REVIEW ARTICLES

Italian Bankers in Medieval England

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One of the great themes in medieval economic history is the entrepreneurial spirit of Italian merchant-bankers, and leading their ranks are most surely the great Tuscan houses that moved one after the other to the highest level of royal finance in the kingdom of England — the Ricciardi, the Frescobaldi, the Bardi and the Peruzzi. Except for the Ricciardi, our knowledge of these merchant-bankers is fairly extensive. Over half a century ago, Rhodes and Johnson wrote on the Frescobaldi, and Russell on the Bardi and Peruzzi, all drawing on the very extensive evidence in English royal accounts; and a generation later Sapori filled in the Italian side of the record with his magisterial studies of their private business records. The Ricciardi from Lucca, however, have been less fortunate than their Florentine successors. For them we have only Re's articles of 1913-14, based on Vatican documents and the unique though small collection of Ricciardi letters that survives in the Public Record Office in London. Re never achieved his ambition to write a fuller study of the Lucchese in England and no one since has taken up the task. In fact, compared with the pioneering Genovese, with the ever-popular Florentines, and even with the Sienese, the Lucchese, from the Ricciardi (and their predecessors) in the thirteenth century to Arnolfini in the fifteenth, have been all but ignored by economic historians. They are finally beginning to get their just due in the promising work of Thomas Blomquist, of Northern Illinois University, who has been studying thirteenth-century notarial contracts, and now in a new study by Richard Kaeuper, of the University of Rochester, of the Ricciardi's financial relations with the English crown.[1]

[1] Richard W. Kaeuper, *Bankers to the Crown: the Riccardi of Lucca and Edward I* (Princeton, 1973). I have dispensed with bibliographical references in this article because most of them can be easily found in Kaeuper's bibliography. Kaeuper, however, does not

Kaeuper's book is based on a careful analysis of the English documentation of the activities of the Ricciardi (sometimes spelled Riccardi in English). He has surveyed the correspondence in the Public Record Office more thoroughly than Re and used a couple of letters that were discovered after Re wrote. This material he has carefully integrated with the considerable evidence of Ricciardi financial transactions in the royal accounts, and the result is a thorough description of what he calls « the Ricciardi system » — the operations and functions of the financial arrangements between the crown and these merchant-bankers. In his general explanations for the failure of the Ricciardi and his interpretation of the role they played in royal finance, Kaeuper has nothing to add to what has already been established. As Re saw, the failure of the Ricciardi was the result not of the king's reneguing on his debts but of an international situation in which there was a concurrent demand for payment of debts in several places in Europe without there being time to make the necessary transfers. Call it, if you wish, bad management (as Kaeuper intimates), but the operation of international banking at the time had built into it dangers of this kind. As to the function of « the Ricciardi system » within the operation of royal finance, Kaeuper follows the analysis of the Frydes and emphasizes the importance of the flexibility provided by the system in putting royal finance on a more efficient and stable basis. It is not so much in its general interpretations as in its careful documentation of how the system worked that Kaeuper's study is a welcome addition to the literature on the Italians in England. He has done much more systematically what the aforementioned English scholars at the beginning of this century attempted to do for the Frescobaldi, Bardi and Peruzzi; and as a result he has retraced the important first steps in a development that ended in the spectacular failures of the 1340s.

Kaeuper's book, however, has a very narrow focus. He is exclusively interested in the Ricciardi as an agent of royal finance. He therefore has hardly anything to say about their company organization and nothing about their Lucchese background. Furthermore, he treats their ascendancy as a self-contained episode, without any reference to their successors and to the general phenomenon of Italian banking throughout the period extending to the Bardi and Peruzzi failures (the bibliography contains none of the standard studies on Italian banking during this period). Finally, he has an inadequate sense of the economic determinants of the alliance between the Italian bankers and the English kings. Nevertheless, scattered throughout his book is infor-

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cite the many studies of SAPORI, and those of THOMAS BLOMQUIST, *The Drapers of Lucca and the Marketing of Cloth in the Mid-Thirteenth Century*, in D. HERLIHY, R. S. LOPEZ, and V. SLESSAREV, eds., *Economy, Society, and Government in Medieval Italy; Essays in Memory of Robert L. Reynolds* (Kent, Ohio, 1969), pp. 65-73; *The Castracani Family of Thirteenth-Century Lucca*, «Speculum», XLVI (1971), pp. 459-76; *Commercial Association in Thirteenth-Century Lucca*, « Business History Review », XLV (1971), pp. 157-78.

mation that is relevant to these various matters. What follows is an attempt to place his research on the Ricciardi's service to the crown in the broader context of business and economic history and to suggest the kinds of problems that remain to be explored.

As a company organization, the Ricciardi appear to have had quite a different structure from that of their contemporaries. Like the Bardi and the Peruzzi and many other Florentine as well as Lucchese companies, it was a large corporate structure consisting of many partners. According to a Vatican document published by Arias, and always cited in discussions of the Ricciardi, there were eighteen partners in the company; but what is so striking about the list is that only two are Ricciardi and most of the others belong to different families, with no one family (as identified by surname) represented by more than two members. Surprisingly, no single Ricciardi is ever named in Kaeuper's book; and in fact in Blomquist's partial list of partnerships the *societas Ricciardorum* includes no members of the family. In other words, unlike the other known Florentine and Lucchese companies the Ricciardi company does not appear to have been an extension of a large corporate familial structure. The question naturally comes forward: to what extent is the Ricciardi company an anomaly? On the other hand, could it be that we have misunderstood the nature of the information in the documents about the Ricciardi? Arias' document was a papal contract of 1286 for collection of taxes, and it is not altogether improbable that the *societas* referred to therein was not a company in the usual sense of the term but in fact a consortium of several companies. Many of the partners mentioned in this contract show up on the pages of Kaeuper's book as active in England, but it is not clear in what sense they were partners of the Ricciardi. Kaeuper gives us evidence that some of the port agents of the Ricciardi were in fact members of other companies (p. 8, n. 28). He never tests his assumption that all merchants from Lucca were associated with the Ricciardi; for example, his analysis of a document entitled « Debts owed the merchants of Lucca... » (p. 33) proceeds on the assumption that these merchants are all members of a single company. Perhaps he is right, and indeed none of the names associated with the Ricciardi on Arias' list appears on Blomquist's list of Lucchese companies as having had any other company affiliation. It might well have been that the Ricciardi emerged from a complex familial *consorteria* in Lucca, or that the Lucchese abroad created an informal consortium as a superstructure (such as that the Frescobaldi worked through later); such a corporate unity would account for their extraordinary strength in the realm of papal and royal finances at this time. Unfortunately, Kaeuper fails to give us any idea how his documents might have helped resolve some of these problems. For instance he claims there was a « sworn *societas* » (p. 7) — certainly suggestive of a *consorteria* — but since the passage from the document is not quoted we cannot see for ourselves what this means; nor does he inform us how he is able to determine « the basic continuity of the company » (p. 8). Furthermore, partners, factors and agents are not distinguished and so a roster of company personnel categorized by function and position cannot be drawn up. The failure of the index to include many of the names found in tables and footnotes further indicates the author's slight interest in prosopographical analysis and the problem of company organization. We would have liked to know how the terminology of the documents in referring to these Italian bankers might help in refining our knowledge of their organization, and it is sad to think that someone has gone through these English documents without assuring us of his awareness of these problems.

As a result of his limited interest, Kaeuper tends to oversimplify the « Ricciardi system ». He stresses the bureaucratic nature of the company's role in the royal government; as he puts it, « it must be emphasized that this single Italian company became, in effect, a branch of the English government » (pp. 82-83). But anyone familiar with the better documented histories of the successors to the Ricciardi might not see things so simply. The Frescobaldi, as I have already mentioned, operated not as a single company but as part of a consortium, and contrary to what Kaeuper tells us about the Ricciardi (p. 150) the Frescobaldi had tax farms with fixed tenures. Nevertheless, their control over the customs collection was by no means complete or freed from the effects of changes in the King's mind about reassignment of individual port revenues. The Frescobaldi, in other words, worked through a complex system including arrangements with outsiders, and their activities in the realm of royal finance were always subject to readjustments. Flexibility and informality were most probably the characteristic features of the Frescobaldi « system », and of course it was precisely their association with the personal operations of the royal wardrobe — the flexible financial department of the King's household (p. 83) — and not the more formal operation of the exchequer that was the root of the troubles leading to their downfall. Kaeuper refers to the « official appointment » of the Ricciardi in 1275 (p. 150) but again since the document is not quoted we cannot see what this really meant; and whereas he asserts that the customs were to be assigned to a Ricciardi « factor » (p. 149) he gives abundant evidence that they used men not identified as either partners or factors (pp. 148 ff., 154). It is clear from the information he gives us, moreover, that in some ports the Ricciardi used agents of other Italian companies, that some ports had no Italian agents at all (p. 157), that the Ricciardi did not have continuous control of the Irish customs (p. 159) (which at times were farmed to Florentines, p. 163), and that there was considerable fluidity of personnel in Ricciardi service in these ports (p. 155). All of this surely indicates a much more informal and continually adjusting system than Kaeuper wants to see; and perhaps the writ of 1277 designating not the Ricciardi but a Florentine merchant along with a court cleric as collector of the customs throughout the realm should not be as «puzzling» as Kaeuper finds it to be (p. 157). On the other hand, it may be that Kaeuper is right and the Ricciardi had a more coherent « system » than their Florentine successors, but his description of their system would carry more conviction if it revealed some knowledge of later arrangements.

In answer to the larger question, why did Italian bankers get so deeply involved in royal finances in England and not, for example, in France, Kaeuper follows a recent article by Strayer in which the stronger bureaucratic tendency of royal government in France is emphasized. He does not overlook the importance of wool production in England in providing an export staple and therefore a source for royal revenues that the French King did not have, although Kaeuper might have added in this context what he says elsewhere about one clear advantage this kind of taxable activity had: because of the very nature of an island kingdom in contrast to continental France a customs tax — the mainstay of the royal revenues diverted to supporting the Italian financiers — could be « collected continuously according to an exact schedule of charges in a relatively small number of ports » (p. 140). At any rate « loans » to the king were often no more than futures on wool or purchases of favored trading status. In these discussions by Strayer, Kaeuper and other historians of monarchies, however, what is overlooked is the *function* of the Italians in an international *economic* system that extended well beyond the confines of specific kingdoms. That function was largely one of credit transfers, the facilities for which (as Sapori has emphasized) the Italians developed as a result of their ties with the papacy. The English kings — and certainly Edward I — because of their French campaigns had a greater need for a transfer agency than their French counterpart; and this need of credit abroad accounts for the major use of loans from the Ricciardi (p. 92). Even more important, on the other hand, was the need of the Tuscans for credit in England for the purchase of the wool that was so vital to their trade internationally and their industry at home. Sapori has stated that in an age when transfer of bullion was very risky, Italians' demand for wool in England originally arose from their need to find an outlet for the money they accumulated from their collection of papal taxes. Which came first, the demand for wool or the need to dispose of accumulated money, is hard to say; but obviously the efficiency of the Italians in effecting international transfer of credits was greatly increased by their ability to keep the physical circulation of bullion confined to the smallest possible area. It was a complicated balancing act achieved through the international trade arrangements and business techniques worked out by the Italians. With the growth of the Italian cloth industry and the demand for wool England played an increasingly important role in this system. In a sense the Italians came to need the king as much as he needed them, and they did not need the French king in the same way. By dipping into the royal till as tax farmers (and also as papal collectors) they got the cash to pay for their wool; and the credits they advanced to the king for his wars on the continent came from the sale of wool and the cloths made from it in Italy. Italian banking eventually disentangled itself from the crown in the later fourteenth century probably not so much as a result of bitter experience with royal perfidy but because the decline in the export of English wool and the decrease in the Italians' demand for it likely reduced the pressures to find ready cash. The rise of the English textile industry in the later middle ages and royal policy of restricting the export of wool and bullion must have considerably altered the international flow of credits to which Italian banking was geared. It goes without saying that we shall never be able to evaluate quantitatively the balance of international payments, though much might be learned from a closer study of bills of exchange; but surely an evaluation of the role of the Tuscan merchants in royal finance cannot be separated from the international system in which they operated and which they had largely created.

This brings us to a consideration of their functions as bankers at the service of the king. Quite obviously they stood ready to extend credit to him in return for liens on his revenues, thus providing the liquidity that very much assured a greater flexibility in his own operations. By the time of the Bardi and Peruzzi, in fact, these Tuscan bankers were actually making advances to him on a regular basis — a set sum each week. Beyond this, however, the Italians also stood as guarantors of loans made to the king by monastaries and nobles; and of course they themselves made direct loans to these same people as well as accepting deposits from them. The « system », however, rested very much on their functions as agents of transfer, and this was the fundamental service the king needed. They transferred funds abroad for his wars in France (the major use of his loans), and they also facilitated the collection of royal revenues by accepting payments from sheriffs, bailiffs and other local officials as well as private persons for taxes and fines. There is apparently little doubt that the Ricciardi were sometimes themselves appointed as collectors (p. 150) but the evidence that they actually administered collections is not overwhelming. Sometimes they seem to have had no power over nomination to these offices, and at any rate there were other Italians involved as well (pp. 156-162). The documentation for all this, however, is poorly handled; from Kaeuper's notes it is not possible to know how the Ricciardi are mentioned in the documents and how much has been interpreted on the basis of Kaeuper's unexamined assumptions about the coherence of « the Ricciardi system ». At any rate, we also need to know more about the machinery for credit transfer within the kingdom for purchase of wool and collection of papal revenues that the Italians were able to put at the disposal of the crown. As to the scale of their operations it might be useful to readers who are more familiar with the Italian scene than the English one to translate some of Kaeuper's figures from pounds into gold florins, assuming a ratio of one pound to six or seven florins: total expenditures on the royal treasury accounts for the Ricciardi from 1272 to 1294 amounted to about 2,500,000 florins (p. 130), the standing debt of the king to them was normally about 130,000 florins (p. 218), and their estimate of the king's debt to them at the time of their fall from favor was about 175,000 florins (p. 225, note 58).

When it comes to the advantages the Ricciardi derived from their involvement with the monarchy, Kaeuper dutifully gives us a brief list (pp. 118-24), emphasizing above all special privileges and favors, such as exemptions from taxes, protection, safe-conduct, licences, and use of exchequer machinery for collection of claims against private persons; but his perfunctory ennumeration without elaboration indicates his lack of sensitivity to the real problems of these bankers and his failure to understand how they operated. As Sapori has emphasized, they often found themselves in a hostile environment; and favors they could get from the crown by way of pardons for violations, or release from charges against them, or privileges with respect to holding public office, were crucial to the freedom they needed to conduct their affairs. J. R. Hicks has recently observed that merchants seek above all to assure themselves of the legal context in which they operate; and what better way was there to do this in a foreign kingdom than gain favor with the monarch? As to their real profits, Kaeuper stumbles through a discussion of the interest charges he could not find and comes out with no new information; but, once again, he would not have been so baffled had he understood the nature of Italian business at the time. There is no reason to think that the Ricciardi even thought about charging interest in the usual sense of the term — is it so difficult to believe that in a feudal society they could not have left some of their rewards for service to the generosity of the king (p. 119)? But Kaeuper, by failing to consider what banking was in this period, completely overlooks what must have been the major sources of their profits: (1) differences in exchange rates in a system of international transfer of credits that was absolutely fundamental to the entire operation of these Italian bankers in England; and (2) their use (and need) of cash and credits *in England* to buy wool for export to Italy. Moreover, it must be remembered that these Italians were also merchants; and their close relation to the royal household undoubtedly strengthened their position as suppliers of luxury goods and perhaps even more important (as Sapori has observed) as provisioners for the troops abroad. At any rate, the profits the Ricciardi derived from their dealings with the King were various, in a sense indirect, but undoubtedly very substantial; and they can be understood only if one knows the nature of their total operation, the international system in which they functioned, and the mechanisms they used. To regard the history of the Italians' involvement with the monarchy as a risky adventure of greedy merchants who one by one got their hands slapped by a perfidious monarch until they all learned the lesson of hands off is to misunderstand the situation of every party concerned. This, of course, has been the traditional view; and one still sees it, for example, in de Roover on Italian banking and in Fryde on English royal finances. But Kaeuper gives us clear evidence that arrangements were regarded much more positively. After their fall from favor the Ricciardi wanted nothing more than to reestablish the old relations (pp. 105 note and 250 note); and Kaeuper correctly finds their failure not in the perfidy of the king but in the fragile nature of an international system in which transfer facilities were helpless under the pressure of simultaneous runs in different places. As I have already mentioned, it is more likely that Italians finally stopped dipping their hands in the royal till because of changes in the wool sector of the English economy rather than because they had finally learned a lesson in Pavlovian fashion.

This brings us finally to the most fundamental question of all: to what extent did the Italians contribute to the economic growth of England? Postan long ago exploded the notion that these Italians can be regarded as agents of a developed economy whose activity stimulated growth in an undeveloped area. He observed quite correctly that they contributed no labor and nothing to agricultural, industrial or shipping technology; and it is doubtful that the English even adopted many of the business techniques of the Italians until much later. As to investment, Postan observed that much of the Italians' capital came from ecclesiastical sources in England (collected in their capacity as papal bankers) rather than from abroad, and at any rate its employment as loans to the monarch to meet war expenditures could not have been very productive. At the most, Postan concluded, the Italians had a secondary role in economic growth, and their contribution was limited to helping the monarch keep money in circulation through taxation. What is too easily overlooked here, however, is the bankers' function of facilitating transfers for the king in combination with their need as merchants for cash to purchase wool; and to the extent that they paid the king's loans in cash from their profits abroad and used their repayments in revenues in England to purchase wool, just to that extent were they the instruments for channelling royal revenue into the most productive sector of the economy. For the Italians this meant that, with greater capital, they had advantages as buyers in the wool market, for they could buy credit (against future deliveries of wool) and they could pay not only in cash but also with the credits they could transfer for payments of the wool producers' taxes. In these ways the credit the bankers extended to the king in loans was transformed by them into cash and credit operations that became widely diffused throughout English society; and even with the lack of data to assess the situation on a quantitative basis, who can deny that we have here an important stimulus affecting wool production, which was rapidly becoming a major sector of the English economy?

There are two historiographical traditions in the study of the Tuscan bankers in England: one follows the lines of business history set down by

Sapori, the other concentrates on royal financial administration, to which Kaeuper's research is a solid contribution. Just how far apart these two approaches are is only too apparent in his book, and there is now enough accumulated research on these particular problems that it is time to venture beyond the writing of mere business and administrative history and to consider how these institutions functioned within the larger structure of the medieval European economy. Italian banking in England must eventually be viewed in the context of the international exchange of goods and balance of payments, a European-wide system in which England was just one part and the Italians, the ubiquitous agents of exchange. Seen in this light, the episode marked by the close relations between the English crown and the Italian merchant-bankers from the Ricciardi to the Bardi and Peruzzi, more than being just a temporary alliance between two parties with particular interests and histories, may emerge as a structural conjuncture marking a distinct phase in the transformations of the burgeoning European economy.[2]

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[2] Since checking the proofs for this article I have seen MICHEL PRESTWICH, *War, Politics and Finance under Edward I* (London, 1972), a notable contribution to the literature on royal finances in medieval England based on very thorough documentary research. Prestwich does not bring to light any material relating specifically to the Ricciardi that is not in Kaeuper's book, although he does make the interesting suggestion that one of the consequences of Italian financial activities at the court was an improvement along Italian lines of accounting practices of the Wardrobe (p. 217). Prestwich's assessment of the role of the Italian banks, however, does not include a consideration of larger questions about economic systems. The accounts are apparently very incomplete, but they give some hints of how the king's wars abroad were actually paid for: there are references to shipment of food and supplies for troops (pp. 120-21) and to at least one shipment of bullion for payment of subsidies (pp. 171-75). If more attention were directed to such specific problems we might learn more about the role of the Italians in the international transfer of credits and therefore be better able to assess the larger economic function of their relation with the crown that I have suggested.