsverkehrssystem, in: Horst GRÜNDER / Peter JOHANEK (eds.), Kolonialstädte – Europäische Enklaven oder Schmelztigel der Kulturen?, Münster 2001, pp. 225-259, here pp. 228-239; idem, Bargeldloser Zahlungsverkehr im europäischen Überseehandel von der Europäischen Expansion bis zum Ersten Weltkrieg, *Jahrbuch für europäische Überseegeschichte* 2 (2002), pp. 71-103, here pp. 73-80.

⁶ From the perspective of the development of the exchange system, cities which were linked in this way to the new system, either at the particular 'periphery' or in the course of the European expansion also in non-European countries, can be considered as enclaves in a region not yet bound to the European international system of cashless business payments, since as a rule these enclaves could be found in areas characterized by payment transactions based upon precious metals.

quoted regularly on the exchange place at the previous periphery (other places perhaps still irregularly) the transition to integration was accomplished (*type 4*). This transition to integration could result in a complete integration characterized by the fact that several central exchange markets of the core area quoted regularly on the former ‘new’ exchange market and, as a result, accepted it as partner of equal rank thereby integrating it into the international system of cashless payment transactions (*type 5*). Thus, this exchange market became part of the core area which in consequence was extended, since the whole hinterland of the newly integrated financial market was integrated into the international system at the same time. Every exchange market offered financial services – in this case within the sphere of cashless payments – not only for the respective city itself, but also for its hinterland, which can hardly be estimated in its dimension by the sources but which could cover large areas and landscapes.

From the chosen international perspective one aspect was left unconsidered so far: the development of regional subsystems. In Europe and also at the European periphery this process took place, in the truest sense of the word, almost exclusively on the regional level, that is, within a country or a geographically relatively restricted area, for instance within Spain, but also in the kingdom of Both Sicilies, the Netherlands, France, the Holy Roman Empire or the Ottoman Empire.

2. The Spanish Financial Markets in the International System of Cashless Payment up to the 18th Century

The process of the integration of the Spanish exchange places into the international cashless payment system can basically be divided into three stages:

1. the late Middle Ages (14th and 15th centuries) when the commercial centres of the Aragon crown – above all Barcelona – formed the most important exchange places of the Iberian Peninsula;
2. the so-called “long” 16th century (until 1620/30) with the rise of the Castile fairs and the overseas port of Seville becoming Spain’s most relevant exchange places and gaining high international reputation;
3. the further 17th and 18th century with Madrid as the kingdom’s central financial market.

1. From the late 12th century on, the earliest forms of cashless payments in the occident presumably emerged in the sphere of Genoese law. The further development of these payment techniques, and their expansion primarily by Tuscan and Upper Italian merchant-bankers in the European commercial centres, led to the establishment of a system of cashless payments in Europe. This network of the cashless payment system in the 14th and 15th centuries, as we can see from the contemporary merchant notebooks or manuals, was Mediterranean-centred and mainly concentrated on a triangle formed by Italy, North Western Europe and the East coast of the Iberian Peninsula.

In Pegolotti’s *Pratica della mercatura* from around 1340 there are two towns listed as exchange places belonging to the Spanish realms: first, Palma di Mallorca belonging to the kingdom of Aragón and, second, Seville. According to Pegolotti exchange transactions of both places existed at least with Florence and of Mallorca even

with Bruges.⁷ Seville maintained cashless probably also with Barcelona and perhaps with Genova and Mallorca.⁸ Although Pegolotti does not mention any exchange transactions for Barcelona, there were such transactions with the Papal Curia in Avignon and also sometimes within Spain already in his lifetime.⁹ The business records of the famous Pratesian merchant-banker Francesco di Marco Datini and Ambrogio de' Rocchi's *Pratica di mercatura* from 1394/95 support Barcelona and Valencia as exchange markets by the late 14th century. As result of this, the most important *pratiche* from the 15th century, the Uzzanese *pratica di mercatura* and the *Libro di mercatantie* quoted then also Barcelona and Valencia as exchange markets.

Referring to the number and the geographic range of the exchange relations, Barcelona was the most important financial centre of the Iberian Peninsula in around the mid-15th century, using Barcelona's commercial bank, the *Taula del Cambi assegurada de la Ciutat* or later *Taula del Cambi o Deposits*, founded in 1401, for transacting cashless payments there. The commercial connections of the Catalan capital – covering the Iberian Peninsula, the South of France, the Netherlands, England, Northern and Central Italy, the whole Aragonese part of the Mediterranean Sea including its centres Cagliari, Naples and Palermo, also Tunis, Rhodes and even emporia in the Aegean, Syria and Egypt – needed this considerable network of exchange rate connections.¹⁰ Not all trading partners are mentioned also as exchange partners, but only upper and mid-Italian places (Venice, Genoa, Florence, Pisa and Bologna), towns of the Aragonese sphere of control (Valencia, Perpignan, Naples and Palermo), Southern France (Montpellier and Avignon), North-Western Europe (Bruges and Paris) and the Geneva fairs.¹¹ It is the very intensive exchange relations among the financial centres of the Aragónese sphere and the adjoining areas of the Western Mediterranean that can be proved, mentioning sporadically also Mallorca, Tortosa, Rome, Arles and Marseille as exchange partners, but the bills of exchange with Naples represent the largest group of such bills in respect of number and transaction volume.¹²

⁷ Peter SPUFFORD, *Handbook of Medieval Exchange*, London 1986, p. 153.

⁸ *Ibid.*, pp. 159-161. Cf. Valentín VÁZQUEZ DE PRADA, *Cambistas, mercaderes y teólogos en Castilla, a mediados del siglo XVI*, in: *Banchi pubblici, banchi privati e monti di pietà nell'Europa preindustriale*, Genova 1991, pp. 1135-1155, here p. 1137.

⁹ SPUFFORD, *Handbook*, pp. 139, 146 and 161.

¹⁰ Claude CARRÈRE, *Barcelone. Centre économique à l'époque des difficultés 1380-1462*, tome II, Paris – La Haye 1967, pp. 539-649 and 739. – In order to give proof for the payment transactions with the Levant during the 15th century, there are only money rates for the Rhodesian currency not only in Barcelona but also on Rhodes, being the most important trading partner of the Catalans in the Eastern Mediterranean without any doubt; *ibid.*, p. 640.

¹¹ Franco BORLANDI (ed.), *El Libro di Mercatantie et Usanze de' Paesi*, Torino 1936, pp. 8, 10, 12, 14s.; Giovanni-Francesco PAGNINI DELLA VENTURA, *Della decima e di varie altre gravezze imposte dal commune di Firenze, Della moneta e della mercatura de' Fiorentini fino al secolo XVI*, 4 vols., Lisbona – Lucca 1765/66, vol. IV: *La Pratica della Mercatura scritta de Giovanni di Antonio da Uzzano nel 1442*, cap. XXXIII, pp. 139s. Cf. Saminiato DE' RICCI, *Il Manuale di Mercatura*, ed. by Franco BORLANDI, Genoa 1963, pp. 108s. – Raymond DE ROOVER, *The Bruges Money Market around 1400*, Brussels 1968, p. 30, mentioning Avignon, Bruges, Florence, Genoa, Mallorca, Montpellier, Pisa, Valencia and Venice as Barcelona's exchange partners.

¹² Alfonso LEONE, *Note sul movimento cambiario nella seconda metà del sec. XV: Barcellona – Avignone – Napoli*, *Medioevo saggi e rassegne* 6 (1981), pp. 167-181, here pp. 168s.; *idem*, *Some*

In Valencia, the southernmost financial market of the Aragonese crown, there were exchange rates quotations at the latest since the end of the 14th century even though in a much more smaller scale than those of Barcelona. The exchange market in Valencia – being rather a commercial than a financial centre at that time – was not yet developed completely.¹³ Valencian exchange rate quotations are already documented in Ambrogio de' Rocchi's *Pratica di mercatura* from 1394/95, namely those on Barcelona, Montpellier and Avignon, Bruges, Genoa, Pisa, Florence, Mallorca and Seville with the quotation of the 'neighbouring' exchange market of Barcelona being of special relevance for Valencia.¹⁴ According to the *Libro di mercatantie* Valencia's exchange business was limited to the financial centres of the Western Mediterranean, Barcelona, Avignon and Genoa as well as to Venice and Bruges being important for Valencia's trade, whereas Pisa had been dropped out as an exchange partner.¹⁵ However, other places from 1394/95 – above all Seville and Montpellier – were not recorded allowing the conclusion that the information in the *Libro di mercatantie* can be interpreted as being incomplete. Referring Mallorca Uzzano does not mention any exchange rate quotations for his time, but there are quotations in de' Rocchi's *Pratica di mercatura* for the end of the 14th century. The circle of its quotations was aligned with the Iberian places (above all with Valencia) although there are no quotations for all listed exchange partners available.¹⁶

By the mid-15th century Barcelona was quoted by nearly all important exchange markets of Italy (Venice, Plorence, Pisa, Genoa, Naples and Palermo), by Avignon, Montpellier, the Geneva fairs and Bruges; Valencia at least by Venice, Florence, Pisa, Genoa and Avignon.¹⁷ Accordingly, both places were fully integrated into the international system of cashless payments (*type 5*) with Barcelona being of an obviously higher importance than Valencia, which can be traced back to the definitely higher number of quotations on the Catalan metropolis than those on Valencia. In contrast to this, Seville was quoted outside the Iberian Peninsula only by Genoa, which can be attributed to the numerous and long presence of Genoese merchants at the river Guadalquivir at the latest since the last quarter of the 13th century.¹⁸ So, during the mid-15th century Seville was either only closely connected to the international system of cashless payments (*type 3*) or it had been in transition to the stage of integration (*type 4*).

Preliminary Remarks on the Study of Foreign Currency Exchange in the Medieval Period, *Journal of European Economic History* 12/3 (1983), pp. 619-629, here pp. 623-626; CARRÈRE, Barcelona, t. II, p. 623 note 3.

¹³ Aloys SCHULTE, *Geschichte der Großen Ravensburger Handelsgesellschaft 1380–1530*, Stuttgart 1923, pp. 287, 289 and 301-303.

¹⁴ Bruno DINI, *Una pratica di mercatura in formazione (1394–1395)*, Firenze 1980, pp. 188s. (c. 58t - 59).

¹⁵ BORLANDI (ed.), *Libro di mercatantie*, pp. 8, 10, 13-16 and 169-172; cf. DE' RICCI, *Manuale di Mercatura*, p. 96, mentions also Barcelona and Pisa.

¹⁶ DINI, *Pratica di mercatura*, p. 95 (c. 9).

¹⁷ Markus A. DENZEL, "La Pratica della Cambiatura". *Europäischer Zahlungsverkehr vom 14. bis zum 17. Jahrhundert*, Stuttgart 1994, chapter 4.

¹⁸ Roberto S. LOPEZ, *Majorcans and Genoese on the North Sea Route in the Thirteenth Century*, *Revue belge de philologie et d'histoire* 29 (1951), pp. 1163-1179, here p. 1166.

2. A new stage of development was reached when the financing of the European expansion of the 15th century, mainly by Italian merchant-bankers, and the transfer of enormous sums of money resulting from the trade in spices and later on in precious metals increasingly created demand for the highly organized cashless payment system of the Italian companies. These merchant-bankers or companies integrated the rising financial markets on the Iberian Peninsula more and more into their network. This was the beginning not only of fundamental changes in the geographical structure of the payment system in Europe, but also of the expansion of the mechanisms and techniques of cashless payments to the “New Worlds” of the both Americas and India.¹⁹ The gradual shifting of the European economy’s focus from the Mediterranean towards the Atlantic ocean – proceeding in the wake of the European expansion in the 16th century and being largely finished in around 1620/30 – resulted in an obvious appreciation of the Spanish exchange markets within the international system of cashless payments.

On the one side, this meant Seville’s complete integration as a result of the economic revaluation of the central port of departure and destination for the Spanish Atlantic ocean shipping (*type 5*). At the latest during the second half of the 16th century offering an even higher number of relevant exchange rate quotations than the first half of the this century, Seville was quoted by all important exchange markets of international significance, above all by the exchange fairs of Lyons and ‘Bisenzone’, by Antwerp, Genoa, Florence, Lisbon and Rouen.²⁰ During this process the Genoese ‘Bisenzone’ fairs became Seville’s most important foreign exchange partner.²¹

On the other side, the Castile fairs of Medina del Campo, Medina del Rioseco or Villalón – being so far of high supra-regional importance as trade fairs – gained international reputation also as exchange fairs when the Catholic Kings officially granted them the title *feria de pagos* in the late 15th century, leveraging cashless payments on the basis of bills of exchange in Castilia.²² “This recognition raised the Castilian fairs to the level of the big European trade fairs being definitely incorporated into their network.”²³ Since the Spanish crown maintained their financial transactions via the Castilian fairs since 1525, they got dependent not only on the deliveries of precious metals from the Spanish colonies but also on the resulting particular situation of the crown finances.²⁴ It was just this aspect that stimulated the Castilian fairs intensively

¹⁹ For details see DENZEL, Bargeldloser Zahlungsverkehr im europäischen Überseehandel, passim.

²⁰ DENZEL, “Practica della cambiatura”, pp. 305-307, 323, 335s., 341, 354, 357, 372s.

²¹ José Ignacio MARTÍNEZ RUIZ, Mercato creditizio e profitti del cambio per lettera. Le operazioni di cambio con patto di ricorso tra Siviglia e le fiere internazionali di ‘Bisenzone’ (1589–1621), *Storia economica. Rivista quadrimestrale diretta da Luigi de Rosa* 5/1 (2002), pp. 107-132.

²² The earliest documented bill of exchange of non-Italian merchants from Castilia dates back to 1528, which can be rather ascribed to the lack of sources than to the question if this means of cashless payments had been unknown in 15th century Castilia or not; Renate PIEPER, *Die Preisrevolution in Spanien (1500–1640). Neuere Forschungsergebnisse*, Wiesbaden 1985, p. 28.

²³ Helma HOUTMAN-DE SMEDT / Herman VAN DER WEE, Die Entstehung des modernen Geld- und Finanzwesens Europas in der Neuzeit, in: Hans POHL (ed.), *Europäische Bankengeschichte*, Frankfurt/Main 1993, pp. 75-173, here p. 100 (translation by the translator).

²⁴ Hilario CASADO ALONSO, Comercio, crédito y finanzas públicas en Castilla en la época de los reyes católicos, in: Antonio Miguel BERNAL (ed.), *Dinero, moneda y crédito en la Monarquía*

during the first decades after 1525 allowing a dramatic increase of transactions. Then, wealthy merchants bought bills of exchange on Antwerp with the money of either the sales revenues or raised credits from the fairs intensifying the trade relations since Charles I's (V's) accession to the throne due to the political connections with the Netherlands. Because of that integrated and efficient system of international exchange fairs each credit became payable some three or four months later.²⁵ The Lyons fairs were also undergoing this process not only keeping up the contact from France to the Italian merchant but also intensifying it. Being originally local money markets for handling the finances of commodity transactions,²⁶ the Castilian fairs were situated in a "système de correspondance" in the 16th century as exchange fairs of international relevance together with those of Antwerp and Lyons and also with those of Besançon (Bisenzone') since 1534.²⁷ These exchange transactions were the predominating transactions at the Castilian fairs already in around 1530.²⁸

According to Henri Lapeyre the Spanish markets of Seville, Barcelona, Valencia, Saragossa, furthermore Antwerp, Rouen, Lyons, Lisbon, Florence and the Genoese Bisenzone fairs were quoted at the Castilian fairs during the second half of the 16th century. "Ce sont bien là, exception faite de Lyon, qui représente en réalité Nantes, les directions principales des échanges commerciaux."²⁹ Similar to Seville the fairs were even furnished with a regular quotation by all international relevant exchange markets,³⁰ so that one can assume their complete integration into the international system of cashless payments (*type 5*). Moreover, many bills of exchange were circulating within Spain payable *en reales fuera de banco* or *en reales fuera de cambio*.³¹ Under the reign of Charles I the mutual exchange transactions between both centres of the Castilian exchange trade, Seville and the Castilian fairs, were of an extensive vol-

Hispanica. Actas del Simposio Internacional „Dinero, moneda y crédito. De la Monarquía Hispánica a la Integración Monetaria Europea“, Madrid, 4 – 7 de mayo de 1999, Madrid 2000, pp. 135-156; PIEPER, Preisrevolution, p. 29. – Already in 1523 the Castilian fairs were the payment target for repaying the credits Anton Fugger had offered Charles I (V) for his election Roman King; Hermann KELLENBENZ, Die Fugger in Spanien und Portugal, 3 vols., München 1990, vol. I, p. 68.

25 Valentín VÁZQUEZ DE PRADA, Die kastilischen Messen im 16. Jahrhundert, in: Hans POHL / Monika POHLE (eds.), Frankfurt im Messenetz Europas – Erträge der Forschung (= Brücke zwischen den Völkern – Zur Geschichte der Frankfurter Messe, 3 vols., ed. by Rainer KOCH, vol. I), Frankfurt/Main 1991, pp. 113-131, here pp. 117-119; Ramon CARANDE, Carlos V y sus banqueros, 3 vols., Madrid 1949–1967, vol. I, pp. 331s.; E. FERNANDEZ DE PINEDO, Crédit et banque dans la Castille aux XVI^e et XVII^e siècles, in: Banchi pubblici, pp. 1035-1050, here p. 1040.

26 VÁZQUEZ DE PRADA, Kastilische Messen, p. 116.

27 Henri LAPEYRE, Une famille de marchands: les Ruiz, Paris 1955, p. 285.

28 VÁZQUEZ DE PRADA, Kastilische Messen, p. 119. Cf. Tomás DE MERCADO, Suma de Tratos y Contratos (Sevilla 1571), repr. Madrid 1977, vol. II, chapter IV, pp. 381.

29 LAPEYRE, Ruiz, p. 293. Cf. Ricardo RODÍGUEZ GONZÁLEZ, La negociación cambiaria en la banca de Simón Ruiz, in: BERNAL (ed.), Dinero, moneda y crédito, pp. 679-694.

30 DENZEL, "Practica della cambiatura", pp. 305-307, 323, 335s., 341, 354, 357, 372s.

31 LAPEYRE, Ruiz, p. 318.

ume.³² “Cette notion de double bénéfice est extrêmement importante, car elle explique ... bien obscurités des écrits des théologiens.”³³ On the basis of this information on exchange rates and arbitrage revenues it was mainly Francisco de Vittoria who developed the theory of *lucrum cessans*. According to Cristóbal de Villalón also the bill of exchange from fair to fair could be considered as “commerce «infernale»” and generally be interpreted as a sheer credit against interest payments. In this sense those bills of exchange functioned also as a means of payment of former debentures on the occasion of equipping a fleet to the West Indies. That was why the domestic exchange with Seville was prohibited by the two *pragmaticás* from November 6th 1551 and November 6th 1552, after the trade of such bills had already been forbidden in 1545 and 1546. Because of the prohibition of the domestic exchange on Seville the Castilian fairs lost a considerable part of their hitherto task complex, namely equipping the fleet overseas. Since even the Cortés’ of Madrid and Toledo had argued against too high arbitrage revenues in 1528 and 1538 respectively, also bills of exchange from Castilia to Aragón and Valencia were allowed to be traded only at par despite of the different currencies.³⁴

The commodity and money trade at the Castilian fairs experienced its climax in around the mid-16th century, but the decline set in already during the 1560s after the crown had to suspend their payments for the first time in 1557. Payment terms were delayed, reform attempts failed, and finally did bankruptcies in Seville (in 1567/68) and Burgos (in 1568) damage business life. Moreover, Villalón and Medina del Rioseco lost their status as *feria de pagos* in 1567 descending to mere trade fairs.³⁵ The always narrower sequence of delays in the Crown’s payment led to a gradual shift of exchange transactions towards Madrid and for the time being towards Alcalá de Henares. As a result, the Castilian fairs being now focused only on Medina del Campo increasingly lost their importance within international payment transactions.³⁶ They quoted Antwerp, Lisbon, the Lyon fairs and the Genoese ‘Bisenzone’ fairs, additionally Rouen, Florence and the most important Spanish markets (Seville, Madrid, Valencia and Saragossa) during those years of decline in the last quarter of the 16th century offering most of the exchange rate quotations of Medina del Campo handed down to us.³⁷ Even though a fundamental reorganisation of the fairs in 1583 could retard its decline for about one decade, the transaction volume remained small and the exchange transactions were more and more settled via Madrid, whose financial market was used by the crown to conduct their *asiento* contracts. For a short time Medina del Campo was benefiting from the fact, that Lyons was largely excluded from international financial transactions as a result of the “Guerre des trios Henris” in France (1585–1589)

³² Cf. Enrique OTTE, Las ferias castellanas y Sevilla en el sistema bancario Europeo del siglo XVI, in: BERNAL (ed.), Dinero, moneda y crédito, pp. 31-42.

³³ LAPEYRE, Ruiz, p. 315.

³⁴ Ibid., pp. 315s.; HOUTMAN-DE SMEDT / VAN DER WEE, Geld- und Finanzwesen Europas, pp. 101s.

³⁵ LAPEYRE, Ruiz, pp. 481-485; HOUTMAN-DE SMEDT / VAN DER WEE, Geld- und Finanzwesen Europas, p. 102.

³⁶ LAPEYRE, Ruiz, pp. 486, 490.

³⁷ Markus A. DENZEL (ed.), Währungen der Welt IX: Europäische Wechselkurse vor 1620, Stuttgart 1995, pp. 58-67.

and the war of Henri IV of Bourbon against the catholic *liga* and the Spanish armies (1589–1593), because it was able to make Lisbon financially dependent of Medina del Campo for the last time. The ultimate end of the international importance of the fairs of Medina del Campo set in when the crown had become insolvent once more between 1594 and 1598 and, additionally, when the royal court was transferred to Valladolid in 1601 also resulting in a relocation of the fairs to Burgos.³⁸ After 1602 there should be held four annual fairs following the example of the Genoese exchange fairs with 25 days each in March, June, September and December at Burgos, whose merchants had turned out to be the most important and most interested visitors to the fairs. Quoting the Genoese Bisenzone fairs, Antwerp, Lisbon, Valencia, Saragossa, Barcelona, Florence and the Lyons fairs the Castilian fairs at Burgos mentioned nearly the same rayon like before.³⁹ In 1604 not only the fairs returned to Medina del Campo but also the royal court moved to Madrid establishing finally all financial transactions of the government in Madrid.⁴⁰

Consequently, the Castilian fairs were of central importance for the Spanish cashless payment transactions and those of the crown itself over large parts of the 16th century. They also played a decisive role in the ‘concert’ of the big exchange fairs of Lyons and ‘Bisenzone’ as well as of the *marché permanent* in Antwerp. They all together directed with the Castilian fairs the European payment flows and even controlled the European system of payment transactions. Among the other Spanish exchange markets only Seville was of an equal importance during the 16th century, whereas the exchange markets of the Kingdom of Aragón – Barcelona, Valencia and also Saragossa since the 16th century –, which were mainly focused on the Mediterranean, were meanwhile of a comparatively subordinate relevance. Not only the Castilian fairs and Alcalá as well as Madrid and Seville as their successors had gone ahead of the Aragónese markets, because they had become the central financial markets for accounting the deliveries of precious metals from overseas and the financial concerns of the Spanish crown.

With van Velden’s *Fondament van de Wisselhandeling* from 1629 there exists the first merchant manual specialized in exchange for the early 17th century mirroring the situation on the European exchange markets in around 1620, when the shift of the focus of the European economy from the Mediterranean towards the Atlantic ocean was largely completed and Amsterdam had taken over Antwerp’s leading function within international finance. According to van Velden the Spanish exchange markets quoted the following places:⁴¹

³⁸ LAPEYRE, Ruiz, pp. 495-498.

³⁹ C. R. PHILLIPS / W. D. PHILLIPS, jr., The Castilian Fairs in Burgos, 1601–1604, *Journal of European Economic History* 6, 1977, pp. 413-429, especially p. 419.

⁴⁰ LAPEYRE, Ruiz, pp. 498s.

⁴¹ M[artin] VAN VELDEN, *Fondament van de Wisselhandeling: Onderrichtingh ghevende van alle voornaemste Wisselen van Christenrijck, so van Trates, Remessen, verglijcking van prysen, verscheyden comissien, te vormen, voegen ende calcula van baet of schade maecken naer den cours, die te oordeelen, ende naer gelegentheyd van tijdt of plaets te kunnen scheyden*, Amsterdam 1629, pp. 428s., 437f., 442, 447, 450s.

SEVILLA	BARCELONA	VALENCIA	SARAGOSSA	MEDINA DEL C.
Antwerp	Antwerp	Antwerp	Antwerp	Antwerp
Amsterdam				
London	London	London	London	
Lyons	Lyons	Lyons	Lyons	
Genoa	Genoa	Genoa	Genoa	Genoa
Piacenza	Piacenza	Piacenza	Piacenza	Piacenza
Venice	Venice	Venice	Venice	
Milan	Milan	Milan	Milan	
Florence	Florence	Florence	Florence	Florence
Rome	Rome	Rome	Rome	Rome
Naples	Naples	Naples	Naples	
Palermo	Palermo	Palermo	Palermo	
Messina	Messina	Messina	Messina	
Lisbon	Lisbon	Lisbon	Lisbon	Lisbon
	Sevilla	Sevilla	Sevilla	Sevilla
Barcelona		Barcelona	Barcelona	Barcelona
Valencia	Valencia		Valencia	Valencia
Saragossa	Saragossa	Saragossa		Saragossa

Seville appears as the most important Spanish exchange market whereas Madrid is still ignored. Particularly Amsterdam, the new financial centre of Europe and the world, was also quoted in Seville because of Spain's close financial linkage to the Netherlands, because "the city was at once the reflection and the epitome of the life of the whole country, the keystone ... of Spain's economic activity, interlocked not only with America but with the rest of the peninsula, with Africa and with Europe."⁴² Otherwise, Sevilla and the three exchange markets of the Aragonese crown quoted primarily the same places: For Italy all important financial markets between Venice and Palermo were mentioned including the Bisenzone fairs held in Piacenza (and later on in Novi). Similar to most of the Italian markets at that time the Lyons fairs functioned as an intermediary in financial transactions between markets North and South of the Alps. Traditionally Antwerp and London were the only quotations in North-Western Europe. On the Iberian Peninsula the capitals of the Kingdoms of Castilia (Seville), of Aragón (Saragossa), of Valencia (Valencia) and Portugal (Lisbon) were quoted, but the Castilian fairs are already not mentioned any more. In contrast to this, the fairs of Medina del Campo quoted a considerably smaller rayon of exchange partners corresponding to their dramatically decreased importance compared to the 16th century. Now they quoted Antwerp in North-Western Europe, Florence, Rome, Genoa and the Genoese fairs at Piacenza/Novi in Italy and, moreover, all five Iberian financial markets. But van Velden explicitly points out not only to the small scale of the local financial transactions but also to the noticeable uncertainty of the payments that had to be made there due to royal prolongations.⁴³ That is why the Castilian fairs are a concise example for the process of disintegration, because they fell out of the system in the long run when they lost their importance within the international system of pay-

⁴² F. MORALES PADRÓN, The Commercial World of Seville in Early Modern Times, *Journal of European Economic History* 2 (1973), pp. 294-319, here p. 295.

⁴³ VAN VELDEN, *Fondament*, S. 451.

ment transactions, even though they continued to exist throughout the whole 17th century and exchange rates were still quoted there in 1705; this process of disintegration led the Castilian fairs back to a stage of an almost loose connection to the international system (*type 2*). However, this quotation had faded to a “cérémonie rituelle” without any economic relevance.⁴⁴

3. Having been established with the overseas port of Seville and the Castilian fairs (above all Medina del Campo) during the 16th century, the bi-polarity of the central and already integrated exchange markets continued in Spain in the course of the 17th and 18th century. Admittedly, Madrid as the capital had developed to the central financial market for all governmental transactions since the early 17th century and, consequently, gained in importance as an exchange market, where international exchange rate quotations could be proved so far only by quotations of Italian places (Venice in 1627/28 and Naples) for the first half of the 17th century; so, we may say that Madrid reached the stage of the transition to integration in this time (*type 4*). It was only during the 1660s when Amsterdam started a quotation on Madrid, followed among others by the most important financial markets in North-Western Europe: Antwerp, London and Hamburg.⁴⁵ By 1700 Madrid can be considered as being completely integrated into the system of cashless payments (*type 5*). According to Herbach (1756/57) Madrid quoted Amsterdam, Florence, Genoa, Hamburg, Lisbon, Leghorn, London, Lyons, Paris, Naples, Novi, Rome and Venice in around the mid-18th century and after all still Amsterdam, Genoa, Hamburg, Lisbon, Leghorn, London, Naples, Paris and Venice, partly also Antwerp during the late 18th century, i.e. its cashless payment transactions were primarily oriented towards North-Western Europe and Italy.⁴⁶ This statement can also be proved by a list of exchange rates dating from 1752 but mentioning only Amsterdam, Genoa, London and Paris as Madrid’s quotations.⁴⁷

In the meantime Cádiz went ahead of Seville as the most important overseas port and, due to this, also as an international exchange market.⁴⁸ Amsterdam, London and Hamburg quoted Cádiz regularly since the 1680s and partly they did so with nearly equal rates like Seville.⁴⁹ So we may say that Cádiz had reached the stage of full inte-

⁴⁴ LAPEYRE, Ruiz, pp. 494-499; HOUTMAN-DE SMEDT / VAN DER WEE, Geld- und Finanzwesen Europas, p. 103; PHILLIPS / PHILLIPS, jr., The Castilian Fairs in Burgos, pp. 413-416, 419.

⁴⁵ Jürgen SCHNEIDER et al. (eds.), Währungen der Welt III: Geld und Währungen in Europa im 17. Jahrhundert, Stuttgart 1994, pp. 72, 107, 180, 250-253; idem et al. (eds.), Währungen der Welt VI: Geld und Währungen in Europa im 18. Jahrhundert, Stuttgart 1992, pp. 167-169, 210s.

⁴⁶ Johann Christian HERBACH, Europäische Wechselhandlung ..., Nürnberg 1756/57, p. 246; [Marcus Rudolf Balthasar] G[ERHARDT] (ed.), Johann Christian Nelkenbrechers Taschenbuch eines Banquiers und Kaufmanns [...], Berlin ⁴1775, p. 160; M[arcus] R[udolf] B[althasar] GERHARD (ed.), Nelkenbrechers Taschenbuch der Münz- Maaß- und Gewichtskunde für Kaufleute, Berlin ⁷1793, p. 231.

⁴⁷ P. GIRAUDEAU, La banque rendue facile aux principales nations de l’Europe, Lyon ³1769, p. 184.

⁴⁸ M. GUSATZ / R. SQUARZONI, La cotation des lettres de changes. Les enseignements du marché des changes à Cadix en 1729, in: Charles CARRIERE et al. (eds.), Banque et capitalisme commercial. La lettre de change au XVIII^e siècle, Marseille 1976, pp. 75-103.

⁴⁹ SCHNEIDER et al. (eds.), Währungen der Welt III, p. 74. Cf. John EVERAERT, Crédit, argent et lettres de change. Le financement du commerce Frandres-Andalousie-Amérique (1665-1700), in: BERNAL (ed.), Dinero, moneda y crédito, pp. 511-523.

gration into the international cashless payment system (*type 5*). During the early 18th century Cádiz listed mainly quotations on Amsterdam, London and Paris, partly also on Lyons, Genoa, Leghorn and Madrid and during the second half of the 18th century perhaps on the same exchange partners like those of Madrid (see above). A list of exchange rate quotations of Cádiz from 1755 shows Amsterdam, Lisbon, London, Paris, Genoa and Leghorn.⁵⁰ Unfortunately, the single exchange rate currents are not sufficiently complete to document longer data series.

With the economic revaluation of the Biscayan region since the late 17th century Bilbao, Santander and San Sebastian emerged as ‘new’ exchange markets beside the other Spanish exchange markets Barcelona, Valencia and Saragossa, being oriented towards the Mediterranean⁵¹ and being quoted outside Spain at best by Italian exchange markets (above all by the Bisenzone fairs) in the 17th and 18th century (because of that only *type 3*).⁵² Among those ‘new’ markets it was Bilbao at best, which managed to get completely integrated into the system of cashless payments. Its rayon of quotations was primarily limited to Amsterdam, Paris and London as well as some Spanish places.⁵³ The quotations of Amsterdam on Bilbao start in 1698 and those of London in 1714, so that Bilbao can be assumed as completely integrated into the international system of cashless payment (*type 5*), whereas the other Biscayan places mentioned above can be subsumed under *type 3*.⁵⁴ Furthermore, Seville, Alicante and Cartagena are partially also listed as exchange places during the late 18th century.⁵⁵ Thus, Spain possessed a comparatively close network of regionally and locally important exchange markets being connected to international system of cashless payments via Spain’s international financial markets, above all Madrid and Cádiz.

Summary

Spanish exchange markets played a major role in the international system of cashless payments since the late Middle Ages. Barcelona belonged to the group of exchange

⁵⁰ Archives départementales de Loire-Atlantique, Nantes, C 718, N° 31, cote 4; Archives de la Chambre de Commerce et d’Industrie Marseille-Provence, Marseille, L. IX 1034, Cours des Changes; HERBACH [1756/57], p. 237; GIRAUDEAUX, La banque [1769], p. 187; G[ERHARDT] (ed.), Nelkenbrechers Taschenbuch [1775], p. 160; GERHARD (ed.), Nelkenbrechers Taschenbuch [1793], p. 231.

⁵¹ Concerning Barcelona see Johann Christian HERBACH, Einleitung zum Gründlichen Verstand der Wechsel-Handlung ..., Nürnberg 1716, p. 185; idem, Verbesserte und Viel-vermehrte Wechsel-Handlung ..., Nürnberg 1726, p. 192; idem, Europäische Wechselhandlung [1756/57], p. 157. According to GIRAUDEAUX, La banque [1769], p. 190, Barcelona quoted French places, Amsterdam, London and Genoa. Cf. Joan Carles MAIXE-ALTES, Cash Transfers and Commercial Integration in Spain (1775–1885), in: DENZEL (ed.), From Commercial Communication to Commercial Integration, pp. 167-197.

⁵² SCHNEIDER et al. (eds.), Währungen der Welt III, pp. 312-320.

⁵³ Archives départementales de Loire-Atlantique, Nantes, C 718, N° 31, cote 4.

⁵⁴ SCHNEIDER et al. (eds.), Währungen der Welt III, p. 74; idem et al. (eds.), Währungen der Welt VI, pp. 108-110, 173-175,

⁵⁵ G[ERHARDT] (ed.), Nelkenbrechers Taschenbuch [1775], p. 161.

markets outside Italy, i.e. the core area of the international system of cashless payments of the 14th century, and was completely integrated into this system in the 15th century like Valencia later on. The Castilian exchange markets, the fairs in the North and the overseas port of Seville in the South were also integrated into this system as a result of the European expansion in the 16th European expansion. Because of their central importance for financing the overseas trade and the crown's budget both exchange markets received a key position in the interaction between Antwerp, the Lyons and the Bisenzone fairs within the international cashless payment transactions of the 16th century. Their function as intermediaries made it possible that the amounts of precious metals flowing from America to Europe became a promoter of the European economy during the 16th century. As a consequence of the crisis of the Spanish state finances during the second half of the 16th century the Castilian fairs gradually went down to insignificance, whereas the new political centre of the kingdom, Madrid, ascended to the central financial market in Spain during the 17th and 18th century. In contrast to this, the respective overseas port of most importance – first Seville and then Cádiz since the late 17th century – took over only a supplementary function within the country's cashless payment transactions increasingly concentrating in Madrid. During the 18th century several exchange markets emerged in the Biscayan region which had been economically revaluated, but Bilbao – the most important exchange market of this region – was the only place that was completely integrated into the international system of cashless payments. In the pan-European perspective the other Spanish exchange markets were only of regional importance being connected to the international system of cashless payments only via Madrid and Cádiz respectively. So, seen from the perspective of cashless payments Spain offers a diverse picture that can be characterized by different stages of integration of always 'new' exchange markets between the Mediterranean and the Atlantic.