

“Do not put water in my wine”.
XVIIth Century Genoese financial operators' business
letters'

Claudio Marsilio
ISEG (Universidade Técnica de Lisboa) - FCT

"Do not put water in my wine" as Thomas Wentworth (1st Earl of Strafford) once wrote to one of his correspondents in the early Thirties of the XVIIth Century is a phrase that should be chosen as a *motto* for the business world of that period. Honesty is the key element on which the relationships among businessmen are established in the Early Modern times. Being a honest professional partners is what you are expected in that "business world" where all kinds of information are exclusively spread by oral communication, "shaking hands" or commercial letters.

1. Genoese and Portuguese bankers under the *Spanish Rule* in the XVIIth Century

It is frequently stated that during the last half of the XVIth Century the Genoese bankers had been the undeniably leaders of the credit market of the Spanish Empire. Their leadership lasted a least a century - Ruiz Martín called it "*el siglo de los Genoveses*" - during which they offered many financial services all around Europe. Undoubtedly the Genoese exchange 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.

The prime mover of the Genoese exchange fairs was - more than International commerce - the huge volume of transactions generated by the Spanish Crown's

• Provisional version (September 2011). Please do not quote without author's permission (claudio.marsilio@libero.it).

public debt and the financial speculations of the most influential European financial operators.

One of the most complex financial procedure in Early Modern Europe's money market was the conversion from silver to gold. Starting from the last decades of the XVIth Century the Spanish troops - signally the Army of Flanders, as Parked told us - pretended to be paid in gold (gold *escudos*). What was becoming more and more complex was the conversion from the silver money (silver *reales*) - which was at the disposal of the Hacienda Real of Madrid - to the gold coins, what the troops pretended. This difficult and very expensive monetary mechanism of change should be managed in many different European towns at the same time. Useless to say that in this financial operations what it is essentially crucial is a well tested professional skill.

Due to the restless war that the Spanish Empire is fighting in different part of the Continent - the revolt of the Seven United Provinces *in primis* - the huge amount of capitals were to be found on many different financial markets: some were the "traditional ones" (Genoa, Antwerp or Venice) and others just emerging as Lisbon or Vienna.

The *asientos* were a typical short term borrowing which pay high interests. This financial "practise" started around 1557 and reached its peak during the reigns of Philipp III and IV. When the crown could not pay the borrowers back - in the first years German and Genoese bankers, later also Flemish, Portuguese and Spanish operators joined the group - they started accepting the crown's proposal: turning the floating debt (*asientos*) into consolidated stocks (*juros*).

The deficit of the Spanish Hacienda Real was enormously growing year by year and the situation became unbearable during the first years of the reign of Philipp IV. The *quiebra* of 1627 – a very important decree of bankruptcy - was a real turning point. It is clear that *Conde Duque Olivares'* goal was to weaken the Genoese operators - strong and long-established leaders of the market - and to oblige the *marranos* bankers to take their risk serving the new king as "good

vassals"¹. The *asentistas*' payments' system was built through a socialization procedure where neither automatism nor anonymity were possible; in this framework a small number of individuals recognized one another by reason of their family or community ties and exchanged favours in business.

In Genoa, during the last years a lot of private archives have been opened to the researchers². Here you can find lots of evidence about the Genoese bankers who, starting from the first years of the Thirties, were living in Madrid - such as Lelio Invrea, Bartolomeo Spinola, Giovanni Luca Pallavicini, Carlo Strata. During those years they started a long lasting partnership with the Portuguese colleagues who also moved to the Spanish capital from the Twenties of the XVIIth century. The clan of the *asentistas* of that period involved some members of the Fugger family - good partners of the *Austrias* already in the XVIth Century - supported by the mighty Giulio Cesare Scazuola and a large group of *marranos* (Duarte Fernández, Jorge de Paz Silveira, Lorenzo Pereira, Simón Suárez Dorta e Nuño Díaz Méndez Brito).

The turning point for the destiny of the Portuguese finance was represented by the *quiebra* of 1647, when the bankruptcy of the Spanish crown ruined more than thirty Portuguese operators and save much more Genoese colleagues. Nevertheless it is sure that the *conversos* bankers continued making their business in Antwerp and Amsterdam, but it worth investigating if their involvement and role diminished or not.

2. The professional skill of the financial operators of the XVIIth Century: reading "between the lines"

Thanks to some recently opened private Genoese archives it is possible to collect new evidence on the Portuguese and Genoese collaboration on the

¹ We must remember that from 1580 to 1640 Spain and Portugal were part of the same reign - the so called Iberian Union - through a dynastic union.

² Such as: Archivio Brignole Sale, Archivio De Ferrari, Albergo dei Poveri, Archivio Balbi-Doria Lamba, Archivio Doria di Montaldeo (Public institutions); Archivio Sauli, Archivio Durazzo, Archivio Pallavicini (Private institutions).

International financial market of the XVIIth Century. Many letters written by the most important Genoese financial brokers (Durazzo, Pallavicini, Spinola, Invrea, Pichenotti, Moneglia, Balbi) give us an accurate report of their professional relationships.

The skills required to these financial operators during the Early Modern Europe 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 financial broker had to be able to "decode" many market signals and different series of economic indicators, such as trends of currency exchange and interest rate, and to put them into practice in a well-organized and profitable way. This action, moreover, had to be respectful of the principles shared by a professional group where the single operator's skills were judged most of all on the good opinion and confidence with which he was regarded.

It is also very important to underline how interesting the commercial letters are and why using them as a "authoritative historian' tool" should be a much more diffuse "practise". The professional correspondence has often been considered as a "traditional" source, but in the last years not so many economic or social historians have used it as a "primary" and decisive source. In the case of the Genoese bankers, if you want to construct some complete "historical series" "in the long run" (prices, exchange rates or coin quotations) the best chance that you are offered is reading carefully the commercial operators' private correspondences.

3. The Genoese and Venetian operators in the silver's trade of the XVIIth Century: evidences from the commercial letters

In the XVIIth Century another crucial topic in this complex financial mechanisms is the silver's trade. In the Twenties - particularly after the *quiebra* of the 1627 - the Genoese investors pretended an increasing amount of reimbursements and their agents in Madrid had to pay them back in silver (billion and coins). The precious metal was delivered from the principal Spanish ports of

the Mediterranean coast (Barcelona, Cartagena, Dénia, Alicante) to the port of Genoa. A recent book by Tucci has just underlined the importance of the silver trade for the mint of Venice during the Forties of the XVIIth Century. It is well documented that from the Eighties of the XVIth Century Genoa and Venice become the major centre for the silver trade and that the Republic of St. Mark starts selling a huge amount of this metal in the Levant, particularly to the Ottoman Empire. In the years 1630-1660 many letters written by the most important Genoese financial brokers (Durazzo, Pallavicini, Spinola, Invrea, Pichenotti) give us a accurate report of the enormous amount of silver that the Genoese and Portuguese bankers sent from Madrid to their correspondents in Genoa and how they re-routed the metal to Venice thanks to the intermediation of the Florentine operators.

The Venetian commercial company (*casa commerciale*) "Oste e Flangini" (later on only Flangini) can be taken as a exhaustive example. During the first half of the XVIIth Century these commercial operators are among the most influent brokers of this centre. In the sources they are often considered as opinion-maker not only in the Italian market, but also at international level. Among their correspondents, in the first half of the century, we can find the Durazzo family, one of the most influent clan of the Genoese oligarchy of that period.

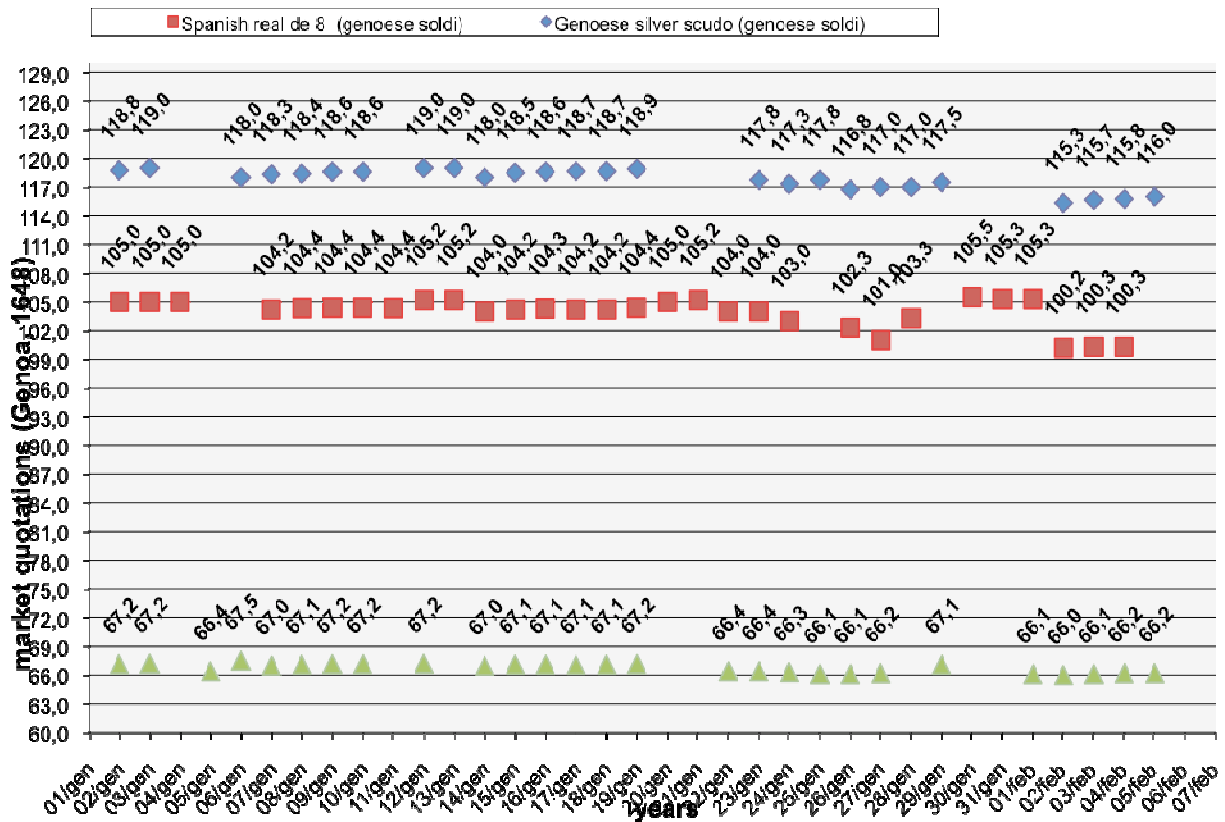
In the Archivio Durazzo Giustiniani of Genoa there is a complete collection of Durazzo letter books and books of accounts (1630-end of XVIII). These documents very little investigated indeed. But in these pages you can find an incredible amount of information. Many of these letters are sent and received by their Venetian clients - the Flangini family - and the silver trade is one of their most lucrative business.

We have chosen the very nervous fluctuation of the Genoese exchange market of the year 1648. Looking at the data collected it can be noticed the pivotal importance of the private commercial correspondence for the understanding of the very complex monetary market of that period (see *table 1*).

Table 1 - Genoese and Spanish exchange on the Genoese market (1648)

<i>date</i>	<i>Genoese gold scudo (genoese soldi)</i>	<i>Genoese silver scudo (genoese soldi)</i>	<i>Spanish real (de a 8) (genoese soldi)</i>
11/01/1648	67,15	118,75	105,00
25/01/1648	67,20	119,00	105,00
09/02/1648			105,00
15/02/1648	66,40		
29/02/1648	67,50	118,00	
07/03/1648	67,00	118,33	104,20
21/03/1648	67,10	118,40	104,35
28/03/1648	67,15	118,60	104,40
04/04/1648	67,15	118,60	104,40
11/04/1648			104,35
18/04/1648	67,20	119,00	105,20
25/04/1648		119,00	105,20
16/05/1648	67,00	118,00	104,00
23/05/1648	67,10	118,50	104,20
30/05/1648	67,10	118,60	104,30
06/06/1648	67,10	118,66	104,20
13/06/1648	67,10	118,66	104,20
04/07/1648	67,15	118,90	104,40
18/07/1648			105,00
08/08/1648			105,20
15/08/1648	66,40		104,00
22/08/1648	66,40	117,75	104,00
05/09/1648	66,30	117,33	103,00
19/09/1648	66,10	117,75	
26/09/1648	66,10	116,75	102,30
03/10/1648	66,20	117,00	101,00
10/10/1648		117,00	103,30
24/10/1648	67,10	117,50	
31/10/1648			105,50
07/11/1648			105,30
22/11/1648	66,10		105,30
28/11/1648	66,00	115,33	100,20
05/12/1648	66,10	115,66	100,30
12/12/1648	66,20	115,75	100,30
19/12/1648	66,20	116,00	

Genoese and Spanish coins: Genoese market value (1648)



The precious metal - in bullion (*paste*) or coins (Spanish *reales de a 8*) - is sent from the port of Genoa to Leghorn and then it is transported, by land, to Venice. There the Flangini Company are charged to sell it to the local Mint (not the mayor part of it) or to other Venetian brokers who will re-export it in the Ottoman Empire (Istanbul and Izmir). The silver started its never lasting journey in the South American mines and it will stop in the coffers of the Sultan of the Turks. It not to forget that this International monetary system could not have been obtained if not for the efficiency and liability of the Genoese and Venetian information networks.

Selected biography

Álvarez Nogal, C. - Lo Basso, L. - Marsilio, C., *La rete finanziaria della famiglia Spinola: Spagna, Genova e le fiere di cambio (1610-1656)*, in «Quaderni Storici», 124/1 (2007), pp. 97-110.

Álvarez Nogal, C., *El crédito de la Monarquía Hispanica durante el reinado de Felipe IV*, Valladolid 1997.

Álvarez Nogal, C., *El factor general del Rey y las finanzas de la monarquía hispánica*, in «Revista de Historia Económica», 17/3 (1999), pp. 507-539.

Álvarez Nogal, C., *I banchieri genovesi e la monarchia spagnola tra cinque e seicento*, in «Atti della Società Ligure di Storia Patria», XLI (CXV)/II (2001), pp. 107-121.

Álvarez Nogal, C., *Las compañías bancarias genovesas en Madrid a comienzos del siglo XVII*, in «Hispania», LXVI/1, n 219, pp. 67-90.

Assereto, G., *La metamorfosi della Repubblica. Saggi di storia genovese tra il XVI e il XIX secolo*, Savona, 1999.

Bernal, A. M., *La financiación de la Carrera de Indias (1492-1824). Dinero y crédito en el comercio colonial español con América*, Sevilla, 1992.

Bitossi, C., *La Repubblica di Genova: politica e istituzioni*, in G. Assereto - M. Doria (eds.), *Storia della Liguria*, Roma-Bari, 2007, pp. 79-97.

Boyajian, J. C., *Portuguese Bankers at the Court of Spain, 1626-1650*, New Brunswick (N. J.), 1983.

Boyer-Xambeau, M. T. -Deleplace, G. -Gillard, L., *Banchieri e principi. Moneta e credito nell'Europa del Cinquecento*, Torino, 1991.

Doria, G., *Conoscenza del mercato e del sistema informativo: il know-how dei mercanti-finanzieri genovesi nei secoli XVI e XVII*, in A. De Maddalena, H. Kellenbenz (eds.) *La repubblica internazionale del denaro tra XV secolo e XVII secolo*, Bologna, 1986.

C. Martínez Shaw - J. M. Oliva Melgar (eds.), *El sistema atlántico español (siglos XVII-XIX)*, Madrid, 2005.

Felloni, G., *Gli investimenti finanziari genovesi in Europa tra il Seicento e la Restaurazione*, Milano, 1977.

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

Grendi, E., *I Balbi. Una famiglia genovese fra Spagna e Impero*, Torino, 1997.

Herrero Sánchez, M., *Las Provincias Unidas y la monarquía hispánica (1588-1702)*, Madrid, 1999.

Israel, J. I., *A Conflict of Empires: Spain and the Netherlands 1618-1648*, in «Past and Present», 76 (1977), pp. 34-74.

Israel, J. I., *The Dutch Republic and the Hispanic World, 1606-1661*, Oxford, 1982.

Lo Basso, L., *Uomini da remo. Galee e galeotti del Mediterraneo in età moderna*, Milano, 2003.

Mandich, G., *Fiere cambiarie concorrenti (genovesi, fiorentine, veneziane) nel 1622-1652*, in A. De Maddalena, H. Kellenbenz (eds.) *La repubblica internazionale del denaro tra XV secolo e XVII secolo*, Bologna, 1986, pp. 123-151.

Marsilio, C., *Dove il denaro fa denaro. Gli operatori finanziari genovesi nelle fiere di cambio del XVII secolo*, Novi Ligure, 2008.

Ruiz Martín, F., *La Banca de España hasta 1782*, in *El Banco de España: una historia económica*, Madrid, 1970, pp. 1-196.

Silva, J. G. da - Romano, R., *L'histoire des changes: les foires de "Bisenzio" de 1600 à 1650*, «Annales E. S. C.», 17 (1962), pp. 715-721, also in Romano, R., *L'Europa tra due crisi. XIV e XVII secolo*, Torino, 1980, pp. 164-174.

Silva, J. G. da, *Banque et crédit e Italie au XVII^e siècle*, Paris, 1969.

Stradling, R. A., *Europa y el declive de la estructura imperial española, 1580-1720*, Madrid, 1983.

Tucci, U., *Un mercante veneziano del Seicento: Simon Giogalli*, Venezia, 2008.

Claudio Marsilio

Gabinete de História Económica e Social (GHES)
Instituto Superior de Economia e Gestão (ISEG)
Universidade Técnica de Lisboa
Fundação para a Ciência e a Tecnologia (FCT) post-doc fellow

Rua Miguel Lupi, 20
1249-078 Lisboa - PORTUGAL

Tel.: (+351) 213 925 800
Fax: (+351) 213 925 940
E-mail: claudio.marsilio@libero.it