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## *Lombards, Cahorsins and Jews\**

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The High Middle Ages are of particular interest to the student of entrepreneurial and banking history due to the emergence, not so much of a number of individually prominent "merchant bankers" with an international clientele, but of "national" or ethnic groups, which have left an imprint on banking terminology, which has proved permanent.

In the 12th century, when the Jews became predominant in the provision of credit, Bernard of Clairvaux (1090-1152) coined the term *judaicare* soon to be in general use for the activity of lending money on interest. But by the end of the 13th century the Jews had lost their predominant position in the money trade. The increasing sophistication of politics and of the art of war, and the rising standard of living of the nobility, all resulted in a concomitant increase in the demand for credit by the princes of the realm, the princes of the church and the ever more independent towns, a demand which far exceeded the resources of the Jewish lenders who had been repeatedly reduced by excessive "taxation" and by partial or total enforced cancellation of the debts owed to them. They were thus unable to withstand the new, powerful competition of the Lombards and Cahorsins who, apart from larger financial resources, enjoyed at least the initial advantage of being Christians.

"Big business", that is loans to the emperor, to kings and the *curia* had been the province of the big trading and banking houses of Florence, Genoa and other Italian cities, such as the Bardi, the Peruzzi and the Acciajoli, for some time. While these houses, which occupied in their own times a position similar to that held by the Fuggers and the Rotschilds in later

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\* In memoriam Umberto Sh. Nahon.

generations, operated a "world-wide" net of branches and agencies, the Lombards and Cahorsins were based on a multitude of smaller operators, of which we rarely know even the name. Nevertheless the collective importance of this group remains reflected in the banking term "lombard credit" and in the name of Lombard Street, recalling their location in the centre of the City of London. In their time the names Lombards and Cahorsins, the latter in particular in the corrupted German version of Kawertschen, separately and sometimes combined, became the synonymous denominations for the business of lending money on pawns or pledges, often used with the same pejorative connotation as *judaicare* had been used in a previous century.

While some writers in the past erroneously used the term of Lombards to refer to all Italians in European financial operations in that period, it actually designates only those hailing from the Piedmontese town of Asti and the neighbouring Alba and Chieri.<sup>1</sup>

The name Cahorsins (also Cauwersines, Cauwercini, etc.) and Kawertschen in its corrupted German — which gave rise to many different interpretations — is now generally accepted as referring to the town of Cahors in south-western France, which was according to Strieder [1], the financial centre of southern France at that time and whose merchants were very famous. We do not know what had attracted them to settle in Cahors, which was a centre of the wine trade. Schulte [2] in his pioneering research found that the Kawertschen in Germany came almost exclusively from Asti, a few from Chieri which was the original home of the Medicis. He raises the question of whether "real Cahorsins" may not have preceded

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<sup>1</sup> As Baron [1a] states (p. 135) « Money lending became most important to the Jews as their other banking services declined. Their former considerable role in international transfer of funds was gradually whittled away by their Lombard competitors... . But in no way could Jews now compete with the Lombards who, as the « popes' users were entrusted with the collection of ecclesiastical dues and gifts flowing from all Christian countries towards Rome »...

The way in which Baron identifies the "popes usurers" with the Lombards is questionable, as half a century before him Moses Hoffmann distinguished between three classes of money traders from Italy i.e. the big bankers at the top, the Lombards and Cahorsins at the bottom, and in between the "medium capitalists", the agents of the Curia who collected ecclesiastical dues exclusively in Germany who were also lenders to the princes of the church, from whom they could collect with the help of Rome, but who refrained from more risky loans to the princes of the realm.

And if, according to Baron [1a], « In general, the thirteenth and early fourteenth centuries were the heyday of Jewish money-lending in medieval Germany » (p. 1503, this was in response to the evergrowing demand for credit, rather than to an inability to compete in other branches of the money business. In fact, the competition was apparently no less fierce in the field of lending than in the other banking business. Unfortunately we have no figures or even estimates for the Jewish share in the total volume of credit but one may safely accept the conclusion that after 1400, due to the spoliation policy of "good king" Wenceslaus, the available Jewish loan fund had considerably shrunk. [1a]

the Italian ones in Germany. But in any event, the term Kawertschen disappeared at the end of the 14th century (Hoffmann [3]). In the absence of any evidence for the presence of such pre-Italian Cahorsin bankers in the then Western world, it seems that it was from Piedmont directly or via Cahors that . . . « Between 1240 and 1340, but especially in the period 1280-1300, small banking houses opened in each market and in an area which included Piedmont, Dauphiné, Savoy, the Comté, Burgundy, Champagne, Lorraine, the Rhineland, Brabant, Flanders, Artois, the Ile de France and part of Normandy. A map showing their distribution would correspond fairly well to that of the primary economic network of these regions. In the most important towns there were as many as five and six, and still more in the towns where the fairs of Champagne were held . . . » [4]

This description by Bautier of an impressive and astonishing process which we might call the Lombard Banking Revolution, raises a number of questions to which we cannot find an answer in the extant literature: What caused this almost explosive movement of the Lombards? What proportion of their population was involved in what appears to have been almost a mass-migration? And what caused it to disappear in such a relatively short time?

Asti was a fully autonomous commune from 1093, until it became subjected to Milan in the mid-13th century and was apparently a highly developed trade centre favourably located on the roads leading from the Simplon and Gothard passes down to Genoa and Italy. It was also a centre of the wool industry, and banking developed there early and branched out to the neighbouring city of Genoa. [5] The Spanish traveller al-Tartushi in the 10th century found in Asti fixed-price trading which was well-organized in a manner which might remind us of our own department stores. [6] It seems that in the course of the 14th century it gradually lost its position to Turin which in 1400 became a university centre and was soon made the chief town, or capital of the duchy by Amadeus of Savoy.

Did Asti's decline as a trading centre cause the more enterprising of its citizens to seek more profitable business abroad or was it on the contrary the case that the Astigians neglected local business for the sake of more profitable business abroad? (According to Saponi [7], profit in the Florentine wool trade fluctuated between 7% and 15%. Were such profits, if they prevailed in Asti as well, competitive with the net profits to be accrued in banking?). Was the available manpower sufficient for both? How many Astigians resided abroad, in the very extensive area of Western Europe above described? There is only one indication in a figure given in the story told by Ogerio Alfieri, Asti's first historian in the later 13th century, which records that King Louis the Saint of France (1226-1270) kept 150 Astigians

for six or more years in prison and had their property confiscated in retaliation for the imprisonment of Count Thomas of Savoy in Asti. They were released in 1265 on payment of a ransom of 30,000 pounds. Astigians, according to this source, were already numerous in France in 1256. [8] Their total number all over known Western Europe must then have been quite considerable.

The ransom exacted from them on this occasion by the French king shows that the Lombards, like the Jews whom they had largely replaced in the European economy, proved occasionally to be a convenient source of replenishment for the royal purse. As Christians, they were not exposed as the Jews had been, to pogroms and the loss of life, but at the same time they did not enjoy any greater popularity, as is shown in an extract from contemporary literature, quoted by the Italian historian Sapori [9] — « The Lombard monster not only devours man and beast, but also mills, castles, woods and forests; he drinks the marshes and dries up the rivers » . . . « They never bring a ducat with them, nothing but a sheet of paper in one hand and a pen in the other; with that they fleece the townsmen and then lend them their own money ».

This last sentence points to the acceptance of deposits which the Lombards used as their working capital, a sound economic measure which, incidentally, protected them also to some extent against sudden expulsions prior to the expiration of their licences. But often enough, they were condemned for usury, then plundered and expelled, only to be recalled as indispensable before long. In 1277 Philip III of France, for example, in his religious zeal had them arrested, but soon permitted them to continue their business on paying a "settlement" of 120,000 gold florins, a process which repeated itself in the subsequent years. Sapori records similar persecutions of the Lombards under Philip's heirs in 1299, 1308, 1315, 1316, 1317, 1320 and 1324. [10]

It is not only because of these persecutions which the Lombards suffered in France and because of the repressive measures taken against them elsewhere that their fate has been compared to that of the Jews by some authors, such as Schulte and de Roover. [11] The Lombards, like the Jews, were a closely knit community; in Bruges for example they were segregated socially even from the other Italian merchants. Disobeying the canonical interdict against the charging of interest they were considered to be outside the Christian fold and were often refused Christian burial. They were tolerated for limited periods on payment of a high licence fee. Even so, their condition was precarious. In Bruges they lived in a "ghetto" on the outskirts of the town, known as the "Grand Cahorsins", in which living quarters and storehouses for the pawned goods were combined. Their clientele included all strata of society, from paupers to princes. They often operated as companies, with some families holding partnerships in several companies and operating

in different localities. As they had to pay high fees to the towns and princes, they had to charge high interest on their loans — usually 54%<sup>2</sup> — which as consumer credit constituted a social problem. Where restrictions on the level of interest were too stringent, so making business unprofitable, the Lombards left. Some towns refused to accept them while others fought for the right to keep them as an attractive source of revenue, and also for the increase in economic activity which their credits stimulated.

Complaints were sometimes voiced that the Jews were not worse than the Lombards, and in some cases Jews were called in to replace them. But competition between the two groups was unpleasant.

Each group strove to obtain rights in particular localities to the exclusion of the other. Whenever one group was expelled, the other tried to fill its place and to take over the vacated business premises. In parts of France the Cahorsins considered themselves almost as nobles enjoying a status above the burghers. In parts of Germany the Jews claimed that as permanent residents their wealth accrued to the benefit of the local economy while the Lombards 'exported' their accumulated riches when returning to their native country. There were only a few loans to superior authorities in which both groups participated, and then the Jews were usually « the junior partner ».

Although spread over a wide area, the number of Lombards in individual localities, in contrast to the Jews, was small, and Hoffmann suggests that this protected them in Germany from persecution and expulsion.<sup>3</sup>

The Jews were less fortunate. Displaced, and so made redundant, by the Italians in England and the Lombards in France, they were, after several decades of repression and persecution, expelled from those countries in 1290 and 1306 respectively. Elsewhere they had largely been edged out from their previously and customary dominant positions in the money trade and relegated to a marginal place even in the business of pawnbroking. But it seems that it was this very marginality that helped to keep them going when their Lombard competitors disappeared, apparently due to the adverse economic climate of the 14th century and the gradual rise of a native banking class and public lending institutions.

We have already noted that we do not know what prompted the sudden, almost explosive "take-off" of the Lombards and/or the Cahorsins into the European financial business. Was it the push of declining profitability in their

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<sup>2</sup> Not excessive considering the risks involved and also when compared with the actual net cost of 20% for consumer credits in the USA even today.

<sup>3</sup> It is of interest to recall in this connection Pirenne's view [12] that Jewish money-lenders were rare in economically advanced countries, such as Flanders, but numerous in the more backward territories, such as Bohemia, Hungary and Poland. This view of Pirenne's, based probably on basis of the history of his native Belgium (i.e. Brabant and Flanders) is not corroborated by the historical evidence in the cases of France and in particular Germany.

commerce, or the pull of higher profitability in banking abroad, which might sometimes be combined with trading as a subsidiary activity and was possibly connected with the « Commercial Revolution » of the 13th century? Nor do we know much about their re-absorption into their native economy a century later. A few of them, as de Roover shows, remained behind, became "assimilated" and integrated into the economy of their host country, and married into local families. One or two Lombard firms in Bruges survived into the early 16th century, but these were the exceptions.

Further research into the fascinating history of the Lombards should make a valuable contribution to the history of early capitalism, as well as to entrepreneurial history. It should also provide additional information for the social historian on a "group experience" of a minority group, which, read in conjunction with contemporary Jewish history, may well incidentally provide valuable insights into the psychology and causation of medieval antisemitism and its economic and xenophobic roots.

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