

The Credit Market and Profits from Letters of Exchange. Ricorsa exchange operations between Seville and the “Besançon” International Fairs (1589-1621)

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Like other commercial and financial centres of global importance such as Antwerp, Amsterdam and London, in the early modern period the credit market of the city of Seville - until the beginning of the eighteenth century the official terminal of the *Carrera de Indias* - was extremely complex because of its segmented nature¹. It was not a unified market where all the capital supply and demand of the city converged; rather it was made up of independent markets, each with its own operators, institutions, regulations and operational instruments, which enabled Seville to develop a sophisticated commercial and financial system in the sixteenth and seventeenth centuries².

Obviously these markets were connected to one another and the fact that the same operators were present in some of them - generally they

¹ H. Van der Wee, *The Growth of the Antwerp Market and the European Economy*, (The Hague, 1962); P. Dehing and M. T. Hart, "Linking the fortunes: currency and banking, 1550-1800" in M. T. Hart, J. Jonker and J. L. van Zanden, (eds.), *A Financial History of the Netherlands*, (Cambridge 1997), pp.37-63; J. de Vries and A. van der Woude, *The First Modern Nation. Success, Failure and Perseverance of the Dutch Economy*, (Cambridge 1997), Chapter 4 and R. C. Mitchie (ed.), *The Development of London as a Financial Centre*, (London-New York 2000), vol. I.

² On the Sevillian market of "sea-risk" loans in the sixteenth and seventeenth centuries see A. M. Bernal, *La financiación de la Carrera de Indias. Dinero y crédito en el comercio colonial español con América, 1492-1824*, (Seville, 1992). In J.I. Martínez Ruiz, *Finanzas municipales y crédito público en la España Moderna. La hacienda de la ciudad de Sevilla, 1528-1768*, (Seville 1992), the municipal debt stock market is analysed.

demanded or supplied capital, but often they carried out both operations – shows that those who had available capital employed diversified investment strategies. It was important to be present on those markets which showed the best possibilities for profit, at the same time reducing the risks which derived from concentrating banking activity in a single market.

In this paper we shall examine one of the sectors of Seville's credit market. This sector was characterised by: 1) the private status of borrowers; 2) the use of bills of exchange in banking operations; 3) the high level of financial rather than commercial operations.

The source used for this research are the *obligaciones de cambio* drawn up by Sevillian notaries between 1589 and 1621, contracts which, in fact, were *ricorsa* exchange operations³. These contracts are a hitherto unexplored source in the history of bills of exchange; this commercial and financial instrument has in fact been traditionally studied either from a legal point of view or else starting with the protests and the analysis of private accounting⁴.

The Sevillian notaries' participation in the operations of the exchange market can be explained first and foremost by the advantage of recording exchange operations before witnesses. However, it can also be explained, as has been seen in the Paris banking market⁵, by the fact that the notaries had the necessary information to act as intermediaries between those who had surplus cash and those who were in need of cash; hence the specialisation of some notaries in drawing up loan contracts between persons who often did not know each other and who were perhaps also not present at the drafting of the act⁶.

³ G. Mandich, *Le pacte de ricorso et le marché italien des changes au XVIIe siècle*, (Paris 1953). See also R. de Roover, "What is Dry Exchange?", *Journal of Political Economy*, 52 (1944), n.3, pp. 250-266.

⁴ R. de Roover, *L'évolution de la lettre de change du XIVe au XVIIIe siècle*, (Paris, 1934). For Spain, see B. Aguilera-Brachet, *Historia de la letra de cambio en España. Seis siglos de practica trayecticia*, (Madrid 1988). For Seville, the analysis of the dishonoured bills forms the basis of the article by E. Otte, "Sevilla, plaza bancaria europea en el siglo XVI" in A. Otazu (ed.), *Dinero y crédito (siglos XVI al XIX)*, (Madrid 1978), pp. 89-112.

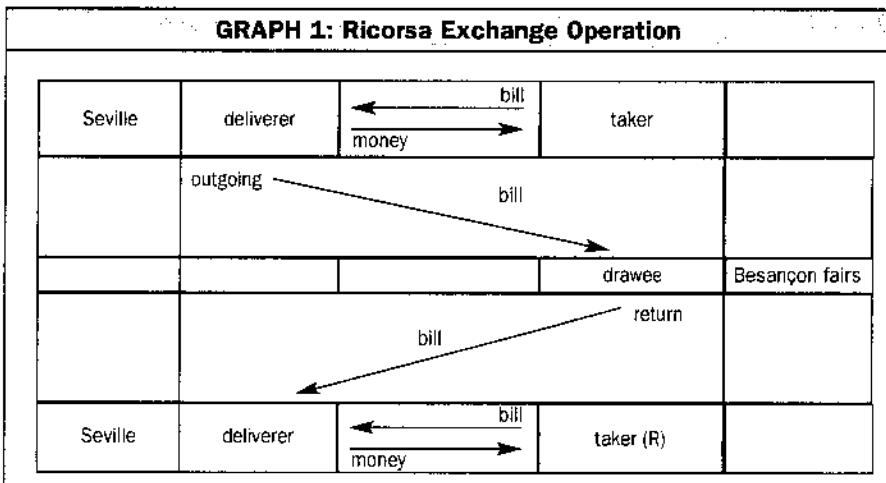
⁵ P. H. Hoffmann, G. Postel-Vinay and J.L. Rosenthal, *Priceless Markets. The Political Economy of Credit in Paris, 1660-1870*, (Chicago 2000.)

⁶ More than 95% of the *obligaciones de cambio* studied in this article were drawn up in three of the 24 *notarias* operating in Seville between 1589 and 1621: number 10, number 16 and number 24.

The usual text of a bill of exchange covers three or four pages. It begins with the name of the taker and the deliverer or drawee of the currency given in exchange and, if necessary, the taker's guarantor or guarantors. Then the bill of exchange issued by virtue of the contract is written down. The beneficiaries of the bills are generally the drawees themselves, with the wording "pay self". There follows a list of the liabilities assumed by the guarantor, who mortgages all his possessions to guarantee the payment of the sum loaned by the drawee: in most cases, they are generic mortgages, although in some contracts the mortgaged possessions are listed in detail.

As far as the redemption of the bill is concerned, the contracts, without indicating any date, state that it will have taken place when the payee has paid the drawee the return bill implicit in *recourse* exchange. The payee recognises that the drawee has the right to exchange the bill until the debt has been totally paid off: hence the name "*ricorsa* bill" (bill with *pactum de ricorsa*) by which this type of banking operation is known (see Graph 1).

When it appears in the document – which is not always the case – the record of the payment of the bill is to be found in the margin or at the end of the text. This is generally a short declaration, undersigned by the person who signed the contract, where it is



stated that the debt has been paid off because the payee has paid the return bill. Sometimes there are detailed indications concerning the place of payment, the date, the amount, the recipient and the issuer.

The period examined in this paper – the years from 1589 to 1621 – has not been chosen at random, neither has it depended on the documentation used. In the last decades of the sixteenth century, *obligaciones de cambio*, which until then had been drawn up for commercial activities – for example the payment of debts incurred in purchasing goods at the fairs in Castile or abroad⁷ – became a financial instrument which was no longer connected with trading operations. This transformation was not an isolated tendency, but was part of a wider process in the Sevillian economy at the time, which was characterised by the gradual shift of capital from commercial activities to financial activities⁸.

The same situation applied to sea-risk loans too. In Seville merchants who purchased on credit goods to send to the Indies subscribed to these loans which they pledged to reimburse once they came by the precious metals from this trading. From the late sixteenth century, it became general practice to discount the sum declared in the contract, and thus those loans which had constituted long-term banking operations – a minimum period of one year – became short or very short-term operations⁹. In this way business based on trading the contracts for sea-risk loans began to differ from the function for which such documents had been created: to finance the sale on credit of goods destined for the colonial market. This led to the creation of an important secondary market of financial bills which deserves specific study. Another example –

⁷ R. Rodríguez González, "La negociación cambiaria en la banca de Simón Ruiz" in A.M. Bernal (ed.), *Dinero, moneda y crédito en la monarquía hispánica*, (Madrid 2000), pp. 679-694.

⁸ Among contemporary accounts, the most acute analysis of the exchange *operaciones* which took place in Seville is that by Tomás de Mercado, *Suma de tratos y contratos*, (Seville 1569). A recent edition of this work has been published by N. Sánchez Albornoz, (Madrid 1977).

⁹ A. M. Bernal, *op. cit.*

and one which has been studied in detail – of the gradual abandoning of *mercatura* in favour of finance is to be seen in the granting of loans for trade with America by Peruvian merchants who began to move to Seville in the late sixteenth and the early seventeenth centuries for this very reason¹⁰.

In any case, the essentially financial nature of the bills drawn up by notaries in Seville from the end of the sixteenth century should not be separated from the growth of the international exchange fairs known as the “Besançon” fairs. It is a well-known fact that these fairs, held in Piacenza from 1579, and at Medina del Campo and Burgos, together with the markets of Seville, Lisbon and Antwerp, were the mainstay in the system set up by bankers and businessmen in Genoa between 1579 and 1621 to exploit the mechanisms of the international system of payments to their own advantage. As a result of the system the *scudo di marche* became the principal, if not the only, accounting currency for international payments throughout almost the whole of Europe¹¹ while the *conto*, which was fixed at the fairs, determined the exchange rate of the different metal currencies in circulation against the *scudo di marche*. Moreover, the exchange and rechange of bills came to be one of the system’s main aims¹².

From 1589 (the decline of the payment fairs in Lyon¹³) to 1621 (the year before the fairs moved from Piacenza to Novi¹⁴) a systematic examination of all the protocols of the twenty-four notarial offices in Seville has recorded a total of 1,775 *obligaciones de cambio* distributed – according to the market of the drawee of the letters inserted in them – in the following way: the “Besançon” fairs, 1,196 (67.4% of the total);

¹⁰ L. Garcia Fuentes, *Los peruleros y el comercio de Sevilla con las Indias, 1580-1630*, (Seville 1997).

¹¹ G. Felloni, “Un système monétaire atypique: la monnaie de marc dans les foires de change génoises, XVIe-XVIIIe siècle - in J. Day, ed., *Etudes d'histoire monétaire*, (1987), pp. 249-260.

¹² J. Gentil da Silva, *Banque et crédit en Italie au XVIIe siècle*, (Paris 1969.) See also L. De Rosa, *I cambi esteri del Regno di Napoli*, (Naples 1959).

¹³ D. Gioffré, *Genes et les foires de change. De Lyon à Besançon*, (Paris 1960).

¹⁴ G. Mandich, “Fiere cambiarie concorrenti (genovesi, fiorentine, veneziane) nel 1622-1652” in A. de Maddalena and H. Kellenbenz (eds.), *La repubblica internazionale del denaro tra XV e XVII secolo*, (Bologna 1986), pp. 123-151.

Antwerp, 290 (16.3%); Lisbon, 224 (12.6%); Lyon fair, 40 (2.3%); others or unknown, 24 (1.4%)¹⁵.

The “Besançon” international exchange fairs – the Genoese fairs – were therefore the main destination of the letters issued in Seville as a consequence of the contracts which had been signed. This destination, together with other circumstances which there is no need to examine here, has led us to concentrate our attention in this paper on the 1,196 *obligaciones de cambio* which concern the “Besançon” fairs.

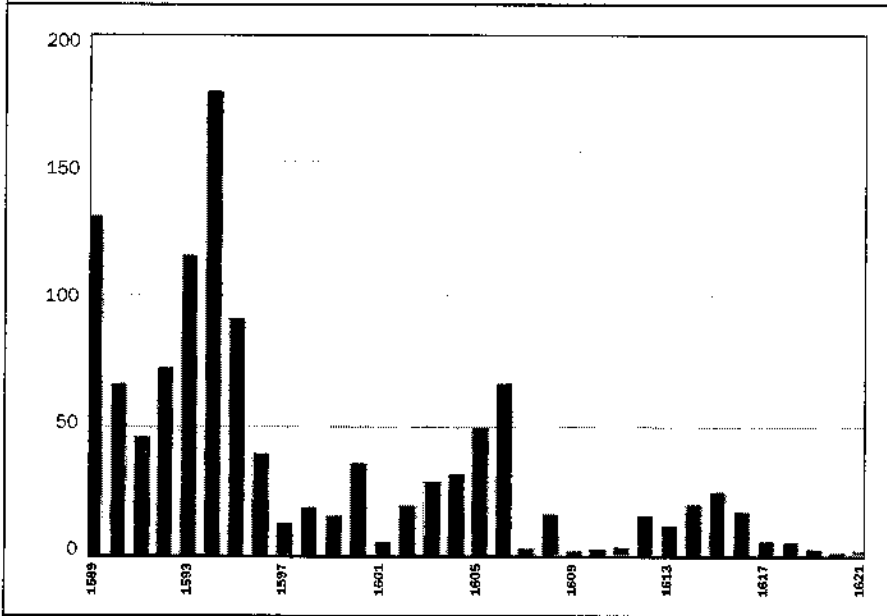
The first data to consider concerns the sum total of exchanges, which amounts to almost 970,000 *scudi di marche*. The *scudo di marche* maintained a stable equivalence with the currencies admitted in the fairs – the gold *scudi* minted in Spain, Genoa, Venice, Florence and Naples – and, since the Spanish currency quotation was 1 gold *scudo di marche* to 1,01 Spanish gold *scudi* (the ordinances of the fairs of 1594 confirmed the equivalence established in 1552) and the Spanish gold *scudo* contained 3.362 grams of fine gold, we can conclude that the amount of bills from Seville drawn on the Genoese fairs as a result of the contracts drawn up in front of a notary amounted to 3,227,520 grams of fine gold¹⁶.

Graph 2 enables us to show important fluctuations in the drawing up of bills with “Besançon” fairs. The years 1589 and 1592-95 stand out: from a total of 1,196 some 589 were signed at these fairs; in other words, half of them, with an annual average of over 70,000 *scudi di marche* (and a maximum of over 107,000 *scudi di marche* in 1594). The years 1600 and 1605-1606 were important, too, although to a lesser extent. However, in the years 1597-98, 1607, 1609-1611 and from 1617 onwards, a much smaller number of bills of exchange

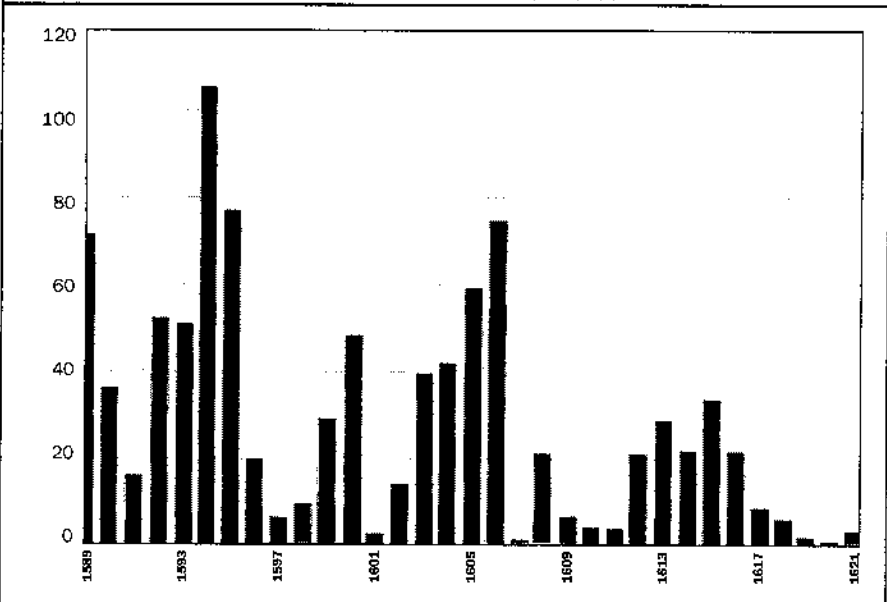
¹⁵ The fact that some bundles are missing and others are in a bad state of preservation make us suspect that the total number of *operaciones de cambio* drawn up in Seville was slightly higher – but perhaps not more than 10% – of the total of 1,775 we quote in the text. Moreover, there is also the question of those *obligaciones de cambio* which were not formalized in the presence of a notary: we have no idea how many these were, but there must have been a good number. In any case, we believe that these omissions do not invalidate the main conclusions of this piece of research.

¹⁶ That is 8.05% of the American gold which arrived in Seville between 1591 and 1620. See E. J. Hamilton, *El tesoro americano y la revolución de los precios en España, 1501-1650*. (Barcelona 1975) (1st edition, 1934).

GRAPH 2: Number and value of exchange operation between Seville and the Besançon fairs (1589-1621)



Value (in thousands of scudi di mark)



was issued¹⁷. We shall try to find a reason for these fluctuations later in this paper. For now we shall merely point out that the drop in the number of *obligaciones* negotiated in 1597-98, 1607 and 1609 followed some problems concerning the functioning of the fairs, problems which led to an extension of payments at the Apparition fairs in 1597, at the All Saints' fairs in 1606 and at the Apparition fairs in 1608.

One of the main problems in studying the bill of exchange as an instrument of credit lies in calculating the profits gained by the drawees or, if you like, the interest paid by the payees. In order to calculate these figures accurately, we have to know the lifespan of the loan: the length of time between the signing and the repayment of the *obligacion*, the amount taken in loan by the payee and the amount repaid at its redemption. The notaries' protocols do not supply this information, but it is possible, by means of an alternative method, to get some idea, even though a very approximate idea, of the profits gained by those who lent money, in other words, some idea of the interest paid by those who obtained the loan. It is a well-known fact that the Besançon fairs were held four times a year. They were called the Apparition fairs (which began on 1 February), the Easter fairs (2 May), the August fairs (1 August) and the All Saints' fairs (2 November). The bills issued in Seville had to be paid in these fairs in *scudi di marche*. At every fair the *maravedi* between the *scudo di marche* and the Castilian money of account was established. The *maravedi* was a fixed exchange price for the outgoing operation— let us say 410 *maravedis* per *scudo di marche*— and another for the return operation— let us say 440 *maravedis* per *scudo*¹⁸. The difference between the two amounts, i.e. between the outgoing rate and the return rate is the main indicator of the price of money taken in exchange in Seville at the end of the

¹⁷ For an analysis of the volume of business carried out in the "Besançon" fairs, see G. Felloni, "Asientos, juros y ferias de cambio desde el observatorio genovés (1541-1675)", in A. Otazu, (ed.), *Dinero y crédito (siglos XVI al XIX)*, (Madrid 1978), pp. 335-359.

¹⁸ The procedures followed in the fairs to fix the *scudo di marche's* return rate are illustrated in chapters VI, VIII and XXXI of "Capitoli et ordini delle Fiere di Besenzone, che si fanno al presente nella città di Piacenza", reproduced in R. de Turri, *Tractatus de cambtis*, (Genoa 1641).

sixteenth and the beginning of the seventeenth centuries.

Until now we had the complete set of the exchange rate only between the "Besançon" fairs and Seville¹⁹, but not that between Seville and the fairs²⁰. However, in more than one hundred of the 1,196 exchanges examined, the outgoing rate of the *scudo di marche* is indicated²¹: this was the data which was lacking in order to establish the profit margin of the exchange operations with the fairs, a profit which, we repeat, depended on the speculation on the difference of the exchange.

TABLE 1: Average duration of exchange operations between Seville and the Besançon fairs (1589 - 1600)

	1589	1590	1591	1592	1593	1594	1595	1596	1597	1598	1599	1600	
1589	11												
1590	45	1											
1591	2	25	11										
1592	3	3	8	7									
1593	5	7		17	18								
1594	2		1	4	23	10							
1595			2	8	9	53	32						
1596				4	7	27	7	12					
1597			1	2	1	7	2	8	1				
1598					1	2			2				
1599							1				6		
1600											3	17	

Note: On the first horizontal line the years when the exchange contract was stipulated are set out, in the first left-hand side column the years when the bill was redeemed. In this way, talking for example the line corresponding to 1595, we can see out of the 104 bills repaid in that year, two had been taken in 1591, eight in 1592, nine in 1593, fifty-three in 1594 and thirty-two in 1595.

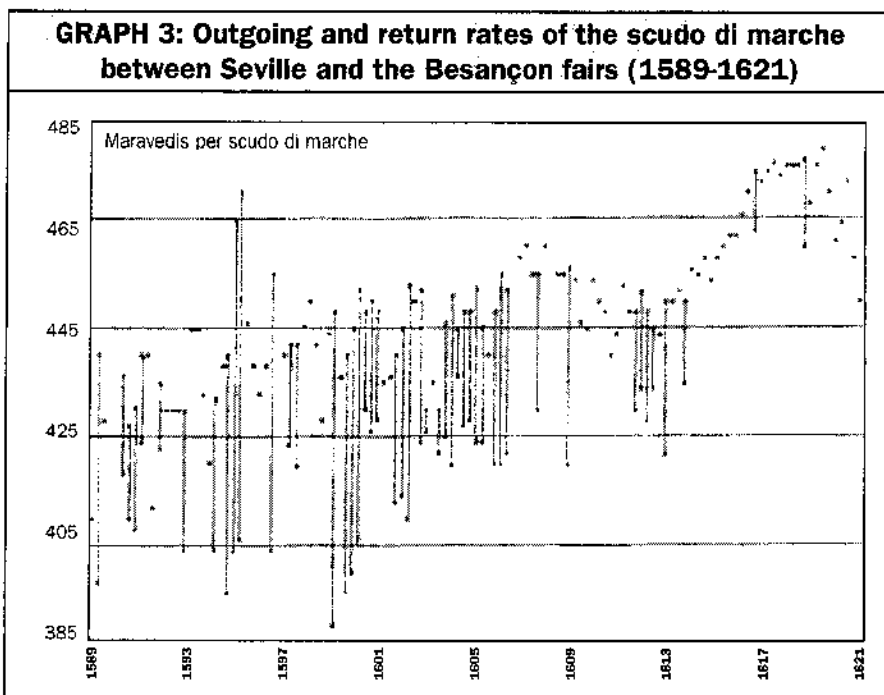
On the basis of this documentation, we can state that the *scudo di marche's* return rate was always higher than the outgoing rate. This

¹⁹ J. Gentil da Silva, *op. cit.*, vol. II.

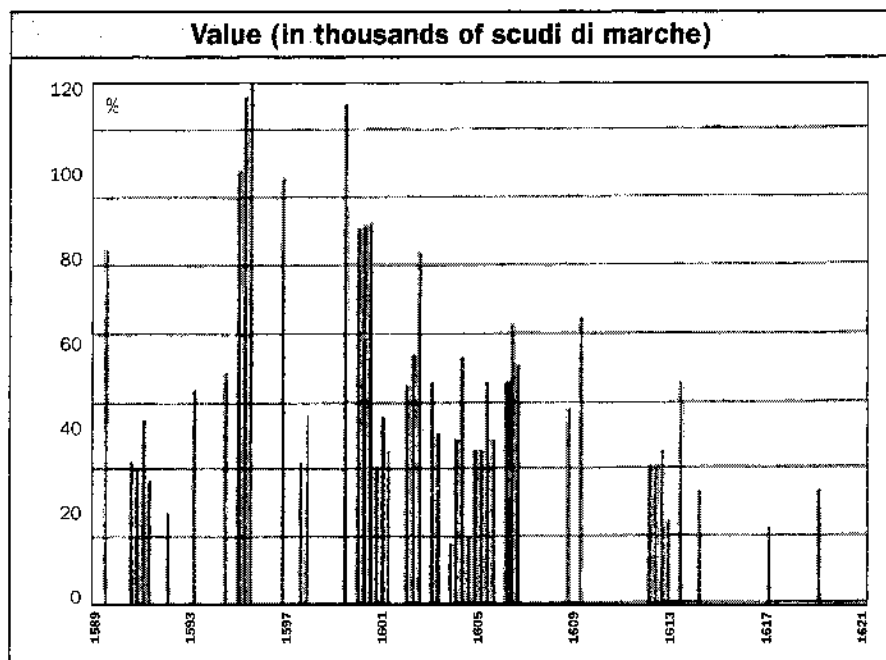
²⁰ We do not find it in J. Gentil da Silva, *op. cit.*, nor in M. Denzel, *Europäische Wechselkurse von 1383 bis 1620*, (Stuttgart 1995).

²¹ For other four cases we have been able to discover this data because of the *declaraciones de cambios* carried out at the request of the *corredores de lonja y cambios* of the city of Seville.

means that there was always a profit for those who had given money in exchange, in other words for those who had made a loan. It must be pointed out that these profits were high – even more than 15% in a single outgoing and return operation – but that in the period analysed profits tended to diminish (Graph 3). In view of the fact that many of the exchanges examined had three complete cycles of outgoing and return before their redemption – with a life of a year or more generally (see Table 1) – we can conclude that, in late sixteenth-century Seville, profits from exchange operations managed to become very big indeed²².



²² These profits were remarkably greater than those the Lucini obtained: the Lucinis' exchange operations are studied in A. de Maddalena, "Affaires et gens d'affaires lombards sur les foires de Besançon. L'exemple des Lucini (1579-1621)", *Annales, E.S.C.*, 1967, pp. 939-990. The profits are also considerably greater than those indicated in R. Romano, "L'histoire des changes: les foires de "Besançon" de 1600 à 1650", *Annales, E.S.C.*, 1962, pp. 715-721, starting with the difference between the *scudo di marche's* outgoing rate and return rate between the main Italian capital cities (Milan, Genoa, Venice, Florence, Rome and Naples) and the "Besançon" fairs. In any case, both articles note the trend towards diminished profits which resulted from speculations on the exchanges which we pointed out.



Who benefited most from these operations? The documentation studied enables us to state that, between the late sixteenth century and the early seventeenth century, the Seville foreign exchange market was controlled by Italian businessmen, especially Genoese and Florentine businessmen, who pocketed the biggest profits from the credit operations examined in this article: those who made the loans were Italians; those who, by means of the practice of backing, guaranteed the payment of the bills were Italians; and those on whom the bills were drawn were Italians (see Appendix 1).

In effect, not only could the Genoese and Florentine merchants assign much greater sums of money to banking activities than could operators of other nationalities resident in Seville – Flemish²³, Castilian and Basque operators – but they also had the international connections necessary for this kind of business. Family connections or business connections with agents operating on the various markets was crucial for a knowledge of the markets – knowledge that was essential in a

²³ For the Flemish colony, see E. Stols, *De Spaanse Brabanders of de Handelsbetrekkingen der Zuidelijke Nederlanden met de Iberische Wereld, 1598-1648*, (Brussels 1971).

speculative activity like international exchanges – just as it was essential in order to carry out the complex system of transfers, payments and equalisations between Seville, the “Besançon” fairs and the Antwerp and Lisbon markets²⁴.

As well as those who loaned money, those who backed the *obligaciones* also made money from the operations i.e. those who guaranteed with their own name, receiving 0.5% of the sum, that the drawee would accept the bills issued in Seville. The drawees themselves also earned money, in that 1% of the sum was due to them for the acceptance. It does not seem, however, that the bankers and the *compradores de oro y plata* in Seville, through whose books most of the payments connected with the exchanges examined were carried out, had the right to a percentage for their brokerage work²⁵. In any case, we know for sure that the banks belonging to Diego de Alburquerque (1588-1592), to Gonzalo de Salazar and Juan de Carmona (1592-1595), to Pedro de la Torre Espinosa and Juan Castellanos de Espinosa (1595-1601) and to Jacome Mortedo (1600-1601) played an active part in the exchange market, essentially guaranteeing the *obligaciones*, but also giving or taking money in exchange. We can say something similar, too, about the bankers and the *compradores de oro y plata* Jeronimo y Hernando Hurtado (1592-1596), Juan Francisco de Palma (1595-1600), Pedro Lopez de Verastegui (1595), Juan Seron (1609) and Hipolito de Vergara (1609)²⁶.

²⁴ G. Felloni, “All’apogeo delle fiere genovesi: banchieri ed affari di cambio a Piacenza nel 1600” in *Studi in onore di Gino Barbieri*, (Milan 1983), vol. II, pp. 883-901, lists the 160 bankers present in the “Besançon” Apparition and Easter fairs in the year 1600; C. Rahn Phillips and W.D. Phillips, jr., “The Castilian Fairs in Burgos, 1601-1604”, *The Journal of European Economic History*, vol. 6, 1977, pp. 413-429, lists the bankers present at Burgos.

²⁵ On the contrary, we know that the banks present at the Medina del Campo fairs collected, under the heading “exchange penalty” or “*contados*” between 3 and 7/1000; see R. Rodriguez Gonzalez, *Mercaderes castellanos del Siglo de Oro*, (Valladolid, 1995), chapter I.

²⁶ For the bank in Seville see S. Tinoco Rubiales, “Banca privada y poder municipal en la ciudad de Sevilla (siglo XVI)”, in *Banchi pubblici, banchi privati e monti di pietà nell’Europa preindustriale*, (Genoa 1991), vol. II, pp. 1051-1133. See also R. Donoso, *El mercado de oro y plata de Sevilla en la segunda mitad del siglo XVI*, (Seville 1992) and A. M. Bernal, “Banca, remesas, moneda, compradores de oro y plata y comercio colonial” in A. M. Bernal, (ed.), *Dinero, moneda y crédito en la Monarquía Hispánica*, (Madrid, 2000), pp. 603-658.

We can quote numerous examples of the control Italian businessmen exercised on the exchange markets and their international connections²⁷. Almost all the exchanges that had as drawees the Genoese Agustin Ayrolo and Lorenzo Morcho were guaranteed by Alexandre Molfino, Agustin's brother-in-law, and were drawn on the Salusi and on Jacome Ayrolo. Baltasar Espinola, Tobias de Negron's partner, was the Seville correspondent of the *compania* founded in Genoa by Cristobal Centurion, Lazaro Espinola, Domingo Catano and Felipe Espinola²⁸. Most of the exchanges in which Baltasar Espinola and Tobias de Negron figure as drawees were drawn on Felipe Espinola and Melchor de Negron, *de sus respectivas familias*²⁹. On his own, Baltasar Espinola signed bonds in the name of Felipe and Adan Catano and Vicencio Centurion and of Pedro and Agustin Doracios, all "*residentes en las ferias de Italia*" (the "Besançon" fairs).

Like the above-mentioned, Geronimo Buron, the Ponzons, Nicolao Casteleto, Otabio Centurion, the Ansaldos and the Tacios were from Genoa. As well as being the most important drawee as far as the total amount loaned is concerned, Geronimo Buron signed several bills of exchange in the name of Bautista and Antonio Cota, Niculao Palavesin and Bautista Serra, "*andantes en las fieras de Italia*". Similarly, the Ponzons guaranteed many exchanges in the name of Juan Francisco Bibiano and the Balbis, they too being "*residentes en las ferias de Italia*"³⁰.

Juan Felipe Bartoli, Alexandre de Nero, Neroso de Nero (Juan Felipe Bartoli's father-in-law), Bacho de Averoni, César Baronsin, Cosme del Cacha and Camilo Conpani among the drawers were all Florentines, as were Vicencio and Felipe Magaloti among the drawees.

²⁷ In this article we do not analyse the equally important connections with Lisbon and Antwerp.

²⁸ Archivo historico Provincial de Sevilla (AHPS), Protocolos Notariales (PN), legajo 9968, f.409.

²⁹ On 7 November 1595 Baltasar Espinola declared dissolved the partnership with Tobias de Negron who had moved to Madrid and had withdrawn the power of attorney which he had in order to operate in his name.

³⁰ E. Grendi, *I Balbi. Una famiglia genovese fra Spagna e Impero*, (Turin 1997), pp.311-313, reproduces the text of the company founded by Nicolo, Gio. Agostino and Stefano Balbi in 1610. See also S. Ghilino, *Un banchiere del '600: Stefano Balbi. Affari di stato e fiere dei cambi*, (Genoa 1996).

The names of César Baronsin and Atanasio de Averoni appear frequently, guaranteeing exchanges for the Magalotis. Lastly, Tomas Manara, a native of Corsica, signed bills of exchange in the name of Paulo, Emilio and Papirio Odescalqui³¹.

Even the drawees who were from Castile, such as Pedro de Salamanca, Gonzalo de Salazar, Juan de Carmona and Pedro de Tolosa, had to resort to the brokerage of the Italian merchants and businessmen who controlled the "Besançon" fairs, and they were even reduced to operating in the name of the Italians. Pedro de Salamanca, for example, signed *obligacion* documents in the name of Paulo, Estefano and Antonio Bonbisi (from Lucca).

From the payees' point of view, *obligaciones de cambio* were an important credit instrument for all who needed loans and had sufficient property or personal guarantees to pay back the monies obtained. In this sense, these loan-oriented *obligaciones* represent an extremely versatile credit instrument which was practical both for the needs of the city's governing group – between 1589 and 1621 no less than sixty *regidores* and *jurados* of the Seville municipality took money in loans - and for what was by far the city's biggest economic activity: trade with the American colonies.

We have listed in appendix 2 the names of those who took 10 or more exchanges and those who, while not reaching that number, made loans of more than 10,000 *scudi di marche* or ducats. We have included in this same Appendix the exchanges with Antwerp and Lisbon. We shall deal with the merchants who took the loans later. For the moment, we must point out that the *Casa de Contratacion* and the *Consulado de Mercaderes* in Seville, the most important institutions in charge of Spanish colonial trade with America, took in exchange in 1594-95 and in 1599 more than 30,000 *scudi di marche* to finance the *averia*, i.e. to fit out the escort ships for the convoys of the *Carrera de Indias*. In 1605 some Portuguese businessmen, such as Antonio Fernandez Villanova and Ruy Gomez Villanova, took huge sums of

³¹ E. Vila Vilar, *Los Corzo y los Manara: tipos y arquetipos del mercader con América*, (Seville 1991).

money in exchange. These men were administrators of the revenue of the *almojarifazgos mayor* and *de Indias*, the main organisations for customs duties paid in Seville and all along the coast of southern Spain³².

TABLE 2: Exchange operations between Seville and the Besançon fairs: distribution according to value 12 (In scudi di marche)

Value	Number		Value	
- 500	598	50,0%	151.383	15,6%
500 - 999	262	21,9%	171.493	17,7%
+ 999	336	28,1%	645.956	66,7%
	1.196	100,0%	968.832	100,0%
1000-1999	224		285.154	
2000-2999	69		154.926	
3000-3999	20		66.731	
4000-4999	8		32.388	
+4999	15		106.757	
	336		645.956	

It is opportune to mention the presence of the *corredores de lonja* (brokers) among the payees listed in Appendix 2. Francisco de Palma Carrillo took money on loan thirty-nine times, Hernando de la Vega thirteen times and others fewer times. The fact is important because, although the *corredores de lonja* by law could not lend money, their presence among the payees seems to indicate that they did not restrict themselves to their function of encouraging the sale of goods but that they played an active role in credit operations. And they did this with money which they, in turn, took on loan. If this were proved the case, the role of the *corredores de lonja* in the functioning of the Seville credit market would have to be reconsidered.

The Sevillian merchants – like the Flemish and the French who lived in Seville and took part in trade with America – took money on loan to

³² AHPS, PN, leg. 16.786, fol. 133. Power of attorney to Antonio Fernandez Villanova, Ruy Gomez Villanova, Rodrigo Alvarez, Gil Fernandez Ayres and Jeronimo Ayres, *vecinos* in Lisbon but resident in Seville, "*participes y companeros*" of Pedro Gomez Reynel, general administrator of the *almojarifazgos mayor y de Indias*, to take on exchange 27,545 ducats "*para provision de los dichos almojarifazgos*" (Seville, 31 January 1605).

finance their trading activity. The identity of a good number of payees, specifically mentioned as "*mercaderes*"; the mortgages offered in the *obligaciones* (ships of which they were owners or captains; consignments of gold and silver coming from America, credit to other merchants); the purpose of the loans, on the rare occasions on which it is stated; and the large sums of capital taken on loan – often the amount was more than 1,000 or 2,000 *scudi di marche* (see Table 2) speak for themselves in this respect.

In the two years 1594-95 all records were beaten, both for the number and for the amount of exchanges signed (Graph 2). And this was in tune with the American trade trend. In 1594 ships from the Indies did not arrive in Seville, thereby provoking great poverty in the city, in other words a great shortage of money. Many of the payments connected with the arrival of the American precious metals could not be made and so – despite the intervention of the king who authorised the merchants to extend payments "*con mas uno por ciento al mes*", always provided they offered sufficient guarantees to the creditors – the cases of dishonour increased staggeringly. This emerges, for example, from the number of bills dishonoured. At the beginning of May 1595 the convoy arrived at last, and by the middle of May the delivery of the gold and the silver to its owners had begun. The exchanges drawn up with the "Besançon" fairs that year reflect exactly the cash situation of the Seville market: 66 were drawn up before May, at the height of the situation of poverty, and only 22 were drawn up in the following months. The repayments of credit also reflected the adverse economic situation of 1594-95. Of the 104 exchanges reimbursed during 1595, only 3 were reimbursed before May, and the other 101 were reimbursed in the following months - that is to say, after the ships had arrived and the coinable metals had been delivered to their owners.

From what has been stated, it could seem that the *obligaciones de cambio* constituted a credit instrument for exceptional situations, the last resort when faced with a desperate situation. There is no doubt that in many cases this was the case, but a great number of documents show that many merchants had recourse to bills of exchange systematically,

as a means of financing shipments of goods. Successive exchanges and re-exchanges, in fact, made possible by petitions, could transform the *obligaciones de cambio* into long-term credit operations which were perfectly suited to colonial trade because of the long time which normally elapsed between the outgoing journey and the return of the convoys.

Francisco Munoz Centeno, for example, one of the few merchants of this period to merit the title "*grande cargador a Indias*"³³, between 1588 and 1597 took 36 exchanges, 29 of them with the "Besançon" fairs, for a total of 41,500 *scudi di marche*, and the others with Lisbon and Antwerp, for a total of more than 6,000 ducats. These exchanges were to finance his trading activity which was considerable, as is seen in the value of his exports to Lima, in the quantity of precious metals he received from America and in the amount paid in customs duties. Together with the fact that Munoz Centeno was, as regards quantity, the most important payee of exchanges in the years from 1589 to 1621, it is to be underlined how he resorted regularly to this credit instrument in order to obtain medium and long-term loans. The time which elapsed between the drawing up and the payment of many of his exchanges was more than 2 or 3 years (as seen in Appendix 3): he obviously relied on the assent of the drawees, who during that period were making huge profits from the exchanges.

In any case, the *obligaciones de cambio* represented merely another possibility – besides, for a short period, as we shall soon see – compared to investments in sea-risk loans which offered very much bigger profits to the money-lenders, had the advantage of the possibility of being discounted and were better adapted to the characteristics of colonial trade.

The widespread use of the *obligaciones de cambio* in the last decade of the sixteenth century and, above all, the considerable interest paid by those who took money on exchange led to strong criticisms of these operations which were considered usurious. As such, they were punishable by law, and often the intervention of the Sevillian judicial

³³ L. Garcia Fuentes, *op. cit.*, pp. 176.

authorities was requested³⁴. Consequently, according to what is reported in the documents themselves, the notaries were obliged to hand over to the authorities a copy of the exchanges signed in their presence. This order, which was totally unprecedented, caused a great scandal in Seville where people complained about the inopportune publicity that would be given to agreements which should have remained confidential.

Bernal has recalled that in the same period sea-risk loans drawn up without the *Consulado's* authorisation were forbidden too. This coincidence seems suspicious and brings us to the following question: is it not possible that exchanges were opposed because, with their utilization in colonial trade, they enabled businessmen to avoid the strict control on the authorisation of credit for trade with the Indies exercised from 1588 by the *Consulado de mercaderes* of Seville? The fact that in the notarial protocols we have not found any *obligaciones de cambio* before 1588 would confirm the suspicion that *obligaciones* were used by many people as a means to avoid the monopoly that in that very year the *Consulado* had begun to exercise on such an important sector of the Sevillian credit market³⁵.

Whatever the reason, there is no doubt that the charges against those who gave money on exchange did not achieve any effect at all, and that the causes of the reduction in the number of exchanges drawn up in the last years of the sixteenth century and especially in the first years of the seventeenth century are to be sought elsewhere.

In our opinion, this instrument's total disappearance from the Seville credit market from 1621 onwards, as is seen in Graph 3, was caused by the reduction in the margin of gain for those who gave money on exchange. This reduction was due to the ever smaller

³⁴ A decree of King Philip II, of 21 July 1598, ordered that, so that exchanges should not be considered fictitious but real and consequently legitimate, "*se ayan de aprobar por escrituras publicas y autenticas, o por testigos, o por otras maneras bastantes de prueba y aprobadas por derecho*", the declaration of the person who gave money on exchange not being enough.

³⁵ A. M. Bernal, *op. cit.* From 1588, the amount of credit obtained by means of sea-risk loans had to be authorised by the *Consulado de mercaderes*, which issued the relevant "*permision*".

difference between the outgoing-going rate of the *scudo di marche* in Seville and the return rate fixed by the Genoese bankers who controlled the "Besançon" fairs³⁶. All in all, this disappearance was none other than one of the many consequences, albeit a very significant one, of the old Genoese nobility's withdrawal from Spain, which began between 1607 and 1608³⁷. Stated in more general terms, *el siglo de los genoveses* was by then coming to an end and, together with it, the financial system and the international arbitrage system the Ligurian bankers had organised around the "Besançon" fairs was coming to an end too³⁸.

³⁶ In this respect it is to be born in mind that Castilian businessmen such as the Ruiz about 1585 deemed that unless there was a difference of at least 4% between the outgoing and the return rates between the various markets, it was not advantageous to give money on exchange: F. Ruiz Martin, *Lettres marchandes échangées entre Florence et Medina del Campo*, (Paris, 1965), pp. XCIII. In fact, from 1622 the *obligaciones de cambio* disappear from the protocols of the Sevillian notaries.

³⁷ F. Ruiz Martin, *Las finanzas de la monarquía hispánica en tiempos de Felipe IV (1621-1665)*, (Madrid 1990), p.27. The place of the old Genoese nobility was partially taken by the Balbi, the Giustiniani, the Saluzzo and the Sauli, the main representatives of the *nobili nuovi* in Spain, *ibid.*, p. 59. J. Gentil da Silva, *Stratégie des affaires à Lisbonne entre 1595 et 1607. Lettres marchandes des Rodriguez d'Evora et Veiga*, (Paris 1956), p. 8, also refers to the withdrawal of the Genoese from 1609 onwards.

³⁸ Boyer, Deleplace y Gillard, *Monnaie privée et pouvoir des princes. L'économie des relations monétaires à la Renaissance*, (Paris 1986). For the later period, see R.C. Michie, "The invisible stabiliser : asset arbitrage and the international monetary system since 1700", *Financial History Review*, vol. 5, pp.5-30 and L. Neal, "How it all began: the monetary and financial architecture of Europe during the first global capital markets, 1648-1815", *Financial History Review*, 2000, pp. 117-140.

APPENDIX I

Drawers and Drawees in exchange operations between Seville and the Besançon fairs		
Drawers		
Nome	A	B
Gerónimo Burón (1600-1618)	137.652	85
Agustín Ayrolo (1589-94)	88.771	235
Agustín Ayrolo e Lorenzo Morcho (1594-96)		
Baltasar Espinola e Tobías de Negrón (1592-95)	82.750	127
Baltasar Espinola (1595-96, 1598, 1600, 1602-6, 1613-16)		
Juan Francisco e Juan Bautista Ponzón (1608-9)	51.604	31
Juan Bautista Ponzón (1614-17)		
Gregorio Rosso Ponzón (1618-20)		
Tomás Mañara e Bartolomé Dongo (1611-16)	50.559	35
Tomás Mañara (1613)		
Pedro de Salamanca (1592-93 y 1604-6)	49.682	45
Juan Felipe Bartoli e Felipe e Alexandre de Nero (1589)	47.052	63
Neroso e Alexandre de Nero e Juan Felipe Bartoli (1589-90)		
Juan Felipe Bartoli e Alexandre de Nero (1593-94)		
Alexandre de Nero e Antonio Vinci (1602-5)		
Alexandre de Nero e Pandolfo Corbinelli (1606)		
Bacho de Averoni e Cosme del Cacha (1589-90)	36.020	41
Bacho de Averoni e César Baronsín (1591-94)		
Cosme del Cacha e Camilo Conpani (1592-95)		
Francisco Alonso Maluenda (1589-90, 1593-95)	29.386	25
Francisco e Pedro de Maluenda (1591-94)		
Gonzalo de Salazar e Juan de Carmona (1590 e 1592-95)	25.517	11
Cesar Lercaro (1589-94 e 1596)	23.529	76
Pedro de Tolosa (1589-90 e 1592-95)	19.257	20
Nicolao Casteleto (1599)	13.956	4
Otabio Centurión (1594-96)	13.420	20
Juan e Ambrosio Ansaldo (1590)	10.478	23
Juan e Juan Agustín Ansaldo (1593-94)		
Jácome e Juan Angelo Tacio (1592-94)	10.419	18

APPENDIX II

Drawees	A	B
Jácome Cota e fratelli (1599-1600)	154.816	86
Bautista e Antonio Cota (1603-1606)		
Juan Bautista e Jácome Saluci e Jácome Ayrolo (1589-1593)	154.177	320
Jácome Saluci e fratelli (1594-1595)		
Juan Bautista Saluci e Jácome Ayrolo (1594-1596)		
Cenobi e Felipe Carnesegui e Alexandre de Alfonso Estrozi (1592)	68.955	84
Cenobi Carnesegui e Alexandre de Alfonso Estrozi (1593-95)		
Felipe Cataño e Adan Centurión (1592-96)	67.154	128
Felipe Cataño e Ambrosio Gentil (1594-95)		
Felipe Cataño e Adán e Vincencio Centurión (1602-1604)		
Herederos de Luis Caponi (1589-90)	54.531	66
Francisco e Niculao Caponi (1592-95)		
Francisco, Pedro e Felipe Caponi (1603)		
Niculao Palavesin (figlio di Juan Francisco)	49.754	48
Niculao e Paulo Palavesin e Bautista Serra (1594-95 1603)		
Niculao Palavesin (figlio di Esteban)		
Bernardino, Estefano e Antonio Bonbisi (1589-92)	37.926	42
Paulo, Bernardino, Estefano e Antonio Bonbisi (1596)		
Paulo, Estefano e Antonio Bonbisi (1606)		
Guillermo Dongo (1610)	36.071	14
Bartolomé e Josefe Dongo (1613)		
Emilio Omodey (1604-5, 1612, 1615-16)	34.848	32
Lázaro Espinola (figlio di Blas) (1593)	33.794	46
Felipe Espinola (figlio di Gerónimo) 81593)		
Felipe Espinola e Melchor de Negrón (1594-95)		
Paulo, Emilio e Papiro Odescaichi (1605-6 e 1616)	21.037	15
Pedro e Agustín Doracios (1613-1616)	21.033	22
Lorendo e Roberto Estrozi (1589)	19.831	21
Alezandre de Alfonso Estrozi (1596-97)		
Juan Maria e Juan Bautista Semini (1604-5)	19.354	24
Vicencio e Felipe Magaloti (1600 e 1603)	17.414	22
Francisco serra (1612)	16.112	8
Juan Francisco Bibiano (1614-15)	15.855	13
Anfrán, Gerónimo e Cristóbal Sauli (1589-90)	14.461	30
Anfrán, Cristóbal e Simón Sauli (1594)		
Francisco, Cristóbal e Simón Sauli (1594)		
Esteban Doria, Vicencio Gentil e Alexandre Cigala (1589)	12.454	29
<i>(in brackets the years of more intense activity)</i>		
A. Value of exchange operations in which they take part as drawers and drawees (in scudi di marche)		
B. Number of exchange operations in which they take part as drawers and drawees		

APPENDIX III

Exchanges taken from the merchant (Francisco Muñoz Centeno)					
	Date of obligación	Date of redemption	Time lapse	Value	Drawees centre
1	17-11-1588	25-08-1590	1/9/8	(*)2.000.000	unknown
2	20-06-1589	08-11-1589	0/4/18	2.000	Antwerp
3	31-07-1589	?-02-1589	0/6-7/0	623	Besançon Fairs
4	31-07-1589	?-02-1589	0/6-0/7	623	Besançon Fairs
5	01-08-1589	13-01-1590	1/1/13	1.246	Besançon Fairs
6	13-09-1590	?		4.000	Besançon Fairs
7	26-02-1591			1.190	Besançon Fairs
8	09-03-1591			600	Lisbon
9	17-03-1592	?		2.400	Besançon Fairs
10	18-03-1592	18-11-15	3/8/1	1.129	Besançon Fairs
11	18-04-1592	12-08-1595	3/3/25	967	Besançon Fairs
12	18-04-1592	12-08-1595	3/325	652	Besançon Fairs
13	18-04-1592	12-08-1595	3/325	1.540	Besançon Fairs
14	18-04-1592	12-08-1595	3/3/25	1.000	Besançon Fairs
15	08-07-1592	18-07-1595	3/0/11	2.500	Besançon Fairs
16	13-10-1592	13-01-1596	3/3/0	847	Besançon Fairs
17	15-10-1592	13-10-1596	3/2/28	765	Besançon Fairs
18	15-10-1592	13-01-1596	3/2/28	1.000	Besançon Fairs
19	07-04-1593	?		623	Lisbon
20	08-07-1593	29-07-1595	2/0/22	750	Besançon Fairs
21	14-12-1593	25-03-1596	2/4/10	1.000	Besançon Fairs
22	14-12-1593	25-03-1596	2/4/10	613	Besançon Fairs
23	14-12-1593	25-03-1596	2/4/10	1.000	Besançon Fairs
24	14-12-1593	25-03-1596	2/4/10	800	Besançon Fairs
25	26-06-1594	26-03-1596	2/2/15	1.146	Besançon Fairs
26	19-04-1594	?		742	Besançon Fairs
27	20-04-1594	?		1.500	Lisbon
28	21-04-1594	23-03-1596	1/11/8	2.500	Besançon Fairs
29	21-04-1594	23-03-1596	1/11/8	1.170	Besançon Fairs
30	23-04-1594	?		795	Lisbon
31	23-04-1594	?		704	Lisbon
32	02-08-1594	18-07-1595	0/11/17	3.540	Besançon Fairs
33	05-08-1594	23-03-1596	1/8/18	1.217	Besançon Fairs
34	30-01-1596	10-09-1596	0/7/10	2.000	Besançon Fairs
35	10-09-1596	?		2.155	Besançon Fairs
36	21-07-1597	09-04-1598	0/8/20	2.498	Besançon Fairs

Amount: Besançon Fairs scudi di march; Antwerp: ducats; Lisbon: ducats
 (*) The value of this operation in the original document is given in marvedids.

APPENDIX IV

Exchange rates between Seville and Besançon fairs (marvedls per scudo di marco)			
Seville	Besançon fairs	Besançon fairs	Seville
1588		1588	446
1589	410-412	1589	443
	398-411		440
1590	428	1590	436
	418		
1591	410	1591	427
	424		440
			440
1592	412	1592	
	423		435
			430
1593	404	1593	430
			445
			445
1594		1594	433
	404-408		432
			438
1595	390-396	1595	440
	406		470
			446
1596		1596	438
			438
	404		455
1597		1597	
	424		442
	418		442
1598		1598	445.5
			442
			428
1599		1599	444
			436
	396		440
1600	400	1600	445
	430-434		448
	426		450
1601	428	1601	448
			436
	413		440
1602	414	1602	445
			450

Seville	Besançon fairs	Besançon fairs	Seville
	424-428		452
1603	430	1603	426-452
	422		430-444
	425-432		446
1604	420-442	1604	451
	427		448
	428		448
1605	424	1605	452
			440
	420		448
1606	420	1606	455
			458
1607		1607	460
			455
	430-434		455
			460
1608	420-429	1608	456
	429		
1609		1609	454
			445
			454
1610		1610	450
			440
			444
1611		1611	453
	430		448
	434		452
1612	428	1612	448
			444
1613		1613	450
	435		450
			456
1614		1614	455
			454
			458
1615		1615	460
			464
			466
1616		1616	470
			472
			474
1617		1617	475.5
			475
			475
1618		1618	475

Seville	Besançon fairs	Besançon fairs	Seville
			468
			475
1619		1619	478
			461
			464.5
1620		1620	472
			450
			470
1621		1621	474
			456
			467

Source: Seville operations with Besançon fairs: Obligaciones de cambio in Archivo de Protocolos of Seville. Besançon fair operations with Seville: J. Gentil da Silva (1969).