
THE HISTORIANS

Raymond de Roover: Historian of Mercantile Capitalism

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The recent, lamented passing of Professor Raymond de Roover should prompt his fellow economic historians to reflect upon the contributions which this energetic man, in a comparatively short career, made to their discipline. De Roover belonged to the generation of scholars who reached maturity in the years preceding World War II. Historical interpretations of economic development in traditional Europe were then still largely dominated by the views of Werner Sombart, Max Weber and R. H. Tawney, to name only the most prominent among many active scholars. In the thought of these men, the essence of modern capitalism was primarily an attitude or a spirit — the profit motive, the acquisitive urge, the *auri sacra fames* which, moribund in the Middle Ages, was only rediscovered or rekindled in the sixteenth and seventeenth centuries. In contrast, religious values had saturated and stultified the economy in the centuries preceding 1500; the profit motive, called less politely avarice, appeared to the medieval man as so much pavement on the road to hell; he therefore, allegedly, worked only so long and only so hard as to satisfy his most rudimentary needs. If his earthly goods still accumulated, he trembled for his soul. This feudal or agrarian economy of the Middle Ages was not finally dissolved until the commercial revolution of the early modern epoch and the triumph of the acquisitive spirit, which Weber and Tawney tightly linked to the Protestant movement.

Viewed today, perhaps the chief inadequacy of this vision of the unrelieved backwardness of the medieval world is this: it was predominantly based on German and English experience; it was in fact an effort to mold an understanding of medieval economic history from what was occurring in

comparatively backward areas. Well before the outbreak of the second World War, historians whose work was based in other geographic regions were questioning the accuracy of this model as a generalized description of medieval economic change. Henri Pirenne, whose native Belgium was a land teeming with cities and trades well before 1500, was already propounding a much different view of the « stages of capitalism ». He saw the Middle Ages not as a stretch of unbroken stagnation, but a period marked by fundamental economic swings, by commercial expansion in the eleventh and twelfth centuries, followed by stagnation or worse in the fourteenth and fifteenth. And the spirit which motivated the daring merchants of this medieval commercial revival was, in his eyes, not to be distinguished from the spirit which infused other waves of growth in the upward-spiralling history of capitalism. Italian scholars such as Gino Luzzatto and Armando Sapori were presenting portraits of medieval merchants who were indeed zealous for salvation, but no less zealous for profits. Marc Bloch, so extremely subtle and perceptive in his insights, called into question the sweeping summation, under simple labels, of whole historical epochs and entire generations of men. These scholars, while not adverse to bold generalizations of their own (we may recall Henri Pirenne) still show a strong orientation to documentary research, as distinct from theoretical speculations. They were struggling to form a geographically more balanced, and historically more tenable, interpretation of what had happened economically in the medieval world. Their work was vigorously continued in the 30's and 40's by younger scholars, such as Yves Renouard, Frederic Lane, Robert Lopez, or Federigo Melis, who further illustrated how poorly the old theories formed in the north fitted Mediterranean realities.

Among the architects of this new understanding of medieval economic history was Raymond de Roover. Born at Antwerp in 1904, his Belgian upbringing and training undoubtedly helped free him from the clichés concerning the character of the medieval economy, still heard in the American academic circles which he entered in 1936. His father was a prominent industrialist, and his own early training in Belgium had been in accounting and business administration. His relatively late conversion to exclusively historical research delayed and limited his output, but it also conferred on him a unique advantage. Most historians of the medieval economy have approached and still approach their subject from a humanistic background, with training primarily in languages and philosophy; few have had much formal training in economics, and fewer still, like A.-E. Sayous, have brought to their craft extensive experience in business. With some notable exceptions, such as Armando Sapori and Federigo Melis, medieval economic historians have tended to neglect the technical aspects of the epoch's commercial life. Business records of the medieval world were most advanced, and remain today most abundant, in Italy. But even in Italy, they are for the untrained student difficult to decipher and still more difficult to understand. Today, it

may be hoped that the special courses in the business paleography and diplomatics of the Middle Ages, sponsored by the Istituto Francesco Datini at Prato, will go far in filling this lamentable gap in the formation of medievalists. Hitherto, most scholars working in such materials have had to be, by and large, self-taught. With their literary and humane interests, they have also tended to find commercial documents not only difficult but dull, and spiritually unrewarding.

Raymond de Roover, on the other hand — it seems fair to say — acquired from his family background and his early training in accounting a ready grasp for the technical character of medieval business records. Even more important, he developed an authentic enthusiasm for them. He finds little room in his work for vague speculations about the possible motivations of his businessmen; he does not peer deeply into their souls; but much space is accorded to what they did in their shops and offices, day by day. The clear implication here is that the character of medieval and early modern capitalism — of mercantile capitalism, we may call it — is best studied not by a quest for elusive spirits and motives, but by a close and hard examination of the merchant in his counting house, an understanding of what he counted, how he counted, and how he directed his complex affairs. Finally, the intellectual habits of a trained businessman seem to have left a deep imprint on the character of his writings, which are always rigorously structured, always infused with a certain rugged clarity. De Roover clearly believed that order, precision, clarity and logic were central to good historical enterprises, just as they were essential to the successful management of a business office. He had, conversely, little patience with what he considered to be confused or sloppy thinking.

In Belgium he also met his future wife, Florence Edler; with the publication of her still eminently useful *Glossary of Medieval Terms of Business* (1934), she was already a scholar of established reputation in medieval economic history. After their marriage in England in 1936, de Roover came to the United States. He maintained, however, close ties with his fatherland, and eventually gained the singular recognition of election to the Royal Flemish Academy of Science, Literature and Fine Arts of Belgium. The assistance of Mrs. de Roover in his continuing archival research and in the preparation of his many publications doubtlessly is a principal reason for their comprehensiveness and quality; this debt to his wife he repeatedly acknowledged, to the point of affirming that her name too should perhaps have appeared alongside his own, as co-author of his *Medici Bank*, the most renowned of his works.¹

In coming to the United States, de Roover joined a group of European *émigré* scholars, whose collective work was to transform the character of

¹ *Medici Bank*, p. xii. For the full citation, see below, n. 9.

medieval studies in this country. In particular, these men, chiefly from a continental background, brought entirely new perspectives and enthusiasms, and introduced a vitality into research which their students, nearly exclusively of American background, now are and will be hard-put to maintain. In the United States, recognizing the need for American academic credentials, de Roover entered Harvard University, studying with N. S. B. Gras and Abbott Payson Usher; he received a master's degree in business administration in 1938. His interests in economic history then took him to the University of Chicago, the *alma mater* of his wife, where he continued his studies with John U. Nef. He received the doctorate in economics from Chicago in 1943. He later credited Gras and Usher with stimulating his interest in managerial problems and in the technical aspects of the history of banking, while to Nef he attributed his awareness of the social and intellectual aspects of economic history.² It is no disservice to these great scholars and teachers to observe that de Roover's interests in economic history were already deeply ingrained, and that he was an experienced researcher well before he began his American education.

Trained in accounting and in economics, de Roover consistently placed business institutions at the center of his historical interests. He examined them under three distinct perspectives: what was the technical character of these institutions; how did they relate to the larger economy; and what was the moral, religious and intellectual milieu in which they functioned.

His earliest, major study was *Money, Banking and Credit in Mediaeval Bruges*, published in 1948.³ Stylistically, the book is characteristic of all his writings. The sentences are direct, even on occasion abrupt; there is little apparent effort at rhetorical flourishes. Rarely elegant, the text is at the same time always clear, in the manner of a good handbook meant to instruct and not to entertain. The ordering of topics is exemplary; the classifications are almost too exact, as doubt sometimes lingers that reality can be so cleanly dissected. In the work de Roover developed the fruitful notion, maintained in his later writing as well, that a distinction must be made in medieval commercial life among money-changers; « lombards » or pawn brokers; and the great merchant-bankers. Functionally and socially, these were quite different professions, and those differences had to be recognized if the character of medieval banking institutions was to be accurately appreciated. He also advanced (or rather, reiterated) the idea that a « commercial revolution » had occurred in Italy and Flanders at the end of the thirteenth century; merchants

² *Money, Banking and Credit in Mediaeval Bruges*, p. viii. For the full citation, see below, n. 3.

³ *Money, Banking and Credit in Mediaeval Bruges. Italian Merchant-Bankers Lombards and Money-Changers. A Study in the Origins of Banking.* (Cambridge, Mass.: The Mediaeval Academy of America, 1948).

no longer travelled personally to fairs, but remained at home, conducting their affairs in distant regions through partners, employees, agents or correspondents, who received instructions and directives in writing.

The merchant-bankers were the wealthiest group, and from the point of view of international trade by far the most important. The instrument which was central to their operations was the letter of exchange, essentially a written promise, in return for money given, to repay the money at another place, at another time, and in another currency. This abiding interest in the letter of exchange, and in the often dazzling complexities associated with it, led to his study, *L'évolution de la lettre de change*, which appeared in 1953.⁴ This book shows again the same strong structure and forthright presentation — clear, rapid and authoritative — which mark all his writings. De Roover effectively urged upon his readers his principal points — that the letter of exchange was the central credit instrument of medieval business, but that it could not be endorsed over to a third party nor was it discounted by bankers before the sixteenth century. As a credit instrument, interest was concealed in the stated rate of exchange between the two currencies. It was not the source of the modern check, and although a credit instrument, it had clearly to be distinguished from the true, interest-bearing loan. Because of the usury prohibition, the true loan had minimal importance in the big business of the Middle Ages. While emphasizing the importance of the letter of exchange, de Roover also explored in his other works numerous practices and institutions — « dry exchange » (a fictitious exchange, meant to conceal interest payment), the sea loan, double-entry bookkeeping, endorsement and other banking operations. His extensive as well as profound understanding of these practices probably bore their most useful fruit in his contribution to the third volume of the *Cambridge Economic History*.⁵ As many critics recognized, his masterly summation of the organization of medieval trade was a particularly distinguished chapter in an already distinguished book.

De Roover also gave attention to the larger economy, to the mechanisms affecting the flow of money across the frontiers of Europe. This interest brought him to a study of the mercantilistic comments, projects and ideas of the sixteenth-century English statesman and financier, Thomas Gresham. His book, *Gresham on Foreign Exchange*, published in 1949, was a natural outgrowth of his continuing study of how the exchange market functioned. One of his principal discoveries, announced in 1959, was that the balance of payments between Italy and the north was highly unfavourable to the Low

⁴ *L'évolution de la lettre de change, XIV^e-XVIII^e siècles* (École Pratique des Hautes Études, VI^e Section, Affaires et gens d'affaires, 4; Paris: S.E.V.P.E.N., 1953).

⁵ « The Organization of Trade », *The Cambridge Economic History of Europe*, vol. III: *Economic Organization and Policies in the Middle Ages*, ed. M. M. Postan, E. E. Rich and Edward Miller (Cambridge, 1963), pp. 42-118.

Countries in the fifteenth century.⁶ This distorted the distribution of gold specie in Europe, strained the international banking system and was a major obstacle to commerce. In 1968, de Roover, in collaboration with Hyman Sardy, supplemented his earlier work on the money market in the Low Countries with his study, *The Bruges Money Market around 1400*.⁷ This was an analysis in two parts, an examination by conventional methods of the money flows linking Bruges, Florence, and other financial centers in ca. 1400, which de Roover undertook; and a computer-assisted, statistical study of the fluctuating exchange rates, accomplished by Hyman Sardy, principally on the basis of documents from the Datini Archives at Prato. The complete analysis, convergent in its two sections, gives a concrete view of the medieval money market, and a further illustration of the complex forces which influenced the movement and the value of moneys.

De Roover also explored the religious and moral settings in which these institutions operated, and he never doubted the effective influence of religious values upon medieval business life. He carefully examined the exact content of such principles of medieval social morality as the just price and the usury prohibition. Here, his principal strength was his ability to relate those principles to actual business practices (and conversely to judge how business practices helped at least in some measure to shape the thought of the schoolmen). What emerges from this facet of his work is a realistic interpretation of the economic content and impact of scholastic thought. The schoolmen did not envision a controlled economy in which prices would be set by applying a primitive « labor theory of value ». Rather, the just price would normally be the competitive market price. Only interference with the normal mechanisms by which prices were set, such as the hoarding of grain to create artificial scarcity, violated this principle and resulted in sin. The merchant was otherwise free to sell at price levels which the market established. In his *San Bernardino of Siena and Sant'Antonino of Florence* (1967), he offered rounded interpretations of the thought of two Italian moral philosophers whose work he particularly admired.⁸ In agreement with Joseph A. Schumpeter, of whom he was a sympathetic critic, de Roover argued that the lines of development of economic analysis were continuous from the schoolmen to Adam Smith, and that the contribution of the schoolmen to economic thought

⁶ *Gresham on Foreign Exchange: An Essay on Early English Mercantilism with the Text of Gresham's Memorandum for the Understanding of the Exchange* (Cambridge, Mass.: The Mediaeval Academy of America, 1949). Idem, *La balance commerciale entre les Pays-Bas et l'Italie au quinzième siècle*, « Revue Belge de Philologie et d'Histoire », XCI (1954), pp. 117-36.

⁷ *The Bruges Money Market around 1400. With a Statistical Supplement by Hyman Sardy* (Brussels, 1968).

⁸ *San Bernardino of Siena and Sant'Antonino of Florence. The Two Great Economic Thinkers of the Middle Ages* (Kress Library of Business and Economics, 19; Cambridge, Mass., 1967).

was indeed more fundamental than that of the later mercantilists; in his estimation, the history of economic thought was sorely in need of revision. It remains to be seen how well, with his passing, this work will be carried forward.

A rigorous clarity of thought and expression; an aversion to confused analysis in all its forms; an ability to test theories by constant reference back to the fundamental methods of the medieval businessman — these then are the salient characteristics of de Roover's work. All his skills and interests — in the practical conduct of business, in the larger economic setting, and in the religious and intellectual milieu — were brought together in the work universally recognized as his masterpiece, *The Rise and Decline of the Medici Bank*, published in 1963.⁹ Aided by his wife's discovery of hitherto overlooked account books in the Florentine State Archives, encouraged by her to devote ten years and more to the work, de Roover examined in illuminating detail both the internal structure and the operations of the most famous bank of the fifteenth century, at Florence and at the many cities in which it maintained branches. He identified its basic structure as a set of interlocking partnerships, comparable to the modern holding company, which protected each office from being pulled down by the collapse of another. He further examined the place of the bank in Medici politics, and showed how political considerations often warred against the bank's commercial welfare. The book is an invaluable contribution not only to the business history of medieval Europe, but to the political and social history of two of its major cultural centers — Florence and the Low Countries, in which the bank conducted its principal operations.

To be sure, in the studies of this productive man, some scholars will detect, or think they detect, some flaws, some parts of his historical work which may appear less finished and less polished than others. Perhaps because his training had not been humanistically oriented, perhaps also because English was not his native language, his English style, while always clear, is not often felicitous. Clarity, precision, rigorous definition of problems and of answers, were the strengths of his studies; but at least on occasion, those studies might have gained from a greater recognition of the nuances and ambiguities which are part of life and which touch all human institutions. Perhaps for this reason, he remained largely unaffected by new trends and fashions in history. The ideal of a *histoire totale*, the effort to comprehend all human activity in a single picture of an age, evoked no echo in his works; he probably considered the method too loose and the conclusions too vague. Even quantitative history, when pursued much beyond the study of hard and certain exchange rates or accounting balances, evoked in him scepticism. Many of his doubts were surely well-founded, but his restricted view of the arena of economic

⁹ *The Rise and Decline of the Medici Bank, 1397-1494* (Cambridge, Mass., 1963).

history still narrowed somewhat his perspectives. His concern with business institutions, the springboard of his analysis, led him perhaps to exaggerate their importance. I have never felt comfortable with the theory of a « commercial revolution of the end of the thirteenth century », which he supported. Was the shift from wandering to sedentary merchant so sudden and so complete? Still in the fifteenth century, the young Florentine merchant was expected to begin his career by travelling abroad, in search of experience and a fortune. One suspects that the prominence given the years around 1300 derives from the fact that surviving mercantile correspondence is incomparably richer in the fourteenth century than in the thirteenth. And was the change really so significant as to be called a revolution, marking an epoch in European economic history?

Finally, there is little effort to grasp the medieval economy as a total system, with a large agricultural as well as commercial sector. Even his great work on the Medici bank does not offer much comment on the general trends characteristic of the Florentine economy in the fifteenth century, on the basic forces which in Florence were already undermining not only the bank, but an entire mercantile tradition. We are not told, even by way of suggestions, what forces outside the competence of managers or the greed of princes brought down the bank's once mighty structure.

De Roover restricted his vision to what he knew best, and eschewed speculative forays in areas of cultural history in which he was not at home; or even in areas of economic history, where answers were uncertain. This conservatism, the technical emphasis of his work, occasionally disappoint the reader, but they also give his studies a residing solidity and permanence. De Roover in his scholarly lifetime examined with vigor, sympathy, and admirable technical comprehension a distinctive type of *homo economicus* — the mercantile capitalist of the late Middle Ages. This man was a capitalist in the root sense of the term: he worked primarily with money, often with large sums of money, and he developed ingenious and complex instruments for directing and controlling its flow. His religion induced in him some psychological tensions, but placed no insurmountable obstacles in the path of perfecting his art. He was the product neither of the geographic revolution, nor of the Protestant ethic, nor of advancing secularism. His methods, his psychology, were formed in the Middle Ages and would long survive their ending. Today, and for many years to come, the historian who wishes to see this man in his counting house, to learn how he counted, what he counted, and how he directed his complex affairs, will first turn to the works of Raymond de Roover.