Palgrave Studies in the History of Finance

Series editors

D'Maris Coffman Bartlett Faculty of the Built Environment University College London London, UK

Tony K. Moore
ICMA Centre, Henley Business School
University of Reading
Reading, UK

Martin Allen
Department of Coins and Medals,
Fitzwilliam Museum
University of Cambridge
Cambridge, UK

Sophus Reinert Harvard Business School Cambridge, MA, USA The study of the history of financial institutions, markets, instruments and concepts is vital if we are to understand the role played by finance today. At the same time, the methodologies developed by finance academics can provide a new perspective for historical studies. Palgrave Studies in the History of Finance is a multi-disciplinary effort to emphasise the role played by finance in the past, and what lessons historical experiences have for us. It presents original research, in both authored monographs and edited collections, from historians, finance academics and economists, as well as financial practitioners.

More information about this series at http://www.palgrave.com/gp/series/14583

Marcella Lorenzini • Cinzia Lorandini D'Maris Coffman Editors

Financing in Europe

Evolution, Coexistence and Complementarity of Lending Practices from the Middle Ages to Modern Times



Editors
Marcella Lorenzini
Department of Economics
Management and Quantitative Methods
University of Milan
Milan, Italy

D'Maris Coffman Bartlett Faculty of the Built Environment University College London London, UK Cinzia Lorandini
Department of Economics and
Management
University of Trento
Trento, Italy

Palgrave Studies in the History of Finance ISBN 978-3-319-58492-8 ISBN 978-3-319-58493-5 (eBook) https://doi.org/10.1007/978-3-319-58493-5

Library of Congress Control Number: 2017962302

© The Editor(s) (if applicable) and The Author(s) 2018, corrected publication May 2018

This work is subject to copyright. All rights are solely and exclusively licensed by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Cover illustration: INTERFOTO / Alamy Stock Photo

Printed on acid-free paper

This Palgrave Macmillan imprint is published by Springer Nature The registered company is Springer International Publishing AG The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland This work is dedicated to the cherished memory of Professor Peter Spufford LittD, FBA, whose interest in informal credit networks, merchant communities, and notarial records—as well as his boundless enthusiasm and intellectual generosity—inspired and sustained so many young scholars, including the authors whose essays are included herein.



Contents

ıntroai	iction	1
D'Mari	s Coffman, Cinzia Lorandini, and Marcella Lorenzini	
Part I	Informal, Non-institutional and Professional Credit in Preindustrial Europe	19
Mediev	se of London as a Financial Capital in Late ral England Nightingale	21
Institu	Things Go Wrong: Credit, Defaults and tions in Early Modern Venice Cecchini	47
Eviden	ing Trade Through Limited Partnerships: ce from Silk Firms in Eighteenth-Century Trentino Lorandini	75

Borrowing and Lending Money in Alpine Areas During the Eighteenth Century: Trento and Rovereto Compared Marcella Lorenzini	107
The Social Acceptance of Paper Credit as Currency in Eighteenth-Century England: A Case Study of Glastonbury c. 1720–1742 Craig Muldrew	135
Public Functions, Private Markets: Credit Registration by Aldermen and Notaries in the Low Countries, 1500–1800 Oscar Gelderblom, Mark Hup, and Joost Jonker	163
Notaries and Domestic Lending in Wartime (Seventeenth- and Eighteenth-Century France) Katia Béguin	195
Private Credit in Spain During the Late Eighteenth and the Early Nineteenth Centuries: Institutions, Crisis and War David Carvajal	207
Part II Credit in the Time of the Emergence of Modern Banking	237
Microcredit in the Ottoman Empire: A Review of Cash Waqfs in Transition to Modern Banking Gürer Karagedikli and Ali Coşkun Tunçer	239
Challenging the Institutional Revolution of Credit Markets in the Nineteenth Century Gabriele B. Clemens and Daniel Reupke	269

Contents	i ix
Relationship-Based Finance in Changing European	
Banking Scenarios: The Case of Parent Schaken et	
Compagnie (1835–66)	291
Maria Carmela Schisani and Francesca Caiazzo	
Formalising Credit Markets? The Entrance of English	
Joint-Stock Banks	319
Victoria Barnes and Lucy Newton	
Towards the Institutionalisation of Credit	347
D'Maris Coffman	
Erratum	E1
Index	355

Contributors

Victoria Barnes completed her PhD in the School of Law, University of Reading, in 2015. Barnes held a studentship in socio-legal studies funded by the Economic and Social Research Council and has been a visiting lecturer at the University of the West of England, Bristol. From January 2016 she holds a position of Research Fellow at Georgetown University Law Centre, Washington DC.

Katia Béguin is the EHESS Research Professor (Directrice d'études) at EHESS (Paris). She researches and publishes on issues of state and society, particularly the management of public debts, in early modern (sixteenth to eighteenth centuries) Europe. She has recently published *State Cash Resources and State Building in Europe 13th-18th century* (2017) in English, and *Les princes de Condé: Rebelles, courtisants et mécènes dans la France du grand siècle* (2014) in French.

Francesca Caiazzo is a contract researcher in Economic History at the Department of Economics and Statistics (DISES), University of Naples "Federico II". Her main research interests include banks-industry relations in the sector of public utilities, haute finance, corporate governance and business history. She is the author of several publications.

Isabella Cecchini received a PhD in Economic and Social History at Bocconi University, Milan (1999). She is presently a research assistant in Economic History at the Department of Management at Ca' Foscari (Venice). Her main themes of research focus on practices and institutions that structure early modern commerce; the role of international merchants in credit networks, their

xii Contributors

activity, and the role of citizenship in promoting commerce in early modern Venice as a case study represent her actual research, resulting in a forthcoming book.

Gabriele B. Clemens after completing her habilitation (post-doctoral degree) taught at Saarland University, at the Universities of Luxembourg and Bologna as well as at Sciences Po Paris à Nancy. Ever since 2007 she has been holding the Chair for Modern History and Regional History at Saarland University. Her research interests include social and cultural history of west European societies in the nineteenth century, economic and rural history, history of elites, and the history of the historical science.

D'Maris Coffman is Associate Professor of Economics and Finance of the Built Environment at University College London. She is also the director of the Bartlett School of Construction and Project Management and was the founding director of the Centre for Financial History at Newnham College, Cambridge from 2009 to 2015.

David Carvajal is Lecturer in Economic History (University of Valladolid). He is a master in History and a graduate in Business Studies (University of Valladolid) and holds a PhD in Economic History (2013) with a dissertation on 'Private Credit and Debt in Castile (1480–1521)'. His main research interests are focused on the Spanish financial history, above all the study of private credit relations, the emergence of financial markets, the local banking activities and the role of justice and institutions in financial relations during the Middle and the Modern Ages.

Oscar Gelderblom (1971) is Professor of Financial History at Utrecht University. He specializes in the history of finance and trade in Europe before and after the Industrial Revolution.

Mark Hup completed his undergraduate degree in economics at Utrecht University and his graduate degree in economics at the Chinese University of Hong Kong. He is pursuing his doctorate in economics at the University of California at Irvine, where he intends to continue research in economic history.

Joost Jonker (1955) is NEHA Professor of Business History at the University of Amsterdam and Senior Researcher at the International Institute for Social History, Amsterdam. He specializes in business and financial history from the sixteenth century to the present.

Gürer Karagedikli, after gaining an MA in History at Bilkent University, is completing his PhD in History at Middle East Technical University (METU), specializing in socio-agrarian structure and land use in the early modern Ottoman Empire. He is also lecturing in the Department of History at METU. His wide range of interests in Ottoman socio-economic history in the early modern and modern periods include orphans, women, non-Muslims, and legal practices based on Ottoman archival documents (*sicils* and *waqf* deeds). His research appears in the *Journal of the Economic and Social History of the Orient* and *Archivum Ottomanicum*.

Cinzia Lorandini is Associate Professor of Economic History at the University of Trento. Her research mainly focuses on credit markets, trade and business organizations in the early modern and modern period. She has authored several publications on these topics, including two monographs and several articles, among which 'Looking Beyond the Buddenbrooks Syndrome: the Salvadori Firm of Trento, 1660s–1880s', *Business History*, 2015.

Marcella Lorenzini is Lecturer in Economic History at the University of Milan, Italy. Her work researches how credit markets develop in the absence of formal institutions. Her recent publications include two monographs and a chapter in a collected volume *Infrastructure Financing in the Early Modern Age.* The Beginning of a 'Little Divergence', in Y. Cassis, G. De Luca and M. Florio (eds), *Infrastructure Finance in Europe. Insights into the History of Water, Transport, and Telecommunications* (2016).

Craig Muldrew has published two monographs, *The Economy of Obligation* and *Food, Energy and the Industrious Revolution: Work and Material Culture in Agrarian England, 1550–1780*. He has also written articles in the field of legal history concerning debt litigation and its relationship to the nature of community, and articles on the cultural nature of money and wages in the early modern period. He is also interested in the importance of industrial growth in the early modern English economy and is engaged on a long-term project examining the development of the concept of self-control and its effect on the structure of community and on the creation of savings, as well as how local paper credit came to be trusted in eighteenth-century England.

Lucy Newton is Associate Professor of Business History at Henley Business School, University of Reading, where she has worked since 1999. She has published her work on banks and, more recently, nineteenth-century consumer durables, in a variety of business history journals. She has been a Trustee and

xiv Contributors

Programme Chair of the Business History Conference (US) and elected as a Council member of the Association of Business Historians (UK) in 1997 and 2013. She teaches business history, financial history and business ethics.

Pamela Nightingale is a retired member of Oxford University's history faculty, where she held two senior research fellowships. For her earlier work, which included three books published on British India, she was awarded a PhD by the University of Cambridge. She subsequently changed her field to write 'A Medieval Mercantile Community: the Grocers' Company and the Politics and Trade of London, 1000–1485' (Yale University Press, 1995). From this she developed her researches into medieval trade, money, and credit, on which, and associated topics, she has published 20 articles, for which Oxford awarded her the degree of D.Litt.

Daniel Reupke started as a research assistant at the Department of History of Saarland University and as a doctoral student in the project 'Networks of Lending in the nineteenth Century'. Later he developed research projects with the Universities of Mainz and Trier, furthermore with the FIMT of Bayreuth, whereat he works in an interdisciplinary project since 2017. Daniel's research interests include legal history in the nineteenth century, economic and cultural history in a regional perspective, furthermore methods in the humanities.

Maria Carmela Schisani is Associate Professor of Economic and Financial History at the Department of Economics and Statistics (DISES) of the University of Naples "Federico II". She has been involved in several national and international research groups and is the author of several scientific publications essentially regarding nineteenth-century Italian private and public finance; Italian business history, international finance, among which with Francesca Caiazzo, 'Networks of power and networks of capital: evidence from a peripheral area of the first globalisation. The energy sector in Naples: from gas to electricity (1862–1919)', *Business History*, 58, 2, 2016, 207–43.

Ali Coşkun Tunçer is Lecturer in Modern Economic History at University College London, Department of History. Previously he taught and worked as a researcher at the London School of Economics and the European University Institute. He received his PhD from the London School of Economics in 2011 after completing his BA, MSc and MPhil degrees in Turkey and Greece. His research focuses on the economic and financial history of the Middle East and Southeast Europe, and long-term history of international financial markets. His recent book is entitled *Sovereign Debt and the International Financial Control: the Middle East and the Balkans, 1870–1914* (Palgrave Macmillan, 2015).

List of Figures

Chapter 2		
Fig. 1	London and National Credit in the Statute Merchant and Staple Certificates of Debt, 1290–1529	31
Chapter 3		
Fig. 1	Interest rates for long-term annuities, life annuities and livelli in Venice, 1570–1715 (Sources: Long-term loans: Pezzolo (2006: 90–1). Life annuities in the private market and livelli: personal dataset of the author)	62
Chapter 7		
Fig. 1	Estimated number of annuities and other loans per 1000 inhabitants recorded by aldermen in six cities (1500–1780) (Source: EURYI/VIDI database; extrapolation based on sampling for Amsterdam and Antwerp; the graph includes credit transactions recorded by Ghent notaries between 1620 and 1780)	171
Fig. 2	Public debt issues and private loans recorded by aldermen and notaries in Leyden and Amsterdam, 1600–1780 (Source: EURYI/VIDI database and Gelderblom and Jonker 2011)	179
Fig. 3	Per capita stock of debt recorded by notaries in France and by notaries and aldermen in the LOW COUNTRIES in 1740 and 1780 (guilders) (Source: EURYI-VIDI database;	1//

xvi List of Figures

	Data for Paris, Philip T Hoffman, Gilles Postel-Vinay and Jean-Laurent Rosenthal, "Priceless Markets II: Time and Space", <i>unpublished mimeo</i> . One livre is 4.45 gram of silver. One guilder is 9.61 gram of silver)	180
Chapte	r 8	
Fig. 1	Issuances of securities (<i>rentes sur l'Hôtel de Ville de Paris</i>) 1620–1660	195
Chapte	r 9	
Fig. 1	Notaries in Valladolid and 2-year moving average (1795–1821) (Source: AHPV, Inventories)	210
Fig. 2	Annual number of credit contracts by type (1795–1815) (Source: AHPV, Protocolos, 4132–4138, 4140, 4146–4148, 4151, 4154–4156, 4186–4205, 4213–4218, 4220–4221,	
	4227–4243)	213
Fig. 3	Long-term new credit contracts, acknowledgment, cancellations and interest payments (1795–1815)	
	(Source: AHPV, Protocolos, 4132–4138, 4140, 4146–4148,	
	4151, 4154–4156, 4186–4205, 4213–4218, 4220–4221, 4227–4243)	220
Fig. 4	Evolution of new credit contracts vs. new lease contracts in Valladolid (1795–1815) (1808 = 100) (Source: AHPV, Protocolos, 4132–4138, 4140, 4146–4148, 4151, 4154–4156, 4186–4205, 4213–4218, 4220–4221,	
	4227–4243)	225
Chapte	r 10	
Fig. 1	Number and capital of cash waqfs, 1815–1915	249
Fig. 2	Number of cash waqfs	250
Fig. 3	Total capital per vilayet (Notes: Each circle is proportional to the total capital of cash waqfs in that particular province	
E:~ 4	expressed in Ottoman liras)	252 259
Fig. 4	Foreign banks and cash waqfs, 1882–1915	239
Chapte		
Fig. 1	Loan agreements in Merzig, Remich and Sierck 1800–1900: quantity per year	272
Fig. 2	Loan agreements in Merzig, Remich and Sierck 1800–1900: interest rates development	274

	List of Figures	xvii
Fig. 3	50 most important creditors of Merzig	276
Fig. 4	Ego-network of Georg Jakob Bernasco	278
Fig. 5	Ego-network of the Kreissparkasse 1890–1895	279
Fig. 6	Credit application Welsch ./. Kreissparkasse, 17 May 1899, p. 2	280
Chapte	er 12	
Fig. 1	P&S actor/firm network (2 mode network)—1847	
C	(Note: White circle nodes: bankers; thicker black lines:	
	partners both of P&S and its twin partnership Parent,	
	Schaken, Carlier et C.ie)	297
Fig. 2	P&S actor/firm network (2 mode network)—1854	301
Fig. 3	P&S actor/firm network (2 mode network)—1864	304
Fig. 4	P&S actor/firm network (2 mode network) zoom—1864	305
Fig. 5	P&S core network (2 mode network)— 1864	
	(Note: White uptriangle nodes: parent's family nodes;	
	white diamond nodes: Lavaurs's family nodes; thicker black	
	lines: five stable partners)	306

List of Tables

Chapter Table 1		84
Table 1	Synthesis of data from the <i>oblatorie</i> (1740–90) Silk firms in Rovereto and Trento (1740–90):	04
Table 2	data from the <i>oblatorie</i>	85
Chapter	5	
Table 1	Total notarized deeds, loans, and average loan size in	
	Trento per benchmark year	108
Table 2	Total notarized deeds, loans, and average loan size in	
	Rovereto per benchmark years	109
Table 3	Average yearly deeds and loans per notary in Trento,	
	average loan value in florins	110
Table 4	Average yearly deeds and loans per notary in Rovereto,	
	average loan value in florins	111
Chapter	7	
Table 1	The annual number of loans recorded by aldermen and	
	notaries in six cities, 1500–1780	166
Table 2	The annual value of credit transactions recorded by	
	aldermen and notaries in six cities in guilders and	
	(in brackets) per capita, 1500–1780	167
Table 3	The notaries' share in total loan amounts, 1500–1780	
	(per cent of total)	170

xx List of Tables

Table 4	The collateral of loans recorded by aldermen and notaries, 1500–1780	172
Table 5	Professions of debtors and creditors in loans recorded by aldermen and notaries in six cities, 1500–1780	173
Table 6	The average size of loans recorded by aldermen and notaries in six cities (in guilders), 1500–1780	174
Table 7	Median loan amounts recorded by aldermen and notaries, 1500–1780	175
Table 8	The maturity of loans recorded by aldermen and notaries in six cities (months), 1500–1780	176
Table 9	The loan purpose recorded by aldermen and notaries in six cities, 1500–1780	176
Table 10	Credit transactions between parties of different gender, profession, and/or residence, 1500–1780	177
Table 11	The average number of deeds per notary per year, 1540–1780	182
Table 12	The interest rate on loans contracted by aldermen and notaries in six cities in the Low Countries,	
Table 13	1500–1780 Estimation of the output pricing of risk of loans	184
	recorded by aldermen and notaries in six cities in the Low Countries, 1620–1780	185
Chapter	9	
Table 1	The origins of lenders and borrowers in Valladolid (1795–1815)	214
Table 2 Table 3	Number of contracts by type of operation (1795–1815) Composition of short-term credit lenders and borrowers	215
	in Valladolid (1795–1815)	218
Table 4	Timing of reimbursement of short-term credit contracts in Valladolid (1795–1815)	219
Table 5	Composition of long-term credit lenders and borrowers in Valladolid (1795–1815)	222
Table 6	Composition of lenders and borrowers in Valladolid during the Independence War (1808–1813)	226
Chapter	10	
Table 1 Table 2	Cash waqfs by province, 1815–1915 Capital, number and interest rate of cash waqfs across time,	247
Table 2	1815–1915	248

	List of Tables	xxi
Chapter	13	
Table 1	First directors of the Liverpool Union Banking Company,	
	established 1835	324
Table 2	First directors of the Bilston District Banking Company,	
	established 1836	325
Table 3	First directors of the Huddersfield Banking Company,	
	established 1827	326
Table 4	First directors of the Nottingham and Nottinghamshire	
	Banking Company, established 1834	327
Table 5	First directors of the Sheffield and Rotherham Joint-stock	
	Banking Company, established 1836	328
Table 6	Assessment of credit applications by five joint-stock banks	332