Chapter II. Economy and Society

CHAPTER II
ECONOMY AND SOCIETY IN THE MIDDLE AGES

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Photo II-0-1. Castle – a traditional symbol of a feudal society (Orava Castle in Slovakia)

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CHAPTER II. ECONOMY AND SOCIETY IN THE MIDDLE AGES

The economy of the Middle Ages can be expressed by the rise of feudalism and the commercial revolution. About the time of Charlemagne in 800, the gravity of western civilization was at the three religious communities: Catholic, Orthodox, and Islam. While the Holy Roman Empire built his palace and cathedral in Aachen; Constantinople remained as the capital of the Orthodox Byzantine as the gateway to the Black Sea and Asia Minor; and Baghdad was the capital of the Caliphs ruling Islam states becoming a stepping stone toward inner Asia. Byzantium was the political continuation of the late Roman Empire in the east, but gradually declined to a small kingdom with the diminished population and territories, though it maintained valuable novelties in its economy with shipbuilding, commercial practices, and the luxury industry of silk and glass. As the economy of Islam was expanded to Syria, Egypt, North Africa, and Spain; Constantinople and Baghdad had competed for more territories in the East. The Seljuk conquest of Asia Minor in the later years threatened the Byzantine. As the anarchy from foreign invasions was over, the European population grew and the economy began to revive in 1000, and the Catholic West began its commercial and military counter-offense toward the East. Meanwhile, the feudal system was firmly established in Europe, and agricultural production increased and made its surplus.

In the period of invasions of Vikings, Muslims, and Magyars in the Early Middle Ages, the feudal system was established by the need of protection at time of anarchy. Since transportation and communications worsened, trade routes were broken, and the medium of exchange became unreliable; so that the commerce was disturbed. At the micro-level of the economy, the workers could not receive money for wages, so could not purchase their daily necessities. They had two choices: a worker became a member of the rich household, or he received land to cultivate for his survival by providing services to the lord. At the macro-level of the economy, the king and magnates needed armed forces to fight against the foreign invaders, so that one received land from the lord for his armed service. In any case, a social contract between the landlord and the vassal was created: the lord gave land to the vassal, and the vassal returned the promised service to the lord. Thus, the lords had obligations to provide legal and military protection to his lands and inhabitants, while the vassal had obligation to provide services. The army followed the feudal hierarchy based on the grades of nobility and clergy. The knights came from the noble birth, but anyone who joined the knight was considered as a noble no matter what he was in the past. The rise of feudalism decentralized political power and created a new class of knights.

In the High Middle Ages, the agricultural production rapidly increased owing to warmer climate, cultivated land, and technological changes. The growth of population provided additional manpower, and demanded more food supplies from cultivated arable lands. The expanded area created a new community, which became a new source of revenue for the king or the lord as a colony. The growing demand for food in towns and cities raised food prices, which generated profits in agriculture. As agricultural markets began to grow and money was freely circulated, a new tenant system was developed; so the servile labor provided by the serfs was transformed into payments of fixed rents or sharecropping. Accordingly, the lords became manorial operators collecting rents or paying wages without political and legal privileges; so that many un-free serfs became free peasants, who were economically independent from feudal lords. There had been following developments in European agriculture in the Middle Ages: the French reclaimed lands from the sea in Flanders to almost everywhere, and the Germans reclaimed the east of Elbe and colonized the Slav districts; there was no considerable progress in the cultivation of soil; and possessions of royal land had been reduced by individual donations, restitutions to religious houses, and usurpations of many vassals and sub-vassals in the feudal system.
The Commercial Revolution in the High Middle Ages came from the agricultural progress generated by the demographic growth. The agricultural surplus raised the level of subsistence with more consumption of food; and enhanced the exchange of surplus goods with manufactured ones. The surplus of the primary sector stimulated savings of the people, which invited investment in industry including the construction of churches and castles. The Mediterranean trade was practically controlled by Syrians, Jews, and Greeks; and the Arab invasions opened wider Asiatic markets to Syrian merchants. The Jews linked Catholic Europe with the Islamic World and the Byzantine Empire with which many Italian seaports tied. Venice thrived by a triangular trade with the Western Empire as well as Muslim Africa and Levant, while Amalfi did the same until the conquest of Normans in 1073. Pisa and Genoa thrived by trade and expelled the Muslims from Corsica and Sardinia in the tenth century. The economy shifted to the Catholic Mediterranean from the Byzantine and Muslim states. Despite the predominance of agriculture, commercialization transferred the economic leadership from the landowner to the merchant who was the main promoter of economic changes. Towns were centers of trade and the commercial revolution. In the north, towns of Flanders became new trade centers through the coast of the North and Baltic Seas and inland river-lines of France and Germany.

The mid-point of natural trade route from Flanders to Italy or vice versa met at Champagne fairs in France, but in 1300 Venice and Genoa established direct maritime relations with Bruges. Meanwhile, the Arabs maintained intermediaries in the trade of spices by controlling its land and sea routes to India. The major trade centers in Europe in the Ages were Constantinople, Venice and Genoa, Florence and Milan, Bruges, the fairs of Champagne, and the Hanseatic towns. The authorities of medieval towns monopolized commerce by controlling trade routes, dominating sources of vital commodities, and limiting the access to markets. Since political power dispersed and economic interests were local or provincial, feudal authorities had more power in forming and executing commercial policies than the central government. In the thirteenth century, major states in Europe minted gold coins, and developed the commercial credit system. The expansion of trade and industry demanded the use of idle money, and major states needed extra money for wars and emergencies, which helped to legalize the sale of rent charges and interest gains. The Guilds provided economic protection for their member merchants and craftsmen by monopolizing the process of manufacturing and marketing of goods and services. They were suspiciously watched by secular rulers because of the fear of political subversion from their cohesiveness.

The growing commerce and industry transformed towns into urban communities which created a new middle class (burghers) consisting of rich merchants and artisans. As the landed nobles declined, the burghers gained political power and challenged the nobility and clergy. By around 1200, many European cities were successful in the revolution of communes. The citizens removed their feudal masters and elected members of their town councils: the city guilds elected the major of London who was previously appointed by the kings. The political democratization in towns and cities improved the distribution of resources, but bad harvest with rising population brought serious famine during 1315-17 and later years. In addition, the Black Death killed 25 to 50 percent of the European population during 1947-51. As a result, rising wages and falling rent changed factor inputs in production from the labor-intensive to the land-intensive, so that wheat fields were converted into pastureland. Many monks and nuns fled from plague for their lives as past as they could so that church failed in to provide salvation. Thus the impact of the Black Death was wide and deep in politics, economy, and society. This Chapter consists of five sections including population and agriculture; the emergence of feudalism and medieval communities; industry and technology; trade, money and banking; and the organization of trade and economic policies of European states including public finance and credit.
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1. Population and Agriculture in the Middle Ages

In 711 the Muslims invaded Spain, penetrated France, conquered Sicily and other islands, and controlled the Mediterranean. Later in the century the Vikings invaded and dominated the British isle, conquered Normandy, raided coastal and river-line sites as far as Paris, and penetrated the Mediterranean. In the ninth century, the Magyars crossed the Carpathians into central Europe and raided Italy, southern Germany, and eastern France until they settled in the Hungarian plain. Around 1000, Vikings and Magyars were assimilated and Muslims halted their attacks, so that the peaceful environment protected life and property and increased the population, under the new patterns of production, consumption, and distribution. The feudalism increased the number of serf-peasants and decreased that of slaves, so that former slaves mostly became serfs, new tenants of feudal estates, who could marry and formed families, which increased the population. The warmer climate after 1000 increased agricultural production and improved general nutrition that contributed to the growth of population. The surplus in agriculture increased demand for manufacturing goods, which stimulated trade. In the Middle Ages, agricultural production came from favorable natural forces (land), population (labor), and tools (technology) in conjunction with the patterns and structure of the consumption demand. By around 1300, the frontier of settled cultivation had ceased to expand and internal colonization was coming to an end, but population levels remained high. Despite the lack of concrete figures, the historians believed that the population of Europe had doubled from 38.5 to 73.5 million during 1000-1300. The population of southern Europe (Greece and Balkans, Italy, Iberia) rose from 17 to 25 million, of western and central Europe (France and Low Countries, British Isles, Germany and Scandinavia) from 12 to 35.5 million, and of Eastern Europe (Russia, Poland, and Hungary) from 9.5 to 13 million during the period because of increased security, serf-peasants, and better nutrition.1

The ascending trends of the European economy faced serious disturbances: the Great Famine in 1315 from the climate change,2 the Black Death in 1347-51 from plague, and wars and revolts like the Hundred Years’ War starting in 1337. In fact, during 1347-1420, Germany lost about 40 percent of inhabitants; the population of Provence was reduced by 50 percent, and some regions of Tuscany lost 70 percent during this period. “Historians have struggled to explain why so many died. Some have questioned the long-standing theory that the decline in population was caused only by infectious disease and so historians have examined other social factors, as follows. A classic Malthusian argument has been put forward that Europe was overpopulated: even in good times it was barely able to feed its population. Grain yields in the 14th century were between 2:1 and 7:1. Malnutrition developed gradually over decades, lowering resistance to disease, and competition for resources meant more warfare, and then finally crop yields were pushed down by the Little Ice Age. An alternative theory is that competition for resources exacerbated the imbalance between property-owners and workers, and that the money supply ceased to keep up with fixed increased economic activity, so that wages sank while rents rose, leading to demographic stagnation. The economic conditions of the poor also aggravated the calamities of the plague because they had no recourse, such as fleeing to a villa in the country….The poor lived in crowded conditions and could not isolate the sick, and had weaker immunities from a deficient diet, difficult living and working conditions and poor sanitation. After the plague and other exogenous causes of population decline lowered the labor supply, wages increased. This increased the mobility of labor and led to a redistribution of wealth, although property-owners’ attempted to resist change through wage freezes and price controls contributed to popular uprisings such as the Peasants’ Revolt of 1381. By 1450, the total population of Europe was substantially below that of 150 years earlier, but all classes overall had a higher standard of living.”3

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Figure II-1-1. The Manorial System in the Middle Ages

Photo II-1-1. Medieval Ploughing in the Fourteenth Century
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**Population in Europe (500-1500):** Demography is concerned with the various phases of population: “the number of persons in geographical areas of differing sizes, the distribution of settlements of geography and size, the divisions by age and sex, the percentage of population by marriage, fertility and birth rate, expectation and death rate, and migration.” Moreover, despite a unity of geography and time, the population varied considerably in size. (a) Patterns of settlement: Zipf’s law lies in that cities of different sizes serve different functions in the economy. “The idea of this theory is that goods differ in the degree of scale economies relative to market size. Goods with substantial scale economies, e.g., stock exchanges or symphony orchestras, will only be found in a few places, while other goods with low scale economies, e.g., gas stations or convenience stores, will be found in many places. Moreover, large cities tend to have a wide range of goods, while small cities only provide goods with low scale economies. Naturally, small cities are in the market areas of large cities for those goods that they do not provide.”

If larger cities provide all goods that smaller cities provide, we can readily see that this setup implies a skewed city size distribution. “The distribution on the village level varied considerably. The Celts and the Slavs seem to have lived for the most part in small hamlets rather than in larger villages: these hamlets were usually not far apart. German groups preferred larger villages at wider intervals. Conditions of long time warfare in Iberia also seem to have led to larger villages, many of them walled… Within a country, villages varied widely in size but they usually conformed to a statistical pattern with respect to their populations to the bell shaped pattern line the curve of chance. Each culture tended to have a favorite size of village: the Celtic and Slavic at 5-50 persons, the English at 50-150, the Germanic and Spanish at 150-300.”

The small Celtic or Slav hamlet offered a distinct advantage in lesser distance to work; and larger villages saw a pattern based on an economy of time: “Woods and pastures which demanded less time and attention were more distant from the normal compact village than the tilled fields, while gardens and stables were usually close to the house.” Villages in the mountains and highlands of pastoral or forest were exceptional.

According to J. C. Russell’s “Population in Europe 500-1500” in The Middle Ages edited by Carlo M. Cipolla in 1976, “In the first half of the Middle Ages in prosperous eastern regions, the metropolis was apt to be about 10-100,000 population with the satellite cities of from 10 to 60,000. Very few cities went beyond the 100,000 mark then. The great city, Constantinople, may had had as many as 300,000 in the time of Justinian – at its capture by the Turks in 1453 it was down to about 35,000. Before A.D. 1000 such Islamic centers as Cairo and Cordoba were in the 50-10,000 class along with perhaps Thessalonica and Antioch of the Byzantine Empire. In the Christian west no cities reached the 50,000 line. But after tenth century population grew rapidly. Just before the plague struck in 1348 Paris, Venice, Florence and Genoa were near the 100,000 mark while Bologna, Barcelona, Brescia, Cordoba, Siena, Palermo, Milan, London, Ghent and Smolensk probably more than 50,000.” If the metropolitan city bears a consistent relationship to total regional population, changes in large city population should indicate changes in regional population. “London shows its 1.5 relationship to all of England in both 1086 and 1377. Paris grew rapidly as French population increased, although it seems to have been the regional center of only the northern half of France in the Middle Ages. Some cities changed function. The great increase in the size of Naples and Palermo at the end of the Middle Ages probably resulted from their growing commerce. The increased dominance of Florence is reflected in the decline of neighboring Lucca and then Pisa. The inclusion of Marseilles in the French kingdom reduced Montpellier to a secondary position at the end of the fifteen century.” A region having cities much smaller than the expected size shows a low standard of economic structure, as most of central Europe before the tenth century. The presence of unexpectedly large cities, as in Italy in the later Middle Ages, means that the region enjoys a higher standard than usual of economic growth.
(b) **Trends of Gross Population**: Table II-1-1 below divided Europe into three regions with five time periods from 500 to 1450. First, the total population of Europe was 27.5 million in 500, but set back to 18.0 million by 650 (declined by over one-third) due to the series of epidemics of the plague in the sixth century. The population was recovered to 38.5 million by 1000, and continuously increased to 73.5 million by 1340. After the Black Death, Europe lost again almost one-third of the entire population to 50 million by 1450. Second, the most rapid increase in inhabitants in the Middle Ages appeared in central and northern Europe. Its population was 9.0 million in 500, and rose to 35.5 million by 1340, which was a dramatic expansion by 4 times, while the population of entire Europe rose only by less than 2.7 times in the same period. In this period, political and commercial centers like Paris, London, Cologne, and Prague were rapidly urbanized. Third, “Eastern Europe lagged behind, the Russians notably slow under the domination of the Mongols although even there the population apparently increased. The late twelfth century and the thirteenth saw a speeding up of the economy which must have been based in part upon population increase as well as agricultural and especially mining developments. The area of most rapid advance extended from the Czech plateau in the west as far as Transylvania and included in the north Silesia and Little Poland and in the south the areas of the Slovaks in Upper Hungary.” Fourth, the Mediterranean Europe seems to have grown at about the same pace as the Slavic world did over the same period, although some areas, such as northern Italy, grew very rapidly. “Since the Islamic countries seemed to have experienced a similar growth with an especially rapid development in Egypt, the demographic background was inauspicious to the crusades.” Finally, in the change of inhabitants over the period, we have to keep in mind three factors: the climate change to the Little Ice Age causing the Baltic to freeze in 1306-7, the spread of plague 1446-53, and wars and rebellions such as the Crusades, Hundred Years’ War, and peasant revolts.

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<th>Area</th>
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<th>1000</th>
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<td>5.0</td>
<td>10.0</td>
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<tr>
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<td>7.0</td>
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<td>17.0</td>
<td>25.0</td>
<td>19.0</td>
</tr>
<tr>
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<td>6.0</td>
<td>19.0</td>
<td>12.0</td>
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</tr>
<tr>
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<td>4.0</td>
<td>11.5</td>
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<tr>
<td><strong>Subtotal: West &amp; Central</strong></td>
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<td>12.0</td>
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(c) **Length and Expectation of Life**: Life expectancy is a statistical measure of how long a person may live, based on the year of their birth, their current age and other demographic factors including gender. The most commonly used measure of life expectancy is life expectancy at age zero, that is, at birth (LEB). If this is the case, life expectancy would be low when the infant mortality is high. “For example, in a hypothetical stationary population in which half the population dies before the age of five, but everybody else dies at exactly 70 years old, LEB will be about 36 years, while about 25% of the population will be between the ages of 50 and 70. Another measure, such as life expectancy at age 5, can be used to exclude the effect of infant mortality to provide a simple measure of overall mortality rates other than in early childhood—in the hypothetical population above, life expectancy at age 5 would be another 65 years. Aggregate population measures, such as the proportion of the population in various age groups, should also be used alongside individual-based measures like formal life expectancy when analyzing population structure and dynamics.”

Life expectancy varies over time. Life expectancy at birth was 20 years of Neolithic time; 26 of Bronze-Iron age; 28 of ancient Greece; 20-30 of ancient Rome; 30 of Medieval Britain; 35 of Medieval Islamic Caliphate; 31 in the early 20th century; and 67.2 in 2010 of the world average. On the other hand, having survived until age of 21, a male member of the English aristocracy could expect to survive to age 64 during 1200-1300; 45 during 1300-1400 due to the impact of the bubonic plague; 69 during 1400-1500; and 71 during 1500-1550. Considering different environmental conditions, there should be significant variances by region or state as well as by gender. Caloric restriction observed in many animals, shows a near doubling of life span due to a very limited calorific intake; which is supported by several new studies linking lower basal metabolic rate to increased life expectancy. This is the key to why animals like giant tortoises can live so long. Studies of humans with 100+ year life spans have shown a link to decreased thyroid activity, resulting in their lowered metabolic rate.”

Factors in age were important in society such as in inheritance, feudalism, and guilds. (i) “The pattern discernible in the age structure shows that men came into their inheritance from their fathers in their early twenties on the average but this still allowed nearly half of them to inherit under age of 21. Thus in societies where sons inherited a large percentage of minorities was to be expected. To prevent inheritance of responsible positions by minors some early German tribes restricted their choice of king to adults or at least near adult and competent members of the families. The hereditary succession of the Byzantine Empire was frequently upset by, or forced into partnership with, successful generals.” (ii) “Feudalism had another demographic weakness—the average of the knights. A feudal army, assuming most lords served, must have had about half of the members for athletes, especially for those who probably did not hunt and participate occasionally in tournaments. A mercenary army, recruited by a wealth king, could present an array of hungry, young knights and bachelors, physically younger, stronger and normally better trained than the feudal host consisting of men of all ages and conditions of health even if it had a corps of younger men.” (iii) Age factors were also important in the world of guilds. “Feudal lords lacked male heirs in about a sixth of their cases in the good conditions of thirteenth century England: “in the time of plague from a fourth to a third of the men had no sons. Furthermore, many guildsmen apparently sought placed for their sons in guilds of greater social prestige than their own while many other saw their sons enter the clerical world. Although doubtless many masters trained more than one son with younger sons marrying heiresses in the same guild, there still remained a demographic gap. To fill this void the system of apprenticeship, a kind of substitute son-ship, developed.” Thus a master without a son passed on his skills and perhaps even his daughter. Apprentices died or dropped out, but many masters’ son succeeded their fathers without serving any apprenticeship; that might cause the decline of professionalism.”

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(d) **Disease as a Demographic Factor:** Walter Scheidel wrote an article on “Disease and Death in the Ancient City of Rome” in 2009. His paper surveys “textual and physical evidence of disease and mortality in the city of Rome in the late republican and imperial periods. It emphasizes the significance of seasonal mortality data and the weaknesses of age at death records and paleodemographic analysis, considers the complex role of environmental features and public infrastructure, and highlights the very considerable promise of scientific study of skeletal evidence of stress and disease.” As a matter of fact, “demographic conditions of Rome are remarkably poorly known. The size of Rome’s population is never properly reported and modern estimates rely on inferences from the scale of public grain distribution schemes. The geographical and social provenance of its inhabitants is likewise largely a matter of conjecture. Marriage practice and household structure may well have been peculiar to the city’s exceptional environment but are difficult to derive from epigraphic documents. Overall fertility rates necessarily remain unknown. Metropolitan patterns of morbidity and mortality, however, are more amenable to empirical and even quantitative inquiry.”

In history, we often see the terrible mortality of plague on the records at considerable length and malaria at less length. Others such as small pox and dysentery are occasionally mentioned. “The most serious malady was probably tuberculosis, both in numbers of fatalities over the centuries and in loss to humanity.” The climate varied considerably in the Middle Ages, and changes of temperature caused the variation of moisture, affecting the southern part more. In rainfall, the years of long continued rain, 1315-16, produced great distress, famine occurring and a pestilence of dysentery accompanying it. The level of the Caspian Sea indicates periods of drought in the area which drained into it and shows also a high level in the opposite. The area of pasture land in the desert borderlands was closely related to rainfall and these in turn to the conditions of the tribes inhabiting them. Periods of declining rainfall encouraged attacks on the settled areas bordering the desert, which occurred in the seventh century.

(i) Tuberculosis was often not easy to diagnose, especially in its early stages. “Furthermore, it has no normal course: the struggle between human body and the tuberculosis germs was a long continued battle which might end in a long stalemate lasting over decades. People often got the disease in early childhood but did not become definitely ill with it until early manhood. This length of time between accepting the germs and the actual course of the disease makes the period of developing an immunity against it a very long one at best.” (ii) Chroniclers described the illness of 1315-17 as *disenteria*, which seems to have been amoebic dysentery. Under the bad conditions of long continued rain, chill, and famine probably other diseases participated in the bad years. “The famine caused thousands to flock into the great cities where they expected to receive food, thus creating ideal conditions for dysentery. Some 3000 dies in Bruges and 2000 in Ypres in a few month in 1316: the problem is whether to related these death to the cities alone, or to surrounding areas as well.” (iii) Small pox was also well known, striking fear into peoples as it does today. “It seems, as usual, to have varied considerably in its virulence but, like the dysentery, took off number of people. It was apparently a regular visitor throughout the period but has not been studies carefully.” (iv) The plague was the most devastating disease in the Middle Ages. As previous table indicates, the first (542-4) and the second (1348-50) periods of plague killed one-third of the entire population respectively. The epidemics coincide with the seasons of the year (temperature 20-25°C) when fleas propagate rapidly and in years when the rats also increase in an explosive fashion, usually about every four years. An immediate effect of the plague was a kind of shock to life. The sharp decline in population caused some adjustment in settlements. (v) Finally, malaria presumably affected all ages. Children were doubtless affected by special diseases as at present but little is known about them. Sudden or unexplained deaths, particularly those which disturbed the stomach or intestines, were to frequently ascribe to poison.
Sex Ratio, Marriage and Fertility

(i) Sex Ratio: “In anthropology and demography, the human sex ratio is the ratio of males to females in a population. Like most sexual species, the sex ratio in humans is approximately 1:1. The sex ratio at birth is commonly thought to be 107 boys to 100 girls, although this value is subject to debate in the scientific community. The sex ratio for the entire world population is 101 males to 100 females. Gender imbalance may arise as a consequence of various factors including natural factors, exposure to pesticides and environmental contaminants, war casualties, gender-selective abortions and infanticides, aging, and deliberate gendercide. More data is available for humans than for any other species, and the human sex ratio is more studied than that of any other species, but interpreting these statistics can be difficult. Human sex ratios, either at birth or in the population as a whole, are reported in any of four ways: the ratio of males to females, the ratio of females to males, the proportion of males, or the proportion of females. If there are 108,000 males and 100,000 females the ratio of males to females is 1.080 and the proportion of males is 51.9%. Scientific literature often uses the proportion of males. This article uses the ratio of males to females, unless specified otherwise.”

In a monogamous society, a high sex ratio meant a large amount of involuntary celibacy which would probably have caused stress in so marriage-minded a society as that of today. Medieval society, however, exalted celibacy. “A most popular treatise explained why one should not marry or at least why men should not marry. One might have suggested that celibacy was a rationalization of celibacy enforced on a high sex ratio, except that classical civilization which probably had the same high sex ratio had no corresponding enthusiasm for celibacy. This enthusiasm was essentially religious and Christian – a denial of the pleasures of this world for the sake of heavenly rewards. In the quest for these rewards, thousands of men became regular or secular clergy. Likewise, widows in the olden days need not marry unless they so desired. In the east, the Orthodox Church was strongly opposed to second marriages and argued prohibitively against more than two.

(ii) Marriage: “Estimate of percentage of married people in the total medieval population are not easy to secure. In the early Middle Ages, serf populations show example of about 28-34%, a quite low percentage.” Later medieval cities show upward variation: Basel 32.8, Ypres 34.6; Freiburg 38.7; and Dresden (part) 49.3. Some of the highest averages are in the villages in the plague period: Tyrol 42.9; England in 1377 45-55% while its cities had only about 35-45%.” In general, they do not include the few percent of clergy and another few escaping enumeration and inclusion. Marriage in the Middle Ages depended largely on economic conditions. For the nobility, marriage was often arranged and occurred early – twelve was permitted by the Church, fourteen might be the limit for custody of heiresses until age of discretion. In the guilds, marriage of widow or heiress might be arranged to care for families left orphaned by death of the father-master. On the manors, the bailiff might make arrangements to assure continuation of farm services.

(iii) Fertility: Normally, given the death rate of women, one married at thirty might expect to have an average of four children, at twenty-five an average of five and at twenty, an average of six. “This may seem strange but the reason is that so many died between twenty and forty that female expectation of life did not advance very rapidly from twenty to forty. That is, women of twenty might expect to have only about an average of twelve years of potential childbearing (an average top limit of forty years). Women again on the average had a child about every thirty months. The average was so high because of prolonged lactation, stillbirths, interrupted pregnancies and other handicaps. The sudden increase in number of children in the noble and royal families about A.D. 1000 may have resulted from the use of wet nurse….The sudden expansion of medieval feudalism in the Drang nach Osten (yearning for the East, meaning German expansion into Slavic lands), the Reconquista and the Crusades may have come in part from the high birth rate of feudal families. But, on average, medieval peasant women had between five and six children apiece.”

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(f) Migration: “The Migration Period, known as the Völkerwanderung (migration of peoples in German), was a period of intensified human migration in Europe from about 376 to 800 A.D. during the transition from Late Antiquity to the Early Middle Ages. This period was marked by profound changes both within the Roman Empire and beyond its barbarian frontier. The migrants who came first were Germanic tribes such as the Goths, Vandals, Angles, Saxons, Lombards, Suebi, Frisii, Jutes and Franks; they were later pushed westwards by the Huns, Avars, Bulgars and Alans. Later migrations (such as the Arab conquest and Viking, Norman, Hungarian, Moorish, Turkic, and Mongol invasions) also had significant effects (especially in North Africa, the Iberian peninsula, Anatolia and Central and Eastern Europe); however, they are outside the scope of the Migration Period." The movement of the great tribes occupy an important position in medieval history. The Crusades involved no noticeable increase in population. “However, some movements such as the Drang nach Osten and other forms of colonization did add to intensely cultivated areas and raised the total population of great areas. Besides these great developments there was constant moving from the countryside into the cities and some reverse motion: likewise from city to city. Such movements as pilgrimages and commerce belong to travel rather than to migration.” The number of invading Germans in Spain (Visigoths, Suevi) can be estimated as high as two millions although two hundred thousand would be a very liberal estimate. The one fairly certain figure is eighty thousand for the Vandals as they crossed over into Africa in 429. Most of tribes were probably not much larger. These Germans dealt very generously with the ruling class of Romans in taking from them only one third of their income. Most conquering groups simply drove out previous ruling classes when they took over a country, as the forces of William the Conqueror expelled the English nobility, perhaps a thousand families.”

There was much colonization in in the Middle Ages. “The colonization of lands in the Byzantine Empire depleted by the sixth century plague has been mentioned: free peasant villages were an important factor in Byzantine life. In the tenth century began, the great German push eastward at the expense of the Slavs (Wends) called the Drang nach Osten. Much of this was directed by such families as the Billungs for their benefit and thus the peasants did not improve their economic position with respect to their lords. The Christian Spanish populated areas from which the Moors had been driven but probably this did not increase population over what had been the population under the Moors before the wars. The Dutch learned to reclaim lands from the ocean and the English drained the Fens, opening up rich land in the thirteenth century. Colonization assumes that official permission had been obtained from the lord and was often directed by him. Saxon groups moved from old Saxony to the new along the upper Elbe River. Dutch colonists aided in the reduction of distance swamp lands.” In general, migration was largely to neighboring villages or to the nearest city; it seems small beyond the day journey limit because of its expenses; this was especially true of farmers. For guildsman or city workers moves to other cities or to the metropolis of the region were more common. Hard time and famine could force migration. “Misuse of the land was largely prevented by common knowledge and control by the villagers and the lords. By limiting holdings and restricting marriage to those who held them or other means of support, the villagers protected their food supplies and avoided over-population. But here deviations from the standard farm holding were many and are a fertile source of demographic miscalculations….The decrease in the size of holding necessary to support a family was probably due in part to improvement in farming, although not in the quality of seed since the returns from seed seem to have remained about the same at a fourfold return for wheat, higher for rye. However, the use of a three field system instead of a two field allowed a sixth more land to be under cultivation each year, apparently with no serious depletion. The use of more beans and peas about the tenth century helped to conserve the soil.”
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(g) **Settlement and Colonization of Europe.** The evolution of settlement and colonization in the Middle Ages is important in history. The political and military conquest of a nation state, such as the Norman Conquest of England, is followed by migrations of the new ruling class, dividing the conquered land among them; which is only a transfer of land ownership from the old regime to the newly dominant minority. Where the land was the main form of property, its owners would like to improve its utility by closer settlement. The rise of new commercial and industrial centers would increase the demand for agricultural produce, so that there might be extensions of existing population groups, or migrations of groups. Such development – migrations and transplantations and resettlements of social groups – might be “just as important for the formation of the basic strata of European society as the direct seizures of territory by conquering hosts and the crowds who followed in their train.” The Greeks migrated to the East in the Hellenistic world; the Romans with Romanization and militarization pushed its frontiers to Britain, the Rhine and the Danube, and created a wide zone for the spread of Mediterranean agrarian life; and the Germanic migrations or *Volkervanderung* also affected the structure of agrarian economy and contributed to building up the European society of nations. In fact, the colonization of land became the foundation of an improved social status for large groups participating in it. “The general conditions of the class system among colonizing groups determined the sections of society which were able to share in the movement and the social advantages that they derived from it. In the Roman Empire, men of affairs and ex-officials were the chief beneficiaries: colonization helped them to acquire estates and country places which put them on a level with the imperial aristocracy or the patricians of the towns. The peasant won nothing but his living from the labor that created or improved cultivable land; he did not acquire that honorable rank in society which, according to the universal outlook of the ancient world, was reversed for those aristocratic classes.”

Urbanization was a fundamental principle of Roman policy. “The self-government of the town territory was the pillar of imperial government. Internal order depended principally upon a uniform urban organization and civilization, and on the discipline of the imperial armies. The prosperous land-owning class was led to settle in the towns and to take pride in their official service and their adornment.” Under the Roman rule, German settlement was unstable and limited. The Romans acquires land as an individual, but the acquisition of land in Germany is regulated strictly by communal occupation as the act of whole community – the land is acquired collectively by the tribe. “The Roman Empire pursued a policy of standardizing the conditions of peasant proprietorship and maintaining and extending the area under cultivation, as a measure of self-preservation.” In the sixth and seventh centuries, people poured into one another’s areas of settlement throughout every part of Europe. The lords own land and tenants cultivate it, while the tenant might be a freeman or a slave. By the Carolingian time, the Romans were a second-class freeman after the Franks: “Evidently, by going into the country and mingling with the free Franks, they had got rid of this mark of social inferiority.” Similarly, the mixed village containing freemen and lords was obviously important in early Anglo-Saxon times. The development of group settlement by noble families was increased by generous grants from the king. “The evolution of feudal society made land granted by the king the principal element in the landed property of the nobility; and such grants always had to remain in a single hand. Feudal society evolved on Frankish territory; that explains why there are fewer traces of ancient settlements of noble blood relations there than elsewhere.” The Merovingian Empire gained strength which dominated the course of settlement in Western Europe - the forces of the peasantry. Once the settlement was completed, the descendants of the first settlers had not the mobility that their forefathers had enjoyed, while the villages were allowed to grow and dominated by the system of standard units of peasant property, the open-field system, and the regulated use of commons.
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As a basic factor in the history of settlement, “The Romans, and those provincial whom they educated, only rarely had occasion to curtail the woodlands; and the Germans never deliberately embarked on any such undertaking.” In Merovingian times, monasteries were founded on such tumbled-down land, and in Carolingian times, wooded areas were cleared for new settlements. Clearing is one of the processes that the Germans learnt in the conquered provinces from Roman neighbors and dependents. The state as well as the Church wished to extend settled land and increase the number of settlements in the heart of Europe. The conquest of the Saxons by Charlemagne gave a fresh impetus to clearing and settlement. The establishment of the new northeast boundary against the Slavs was a military not a colonizing measure, but this would give similar effects to new settlements. “All the socially powerful elements were concerned with the extension of settled land on forest soil – peasants and small proprietors, spiritual and secular lords. But each section had its own interests; and the competition among them was shown in many significant ways as clearing went forward….The crown meant to secure a share of the yield derived from the utilization of forest land which it had granted to men who made arable out of it…The Church was obliged to deal with the tithe owed from cleared land, and to arrange for division of tithe between the older churches and the new parishes on it.”

Peasants also would have more opportunities to be tenants of the cultivated land. Taken as a whole, “the migration of the ninth and tenth centuries changed the composition of the European peoples in only a few limited areas. But their influence on the European social structure was not confined to those areas. They gave the impetus to the emergence of new types of political and social organization; and from this time forward these types determined the form which settlement would take.” The princes, bishops, and great feudatories could not do without knights to defend their principal fortresses. But sooner or later the knights claimed some of their lord’s land, which set limits to the size of knightly garrisons; and it was in the interest of princes, lay or ecclesiastical, and other inhabitants.

As the new arrangement contributed to the extension of cultivated land and a more intensive use of the land already occupied, the towns grew to become dominant centers of agricultural expansion. Early in the thirteenth century, the woods still lay thick about Paris on every side, for example, but during the era of expanding feudalism, great lords and administrative power could control the balance of cultivated and waste land in their sphere of authority. However, the breakdown of royal power was followed by complete feudal anarchy. The arbitrary handling of feudal burdens drove or kept the peasant away from many places fit for settlement. So in France, the cultivated area contracted; in Germany no limit could be seen to the opening up of forest land for cultivation; and England position was comparable to Germany. The conditions in Germany were ripe for large-scale colonization which would satisfy more of those peasants who desired economic independence; but in Spain and Austria, this was only possible with a reformed central political authority. In the course of development, towns were founded in a countryside. The relation of the townsmen to the land was not quite uniform. Some townsmen were agriculturists, others drawers of agricultural rents. Both types are to be found in other regions in the same period. The protection of the town walls and the possibilities of urban economic and social life were obviously attractive for landowners from among the upper peasantry. This was dominant class in the many boroughs chartered at this time in England. In Westphalia, in order to protect their territory, ecclesiastical lords encouraged the peasants of whole villages whose lands marched with one another to break their villages up and unite into small towns….An increase of urban population through the continuous immigration of rural rentiers is specially noticeable in Florence. These phenomena must be taken into account in any attempt to understand why the expansion of rural settlement that went on everywhere, from Poland to Spain, between 1100 and 1300 did not make the peasant into an independent factor in the social and political life of the people.”
The Evolution of Agricultural Technique:

(a) **Agricultural Tools and Equipment:**

(i) Plough for Heavy Soil: Neolithic farmers in Europe do not seem to have used any form of traction-plough. The tilling of their plots must have been done with hoe, digging-stick, and perhaps a precursor of the mattock. All early ploughs in the classical world were constructed according to the same general principle: “the pull of draught-team was transmitted to the stock through a beam and pole, and a handle was provided either by backward extension of the stock or on a separate stilt at the tail. In a simplest ploughs the stock and the pole were formed in one piece from a tree-branch and its junction with trunk. The modification of this type were merely attempted adaptions to local conditions of soil or terrain. Such an implement did little more than disturb the surface, pushing the soil and stones to either side.”

The origin of the traction-plough remains uncertain, and some changes of its design must have originated somewhere in the lands between Egypt and Persia, and spread gradually then over much of Europe, north Africa, and the east, being introduced into China about the fourth century B.C. One of the most important improvements to a wooden plough is the protection of the cutting point with an iron shoe, the plough-share or plough sock, which was used from the Iron Age, fifth century B.C. onward in the north, though much earlier in the east. In the Roman period, iron plough-shares came into widespread use in the Northern provinces as well as in Italy; and the Bellic tribes of Britain used them in the first century B.C. before the Roman invasion. “During the Roman age, when Mediterranean life was making its first intensive contact with transalpine Europe, ploughs began to be designed to meet the problems of the heavier, more cohesive, soil which could not be so easily scuffed aside as sandy loam. To get a proper depth of cultivation, the plough had both to cut and turn a sod….there were no coulter or vertical-cutter until the Roman age, but “a plough equipped with both vertically-cutting coulter and horizontally-cutting share still did not of itself turn over the sod.”

“The primary purpose of ploughing is to turn over the upper layer of the soil, bringing fresh nutrients to the surface, while burying weeds, the remains of previous crops and allowing them to break down. As the plough is drawn through the soil it creates long trenches of fertile soil called furrows. In modern use, a ploughed field is typically left to dry out, and is then harrowed before planting. Plowing and cultivating a soil homogenizes and modifies the upper 12 to 25 cm of the soil to form a plow layer. In many soils, the majority of fine plant feeder roots can be found in the topsoil or plow layer.” In the Roman age, coulters and shares were mounted on a rectangular frame different from the Mediterranean type. The northern barbarians developed the mould-board as sod-turner, so that the turning force came from the draught-team, “this type of plough could do much heavier work than the simple tilting type in which the sod-turn force was largely provided by the ploughman’s wrists. It was the real precursor of the modern traction-plough, whose medieval intermediaries were responsible for the large-scale cultivation of the heavy lands that altered much of the face of temperate Europe.” The long coulters with the mould-board required more pulling power that could be supported by a pair of wheels as well as the yoke being placed across the horns or the necks. “Efficient methods of harnessing horses developed either in China or Central Asia and spread westwards. The earlier form, a breast strap attached to lateral shafts, first appears in Europe in an Irish bas relief credited to the eighth century...With the new harness, horses could pull between four and five times the load which they could draw with the yoke.”

The soils and climate of north-western Europe was heavier than the soils of the Mediterranean: the soils of the North of Alps were alluvial (many were stick clays) that needed water to be drained out of the field, while the soils of the south were relatively shallow, so they required to preserve moisture of soils to prevent its evaporation to surface. In the Roman world, the draught-team was a pair of oxen, yoked to the pole; but in some parts of the Empire, heavier soils might have needed more pulling power from four to eight beasts applied by the northern barbarians.
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Table II-1-2. Medieval Farm Tools and Equipment

<table>
<thead>
<tr>
<th>Tool</th>
<th>Description</th>
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<tbody>
<tr>
<td>Axe</td>
<td>Scythe</td>
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<tr>
<td>Flail</td>
<td>Shears</td>
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<tr>
<td>Harrow</td>
<td>Sickle</td>
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<tr>
<td>Haymaking Forks</td>
<td>Spade</td>
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<tr>
<td>Mouldboard Plough</td>
<td>Wheeled Plough</td>
</tr>
<tr>
<td>Rake</td>
<td>Winnowing Basket</td>
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Photo II-1-2. Sheep Shearing, Duke du Berry, Books of Hours (c. 1410)

Photo II-1-3. A four-ox-team Mouldboard Plough, circa 1330
https://upload.wikimedia.org/wikipedia/commons/thumb/0/0d/Medievalplowingwoodcut.jpg/1920px-Medievalplowingwoodcut.jpg, accessed 2 June 2018,
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(ii) Methods of Ploughing and Harrows and Rakes: By the end of the first millennium, the four-ox plough-team fairly common in temperate Europe. “The oxen were yoked either in pairs, in tandem, or sometimes four abreast on a long yoke. In the Domesday Book of 1086, the unit of assessment was usually a nominal plough-team of eight oxen, but it does not seem that the eight were commonly yoked at once to a single plough, and no illustration shows more than four....In medieval ploughing, horses or donkeys were occasionally used among the oxen. Horses became more effective when the padded horse-collar gradually found general use after the twelfth century, though even then oxen were preferred as more economical in fodder and harness and as not requiring shoeing. Not until the sixteenth century were horses widely chosen for ploughing on account of their greater speed.” Ploughing usually employed two men: a ploughman who guides the plough, and a driver in charge of the team. The shape and appearance of fields depend on the plough, the draught-team, the soil, the contour of the land, and above all on the intentions of the ploughman in laying out his furrows. A harrow is an implement for breaking up and smoothing out the surface of the soil. It was also used for covering the seed, which it did faster than the plough. “The rolling-harrow, a cylinder of oak fitted with iron spike, was also employed in the Middle Ages for breaking difficult ground and for levelling the threshing-floor.”

(iii) Harvesting Implements: “In early times, corn was cut by small sickles with blades of flint or of bronze. Some flint sickles had serrated blades. Reaping in this way was slow and laborious. With the rise of grain-production, speedy harvesting became important, especially under the changeable weather conditions of central and north-west Europe. Continual use of the simple sickle required a handle specially shaped to the grip of the hand, which added to its cost. Significant changes in the equipment for harvesting grain and grass came in with the general use of iron. The balanced sickle, in which the blade is bent back at the handle-end then curved forward in a long sweep, enabled grain to be cut with less strain on the wrist. It first appeared in Europe to the north of the Alps, in Switzerland and the Hungarian plain, and in the Iron Age from about the fourth century B.C. Its origin may be traced to the ancient Near East. Similarly, the short-handled scythe, worked with two hands, enabled grass to be reaped by a slicing action instead of direct cutting. Leap-reaping and lopping knives, of a pattern continuing into modern times, became widely used. The rising interest in the north in grass- and leaf-harvest was due to the need for the cattle-fodder. Oxen were being increasingly stalled during the winter, and thus demanded more provision for feeding. Indoor feeding was also practised in the south.”

(iv) Threshing and Winnowing: The grain had to be extracted from the harvested sheaves by threshing, and the chaff blown away by winnowing – the wind blow away the lighter chaff, while the heavier grains fall back down for recovery. In early times, threshing was done with unjointed sticks, the use of which long survived in many areas. In temperate Europe, if threshing was to be done in the open, it had to be finished before the late autumn. The chaff was removed from the grain in a winnowing-fan. Techniques included using a winnowing fan or using a tool (a winnowing fork or shovel) on a pile of harvested grain. (v) Miscellaneous: Digging tools: The soil was broken in early times with digging-sticks, hoes, and mattock-like implements. From Roman times, wooden spades, often shod with iron, have been extensively used. Fencing was used for all cultivated land, whether for corn, meadow, olives, or vines, in order to protect against intruding animals. Corn-drying kilns: with damp or imperfectly ripened corn, artificial drying is a necessary prelude to either threshing or milling. They were either rectangular or circular chambers built of stone or sometimes of clay oven. Axes with simple iron heads have been used since the Iron Age for such tasks as tree-felling, and for slaughtering beasts. Wooden vessels were considerably used on the farm. From the Iron ages in temperate Europe stave-built buckets were used for milking, and well-made stave-build churns for making butter or storing milk.
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(b) The Three Field System: “The three-field system is a regime of crop rotation in use in medieval and early-modern Europe from around the time of Charlemagne. Crop rotation is the practice of growing a series of similar types of crops in the same area in sequential seasons, but farmers were not allowed to choose their crop but had to farm what was being grown in that field. Under this system, the arable land of an estate or village was divided into three large fields: one was planted in the autumn with winter wheat or rye; the second field was planted with other crops such as peas, lentils, or beans; and the third was left fallow, in order to allow the soil of that field to regain its nutrients. With each rotation, the field would be used differently, so that a field would be planted for two out of the three years used, whilst one year it rested. This allowed farmers to plant more crops and therefore to increase production. With more crops available to sell, this also helped the economy in general to thrive. The introduction of the three-field system and the adoption of the moldboard plow were parallel developments which worked hand in hand to increase the productivity of the land.”

In the old two-field system, half the land was sown to crop and half left fallow each season; but in the three-field, only a third of the land lay fallow. “Because spring planting required summer rains, it was principally effective north of the Loire and the Alps. By providing two harvests a year it reduced the risk of crop failure and famine. It also made plowing more effective by two means. First, by doing slightly more plowing than under the two-field system, a community of peasants could roughly double their crop yield, though in practice the fallow was usually plowed twice to turn under the green manure. Secondly, the cultivation of a surplus of oats in the spring planting provided feed that made possible the substitution of the swifter gaited horse for ox power, after the introduction of the padded horse collar.” The extensive use of plants of the bean family in the spring planting, but putting nitrogen into the earth, reinforce its productivity, which could be an additional benefit.

(c) The Open-Field System: “The open-field system was the prevalent agricultural system in much of Europe during the Middle Ages and lasted into the 20th century in parts of western Europe, Russia, Iran, and Turkey. Under the open-field system, each manor or village had two or three large fields, usually several hundred acres each, which were divided into many narrow strips of land. The strips or selions were cultivated by individuals or peasant families, often called tenants or serfs. The holdings of a manor also included woodland and pasture areas for common usage and fields belonging to the lord of the manor and the church. The farmers customarily lived in individual houses in a nucleated village with a much larger manor house and church nearby. The open-field system necessitated cooperation among the inhabitants of the manor.”

The open-field system appears to have developed to maturity between 850 and 1150 in England. “The open-field system was never practiced in all regions and countries in Europe. It was most common in heavily populated and productive agricultural regions. In England, the south-east, notably parts of Essex and Kent, retained a pre-Roman system of farming in small, square, enclosed fields. In much of eastern and western England, fields were similarly either never open or were enclosed earlier. The primary area of open fields was in the lowland areas of England in a broad swathe from Yorkshire and Lincolnshire diagonally across England to the south, taking in parts of Norfolk and Suffolk, Cambridge-shire, large areas of the Midlands, and most of south central England. This area was the main grain-growing region in medieval times….The open-field system is considered by many economists to have been inefficient for agricultural production and resistant to technological innovation. Everyone was forced to conform to village norms of cropping, harvesting, and building. The communal institutions, the manorial court, and the tenants regulated agricultural practices and economic behavior. The manorial lord exercised control over the tenants by extracting rent for land or labor to cultivate his demesne lands. The scattered holdings of individual farmers increased the time needed to travel to and from fields.”
(d) The Plants Cultivated: Among the cereals, a first group includes millet, wheat and barley; and a second group contains spelt, rye, oats, and buckwheat; the circulation of which developed fully in the Middle Ages. Of all cereals, barley is the most tolerant of climatic changes: it can resist drought in desert climates, and its early maturity saves it in cold climates. Besides the cereals, certain plants were grown in the fields to feed men or beasts and to supply industrial needs. Medieval gardening was the chief method of providing food for households, but also encompassed orchards, cemeteries and pleasure gardens, as well as medicinal and cultural uses. “Gardening is the deliberate cultivation of plants herbs, fruits, flowers, or vegetables. The gardening article discusses the differences and similarities between gardens and farms in greater detail, as well as encompassing the different gardens in cultures and eras. Furthermore, gardening was especially important in the monasteries, as they were used extensively by the monks and created a way of life, supplying their overall livelihood. Typically, many of the fruits, vegetables, and herbs that were grown were utilized in multiple ways and over multiple parts of the garden, such as peaches grown in orchards as well as used for closing bleeding wounds.”

(e) Domestic Animals and Breeding: According to evolutionary biologist Jared Diamond, animal species must meet six criteria to be considered as domestication: flexible diet, reasonably fast growth rate, ability to be bred in captivity, pleasant disposition, temperament which makes it unlikely to panic, and modifiable social hierarchy. At the beginning of the Iron Age, the climate became damper and cooler in summer and winter was not markedly lower but snow made the cattle in stable. Thus, a new type of habitation came into use in the regions between the east of the Low Countries and Denmark. This kind of dwelling contrasted with the habitations with transverse divisions of mixed farmers engaged in both animal husbandry and arable farming, which were common in inland areas. “Long after the opening of the Middle Ages, cattle, which had dominated the life of primitive Celts and Germans, remained essential element of personal property among the people least affected by Roman civilization. The conquered Saxons paid an annual tribute of 500 cows to Clotaire I; and much later paid 300 horses to Pepin the Short. Their cattle rearing at the time rested on the use of the natural resources of forest, marsh, moor and open grassland. There were no cultivated meadows: cereals were grown on a small scale in a system of temporary cultivation which involve as unsettled life.” Cultivated meadows, sometimes manured and irrigated had existed in Germany since the Carolingian era. In several regions such as Normandy, Flanders and parts of England, where agriculture was most advanced and most prosperous, meadows were greatly extended, especially as a result of the improvement of marshes. The rabbit was domesticated in addition to other species such as oxen, horses, sheep, or pigs for their wool or meat. The horse was bred with special care on great estates, and fed on fresh grass, hay, straw, oats and vetches – peas and beans too. Mules in some districts worked in the fields, and sheep were bred and diversifed due to great migration of the Early Middle Ages. Butter and cheese making became a small domestic industry; and bees and poultry helped to make wax.
Agricultural Conditions of Medieval Europe: The movement of agrarian economy are determined not only by population numbers, the state of technical development, the system of husbandry, but also distribution of wealth and land ownership, the increasing pressure of the exchange economy, and general economic conditions of the state. Considering those factors, we can divide the Middle Ages into three phases based on available resources as follows.

The First Phase (900-1180): (i) “The widespread gifting of land to the Church continued in the tenth and eleventh centuries; together with the practice of dividing up inheritances, it gradually ate away the fortunes of the lay aristocracy.” The extension of the clearings and the certain of new villages enabled the aristocracy of large landowners to absorb the new religious communities, which duly increased and prospered. (ii) The economic attitude of the great landlords was in to profit from the agrarian expansion and increments in production. (iii) Each large land unit was divided up into two parts: the demesne worked for the landlord’s direct profit, and the tenements’ conceded to peasant families. The swelling number of Cistercian abbeys and other new-style religious communities, which imposed manual labor on their monks and refused to exploit the toil of others. (iv) During this period of demographic expansion and agricultural conquest, the numbers of land-leases went up considerably. In the eleventh century, money became less scarce, and farm produce was sold to urban markets, making trade revive between town and country. After 1150, fixed money-rents replaced the crop-sharing payments. (v) The elements of the seigneurie were the demesnes; the installations that the lord placed at the disposal of his tenants’ families and their neighbors: church, mill, bake house, smithy, and inn; and tithes levied on all the crops in the parish territory that were supposed to go to the bishop, the priest, and the poor, but in fact, went to the lord be he layman or churchman. (vi) The surpluses of rural production went to the halls of the wealthy in return for the protection under feudalism in terms of taxes, dues, and fines.

The Second Phase (1180-1320): The influence of urban economy became much keener than before. “The towns got bigger; the greater part of their population was made up of men who were all but peasants and drew their own and their neighbors’ food from their personal lands, grazed sheep, and grew vines; the towns also became the centers of many seigneuries, and produce from the surrounding countryside came in direct without going through the exchanges.” The rising population generated more demand for food, encouraged the rural economy to prosper, which brought merchants, fairs, money and credit to the city. (i) The first consequence was a falling-off in economic solidarity within rural society. Individual acts for profit were inspired by a personal sense of enterprise. (ii) The new conjecture in the rural economy brought a change in the attitudes of the landlords: it gave them a sense of profit. The profit motive developed mainly within the group of the entrepreneurs, stewards and merchants, intermediaries between the peasants and the big landowners on the one hand, and the masters of urban trade on the other. (iii) As far as the distribution of land-ownership is concerned, this movement affected the aristocracy less than the peasantry in the economy. The mass of seigneuries stayed in the hands of the Church and the military aristocracy. (iv) Many members of this wealthy class moved away from their demesnes. “Though the greater part of the lesser nobility carried on living among the peasants, and the Benedictine communities, overwhelmed with debts and beset with difficulties, put an end to the fermes and came back to direct management, numbers of landlords elected to live in town for at least part of the year.” (v) Economic conditions were all in favor of the big farms. Demographic pressure kept the prices of agricultural produce high and lowered the real wage level, but increased profit of the farms. (vi) Different methods of indirect management were preferred for viticulture and stock-raising. Leases were used, but they were often for very short periods and related to much lower capital amounts; the man who provided his labor and the man who provided the land or capital entered into a partnership to share the risks and profits.
Thus, in the eleventh century, agricultural production of Europe increased rapidly owing to warmer climate, expansion of cultivated land, and technological changes. The growth of population demanded more food supplies and additional arable lands, for which peasants cut down trees, drained swamps, and reclaimed land from the sea. Monks were part of cultivation to establish new monasteries. A new community was established in the cultivated area, which became a new revenue source for the king or the lord as a colony. German settlers crossed the Elbe, Oder, and Vistula rivers to colonize Eastern Europe. In technological changes, the heavy wheeled plough with the iron ploughshare replaced for a non-wheeled light scratch. The wheeled plough was pulled by 6-8 horses wearing the iron shoes and a new horse collar distributing the weight around the shoulders and chest rather than the throat. The watermill was widely spread and dams were constructed to increase water power. If rivers were unavailable, Europeans developed windmills to harness the power of the wind. A three-field system was introduced to increase agricultural production: the first field was planted in the fall with winter grains, the second was planted by spring grains, and the third was allowed to lie fallow. The idle use of the fallow and the rotation of crops prevented soil from being exhausted. On the other hand, the growing demand for agricultural produce in the towns and cities led food prices higher, which made it possible for farms to grow food for profit. As agricultural markets began to grow and money became freely circulated, the owners of landed estates favored a new tenant system by leasing the land to tenants for a fixed rent or sharecropping. As a result, servile labor services by serfs were transformed into payments of fixed rents, and the lords became manorial operators to collect rents or to pay wages without political and legal privileges. Many unfree serfs became free peasants who were economically independent, while political and legal powers exercised by feudal lords were reclaimed by the centralized power of the monarch in the major European states.

The Third Phase (1320-1440): In the first half of the fourteenth century, there is a shift of emphasis in the source material: the mass of seigneurial accounts disappeared as the result of the abandonment of direct management. (i) The big estates were very prosperous around 1300, but their profit margins were extremely narrow. The reduction in the numbers of poor workers in the villages who having no lands of their own were forced to buy part of their food and to stand in line for work, caused a drop in grain prices and a rise in labor prices, which cut the landlords’ profits down to almost nothing or ruled out profit altogether. (ii) The ravage of war and pestilence, forced the landlords to be less exacting towards their tenants and bondmen, even though they themselves were affected by the calamities and perhaps more in need of money than ever before. The emigration contributed towards the total disappearance of bondage in most of Western Europe. (iii) This decline of the seigneurial estates was undeniably to the profit of the peasant economy, which suffered from the restriction of urban consumption. From the fourteenth century onwards, the peasantry was exploited by the entrepreneurs and princely tax collectors, when money was at its scarcest. (iv) The standard of living did not go down, but even rose slightly during this period, which must consequently not be judged too pessimistically so far as the country economy is concerned. At the end of the Middle Ages, peasants could be better fed, better clothes, and better housed than they were in the over-population and the landlord-profiting prosperity of the thirteenth century, while wages rose and rents down as a result of the plague. (v) “Around 1440, the first scattered signs of recovery became apparent in the regions that had undergone depopulation. A new wave of expansion set in, but was very slow in getting fully under way. The population numbers began to go up, and the land recently fallen into waste began to tempt colonizers once again. But the regions where the expansion made any marked headway before 1550 were few and far between. This expansion, based as it was on the land fortunes of the aristocracy and on peasant labor, was set in motion by the same group of grasping entrepreneurs.”38
Chapter II. Economy and Society

(a) **France and Western Germany.** There were three developments in the region from the tenth century to thirteenth century. First, France reclaimed lands: unproductive parts of the estates, marsh and heath, and woodland and coppice, from the sea in Flanders onto the forests of Normandy and Maine and to almost everywhere; while the Germans reclaimed the east of Elbe and colonized the Slav districts. The efforts were made by the religious houses (the Benedictine and Cistercians), ecclesiastical princes (bishops and archbishops), laity, territorial princes, and seigniorial agents. Their main work forces were the tenant peasants of cathedral or churches, of monasteries, and of lay lords; although foreign labor was used in many cases. The clearances brought new settlements, either isolated farmsteads, scattered hamlets, or village communities according to the location of the land and the nature of soil. The new settlements were created by lords for colonization except natural formations. Second, there was no considerable progress in the cultivation of the soil. The triennial rotation was in use in the Carolingian period, but a four-year rotation was applied in some areas to reduce fallow. The more use of iron for farming tools and more labor on the land improved production, and the horse replaced the ox in ploughing on the plain of the Paris basin and elsewhere in about 1200. Many meadow-lands were transformed into arable land, and marginal lands reverted to pasture. As the towns demanded more food, the collective economy on common lands was replaced by agrarian individualism by raising stocks on natural pasture as the chief resource. Third, in distribution of landed property, the royal land possessions in France were reduced by individual donations, restitutions to religious houses, and usurpations of many vassals and sub-vassals; but increased by extensions of the royal domain; while those in Germany remained considerable. The church land increased by new acquisitions largely as a result of donations, and the absorption of small properties belonging to free men who sought the protection of religious houses. The property of the nobles increased as a result of “usurpations, enfeoffments, and appointments to the position of avoue.”

The classical estate, the *villa* of about the size of a large village though varied by region, suffered from the losses as a result of usurpations, enfeoffments, and others at the beginning of the eleventh century. The estate was diminished and the demesne was transformed into new forms of the manorial system requiring less labor services with less holdings. Many religious houses contrived to recover the estates usurped by kings, princes, nobles, and even bishops. The attempts focused on the reorganization of property-groups; compilation of inventories; careful collection of all revenues, rents, and tithes and their reevaluation to secure bigger revenues from their estates with better management. “Most villages were divided among several estates, and many estates had lands in several villages; this was a consequence of the disintegration of the *villa.*” The estate adopted a new method of granting land: lease of a renewable fixed term, paid either by a share of the harvest (a produce-rent) or by a fixed amount of rent. During the twelfth and thirteenth centuries, temporary leases were converted into permanent and hereditary ones, and more estates favored a simple quit-rent without labor services, which was beneficial for tenants in the long run because of inflation. Many peasants specialized in crops such as vines, hops, and pulses; cultivated the olive; and raised stocks; which generated more income. Church was benefited by the privilege of immunity, and ecclesiastical magnates contrived to extend those powers. “In France, as the disintegration of the classical estate proceeded, the autonomy of the ‘dependent’ population increased. The formation of new communities of inhabitants in the towns and even in the country districts, often through the creation of rural communes which were sometimes of revolutionary origin, encouraged villains and serfs to seek enfranchisement. From the beginning of the twelfth century, there were developments in various regions which ended either in the total disappearance of the class of serf or in their numerical increase.” The estate became a mere rent-paying and rent-collecting institution in the course of fourteenth century.
Italy. Recurrent invasion, war and disorder prevented recovery, and the economy reached its lowest point in about 700. The traditional division of functions between town and country was so weakened that town’s people produced food, while peasants engaged in manufacturing. As the economy revived, the population of Italy rose from five to ten million during 1000-1340: Milan, Venice, and Genoa reached 100,000; Florence 90,000; and Bologna and Palermo 50,000. As the population was redistributed, urban governments extended its control over the country-side. Many urban immigrants became landholders, and land ownership created political power of agricultural towns of noblemen, renters, shopkeepers, artisans, notaries, and peasants. Many peasants were part-time artisans or industrial workers, while most village tradesmen also held some land. In the thirteenth century, there were conflict between the landed nobility and the rising new merchants, as capital moved from land into trade and industry through commercial investments. Throughout the Middle Ages, the North of Italy was industrial, and the South was agricultural. The revival of the rural economy depended on urbanization and commerce, since the growth of the population increased agricultural demand. The rising demand for food made farming profitable, which raised land values so that old land was improved and new land was reclaimed. In Northern Italy such as the Lombard Plain, large areas of pasture, wood, and fen had been reclaimed for cultivation since the tenth century. Old settlements were expanded and new settlements were formed with new canals, dykes, drainages, and irrigation ditches; and the maintenance and use of waterways were regulated. By the twelfth and thirteenth centuries, the valleys and highlands were reclaimed or colonized with new settlements. There were seigneurial or statutory restrictions on the use of land and livestock: animals such as pigs, sheep, and goats were prohibited in the most of suburban territories and even in mountain districts partly because of defense of vines and crops. In 1138, permanent water-meadows or marcite appeared on the estates near Milan in Italy with irrigated grass and arable fields, and since then, intense progress had been achieved.41

From the Alps and parts of the Northern Plain to all over the peninsula and islands, common wood and pasture were collectively owned and administered: “meadow was often nothing more than common grassland, seasonally ‘defended’ and divided up for hay; while much of the rest, though held in severalty, was subject to common pasturage.” In the early Middle Ages, open-field husbandry was generally prevailed. About 1200, a common-field system had disappeared in Northern Italy such as in the lowlands of Milan; and common rights began to decline in Southern Italy though communalism still prevailed. In medieval Italy, there were two agrarian systems: the customary and the individualistic, which applied different methods of agricultural production: extensive and intensive. A number of new crops came from Levant, which were first established by Greeks and Arabs in the South of Italy and Sicily. They were the monsoon crops: rice, sugar-cane, and cotton; the mulberry for silk-worm; and the citrus fruits, the lemon and the bitter orange. The traditional crops were intensively produced in grain, olives, and vines; where grains included wheat, oats, barley, rye, bread corn, sorghum, and the millets. Flax and hemp were popular products of the North. In agricultural technique, there was no revolutionary change in the Middle Ages, but plough types and plough teams were not the same by region. In Sicily, the usual plough was a pre-Roman aratro chiodo, and the draught animals were mules; while elsewhere oxen were used in teams of two or four on light soil and six or eight on heavier soil; and wheels were occasionally used.42 A three-course system was introduced in cultivation, and more complex rotations were applied. They used stubble-burning and wood ash for fertilization in order to help for the deficiency of animal manure – the dungs of all animals and birds.43 In Italy, pasture land was normally seasonal because of deficiency of hay, so animals were forced to move to winter grazing. But intensive methods in cattle breeding were possible in the Po valley from Piedmont to Lombardy to Emilia, where permanent grassland could feed sufficient stocks.
(c) Spain: In the early eighth century, the Muslims invaded Iberia; and in the eleventh century, the Christians began to reconquer the land. Noblemen, military orders, and the church acquired most of the land of Spain although a significant portion was held by the crown; and slaves, serfs, tenant farmers, and wage earners provided agricultural labor. In the ninth and tenth centuries, the free peasants owned small pieces of land, but they surrendered land ownership to the lords, princes or counts, or abbots or bishops, in exchange for protection. As a result, the size of land holdings certainly increased, which formed the manorial demesne. The contractual or customary obligations of serfs varied, while tenants on crown lands were less oppressive than the lord. Like others, the serfs were perpetual tenants bound to the soil and their personal status was hereditary, by paying rent either by a fixed amount of money or a certain percentage of the crop. Serfdom disappeared in all areas of Spain by the end of thirteenth century owing to the use of money with urbanization and the growth of industry and commerce. In the first stage re-conquest from 1000 to 1212, the shortage of manpower was so serious that rulers tried to hold old residents and to attract new colonists by providing special opportunities and privileges such as “a whirlwind of liberty” by removing legal and fiscal inequality with economic benefits such as tax exemptions. After the conquest of Toledo, Muslims largely moved into the south, and the Mozarabs, Christians who lived under Moorish rule, filled the empty space with equal treatment to the Castilians. The campaigns of Almohads devastated the countryside, and coin debasements caused inflation. The Mozarabs who owned small lands sold their properties to pay off their debts. The church and rich Castilians purchased those lands; and the initial promise of equality was subsequently undermined. The monasteries and the military orders played an important role in colonizing the free land in the frontier region. In 1140 Alfonso VII of Castile granted some land to the white monks, which contributed to the creation of the first Cistercian foundation in Spain.

During the thirteenth century, Ferdinand III of Castile and Leon (1217 and 1230-52) and James I of Aragon (1213-76) dominated the second stage of re-conquest in Spain. The Christians suffered from a shortage of manpower in the process of resettlements after the re-conquest though rulers tried to attract new comers with incentives of liberties and exemptions. In the early stage of re-conquest in Valencia, Muslims were entirely expelled in the northern part of kingdom; but remained stable in the central and southern regions. After the rebellion of Muslims in Cordoba and Seville, they were expelled from the regions, place by place. The Christians won the grasslands of the plains and steppes of Andalusia and Extremadura, that made the pastoral industry integrated. The merino sheep were introduced to Spain from Africa in the twelfth century. They grazed in the northern highlands in the summer and wintered in the frost-free valley of south-west glass-lands; which created the massive seasonal migration. So agriculture was hampered by grazing and the Castilian forest suffered from their regular migration. Old Visigothic laws allowed the transhumance unrestricted access to unenclosed or waste land, but many municipal charters in the twelfth and thirteenth centuries forbade the intrusion of migratory flocks. Since the demand for Castilian wool increased in the textile centers of the Low Countries and Italy, the Marino sheep contributed to the foreign trade in the Middle Ages. In agriculture, the irrigation system was improved and extended in medieval Spain: the Moors used animal power to raise irrigation water from wells. They used fertilizer of “dung, urine, human excrement, ashes, and decayed vegetable matter” and major farm tools were plough and ploughshare, hoe, large hoe, adze, axe, pruning-hook, sickle, and shovel. The three-course rotations were used. The Berbers, Arabs, and Syrians contributed to the cultivation of certain crops, fruits and vegetables; and the Moors introduced rice, sugar and cotton to Spain. Mulberry trees were introduced. Spain both exported and imported grains – wheat, barley, millet, oats, and rye – which were the commonest. Wine and olive oil, flax and hemp, and dyestuffs were important exports for Spain.
(d) **East Germany, Poland, and Hungary.** In the Middle Ages, the Wends was a Slavic tribe, who occupied the land between the Elbe and Saale rivers on the west and the Oder River on the east. German rulers waged war against them from the sixth century, conquered and Christianized them in the twelfth century. The conquered land became the major part of current East Germany such as Brandenburg and Saxony; and the Oder river formed its eastern border with Poland. This colonization movement was initiated by the great landowners, the church, and the monarch. The immigrants came from all over the Germans; the colonists brought other immigrants from their families and relatives; and all social classes participated in colonization: clergy, knights, traders, craftsmen, and peasants. The clergy and nobility were responsible for settlements as landlords who took an initiative in agrarian reform; the knights also provided some organizers of settlements; and the peasants were the most influential class in colonization. The Slavonic princes of the east soon learned and imitated the Germans, and began to compete with German princes. The latter established great enterprises in frontier regions with own expense, or urged monasteries and noblemen to do so; while native lords sought lands everywhere to get yields. Monasteries and knights purchased woods and wastes for Germans to settle, and often sold them when settled. Some entrepreneurs participated in the east movement for profits. As colonization set in the east, the Wend was gradually assimilated to the German agrarian system that began to spread beyond the limit of German colonization. The natural environment in the east was not so different from those of old Germany that no serious alteration of farming methods was needed. Although the land originally belonged to the princes, the ownerships were transferred by grants and purchases. The new immigrant lords, from monasteries or knightly, acquired lands or fiefs from the princes and native lords. The extension of the cultivated land brought more people into the German colonies, which brought economic expansion due to rising production of grain in farming and of meat, milk, cheese, wool in pasturing, and some others form fishing and hunting elsewhere.

In Poland, the amount of land owned by the gentry was greater than that possessed by the monarch and church together in the Middle Ages. As the large farms were gradually transformed into manors or seigneuries, whose owners managed their lands; the landed estates formed the peasant villages. Major manorial employees were peasants, who lived on their own farms and were specialized in their own duties on the farms. The tenants had two kinds of obligations: manorial services and state burden. As manorial burden, the peasants should pay rent by grain mostly rye, wheat and oats; but sometimes malt, fowls, cheeses, eggs, or flax. They can be discharged by tenant labor, which were measured by time or quantity of work done. The state burdens were connected to communications, administration, and military preparation. The peasants should furnish men, horses and carts for the military and civil transports. In the twelfth century, the monarch gave immunity to certain ecclesiastical and knightly estates by partial or total exemption of obligations. In Hungary, all land was considered as king’s property. As the military organization of the country was perfected, lands were distributed among the royal servants and the knights, whether they were Hungarian or foreign, in the second half of the tenth century. In the early thirteenth century, the king distributed the land in a large scale, and this practice ultimately led to the complete breakdown of the system of castellanies. After the conversion of Hungarians to Christianity, people who provided service under the king or landlords obtained some portions of land. A large number of them followed the profession of arms and some entered the rank of the gentry. The class of slaves became gradually smaller, and vanished completely in the fourteenth century. In addition to the peasant farms, there were also manorial farms: they were few in number in the thirteenth century, but more widely spread in the fifteenth century; and forced labor was extended even beyond the borders of the country. After the subtraction of the tithe for the Church, a second tithe was to be paid to the landlord – on ninth of produce.
(e) **Russia**: “Evidence for the areas covered by the basin of Lake Ladoga and Il’men, the upper reaches of the Western Dvina, Dnieper and Volga, and the Oka basin suggests that the most frequent size of rural settlement in the tenth to twelfth centuries was from four to six houses. The overwhelming majority of the settled population lived in settlements with more than five houses.”47 In the central Smolensk from eighth to tenth centuries, settlements varied from about 1.75 to 10 acres with from five to eight houses. Information on the area south of the Pripet is extremely limited. Estimates for the total population of Kiev Rus’ at around A.D. 1000 vary from 1.5 million to much larger. In most area rural settlements were on rivers, since dense forest was colonized by river routes; and the soils of the river were in many cases alluvial. The concept of large estates was brought by the Viking princes or from Byzantium; the great nobles, the boyars, and the princely retinues began to hold great lands in the eleventh century. In the eleventh and early twelfth centuries, the emergence of new castles in the countryside was linked with the development of estates. By the thirteenth century, the rulers considered the apanage principalities as their private estates with castle or manorial center; and by the late eleventh century, the church had acquired large estates and ecclesiastical property was much extended by the more than 50 monasteries which had been founded by the twelfth century. The formation of estates extended landlord’s authority over the communes. In this way, by the fifteenth century, probably two-third of all agricultural land was held by the apanage princes, great nobles, servitors and the church. “The residence of the lord or the monastery was now the center of extensive land holdings, sometimes scattered and intermingled with holdings of other lords over a very wide area; it was also the hub of much economic activity and dealt with large quantities of produce of all kinds. As the centralized Russian state was emerging in the course of the fifteenth century these residences of the nobles on their estates were usually unfortified, but even at the start of the sixteenth century fortifies boyar settlements were still occasionally being created in the north-east.”48

Slash and burn farming was probably the early system of farming practice in the forest of Russia; it continued as an exception till modern times, even for two or three years in collective farms in the mid1930s in parts of Novgorod. The burnt areas, however, were not always used for grain growing. They were especially suitable for root crops and particularly the turnip which was an important item of peasant diet. “The more extensive and irregular fallowing systems, with or without any regular rotation, seem to have been superseded by the three-course system at different periods in different area. The presence of winter rye, probably the commonest grain in the pre-Mongol times, is almost certainly evident of fallowing….in the eleventh and twelfth centuries the three-course system was established, and perhaps predominant, in the Novgorod area.”49 Animal husbandry played an important part in the tenth to fifteenth centuries; livestock supplied food and a number of raw materials, as well as draught and riding animals. Hunting also provided both food and raw materials such as pelts, hides, sinews and castor, part of which was traded. In the pre-Mongol period, tribute was evidently most important at the level of the principality, and remained so throughout the medieval period. The emergence of large estates imposed a heavy tribute on them. Tribute paid to the lord was evidently assessed by the amount of tilled land normally associated with an implement. The majority of the population probably lived outside such estate, as free man or slaves. “The administration of justice provided income for the prince, maintenance for his officials and the possibility of extending his authority to new areas.” The labor force now included a new category of dependents called zakupy: they were debt-serf who had taken a loan and were obliged to work for their creditors. The Mongol invasions caused great losses in men and material. The peasants on landlords’ estates owed a wide variety of obligations to their lords, mostly the general tax or tribute. Similar obligations to Crown land and State land, peasants on church lands paid tithe and certain other dues peculiar to the church institution.50
(f) **England**: The land was mostly cultivated with agricultural settlement as recorded in the Doomsday Book made in 1086. However, land reclamation was still possible in the twelfth and thirteenth centuries on the peripheries of England, or difficult and inferior land like marshes and forests which had been by-passed in the earlier phase of internal colonization. The land owners, kings or private, had made considerable profits from colonizers and squatters. Land was so dear that the lords levied the tallate (a supplementary tax) on their tenants in time of special need; and demanded “entry fines” to incoming tenants as a kind of premium for rents of profitable lands. As once arable land relapsed into waste with its low productivity, reclamation of waste slowed down and finally stopped by the end of the fourteenth century. According to J. C. Russell, the population of England was 1.75 million in 1086 of the Doomsday, peaked at 3.7 million before the famine, and declined to 2.2 million in 1377 of the Poll Tax. The expansion of settlement and reclamation during 1000-1300 was a sign of increasing population, who migrated from the countryside to new urban centers. Men were so many and land so scarce, and the land owner-ship was changed only by purchase or marriage. The overpopulation became to halt sooner or later due to famine, diseases, and wars. As the ratio of men to land declined and wages rose up and rents fell down; the pattern of agriculture changed, which will be discussed later. In the open-field systems, a number of villages and manors tried to reduce their fallows. One of land usages was the pasturing of village animals on post-harvest stubble that was a late innovation. The other was the infield-outfield system: while part of the land (infield) were regularly manured and intensively cultivated, the rest would form the outfield producing grains and vegetables. The medieval England combined with communal and manorial patterns. The ideal manor was bilateral: the landlords directly cultivated part of their estates, while they leased the lands to his tenants for rents and labor dues. The manors differed from place to place and from period to period: they yielded either nothing but rents (zero profit) or maximized profits of cultivation.51

While lay landlords were personal and accidental, ecclesiastical landlords were close to the ideal type. The Benedictine manors maintained enlarged demesnes with strict enforcement of labor services and feudal rights, since their houses needed food and money to purchase necessities for the monks. The Cistercian manors established themselves in virgin wildernesses beyond the settled regions or created wilderness by expelling lay population in their vicinity. Hence, it was impossible for the Cistercians to use the tenant labor for cultivation. The Templars and the Hospitalers run estates mostly for money income; and the Templars reclaimed and colonized vast areas of land in Lincolnshire, Yorkshire, and elsewhere in the thirteenth century. The Episcopal estates resembled the baronial estates, where manors were partly sources of provision but mainly that of money income. Agricultural investment, technical innovation, and efficient management gave opportunities at the time of expanding settlements. In the thirteenth century, there were two landowning classes in England, the magnates and the gentry, but the latter became more prevailed in the later centuries. The villagers consumed inferior grains (oats and barley) for their diet than wheat. Their average return for all crops was about four times the seed at the beginning of the thirteenth century, and was lower than three to four times the seed by the end of the century. Falling yields or sagging prices made landowners curtail agricultural investment. In addition to their rents, the peasants paid the tithes to the church and occasional royal taxes. At about the time of the Norman Conquest, servile land tenure was near its peak, but large numbers of villain tenures were converted into tenants for money rent as a result of disobedient tenants as well as landlords’ preference. Heavy labor dues were converted into high money rent and light services, so the English village society moved away from serfdom, accompanying the shortage of village pasture and livestock in the thirteenth century.52 A villain could improve his economic condition by obtaining a charter of manumission from lords, which grants occurred on some estates.
Scandinavia: The Scandinavian states were fundamentally different from each other in land and climate for agriculture. Denmark had more arable land than others; Sweden had arable land but stock-raising was more important; and Norway mostly depended on stock-raising for food and clothing. The village settlements with farming were primarily in Denmark and on the Swedish plains. There were three types of village formation: “the nucleus-village, where the farms lay around the rectangular or oval village green, and from which the cluster-village later developed; the long village, where the farms lay in two parallel rows opposite one another along a rather narrow village street; and finally the ‘topographical’ village, consisting of one long row of farms facing perhaps a stream, a lake, or a stretch of meadowland.” The Scandinavians formed the village community, and the villagers commonly owned pasture. Village measures were important in the activities of the village community. The share of land of each farm in the village community was measured by the number of standardized-size of the farm. When new land was cultivated by the community, each farm received the same share of the newly acquired tillage as the share of village measures. The same principle was applied for the total partitions in Denmark and Sweden. A peasant had a free right of moving from the village and setting up a house on one of his fields or meadows. In about 1200, the three-field system was already introduced into the main agricultural area of the Danish islands and Skaane; and in Jutland the three-field system was usual in the more fertile of eastern districts, but the two-field and all-corn systems in other parts. In Sweden, the two-field and all-corn systems were more common. Denmark chiefly produced rye and barley, and oats and wheat were partially cultivated. They grew flax, hemp, hops, turnips, and cabbage in specially fenced patches; and apples were mostly common. Norway and Sweden raised the same crops as Denmark, but the former raised more barley while the latter more wry. In Norway, stock-raising was more important than farming: the hey-crop was more significant for them.

The large areas of uncultivated lands belonged to the provinces, and the crown claimed partial or complete ownership of the uninhabited districts. In Norway in the first half of the fourteenth century, the crown owned about 20 percent, the nobility about 15 percent, and the peasantry about 50 percent of the entire land. The Swedish king owned a third of all the commons in its southern provinces; in Denmark, the king owned the ground, but the farmers had the right to use the forests. The most important Danish exports were dairy-products, horses, and later oxen: “The stock-products exported from Skaane to Lübeck were worth ten times as much as the grain exported by the same route.” The Swedish exports were similar to the Danish ones. Forestry was significant for the economy in Norway: the timber was considerably exported to western Europe. Hunting was restricted to landowners in Denmark, either the king or nobles. In Sweden, hunting of certain animals was preserved for the king, and hunting for the peasantry was prohibited although that for peasants was allowed during a certain season in the central Middle Ages. Hunting of fur-bearing animals was essential for exports. Fishing was important for the agrarian population of the Scandinavian countries; and the Norwegian fisheries developed into a national industry from the thirteenth century. Farmers from all over Denmark took part in the fishing; and there was abundance of salmon in the rivers into the Baltic. During the Viking period, slave-hunting and trading were carried on, but during the thirteenth century slavery became rare, and the law ended human bondage by 1335. The church and the nobility increasingly held tax-free lands, while peasants sold their lands to tax-free nobles and became tenant farmers, so that the number of tax-paying peasants decreased. In Denmark in the first half of thirteenth century, landowning peasants held half or even two-thirds of the lands, but became only ten percent by the mid seventeenth century. Though varied by region and by time, peasant landholders declined and their status gradually changed. The old serfs became free laborers, who carried out their previous functions either as tenant farmers paying rents or as free workers receiving wages for their work.
The Demand Structure (1000-1500): Richard Roehl introduces the demand-side approach in studies of economic history, in which overwhelming majority is supply-sided oriented. “There are, I think, basically two reasons why this is the case. First, to the extent that writers have been informed by the theories of economics, a bias was introduced and reinforced from this quarter. Classical economic theory is itself supply oriented. Adam Smith, for example, was really concerned with the production of the wealth of nations; Malthus’s worry was the supply response of population to the relationships of aggregate food supply. Marx was mainly interested in the forces and relationships of production, though he did recognize more clearly than others the critical role which demand could play. Classical and neo-classical theory, then, essentially ignored the question of the determination of the level and composition of demand; the assumption always was that the economy automatically operated at the full employment level and therefore the interesting problems were those of how economic agents and factors responded to this equilibrium value of demand. The Keynesian Revolution changed this situation. By demonstrating that the economy might achieved equilibrium at a level of aggregate demand lower than that required for the full employment of resources, Keynes directed the attention of theorists away from the former exclusive preoccupation with the economics of supply….Keynes’s theoretical insights did correct for one bias; but they also revealed another. The work of testing and applying Keynesian theory made increasingly clear the relative scarcity of the kings of data necessary in discussions of demand, as compared with many other types of economic information.”

In addition to the data problem in the economy of medieval Europe, there was no homogeneous economy in this period. The major dimensions of the heterogeneousness medieval economy were from region to region, according to the sequence and chronology of economic development, and by socio-economic class. Regional and chronological disparities with respect to patterns of demand were probably due to class affiliation: the number of peasants of areas in 1000 differed from that in 3000.

Peasants who were engaged in working the land would have required a somewhat larger caloric intake. A variety of sources suggests differently: an average of 2,000 to 2,200 and to 3,000 calories might be sufficient per day. This is the basis to calculate daily ration for farm laborers, so calculation of the specific kinds of food consumed must be derived indirectly and speculatively. “Cereals were the foundation of the lower class diet; and they were consumed for their calorific value. Although bread was not the only food item consumed, it was firmly established as the staple. This bread of the lower classes was usually backed from barely or rye, sometimes from oats or mixed grains, rarely from wheat. Almost as common on the tables of the poor were the various meal-based porridges and gruels. Finally, the most frequently consumed beverage was ale, which was fermented from grain, normally barely.” The most important basic elements in the diet of the lower classes were barley, rye, and oats. Wheat was rare and luxurious for peasants, and was produced and consumed by members of the wealthiest classes, and a transfer was effected “either through a medium of payment of taxes, tithes and other payment dues, or through sale on the market. Wheat was thus, for the peasant, almost exclusively a cash crop, or one required to discharge his obligations.” The peasantry consumed legumes including peas and beans, and small quantities of dairy products. “Fruits and vegetables, often in dried form, were occasionally available, depending upon the climate of the region and the seasons. Though the use of sugar gradually became more important, especially for upper classes, for the peasant honey was the major sweetening agent, and was extensively used. Fish was an important item in the diet of peasants and of the other classes as well.” Peasants ate meat only seldom, predominantly lamb and pork. Peasants consumed much of he produced, and only a minor portion of the total volume passed through markets as surplus. Changes in demand for the basic foodstuffs became elastic with respect to both price and income, depending upon demographic movements.
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Peasant closing was seldom replaced with new pieces; instead the original garments would be indefinitely repaired, mended and patched. Their housing was often provided by the lords by the tenure agreement, but it was hardly more than crude huts. They would be allowed to bring livestock within the home to get the body heat from them; fire would be needed for heating, while fuel was normally gathered from the ground-wood of the common and the wastes, and peat was additionally used as a fuel. The aggregate demand for feeding, clothing and housing of peasants (80 to 90 percent of total population) was substantial, but they produced much of what they needed. Only for a small portion of their total needs, they resorted to markets. On the other hand, land was the principal source of wealth, and noble birth was associated with hereditary lordships over some lands. The wealthy constituted “an important source of demand not only for the basic commodities available locally, such as grains, fish, meat and dairy products, but also, as their diets were more varied, for many amenities of more specialized incidence and production.” They generated an important segment of the demand for cloths, fabrics and other furnishings; and so the inhabitants of towns and cities generated market demands, which must have been quite substantial magnitude. If the market could not satisfy their needs, serious social problems would arise, particularly in food supply. Housing was also a problem for town dwellers. An excess of demand over supply for urban housing would create similar consequences to present time. “At any rate, what this means is that a considerable volume of housing units was being supplied, which in turn implies a sizable demand for the construction materials, for the transportation services required to move these materials, and for labor services at the construction sites. However, medieval Europe was an agrarian society, which was only moderately urbanized, so on the level of aggregate demand, it is likely that urban impact on economy was far less than that of rural economy.

Regarding the impact of medieval Church on the patterns and structure of demand, the number of medieval churches had been expanded or contracted in mild correlation with the general demographic trends. Cathedrals and monasteries proliferated as the old orders expanded and new ones were established at intervals. “The appearance and growing importance of the mendicant orders are indicative of the gradual urbanization of medieval society.” In many respects, upper members of clerics were economically indistinguishable from the other members of the nobility. The typical village priest existed on the similar consumption patterns of the diet, clothing and housing to those of his peasant neighbors. The household of chantry priests lived on a modest level supported by an endowment of rental income. One-half or three-fourths of their budget went to purchase of food, “which was mostly bread, meat and ale – wine appears to have been reserved primarily for entertaining the occasional visitors. They consumed beef, mutton and pork which they purchased throughout the year, presumably fresh. They had fish every week. Their diet was enhanced by a variety of semi-luxuries – butter, eggs, milk, figs, raisins, chicken, etc….This description provides a general impression of the standard of living enjoyed by the middle classes, though of course specific details would vary from region to region.” In public consumption, the construction of cathedrals and monasteries created demand for construction materials and labor; and the Church was the welfare state of the Middle Ages. “The Church offered hospitality for pilgrims and other travelers, primarily in the form of monasteries; hospitals were for these persons, as well as for the aged, the infirm and the ailing. Arrangements were also frequently made for the care of widows and orphans….In some areas, of course, such welfare services were performed also or instead by other agencies – the greater secular lords or, more usually, the town patriciates and urban communal authorities. The activities of these bodies were important and ought not to be overlooked. But, in the last resort, it was always to the Church that one turned. The point to be made here is that the volume of goods and services thus consumed must have been large. The public segment was not insignificant in total consumption.”
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A few commodities deserve attention due to sheer magnitude of their total consumption. In addition to grain, salt was in great demand as the fundamental consumption. Wood with peat was widely used for domestic heating and cooking; timber remained an important construction material and was used for the general expansion of water transportation. While wild and domestic pigs foraged for acorns and roots, ranches needed the fences to confine livestock to or from certain fields and areas, as their seasonal usage rotated. Candles were the only alternative to darkness when the sun was hidden. In the Middle Ages, transportation services were mainly of a commercial nature, particularly like banking and insurance. Many other common services might include those of the local brewer, miller, baker, blacksmith, carpenter, barber, etc.; and nurses and laundresses served the urban and rural wealthy. Let’s move to an investment demand. In agriculture, it is intuitively clear that “peasants simply had little or no capacity for investment out of their own resources. In the normal course of things it was a struggle just to secure the basic necessities of life. The few pieces of capital equipment which a peasant might have to work with – primarily agricultural implements – were crude affairs either provided by his lord as part of the tenure agreement or made by himself. Insofar as these were durable goods, they would be passed along from one generation to the next.” Moreover, the conditions of tenure often provide a small portion of any increase he might achieve in production with innovation. The communal regulations under which so much agricultural production was carried out could make it difficult or impossible to introduce innovations raising productivity. The combination of personal and institutional disincentives resulted in the very low rate of investment in agriculture. As a reasonable estimate, an average of 4 to 5 percent of revenues devoted to investment in this period. Much of this investment by landlords, would have taken the form of land improvement or irrigation, reclamation of waste, and so on. “The irrigation canals of the Low Countries and the Po Valley are one example of the potential value of this type of investment.”

One of the most important embodiments of capital in medieval agriculture was livestock. Animals were expensive to acquire and costly to maintain. In the absence of specialized fodder crops and stall feeding, animal husbandry requires extensive land utilization; and, it is inefficient as a supplier of foods, compared to grain production. The level of medieval industry was in the stage of handicraft, so that skilled and experience were as important as physical capital. “The mining of various ores and certain phases in the production of metal products could require substantial capital investment; and mines and forges constituted a major component of the total fixed capital in the economy. Mills were another major category in fixed capital stock. Mills powered by animate energy, but water and, later in the period, by wind were to be found in every region of Europe. Most were for the grinding of grains for bread and beer, and also for the pressing of oils; but growing numbers were constructed for use in the metallurgical trades and even for the fulling of cloth in the textile industry. The facilities of shipyards, and ships themselves also represent large chunks of fixed capital.” In the process of production and distribution, the cost of inventory, which would be larger in trade, should be minimized by various ways. The capital investment is closely related to the capital markets: the cost of investment, interest charges on such loans, should be covered by the benefits from the investment minus depreciation of machines, equipment, and or facilities. The business manager should consider the roles of fixed and working capitals in operations under the risk of uncertainty. In public investment, certain individuals and agencies might assume the responsibility for the construction and upkeep of such facilities as roads, bridges, harbors, and waterways. There might be the maintenance of the town walls, the supply of some very rudimentary sanitation, and the provision of such facilities as water supplies, public baths, hospitals etc. The formation of social overhead capital was essential, while its medieval investment was relatively small, and the rate of return was usually marginal.
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Photo II-2-1. Roland pledges his fealty to Charlemagne from a manuscript of a chanson de geste, c. 14th century, accessed 2 June 2018, https://upload.wikimedia.org/wikipedia/commons/2/27/Rolandfealty.jpg

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2. Lordship and Community in Medieval Europe

At the time of foreign invasions in the eighth and ninth centuries, markets could not function properly, and the lack of money circulation disturbed exchange, so free workers had two choices of contracts: either to work for the lord as a serf, or to borrow land from the lord by paying rent or providing services as a vassal. Nevertheless, the reappearance of a market economy in these same centuries weakened the economic basis of Seignorialism or manorialism. “The peasants were then able to sell excess products for money and to buy freedoms of various sorts from their lords. The lords were only too ready to sell these freedoms because the money enabled them to hire wage labor that was superior in discipline and frequently cheaper. The political power of the seigneurs was also undermined by the developing jurisdiction of strong princes, who tended to take into their own courts the cases of any who could pay enough. Even the system of two classes, lords and peasants, was undermined by the rising towns whose bourgeoisie were a middle class between the two, attracting recruits from both. Meanwhile, in similar ways, political-military institutions had been transformed toward feudalism as follows. First, the subjects to the ancient Frankish war-duty were replaced by a new professional fighting class composed of highly trained, mounted, individual fighters, particularly at the time of the Muslim invasion. This fighting class remained by a typical form of private contract, which contained both a personal and a real relationship – vassal and the benefice. Second, there appeared the free Germanic peasant, who was no longer a simple cattle breeder, but a man involved in settled agriculture became one with this soil. The village community did not guarantee protection, for which many free peasants gave themselves to the command of a powerful lord. Third, the lords of the land, particularly the knights, made rights of domain their own, whether they are received them as direct grants from the king as fiefs or usurped them and had them recognized by later privileges.

In this regard, feudalism was rooted and operated with following functions in the Middle Ages. “(i) The military – the appearance as a separate group of a highly trained, professional, military class bound to a lord by fidelity, bounded on private contract, who won for themselves a privileged position. (ii) The social and economic – the development of a landlord-peasant form of economy assuring this privileged military class an unearned rental income. (iii) The local position of these warrior noblemen as lords, and their predominant influence within the state that was predisposed toward such influence; because of its loose structure, because of the predominance of personal means of rule, rather than institutional; because of the tendency toward patrimonialism; and because of very close ties with the Church hierarchy.” Feudalism developed in three major stages. In the early stage, the military factor predominated, which lasted until around 1200; in the high stage, the warrior nobility brought its political influence to the highest point; and the late stage, the interest of the nobility was concentrated on maintaining and utilizing its members’ economic and social position as lords of the land. However, feudalism began to disappear as their functions tarnished with the change of environment. The military function of feudalism disappeared with the appearance of mercenary troops and the standing army. The political functions disappeared under the color of Estates, in the rise of absolutism and parliamentary government. The economic and social functions vanished by the impact of liberty and equality as well as the rise capitalism.62 “In England few serfs survived by the 16th century, and the land was largely cultivated by yeoman freeholders or farmer leaseholders; the estates that were still intact were cultivated by wage labor. The lords remained socially dominant and often exerted patriarchal influence, but the peasants were legally free to change residence and employment. On the Continent changes came less rapidly. The seigneur in France was abolished only with the French Revolution in 1789, in the Austro-Hungarian Empire in 1848, and in Russia only in 1861.”63
Manorialism: Seignorialism, known in England as manorialism, was a system of political, economic, and social relations between seigneurs, or lords, and their dependent farm laborers in the Middle Ages. Seignorialism should not be confused with feudalism, which was a system of military and political relationships among the lords only. At the time of Augustus in the Roman Empire, it was evident that slavery was very widely spread throughout the domain; “that the rich in particular had at their disposal great troops of slave laborers whom they employed, not only in domestic work and handicrafts but also on agricultural work; that especially on great estates, apart from some paid laborers hired in times of pressure or for specialized tasks, the work was done almost exclusively by slaves. Even in Germany, slaves, though no doubt many fewer, were found in all comfortable homes; at the time of the invasions the chieftains brought slaves of their own race into Romania; in raiding there they got plenty more.” However, the decline of slavery is one of the most notable facts in our western history because of following reasons. First, the slave is a form of capital with modest yield, but a fragile form that you can lose easily by the loss of life, while you can get it only by war or slave-raiding. Hence, its replacement with substitute was demanding. Second, Christian ethics emphasized the master’s duty to treat his slaves well, since they were his brothers in Christ. The freeing of slaves was an act of piety; and the desire to win salvation may encourage the salve master to do something with the manumissions during the age of the Crusades. Third, the Church refused resolutely to sanction the enslavement of Christians: if a Christian captured another Christian, he was obliged to respect his free status. Fourth, in the Roman world, the division of latifundia into small farms can be clearly traced from the second and third centuries; in which era human merchandise was becoming rarer, though its supply was far from exhausted. During the early Middle Ages, the tenure system managed to establish itself, although the existing servile population might have been exceedingly useful.

In the Roman Empire, agrarian life was increasingly dominated by the estates, or villas, of the landowners, who supervised the cultivation of their lands by slaves and former slaves. Nevertheless, it became obvious that the working of great estates by slave labor was no longer possible or desirable in the long run, so that the replacement of slaves with tenants must be the necessary choice to make the economy move forward. Since the days of Constantine, the Roman cultivators from father to son had been bound to the land by the law of the colonate so that the farmers could not quit his land. The emperors or their staffs attached almost everyman to his rule and tax quota by hereditary and unbreakable ties: “the decurion to his municipal office; the soldiers to the army; the artisans to his trade; lastly the farmers to his fields.” The kings granted immunities by allowing certain lords to have rights of jurisdiction over their lands and inhabitants. “When the German invaders conquered the Western Roman Empire in the 5th century, they took over this system of estates with dependent cultivators. Outside the Roman Empire - in England, Germany, and Scandinavia - Seignorialism was introduced by the princes. Small freeholders continued to exist everywhere, but more and more of them found it desirable to commend themselves to the care of lords. The breakdown of strong central government in the 9th century accelerated the development of the seigneur as the principal unit of political authority on the local level. Economic localism, in the absence of strong urban settlements and a market economy, also strengthened the economic control of the seigneur as the head of an agricultural unit of production and consumption. All the people under the jurisdiction and economic supervision of the seigneur tended to be assimilated into his family and treated as if they were his children: to be judged and punished by him, to be directed by him in their work, and to be under his care and protection. They were his serfs, to use the term that became common after the 10th century.” Before further discussions about relations between the land owners and laborers in the development of serfdom, it is necessary to define the related terms such as freemen, villains, borders and cottagers, and slaves.
What are differences of notions between free and unfree? The freeman is the man “who can choose his own lord – as a vassal does, whose homage must be renewed as lord succeeds lord, under pain of losing his fief no doubt, but in theory of his own free will; as the peasant also does who is only bound to his lord by holding some tenure, or living on some particular spot.” In other words, freemen were free tenants who held their land by one of variety contracts of manorial land-tenure and were essentially rent-paying farmers who owed little or no service to the lord, and had a good degree of security of tenure and independence. “In parts of eleventh century, England freemen made up only 10 percent of the peasant population, and in the rest of Europe their numbers were small.” On the other hand, the un-free man is the man bound to the lord by a tie that is personal and hereditary, a tie which in some fashion attaches to his body from birth, and is in consequence rather degrading and socially incapacitating. There were three types of un-free men in the Middle Ages. (i) A villain represented the most common type of serfs in the Middle Ages. “Villains had more rights and higher status than the lowest serf, but existed under a number of legal restrictions that differentiated them from freemen. Villains generally rented small homes, with or without land. As part of the contract with the landlord, the lord of the manor, they were expected to spend some of their time working on the lord's fields. The requirement often was not greatly onerous, contrary to popular belief, and was often only seasonal, for example the duty to help at harvest-time. The rest of their time was spent farming their own land for their own profit.” (ii) The borders or cottagers ranked below a serf in the social hierarchy of a manor, holding a cottage, garden and just enough land to feed a family. They did not own their draught oxen or horses. (iii) Slaves had the fewest rights and benefits from the manor. “They owned no tenancy in land, worked for the lord exclusively and survived on donations from the landlord. It was always in the interest of the lord to prove that a servile arrangement existed, as this provided him with greater rights to fees and taxes.”

The status of a man determined his rights and obligations. In the legal sense, serfs are not slaves because they do not belong in body and goods to a master; their relations with lords are fixed by customs and they have their own professions. “The usual serf paid his fees and taxes in the form of seasonally appropriate labor. Usually a portion of the week was devoted to ploughing his lord's fields held in demesne, harvesting crops, digging ditches, repairing fences, and often working in the manor house. The remainder of the serf's time he spent tending his own fields, crops and animals in order to provide for his family. Most manorial work was segregated by gender during the regular times of the year; however, during the harvest, the whole family was expected to work the fields. A major difficulty of a serf's life was that his work for his lord coincided with, and took precedence over, the work he had to perform on his own lands; when the lord's crops were ready to be harvested, so were his own. On the other hand, the serf of a benign lord could look forward to being well fed during his service; it was a lord without foresight who did not provide a substantial meal for his serfs during the harvest and planting times. In exchange for this work on the lord's demesne, the serfs had certain privileges and rights, including for example the right to gather deadwood - an essential source of fuel - from their lord's forests. In addition to service, a serf was required to pay certain taxes and fees. Taxes were based on the assessed value of his lands and holdings. Fees were usually paid in the form of agricultural produce rather than cash. The best ration of wheat from the serf's harvest often went to the landlord. Generally hunting and trapping of wild game by the serfs on the lord's property was prohibited. On Easter Sunday the peasant family perhaps might owe an extra dozen eggs, and at Christmas a goose was perhaps required too. When a family member died, extra taxes were paid to the lord as a form of feudal relief to enable the heir to keep the right to till what land he had. Any young woman who wished to marry a serf outside of her manor was forced to pay a fee for the right to leave her lord, and in compensation for her lost labor.”
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In practice, the years from 1000 to 1350 were the heyday of Seignorialism, while powerful seigneurial lords encouraged the establishment of serfdom as a source of agricultural labor. “Throughout Western Europe, with variations from region to region, the seigneurs of the noble class dominated the lives of the peasants. The seigneurs had varying degrees of wealth and power, and their estates were of different sizes and degrees of compactness, but they were all rulers, employers, and patriarchs. The peasants might be either servile or free in personal status, but they were all the subjects and employees of the seigneurs. When the lord or his representative held court, all his peasants were required to attend, to bring their complaints before him, and to be judged for the offenses that were within the lord's authority. When the lord needed his lands plowed or his crops harvested, he had the right to his peasants' labor. By the 13th century his authority and his rights to labor were well defined in most seigneuries: He did or did not have the right to hang thieves, for example; and from each peasant holding he had the right to so many days' labor each week and so many extra days during plowing, harvest, and other special times. He might build gristmills, ovens, or winepresses and by his authority require his people to use them in order to increase his income. In general, he had the right to approve or disapprove the marriages of his people, to take a head tax from them annually, to tax their income at will, to take an inheritance tax at their deaths, and to reclaim their lands if they died without heirs. In return, the peasants, even those of servile origins, had the right to hold their land hereditarily, and although the lord might be able to give or sell them and their posterity, he then had to give or sell their lands with them. The peasants not only had certain strips of arable land in the fields of their villages, but they also had grazing rights on the common pastures and rights to fuel and building materials in the common woods and wastelands, but usually no rights to any game or fish. The custom of the seigneury was its law, declared in its courts with the peasants participating.”

“Manorialism underwent a somewhat different evolution in central and eastern Europe. These areas had witnessed the decline of manorialism in the 12th and 13th centuries as vast areas of forest and wasteland were colonized by free German and Slavonic peasants. But the numerous wars fought between the Russians, Poles, Prussians, Lithuanians, and others in the 15th and 16th centuries reproduced the political instability and social insecurities that had led to peasant enserfment in western Europe centuries earlier. In addition, western Europe’s growing demand for grain from the Baltic area gave nobles and other landlords there an additional incentive to enserf their peasants, since that was the best way to ensure labor services for grain-growing demesnes. So by the 16th century manorialism had been re-created on a large scale in eastern Europe, particularly in eastern Germany, Poland, and Russia. These reactionary manorial developments were not reversed in eastern Europe until the 19th century in most cases.” Particularly in Russia, serfdom came later and remained much later than other European countries, becoming the dominant form of relation between peasants and nobility in the seventeenth century. “Russian serfdom depended entirely on the traditional and extensive technology of the peasantry. Yields remained low and stationary throughout most of the 19th century.” Russian slavery remained a major institution until 1723, when Peter the Great converted the household slaves into house serfs. Russian agricultural slaves were formally converted into serf earlier in 1679. Nevertheless, “Serfdom only existed in central and southern areas of the Russian Empire. It was never established in the North, in the Urals, and in Siberia. Tsar Alexander I of Russia wanted to reform the system but was stymied. New laws allowed all classes (except the serfs) to own land, the privilege that was previously confined to the nobility. Finally, serfdom was abolished by a decree issued by Tsar Alexander II in 1861. Scholars have proposed multiple overlapping reasons to account for the abolition, including fear of a large-scale revolt by the serfs, the government's financial needs, evolving cultural sensibilities and the military's need for soldiers.”
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**Feudalism:** (a) **Introduction:** Feudalism was a contractual system of political and military relationships existing among the nobility in Western Europe during the High Middle Ages. The term *feudalism* describes a set of reciprocal legal and military obligations among the warrior nobility, revolving around the three key concepts of lords, vassals and fiefs. “Feudalism was characterized by the granting of fiefs, chiefly in the form of land and labor, in return for political and military services - a contract sealed by oaths of homage and fealty (fidelity). The grantor was lord of the grantee, his vassal, but both were free men and social peers, and feudalism must not be confused with Seignorialism, the system of relations between the lords and their peasants in the same period. Feudalism joined political and military service with landholding to preserve medieval Europe from disintegrating into myriad independent seigneuries after the fall of the Carolinian Empire.” When the German invaders conquered the Western Roman Empire in the 5th century, they destroyed the professional Roman army and substituted their own armies, made up of warriors who served their chieftains for honor and booty. The warriors fought on foot and lived off the countryside. As long as they fought one another, they needed no cavalry. But when the Muslims, the Vikings, and the Magyars invaded Europe in the 8th, 9th, and 10th centuries, the Germans found themselves unable to deal with these rapid-moving armies. First, Charles Martel in Gaul, then King Alfred in England, and finally Henry the Fowler of Germany provided horses for some of their soldiers to repel the raids into their lands. It is not certain that these troops fought on horseback, but they could pursue their enemies faster mounted than on foot, and as stirrups were then coming into use, it is probable that cavalry actions began to take place in this same period. They were certainly occurring in the 11th century. The mounted soldiers began to secure a system of hereditary rule over their allocated land, and their power over the territory came to encompass the all spheres of society: a land-based economy, the judicial system and the rights of the feudal lords under the feudal system and the lack of rights for the serfs and peasants.

Feudalism was based on the exchange of land for military service; so William the Conqueror used the concept of feudalism to reward his Norman supporters. The Feudal System was sustained by the rights and privileges given to the upper classes and in most cases enacted by laws. The lordship of Germanic kingdoms was characterized by three traits: decentralization from an incomplete integration, personal domination over the institutional, and tight bond between state and church. Under the Merovingians, the inheritance was usually divided between the princes on the death of the king. The repeated partitions by coming generations caused the bitter rivalries between the regional aristocracies. The conflicts between the kings and the magnates increased in violence, and the state was unable to provide peace and protection for their people because of the lack of military capabilities. The magnate provided the protection for the man who needed it; in return, the man provided services for the magnate. The growing number of the aristocracy including local representatives of the central government were prepared to become vassals of the king; while the landed aristocracy created vassals for themselves. “Warhorses were expensive, and training in their use took years of practice. To support his cavalry soldiers, Martel gave them estates of land farmed by dependent laborers, which he took from the church. Such estates, called benefices, were given for the duration of the soldiers’ service. The soldiers were called vassals. The vassals, however, being selected soldiers with whom the Carolingian rulers surrounded themselves, became models for the aristocrats who followed the court. With the breakup of the Carolingian Empire in the 9th century, many powerful men strove to assemble their own bands of mounted vassals, giving them benefices in return for their services. Some of the weaker landowners then found themselves obliged to enter into vassalage and to concede their lands to the lordship of the more powerful, receiving them back as benefices. The greater lords were expected to protect their vassals, as the vassals were expected to serve their benefactors.”
(b) **Carolingian Feudalism**: As the European population largely declined, transportation and communications worsened due to broken roads and bridges, robbers and refugees driven by war and famine, unsecured waterways raided by pirates, and the lack of regular mail-service. Foreign trade was restricted to the limited areas and the trade volume was small. The main trade routes were from Venice of the Adriatic Sea to Constantinople of the Black Sea, and from the Baltic Sea to Kiev through the Dnieper River to the Black and Caspian Seas. The anarchic state of minting aggravated the shortage of currency, and the money became unreliable and inconvenient, which disturbed the commerce. As a result, the workers hired in the farms or elsewhere were unable to receive money for periodic wages, which prohibited them to purchase their daily necessities in the market. Two alternatives were considered to resolve this problem: one was to take the workers into one’s household to feed and clothe them, and the other was to provide an estate to the workers for their services rendered, so that they cultivated the soil and provided their necessities by themselves. Thus, a free man voluntarily became a vassal of the lord (vassalage) by receiving protection and taking a piece of land (benefice) with returning of promised services. In 751, Pepin III opened the Carolingian dynasty, and his son Charlemagne ruled the expanded provinces through his magnates, who became lords themselves. After his death, the magnates gained independence by taking advantage from quarrels between heirs, and made their public offices be private possession inherited to their sons. They became the lords possessing lands and other properties. The lord-vassal relations had been intensively developed after the invasions of the Muslims, Magyars, and Vikings; which was a beginning tie of feudalism between land owners and free workers that created two social classes: the noble and servile dependents. The free peasantry shifted to serfdom, and the most workers became the subject of the lords.

Feudalism was based on the manorial system where a manor was an agricultural estate owned by a noble or a knight, managed by a vassal or sub-vassal and worked by peasants. The relationship between manors and villages varied: a village could be a manor, but two or more villages could make a single manor or vice versa. Since the kings could not provide protection for the people against foreign invasions, the provincial lords built earthworks and castles, and provided highly trained military forces, which was not a source but a reaction of anarchy. Since the ability to bear arms was fundamental for military service, the peasantry could enter the noble class by joining armed profession through the legal contract. Receiving land properties from the lords for his armed service, the knights became a lower level of lords controlling his own vassals just like direct grants from the king. The lord and vassal relations were strengthened by taking an oath of fealty, which created the legal bond between the two parties. The lords desired to ensure the fulfillment of their duties by the vassals in most effective manner: the violation of a sworn oath was a guilty of perjury, which was a moral sin in the age of faith. The contract between a vassal and a lord was in the use of benefices and provision of promised services, so that the grant of the benefice discontinued on the death of a vassal or a lord. Their reunion depended largely on their previous relations. In the course of ninth century, the right of disposing of land granted in benefice was withdrawn from the control of the lord. “The vassal would naturally hope that the benefice would pass after his death to one of his children, and the lord would be tempted to strengthen the loyalty of the vassal towards him by allowing him to expect that this hope would be granted.” The kings granted land to their generals and administrators, and the benefice became hereditary in the ninth century, when the lords widened their political authority within the territory. The hierarchy of feudalism started from the king on the top to the lords in the middle and to the vassals at the bottom. There were several ladders in the lords from the highest immediate below the king to the lowest immediate above the vassals according to the local conditions demanding sub vassals. The foreign invasions and the rise of cavalry expedited the consolidation of feudalism in Europe.
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(c) Classical Feudalism (1000-1300): The feudal system was firmly established in Europe by about 1000, reached its maturity in the eleventh century, and flourished in the twelfth and thirteenth centuries. “The Duke of Normandy introduced feudalism into England by his conquest in 1066; the Germans introduced it into the Slavonic countries; and the Crusades carried feudal ideas overseas to Jerusalem, Syria, Constantinople, and the Latin principalities of Greece. In the feudal economy, vassalage represents the personal element, and benefice or fief represents a land estate or property element: the lord gave land and the vassal provides labor for production. The transfer of property rights from the lord to the vassal was symbolized by the homage with the oath of fealty. Feudal society consisted of freemen, serf, and slaves; and freemen included nobility, clergy, civil and military servers, professional practitioners, merchants, artisans, and peasants who owned their land or leased it from a lord for a money rent. Since the serf was more productive than the slave, slavery diminished as serfdom increased. In the twelfth century, slavery was largely confined to household service in England, and negligible in northern France, though the slave trade was flourished elsewhere. The serf cultivated a plot of land owned by a feudal lord or baron, who gave him a life tenure and protection, by paying annual dues and fees which were numerous and diverse: three taxes in money (head tax, cens, and taille); a share of his crops and livestock; labor clearing woods, draining marshes, digging canals, and raising dykes; and other dues and fees. The serf had to serve at call for war; paid for the use of lord’s mill, oven, vat, or press; paid a fine if he sent a son to higher education; and paid a tax if his children married a non-manorial person. The lord had obligations including to provide legal and military protection to his lands and inhabitants, to organize agriculture, industry, commerce on the lands; and to serve his king or liege by providing goods and services (soldiers) for war.” In the later Middle Ages, serfdom began to disappear west of the Rhine even as it spread through Eastern Europe.

Serfdom reached Eastern Europe centuries later than Western Europe - it became dominant around the fifteenth century. In many countries serfdom was abolished during the Napoleonic invasions, though in some it persisted till late-nineteenth century. In fact, since 1300, feudalism was declined and officially terminated by the French Revolution in 1789 and 1792 in most Western Europe, and by the democratic movement of 1848 in Central Europe. The Carolingian feudalism lacked some of the essential features of classical feudalism which developed in and after the tenth century. “It was only toward the year 1000 that the term fief began to be used instead of benefice, and the change of term reflected a change in the institution. Now the estate given a vassal was commonly understood to be hereditary, provided the vassal's heir was satisfactory to the lord, and provided he paid an inheritance tax called a relief. The vassal not only took the oath of fealty, which everyone owed to his lord, but also a special oath of homage to the feudal lord who invested him with a fief. Thus, feudalism was a political as well as military institution, one based upon a contract between two individuals, both of whom held rights in the fief.” On the other hand, “Warfare was endemic in the feudal period, but feudalism did not cause warfare; warfare caused feudalism. Nor was feudalism responsible for the collapse of the Carolingian Empire; rather, the failure of that state made feudalism necessary. The Carolingian Empire collapsed because it was based on the rule of one man, who did not have institutions sufficiently well developed to carry out his will. The empire's disappearance threatened Europe with anarchy: thousands of individual seigneurs ruling their people entirely independent of any suzerain authority. The bonds of feudalism re-knit the local seigneuries into a loose unity, under which the seigneurs gave up only as much of their freedom as was essential to effective cooperation. Under the leadership of their feudal lords, the united vassals were able to fend off invaders and then to create feudal principalities of some size and complexity. When feudalism proved its worth on a local basis, kings and emperors adopted it to strengthen their monarchies.”
(d) **Feudal War and Chivalry:** The feudal army was in the feudal hierarchy that was strictly stratified according to the grades of nobility and clergy: princes, dukes, marquises, counts, and viscounts, barons of nobility; and archbishops, bishops, abbots of clergy. The great lord was responsible for providing a group of knights for the king’s army. The knight generally came from the noble birth, who served as page and squire before inducted into knighthood. Since the feudal lords should provide military protection for their inhabitants, the vassal provided military service for his lord to meet his obligation to fight. The Carolingian army originally consisted of foot soldiers armed with swords, but in the eighth century, armored cavalry was introduced. The saddle and stirrups made mounted troopers more flexible in movement, which made it possible for the knights to be mobilized archers and throwers of spears with wearing metal armor. The Carolingian army was competitively converted from infantry to cavalry by the threat of Moorish expansion in Spain with mounted raiders. In the tenth century, the cavalry became normal in the army, and the fortification of the castle was increasingly developed against foreign invasions. Chivalry (horse soldiery) was knighthood emerged from the Teutonic forests and was nurtured into civilization by the Catholic Church. The late medieval code of chivalry combined a warrior ethos, knightly piety, and courtly manners, all conspiring to establish a notion of honor and nobility. “Christianity and church had a modifying influence on the classical concept of heroism and virtue, nowadays identified with the virtues of chivalry. The Peace and Truce of God in the 10th century was one such example, with limits placed on knights to protect and honor the weaker members of society and also help the church maintain peace. At the same time the church became more tolerant of war in the defense of faith, espousing theories of the just war; and liturgies were introduced which blessed a knight’s sword, and a bath of chivalric purification….chivalry as a Christian vocation was a result of marriage between Teutonic heroic values with the militant tradition.”

Feudalism was significantly influential in politics, economy and society in the Middle Ages. In politics, feudalism strengthened the local power of dukes and weakened the central power of the monarchy. Since the local governments were effective, magnates shared power with other equals. The king’s power was conditional and reciprocal: if the subject had duties to the king, the king had the same to his subjects. The growing feudalization was cooperative with the monarchy in France but resistant in Germany. The political function of feudalism remained until the rise of absolutism and or the parliamentary government. In economy, since agriculture was dominant in ninth and tenth centuries, the feudal system was based on the landlord-peasant relations where the lords exploited dependent peasants just like rent collectors by giving farming rights on the assigned lands. In France, the ideal share of feudal land between classes was thought to be equally divided by three parties: king, church, and the nobility by one third respectively although the reality was not matched. The freemen in the feudal economy dramatically disappeared by three famous capitularies issued by Charles the Bold, who ordered in 847 all free men to choose a lord; he gave official recognition to the vassal’s oath; and sanctioned hereditary succession to counties and other fiefs in 877. The economic function of feudalism declined by the intensive use of money but remained until the rise of capitalism. In society, the feudalism created a new professional military class founded on the private contract. The knights came from aristocratic birth and landowning family, but whatever his previous class might be, the ceremony to be a knight was the rite admitting a man to win membership of the warrior nobility. The knights as the landlords brought its political influence into the loose state structure, but the military function of feudalism remained until the rise the standing army. The effectiveness of the cavalry forces became in doubt during the One Hundered Years’ War, and the appearance of gunpowder changed the military structure and tactics in the fourteenth century. When the Middle Ages was over, the code of chivalry was gone, with the development of military tactics and strategies.
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(e) The Decline of Feudalism: Feudalism was matured in the 11th century and flourished in the 12th and 13th centuries. To each matured place they took their feudal institutions. “Southern France, Spain, northern Italy, and Germany also adopted some degree of feudalism in the 12th century. Even central and eastern Europe came under its spell to a limited degree, especially after the Byzantine Empire was feudalized following the Fourth Crusade. In its classical form Western feudalism assumed that most or, in England, all of the land belonged to the sovereign prince - be he king or duke, marquis or count - who held it of no one but God. The prince then granted fiefs to his barons, who made their oaths of homage and fealty to him and were required to give him political and military service according to the terms of the grant. The barons, in turn, might grant portions of their fiefs to knights who swore homage and fealty to them and served them according to their grants. Thus, if a king granted a fief of a dozen seigneuries to a baron and required the service of ten knights, the baron could grant ten of the seigneuries to ten knights and thus be prepared to provide the required service to the king. Of course, a baron might seek to keep all of his fief in his demesne (his personal domain) and keep his knights in his hall, feeding and arming them out of his own pocket; but this was resisted by the knights, who wanted to be seigneurs themselves. Knights might acquire two or more fiefs, and then they too might find it desirable to subgrant what they needed to provide the service for which they were obligated. By such subinfeudation, a feudal pyramid was created, providing the suzerain at the top, and each mesne lord below, with a feudal force of knights to serve him at his summons. Complications occurred when a knight accepted fiefs from more than one lord, but the institution of liege homage was invented to enable him to declare one of his lords his liege lord, whom he would serve personally, while he would send his vassals to serve his other lords. In England, however, William the Conqueror and his successors required their vassals’ vassals to take oaths of fealty to them.

Breach of Contract: “Because the feudal relationship was contractual, false actions on either side could cause breach of contract. When the vassal failed to perform required services, the lord could bring charges against him in his court before the other vassals, and if they found their peer guilty, he would be declared to have forfeited his fief, which would return to the lord’s demesne. If the vassal chose to try to defend his land, the lord might have to go to war against him to win control of the forfeited fief. But the fact that the vassal’s peers had found him guilty meant that they were morally as well as legally obligated to enforce their judgment, and it was a rare vassal who would war against his lord and all his peers. On the other hand, if a vassal felt that his lord had failed to live up to his obligations, he could defy the lord - that is, formally break faith with him - declaring he would no longer accept him as lord but would continue to keep the fief as his own demesne or take it to another lord who might accept him as vassal. Because the lord often regarded defiance as rebellion, defiant vassals had to have strong support or be prepared for a war they might lose.” In the role in political development, in England feudal tenures were abolished by statute in 1660, but they lingered on in parts of the Continent until the customary law was replaced by Roman law, a process completed by Napoleon. Roman law substituted other legal notions for feudal ones on the Continent, but in England the common law continued to be basically feudal law…English constitutionalism is fundamentally feudal, based on the contract theory of government. When John Locke wrote his treatises on government in the 17th century, he was seeking to generalize for all persons the feudal contract that limited the rights of the suzerain over his vassals and retained for them the German warrior’s independence. The U.S. Declaration of Independence was a classic act of feudal defiance, as the Continental Congress enumerated the tyrannical acts of the king and declared the colonists no longer bound by their allegiance to him.” In sum, feudal ideas were important to the political development of Western civilization, reconciling authority with liberty and equality by way of contract.
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The Community of Medieval Villages: European society was composed of three orders in the High Middle Ages: those who fight (the nobles), those who pray (the clergy) and those who work (the peasants); which was a balance between spiritual and secular peers, with the third order providing labor for the other two. The urban communes were a break in this order. The Church and King both had mixed reactions to communes. They agree safety and protection from lawless nobles: the communes or communities intended to keep the peace through the threat of revenge, and the Church was sympathetic to the end result of peace but the Church has their own ways to enforce peace. Nevertheless, communes disrupted the order of medieval society: the methods, they used violence begets violence, were generally not acceptable to Church or King. Moreover, there was a sense that communes threatened the medieval social order. “Only the noble lords were allowed by custom to fight, and ostensibly the merchant townspeople were workers, not warriors. As such, the nobility and the clergy sometimes accepted communes, but other times did not.” The development of medieval rural communes arose more from a need to manage the commons than out of defensive needs. In times of a weak central government, communes typically formed to ensure the safety on the roads through their territory, to enable commerce. “Perhaps the most successful such medieval community was the one in the alpine valleys north of the St. Gotthard Pass: it later resulted in the formation of the Old Swiss Confederacy.” There were similar rural communes as developed in the Grisons, in the French Alps, in the Pyrenees, in northern France, in northern Germany, and also in Sweden and Norway. “The southern medieval communes most probably were influenced by the Italian precedent, but the northern ones may well have developed concurrently and independently from the Italian ones.”

Susan Reynolds published *Kingdoms and Communities in Western Europe 900-1300* in 1997, which includes such major topics as the community of the parish, villages and rural neighborhoods, urban communities, provinces and lordships, the community of realm, and lay collective activity to be discussed here.

(a) The Pattern of Settlement: Traditionally the pattern of rural settlement has been traced back to the barbarian settlements or in the south of Europe, even further to Roman or pre-Roman times. “According to what threatens to become a new orthodoxy of late villages and late open fields, the early Middle Ages were a time of hamlets and farmsteads rather than of large villages. In parts of Italy and southern France, there seems to be no doubt that between 900 and about 1150 a significant proportion of the rural population moved into new walled settlements called castra or castell(a)e in Latin…In many other areas of western Christendom, particularly in forest or upland regions, a good deal of the rural population remained dispersed in the farmsteads or small hamlets throughout the Middle Ages and beyond.” The pattern of rural settlement changed significantly between 900 and 1300 in many areas outside those already established. “The foundation of castles and churches quite often attracted people to new sites and the rise of population provoked the foundation both of new villages and of new hamlets and farmsteads.” Nevertheless, the pattern of settlement was not rigid in most areas. For example, in England, some of the isolated Norfolk churches can be explained by the way that villages have moved. In France, new villages appeared throughout the twelfth century and, in smaller numbers, in the thirteenth, under a variety of names. In the Netherlands and along the North Sea coast of Germany, new settlements were appearing on land reclaimed from the sea and marshes by the eleventh century, some of them as proper villages but more as small hamlets and farmsteads. In Italy, the similar trends appeared. Therefore, there were many variations between regions and even within regions throughout the period. “It is tempting to guess that the way that new villages were planned, and that people settled into them and established their customs, implies that both lords and settlers had an ideal type or model of a village in their minds from the start….far more people lived in bigger and more densely populated places after 1100 than before.”

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(b) **Local Communities in the Tenth and Eleventh Centuries**: It is believed that as government became more systematic and as rulers got more control of legislation and law-enforcement, so lords found ways of exacting their dues more consistently; and that “most small-holders in the Early Middle Ages were subject to some sort of control and oppression by their social superiors. The harsh and hostile views which clerical writers often expressed about peasants suggest that some degree of class solidarity was established well before 1100 and even before 900. Peasant rebellions and conspiracies were no novelty.” Other pressures towards peasant solidarity did not operate so strongly at this stage as they did later. As a result of gradual evolution of field systems, collective use of non-arable land may have been quite widespread. “Everywhere common rights in woods and pastures were less strictly controlled in the tenth and eleventh centuries than they would be later.” In 970 Otto I granted to certain tenants of Santa Maria in Organo, Verona, who lived in Azzago, all his royal dues for pasture and pannage in full ownership forever, “along with the right to cut wood, plough, and pasture beasts in some woods nearby.” It is clear that the local inhabitants in these places were recognized to have collective interests in their lands. In peasant communities before later eleventh century, there were free and unfree inhabitants. The common rights controlled by the community were applied only to free men rather than all inhabitants. Local communities at the beginning of tenth century were units of kinship being held by family groups, who had worked together, according to the norms of medieval society and government. The boundary between public and private, free and unfree, cannot always have been clear, but in England, the free went to the public or communal assemblies, and the unfree might have been justifiable by their lords. The division of jurisdiction over the peasantry between public and seigniorial courts, and between a mass of different seigniorial courts, separated local communities. “It may be that in England local cohesion was greater because a powerful government first maintained and then increased the duties imposed on local communities.”

(c) **The Consolidation of the Local Community**: The collective habits and responsibilities more clearly appeared during 1050-1200. “Pasture and arable were being more strictly regulated, new settlements were being founded, local jurisdictions were being consolidated, liberties and customs were being granted or confirmed, and more villages were acquiring their own parish churches. These processes were not equal and autonomous causes of greater local solidarity: they are interrelated phenomena which seem to suggest that something important was going on.” The strict regulation of land-use is one phenomenon which seems to be directly connected with the pressure of population on resources and with a consequent need to use them more intensively. “Disputes between neighboring communities about their woods and pastures are quite often recorded in the thirteenth century, while communities ready to sell their commons seem to have found willing buyers.” It was necessary to maintain a system of common rotation and common grazing on the arable, with its unity and collective authority to enforce the system. “When and where a lord first decided to attract settlers by offering them advantageous terms is unknown, but early in the twelfth century, the archbishop of Hamburg made an agreement with six Hollanders, including a priest, who proposed to settle on uncultivated marshland in his diocese. Rents and tithes were fixed; archbishop granted a tenth of the tithe for the maintenance of the priests who would serve the parish churches; and the settlers granted one manse from each of the prospective parishes for its priest….Two-thirds of the profits of justice were to go to settlers and a third to the archbishop. During the twelfth century grants of liberties to new settlements, as to old, became increasingly common.” There were no liberties exclusive to the new villages, but many of them had at least some of their rents and dues fixed, and their rights of inheritance specified, while some secured a measure of autonomy: villagers were allowed to choose their own local officials to preside over their assemblies and collect their dues.”
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Charters for new settlements conferred privileges on people who had already made their own spontaneous settlement without any special privileges. Relations with lords helped to consolidate peasant communities in various ways. Outside England, local jurisdiction and government gradually became consolidated in the hands of lords, and their authority extended over all peasants (whether free or unfree, including tenants of other lords and those who held land without paying rent or dues to a lord) who lived within their ban or districts. “In England villages did not become units of jurisdiction in the same way since virtually all jurisdiction over serious crimes and over free land was reserved there to the crown.” Here the manor remained the most important instrument for the exercise of seigniorial power: “because manorial lords maintained their interest in direct exploitation and therefore their right to labor services, they were able to keep a considerable measure of control over the lands and persons of their unfree tenants through their manorial courts….Parish churches may sometimes have provided the missing forum, but for many peasant, the jurisdiction of their manorial court and the duties it imposed must have been more real and more burdensome than any other authority….One result of seigniorial pressure upon local communities, as lords sought to increase or maintain their incomes, was to increase conflicts between peasants and lords – both those lords who exercised rights of higher jurisdiction and those whose powers were more purely economic. During the twelfth and thirteenth centuries, grants of liberties multiplied, except in England, with old settlements getting very much the same sort of customs and privileges as new- that is, more or less defined rents, dues, and rights of inheritance; exemption from more burdensome legal procedures; and sometimes the right to elect their own officials.” However, it became more difficult for individuals or groups to claim autonomy without permission because governments were establishing their authority.

(d) The Character of Local Communities: There was no one sort of group which acted collectively. “The people of a whole village, or of a manor or lordship, or of a parish, or of several villages or other settlements, might all act together on occasion.” These small local communities were peasant communities in the looser sense that the membership was largely composed of non-nobles who, though many of them had servants of their own, themselves did physical labor on their own holdings and made their livings from the land. Charters, statements of custom, and lawsuits give the impression that local communities thought of themselves as including everyone. Charters were granted indifferently to the men, or good men, or inhabitants, whether of parishes or of places whose names are given with no qualification, description, or boundaries. Charters of liberties did not automatically turn serfs into free men in any way which would have been consistently recognized at the time. Charters allowed the resident householders to enjoy liberties and customs one would need to be a fully paid-up and responsible member of the community to which they were granted. The overlaps of lordships, settlements, and parishes might cause a problem due to falling into collective authority. “Where privileges were at issue, geographical boundaries were sometimes carefully drawn, so that French villages which might otherwise have remained single communities became divided and are still separate communes to this day.” In decision-making, the ideal was unanimity or consensus, in which, in the absence of any special liberties, the lord would have the first voice and the most substantial and senior of his subjects the next. The appointment of officials led to many conflicts, but procedures for elections were left as vague as everything else. A choice could be either a straight majority or a consensus if necessary. “The normal and just maintenance of custom was insufficient to protect the poor against the troubles of poverty, especially when the pressure on land and waste increased.” Sometimes it is argued that we know nothing of what peasant thought about their collective duties and rights, or about anything else, because the documents were not written by them: even charters of liberties reflect what lords would give rather than what their subjects wanted.
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(e) **Collective Activities**: "The bond created by collective obligations in the cultivation of the arable was strong; but strong still was the bond uniting a village group which possessed common lands, no matter what agrarian regime prevailed over the rest of the fields."\(^82\) People acted collectively in their capacity of villagers. First, one cannot polarize the seigniorial manor court, with its imposed regulations, against the popular or communal village or parish meeting, with its collective local customs. Second, collective activity was not the prerogative of villagers in the sense of people living in nucleated settlements. "Villagers, in this sense, were those most likely to regulate their arable farming collectively, but policing, church-building, and other public works were undertaken by all sorts of local groups." It is impossible to draw a line between collective duties imposed from above and activities which local people organized for themselves. "Many charters specify and restrict the military service, along with the other services, owed by privileged communities, and suggest, by doing so, that peasant communities were generally liable to provide soldiers for outside duties from time to time. In habitants of new settlements sometimes built their own defenses, whether on their own initiative or their lord’s.” Church-building and other public works were also partly obligatory and partly voluntary. They are obligated to build, repair and equip parish churches. From a medieval point of view, churches and roads were common property and so were woods and pastures. They were sometimes managed through official village or manor courts, but more autonomous-looking groups of parishioners or inhabitants are found selling or defending common property. “Local communities, as property-owners and property-managers, held funds of various sorts. The liberties some of them secured entailed the making of collective payments, and, even when taxes or dues were not owed collectively they often had to be assessed and collected by local panels of one sort or another. Autonomous rights of jurisdiction meant the receipt of monetary penalties, and all kinds of groups probably taxed their members on occasion, as there was nothing in contemporary law to stop them.”\(^83\)

Mark Bloch introduces several points on common lands of medieval rural society. First was usurpation: the lords were abusing their authority and judicial powers. “There are those who have made themselves judges in their own cause, who have seized and appreciated the customs, empty places, heaths and common which are enjoyed by the poor subjects, and who have even taken away the papers by which their good right is shown. Rich proprietors, peasants among them, were quick to take advantage of this favorable conjuncture, whose influence, according to an eighteenth century agronomist, could be seen triumphantly at work all over the country.” Second, encroachment was sometimes effected under more specious forms, legally almost above reproach. “A prosperous laborer might acquire the lease of part of the common at too low a price. Or a lord might insist on partition, a relatively harmless maneuver so long as the conditions were not too unfavorable to the community. But many lords demanded as much as a third of the land so divided; this was the right of triage, which with legal backing became widespread in post-medieval centuries and in 1669 received pusillanimous recognition from the Crown.” Finally, the peasants often in debt, on only as individuals but also collectively. “The debts, which might be heavy, were incurred by expenditure in the common interest, necessitated for example by reconstruction in the wake of war, and above all by the need to meet the pressing demands of royal and seigneurial taxation.” Since all commons have been usurped and are possessed either by the lords of the communities or by persons in authority, the poor peasants will not dream of complaining if they are ill-treated. They had some support from the monarchy and its officials, who cherished rural groups as a source of taxes and soldiers.\(^84\) Because of changes of political, military, economic and social climate with more influential individual activities, communities probably overlapped more in 1300 than 900, which may have given some individuals a more chance to manipulate them in one way another within the manorial or feudal or village system.
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Medieval Urban Communities: (a) The Origin of Urban Communities: Henri Pirenne (1862-1935) published Medieval Cities: Their Origins and the Revival of Trade in 1927 based on his previous lectures at the University Ghent in Belgium, which dominated medieval urban history so long. According to him, in the ninth century long-distance trading was at a low ebb; the only settlements that were not purely agricultural were the ecclesiastical, military and administrative centers that served the feudal ruling classes as fortresses, episcopal seats, abbeys and occasional royal residences of the peripatetic palatium. When trade revived in the late tenth and eleventh centuries, merchants and artisans were drawn to the existing centers, forming suburbs in which trade and manufactures were concentrated. These were ‘new men’ outside the feudal structure, living on the peripheries of the established order. The feudal core remained static and inert.

A time came when the developing merchant class was strong enough to throw off feudal obligations or to buy out the prerogatives of the old order, which Pirenne contrasted with the new element in numerous ways. The leaders among the mercantile class formed a bourgeois patriciate, in whose hands economic and political power came to be concentrated.85 Archeological and documentary evidence shows the trade and urban life began to grow from the tenth century. Population and wealth in the countryside were growing, which stimulated urban growth “by increasing the demand for goods and services which towns could provide. The lowest level of need could be met by proliferation of weekly markets, many of which never turned into permanent trading places with resident traders and craftsmen, but some places in Flanders and Germany, for instance, which were destined to become great and privileged centers of long-distance trade, seem to have made their first discernible steps towards dramatic urban growth when tenth- or eleventh-century lords or bishops founded markets in them.”86 If long-distance trade was considered as necessary and sufficient cause of urban development, how did European history make it possible?

Before the eleventh century, a little marginal trade was carried on, but only by wandering traders met together in un-walled trading places, which had few or no permanent inhabitants, such as next door to the walled fortresses. When new walls were built to enclose fortress and suburb in a single circuit, the two communities were united into a new type of urban societies. “Where existing walls enclosed space for markets, then markets might be held inside from the start, but sometimes trade converged on a more convenient suburban area like a waterfront on which boats could be beached or moored. Sometimes buildings were grouped in several nuclei, and some of these might start with separate walls, but there was little evidence that the walls embodied important social barriers.” Some of urban communities are likely to have been consolidated themselves slowly over years when political and economic conditions allowed. Accordingly, many distinctive features of urban custom and law were developed possibly in responses to the common needs of growing towns. “Almost everywhere urban land was more freely transferable than land in the country, rents were paid chiefly if not exclusively in money, while rules and procedures were developed and adapted to cope with commercial cases and with visiting traders who might have different customs of their own. Urban growth in the tenth and eleventh centuries ensured that as towns developed their peculiar customs, so they developed the confidence and the bargaining power to try to protect their members’ interests.” Once most of a town’s inhabitants were no longer farmers, then they depended on getting food from outside; they needed free passage on the roads leading to the town from nearby, while merchants hoped peace and protection continuously. The tolls townspeople paid or from which they were exempt consolidated their common interests. So might other common dues. Once municipal governments were formerly established, civic associations such as guilds, either personal or territorial, looking for their collective interests. Collective activities for their common interests may have been initiated and controlled in the assembly which was likely to be meeting regularly in the town to do justice.87
(b) **The Origin of Capital and Individual Status**: In forming merchant capital, some theorists assume that merchant were former proprietors or dominant officials, then it would follow that from the outset they had employed in commerce fairly considerable sums derived either from the sale of lands or from accumulated revenue from land. But a great deal of variety exists. “It is possible that a part of the capital of the Jewish merchants in the early Middle Ages came from landed property. The Jews, in fact, in the fifth, sixth and seventh centuries owned extensive lands in Spain as well as in Italy and Gaul. When Roman law gave way to national laws they were obliged to sell out and devote themselves to trade. But it was commercial profits which augmented this capital in the eighth and ninth centuries, and which also increased the somewhat limited capital resources brought by the Jews who came from eastern Europe.”

From the Carolingian period onwards, the capital in the hands of Christian merchants assumed an increasing predominance. The origin of this capital in actual fact is still more obscure. In case of Venice, its origin of capital is controversial. The possibility cannot be excluded a priori that landed proprietors coming from the mainland had converted their real estate into liquid wealth so that they might take up trade, though never certain. “The export of salt produced along the Adriatic coast was one of its principal sources. The services rendered by the Venetian ships to the exarch of Ravenna was another. Finally, it is worth noting that the information we have about Venetian fortunes allows us in several cases to affirm that the element of real property they include was acquired in part out of profits derived from trade.” In case of Genoa, it is some degree of certainty that it was the noble landed proprietors who first laid out important capital sums in trade. In northern countries, it was uncertain, but the people who owned lands were engaged in trade because they could dispose of funds derived from the sale of lands or from the accumulation of revenues from land.

Inhabitants of ancient cities did not escape the increase encroachment upon personal liberty which occurred in the Carolingian period. However, the revival trade prepared the way for an expansion of liberty in the urban communities. Liberty is a necessary and universal attribute of the townsman; and for merchants, it was originally a de facto rather than a de jure liberty; but it was not fully realized in a good many towns, and was not claimed by the merchants. “It may be noted, however, that in a number of cities in the north ancient Gaul, and also in many new towns founded in the domains of important churches, a considerable part of the population was granted a status from the legal point of view apparently irreconcilable with liberty but in practice very much akin to it. From very remote times many individuals had placed themselves under the protection of the patron saint of the local church, had become in other words serfs of that saint. From the financial point of view, this serfdom was limited to the payment of a few pence yearly. On the other hand, it entailed very real advantages (exemption from the toll and, later, competence to sit on the local tribunal) which must have made it something to be sought after.” On the other hand, the legal status of town land varied by state. “The new inhabitants paid a rent in respect of their occupation of the land: they thus possessed a kind of tenure which is described as free tenure, or urban tenure. This tenure is found throughout western Europe, although naturally under widely differing names. In some places, jurisdiction over the land within the towns was exercised successively by the seigniorial landlord alone, by the seigniorial landlord conjointly with the town magistrate and, finally, by the latter alone. However, in a great majority of cases, freehold tenure appears from the start with all its characteristic features. In certain towns, the ground-rent finally disappeared so that the urban tenement became an urban alod: at Ghent the ground-rent ceased to be imposed during 1038-1120. In this case, the tenant could sell his holding or his house. While merchants acquired capital by selling land; conversely, the purchase of rent charges on property became the common method of investment for every individual or corporate wanting to ensure a fixed and steady return on capital. The credit markets supplied with necessary funds.
Municipal Self-Government: In the twelfth and thirteenth centuries, through an economic revolution, new classes rose to economic and political power and gave to the medieval city their “virile and pugnacious” independence. “The question of heredity versus environment affects the cities, as well as the guilds, of Europe; were they the lineal descendants of Roman municipalities, or new concretions deposited by the stream of economic change? Many Roman cities maintained their continuity through centuries of chaos, poverty, and decay; but only a few in Italy and south-eastern France kept the old Roman institutions, and fewer still the old Roman law. North of the Alps, barbarian laws had overlaid the Roman heritage; and in some measure the political customs of the German tribe or village had seeped even into ancient municipalities. Most transalpine towns belonged to feudal domains, and were ruled by the will and appointees of their feudal lords. Municipal institutions were alien, feudal institutions natural, to the Teutonic conquerors. Outside of Italy, the medieval cities rose through the formation of new commercial centers, classes, and powers.”

The origins of self-government of the medieval towns were explained differently. “Sometimes the constitution of the town – in the case of episcopal towns which subsequently became the Freistadt – was considered to be the result of a struggle waged by an Altfreigemeinde to avoid being reduced to serfdom by a lord; sometimes an explanation of the formation of the urban middle classes was found in manorial law; sometimes the autonomy of the towns was explained by the sworn communes, which were associated with the guilds. Or yet again the town constitution was held to derive from that of the Germanic mark, the Stadtgemeinde from the Landgemeinde, the town privilege from the market privilege, or the town peace from the peace of the seigniorial burgen to which the towns were attached.”

Pirenne explained three causes of the communal movement: “the need to confer upon the territory of the town its own particular peace, the need to band together in order to free this territory and those who dwelt there from oppressive obligations, and the need to create a tax system capable of ensuring the defense of the town.”

The feudal town had grown up at the junction of roads, or along vital waterways, or on frontiers. Around the walls of the feudal castle or fortified monastery, the modest industry and trade of the townspeople or burgesses had slowly developed. As Norse and Magyar raids subsided, this extramural activity expanded, shops multiplied, and merchants and craftsmen, once transient, became settled residents of the town. “In war, however, insecurity returned; and the extramural population built a second wall, of wider circumference than the feudal moat, to protect itself, its shops, and its goods. The feudal baron or bishop still owned and ruled this enlarged town as part of his domain; but its growing population was increasingly commercial and secular, fretted under feudal tolls and controls, and plotted to win municipal liberty. Out of old political traditions and new administrative needs, an assembly of citizens and a corps of officials took form; and more and more this commune – the body politic – regulated the affairs of the city – body geographical. Toward the end of the eleventh century, the merchant leaders began to demand from the feudal overlords charters of communal freedom for the towns. With characteristic shrewdness, they played one overlord against the other – baron against bishop, knight against baron, king against any of them or all. The townspeople used diverse means to achieve municipal freedom: they took a solemn oath to resist and resist baronial or episcopal tolls or taxes; they offered the lord a flat sum, or an annuity, for a charter; on the royal domain, they won autonomy by money grants, or services in war; sometimes they bluntly announced their independence, and fought a violent revolution. Tours fought twelve times before its liberty was won. Lords in need or debt, especially in preparing for a crusade, sold charters of self-government to the towns that they held in fief; many English cities in this way won their local autonomy from Richard I.” Some lords in Flanders granted charters of incomplete freedom to cities, which enhanced baronial revenues. The abbots and bishops resisted longest, for their consecration oath bound them not to lower the income.

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The degree of autonomy attained by the communes varied considerably. In some cases, it was limited to administration, police and finance; in others, resulted in complete independence. “The method and the extent of emancipation were influenced by two factors: whether the lord of a town was an ecclesiastic or a layman and by the greater or less degree of effectiveness retained by the royal power in the different countries of Europe. The lay lords showed a better understanding of the profit which commercial activity could bring to their treasuries and the potential advantage of the rise of the middle classes for their own political power; they were less restrained than were the bishops by ethical scruples or by conservative prejudices in their relations with the merchant class whose brilliant future they fully understood.” In the northern Italy, the towns managed to achieve their ideal of autonomy most completely. “The struggle is first visible in the cities of the Po plain where an attack was made upon the imperial bishops. Milan revolted by 1057. “The first communal magistrates, the consuls, who are found at Lucca and Pisa about 1081, appear in Milan in 1094. This institution spread by 1128 at the latest to Provence.” As for the Lombard towns, “they secured recognition of their territorial sovereignty by the Peace of Constance (1183); but the anarchy which threatened them as a result of the rivalry between the patrician families forced them to have recourse to the authority of a podesta chosen from outside their population.” In the fifteenth century, northern Italy was divided into a series of city-states, placed under the quasi-sovereignty of tyrant-lords. The town of Florence was able to maintain its liberty up to the end of the Middle Ages. Venice enjoyed a quasi-independence vis-à-vis Byzantium, and remained subject to the power of a class of great merchants and wealthy ship-owners whose ranks were closed to new comers from 1297 onwards. Genoa was composed of the leading families of the town and identified shortly after 1100 with the commune, freed itself from feudal trammels. The patriciate was destroyed by private wars, resulted in foreign domination. The town regained a stable regime by transmitting power to an organ of the rich middle class creditors of the state.

In Germany, in describing of civic independence, historians have often emphasized the conflicts between bishops and their cities which seem to mark its earlier stages more noticeably than they do in Italy. The revolt of the Worms burgesses against their bishop in 1073 was the signal for a long struggle which spread to all the ecclesiastical cities. During the thirteenth century, the word consules came into use in Germany for the members of the councils which appeared as the ruling bodies of many towns. The title indicates influence from Italy and therefore no doubt brought with it exciting ideas of municipal liberty. The appearance of consuls is therefore a useful pointer to a fair degree of independence. One of the first communes in Europe was established in Cambrai in 958. “The inhabitants rebelled against the bishop's power and abuses. They were severely repressed, but the discontent flared up again in the 10th and 11th centuries. In 1226, following another period of unrest, the burghers of Cambrai finally had to give up their charters and accept the bishop's authority, while retaining some freedom in the running of the town.” Generally speaking the struggle ended in the fifteenth century, in most of the Rhine cities, in a compromise which ensured autonomy for the middle classes. The monarchy looked upon this emancipation of the towns with a favorable eyes.” In the Low Countries, “the towns did not succeed in winning complete autonomy. They did not cease to form part of the territorial principalities within which they had sprung up. Their institutions and a mixed character, half princely, half urban. This duality is seen in the southern part of the Low Countries in two different forms, represented principally by Flanders and the principality of Liege. In Flanders, about the year 1100, the towns were removed from the jurisdiction of the echevins of the castellanies and granted their own echevins, in principle nominated by the prince and supervised by his representative, but chose from the local patrician class. In the Liege, prince’s tribunal of the commune watched over the application of the municipal statutes, after the rebellion of 1345.
In France, the enfranchisement of the cities involved a long and often violent struggle. "At Le Mans (1069), Cambrai (1076), and Reims (1139), the ruling bishops, by excommunication or force, succeeded in suppressing the communes set up by the citizens; at Noyon, however, the bishop of his own accord gave a charter to the town (1108). St. Quentin freed itself in 1080, Beauvais in 1099, Marseille in 1100, Amiens in 1113. At Laon in 1115 the citizen took advantage of their corrupt bishop’s absence to establish a commune; on his return he was bribed to take oath to protect it; a year later he induced King Louis VI to suppress it," leading the communal revolution: "The cathedral was fired, and was razed to the ground. Thinking to take two steps at once, the pillagers began to sack and burn the mansions of the aristocracy. A royal army stormed the city, and joined nobles and clergy in massacring the population. The commune was suppressed. Fourteen years later it was restored; and the citizens labored with pious enthusiasm to rebuild the cathedral that they or their fathers had destroyed." "At Vezelay (1106) the people killed Abbot Arnaud and set up a commune. Orleans rose in 1137, but failed. Louis VII granted Sens a charter in 1146, but revoked it three years later on petition of the abbot within whose domains the city lay; the populace killed the abbot and his nephew, but failed to re-establish the commune. The bishop of Tournai fought a civil war for six years (1190-6) to overthrow the commune; the pope excommunicated all the citizens. On Easter Sunday of 1194 the people of Rouen sacked the house of the cathedral canons; in 1207 the city was put under a papal interdict. In 1235 at Reims the stones brought into the city to rebuild the cathedral were seized by the populace and were used for missiles and barricades in a revolt against the highest ecclesiastic in Gaul; he and his canons fled, and did not return until two years later, when the pope induced Louis VII to abolish the commune. Many cities of France never succeeded, till the Revolution, in establishing their freedom; but in north France most of the cities were freed between 1080 and 1200, and, under the stimulus of liberty, entered upon their greatest age. It was the communes that built the Gothic cathedrals."}

In England, the kings won the support of the cities against the nobility by granting them charters of limited self-government. "William the Conqueror gave such a charter to London; similar charters were yielded by Henry II to Lincoln, Durham, Carlisle, Bristol, Oxford, Salisbury, and Southampton; and in 1201 Cambridge bought its communal rights from King John." Royal taxes might be heavy, but at least most kings maintained the peace and order that townsmen valued, and maintained it over a wide area, which was useful for trade. "Domesday Book shows that towns had begun to bargain with the king for more autonomy even before 1066. As a result they began to secure the right to raise and pay into the royal treasury the annual lump sum of dues that they owed. Towns were prepared to pay for this privilege no doubt largely because it carried with it the right to elect the responsible officers." In fact, London formed a commune in two periods when the government was vulnerable, and Henry II suppressed communes in two towns. In 1191 the commune of London received authorization, and the people of London formed the second commune in 1190, and elected their mayor. Some towns were confronted by oppressive lords who resisted their demands and other by lords who simply wanted to make a larger profit out of urban wealth than townsmen wished to concede. "During the thirteenth century, the modus vivendi between monarchy and municipalities became reasonably well established in England as it did in France. Most of larger towns were by now appointing their own officials to pay over their farms and were exercising an increasingly standardized selection of liberties under regularly renewed charters. Not all was gain and harmony, however: royal charters could and did limit as well as extend liberties and could be revoked. Quite a few towns suffered suspensions of their liberties for short or long periods and all had to be prepared to prove that they exercised them by royal delegation." In Spain, kings favored the communes as foils to a troublesome nobility: Leon received a royal charter from the king of Castile in 1020, Burgos in 1073, and Najera in 1076.
(d) **Communal Revolution**: By about 1200, the communal revolution was won in western Europe. “The cities, though seldom completely free, had thrown off their feudal masters, ended or reduced feudal tolls, and severely limited ecclesiastical rights. The Flemish cities forbade the establishment of new monasteries, and the bequest of land to churches; they restricted the right of the clergy to be tried by episcopal courts, and contested clerical control of primary schools. The mercantile bourgeoisie now dominated municipal and economic life. In nearly all the communes the merchant guilds were recognized as self-governing bodies; in some cases the commune and the merchant guild were identical organizations; usually the two were distinct, but the commune rarely contravened the interests of the guilds. The lord mayor of London was chosen by the city guilds. Now, for the first time in a thousand years, the possession of money became again a greater power than the possession of land; nobility and clergy were challenged by arising plutocracy. Even more than in antiquity the mercantile bourgeoisie turned its wealth, energy, and ability to political advantage. In most cities it eliminated the poor from assemblies or offices. It oppressed the manual worker and the peasant, monopolized the profits of commerce, taxed the community heavily, and spent much of the revenue in internal strife, or in external wars to capture markets and destroy competitors. It tried to suppress artisan associations, and refused them the right to strike, under penalty of exile or death. Its regulation of prices and wages aimed at its own good, to the serious detriment of the working class. As in the French Revolution, the defeat of the feudal lords was a victory chiefly for the business class.” The communes chose their municipal officers, formed their own communal militia, and defended themselves lustily. The administrative councils soon narrowed their membership to a mercantile aristocracy, but the municipal assemblies were the first representative government since Tiberius; they were the root of modern democracy.

The medieval communes involved in the state-managed economy. “In spite of unpaid service, town governments needed money for their buildings, lawsuits, wars, and charities. All towns with liberties would have received some profits of justice and some tolls, and most had property of some sort which might bring in some money.” Many also raised direct taxes. Moreover, “The commune minted its own currency, ordered and supervised public works, built roads, bridges, and canals, paved some city street, organized the food supply, forbade forestalling, engrossing, or regarding, brought seller and buyer into direct contract at markets and fairs, examined weight and measures, inspected commodities, punished adulteration, controlled exports and imports, stored grain for lean years, provided grain at fair prices in emergencies, and regulated the prices of essential foods and beer. When it found that a price set too low discouraged the production of a desirable commodity, it allowed certain wholesale prices to seek their own level through competition, but established courts or assizes of bread and ale to keep the retail price of these necessities in constant relation with the cost of wheat or barley. Periodically it published a list of fair prices. It assumed that for every commodity there must be a just price, combining costs of materials and labor; the theory ignored supply and demand, and fluctuations in the value of currency….The flow of goods was impeded by municipal protective tariffs; and in some cases by requiring transient merchants to expose their goods for sale in the town before passing through.”

Despite epidemics, famines, and wars, the population of Europe swelled under the communal system in the High Middle Ages. The economic revolution involved a migration from country to city almost as definite as in recent times. Around 1100 the population of Constantinople reached 800,000 and Cordova and Palermo half a million each; by 1200 Paris had some 100,000 and London 20,000. By 1300 Paris had 150,000; Venice, Milan, Florence reached 100,000 with rough estimate. The growth of population expanded trade and industry, and the communes turned their wealth into cathedrals, city halls, bell towers, fountains, schools, and universities. The trade between different regions via borders spread civilization throughout Europe and beyond.
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Photo II-3-1. Mons Meg, a Medieval Bombard, at Edinburgh Castle, Scotland
Accessed 1 March 2015,
http://upload.wikimedia.org/wikipedia/commons/thumb/c/ca/MonsMeg.JPG/300px-MonsMeg.JPG

Photo II-3-2. Watermill of Braine-le-Château, Belgium, 12th Century
Accessed 1 March 2015,
http://upload.wikimedia.org/wikipedia/commons/thumb/e/ee/Braine-le-Ch%C3%A2teau%202.jpg
3. Industry and Technology in the Middle Ages

In the Roman time, craftsmen had produced everything from metal wares to ready-made clothing for local markets. “South-eastern Europe took the lead in the definitive transition to farmstead life, apparently through direct introduction of agrarian techniques from the more advanced Middle East. Wherever the new life was adopted, it generated a new set of wants and the skill to satisfy them by more solid housing, more comfortable clothing, and better processing of food and drink.” In the Middle Ages, in addition to those necessities, industrial needs of an estate were mostly provided by serf labor in manorial workshops. For military provisions, there were all kinds of craftsmen in royal manors such as smiths, carpenters, wheelwrights or workers in leather. “Under military chieftains, the new techniques achieved little but support of a warrior nobility. Industry first became a means to wider prosperity only as governmental power came to be organized from urban centers fostering a market economy and attracting a heterogeneous population.” If labor and materials were scarce such as in newly founded and isolated monasteries, centralized manorial workshops were necessary. Carpenters improved watermills and windmills in their grinding speed and capacity by better gearing, by diverting a water stream and controlling the flow through damming, and by constructing bigger wheels. According to the Doomsday survey, there were over 5,000 of watermills in England in 1086. Germany used water power for sawmills in 1245. The industries were developed by wider markets of expanded commerce, but medieval highways were poor, fords were many but bridges were few. Frederick II ordered the repair of roads in Sicily and southern Italy, and church organized religious fraternities to repair roads and build bridges in the early thirteenth century. Since roads were painful, waterways were so popular in transport that their directions and outlets spread population and formed towns. Shipbuilding was developed not only for transport and fishing, but also to fight pirates and foreign invaders.

Early in this chapter, agrarian technology was discussed. The western industrial innovations did not reach Eastern Europe until the twelfth century. Except textiles and mining, most industries in the High Middle Ages remained in the handicraft stage serving a local market by working in the homes or attached shops to their homes. In machine design, by the early twelfth century, cranks were in common use in Europe, and by about 1440 compound cranks and connecting rods were appearing in machines in Germany and Italy. Early flywheels equalized rotation, and the cam was effectively used on the axle of a water-wheel. In 1028 Germany, blacksmithe used water-wheels to power the hammer or bellows of their forges; and vertical windmills were used to grind grain or to drain water. Stationary tower mills were also developed in the thirteenth century. About the same, buttons with buttonholes were first used to fasten or close garments; and spinning wheel was brought probably from India. The Arabs brought silks to Spain when they landed, and its manufacturing skill was spread into Italian towns, and crossed the Alps into France. Tanning and leather working were universally prosperous in Europe. In housing, the heating system was improved, and the earliest true chimneys appeared in northern Europe during the twelfth century. In building bridges, the stationary harbor crane was developed in 1244 and slewing cranes in 1340. The use of pottery and tiles was spread; and soap-making was expanded. In the 1280s, eye glasses were discovered, and mechanical clocks were developed and weight-driven clocks were replaced. Paper was Chinese invention, stimulating the invention of a movable printing machine in the 1440s. With the rise of urban life, “commerce and general communication put a premium on literacy and thus increased the market for books, which was much enlarged by the invention of eyeglasses.” In conjunction with a saddle, stirrups welded horse and rider into a single organism. Among others, the windmill and suction pump, magnetic compass, improvement of navigation and ship design, gunpowder and firearms were most influential medieval inventions in history.
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Medieval Industry and Its Trends: (a) Rural Industry. In the ex-Roman world, one of the questions is the degree of continuity in the planning of industrial production on landed estates by the lord. “Roman villas were originally built simply as country houses where their owners could spend the hot summer months more pleasantly than in the cities. When the real exodus from the late imperial cities to the country began, it is likely that there was not much change in customary villa management saving an effort, in order to conserve reduced incomes for outlay on luxuries, to get the labor staff to meet as many of the everyday wants of the household as possible. It had always been stock advice to a Roman landowner to keep slaves fully occupied all the year round. A few of the fourth-century villas that have been excavated in Britain….were centers of commercial manufacture, but most of them show little or no sign of industry beyond a small forge. All appear to have been destroyed in the invasions of the fifth century.”103

In Roman times, craftsmen had used local markets as an outlet for everything from metal wares to ready-made clothing, which sale like of woolen cloaks continued with good reputation on the eighth century. In some extent, a shift to serf labor reduced the industrial needs of an estate. In the ninth century, manors drew on craft services both from tenants and from their landless servile staff. “In the ideal plan, the official in charge of a group of royal manors, the seneschal, would see that there were craftsmen of all kinds in his district. Militarily, it would have been dangerous for any district to be short of smiths, carpenters, wheelwrights or workers in leather. These skills were of course essential also to the peace-time needs of the villagers of any farming district, but royal manorial officials may have long helped to keep craftsmen well dispersed by letting it be known that small holdings were available in return for competent craft service rather than field labor dues.” When he received orders to ship manorial produce for army provisions, one of their duties was to get flour packed into waterproof leather containers, and to arm the driver of each cartload with an iron-tipped lance, a shield, a bow and arrows. Other orders would similarly be handled.

Except for food processing, “centralized manorial workshops would ordinarily have been necessary only where labor and materials were scarce in relation to special needs, as might be the case at points of military danger and at newly founded or isolated monasteries. A sketch plan of the monastery of St. Gall and the outbuildings grouped around it at this time shows a handicraft house with workrooms and sleeping quarters for tanners, shoemakers and saddlers, goldsmiths, blacksmiths, swordsmiths and shield-makers, woodworkers, and fullers. Adjoining the brewery was a larger woodworking shop with a special space for turning out barrels. With cloth being woven for them by women in their serf homes, the monks of St. Gall, if the plan was materialized, were meeting all their industrial needs by imposing a rational and disciplined division of labor on their work force.”104 The monks in this century were buying their robes, or the purchase of cloth to be tailored by lay brothers. Some German religious houses continued to exact weaving services from serf women as late as the fourteenth century. The spread of religious houses, and growth in their size, stimulated marketing in other ways. The migrant builders who constructed them had money to spend on drink and clothing. “Exchange within villages and between the villages and hamlets of a district grew also with population density and money supply. Accumulating evidences show the versatility of village smiths in making little household article, and of the skills and activity of potters. “The popular notion that peasants bought only iron farm tools and salt, relying on their wives to make everything else they wanted, is for this and other reasons no longer tenable.” “The industrial items, carried on a man’s back or on a donkey’s, were modest. One paid a penny or a halfpenny on feathers, a load of wool, a table, a bedroll, and on skins of cats, lambs and other animals if they were being taken to market on someone else’s behalf; wedding outfits, which probably included the woman’s ring, were tariffed at 4d.” Seigneurial taxation be levied arbitrarily at the lord’s will tended to damp village enterprise by draining off the savings of the unfree.105
(b) **Town Industry**: The medieval towns in the twelfth and thirteenth century had both supply, demand, and market functions like present time. In the Mediterranean world, there had been no break in reliance on the market for this purpose. In north-eastern France and Flanders, “Wherever merchants wintered, there were crafts-men. In Kiev and Novgorod and other Russian trading towns, they were making copper icons and crosses for domestic export at least as early as the tenth century. By the eleventh century Cologne and London had a high reputation for fine gold-smith’s work, and Liege and Milan for arms. By the twelfth century, demand for town-made goods was clearly rising, and continued to rise more or less steadily for nearly two hundred years. The largest bulk sales at fairs were of cloth. Any stuff that was warm, and more regular in weave or more smoothly finished than country cloth could find a market.”

(i) **Fixed Capital**: Apart from housing, the construction of parish churches, cathedrals, and fortifications required huge investment. “The cost of the non-industrial parts of these prolonged building programs fell mainly on the lay population. New fortifications, bridges, and city government offices and halls were paid for by tolls and beverage taxes that affected everyone.” Merchants had voluntarily contributed to those projects substantially. On the other hand, ecclesiastical bodies had large holdings of town land and invested a good deal in covering then with houses and shops. The larger building projects were financed by royal and ecclesiastical funds. The flourmills serving northern towns before 1300 invested by lay or ecclesiastical lords who were willing, under pressure from craftsmen. Tools and equipment are often provided by careful strategies of family savings and investment.

(ii) **Working Capital**: The merchants was able to organize the whole process of production by providing working capital of industry; and the more prosperous small landowners and working peasantry made a substantial contribution to the capital needs of town industry. Town craftsmen put their savings into more secured places other than into working capital.

(iii) **Division of Labor**: “The Flemish textile regulations aimed at separation of each of the many processes through which the wool had to go. Sorting it into different grades was done by women at the warehouse. Beating the larger pieces of dirt out of it was done by men. It was then put out to women working alone or with their children in town rooms or in the villages nearby for washing, combing, spinning and for sizing of the yarn with melted lard or butter. The rest of the work was performed mostly by pairs of partners making mechanical movements….A master weaver was limited to three looms, for which he would need five assistant and the help of women who went from shop to shop to lend a hand in attaching the warp….Medieval division of labor was carried as far as the size of a work group permitted, the size being limited by the equipment that a single master could afford, could understand and could oversee. The expansion of textile markets altered the situation only in imposing a loose organizational control over the poor domestic workers, whose productivity per head was abysmally low.” In castle-building projects, managers were usually military engineers with long experience of organizational problems.

(iv) **Work Intensity**: Like farm days, the working shop day began at dawn, but whereas labor in the fields necessarily ended at sundown, numerous guild rules either prohibiting or permitting work by candle-light, and occasional squabbles over disturbance of neighbors’ sleep by the clatter of tools, show that a good many craftsmen were under an extreme compulsion to continue. “No matter whether trade was brisk or slow, everybody’s working time was curtailed by the Church’s designation of more than a quarter of the year as sacred time.” In the north, winter weather took further toll of production. There was a great unheated workshops, too, by icy hands. Storms were a perpetual hazard to windmills. Rain in all seasons slowed the finishing of cloth, which called for open-air drying after the several washings involved. Metallurgical workers utilized a longer working year than anyone else, since they could not go out by some reasons. For textile industry, it is estimated that the annual working days were about 250 days in average.
(c) **Industrial Trends**: (i) Setbacks versus Advances: “War financed by heavier taxation, contractions of long-distance trade, the inroads of plague, inter-town competition for markets that were for long period more or less static, deliberate holding down of production by privileged guilds, and continued shortages of money supply cloud the late medieval scene until the 1470s.” The Bohemian gold veins were soon exhausted, and the silver miners were scattered by the Hussite wars. “The only mining areas to sustain continued advance were those bearing the rich iron and copper ores of Sweden, the latter being developed by the capital of Hanseatic Germans. Germans, Norman and Italian ironmasters, ever since fuel costs had risen, had economized on labor by using water-powered hammers on the forged iron and by the fourteenth century were experimenting with powered bellows. Yet iron prices continued to rise until the fifteenth century. Machines were not necessarily efficient.” Central and east European mining went ahead again after the Hussite wars subsided. “Directed by German engineers, manned largely by German miners and financed by the capital of such famous merchant families as the Fuggers of Augsburg, who had a finger in every profitable pie in Europe, mines were brought under central management and integrated on a larger scale with better smelting-works.” At the close to the fifteenth century, Europe was producing no more than 40,000 tons of iron a year, and twenty-five percent of the continuing high cost of any form of iron to a manufacturing craftsman was due to commercial and transport charges. “Profits in ferrous metallurgy must undoubtedly have been highest in Sweden, where the bog ore was unusually rich, and there was extreme skill in refining it; the quality of the Osmund product fetched top prices wherever it was exported. Elsewhere the profits of ironworks were not high enough to attract the capital for really satisfactory solution of the technological problems that surrounded the industry. Nor were the annual wages enough, where fuel shortages broke the working year. The textile industry was also not attractive for investment.111

(ii) **Explanations of the Trends**: Sylvia L Thrupp explains the trends with “interplay between population growth, money supply and technology, with stress always on the level of agricultural techniques as a limiting factor. Flanders and north Italy are by far the most interesting areas because the fertility of their soil and the ease with which they could import extra food from nearby breadbasket regions had favored high density of population.” Demographic research indicates that “(1) a continuance of population growth but at a declining rate and interrupted in 1293-94 and in 1315-17 by serious general famine; (2) the Black Death years and their immediate aftermath; (3) a century of vagrant epidemics of various diseases constantly checking growth in numbers.”

(iii) **Employment Relations**: Wages were related to productivity in response to changes in supply and demand. However, there were several important differences in the way the system worked. Masters, apprentices and servants worked side by side but did not eliminate discord if their interests diverged. Discord between masters and servants became endemic in the fourteenth century, for a variety of reasons. “Servants were naturally the first to suffer from any decline in demand. Masters’ agreements to restrict production inevitably created a sense of injustice….A more discreet means of restricting production was to block the admission of young men to mastership by turning the customary examination of their skill by guild officer into the requirement that they produce a costly masterpiece. Many guilds managed to institutionalize this, professing that in doing so they were protecting the public against bad workmanship. It was not hardship that drove servants to organize in defense of their interest, however, so much as the experience of better conditions on the labor market in the generation following the Black Death.” The upward trend of wages levelled off in the 1390s; the additional income of servants increased demand for meat, wheat bread, drink and cheaper grades of shoes and clothing. The decline of population pressure on the land enabled agriculture to provide at lower price levels; cost-cutting by shortening the time in processing materials helped to meet shifts in industrial demand.112
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The Woolen Industry: Discussions here are based on Eleanora Carus-Wilson, “The Woolen Industry” in The Cambridge Economic History of Europe, Volume II, Trade and Industry in the Middle Ages ed. M. Postan and E. E. Rich (New York: Cambridge University Press, 1952). “Wool is the textile fiber obtained from sheep and other animals, “including cashmere from goats, mohair from goats, qiviut from muskoxen, angora from rabbits, and other and other types of wool from camelids.” In the Roman period, woolen cloth was in almost universal demand throughout the Empire: since it was neither fragile nor perishable, it was suited to long-distance traffic; and its production could be developed from an already existing domestic industry with comparatively less cost of capital. In the land of the Middle East, fine woolens from Greece and Phrygia found their way to the Roman market. “Egypt, most highly industrialized of all, grew rich not by woolens but by linens, mass-produced for the natives of Somaliland and shipped also to India, and by cloths woven from Indian cottons and Chinese silks, sent westwards to Rome to compete with the old-fashioned woolens.” However, the real advance was made in the West. “First to develop a large-scale woolen industry here was Southern Italy. Her rapid industrialization in the first century of the Empire was doubtless due as much to close contacts with Alexandria and the more highly developed regions of the Middle East as to the growing demands of the Roman market.”113 The Romans had clothed themselves in the wool of their own sheep, and in Southern Italy sheep were to be found on every farm; they flourished particularly on the slopes of the Apennines. The production process was commonly entrusted to women, working in their homes in the countryside as well as in the towns; sometimes, they became manufacturing towns, making the yarn into cloth. Much of the wool went down to the coast, in the form of raw wool, of yarn, or of unfinished webs, there to be fulled, dyed, finished, and marketed. Since the domestic became insufficient, Italy imported wool from other regions such as Asia Minor, Sicily, Spain, and Gaul. Spain was the main source of raw materials: cheaper quality from the North and fine from the South.

In South Spain, the Romans also developed the production of dyes, procuring thence red dyes such as cinnabar, Sinopean earth and, more especially, large quantities of kermes. “Kermes was made from the dried body of an insect which feeds on a species of oak found in Mediterranean lands. It was imported from Asia Minor as well as from Spain and yielded a scarlet dye of exceptional brilliance and permanence, vying in excellence with Tyrian purple, which in time it came wholly to supersede in the West.” Thus, through continuing to make some cloth of her own, Spain became primarily a supplier of raw materials to the Italian industry. So too it was with Mediterranean Gaul. “Sheep were reared on the slopes of the Cevennes and the Pyrenees, where still they may be seen depicted on the funereal monuments of the Roman period, and wool was shipped thence to Italy through the port of Narbo.” Northern Gaul, like Northern Italy, became an exporter on a considerable scale. “The extent of her industrialization is shown by the profusion of sepulchral monuments to workers in the woolen industry; only in Italy is there any comparable number. The manufacturing region stretched right across the country of the Belgae, from the Somme to the Moselle….Gallic cloaks and Gallic wood were finding a market in Rome in the first century of the Empire, but the wool was then rough and flocks and the fabrics woven from it coarse. Hence Gallic garments were at first the dress of the common folk….Nevertheless, they became increasingly popular, if only for the warmth and protection afforded by the stout cloaks with their capacious hoods. The development of the industry was therefore a profitable field for investment, and before long Roman sheep-farmers had succeeded in producing a much improved fleece, with the result that in due course Belgica was exporting to Italy both high-grade wool and also high-grade cloth, fetching as good a price as any. The quantity of wool produced was as notable as its quality.”114 However, in Britain, we hear nothing of certain about the production of cloth for export in the Roman times until the fourth century.

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(a) The Northern Industry in Transition: In the Middle Ages, wool was most common textile used in making clothing with pride of place. The large-scale manufacturing of woolens was dominated by three regions - Italy, England, and Belgium - through a thousand years of history. There can be no doubt that a considerable woolen industry existed in Western Europe in the seventh and early eighth centuries, and that much cloth was bought and sold on the open market. But the size, structure and location of the industry was little known, except that in England at least it catered for exports. In the royal capitularies of Charlemagne, “the villici of his rural estates were instructed to see that the women’s workshops were well furnished with wool, linen, woad, madder, vermilion, wool-combs, teasels, soup, oil, and other necessities.” During the first half of the eighth century, English cloaks were going to the continent in considerable numbers. In the second half of the century, the Carolingian empire exchanged diplomats with England, Charlemagne’s letter to Offa said that his subjects were complaining of the prolixity of the cloaks sent from England, and asked that they should be made as of old; which suggests that the traffic was a regular one of long standing, and that the industry was one producing standardized articles and susceptible to some measure of state regulation. In the early ninth century, the Vikings began to raid the shores of the North Sea on both sides of the English Channel, they described on a region prosperous industrially as well as agriculturally. Having few sheep in their own country, the Vikings coveted the comfort of good woolens and bargained for it, exchanging fish, skins and furs form the North. The expansion of the Vikings with new wealth and prosperity created a new demand, whose far-reaching trade routes facilitated the exchange of fine cloth over a wide area and developed specialized manufacturing centers, importing raw materials and marketing the rich cloth in distant land. Around 1200, we can discern not only small groups of craftsmen gathered around monastery, cathedral or castle as fullers did in the ninth, but also large congregations of weavers and other cloth workers developed their free institutions, contributing to urbanization.

In the County of Flanders, a surplus population in the eleventh century could not support them upon the land, so that Flemings joined the Crusades, or joined the armies of the Normans setting out for the conquest of Sicily or of a distracted England. “Others flocked to the towns, swelling the number of landless artisans and providing the labor supply for the great urban industry, which lived by the exchange of its manufactures for food. Others again assisted in bringing new lands under cultivation by diking, draining and clearing the wastes along the coast, and the new pastures there created sustained many thousands of sheep whose wool fed the looms of the growing industrial towns. More and more Flanders industrialized suburbs full of cloth workers – weavers, fullers, dyers and others – sprawling over what had once been countryside. Virtually every town in Flanders was a textile town, living by its export trade. Markets grew up, therefore, for the purchase of food and raw materials and for the sale of the finished cloth.” They exported it to England, France, and Germany. In England, like in Flanders, the expansion of the woolen industry went forward with remarkable rapidity in the twelfth century though in the previous century it had somewhat lagged behind. By the twelfth century the woolen industry of the North Sea region had developed afresh with astonishing speed, reaching the stage of large-scale urban manufacture of standardized fabrics for sale to distant markets. “On the busy Scandinavian routes along the Baltic and the North Sea, from the Slav lands of the East to Ireland in the West, a lively interchange was carried on.” Italian merchants penetrated to Flanders and crossed over to business in England and regularly visited the fairs of Champagne at which much cloth was marketed. Flemish merchants were making their way to Italy and south towards the Mediterranean ports. The expansion of the Mediterranean trade and of the northern textile industry, acting and reacting upon each other, had built up in Africa and the Near East an immense new market for Europe’s quantity-produced textiles, and immeasurably increased Europe’s buying power of oriental luxuries.
(b) The Zenith of Flanders. The County of Flanders was one of the wealthiest, though of the most troublesome, fiefs of the crown of France, representing capitalism in the thirteenth century. Most of their towns were busy with the manufacture of woolens, and there were at least dozen centers winning distinctive reputations in France, Spain, Italy and beyond. While Flanders reigned supreme, there were important extension of the textile region southwards across modern Belgium and Northeast France, though divided politically among a number of different feudal principalities, owing fealty some to the Emperor and some to the King of France. By the end of the twelfth century, they were associated with a commercial guild or hanse, known throughout the thirteenth century by the name of The Seventeen Towns, though by then had grown to some two dozen and more with the admission of towns to develop such as Ghent and Bruges. They were concerned with regulating their relations with the fairs of Champagne. The stream of northern textile flowing East and South was augmented by cloth from England though much less industrialized than Flanders. England had organized groups of professional weavers, fullers and dyers in almost every part of the country. Many towns were doing their business in buying up raw cloth woven in the countryside, dyeing and finishing it for sale. The primary raw material, wool, was produced both in Flanders and England. But by the thirteenth century, England was the principal supplier for the industries of both countries: “Flanders was importing not only because her own wool was proving insufficient in quantity with the rapid expansion of industrial output, but also because it was less satisfactory in quality than English wool.” While the merchants of the Flemish towns formed the Flemish Hanse of London, the Flemish manufacturers purchased wool either through agents or direct from the growers in various parts of England, Scotland, Wales, and Ireland. Spain also was supplying the northern industry with a certain amount of wool from her rapidly developing sheep-farms by the mid-thirteenth century. In England, Spanish wool was used in London or Winchester or doubtless in other parts of the southeastern manufacturing region; while German wool was also reaching England and Flanders, though in much smaller quantities. Dyestuffs were drawn from all parts of Europe and from further afield. The Mediterranean regions yielded the most brilliant and costly red in the scarlet kermes, together with most of the alum used in fixing the eyes, while other reds came from tropical regions. Northwest Europe yielded madder, woad and weld. Madder and woad, commonest dyes of all, gave those shades of blue and red, light or dark, which predominate in the background of medieval tapestries, while woad was used also to produce black. In combination, they gave various shades of purple such as violet, sanguine, and burnet, while woad with weld gave greens. Woad and madder continued to be cultivated in the cloth-making districts of Flanders and England throughout the Middle Ages. English cloth makers most commonly used Picardy woad and Toulouse woad in the fourteenth century. Both English and Flemish imported lichens from Norway to produce a purplish red color; and potash from the Baltic forests for dyeing not only in blue but in the many colors whose foundation was woad. The remaining raw materials most commonly required for the finishing processes were mainly supplied locally. The preliminary operations of sorting, beating and washing the wool was required least skill. The wool was spun into yarn: the introduction of the spinning wheel, probably in the thirteenth century, was one of the major innovation in the textile industry. From the spinners, the yarn went on to the weavers, unless it was to be dyed. Weaving was done by two workers, men or women, seated side by side at a double horizontal loom. Fulling was one of most arduous, though less skilled, operations; the cloth could be adjusted to the width of the cloth. After tendering, the fine quality broadcloths were subjected to the finishing processes of raising and shearing, so vividly depicted in the lower lights of the cloth-workers’ window. Various subsidiary operations were performed at different states of manufacture, such as mending to make good any faults in the weaving and burling to remove knots and impurities.
In operations in the woolen industry, for example, a man of property in France owned all the raw materials and some of the implements of his business. Some wool was produced on his own estate or bought locally, but much more was imported, especially from England, where he purchased on his own account from abbeys. A little madder was also grown, but more was bought, with woad and alum and perhaps other dyestuffs too. His house combined the functions of home, office, warehouse, and general headquarters of the whole concern. It stored raw materials and the finished cloths, which he marketed abroad through his agents, some of whom were members of his own family. Behind his house, he possessed a dye-house and a tenter-ground equipped with his own tenter-frames. Close was most probably dressed and shorn in his house. For the rest, the work was put out to independent craftsmen who fetched the raw material from his house and delivered back the finished product. Sometimes, dyeing was put out in this way. Both in Flanders and England, the independent craftsmen worked in their homes; sometimes they owned both the raw materials and the instruments of their trade, and sold directly to the consumer, and often had workers under themselves. On the other hand, the position of the entrepreneurs was politically and economically powerful. They were patricians, leading members of their city governments and members of those merchant guilds, which controlled the trade and industry of their cities, and which had become more and more aristocratic, excluding altogether the wage earning artisans of the great industry. “The famous laws of the weavers and fullers of Beverley enacted that any weaver or fuller who grew rich and wished to join the ranks of the burgesses must forswear his craft, turning all the instruments of it out of his house; very similar laws are extant for Winchester, Oxford, and Marlborough. All dealing in raw materials and in the finished cloths was strictly reserved to members of the merchant guilds. Hence the artisans was wholly dependent upon the entrepreneur for his livelihood, and found every detail of his life regulated by his employers through their all-powerful position in their city’s government.”

The merchant guilds possessed full power, watched over interest of trade and controlled the great industry often in minute detail, as from time to time seemed to them desirable. A mass of industrial legislation dealt with the technique of the industry: precise standards of length, breath and weight were laid down, methods defined, and the use of certain materials prescribed or forbidden. The penalties for the breach of such rules were sufficiently severe to act as a considerable deterrent. “It assisted in maintaining the reputation of the town’s wares on the foreign market by ensuring a certain uniformity of size and quality for the various types of cloth.” To insure the observance of the regulations, rigid systems of scrutiny were devised. “Inspectors were appointed to cover every branch of the trade, investigating workshops, markets and fairs. With rare exceptions, they were nominated by the civic authorities, though in part at least there might be a certain representative element, and in almost every case there were merchants among them….It was their duty not only to see that rules were enforced and no trickery practiced and to present offenders to the city authorities, but also to prevent discord and strife and to intervene in all disputes between the entrepreneurs and the masters or the masters and their servants….Among the most important functions of the inspectors was that of taking part in wage negotiations and enforcing the observance of wage deviation from the standard rates was allowed, not could the rates be altered unilaterally or jointly by either employers or employed, but only by the civic authorities.” Wages were often fixed only as a result of conflict between employers and employed, often ending in strikes, when the city authorities stepped in to settle the matter. Piece-work rates, paid for weaving, fulling, tendering, shearing and dyeing, varied much. Normal working week varied from 60 hours or more in summer to some 44 hours in winter, with no work on Saturday and Sunday. Lower-level workers did their jobs on the entrepreneur’s premises, and Higher-level workers like the master worked on their own premises.
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(c) The Italian Woolen Industry. As the flow of northern textiles southwards had increased, Italy, in particular its northern towns, held a key position, “that Italian merchants became its chief intermediaries, purchasing the cloth at the fairs of Champagne and marketing it in Italy, Africa or Asia, whence they returned with those oriental dyestuffs so eagerly sought by the northern manufacturers. They were able to acquire an unrivaled knowledge of eastern and Mediterranean markets and the types of cloth in demand there, a controlling influence over the import of some of the costlier dyestuffs, and very considerable profits. “These assets they turned to account by developing an industry of their own in the dyeing and finishing of northern cloths. Capital was invested in dye-works, tenter-yards and finishing shops. Kermes, Brasil, orchil and alum were imported less for re-export than for use at home, and once again Italy specialized in producing those shades of scarlet, crimson and purple for which she had been famous in Roman times. Finishing techniques were elaborated and perfected; the soft, closely felted fabrics of the North were raised and shorn again and again after dyeing and were then marketed in Italy or abroad, competing keenly with those wholly manufactured in England and Flanders.”

Around 1200, cloth-finishing industry grew up in most of the cities which handled the northern trade, Florence became successful in the finished industry and associated together in the Calimala guild. “Cloth, finished and unfinished, were purchased at the fairs of Champagne or at the place of manufacture either by a member of the firm concerned or through the agency of another firm. Thence, packed together in canvas bales that could be laden on a pack-horse, they were dispatched overland to the ports of Provence and thence through Pisa to Florence on a journey of some four months’ duration. The guild itself maintain inns along the route for the safe-keeping of merchants and their merchandise, and organized a postal service for the dispatch of letters to and from the fairs and their delivery to the merchant’s place of business in the Calimala.”

Due to low quality of wool, the Italian manufacturers were unable to compete with northern woolens. But the development of their commercial activity had led the Italians to become the principal carriers of northern cloths and to perfect the technique of dyeing and finishing, led them to deal in wool. During the thirteenth century, Italian manufacturers were competing with English and Flemish manufacturers for the best wools of Europe by importing high quality of wools into Italy, with three to four times the price of the native wools. “Most excellent of all was the wool of England, whose superiority is shown not only by its own price but by the fact that cloth woven from it could command a price sufficiently high to cover the heavy costs of transport across Europe.” Around 1300, they had become the principal dealers in England wool, and themselves supplying the Flemish market. “From 1269 onwards trade between Flanders and England was constantly interrupted by embargoes and confiscations, so that supply of wool to the Flemish manufacturers was intermittent and uncertain; at the same time the chief outlet for their cloths, that of the fairs of Champagne, was rendered no less precarious by their uneasy relations with the French king and by his seizures of their goods and credits. To this political difficulties were added labor troubles not less serious, culminating at the close of the century in a general revolt of the workers against the class of merchant capitalists who for so long had dominated the industry and politics of Flanders.” As labor conditions deteriorated in Flanders more and more, cloth-makers emigrated, either of their own accord or banished by the state. “Many went to the rising industrial towns of Italy which, with a growing demand for skilled labor, as well as for skilled direction, gave them a ready welcome. In Padua, for instance, foreigners who came into the city to make cloth were exempted by a statute of 1263 from all tolls and customs duties and later on also from personal taxes; by similar grants of privileges, reiterated in the early fourteenth century, they were allowed to import wool, dyestuffs and implements, and to export finished products, free of duty, while the whole of their profits were exempted from tax.”
“Fed by the finest wools of Europe and by dyestuffs from the orient and the Mediterranean, amply supplied with labor from many lands and with capital from the immense wealth of the Italian merchants, and profiting from the difficulties confronting the Flemish producers, the Italian industry leap rapidly ahead into the front rank, reaching its zenith in the first half of the fourteenth century.” The progress of the industry was so rapid that throughout the plain of the Po, in innumerable towns of Lombardy and Venetia, the woolen manufacture became the principal industry. The Florentine woolen industry produced each year some 80,000 pieces of cloth and employed some 30,000 persons. In all towns manufacturing woolens, the structure of the industry was highly capitalistic and essentially similar to that of Flanders. In Florence in 1338 there were 200 woolen manufacturing firms, employing on an average 150 operatives each. In Milan at the end of the century, there were 363 firms; 267 of these were individual firms and 96 were family partnerships. The woolen manufacturers of each city were united together in their own exclusive guild in Italy in the fourteenth century, which was different from those of the North who were members of the more comprehensive merchant guild. Manufacturer and foreign merchant were in fact more clearly separated: the Italian manufacturer seldom touched the export side of the business or indeed concerned himself in foreign trade at all. Cloth for home consumption might be sold directly to the retailer, but cloth for the foreign market was almost always disposed of to export firms. “In Milan, for instance, where the manufacturers seem to have been controlled by the foreign merchants, as in Venice, the statutes of the commune of 1396 distinguish carefully between merchant and merchants manufacturing fine wool; these last were effectively prevented from dealing on the foreign market by being forbidden to sell cloth of more than a certain value except on short-term credit. Similarly the lanaiuolo (meaning a manufacturer here) seldom imported wool himself but usually purchased from large importing houses or from middlemen.”

There was a growing tendency towards the concentration of business in the hands of large units, whether importers, exporters or manufacturers by eliminating small capitalists, independent craftsmen and middlemen. In Florence, the number of manufacturing firms contracted from some 300 to 200 in the expansion period during 1308-38, though the total value of their production was doubled from 600 to 1200 thousand florins. By around 1400, small entrepreneurs had become merely employees supervising the whole work of spinning in the countryside, including the transport of wool and yarn to and from. The division of labor in the wool industry was very similar in Italy and in Flanders as well as in England. In general, the growth of a class of industrial capitalist was accompanied by the growth of a hired proletariat of workers. In terms of conditions of proletariat, workers “were forbidden to assemble together or to combine in their own fraternities, even for religious purposes, without the permission of the consuls of the guild, to whose jurisdiction they were wholly subjected but in whose election they had no voice. Threatened with mass unemployment and starvation in times of slump, in times of boom or of labor shortage their prospects might materially improve. With the scarcity of workers after the Black Death, for instance, they were in so favorable a position to bargain for higher wages that for the first time the guild intervened in the matter, abolishing freedom of contract and setting up a committee of eight lanaiuoli to fix wages. Paid mostly by the hour or by the day, they had no security of employment.” Finally, the enforcement powers of the guild were formidable. “A large staff of inspectors was constantly occupied in the detection of any breach of the regulations. The guild had its own police officers for the apprehension of delinquents, its own goals for their detention, and its own court for their trial. So wide was the competence of this court that a suit brought by a nanaiuolo even against an outsider could be heard there. The penalties it was permitted to impose were of the utmost severity. Fines, often exacted in the form of a postponement of wages, were the least to be feared; more serious was deprivation of work, involving ruin or exile.”
(d) Crisis of the Low Countries: (i) Flanders: “Once there had been a time when all engaged in trade and industry had united to liberate their cities from the common enemy of a feudal overlord. Thus in 1077 the weavers and fullers of Cambrai had joined forces with their fellow citizens to win freedom from the Bishop. And in the twelfth century the independent spirit of the weavers, always restless under authority, had shown itself in rebellion against accepted tenets of the Church, when they championed what were often described both Flanders and in England as the weavers’ heresies.” The craftsmen had fallen into dependence upon the entrepreneur. As the business was prosperous, the entrepreneurs became rich with the surplus profits, which widened the gap between rich and poor, and caused them to take the form of vague socialist and communist aspirations. In 1225 they deposed the town government, despoiled the plutocrats and declared a commune. In the County of Flanders, the popular movement came to a climax in 1280, while issue was clearly joined between artisans and entrepreneurs, employers and employed. Despite intervention of France, the Flanders destroyed the French cavalry at the battle of Courtrai in 1302, which liberated their workers. The power of the merchant guilds was destroyed and the artisans shared in the government. Meantime, the price of English wools rose high due to taxes and duty for Edward’s war finance; Italian competition was continuously growing; and the conflict with France disturbed their commercial activities in France. In 1297 when Flanders became allied with England, France arrested all Flemish merchants throughout France and confiscated their goods and credits. As labor conditions became worse, their skilled workers moved out of Flanders for better opportunities. A series of peasant revolts against the rich was suppressed only by the French armies; their trade and industry declined; the Hanse of London disappeared; and the Hanse of the Seventeen Towns became no more than a name in the course of the fourteenth century. The ancient landward route to the fair of Champagne was now frequently blocked by new toll barriers or by the armies of France, so was less and less used by the Flemish merchants.

(ii) Brabant: The troubles of the County of Flanders gave a golden opportunities to the woolen industry of the Duchy of Brabant. Fief of the Empire, she enjoyed a quasi-independence such as Flanders had known two centuries earlier. In the Anglo-French war of 1294-97, for instance, when all export of wool from England was forbidden, and exception was made in favor of the merchants of Brabant alone, for the Duke had been active in urging the Count of Flanders to ally himself with the King of England. With the astute statesmanship of her dukes, Brabant wool supply continued almost uninterrupted, and strengthened her ancient commercial links with the eastern markets of the Rhineland, intensifying her trade with markets in France. In Brabant, as in Flanders, the right of association was denied to the artisans, and they were wholly under the power of the patrician merchants guilds, from which all manual workers were excluded. At the time of the Flemish insurgents in 1302, workers of Brussels, Louvain, Antwerp and Leau rose in arms, seized the reins of power and abolished the merchant guilds, but the revolt was ruthlessly suppressed by the Duke and his army. The rebel weavers and fullers were banished; and the merchant guilds were restored and their powers confirmed; they alone might henceforth make regulations for the weavers, fullers, dyers, carders and spinners. The workers were again forbidden to strike, to assemble together without permission, or to carry arms; and the death penalty was imposed to one who violated the curfew. “If the failure of the popular movement must in part be attributed to the firm alliance between the Duke and his patrician subjects, it must in part also be attributed to the vigor of the merchant guilds, whose continuing vitality in Brabant is in striking contrast to their decadence in Flanders at this time.” In the first half of the fifteenth century, Brabant steadily strengthened their hold in the West. Cloths of Brussels, Malines and Louvain in particular enjoyed a growing reputation, which may be seen by the purchases made between 1298 and 1328 for the household of the Countess of Artois, whether at the fairs of Champagne or at the place of manufacture. 128
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(e) The Triumph of the English Industry: In the thirteenth century, industrial development of England was yet much behind that of Flanders. “Though her production of cloth was not negligible, she was above all a supplier of raw wool to Flanders and Italy, and was herself a market for considerable quantities of foreign cloth: when Edward I needed new sources of revenue, it was wool rather than cloth whose export he taxed. Hence the English clothing towns were on a very small scale compared.” Yet here too there were signs of industrial conflict, though not so grave a nature as in Flanders. “Wage rates, restrictive practices, the right of association and the right of assembly were all matters hotly disputed between employers and employed.” The London weavers, strongly organized in their own guilds with its royal charter since early twelfth century, were in the position to defy their employers with some measure of success. “When the city government offered King John a large sum to abolish the charter, the weavers gave him a still larger sum for its restoration. By the end of the thirteenth century, they were meeting the problem of rising prices by raising their own wages.” The introduction of the water fulling mill with the spinning wheel greatly reduced the labor force: the former was built wherever water power was available. It was an attractive investment with capital derived from the land as well as the trade. Often lords of the manor, lay and ecclesiastical, took the initiative in building the mills for profits with monopoly. Around 1300, the use of water-power mill was widespread. The rapid extension of the water fulling mill affected decisively not only the technique and organization of the English industry but also its location, spelling out the old centers. Since the swifter upper water course suited to more efficient overshot wheel, water mills were built outside the cities, often in remote upland valleys. Groups of weavers as well as fullers and other workers began to appear around the mills, where the advantages of water power were added to freedom from the restrictions of the urban guilds and from high taxations. As a result, the industry became dispersed over the countryside rather than concentration in ancient chartered boroughs.

By the close of the fifteenth century, England had transformed from an exporter primarily of raw material into an exporter primarily of manufactured products, while the urban industries of Flanders and Italy had failed to solve the problem of the industrial society as discussed previously. The development of the fulling mill with abundant water power gave one decisive advantage over Flanders having mover windmills rather than water mills. Italy also had sufficient water streams to turn a number of mills immediate neighborhoods of Florence. Italy had the advantage over both Italy and Flanders in raw materials – the finest wool in Europe. While foreign manufacturers purchased English wools by paying export duties and transport costs, the English manufacturers could produce high quality of woolen cloth with lower costs, and exported them with entirely free customs until 1347, when native merchants were first taxed on export cloth by less than 2 percent. The new and lucrative opportunities presented by technical and financial developments attracted both capital and labor to the English industry. Moreover, it was easy to hire part-time workers in the country districts, where workers paid lower living costs. As English wool industry became vital, foreign workers like skilled craftsmen from the Flemish textile industries immigrated to England. When Flemish trade with France was prohibited, during the embargo of 1271, Henry III decreed that “all workers of woolen cloths, male and female, as well of Flanders as of other lands, may safely come into our realm, there to make cloths,” and he granted them freedom from taxation for five years. “In the mid-fourteenth century, England was still predominantly an exporter of raw materials, shipping abroad normally over 30,000 sacks of wool each year, and more than 130,000 broadcloths by about 1400. The industry continued to progress, cloth exports had risen to an annual average of some 54,000 cloths, equivalent to some 12,500 sacks of wool, by about 1450, when wool export declined to some 8,000 sacks; which means that England was now became predominantly an exporter of manufactured woolens rather than of raw wools.130
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Among cloth producing regions in England, the West of England was responsible for possibly half the whole cloth production of the country and for almost all the broadcloths. In Norfolk, there had been the manufacture of a light stuff of high quality made of long wool, combed and carded, and requiring little milling; this was in much demand for the summer clothing of religious orders, both domestic and foreign. The West Riding of Yorkshire was primarily a kersey-producing region. Beyond these three regions, Westmoreland was famous for its cheap but durable Kendals. Some of all these cloths were sold on local markets for home consumption, but the great majority found their way to the ports by cart, pack-horse, river barge or coasting boat. “Back from the ports to the clothing centers came raw materials for England’s industry: madder and teasels from Flanders, ashes from the Baltic, woad from Gascony, Picardy, Brabant, Germany and Italy, whence too came alum and saffron, grain from Spain and Portugal.” The structure of the woolen industry was inevitably capitalist in the provision of the raw materials, in the combining of the various processes of manufacture, and in the marketing of the finished product. Sometimes, a single individual combined all three functions. More often trading and manufacturing sides of business were separated in Italy. Since England’s industry advanced slower than two others, when England reached her industrial maturity, the relative advantages and disadvantages of doing business in borough or manor were very different from what they had done once been. “The feudal society was in dissolution; billeinage had all but disappeared; the borough with its battlemented walls was becoming as much as anachronism as the baronial castle; its liberties had become privileges for the few, and its economy was more rigidly regimented and more heavily taxed than that of the manor had ever been.” The manufacturer developed his business unrestricted in the countryside, making his headquarters in some small market town or village, which grew as the industry grew. Few manorial incidents as survived did not greatly hamper industry, though here and there a manorial fulling mill with monopoly right remained.131

By early fifteenth century, a means of mechanizing the first finishing process, using the gimmel for their fine broadcloths, “instead of the tedious process of drawing teasels by hand over the surface of the cloth, the cloth was now passed over a roller set with teasels and kept whirling by being attached to the spindle of a water wheel – a device in all essentials similar to that used today.” The ranks of the clothiers were recruited from all sorts and conditions of men – some from within the industry, where they had begun as weavers, fullers, dyers or shearmen; some from without, from among wool farmers, victualers, butchers, country gentry and many others. The big clothier entrepreneur was exclusively engaged in management, usually owning considerable equipment. Sometimes, carding, combing, spinning and weaving were done on the clothier’s own premises but were much more often put out to a host of local craftsmen working in their own homes but looking to the clothier for employment. “A concentration of manufacture on the clothier’s premises was more easily achieved for weaving than for spinning, for spinning was still to a great extent a part-time occupation combined day by day with housewifely. Moreover weaving demanded a certain capital outlay in the acquisition of a loom.” The growing completion of the English woolen industry in the European markets was accompanied by profound disturbances in Italy and Belgica, leading gradually transformation of their economies. Labor unrest in the densely peopled clothing cities increased in intensity, reaching its climax in Italy in the late fourteenth century; and in Florence 1378 saw the mass rising of the wool-carders, ruthlessly repressed, while in the following year the weavers rose in rebellion once again, but was suppressed as discussed previously. Meantime, the production transferred from the large to the smaller centers and from English wool to Spanish, which became a characteristic feature in the fifteenth century. However, the English woolen industry had maintained a position of unchallengeable supremacy, producing cloths probably greater in quantity and finer in quality.132
Medieval Mining and Metallurgy: Discussions here are based on John U. Nef, “Mining and Metallurgy in Medieval Civilization,” in The Cambridge Economic History of Europe, Volume II, Trade and Industry in the Middle Age, ed. M. Postan and E. E. Rich (New York: Cambridge University Press, 1987). Mining metallurgy may have concerned to discover cheaper methods of carrying them over land and water; to substitute wood and charcoal with coal fuel for the blast furnace; and to provide a theoretical foundation for the industrial achievement. In the fifth and fourth centuries B.C., “thousands of work-people, mostly slaves, were employed in mining and working the famous silver-bearing lead ore on the mountain of Laurion near Athens. A few of the pits reached down three hundred feet or more into the earth. The slopes and valleys in the neighborhood were full of men washing, breaking, and preparing the ore, or separating the silver from the lead. During the Hellenistic period of the third and second centuries, mining operations were pursued with increased vigor in some of the lands surrounding in the Mediterranean, so that the Romans found metallurgical enterprises in nearly all the countries they conquered.” In the Roman period, many mines were opened in Spain, Britain, Gaul, and in the Alpine regions south of the river Danube, while mining was generally regarded as a much less desirable occupation than agriculture. As a consequence of difficulties, the costs of mining in man-power, even with slave labor, drove up the prices of the ores and the metals made from them, and discouraged their extensive use. “Metal was the materials of many statues, but it was never the basis for constructing ships, aqueducts, public buildings, theatres, or stadiums. It was used as sparingly as possible in making tools and machinery. Iron was almost always obtained by prolonged and patient heating in a forge fire, followed by reiterated heatings and hammerings on the anvil. Small-scale operations alone were possible and much of the iron present in the ore was lost as slag and scale. The process was very costly in firewood, charcoal, and labor.” Without the use of coal, oil, and hydroelectric power, the costs of metal production must be too expensive to bare.

(a) The Course of Production (300-1330): The output of metal production declined from the third century, and ores were taken at much shallower depths than those that had been often reached in classical times. All the more ambitious mines of the Roman Empire in the West were eventually abandoned. From the third to the eighth century, the output of iron diminished less than that of other metals. “Iron was still needed by woodsmen and husbandmen for axes, knives and spades, and even for ploughshares in a few places where a knowledge of Roman methods of ploughing was preserved. Iron was wanted, above all, for weapons. As it was the generally be had with less effort than ores containing silver, lead, copper, or tin. At many places in Gaul, the Rhineland, Saxony, Bohemia, and Tuscany, and especially in Spain and possibly on the slopes and along the valleys of the Eastern Alps, iron in small quantities was produced throughout the Merovignian period (c.500-c.800). In Lorraine there seems to have been some development of iron metallurgy in that age. After the eighth century, with the spread of horses and mounted warriors, together with the introduction of the stirrup, more iron was wanted almost everywhere in Europe. Europe also became a source of supplies for the Near East. At the end of the ninth century iron, brought down from the Eastern Alps, was already an item of some prominence in the exports of Venice, then the chief port for European commerce with the Near East. In and beyond the Alps the wood needed to provide charcoal for the iron forges was to be had in abundance. There had long been traffic in surplus timber to Egypt, which had always depended for its wood on imports by sea.” In tenth century, iron production began to grow in the Eastern Alps, and more general progress in mining and metallurgy, especially in Germany, where several new mines were discovered. After the mid-twelfth century, the progress was intensified. “The first great period in history of mining among the western peoples began around 1170, with the discovery of the rich silver-bearing ores of Freiberg in Saxony. It continued until the fourteenth century.”
The rising production of silver, gold, and less valuable metals, combined with a flow of gold from the Muslim countries to Europe, contributed to the growth of wealth, partly by increasing supply of money but mainly by adding to the material available for industrial purposes. “A prodigious expansion of agrarian and industrial production, combined with an even more remarkable growth of trade, transformed the economic face of Europe between the late eleventh and the fourteenth centuries. The growth of mineral wealth helps to explain how it was possible for the people of the thirteenth century to create such magnificent and costly monuments in stone, and then embellish them with equally wonderful work in glass and metal (in the cathedrals). The growth of wealth also made possible greater leisure. This facilitated the remarkable philosophical speculations which were the chief glory of the medieval universities.” Among the driving forces behind the development of mining were “the increase in population and the growth in agriculture, trade and industry. The area cultivation and pasturage was extended in every direction, especially into wooded, hilly and mountainous country. “Frequently the plough of a husbandman struck against one of the outcropping seams of iron or coal with which northern parts of Europe were so plentifully supplied. The location of more valuable ores was disclosed by the violence of nature in the forests, the Alpine valleys, and even on the slopes of high peaks. When snow melted, rushing torrents overflowed their banks to strip off surface land and lay bare treasure underneath. Seams of rich ore were also revealed when a great wind uprooted trees, when lightning splintered rocks, or when an avalanche tore its path down some mountain side. As settlers and travelling traders streamed into the uplands and penetrated the woodlands, there were more eyes to watch these accidents, which encouraged prospectors to probe the earth for minerals. The increasing curiosity about the metal world and increasing agricultural, commercial, industrial and artistic needs for gold, silver, iron, lead, copper, tin and alloys of these metals made men eager to explore beneath the soil, to examine and to exploit the substances they found.”

In the late and twelfth centuries, traders and colonizers were looking for ores, particularly containing silver or gold. Rich veins lay waiting for them near the surface, chiefly in central Europe, especially abundant north of the Danube – in Saxony, Bohemia, Silesia, and Hungary. German emigrants, some of whom were bent on mining, were pushing into regions held by Slavs and Magyars in the treat colonizing movements towards the east and southeast, which brought Walloons and Flemings into Saxony and Frenchmen into the western Rhineland. “While the search for precious metal had a special fascination for the Europeans throughout the later Middle Ages, the demand for minerals of every kind grew rapidly with the rapid growth of population, industry, and trade. The boom in mining extended to ores containing only base metals – copper, lead, tin, and iron. It extended even to coal. In the digging of coal and base ores other than copper, the Germans had no such dominance as in the digging of ores rich in silver and gold.” The medieval people wanted iron in much larger quantities during the great age of gothic building, which lasted from the early twelfth to the early fourteenth century. “Iron was more needed than before for ploughshares and other farm implements, for tools, axles, chauldrons and other accessories in the expanding industries, for anchors, keels and nails in shipbuilding, for horseshoes, bits and stirrups with the spread of horsemanship, and for armor, spears, and swords and daggers to be sued ferociously by our ancestors in their endless fighting in those times of few restraints on ruthless violence. Iron-making prospered all over Europe.” Meantime, the small but increasing use of coal in Europe seems to reflect rather the growth in European population and the mounting prosperity of the High Middle Ages. “This brought about a continual increase in the need for metals, as well as other industrial products. The fulfilment of that need brought increasing pressure on the European timber supplies both for fuel and for material to be used in construction work.” The chief center for coal mining were in the Low Countries and in the north of England.
(b) **Laws and Customs of Medieval Mining**: The towns directly concerned making of cloth and leather wares, while every political authority and every kind of landlords had a great interest in mining and metallurgy. Almost all overlords, lay and ecclesiastical, had motive to open the mines in their territories in order to increase their revenues. Some princes obtaining great wealth and political power by establishing mints to coin silver and later gold, and by ordering the mining communities in the interest of their treasuries. The origin of their claims to dispose of mines under private lands subject to their authority is obscure. “Early metal mining was almost always conducted either to obtain iron or base metals for making weapons or to acquire precious metals for making the coins of realm. In the days before representative government had been invented, the ruler of any city or state or a tribal chieftain would need to be assured that access to raw materials for arms manufacture and the mining of currency was secure. Consequently, this ruler might allow the people who lived on the land to control the land’s surface but would be reluctant to give up control or ownership of the subterranean minerals – we call this concept the regalian tradition of the mineral rights. The original regalian concept worked well as long as mining was an arcane profession carried out by slaves and contract workers who produced raw materials that only a king could use anyway. Most people had all they could do to produce food and fiber to stay alive and no real use of copper, gold, or silver. Through time, however, the regalian tradition came to have interesting and significant consequences. First, as king gave way to bands of nobles and eventually to various democratic styles of government, the mineral rights were often transferred to the governing body that replaced the ruling family. A second consequence is more philosophical. Clearly, if one subscribes to the regalian doctrine, then mineral rights can be separated from surface rights. You can own your farmland and do whatever you wish with it, but someone else can own the coal or tin or diamonds that lie beneath.”

In ancient Rome, the Justinian Code declared that the rights to minerals beneath the land were an accessory to surface ownership, this the name accessory rights. They allowed the mineral and surface rights to be separated, but unless this is formally done, the minerals under your land are yours and certainly not the government’s. However, if your great grandfather sold the mineral rights, you are not protected. Nowadays many states have laws that require owners of the separate mineral rights to exercise that right within 5 to 10 years of purchase or lose that right (us it or lose it). In ancient time Rome, Justinian Code only applied to Roman citizens and was not applicable to conquered lands. In fact, Roman emperors got into habit of paying off victorious generals with the mineral rights to gold and silver in conquered lands in return for one-seventh of the gold and silver mined. “During the twelfth and thirteenth centuries, European overlords were claiming with much success the regalian rights to dispose of ores containing gold or silver, and in some cases of tin and copper ore as well, both in their own lands and in those of their subjects. When the mine were worked, they claimed a share in the produce. This share generally included a settled portion of the ore or metal, frequently a tenth. In addition the overlords usually received coinage duties; they often had the right of pre-emption over the entire output of the best metal – i.e. a right to buy all of it at a lower price than that which it might have commanded if sold on the open market. But as it was in their interest to have the mines worked, and as they seldom cared to bear the risk of operating them, there were practical limits to their demands. They could not afford to be exorbitant. Their claims to revenue were frequently reduced to meet the increased costs which the miners had to undergo in sinking, draining and ventilating the pits.” Miners and smelters had to pay for their privileges. The landlords received compensation for the use of their lands and for any damage done to them. Sometimes they shared with the regalian lord in the royalty on the produce of the mine containing precious metal. The problems arising out of mining operations required settlements by administrative, legislative, and judicial procedures.
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In many mining communities, codes were issued by the territorial lords holding regalian rights, or by the lords of the soil when the property in the minerals went with the property in land. As the first code, the bishop of Trent in the southern Tyrol issued a code in 1185, and from that time the codification of laws and customs spread. “In Central Europe and Scandinavia, some codes, originally promulgated for one community, served as a model for many others. The most influential codes were apparently those enacted by the king of Bohemia for the miners of Iglau, the first of which dated from about 1249. The Iglau regulations formed the basis for all the written Bohemian laws relating to the mining of silver-bearing ore during the late thirteenth and fourteenth centuries. These Iglau codes left their trace on those of several mining communities in Germany, Hungary, Transylvania and the Venetian Republic. It would be a mistake to conclude that all medieval mining laws and customs had a common origin. The most universal customs were the product not of a single lawgiver or even of a single race. They were the product of conditions common to the whole of Europe during the twelfth and thirteenth centuries.”

Princes and lords were granting charters to the growing towns and freedom to serfs and the sons of serfs in the country. “When the valuable mines were discovered, the princes and lords who claimed the authority to dispose of them had to attract hands to get them worked. In order to do this, they had to offer advantages equivalent to those granted to settlers in the towns. Work-people in the mining communities derived their privileges and their independence from other circumstances besides their bargaining power. Mining made a positive contribution of its own to the new freedom and also, through this may seem paradoxical, to the new authority exercised during and after the thirteenth century by lesser political rulers, who nominally owed allegiance to the Empire.” The early miners and smelters, particularly in Saxony, the Alps, and other regions of Central Europe, were explorers and even climbers attacking forests, venturing into high valleys and scrambling up the sides of mountains; and freedom was almost inevitable status for the miners.

(c) The Collapse of Prosperity: “During the fourteenth century the rapid progress in the output of minerals and metals, characteristic of most of Europe for several previous generations, came to an end. Except in a few districts, notably in eastern Franconia and perhaps in Bohemia, the miners began to encounter hard times early in the century or at least before the middle of it, when the bubonic plague swept away a substantial part of the European population. Both Franconia and Bohemia suffered relatively little from the Black Death. Their escape may have had something to do with the revival of the prosperity of the mines of silver-bearing ore in Bohemia during the third quarter of the fourteenth century. Progress was made also in the output of gold in Bohemia, Silesia and Hungary. But mining in Central Europe generally was not in a flourishing state during the fourteenth and early fifteenth centuries. The production of gold and silver in Europe as a whole actually declined. To judge from conditions at the famous copper mines on the Rammelsberg and at the equally famous tin mines in Devon and Cornwall, the production of copper and tin also diminished somewhat. In spite of frequent warfare, which kept up the demand for iron and steel, the forges in the chief iron-making districts were seldom prosperous. In many district their number dwindled. The traffic in sea coal from England to the continent was not increasing.” Since the prosperity of the mining and metallurgical industry was bound up with general prosperity, the depression in mining was partly a reflection of the economic and political troubles which beset most of Europe. The peasants were difficult to improve either their social status or their material welfare. In most towns there was no marked increase in the number of craftsmen or in industrial production. Wars and political disputes between various European princes and between the rising national states of France and England were more frequent and more destructive than in the thirteenth century. Wars ruined the economy as well as mining towns. A renewal of prosperity in mining depended upon general improvement in economic and political conditions.
(d) **The Progress of Industrial Technology.** There was little technological progress in medieval mining and metallurgy. In the earlier medieval silver rushes, mining had been generally carried on by rather primitive methods. “If miners in gothic age had learned of the shafts that had been sunk in Roman times to depths of some six hundred feet in Spain, if they had learned of the adits that had been driven for more than a mile to drain the workings, or of the costly drainage machinery in form forms of water-wheels and cochlea, moved apparently by human labor, their admiration for the technical skill….No such deep mines were to be found in medieval Europe before the end of the thirteenth century; nor were the attempts to rid the pits of water yet as enterprising as those sometimes made by ancient peoples. Most of the coal and base ore was got either by quarrying or by digging a sort of cave, widening out at the bottom like a bell or gone, with its base only a few feet below the surface. It was only in the digging of rich silver-bearing ores in Central Europe that shaft mining had become at all general by the end of the thirteenth century. Even in silver mining the shafts seldom penetrated deeply below the surface. The normal procedure in attacking silver-bearing ores was to puncture a sloping field with dozens of very shallow pits. As soon as water interfered with the hewers’ work, a pit was usually abandoned.” Difficulties lay in drainages: leather buckets filled with water were wound up from a pit by a hand-turned windlass, or passed along a chain of men stationed in an inclined shaft. At the depths of from sixty to hundred feet, flooding was likely to become a much more serious danger than it had been commonly in the Roman mines. The only way to meet the difficulties was to drain off the water continuously in fairly large quantities. Around 1300, water- and horse-driven machines were tried for drawing water from the pits and also for raising brine water from deep salt springs. The use of more substantial wheels, axles, and gears was indispensable, but brought no important results in producing a more significant output until the sixteenth century.142

In metallurgy, during the twelfth century, the hammers and stamps for breaking and crushing the ore, and the bellows used in heating it, were probably mostly driven by hand or food labor, as had been the practice at Laurion in ancient Greece. “But primitive power-driven machinery could be more effective in many metallurgical operations than in draining mines. Industrial development occurred in many places where nature invited the use of water power. Rushing streams poured down the slopes and ran through the mountain valleys of Central Europe in a profusion unknown in the drier land of Greece and in most of the Mediterranean basin. By the first decade of the thirteenth century, if not earlier, water-driven wheels were set up at the silver mines of Trent, in the southern Tyrol, both for driving the hammers and the bellows.” Similar water-driven wheels were introduced for operating the bellows and the hammers in the chief iron-making regions. “The hotter flame from the new and longer water-driven bellows produced bigger salamanders, or masses of metal, than had been made by the older methods. Consequently, larger furnaces had to be devised to hold the ore and the fuel, while power-driven tilt hammers were needed to reduce the salamanders to blooms of wrought iron at nearly mills. Three types of furnace had begun to replace the older bloomer forges in the fourteenth century: the Catalan forge, which had an ancient origin and was adopted mainly in the Pyrenees and the adjoining parts of Spain and France; the Osmund furnace, introduced in Scandinavia; and what was called in German the *Stuckofen.*” The last was a fairly substantial structure of brick or stone, usually built close to the streams to make possible the use of water power, which furnace could turn out 40 or 50 tons of iron in a year, about three times the quantity ordinarily produced at the more primitive bloomer forges. Like the long adits and the water-driven machinery for draining the silver mines, the improved methods for manufacturing iron were not widely adopted in Europe for more than a hundred years after their introduction. In most of Europe the miners, smelters, and refiners of metal went on digging and treating ores in the fashion to which their ancestors had become accustomed.143
“Throughout the European Middle Ages there is a great deal of iron in use. There are many centers of production, and a great deal of experiment in changing technique. One constant theme is the application of water-power to the muscle jobs of hammering the bloom and blowing air onto the smelter fire. The larger bellows that a water-wheel can operate mean a hotter fire in the smelter, and along with changes in the size and shape of the furnaces, they make it possible to reach the critical temperatures.”

The first technique to refine pig iron or cast iron was invented in China around 500 B.C. and involved using a finery forge; which technique of refining didn’t reach Western Europe until the fifteenth century. “Current evidence from archaeology indicates that cast iron was first produced in Europe at two sites in Sweden, Lapphyttan and Vinarhyttan, sometime between 1150 and 1350. This suggests a possible connection with the much earlier Chinese practice of iron casting perhaps via the Mongols and the Viking settlements in the Volga region. This suggestion is supported by the general shapes of the furnaces as well. On the other hand, it may simply have been that bigger furnaces and bigger bellows led inevitably to cast iron flowing from the smelters.” While finery forges can produce high quality wrought iron, they have one huge disadvantage that finery forges have to use charcoal as the fuel, because other fuel types such coal, peat or gas can add other impurities to the iron alloy, thereby affecting these properties. The charcoal has to be of high quality of best results. By the eighteenth century, the supply of charcoal was becoming a problem in Europe and entire forests were cut down to meet the demand and there was still a shortage of charcoal. Therefore, other techniques were invented to replace finery forges. The market for cast iron objects in Europe appeared late in the fourteenth century when cannon-balls came to be in demand. Iron casting could make cheap, uniform cannon shot in vast quantities.

Figure II-3-1 shows the basic concept of design for a water-powered furnace with bellows that was developed and used in the sixteenth century: The hot carbon in the charcoal combines with the oxygen in the iron oxide ore, to form carbon monoxide and carbon dioxide, leaving behind the iron metal. The water-powered furnace could maintain high temperature inside the furnace: at higher temperature, iron is virtually saturated with carbon.

Figure II-3-1. A Furnace with Bellows, 16th Century
http://3.bp.blogspot.com/-ZcZaS8AtVms/VDHaYLhXqI/AAAAAAAACc8/REf6LJi1a70/s1600/water-wheel-bloomery.jpg, accessed 14 March 2015
Building in Stone: The construction of walls and buildings in stone were stimulated by the feudal conditions in the Middle Ages. Feudal lords built strongholds in the competition between the weapons of attack and the arts of defense, and the walls and towers of the castles became longer, thicker and more solid. Fortifications changed warfare, and in turn were modified to suit new tactics, weapons and siege techniques. There were several fortification types. Towers of medieval castles were usually made of stone or sometimes rarely woods; and the tower had a spiral staircase to make it hard for the attackers to fight upward but easy for a defender to fight downward. The walls of a medieval town or city would depend on the resources available for building, and the wood will have been replaced by stone to higher standard of security. The wall usually had an internal and an external pomoerium around the city. “Many of these were first walled by the lords who founded them, and some, like most of the bastides of southern France, were not very large…. Rich and free cities might need much more; the fourteenth-century defenses of Verona stretched for two miles and a half, and Nuremberg in the same century had grown so wealthy and populous that its two chief churches had to be enlarged and new defenses begun, which extended to four miles of double walling. Altogether the military needs of hundreds of towns in England, France, Spain, Italy and Germany must have required in enormous amount of mason’s work.”146 Harbors or some sort of water access was often essential to the construction of medieval fortification. It was a direct route for trading and fortification. “Having direct access to a body of water provided a route for resupply in times of war, an additional method of transportation in times of peace, and potential drinking water for a besieged castle of fortification. The concept of rivers or harbors coming directly up to the walls of fortification was especially used by the English as they constructed castles throughout Wales.”147 Churches and monasteries needed to recover destroyed buildings and to extend monasteries, which also stimulated construction. The rising population required housing, and the urbanization needed more public buildings. “Motte-and-bailey was the prevalent form of castle during 11th and 12th centuries. A courtyard (called a bailey) was protected by a ditch and a palisade (strong timber fence). Often the entrance was protected by a lifting bridge, a drawbridge or a timber gate tower. Inside the bailey were stables, workshops, and a chapel. The motte was the final refuge in this type of castle. It was a raised earth mound, and varied in height between 5 m to 10 m. There was a tower on top of the motte. In most cases, the tower was made of timber, though some were also made of stones. Stone towers were found in natural mounds, as artificial ones were not strong enough to support stone towers. Larger motes had towers with many rooms, including the great hall. Smaller ones had only a watch tower.”148 Just like modern times, medieval engineers use a number of obstacle types “including abates, caltrops, cheval de fries, and trou de loup.” In the countryside not every house was purely a fortress, but urban houses, protected by city walls, could be designed with even less reference to security. In some French towns, it is true, there were fortified noble houses and the cities of northern Italy bristled with private fortresses. Besides walls, habitations and churches, the cities needed public buildings. There were architectural drawings and diagrams for various structures and buildings; and major materials were timber and stone, and artificers increasingly used stone with an improvement in vaulting. In Western Europe, however, generally stone was not then the chief, or even a common, building material: timber continued to be used for centuries, giving place to stone at various times in different countries. Another change was an improvement in vaulting, an arch-shaped ceiling. “Like earlier vaulting, it had the advantage of eliminating timber for roofing and this reducing the risk of fire and, in addition, it made possible changes amounting to the revolution in construction. The space which could be spanned was greatly increased; the center of the vault could be carried to a very great height; and it was possible to provide with safety far more window space, so as to fill the building with light.”149
The medieval builders used local stone because of high cost of transport, but the stone could be brought from a distance if funds were available; while timber was mainly obtained locally. The relative cheapness of water transport was an advantage to such churches as St. Victor’s at Xanten, to which stone was brought by way of the rivers Lippe, Ruhr and Rhine, but part of the benefit was apt to be lost through payment of tolls. Since medieval carpenters preferred to use only timber and wood was also needed for other uses, the supply might at times run short, and imported wood was used. Irish timber was used at the Louvre in the fourteenth century, and in the fourteenth and fifteenth centuries, Danish timber was used in building work done for the kings of France and dukes of Burgundy. “Bricks, which were known in the eleventh century, were, for reason not well understood, almost entirely given up in the centuries following, except in districts poorly supplied with good building stone.” Manpower in traditional medieval governments in Europe consisted mainly of slave labor and low-class laborers. “Slaves came from conquered nations or were traded from other nations. They worked eight to twelve hours every day, except on religious holidays. Slaves were paid only in old or soiled food and bad shelter. Laborers were only a step above slaves, paid with at least some currency and generally decent food and shelter (though they were considered to be indebted to the employer for such materials).” The supply of skilled labor (architects, masons, carpenters, smiths, plumbers and glaziers, and so on) were greatly difficult in the twelfth and following centuries. Many masons and other craftsmen learned their trades in the workshops connected with abbey and cathedral fabrics, and some monks and secular clergymen are known to have had competence in architecture. The administration for construction was separately controlled by two parties: the financial and administrative, and the technical or architectural for ecclesiastical, royal, municipal and private buildings. Fine stone masonry used only for public works, royal buildings and ecclesiastical building of royal importance, always using either arched cut stone spans or vaulted timber spans at the roof level.

The architect or master mason contracted for the construction of a whole building or its considerable part. Building contracts gave chances of great gain to masons and carpenters, but their great majority remained as wage earners throughout their working lives except a very small number of artificers, although the contracting system became dominant only after 1350. Medieval masons and other building craftsmen differed from workers in other industry. First, they had much greater mobility: because masons and carpenters were not tied to a loom, they could easily move to place to place by packing their instruments. Second, they had fewer opportunities to acquire, even in small quantities, the material in which they worked, so that they were unable to sell their skilled labor elsewhere. Third, the mason was often employed in conditions being attached to the industrial establishment and requiring to follow an order and discipline, though less harsh in their operations. The trend of money wages fluctuated, and there were occasional opportunities for masons to add to their ordinary earnings by extra diligence with hasty and night works. “At least one contract contained a clause designed to offset possible fluctuations in the value of money; the bishop and canons of Lugo in Spain agreed in 1129 that their master mason should have an annual salary of 200 sueldos, but, if the value were to change, he should have six marks in silver and various payments in kind.” Like other medieval workmen, the craftsmen organized municipal guilds and associations on a different basis, but the number of masons was so small at the countryside that such a guild did not appear among them. For example, of 603 craftsmen in Coventry in 1450, only seven were masons. “More widespread than such building trade guilds were the masons’ lodges, of which one at least must have existed in connection with every considerable building, whether the town or country, in western Europe and which might well contain a greater number of masons than many municipalities required.” This may have made easier the development of an association to link the lodges together.
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Photo II-4-1. Medieval Trade Fairs, accessed 16 March 2015, https://s-media-cache-ak0.pinimg.com/originals/a5/69/be/a569be5fc95422c1e7b9aa76bb2dcd1d.jpg


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4. Trade and Money and Banking in the Middle Ages

In the early Roman Empire, agriculture remained the most important economic activity even in the countryside and among the city and town dwellers. Greeks and Syrians flew into the West mostly as slaves, who largely obtained the status of freemen, lifted the level of technology in production, and stimulated consumption of eastern products. The workers were engaged either in casual labor or in individual workshops, and sometimes might bring their own materials to make garments or other necessities. There were bazaars and peddlers on the streets. Despite the old Roman prejudice against trade, upper-class businessmen organized companies and made contracts for the provision of public and private buildings, and speculated in the buying up, preparing and reselling of damaged property. The organized industries were the brickyards, the pottery, olive oil and wine, and the bronze industry. In Rome, there were two large factories: one for the reprocessing of papyrus and the other for handling Spanish red-lead; the lead-pipes were supplied by contract for the imperial authorities. Business on a small scale was despicable; but if the trade volume was large in quantities dealing with foreign countries, it was not so very discreditable. The capital accumulated by the riches tended to invest in land rather than in manufacture or commerce, which were left largely to freemen or foreigners in Rome. The discovery of numerous Roman gold coins in India, and even in Ceylon and China explains that Rome annually purchased the luxuries from India, China and Arabia including dancing girls, parrots, ebony, ivory, pearls and precious stones, spices, perfumes, silk and drugs. In the first century A.D., “Italy enjoyed a flourishing trade with the underdeveloped provinces of the north and west. Africa, Spain, Gaul, Germany, the Danube areas and Britain were all markets of Italian bronze, glass and pottery.” Products of Italy were sold northwards to Danube and eastwards to Istria in exchange for slaves, cattle, hides, resin, pitch, wax, honey and cheese, and for the iron and wool of Noricum.  

With the Romanization, first, the Roman army stationed in the new provincial areas, and supervised the building of forts, harbors, bridges and roads, and for this purpose frequently set up its own brickworks and opened up its own quarries. Second, the Italian traders arrived at the new area with goods to serve the army and incidentally the native population. Finally, the colonial people developed their own economy, which reduced the demand for Italian products. The fine red-ware pottery, for example, was popular throughout the empire, but from about A.D. 75 to 110 Italy lost most of its foreign market except North Africa. In the ruins of Pompeii, an unopened crate of pottery from Gaul was discovered. In ancient times, land transportation was excessively slow and expensive, but Gaul had a system of good waterways and communications with both the Ocean and the Mediterranean. During the first two centuries, the upper classes in Italy used more and more rich metals for the table ware and the poor of course could afford only the cheapest crockery. (i) Gaul primarily produced agricultural goods providing supplies for the Rhine armies, and they produced large quantities of timber, olive oil and wine. Around 800 to 900 public baths in Rome needed a vast amount of wood fuel that was supplied from Gaul through the Rhine. Gaul produced woolen cloth and linen: textile flourished in the north with its abundance of wool, which was procured by the Rhine armies. They exploited marble quarries, silver, lead, and iron mines. “The tin plating of bronze was a Gallic discovery, and silver-plating was practiced in Alesia before the coming of the Romans; and though the bronze-ware of Capua maintained its pre-eminence in the markets of the West until about A.D. 100, after it had to face the competition of both Gallic and German wares, which are found on sites along the lower Rhine, in Britain, Hungary, free Germany, and the Siebenbürgen.” In production of glassware Gaul soon became a rival to Italy, while glass workers migrated from Italy to Gaul; the industry spread northwards and eastwards to the Rhine; and very soon Cologne had become the main center for glassware.
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(ii) Germany: The Roman legions stationed along with the Rhine and Danube and the vast plains and forest of Germany beyond, and stimulated trade and attracted industry like sigillata (Roman red pottery) and glassware. “The wages of the army and the imperial administration made it easy for the frontier districts to import luxuries, and such necessities could not be produced locally as special wine, oil and olives, and papyrus without corresponding exports….Settlements based on trade sprang up along the lines of communication in western Germany and Switzerland, where the lakes and rivers were exploited to the full, so that even after the legion abandoned its camp at Augst near Basle in A.D. 100 the prosperity of the district was maintained” until the middle of the third century. (iii) Britain: The economic influence of three Roman legions in Britain was significant: exporting wheat, cattle, iron, hides, slaves and hunting-dogs with oysters and brooches; and importing the necessities of army life and considerable amounts of sigillata. A gold-mine and most of the lead-mines were owned by the state, probably managed by imperial procurators, and worked by slave labor; copper and tin were smelted to make bronze, and indeed bronze ornaments show local characteristics early in the second century.\textsuperscript{154}

(iv) Spain exported the similar quality of cereals, oil, wine, horses and metal to Gaul but superior in esparto grass (for ropes), vitreous rocks, and delicate dyes, and in keenness and industriousness of its slaves, and the toughness and ardor of its people. Their mines founded gold, silver, lead, tin, iron, copper, cinnabar, mercury, mineral dyes, marble and salt in various degree. The mine of New Carthage produced 8 1/3 tons of silver per annum, for which the Romans were employed in Spain. Mines were exploited by small contractors under the imperial authorities. Besides its metal ore, Spain exported a variety of products, agricultural and industrial, particularly from Baetia in the south. Fruit, wax, honey, pitch, drugs and dyestuffs were regularly sent abroad from all parts of the peninsula, and there were exports of wool and cloaks from several districts. Spanish olive oil and wine with fish-sauce were the most important trading commodities. Shippers from all over the Mediterranean appear to have taken part in the Spanish trader, often working in partnerships; “but there is evidence for a particular connection between the Baetican oil merchants and shippers of Narbonese Gaul.” On the whole, Gallic merchants increasingly dominate trade in the west as the Syrians and Greeks dominate that of the eastern Mediterranean and beyond.\textsuperscript{155}

(v) Sicily: Rome imported five million bushels of grain from Egypt, ten million from Africa, and two million from Sicily. “They were conveyed up the Tiber to Rome either in smaller oceangoing craft using sail and oars or in barges, probably towed by slaves.” Sicily was flourishing internal trade in wines, mineral products and woolen goods, and also conveying of grain to Ostia by Sicilian shippers from Messina, who took back pottery in return, though played a vital part in the commerce of the early empire. Nevertheless, the towns were prosperous down to the third century with active local industry and retail trade. (vi) Africa: their primary export was grain and the secondary was olive oil. There was no evidence concerning the pottery industry, but for the manufacture of earthenware lamps. Cloth made from the wool of indigenous sheep was the only manufactured product from Africa. Another trade of importance was the making of mosaics. (vii) The commerce passed along the caravan route through Parthian territory to the Far East, but the trade beyond India always remained tenuous and was of no great economic importance either in quantity or in its effect on the economy within the frontier of the Empire. Apart from taxes, trade was left in private hands. The trading goods followed the same roads and frequently the same direction as the legions. The Romans never learnt to use the horse-collar, which makes it possible for a draught-animal employed for heavy loads, and did not move more than two miles an hour in average. Sea-transport, though cheaper, was also slow. Many of the ships were low tonnage, and the captain normally crept along the shore, putting in frequently to take on board water and provisions, or to spend the night at anchor.\textsuperscript{156}
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4-0. Trade and Industry under the Later Roman Empire in the West

The size of Italian population was too small to rule the Roman Empire, particularly after Diocletian. The Germanic invasion, massacres, and the toll of civil war reduced the population in the many provinces of the empire, which caused the shortage of man-power well before the third century. Most of the cities of Gaul had suffered some decline in the number of their inhabitants. “The restoration of Gaul was accomplished by the settlement, first of Gals rescued from captivity, and then of barbarian prisoners. In the fourth century, this practice continued and increased. Barbarians were brought into the province in ever larger numbers and settled in veritable colonies under the control of prefects” which had formed many of towns and villages in modern France. This brought a gradual barbarization of the western provinces. “In particular, the conditions of uncertainty discouraged trade in distant commodities and reinforced the strong urge toward local production and local self-sufficiency. “A period of disorder imposed new strains on a financial system which had devised virtually no machinery for creating credit through negotiable bills but relied on hard coin for almost all transactions. There was never any ancient equivalent of the joint-stock company with limited liability; hence risks were personal, interest rates were proportionately high, and it was impossible to amass the capital for large-scale enterprises. There was thus a constant temptation to reduce risk and expense.” From the first century onward, but increasingly in the third and fourth centuries, fewer slaves were available, because of reduced war and piracy, which were the main source of slaves; an increase in humanitarian sentiment; and slave-owners’ manumissions on a large scale. When a considerable capital is involved, there is a high degree of specialization of labor. While the migration of labor became easy, the development of western provinces reduced the scope of inter-provincial commerce, since equipment was still simple, and a few tools and the skill of the individual were able to make goods such as pottery.

As large trading areas in the Roman Empire, “Spain, Germany and to some extent Britain were grouped around Gaul; another block was formed by the African provinces from Mauritania to Cyrenaica; Italy, together with Sicily, Corsica and Sardinian made a third grouping, which was increasingly driven back upon itself; and finally Rhaetia and Noricum were linked with the other Danube provinces of Pannonia and Dacia in a block which remained anchored to Italy through the trade of Aquileia until the end of the second century. By this date, the West as a whole had made itself self-sufficient for all its main needs, such as grain, wine, oil, salt, glass, textiles, brass-ware, and pottery. The converse of this independence was the decay of Italy.” After the fall of Rome, the economic links were gradually being broken between above regions. The strain and tension, and the general economic regression of the third century are also reflected in the history of coinage, affecting the nature of commerce. Augustus had attempted to regulate the coinage by stabilizing the relationship between the gold aureus weighing one-forty of a pound and the silver denarius weighing one-eighty-four of a pound at 25:1. Because of long pressure on the treasury, Nero reduced the aureus to one-forty-fifth and the denarius to one-ninety-six of a pound. The debase-ment of coinage had been forced continuously: the silver money was alloyed and the gold lessened in weight. “Despite the growing disparity between the gold and silver content of the coins, there is evidence that the ratio of 1 aureus: 25 denarii remained unchanged down to the time of Severus Alexander (222-35), and that there was no substantial rise in the prices during this period. From the death of Maximinus in 238, however, a rapid inflation took place, and this was perhaps due to a realization of the extent to which silver content of denarius had been reduced, rather than to any increase in the number of denarius in circulation. Aurelian (270-5) introduced monetary reform-ation and minted a new issue of silver-bronze coins, containing only one percent of silver reducing the face value. His attempt to reform the currency had failed and the denarius was dead.
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In 294, Diocletian (284-305) stabilized aureus at one-sixtieth of a pound and issued a new silver argenteus at 96 to the pound, as part of a general currency system containing gold, silver, silver-bronze (billon) and bronze coins and operating throughout the empire.159 “By 301, however, the system was in trouble, strained by a new bout of inflation. Diocletian therefore issued his Edict on Coinage, an act re-tariffing all debts so that the nummus, the most common coin in circulation, would be worth half as much….it was declared that all debts contracted before 1 September 301 must be repaid at the old standards, while all debts contracted after that date would be repaid at the new standards. It appears that the edict was made in an attempt to preserve the current price of gold and to keep the Empire’s coinage on silver, Rome’s traditional metal currency. This edict risked giving further momentum to inflationary trends, as had happened after Aurelian’s currency reforms. The government’s response was to issue a price freeze. The Edict on Maximum Prices was issued two to three months after the coinage edict….In the edict, Diocletian declared that the current pricing crisis resulted from the unchecked greed of merchants, and had resulted in turmoil for the mass of common citizens….the edict was ignorant of the law of supply and demand: it ignored the fact that prices might vary from region to region according to product availability, and it ignored the impact of transportation costs in the retail price of goods….the edict began with a long rhetorical preamble betrays at the same time a moralizing stance as well as a weak grasp of economics – perhaps simply the wishful thinking that criminalizing a practice was enough to stop it. There is no consensus about how effectively the edict was enforced. Supposedly, inflation, speculation, and monetary instability continued, and a black market arose to trade in goods forced out of official markets. The edict’s penalties were applied unevenly across the empire, widely resisted, and eventually dropped, perhaps within a year of the edict’s issue.”160 This is an ancient example of the failure of government intervention in the free market.

In 309, “Constantine (306-37) reduced the solidus to one-seventy-second of a pound, but he continued to strike argentei on the Diocletianic standard of 96 to the pound. The size of the silver coin was, however, eventually also reduced, to give 144 to the pound in 348 and 240 to the pound in 396. Various readjustments took place in the course of the fourth century, but very little silver was in fact now minted and by about A.D. 400 it ceased altogether; silver coins do not re-appear until a century later in the barbarian kingdoms. The solidus, however, persisted virtually unchanged until the eleventh century….Bronze or billon coins also continued to be minted as small change, and since this was not treated as token-money, its size suffered a series of reductions to meet the financial pressures operating on the government; by now, as a result of the re-tariffing of existing coins, the denarius had become a mere unit of calculation, with no coin equivalent. The billon nummus of Diocletian’s system was reduced in weight by Constantine in 307 and again about 310, and four years later, it had depreciated to a quarter of the Diocletianic value.”161 The rate of 72,000 denarii to the gold pound (which is equivalent to 1,200 denarii to the solidus) was probably too low when it appeared in Diocletian’s Edict of A.D. 301, but the subsequent rapid rise in this figure indicates an exceedingly high rate of inflation in terms of billon coins and national denarii during the fourth century. Consequently the government had no real interest in maintaining a base metal currency. In any inflation, wages tend to lag behind prices, so it reduced real wages of soldiers and state employees. The large sum of rent collectors with an agreement of the fixed rates must lose the money; and goods were withdrawn from the market, forcing the prices to rise further; resulting in great bloodshed on many small accounts. “The monetary system of the West continued to decline through debasement of coinage, loss of assets to the East and the new Christian Churches, and the widespread use of barter and trade. These increased the problems with political cohesion and control that further compromised the economic system – leading to a downward spiral of political, military and economic decline for the West.”162
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“There is no direct evidence for the existence of permanent associations of traders or craftsmen in ancient Mesopotamia or Egypt, and little more evidence exists about such societies in pre-Hellenistic Greece. Such associations are known to have existed in ancient Rome, however, where they were called collegia. These craft guilds seem to have emerged in the later years of the Roman Republic. They were sanctioned by the central government and were subject to the authority of the magistrates. From the reign of the emperor Diocletian onward, the imperial government deliberately exploited these guilds in the interests of public authority and social order. The government tried to restrict the membership of the guilds to a hereditary caste of skilled artisans, but the increasing financial demands made upon the guilds by the government in the waning days of the Roman Empire had reduced most guilds to a precarious position by the 4th century CE. With the fall of the Western Roman Empire, guilds disappeared from European society for more than six centuries.”

However, the collegia survived in the Byzantine Empire, particularly in Constantinople. In fact, its typical pattern can be seen in the navicularii who were private shippers, making contract with the state. “Claudius had given special concessions to anyone who would build a ship of 10,000 modii and employ it in the service of the Annona. In the fourth century, anyone owning a ship of this tonnage was obliged to put it as the disposal of the state, but was in return entitled to exemption from an appreciable amount of tax. In A.D. 326 Constantine gave such a shipowner complete immunity from all fiscal charges in a rescript which somewhat grandiloquently asserted the privilege to apply to all shippers, through the whole world, throughout every age. These privileges were reaffirmed in A.D. 334 and 337, and in 380 Gratian gave shipper the status of knights.”

Meanwhile, the navicularius had been effectively tied to his occupation, and the heir to his property also inherited the obligations of the occupation. “The shipper’s duty was to assemble a crew and organize the voyage of his ship in the state service. During the time that it was thus in commission, he was compensated by the state at a rate which was defined by Constantine in A.D. 334, for the navicularii provisioning Constantinople, as 4 percent of the value of a cargo of corn in kind, together with a grant of one-thousandth of its value in gold, in order that they might carry out their duties with enthusiasm and scarcely any cost to themselves.” But by the early fifth century, the percentage paid to navicularii bringing corn to Rome from Africa was only one percent, and a series of regulations hedged the shipper to ensure that the captain did not speculate with his cargo, delay in port or attempt illicit trading, all of which were offences carrying the death penalty. The captain must proceed by the shortest route to his destination, where he received a state receipt. Rome annually needed 3.6 million bushels of corn to meet the claim of the public service for free distributions; and in addition, it was the duty of the fiscus to organize a supply of cheap corn for the rest of the population of the capital, so that the total annual imports may have been of the order of 17 million bushels. Before the reign of Aurelian the distribution of bread was substituted for that of corn, and the guilds of bakers, which had been officially recognized under Trajan, now assumed special importance. By the fourth century, they were completely organized in the state service; the regulations were harsh because the work was hard and unpleasant. As in the case of shippers, their property was linked with the trade, so was inherited with it. If a man became heir to the estates of both a shipper and a baker, he was liable for both duties. Moreover, anyone, of whatever status, who married a baker’s daughter, must himself adopt the occupation. “It was the baker’s task to collect corn from the state granaries, grind it in his own cellar, bake it into bread, and distribute this at the appointed place in each quarter of Rome. After the widespread adoption of the water-mill during the fourth century, in place of that worked by human or animal power, we hear of the setting up of a separate guild of millers at Rome, with headquarters at the foot of the Janiculum; this is but one example of the specialization of function, and subdivision into subordinate guilds.”
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In the time of Diocletian, most industrial and commercial property was still privately owned, but the state has now attached the property to the occupation, and the guildsman is obliged to work for the benefit of the state in virtue of his ownership. The state compensates him for his loss of income; but in the fourth century this consolation increasingly takes the form of payments in kind. This is a form of semi-planned economy: the state assumed the responsibility because the people had to be fed, the goods had to be produced and distributed, and private enterprise should take the task. From the time of Diocletian and Constantine onwards, municipal office becomes the duty of a hereditary caste of curiales, who have lost most of their initiative to imperial officers, but remain responsible not only for financing the greater part of the town’s activities out of their own private fortunes, but also for collecting the taxes and provisioning the town through the agency of the local collegia. Thus the feeding of much of the population of the Empire, either nationally or locally, became a public responsibility, which was large accomplished by side-stepping the use of money with the barter system, by which all payments, including wages and taxes, were made in the form of foodstuffs, clothing, or any other articles of common use, rather than in a now worthless currency. So the large landowners maintained every class of workman on their estates to make themselves self-sufficient without coinage as a means of exchange. The payment of taxes in natura inevitably raised problems of transport. “The large quantities of oil, grain, meat, wine, clothing, etc., which had to be paid annually into the fiscus, required the setting up of vast numbers of public storehouses along the main routes of the Empire. Since, moreover, land transport was so difficult and expensive, this led to a progressive decentralization of economic life….Thus, state employees received their wages in vouchers, which served as drafts on specified public storehouses in the vicinity. This recipient went to the mansio to draw his allowance of corn, wine or oil. His salary, varying according to his rank, was calculated in units (also known as annona), which were equivalent each to sixty modii (fifteen bushels) of wheat per annum.166

During the period of inflation, government employees, civil and military, favored this system to avoid the loss of money value coming from currency depreciation. The institution of serfdom binding laborers to the soil soon followed with the establishing of an annual tax in natura, which made the landlord personally responsible for the returns throughout his whole estate. But the guildsman equally found the new fiscal system tending to diminish his freedom. The moving of fiscal products by land was carried out, first by the requisitioning of humbler muleteers, and later by the adaptation of the public post. “The evolution of the Roman Empire during the third century from a system of laissez-faire to one of controlled private enterprise, working within limits sharply defined by the state, removed a considerable body of the population outside the range of money economy for the bulk of its needs.” The state also required such taxes to be paid by gold and silver as Annona paid by other sections than the western provinces, a super tax paid by Senators, and a special tax paid by the traders, being extended to money-lenders, inn-keepers, brothel-keepers, and some other gainers. In dealing with the payment of troops, it is written that five-sixth of the gold shall go to the first line troops in person, and one-sixth of the gold to the weavers in the imperial factory providing military uniforms. Many of the large landowners accepted a proportion of their rents paid by corn, wine and agricultural produce. By the fifth century, except the corn of Rome and Constantinople, the restoration of a full money economy was complete in the East. However, in the West, war and political stresses were more acute; and the government failed to produce any more silver coins after the fourth century; which hampered the restoration of a true money economy. From about 400 onward small coins disappear from both Britain and the Danube area. Hence, the needs of the ordinary man were satisfied by the public distribution of the main necessities of life, supplemented by small purchases in the free market with the debased bronze currency; while gold coins helped by a little silver were circulated among the rich.167
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4-1. Byzantine Trade and Industry

The land of the Byzantine Empire is always centered on the Mediterranean and on the Black Sea, but its climate - dry and hot in summer (c. 28° on average) and mild in winter (c. 8° in January) with irregular and varying rainfall – was only in the coastal regions on either side of the Aegean or the Ionian and Adriatic seas, allowing olive culture. In the Balkans, two-thirds of land are mountainous in continental climate, with cold winters and extremely hot summers. Only great plains are centered on the valleys of the rivers, and smaller coastal plains occupy mouths of the rivers. The core of Anatolia is a large elevated plateau (average 1,000 m) that occupies 90 percent of the territory, plains being limited in size except a few areas. In western provinces, some large valleys allow Mediterranean influences to form a transition zone with the highland. “Varied and complex climate conditions permitted differentiated and complementary production: wine, even dates or cane, in sheltered coastal areas; orchards and terrace cultivation in valleys; olive, fruit and mulberry in intermediate latitude; timber exploitation as well as pig grazing in the forests that grew on the mountains with greater precipitation; winter cereals on plateaus with even a little rainfall provided the rains are concentrated in the spring season; stock raising in pasture lands.”

The maritime conditions of the Byzantine lowered transportation costs and fostered trade, that is essential to economic growth from Antiquity to modern times. It provided fish and salt: fishing was an endless resource for the alimentation of cities for exports and consumption; and salt could be produced with little investment in many locations. The feature of the land provided natural harbor facilities, deep water close to land, proximity of forest resources, and a healthier climate as well as defense opportunities. The prevailing winds and currents in the Mediterranean favored navigation in the spring and summer, since medieval ships were unable to tackle head winds.

The population of the Byzantine Empire for the sixth century vary between 30 and 21 million, but another estimate is in 19 million at maximum under the reign of Basil II (976-1015). The population of Greece and Turkey was 11.1 million and 74.9 million respectively in 2012. The life expectancy for the fourteenth century was 44.7 years for men and 42.4 for women at 5 years of age in early Byzantine Egypt comparable to the 47.5 years at 5 years of age in female in Macedonia in the same century. The usual Mediterranean foods include grains, pulses, olive oil or butter in colder inland regions, wine, dairy products, fish and meat, fresh vegetables and fruit, and honey for sweetening, or cane sugar in some region from the eleven century onward. Germanic soldiers stationed in Egypt consumed the daily amount of 1.3kg bread, 325g meat and 2 liters of wine. At least till the turning point of the late twelfth century, “imperial political institutions ensured stability, provided protection and justice and, notably ensured property rights, an essential condition or incentive of economic investment.” In contrast to early medieval Western Europe, the elaborate Roman law never ceased to be enforced in Byzantium, transmitted and adapted over the centuries. Byzantium had also maintained a durable and flexible monetary system, which was responsible to fiscal and commercial needs. The basic aim of the Byzantine government was (i) to provide and maintain a strong centralized administration: market towns were not only in closer connection with the capital, but also villages were closer connection with the market towns on which they depended for most of their supplies. The Byzantines kept up and improved the Roman road system in their dominions with adequate mercantile marine. (ii) The government tries to keep the population of Constantinople well fed and contented to maintain the cohesiveness center. (iii) The government aimed at obtaining a steady revenue through taxation, to pay for the upkeep of the administration and an army largely composed of mercenaries, and at building up large stocks of gold. The gold was necessary as a reserve against national emergencies, to provide a backing for the imperial coinage, and to control prices with its proper circulation.
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Map II-4-2. The Byzantine Empire under Manuel Comnenus, 1180


Book II. The Middle Ages from 750 to 1400
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Up until the Arab Invasions of Syria and Egypt: The cost of Justinian’s re-conquest of North Africa and Italy was expensive, though part of the Roman West was reunited with the East, which revived Mediterranean trade. “The costly long war against the Ostrogoths (535-55) and devastation it caused in Italy have long been considered a major error of policy and a waste of state resources.” 171 The great plague occurred in 541-42 and its cyclical recurrence (notably in 558, and 573-4) persisted until beginning of the eighth century: the population fell by 30 percent, which reduced production and demand, and consequently disturbed imperial finances. The state was unable to withstand the invasions of Slavs and Avars that began in the 560s. “Till the seventh century, Egypt and Syria were far richer than the provinces around Constantinople. The new capital provided a market for local goods and for imported luxuries; but as yet its factories could not compete with those of Alexandria. It was Egypt that manufactured the glass, the high-class pottery, the jewelry and the woven stuffs that were exported to the West; and Alexandria contained the chief ship-building years of the time. The timber for the ships came from the Lebanon; and the Lebanese ports, especially Berytus, also built ships. Moreover, the Far-Eastern trade reached the Mediterranean through Egypt or Syria. Arabian spices…came by caravan from southern Arabia to the Gulf of Akaba and were carried thence either to the Mediterranean through southern Palestine or northward through Transjordan, Damascus and the Orontes valley to Antioch. Spices from the Far East, such as pepper and cloves, and a certain amount of Chinese raw silk were brought by sea by Egyptian merchants sailing in Abyssinian ships from Malaya or Ceylon across the Indian Ocean, taking advantage of the monsoons, and up the Red Sea to Clyisma on the Gulf of Suez, and thence to Alexandria. An imperial official stationed at Clyisma superintended the trade and himself made yearly visits to the Indies. Gold, together with ivory and ostrich feathers, was obtained from East Africa, again by Abyssinian ships carrying Egyptian merchants.” 172

In 610 Heraclius obtained the throne without financial resources to carry on the government at a moment when the Persian war had been renewed with heightened intensity. “For fifteen years the Persians held Syria and Palestine, annexing all its stores of treasure; for ten years they held Egypt, though they seem to have interfered less with its economy. Heraclius could only finance his government by taking over the treasures of the Church in Constantinople and Anatolia. He was at last successful in the war; and a large part of the Persian royal treasure fell into his hands. But he used it to repay his loan from the Church, for which he raised in addition what money he could from the conquered provinces of Syria and Egypt. Much wealth had been lost in the war; and now great stocks of gold went again to the idle in ecclesiastical treasuries. In A.D. 630 there was about 20 percent less gold in circulation than there had been two centuries earlier.” 173 With the Arab conquest of Syria and Egypt, the Syrian merchant had brought his goods from Persia and sold them direct to the West. He resented having to pay high taxes to a distant government in Constantinople which had done nothing for him except involve him in wars with Persia. “The Egyptian merchant was mainly interested in the Red Sea route. When the Abyssinians were replaced by Arabs at the chief power there, he needed to make friends with the Arabs. Egypt was also a great corn-growing country, for which Constantinople had obtained its corn. Shortage of gold had already forced prices down, to the detriment of the farmers; and during the Persian occupation of Egypt Constantinople had been forced to develop corn-fields near home. Egyptian corn had lost its main market; and, like the Syrians, the Egyptians resented the high taxation imposed by Constantinople. The Arabs from the outset demanded far lower taxes from their subjects; and when their empire expanded to stretch from India to the Atlantic they provided access to far vaster sources and markets than Byzantium could provide. But transport along the Mediterranean now tended to by land, along the North African coast…The Syrian merchant marine, the most vigorous in the Mediterranean since Phoenician days, declined, never to recover.” 174
Restructuring, Recovery and Controlled Expansion (700-1000): By 700 the Empire lost Africa to the Arabs (Carthage fell in 698), and ceded the plains between the Danube and Haemus to the Bulgars (681). “It was reduced to fragmented holdings in Italy, to coastal outposts around the Balkan peninsula and isolated ones on the Black Sea. Its core consisted now of two pillars: the island – Sicily, Crete and the Aegean ones – and Western Asia Minor. No part of the territory was immune from hostile incursions. Only its powerful walls, fleet and Greek fire prevented Constantinople, besieged four times in 100 years, from falling into the hands of its strongest enemy, the Arab caliphate.” In fact, with the loss of Syria and Egypt to the Arabs, the Byzantine Empire became a unit centralized in Constantinople. “The city was an almost impregnable fortress, surrounded on three sides by seas into which it was difficult for an enemy fleet to penetrate, though they were easy of access for peaceful voyagers and merchants. It also lay on the most convenient land-bridge from Europe into Asia and on the one outlet from the Black Sea. It thus commanded the junction of two of the great trade-routes of the world. So long as supplies were available, the victualing necessary for the great city could be managed without trouble. The population of the city seems to have remained fairly constant from the sixth till the later twelfth century, and may be roughly estimated as about 800,000, if the suburbs on both sides of the Bosporus and along the Marmora coasts are included. The population consisted of the court, the huge civil service, the central Church organization and vast numbers of monks, lawyers, doctors and lay teachers, the small shop-keepers and retailers to be expected in so large a city, market-gardeners whose plots lay within the walls, artisans and factory-workers, many of them slaves of foreign origin, and the destitute, some cared for in hostels provided by both the state and the Church, others living in hovels or homeless. Before the tenth century, there was no hereditary aristocracy or upper bourgeoisie. Till it was possible to invest in land, family fortune seldom lasted for long.”

(a) Population: It was characterized by depopulation, de-urbanization, diminished production and reduced trade in the eighth century, accompanied by a marked decrease in monetization. By the end of the century, the Empire improved the military front, restored control in the Balkans and stabilized the frontier in Asian Minor in conjunction with a turn in the demographic trend. In the tenth century, signs of economic expansion appeared around. Compared to the mid-sixth century, however, the population in the early eighth century had decreased in absolute numbers because of territorial losses. Density was low and land plentiful, so there were no great obstacles to the migrations and settlements. There were various deportations during the centuries by political and military motivations. Emperors would displace troublemakers or unreliable groups from frontier zones, while manning the frontier with more reliable groups. A general demographic increase followed the end of plague recurrence in the 740s. The rising population stimulated the expansion of cultivated land and the retreat of pasture lands and woodlands. The urban settlement pattern had also changed significantly. Demand decreased dramatically in the eighth century. Constantinople around 700 was a shadow of its former self with as few as some 40,000-70,000 inhabitants, partly ruralized like other centers. In the eighth century, a few ancient cities remained, and most of Greek cities that survived were located near the sea. Most of new urban centers were, like villages, located on elevated, easily defendable and fortified sites, following an aptly named evolution from polis to kastron that was similar to a Roman fort. The new city of the Byzantine Middle Ages clearly derived much of its economic activity from the incentive and supportive role of the state. “The re-establishment of security, which took place piecemeal, slowly in the eighth century, more systematically in the ninth and tenth, was important in the growth, in number and size, of cities like Amorion. A number of urban agglomerations were created anew by the state, and older urban sites began to expand, first in Asia Minor, then in Thrace, Macedonia, Thessaly and the Peloponnese.” In the tenth century Constantinople attracted many new residences.
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(b) **State intervention and economic development:** The fiscal system of the Byzantine Empire was developed over the centuries, starting with Heraclius (610-41), undergoing reforms during the reign of the Isaurians (717-97) and the economist-emperor Nikephoros I (802-11). At the time of its highest efficiency, the system was designed to bring to the state coffers as much gold as possible, without, at the same time, overly burdening the peasant. The base tax was the land tax, paid by all owners of land; indeed, payment of the tax was itself proof of ownership. Since the early eighth century, the tax was estimated on the value of the land each person owned. A personal tax, originally levied on males, was introduced in the 660s, which became a household tax estimated on the basis of the productive capacity of the household, represented by its head. Other taxes, on domestic animals, bees and so on, were collected, as well as relatively limited taxes for the administration of the fiscal system. Peasants were subject to state corvees (imposed by the state), for defense, road building, bridge construction and fortifications, with a limited tax exemption such as for the peasant soldiers. The state insisted on the payment of taxes in cash, and specifically in gold. The state also taxed commercial transactions, called kommerkion – a 10 percent ad valorem tax on transactions. The tax system, organized by the late eighth century, was supervised by a competent civil service based in Constantinople. It was well administered; and tax-farming was very limited; tax increases were not excessive; and administration made an effort to be seen to be fair. The state distributed a large portion of its revenues through the payment of salaries to civil, military and ecclesiastical officials, through investment in infrastructures, and through expenditures for military campaigns or gifts, whether voluntary or forced, to foreign rulers. They were partially financed through the sale of offices for the lifetime of the holder. The Byzantine state was poor in the eighth century but very rich indeed in the tenth, and the state retained the monopoly of issuing coinage, and the same coins were used throughout the Empire.

While there were no import prohibitions, a number of exports was prohibited including important alimentary products (cereals, salt, wine, olive oil, fish sauce), precious metals, especially gold, strategic commodities like iron and arms, and silks of very high quality. “The prohibitions were motivated not only by economic reasons but also by political ones, but they still had economic effects. Thus, while the legislation was sometimes breached, and began to become attenuated by the early tenth century, it nevertheless signals the concept, as well as the reality, of a domestic market, where goods traveled freely, as opposed to the foreign market which was subject to controls. In that sense, the state created a national market.” Constantinople exercised a major demand role with its large population: demand for alimentary products and raw materials. Since the consistent supply of grain to the capital city was important, there seems to be a mixture of government-regulated and private ships carrying grain to Constantinople. But grain trade was not organized by the state, nor was the price of grain entering Constantinople regulated, which is why there were short-term fluctuations in its price. “The state imposed maximum profit rates on the sale of some commodities or on some economic activities: the retail sale of food, the profit on the resale of Bulgarian commodities, the profit realized by rich silk merchants who resold to poorer artisans are specifically mentioned, but it is possible that maximum profits were imposed on other transactions as well.” There was an effort to impede the accumulation of resources in the hands of individuals; and the activities of guilds were overseen by the government. The impact of the state on the economy was much greater in the early part of this period as a monopolized landlord, monetary authority, and the controller of the imperial army. As market forces operated without ceilings on profits, the land market was active, and the peasants sold their wares to pay taxes. Grain was not controlled by state officials but freely traded; and silk was regulated in terms of the process of production, but its sale was in hands of individuals except for imperial silks. The merchants passed the cost on to the consumer by raising prices.
(c) **Primary Production**: Better climatic conditions from the ninth century onward may have fostered agricultural production; and it benefited also from increased security and new settlement. Cereals were cultivated in various regions including wheat and barley; rye and oats were introduced later. The cultivation of legumes acquired great importance owing to their efficacy in restoring the soil and their role in everyday diet, especially that of the poor in the cities; and dry vegetables were cultivated in all peasant gardens. The olive tree was cultivated in most coastal areas from southern Italy to the Peloponnesse, the islands and Bithynia or Lydia. Vines must have remained ubiquitous wherever mild winters and altitude permitted their cultivation, but the quality of wines certainly declined. The variety of other fruit may include apple, pear, plum, quince, cherry, peach, walnut, chestnut, pomegranate, almond, pistachio, etc. Industrial textile plants like hemp and flax, essential for the rigging and sails of ships were important for sea transportation. “Red dyes could be extracted from the kermes and cochineal, parasites on oak trees, madder could be mixed with indigo to fake expensive murex purple, sumach was a source of yellow, while various leaves, bark, acorn-cups and roots would serve for tanning and dyeing leather. The mulberry, whose leaves feed silkworms, could grow in many regions and must have spread in this period….When the transformation of the cocoon into silk yarn was undertaken in the producing regions, it constituted a labor-intensive and profit-yielding activity.” Cattle raising was widely practiced on untilled waste land as well as on fertile meadows. “Every village needed to raise a few oxen for ploughing or transport, as well as donkeys, sheep for wool and meat, and other animals, such as cows, goats, pigs, and poultry for provisioning and trading. Bythynia is known to have provided Constantinople with animals for slaughter in the tenth century. On great domains such as those in Cappadocia, the imperial stud farms raised horses of all types, from expensive war or riding horses to packhorses and other pack animals for the imperial baggage train.”

(d) **Secondary Production**: The focus here is on the mechanism of the urban economy and relations between its various actors: craftsmen, traders and their customers, the elite and the people, and the state representatives dealing with economic affairs, basically following Justinian’s law. “The state regarded the guilds as an instrument of control and fiscal apportionment. But these guilds acted principally as representatives of their members, providing mutual help and controlling admission of new members in the koinotes, as well as training the apprentices. Membership was granted to the craftsmen or to persons responsible for the ergasteria, even to slaves guaranteed by their masters. The internal organization of guilds and state control over them were varied and depended partly on the relevance of each trade to public concerns: most had selected leaders of their own supervised by an official of the Prefecture, but a few apparently fell under the direct authority of the Eparch. Specific rules aimed at ensuring fair conditions of trade and relative competition, the quality of the products and the protection of the buyers.” The financing of trade and industry was facilitated by partnerships which Byzantine law regulated. Most of the early Byzantine workshops for arms, dyeing or weaving which provided arms and textiles for the army and the court all over the Empire disappeared in the seventh century crisis. The official production of special textiles and jewelry, as of coins and arms, was now reduced in scope and concentrated in the capital inside, or near, the Palace, since it was an imperial monopoly. Pottery was made in a large number of cities. Polychrome ceramics were also manufactured in a few places outside the Constantinople area and outside the Byzantine Empire. Glass-making was apparently more common than hitherto assumed. Copper-workers produced both metalwork and leather work for daily life like nails, especially for shoeing horses, cauldrons, locks and key etc. The importance of textile industry was on the organization of the silk industry of Constantinople. The demand for silk cloth ran along a spectrum, since a number of different varieties of silk existed. The high quality of silk seem to have been manufactured primarily by the imperial workshops.
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(e) Exchange and Trade: Merchants were not the only agents; often churchmen and occasionally members of the aristocracy engaged in commerce. So did officials, notably when it came to provisioning the cities, and craftsmen or peasants could sell directly the production of their shops or farming lots. “Trade took place either in permanent shops lining a main street, or in temporary stalls in marketplaces without the ancient political function, and also in free open spaces outside city walls. The latter location was usual for periodic markets, often annual fairs which took place on the feast day of the city’s patron saint. The fairs declined in number with de-urbanization in the seventh century but some did continue.” The number of local or regional fairs increased from the late tenth century onward. Direct exchange between producer and customers took place locally (within 50 Km) on the land route or a day’s sailing in small ships, and regionally (from 50 to 300 Km) over large areas on a large scale. “Some of ancient roads had been abandoned in favor of shorter more direct trails, reflecting a shift from carts to smaller pack animals like donkey or mules. The state took pains to maintain bridges and ensure communications for military considerations, which also benefited the economy.” It was observed that “the capital’s market received cattle driven overland from Bithynia or Paphlagonia; Thessalonica in the ninth and tenth centuries got wares and staples from Bulgarian and Slavic areas or from Thessaly, which arrived along the river routes, or by sea and land. Trade in Thessalonica involved wheat, woolen textiles, metalwork and glass, and brought to the city much wealth in gold, silver and silk.” Most of inter-regional and long-distance trade of Byzantium was maritime, except for valuable items like spices or silks which traveled easily on the land routes. Merchant ships were smaller in size and built more economically than in the past: their performance capabilities were rather low, their speed varying between 2 and 4 knots on average depending on the winds; and their water-carrying capacity was limited. Under these constraints, ships would make coastal runs and inter-island hops of a few days, putting into beaches and ports for supplies and overnight stop.

The military ships were quite different from the commercial ships. The state devoted much effort and money for the defense of the Empire against the Arabs: the existence of specialized warships at a time when the West had no such distinction is a testimony to the advanced level of the Byzantine navy. Warships could sometimes accommodate traders carrying only limited and valuable wares. Constantinople was related to the Black Sea on the one hand, and on the other to the Aegean, and from there either to Syria or Egypt or to the West, Italy and further. “However, commerce was not only center-oriented; direct inter-regional exchanges took place between Bithynia and the Pontus, or Synada in Phrygia and Attaleia in Lydia, or between the northern and southern coasts of the Black Sea. In the Black Sea, trade linked Byzantium with the steppes and central Asia, through several successive partners such as the Khazars and the Rus. Two main outlets were involved. One was Trebizond, where spices and textiles arrived from northern Syria or central Asia; in the tenth century, Ibn Hawqal report that its kommerkion (transactions duty) yielded 72,000 nomismata annually; the second was Cherson, which exported its salt fish and amphoras to the north, or Crimean wine to Dalmatia and south – west Asia Minor. The Rus first involved in trade in furs, swords and slaves mostly with the Islamic world through Karzaria, and turned in the tenth century to direct trade with Constantinople. They also raided the city several times, which explains the restrictive clauses in the treaties of 911 and 944.” Commerce on the Aegean route to the West had reached a low ebb in the 770s and regained importance in the tenth century when the Venetians, who had already developed their relations on the Dalmatian coast, engaged in commerce with Egypt and Constantinople, as did the Amalfitans. “Byzantine traders were not sedentary, expecting goods to be brought to them in the capital, but were active in the outside world. Byzantine exports are mentioned in Arab literature of the tenth century. The balance of this trade may have been positive for the Empire.”
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Wars with the Arabs had obliged the Far Eastern trade to take more northerly routes. The route across Turkestan to the Black Sea was kept open by the Khazar kingdom whose prosperity lasted from the eighth to the tenth century. “During those years the Khazar capital of Itil, on the lower Volga, was a market where merchants of all races could be found. From Itil goods destined for Europe were taken to the Crimean port of Cherson, the northerly outpost of Byzantium, whence Greek ships carried them to Constantinople. This was the usual route for Chinese goods, which consisted, as far as Byzantium was concerned, almost entirely of raw silk. Indian and Malayan goods, ivory, precious stones and spices, usually came through Afghanistan and Persia; and in Persia carpets and made-up silks would be added to the caravans. Armenian merchants collected the goods in Persia and conveyed them to Trebizond, where Greek ships picked them up. Direct trade between the Arabs and Byzantium was rare at first, though cotton from Egypt seems to have reached Constantinople without much interruption; but before the end of the ninth century woven goods from Syria and Baghdad were imported from St. Symeon, the port of Antioch, or overland through Asia Minor. Till the late ninth century, imports from the north, slaves and furs and wax from the steppes and amber and dried fish from the Baltic, were brought by local traders to Cherson, where they were collected by Greek merchant ships. By the beginning of the ninth century, the Russians had taken over all this trade. Goods from the Balkan Peninsula and from central Europe, such as Serbian minerals and Transylvanian salt, usually came by land to Thessalonica and thence to Constantinople. From Western Europe, there was imported a small quantity of slaves, timber, weapons, and, later, rough woolen cloth. Most of these goods came through the markets in Venice. Goods coming to Constantinople from the Black Sea were stopped by customs officials at the entrance of Bosporus, at Hieron, where a 10 percent ad valorem duty was imposed.” The opposite charged the same rate. Customs officials at Thessalonica controlled the Balkan trade. 182

Among imports to the Empire, the largest sums were spent on raw silk. “Even when silk-worm farms were established round Constantinople and in Greece, the raw silk merchants and dressers bought most of their material from abroad.” Such precious materials as ivory and jewels can only have come in small quantities, as there were few buyers that could afford them outside of the imperial court; and the demand for fur was restricted to the rich. On the other hand, vast amounts of spices were imported. The list that the perfumers’ guild was entitled to sell includes many items, such as pepper, cinnamon, and musk, all coming from the East; and Byzantine medical treatises, such as that of Symeon Seth, assume that all manner of Indian spices, such as nutmeg, galangal and cloves, are easily obtainable in Constantinople. The slave trade was never large; the Church disapproved of it. Most of the slaves who worked in the mines or the palace factories were prisoners of war. On the other hand, exports from the Empire were less numerous. “The East bought a few products of Byzantine factories, such as glass tesserae for mosaic work, and some dyes and spices, such as Peloponnesian cochinile and mastic from the Aegean islands. The West and North provided customers eager to buy any of the luxury products of Constantinople. Though this grade brought gold into the Empire, the imperial authorities did not encourage it too far. They preferred their products to have the value and mystery of comparative rarity. Export of the finest silk was forbidden. They might occasionally leave the country as an imperial gift to some foreign potentate, but that was all. Silks of lesser quality could be exported, but the supply for export never seems to have equaled the demand. Linens and cottons were exported in larger quantities, and from the tenth century onwards Peloponnesian carpets were popular in the West. Works of applied art, enamels, carved ivories and steatites and so on, though there was always a demand for them, were too costly to be exported in large numbers. Goods for export paid a duty similar to that of on imported goods, at the same stations.” 183 A large quantities of goods imported from the East seem to have been re-exported straight to the West or the North.
Monetary Development: “The first features of the administrative organization of monetary production were first established by Diocletian and Constantine, and were still in existence at the beginning of the seventh century. During Byzantine history, supervision of the mints belonged to the Emperor; thus the government controlled, to a certain degree, the money supply. Nevertheless, the Emperor and his government were not always capable of conducting a monetary policy in the modern meaning of the term. Ever since the creation of the Byzantine monetary system by Constantine in 312, its pivot had been golden solidus, a coinage whose nominal value was equal to its intrinsic value, as is proven by the Theodosian Code. Solidus became a highly priced and stable means of storing and transferring values…. Valentinian III punished with death anyone who dared refuse or reduce a gold solidus of good weight. Weight and fineness of the coinage were joined by another element: the authenticity of the stamp, which served to guarantee the other two. Alongside this real-value gold coinage, and a slightly overvalued silver coinage, there was also a bronze coinage of a fiduciary nature that made up the second specific feature of the monetary system.”

The Arab conquest and migrations in Asia cut the Empire off from its supplies of gold; and it was only by a strict control of circulation. In the seventh century, the kingdom of Khazars had been established to the north of the Caspian: Khazar Khan hired Byzantine craftsmen to construct the city, through which Byzantium was able to import Ural gold. About the same time, contact was made with the Caucasian gold-mines, but their output was diminishing. The chief source of gold for the Empire was now provided by the Arabs themselves, who imported raw materials from Western Europe through Spain and from northern Europe by the Volga route and paid for them in gold, thus enabling western and northern nobles to buy luxuries. By the ninth century, the Empire had rebuilt large stocks of gold and could take import from the East. The Isaurians created a new silver coin, the miliarexion, which competed with, even partly copied, the Arab dirhem, being a thin and large coin with a religious inscription around the cross on one side, and the name of the emperors, not their portrait as before, on the other. It replaced the fractions of the gold coin solidus which disappeared in the eighth century, served as the intermediary coin for mid-value exchanges, and lasted until the eleventh century, varying in value between 1/12 and 1/14 of the gold unit. The divisions of the copper coin follis progressively disappeared as well. Therefore the monetary system of the eighth-tenth centuries resulted in a simplified structure with one denomination per metal: the gold nomisma with an average high purity of 97 percent, the silver miliarexion with a more irregular fineness varying between 98 and 83 percent, and the copper follis. A major restructuring of the mint organization had also taken place in the seventh century. The old Diocletianic pattern implied in the sixth century that gold was issued in the capital and in the prefectures of Thessalonica, Rome, later, Ravenna, and Carthage, and bronze in the same cities as well as in the diocesan capitals. They were supplemented by a few others for special regions. “In Sicily, this evolution is related to the political context: the fall of fold fineness from 97 percent before 695 to 70-80 percent in 695-7 coincides with the creation of the theme of Sicily in 695, while the stabilization at 82 percent from the 720s to 820 certainly results from the fiscal reforms of Leo III and the confiscation of the papal domains in the island. The aggravated alteration under Theophilos and Michael III reflects the impoverishment of the island due to the Arab raids. In Rome, debasement affected gold as well as the little silver coins with the emperor’s effigy and the monogram of the popes, which were replaced by denarii in Carolingian style in 796.” The territorial losses reflect the impoverishment of the period, but from the 830s things change to the increase in population, rural and urban settlement and production. The newly minted gold was available to the Treasury and made possible a slight increase in the money supply. The economic expansion led to an increase of monetized transactions, which prevented debasement owing to the rising velocity of money.
The Age of Accelerated Growth (1000-1200): In the medieval society, the population tends to increase unless there are catastrophic interventions of epidemics, war, or a rise in the death rate due to a decline in the standard of living such as from famine or depression, or a conscious limitation of the birth rate, which is a socially determined decision. Despite chronological fluctuations, the demographic growth started in the late eighth century intensified in the eleventh and twelfth centuries. The considerable expansion in the number and size of cities and towns in both centuries is an indicator of the rise in population. In the late eleventh century, the loss of the Anatolian plateau to the Seljuk Turks was a political disaster, but the Byzantine continued to control the coastland and the Balkan provinces, which areas were constituent parts of a cohesive state and economy. The national security of Byzantium was well established, particularly in the Balkans. Some of the security function was taken over by estate owners under the feudal system. Nevertheless, along the mountainous areas of the southern frontier there were deserted areas, as near-anarchy prevailed. In the Balkans, Basil II (976-1024) stopped Bulgaria into the Byzantine state for a time; but nomadic people made sporadic invasions, and the late eleventh century saw a period of instability, particularly because of the Petcheneg invasions. There was real insecurity - the siting of certain settlements. There was an influx of population into Byzantine areas from places now under foreign rule. Petchenegs were settled in the southern part of Serbia in the mid-eleventh century. “In the East, ever since the Byzantine re-conquest of Cilicia (962) and until 1071, there was an influx of Syrian Jacobites into northern Syria, Cilicia, Byzantine Mesopotamia and the interior of Asia Minor. Armenian immigration, continuous since the early tenth century, increased in the later part of the century and became massive after 1071; Cappadocia was particularly affected. Jews also migrated into Byzantine territory from Muslim lands in the late tenth and eleventh centuries.”

The rising population needs more consumption demanding requiring more production, specialization and exchange, promoting economic growth.

(a) **Primary Production:** The land lost to the Seljuks was the plateau, which was primarily pastoral for cattle and horses; and southern Italy a stock-raising area. The loss of these provinces meant increased reliance on Thrace, Bulgaria and Macedonia, and, to lesser degree, Serbia, as sources of meat and horseflesh. “The remaining Byzantine territories included areas of heavy cereal production (Bulgaria, Thessaly, Thrace, Macedonia, Bithynia), as well as a long Aegean and Mediterranean coastland, and also islands, with high production of olive oil and wine. All regions produced grain and some sort of fat; most produced wine; in all legumes were cultivated; all raised some animals, most had beekeeping. In the period under discussion, some significant amount of crop specialization is evident, quite apart from that encouraged by geographic and climatic conditions.”

In the eleventh century, wheat and barley were the most important crops. Spring wheat, sown in February or March, was an important part of the crop rotation. Rye appears for the first time in a late thirteenth century document; oats were used as fodder for horses; and millet was cultivated in small quantity. In Byzantium, there were the non-adoption of the heavy plough and large scale irrigation projects as in the Islam world; and hand mills, animal-drawn mills, water mills were all used. Peasants continued to construct water mills since there was no dominant structure that would force peasants to use the landlord’s milling facilities guaranteeing him a monopoly in Byzantium. Windmills attested more rarely. There was no major technological innovations in agriculture, but was a major institutional change, during the period from the tenth to the twelfth century, shifting from the village community of landowning, tax-paying peasants, prevalent in the earlier period, to the estate, cultivated by rent-paying peasants, that progressively dominated the countryside. Free landowning peasants who paid taxes to the state continued to exist until the end of the Byzantine Empire; but they were no longer dominant. This was the change of relationship between the state, the peasants, and the great landlords.
By the late eleventh century, estates belonged to the state and the Church, and to individual large or medium-large landowners; while the powerful people purchased the lands of smallholders. Whether land was owned by individual peasants or by estate owners, cultivation was primarily effected through and by the peasant smallholders, landowning cultivator or tenant farmer. Parts of the uncultivated territory were further exploited directly: the land clearance and improvement made it possible for Byzantine agriculture to expand its production and improve its productivity in this period. The feudalization of the empire, however, reduced the peasants to the level of serfs, becoming the *paroikoi* - non-proprietary peasants, hereditary holders of their land, irremovable as long as they paid the rent. The decision of peasants to sell their land and become *paroikoi* is seen as a rational one since the landlords could protect them better from both the risks of bad crops or famine, and the exactions of the tax-collector, when extraordinary taxes kept increasing.  

What holds for fixed rent also holds for tax in coin when the tax burden is equal to or higher than the rent. But when it is lower than rent, the peasant would be in economic interest to own land. Purely economic terms, the cereal-cultivating peasant would be better off owning arable land than renting it, whether in a share-cropping arrangement or in a fixed-rent agreement. The capital investment of peasants was less abundant than that of landlords in this period. Peasants produced wax and honey; and fishing, the products of animal raising, and textile goods. Legumes fertilize the soil, and animals are a store of value and proteins. High elite demand would have stimulated the production of quality wines, quality cheese, good smoked fish, and silk. The items circulated significantly in the market include grain, wines, raisins and nuts of various kinds, olive oil, cheeses, timber, was, honey, raw silk, horses and cattle travelled along the routes of inter-regional trade.

(b) **Secondary Production**: Pottery is an important item in the medieval economy produced mainly in Constantinople and Corinth with artisans who specialized in decorative techniques. As archeological evidence mounts, so does the number of urban sites where kilns, wasters or ceramics finds suggest small- or not so small-scale production of glazed pottery, such as in Athens, Sparta, Amorion, and Sardis. The imported potteries were found in the Dobrudja and in Cherson mainly from Byzantium, and some from Asia Minor, Greece, and other places. The export of Byzantine ceramics to the Veneto and the rest of Italy partly supplanted Sicilian and Egyptian ware. Luxury items of glass were useful for a small market; architectural glass for window panes, tiles, and tesserae for mosaics; and glass objects for everyday use, such as lamps, cups and other hollow vessels, small bottles, lamps or jewelry, especially beads and bracelets. Constantinople seems to remain a center of production of luxury objects. In textiles, the production of silk was an important part of the Byzantine economy. The existence of half-silks, silk mixed with other yarns, shows that demand for silks of all qualities increased in this period due to increased wealth of both the aristocracy, the urban population at large, and with foreign demand. Constantinople remained a center of production of silk cloth, while the silk industry was expanded in this period. “The guild of the *metaxarioi*, who wove the silk, dyed it and cut it, occupied a pivotal position, but the guild structure in the tenth century did not allow for vertical or horizontal integration. There is no evidence that strict controls or such a guild structure existed in the provincial industry.”

The cities of the seventh, eighth and ninth centuries had functioned primarily as administrative and military centers, refuges, and centers of ecclesiastical administration. But an urban agglomeration promoted production, consumption and exchange of commodities. Demand for manufactured products was concentrated in the cities, where the high and the rich manifested a new interest in luxuries, but the urban middle class was not far behind. As demand went down the social scale, semi-luxury goods of good quality but not of very high cost were produced to meet the need.
(c) **Exchange and Trade:** The economy of exchange has been expanded by two factors: the commerce of bulk items depending on economic growth as discussed previously, and international trade based on luxuries. There was an opening up of Western European markets with a rising demand for eastern products, especially luxury products in this period, which led to institutional changes adopted by the states of the eastern Mediterranean. “Non-economic exchange in the form of gifts was not significant in this period. Gifts to foreign rulers, despite the reported two tons of gold sent by Constantine IX to the caliph in Baghdad, and other large sums of money (and silk cloth, but not in large quantities) were not very extensive in comparison to the overall economy. Besides, the liberalization of the silk trade led to commercialization of this important commodity whose symbolic value now became market value.”

There were still state granaries, and the Church distributed grain in times of crisis. The grain prices fluctuated seasonally and rose up in times of crisis. There was some transfer from country to urban estate, while the rest went through the normal commercial process. Monasteries sold their production of foodstuffs to the market, and other landlords sold their olive oil to Venetian merchants. Much of grain produced in the grain-rich fields of Thrace – the city of Raidestos - went to Constantinople by the following process: “the peasants and small or medium landowners of the area sold their grain in conditions of perfect competition: numerous sellers traded with numerous buyers, both the consumers themselves and merchants who imported it to Constantinople. The price was formed by the market. The Church and the urban real-estate owners of Raidestos made some money on rent from the stalls; no transactions tax was collected by the state.” In the 1070s, the finance minister organized a central market place outside the city; the state collected both rent and the transactions tax. This created oligopoly in the market, since the buyers now were a few big merchants. The wholesale merchants bought at low prices, and resold in Constantinople at very high prices. The grain price affects other prices, particularly the price of labor, forcing people to seek higher wages.

There were numerous centers for regional trade. For inter-regional or international trade, the great spice routes passed through Asia Minor. “Centers of this trade were Artze and Trebizond, a traditional outlet for the trade of Persia and the Indian Ocean. But in the late tenth century, the instability of the Persian Gulf area diverted the spice trade to Egypt, a trend encouraged by the Fatimids. As Alexandria became the main Mediterranean outlet, Trebizond declined in importance and was supplanted by Rhodes, Chios, Crete and other islands, as well as by the ports of the southern coast of Asia Minor, primarily Attaleia. In the tenth and eleventh centuries, this city was one of the most important Byzantine commercial centers, with an active trade with Syria, Palestine and Egypt.” Thessalonica was the second most important city of the Byzantine Empire, with an excellent port and the natural outlet for the products of the southern Balkans, functioned as a center of regional, inter-regional and international trade. Constantinople was still exercised high demand for alimentary products and raw materials for its industries. Byzantine merchants extended their activities to the international markets: they appeared in Barcelona and Montpellier, probably with silk stuffs and pottery; traveled to Russia as far as Novgorod, probably with silk and spices. Byzantine traders went to Egypt and Palestine from Crete, southern Asia Minor. They exported Byzantine manufacture, silk cloth, expensive brocade bedcovers, wooden furniture. The factories in Tunis produced imitations of luxury Byzantine silks. Byzantine imported spices and glass items from Syria and Palestine; and luxury products from Egypt such as spises, expensive goods, indigo by selling many kinds of merchandise. Their purchasing power could influence the price of spices on the marketplaces of Cairo and Alexandria. The Byzantine merchants marketed their agricultural products and luxury items, and imported high-value, high-profit merchandise of the East. By the thirteenth century, the Venetians were on the way to dominating this trade because of their sea power, the extensive privileges acquired in the Empire, and those in Egypt.
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The merchants of Constantinople certainly took advantage of and profited from the condition that encouraged a more active exchange of commodities, and they travelled all over the Mediterranean - they had long been in contact with Italian merchants. An essential pre-requisite for both commercial and industrial expansion is the availability of credit: available funds and efficacy of the money supply. With business associations, the investor shared only the profits and not the losses, which minimizes the risk of capital. The interest rate was 8 percent for loans given by merchants and bankers, and 12 percent for maritime loans; but rose unofficially to 8.33 percent for all loans except maritime loans which rose to 16.67 percent, as capital was potentially liberated. Byzantine society was in a state of transition in the eleventh century: wealthier merchants might acquire formal political power. Successive emperors gave merchants the right to become members of the Senate, allowing to participate in the ruling elite, in the second half of the eleventh century. In the late twelfth century, bankers and merchants invested in long-distance trade. The Byzantine merchants had more advantage of the opportunities offered by new conditions. Then, why did they lost the dominant position of maritime trade to Venetian and Genoese merchants by the thirteenth century? First, the officials and intellectuals who wrote the history of their times embraced and perpetuated the aristocratic ideal which downplayed the weight of trade and considered inferior the activities of craftsmen and merchants. Second, the non-privileged Byzantine merchant had to compete with Italian merchants, who had institutional advantages guaranteed by privileges, and who also were creating an extensive commercial network in the eastern Mediterranean, from Italy to Constantinople to Syria-Palestine to Egypt, secure from their bases in the Latin Crusader states. Third, they also had, not yet a dominance, but a firm upper hand in the exercise of maritime violence, guaranteeing them an increasing powerful position in maritime commerce. Finally, the capture of Constantinople in 1204 was an important step in this development.

As discussed previously, towards the end of the eleventh century, the Byzantine trade began to undergo drastic changes from which it was never to recover. “The Seljuk conquest of the bulk of Asia Minor altered the whole of Byzantine economy by robbing Constantinople of the main source of its corn supply and of much of the solid peasant population which was one of the foundations of the strength. Constant wars in Asia Minor upset its land and even its coastal trade. At the same time, the Norman conquest of southern Italy led to piratical raids on the prosperous Greek peninsula and seriously threatened all the European provinces of the Empire. Meanwhile, the Italian maritime cities were increasing their merchant fleets and encroaching more and more into eastern markets. Finally, the Seljuks disrupted the pilgrim routes to the East and appeared to threaten all Christendom and this led to an outburst of religious enthusiasm in Western Europe. This emotional upheaval combined with a colonizing instinct and Norman ambitions to produce the movement that we call the Crusades, a movement that was to revolutionize the trade of the Levant to the lasting detriment of Byzantium.” Alexius I (1081-1118), worn out by wars against the Seljuks in Asia and barbarian invaders in the Balkans, had to meet a Norman attack on Eprius. He was reduced to asking for both naval and financial help from Venice, whose Adriatic policy was equally endangered by Norman Aggression. Alexius signed a trade and defense treaty with Venice in 1082, in which “The Byzantine Empire made a large number of trade concessions to the Republic of Venice in exchange for military support against the Normans who were invading and conquering various Byzantine holdings in and outside the Empire. According to the treaty, the Byzantines would allow the Venetians the right to trade throughout the empire without the imposition of taxes. The Venetians would also be allowed control of the main harbor facilities of Byzantium (Constantinople), along with control of several key public offices. The treaty also granted various honors to the Doge of Venice, along with an income. Finally, the Venetians were granted their own district within Byzantium, with shops, a church, and a bakery.”

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Therefore, “while every other merchant, Greek or foreign, has still to pay the 10 percent duty, the Venetians could export and import goods duty free. They were also to take over the Amalfian warehouses and establishments within the Empire, Amalfi having by now been engulfed in the Norman kingdom.” Consequently, however, “the military aid promised by the Republic of Venice never really arrived. The Venetians did not really do anything to halt the Normans, but reaped great benefits from the new trade advantages they now enjoyed due to the treaty. The Byzantine Empire’s ability to recuperate after loses was significantly reduced, due to the immense revenue the Empire had given up when it allowed the Venetians to trade freely without the imposition of taxes. This stifled the Empire’s power of recuperation, and ultimately started its terminal decline.”

Alexius could not realize “how damaging the concession would be to the building of his mercantile marine, and this was perhaps because there seemed to be sufficient scope for it in the Black Sea where Russian ships no longer sailed. Trouble soon followed. Alexius’ son, John II, and his grandson, Manuel I, each in turn tried to withdraw the concession but had to restore it when Venice took hostile action. Other Italian cities inevitably and forcibly demanded like privileges. In 1111 Alexius reduced the tariff rate for Pisan merchants to 4 percent and allowed them an establishment in Constantinople. In 1155, under Manuel, the Genoese were given similar terms, and a little later their liability to the 4 percent duty was restricted to Constantinople alone. In all other ports, with the exception of two on the north coast of the Black Sea, they could trade freely. These two, Rossia and Matracha, were the ports which exported dried fish from the Don and the Caspian. The Emperor did not wish to be dependent on foreigners for so important an article of his subjects’ diet, to say nothing of his own caviare. As a result, the carrying trade passed almost entirely into Italian hands. Even the Black Sea trade passed largely into Genoese hands. The Italian population grew up to more than 60,000 in Constantinople in 1180, settled in quarters each with a quay and a church along the Golden Horn, administered by own officials.

The free trade was promised in the privileges, but the exports of some items had long been prohibited such as gold and silver, highest-quality of silks and agricultural products to Western Europe and Egypt. Salt and war materials, except timber, apparently were not exported in this period. It is considered that merchants need security, and businessmen need to lower the costs of their transactions. “In the Middle Ages, foreign merchants carrying out international trade had to deal with a multiplicity of laws concerning piracy and reprisal, the fate of shipwrecked goods, the fate of the property of merchants dying in a foreign land, intestate or not. The states of the eastern Mediterranean had, grosso modo, safeguarded the interests of their own fisc rather than those of the merchant. This changed in the course of twelfth century, as rules were adopted.” They formed a common law of the sea that gave greater protection to the foreign merchant and his property, while the states made it possible for men and merchants to move more freely. Finally, the effect of the Crusades on the trade of Byzantine was vast but not immediate. Constantinople was at first on the Crusaders’ main route, and their comings and goings brought new buyers to the city’s markets. “But success of the First Crusade resulted in the opening of Syrian ports that had been closed to European traders for five centuries, and so provided a route for oriental goods to reach Western Europe without passing through imperial territory. This did not at first make much difference. Italians settled in the Crusaders’ cities and encouraged visits from the interior; but the Crusader lords supported themselves in their castles by levying exorbitant tolls on the caravans. Ironically, it was only after the Arab world had been united under Nu ed-Din and Saladin and its trade had revived and expanded, and after the Crusading states had been reduced to the Syrian littoral and lay lords replaced as the guardians of the frontiers by the Military Orders who liked to dabble in commerce, that the Crusader ports flourished.” In the twelfth century, Alexandria and Constantinople were far more important to the Italians than all the Crusader ports put together.
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(d) Monetary Development: In the eleventh century, Byzantine coinage was an articulated one: “in the 1030s, the miliareion was provided with divisions of 1/3 and 2/3 to facilitate smaller transactions. The lightweight gold coin (the nomisma tetareron) continued to be struck by every successor of Nikephoros II till 1092. Until c. 1005 it remained outwardly undistinguishable from the full-weight nomisma; afterwards it was clearly recognizable through its smaller diameter and thicker flan and its different typology. Neither the conditions of its circulation, nor its market value are known; they have raised much speculation. Although most specimens have been found beyond the frontiers of the empire, it certainly circulated within, as several documents or preserved coin weights inscribed with its name demonstrate. One may assume that the state was paying at least part of its expenses in this lighter coin.”

In the 950s, and continued at the same slow pace of -0.04 percent a year till the reign of Michael IV (1034-41). The fineness had now fallen into a 94-90 percent bracket. During that phase, the increase in the silver content of the alloy led the moneyers to enlarge the diameter of the coin in order to maintain the full weight of the nomisma. In the second phase, during 1041-55, the rate of debasement was around -0.4 percent a year, a tenfold increase compared to the preceding period, and the purity of the nomisma fell from c. 90 percent to 70 percent. After 1068, debasement followed a much more dramatic pattern. Now they mention debasement and its severer economic consequences including the rise in prices, aggravated by insecurity and the attempt to establish imperial control on the cereal trade in the Thracian port of Raidestos. In this phase, the gold content fell from 70 percent to a mere 10 percent. The process now implied adding silver – and no longer no-refined gold – to the alloy. As a result of continuous debasement, the whitish gold coins of the 1980s contained as much as 18 percent copper and 71 percent silver against only 10 percent gold under the reign of Nikephoros Botaneiates (1078-81).

Thus “the major development in this period is the progressive abandonment by the state of its traditional fiscal policy, which had been based on the collection of the land tax from all landowners which, until the eleventh century, had meant primarily from landowning peasants organized in village communities. In the course of the eleventh and twelfth centuries, the state abandoned the efforts of the tenth-century emperors to stop or reduce the acquisition of peasant lands by the dynatoi and their absorption into estates. At the same time, it more and more frequently granted privileges to individual landowners and monasteries; the privileges consisted of the exemption of the beneficiary from secondary taxes or even, occasionally, from the base tax. If the estate owner was not exempted from taxation, he paid his base land tax to the state; but exemptions proliferated, until, after the late eleventh century, they became systematic.” The state also granted to private individuals state lands in hereditary succession. Starting with the late eleventh century, some grants were given in pronoia, that is a grant of fiscal revenues to an individual in return for services, military most often, but also civil. It was until the reforms of the late thirteenth century, a grant limited to the lifetime of the beneficiary. However, the fiscal role of government started to weaken in responding to the interests of the wealthy and powerful people. The grant of privileges had a detrimental effect to the fiscal system, and the collection of taxes became decentralized. The eleventh century system collapsed in the wake of the monetary and military crises of the 1070s. The payment of taxes was reformed by Alexios I I Komnenos in a way that ensured the collection of higher taxes, paid in the debased told coin as well as in silver and copper. The grant of land and privileges, however, and fax-farming as well, continued and increased in the twelfth century. In the mid-twelfth century, the Byzantine government was still very wealthy. However, heavy and unequitable taxation and the great cost of military campaigns led to a major fiscal crisis.
The Decline of Trade and Industry (1200-1400): The decay of commercial life became obvious since the Emperor Manuel’s government had been costly and the military disasters of his later years used up his resources. “Rivalry between the various Italian communities caused endless rioting in the city, damaging store-houses and interrupting trade. The rivalry extended to the seas. Each Italian city maintained a pirate fleet to prey on its neighbors’ ships, and all would prey on Greek shipping. Manuel had not been able to afford to keep up a fleet strong enough to curb them. After his death in 1180, the regency of his widow, a Crusader princess, adopted a pro-western policy which so added to the exasperation of the Greeks of Constantinople that in 1182 they overthrew her and began to massacre the Italians in the city. Large numbers perished and their quarters were burnt. The Italian cities demanded heavy compensation and backed their demands by devastating the coasts of the Empire. Before the end of the century their merchants were back again, enjoying all their old privileges. But too much hatred had been aroused and was intensified by the growing mutual mistrust of the Greek and Latin Churches to allow for any stability or confidence. The Venetians who had most to lose determined on sterner action. They could not afford the periodical unfriendliness of the imperial government. They were jealous of the Genoese, whose slightly better relations with Byzantium had enabled them to capture most of the Black Sea trade. They wished to control the whole government of Byzantium; their opportunity came with the Fourth Crusade, when the Crusaders, already in debt to them, Agreed to join them in a successful attack on Constantinople. A Latin Empire was set up, in which Venice had the lion’s share.207 As Constantinople fell to the members of the Fourth Crusade in 1204, economic factors develop over the long term, and it takes a while for them to be affected by political events. But eventually, the Byzantines relinquished control of commerce and manufacturing to the Western Europeans, thence the Italian merchants dominated in the eastern Mediterranean.

After 1204, the Empire was succeeded by a number of small states: westerners created states or enclaves in parts of imperial territory. The Greek successor states were the Empire Nicaea until 1261, the Empire of Trebizond and the Despotate of Epiros. The Slavic lands, Bulgaria and Serbia, became independent shortly before the Fourth Crusade and remained independent until Ottoman conquest, fragmenting into small units. The emergence of small successor states resulted in multipolarity tending toward fragmentation and pulverization of political power: everything was small-scale, starting with the size of the state and the impact of elite demand, following small-state economics.208 In the course of the thirteenth century, Italian and Western European merchants expanded their activities dramatically in the eastern Mediterranean, so that, certainly by its end, a Mediterranean trading system progressively dominated by Italians - Venetians and Genoese, with Pisa playing an active role until 1284. The areas involved in the eastern Mediterranean include all former Byzantine territories, Syria and Palestine, and to a lesser extent Egypt. Constantinople was recovered by the Byzantine 1261, but restored Empire can scarcely have had any foreign trade. The city had been recaptured with Genoese help, and the Genoese were the main beneficiaries. They were given free access to all Byzantine ports. At Pera, across the Golden Horn, they maintained a station that attracted trade away from Constantinople itself. Owing largely to the Mongol Empire, the Black Sea trade was highly prosperous in the late thirteenth and fourteenth centuries, and the Genoese carried the greater part of it. They had their own colonies at Kaffa and Tana on its northern shore, and they enjoyed preferential treatment in Trebizond. The Venetians were soon allowed to trade free of duty in all imperial ports and had a small colony in Constantinople itself; but these concessions were only granted after the Genoese had established themselves, so that the Venetians were obliged to play a secondary part. There were endless skirmishes between the two Italian seaports, which were not conductive to peaceful trading. Pisa had fallen out of the running, so preferred to buy directly in Constantinople.209

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There was still a considerable Byzantine merchant marine, mainly engaged in sabotage. “Foreign ships trading between Byzantine ports had to pay a duty at the port of delivery as though they had been importing goods from abroad. The local trade was therefore not worth their while. Greek ships paid no duty. The corn merchants of Constantinople and Thessalonica by now usually bought their own ships in which to import corn, often from abroad, and sold them at the end of the season. The shipping corporation at Thessalonica in the fourteenth century was an important body, perhaps more important than the corresponding body in Constantinople. This marine lasted till the fall of the Empire. One of the last ships to fight its way into the Golden Horn through the Turkish blockade in 1453 was a Greek merchant ship bringing corn from Sicily….

The Empire of Trebizond seems to have had no marine, largely, no doubt, because it lacked a harbor of any size that gave protection from winter storms. Trebizond itself had only an anchorage that is exposed to the north. The semi-independent Despotate of Epirus maintained a small merchant fleet. The numerous tariff regulations obliged the Empire to employ a large body of customs officials in every port, to discover the nationality of each ship that came in and to assess the value of her cargo. At Pera, and probably also at Constantinople, there was a further series of charges to be paid, taxes on tonnage and measures. The Byzantine customs officials were strictly supervised and do not seem to have been particularly corrupt. But the elaborate regulations encouraged smuggling by the nationals who had to pay tariffs….

Before the fourteenth century was out, the Ottoman Turks were established on both sides of the Hellespont. Early in the next century they reached the Asiatic shore of the Bosporus and the European shore shortly before they captured Constantinople. Inevitably, they used their position to levy tolls on shipping passing through the straits and at times even to close them entirely….

It was fortunate that European enterprise was soon to discover the ocean route to the Far East as an alternative trade route. Of the manufacture of luxuries, the silk industry was most remarkable in Constantinople. The second great industry was the metal industry: gold and silver plate were made in considerable but controlled quantities; more elaborate work, cloisonné enamel, the carving of semi-precious stones and all jewelers’ work, including ivory carving, was in great demand; there were large glass factories, making mosaic tesserae as well as glass for domestic use. The third great industry of the city was the manufacture of armaments. Some of the provinces had their own industries, which run by the states or by individual magnates, and run by the guilds. The state monopolized the silk industry, manufacture of armaments, and minting of money; and the highest class of jewelry was produced in the palace factories, in which labor was servile or semi-servile. The mines were worked by prisoners of war and their descendants or by non-Christian slaves bought in wholesale quantities form northern Europe and the Steppes. More specialized labor was mostly in the hands of freemen, though occasionally might be joined by able slaves. For political reasons, it was unwise to allow any private person to manufacture there on more than a pretty scale. “It was slave-labor that made the chief difference between the enterprises of the industrial magnates and those of the guilds. In Constantinople, all the smaller manufacturers were organized into guilds, private guilds, as opposed to the public guilds of workers in the imperial factories. These guilds differed from those of the West, though many of their regulations were almost identical with western guild regulation. But they were not primarily associations created for the mutual self-interest of the members and the preservation of the industry. On the contrary, though they probably descended from similar Roman organizations, they were used in Byzantine times to enable the imperial authorities to exercise control, particularly for fiscal purposes, over every industry in the city. The official in whose department control of the guilds was placed was the prefect of the city. This trend had been continuously effective in the Byzantine world.
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The guild dealing with bullion and bankers were not only obliged to provide small change for nomismata on market days but also made valuations. “It was their business to see that precious metals were not sold to foreigners for export; and they themselves could not buy for any purpose more than one pound of gold at a time. The rates for lending money were strictly fixed. The dealers in bullion were allowed to charge an interest fixed in Justinian’s day at 8 percent, while the private money-lender could only charge 6 percent. But by the ninth century 6 percent had been altered to 6 nomismata per lb of gold, that is to say 8.33 percent and the guildsmen’s 8 percent rose correspondingly to 8 nomismata per lb, or 11.11 percent. The function of the bankers’ guild is unclear.” Of the guilds, the grocers’ was the largest dealing with foodstuffs. Grocery was a profitable business; the grocers were allowed to make a profit of 2 miliareia per nomisma, that is to say 16.66 percent. The butchers and the pork butchers had separate guilds. “The bakers’ guild had special rights. So important was it to the welfare of the city that no member could be called upon to perform any public service. The bakers bought corn and ground it themselves. The were allowed to make a profit of one keration and 2 miliareia per nomisma, and 2 miliareia being calculated to be the cost of labor and the keration the net profit, just over 4 percent. Bakeries had to be built of stone to minimize the risk of fire.” Most of the guilds occupied specific quarters in the city, mainly along the great middle street than ran from the imperial palace to the church of the Holy Apostles. When prices and profits were not specified in the articles of the guild, the prefect could fix them according to the circumstances of the moment. All weights and measures had to bear the prefect’s seal and were periodical tested. Little is known about the officials of the guilds. The head of the notaries was a personage high in the imperial hierarchy. Apprentices certainly existed, but there is no mention of fixed rules or time limits for their services. There was no unemployment: the demand for goods remained more or less constant, and most trade catered only for the local markets and so were little subject to fluctuation.212 In the long run, the conquest of Constantinople in 1204 entailed a major disruption of the monetary situation in the Byzantine world. “Through the twelfth century, a unified currency had prevailed in the Empire; foreign coins were not accepted and Byzantine gold played an important role in international trade. Starting from the mid-thirteenth century, foreign coins increasingly penetrated local circulation, which became more and more fragmented. From the fourteenth century, Western gold currencies dominated Mediterranean exchanges, while Byzantium was left with a silver hyperpyron and poor petty coins of very restricted circulation. This turnaround was not an instant process, before the transformation of the Byzantine coinage and its shift from gold to silver.”213 At the time of the first Crusade, the nomisma or hyperpyron could be exchanged for 15 silver sous of the Franks. “In 1156 the Genoese valued it at 10 of their silver sous, and 9.5 in 1157. In 1204 it could be exchanged for 3 English sous, about 14.60 gold francs; but the English sou was not easily exchangeable in the Levant and was cheaper than it metallic value. In 1228 the Venetians gave the hyperpyron of the Nicaean emperors a value equivalent to 11.81 gold francs, but in 1250 it was rated considerably higher in relation to the currency of the French monarchy. This was because the Nicaeans had been selling agricultural produce to the Turks in return for gold. Actually at the time, it had 16 carats and ought to have been valued a little lower. In 1261 the hyperpyron had 15 carats, and 14 in 1282. By 1310 it had 12 carats and 12 alloy, and the fall was continuing. By the mid-fourteenth century, traders, even in Constantinople itself, preferred to use Venetian or Genoese ducats, as the hyperpyron had lost its international credit.”214 As the purchasing power of money, the price of wheat in 960 in Byzantine was 3 keratia per modius, which was roughly the same as that in Greece 1914, while other foodstuffs were five or six times less expensive than in 1914. The cost of living in Byzantium was much expensive by the heavy taxation, far heavier than in any other contemporary country.215
At times between the sixth century and the tenth, “traders and warriors brought goods from the extreme north of Europe to Byzantium and re-imported Byzantine goods into northern Europe. Much more frequently the Italian merchants of the later centuries sailed into the harbors of England and Flanders, bringing with them all the infinite variety of Levantine and oriental products. Still more regularly – in fact throughout the Middle Ages – Italian merchants and the men of the north, Germans, Flemings, English and French, mingled in the great international marts of central and northern Europe: in champagne during the twelfth and thirteenth centuries, in Bruges in the fourteenth and the early fifteenth centuries, in Geneva, Antwerp and Bergen-op-Zoom in the fifteenth; and there exchanged the Italian and Italian-borne products for other goods.” Yet these contacts were secondary in their economic lives. The main current of countries flowed with products of the northern hemisphere, which were more indispensable than luxuries such as oriental silks or rich furs from Russia. The main articles of northern trade were bulkier and cheaper necessities of life: the main branch of trade was traffic in food.

Throughout the Middle Ages, Scandinavia was not self-sufficient in grain production. “Ever since the early days of the great migrations, a relatively large population settled in the water-logged and sandy lands of the estuary of the Rhine,” but the Frisian country could not raise crops large enough to feed their population which they could not feed out of their own agricultural production. From the middle of the twelfth century onwards, “the regions of the north-western littoral, Flanders, Brabant and Holland, maintained an industrial population which they could not feed out of their own agricultural production.” In the fifteenth century, the Dutch still largely subsisted on dairy produce, birds and fishes. On the Atlantic coast of France, Gascony specialized in wine and had to bring in some of their food from outside. The valleys of the Somme and the Seine were the granaries of northern Europe: their agricultural surpluses became the main source of grain trade between France and the Low Countries: this grain trade continued till the end of the fifteenth century. England was an exporter of foodstuffs, including grain. As a result of German colonization of the Slavonic lands beyond the Elbe, form the end of the thirteenth century onwards east German and Polish rye flowed to the West. By the beginning of the fourteenth century, Baltic grain began to contribute to the Flemish food supplies, and also to the Scandinavian.

There are several regions exporting butter and cheese: Holland, Scandinavia, southern Poland, and to a small extend England. There was a sudden change of diet among the inhabitants of northern Europe, who favored butter to oil. The consumption of fish was important in the Middle Ages, including herring, salmon, eel, whiting, plaice, cod, trout and pike. Shell fish included crab, oysters, mussels and cockles. All sea-fish were comprised under three names: the fresh, the salted, and the smoked. In England, it was the herring fisheries of the coasts of Norfolk and south Lincolnshire. The Scandinavian fishing industry was of herring and the stockfish. “The art of white curing or salting spread to other countries, and it was very largely from Iceland that the bulk of medieval supplies of stockfish came.” Certainly from the thirteenth century onwards, “by far the most important of the fishing grounds of Europe and also the busiest center of the curing industry and of the herring trade were the Baltic fisheries of Skania off the south coast of what is now Sweden. It rose to prominence at the turn of the thirteenth and fourteenth centuries, and as late as 1537 more than 90,000 tons were still salted there. By that time, however, the herring fisheries off the coasts of the northern Netherlands, modern Holland, had risen to rival those of Skania as the main source of fish supplies.” England exported bacon from her eastern counties, largely from Ipswich. Vegetables, especially very large quantities of cabbages, garlic, onions and onion seed, regularly came from France and the Low Countries, apples from Norman ports.216
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Photo II-4-2. Exchange of Trade by Land Routes in the Middle Ages

Photo II-4-3. Researchers Trace Origin of Global Fish Trade in Medieval London

Book II. The Middle Ages from 750 to 1400
The Trade in General: “In the Middle Ages, wine was the common drink of all social classes in the south, where grapes were cultivated. In the north and east, where few if any grapes were grown, beer and ale were the usual beverages of both commoners and nobility. Wine was exported to the northern regions, but because of its relatively high expense was seldom consumed by the lower classes. Since wine was necessary, however, for the celebration of the Catholic Mass, assuring a supply was crucial. The Benedictine monks became one of the largest producers of wine in France and Germany, followed closely by the Cistercians. Other orders, such as the Carthusians, the Templars, and the Carmelites, are also notable both historically and in modern times as wine producers. The Benedictines owned vineyards in Champagne, Burgundy, and Bordeaux in France, and in the Rheingau and Franconia in Germany.” Particularly, as a result of the wine trade, Gascony and England developed economic systems which were mutually supplementary. “Wine was Gascony’s chief product, and she was not self-supporting in either food or textiles, while England was one of Europe’s importers of wine (over 4 million gallons in 1415), and was also from time to time able to supply Gascony with grain – with her own in years of good harvests and with re-exported Baltic grain in other years.” There was a regular flow of sweet wines from Spain and the eastern Mediterranean to the countries of northern Europe.

Timber resources were unevenly distributed over the face of Europe, where the population was at its thinnest line Flanders, the Netherlands, and southern England. Timber became scarcer as the countries of western Europe were getting settled and as forest was giving place to fields and pastures. But even in those regions of northern Europe which were still well wooded, as in parts of this country, hardwoods predominated, and tall timber suitable for shipbuilding and for housing structures had to be brought in by water. “In this trade, water transport was even more important than the ecology of native forests. For timber growing away from navigable rivers and seaports, like much of the timber in the forest of the west and north Midlands of England, was often more difficult to transport to other places within the country and much costlier than timber imported from abroad by sea.” In the earlier centuries, from the eleventh to the thirteenth, the chief exporters of timber were Scandinavia and the wooded regions of south Germany; but in the fourteenth century, with the opening of the Baltic, this trade, like the grain trade, changed in direction and volume. “The vast coniferous forests of eastern Europe including Russia, Poland and Livonia now became available, and from the middle of the fourteenth century onwards, eastern timber shipped from the Baltic and more especially from Danzig” all but the other types of white timber. Russia also exported pitch and tar, and with Poland made potash by the burning of wood.

The woolen industry were developed in England, Flanders, and Italy, as discussed in the previous section. “From the end of the eleventh century onwards, Flemish cloth began to overshadow all other cloths of Europe, and by the end of the thirteenth century we find it exported to the remotest corners of the then known world….When in the late fourteenth century English and Dutch cloth began to appear in large quantities on the continent, it naturally flowed in the wake of the Flemish exports, gradually replacing them in all their ancient channels. Like the Flemish cloth, they were soon to be found all over the civilized world – in Hungary, Russia and the Asiatic East as well as countries near home.” The other textiles were not very important in the inter-regional trade of northern Europe. Silks and other luxury fabrics of Byzantine, Italian and oriental origin came in from the South throughout the Middle Ages. Linen and flax of northern growth were more important: the flax area included the Low Countries, north-west France, Poland and Russia; and the wool-grown area included England, central France and Spain. Other subsidiary materials were woad and madder; both which were to some extend grown in northern Europe, and some woad came from Italy. More exotic dyes came from Portugal. The other materials used in making cloth, alum, black soap, mostly Spanish; and potash mostly eastern European.
Potash was a product of the Baltic timber industry and a raw material of the cloth-makers, which must be an essential commodities in northern trade as part of minerals. Coal was mined in Northumberland certainly in the thirteenth century. Since then it was also mined in Hainault, Westphalia and elsewhere. Salt was indispensable to preserve meat, and the mainstay of the great fish-curing trades. Salt was minded and obtained by evaporation from salt pans. The salt deposits of Luneburg in the Lower Saxony were conveniently situated for export to the Baltic as well as to the Netherlands, but its importance shrunk by comparison with the salt-pan method. The Bay of Bourgneuf in western France formed natural salt pans of great extent and remarkable productivity, which became most abundant in the first half of the fifteenth century. As discussed in the previous section, “Some ironstone was mined in most places, and some iron was smelted in almost every great countries in the Middle Ages. But of importance centers, there were only three or four; one was Westphalia, others were in Saxony, in the Basque country in the Pyrenees, and above all in Sweden….Of other metals and metal wares, copper, mostly of Swedish and Hungarian origin, and lead and tin, mostly of English and German origin, were distributed all over northern and western Europe by Hanseatic merchants. So were also other miscellaneous metal goods, most produced in the area of Liege, Dinant and Cologne, and pewter goods of English make – altogether a current of trade not very abundant in comparison with grain, wool or timber, set sufficiently important to attract the attention of the makers of commercial traders and of legislators.” Miscellaneous commodities of European origin crossed and re-crossed the frontiers of northern countries and passed its tolls. They were bricks from the Low Countries, swords and helmets from Cologne, tapestries and painted images from Flanders, books from France and the Low Countries, amber paternosters from Prussia, wax and honey from Russia, thread and lace from Cologne and Brabant, hawks from Bruges and Calais, and feathers for pillows from all over Germany.

The trade quantities of each commodities by time and places cannot be complete, so let’s skip discussions here. The scope of medieval trade was remarkable for various obstacles which beset the merchant. There were innumerable payments on the frontiers, along the rivers and roads, on town markets and in sea ports: “payments which must have burdened commerce nearly as much as similar payments were to burden the trade of France on the eve of Colbert’s and Calonne’s reforms or the trade of Germany on the eve of Napoleon’s conquest.” In England, trade was free from any but small tolls. “Like turnpike tolls of a later age they were levied to defray the cost of constructing or of maintaining a road or a bridge. There were similar tolls in medieval and post-medieval France and Germany. There were also provincial tolls all over the internal roads beyond Paris, and there were payment at the frontier stations on the south and the east leading to the upper Rhine and the main Alpine passes. The German picture was less uniform: at the turn of the thirteenth and fourteenth centuries, there were more than 30 toll stations along the Weser and at least 35 along the Elbe. Toll stations along the Rhine were 19 at the end of the twelfth century, about 35 or more at the end of the thirteenth century, 50 of the fourteenth, and 60 of the fifteenth. The total weight of the internal tolls was thus heavy and growing. Inter-regional and international trade were princely taxed at the frontiers or the national toll stations. The highest export duty was imposed on the English wool exports in the late fourteenth and fifteenth centuries. Total custom payments charged at the English port and Calais were equal to about 20 percent of the value of good quality wool. In general, the medieval carrier struck as long as he could to navigable rivers and to the greater ancient highways, many of which were Roman in origin and construction, and most of which contained sections made and maintained by the work of men. The freedom of long-distance traffic was in essence a freedom of choice between routes. In time of war and within the range of its operations, pillage and piracy reigned: piracy and robbery along roads and rivers could at times develop into a major disaster, while strong princes could secure traffic.\textsuperscript{222}
Commercial distribution was bound to be a costly service, but the main element of cost was undoubtedly transport. On land routes, goods were carried by horse and ox, but not necessarily by pack. Carrying service in this country and abroad consisted of both summage (like by horseback) and cartage. Because of road conditions, wheeled traffic had been impassable as some of roads were broken. Main roads artificially levelled and drained were not universal; roads with artificial metal or paved surfaces must have been very uncommon. In Common Law, the King’s Highway included not only military roads but all roads leading to ports and markets, and their destruction or obstruction was an offence against the king. However, the gap between law and practice was bound to be wide. Some of the road works were carried out by princes or by religious houses. In 1332 when the town of Ghent busied itself with the repair of a distant stretch of road near Senlis in the neighborhood of Paris, this was taken for what it was – an act of enlightened self-interest of a community dependent upon traffic across France. In the main, private enterprise and private benefactions were primarily concerned with bridges and causeways: “whereas the Romans were road-conscious but were quite prepared to cross rivers by fords, the men of the Middle Ages were essentially bridge-conscious….a local tax levied for the upkeep of bridges.” A high proportion of bridges, both in France and England, are first mentioned in the twelfth and thirteenth centuries, pointing to the completion and perfection in that period of local road systems supplementing the older Roman grid where this survived and serving the specific needs of the medieval economy and society. The numerous local roads of medieval Europe were linked with the general movement of economic development. The barge and the boat were the main alternative to wheeled traffic. The Carriage by water was much cheaper than by land, that’s the reason why river traffic was able to bear the heavy tolls imposed by so many countries. Because navigation in the high sea was dangerous, the Dutch used the shallow and sheltered waters of their rivers and canals.

The size of the boats and the methods of navigation may have improved by the end of the Middle Ages, though the technical history of medieval shipbuilding is still incomplete. The internal waterways were equally important for transport in the east and the west. They formed essential links in transcontinental routes. The Seine was a great trade artery of northern France; the Rhine, the Main, the Weser, and the Elbe in Germany; the Loire, the Rhone, the Garonne in France; carried much of the heavy long-distance traffic. The Thames and other rivers also formed an organic part of the English route system. The few surviving figures indicates that “costs of cartage in and around the Hanseatic towns suggest that in the second half of the fourteenth century it was sufficiently low to make it possible to divert the grain trade to land routes at a time when the river traffic was being choked up by tolls and taxes.” The cost of distribution varied according to specific time and places, based on some surviving figures available in present times. “In short, medieval communications, like other trading activities, suffered much more from instability and uncertainty, political in origin, than from high costs of an inefficient transport service. Inefficient the service certainly was, wasteful of manpower and other resources; but so was also medieval industry and agriculture. Judged by modern standards, the making and growing of goods for sale may well have been costlier than the carrying of the goods to the consumer. To put it more abstractly, the proportion of trading costs to total costs was probably less in the Middle Ages than it is now, which is merely another way of saying that far greater economies have resulted from industrial revolutions of the eighteenth and nineteenth centuries than from the corresponding improvements in transport and distribution. If so, this may be one of the reasons why men in the Middle Ages found it not only necessary but also possible to trade and why commerce played the part it did in the economic life of the Middle Ages….that local taxation, war and piracy became more disturbing and more difficult to circumvent as the Middle Ages drew to their close, this may also help to count for some of the long-term trends of medieval trade.”
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The Age of Trade Expansion: In the Middle Ages, trade began with regional specialization that naturally caused inter-regional exchange. Many agricultural villages might be self-sufficient, but few of them produced their salt, their iron or all their textiles. In the medieval villages and estates, there were various specialized craftsmen such as smiths, potters, carpenters, and weavers. “Among the peasant cultivators themselves, there always existed small-holders, who had to work for wages, and substantial peasants, who had surpluses to dispose of. Rents, reckoned and often paid in money…while wages were seldom paid wholly or entirely in kind. In order to pay rents, the peasants had to sell their produce; and whenever wages were paid in money, the wage-earners presumably spent them at the market….social existence in medieval villages would have been impossible without some market and some trade.”

When the barbarians ruptured, the Germans might sack a town, and the immediate effect was traumatic, but the town existed for certain reasons, and their coming did not change those reasons. “Most towns recovered quickly after being looted; indeed, certain towns were looted many times over, attesting to their continued ability to generate wealth.”

In the seventh century, the Merovingian economy was hopelessly weak. In the coming two centuries, Viking invasions and Muslim domination in the Mediterranean broke commercial links of Europe with the South, while economic life of the North dwindled and declined under the stress of Viking raids and conquests. “The commercial links with the East and the traffic of costly luxuries may have suffered from the Muslim conquests and from the general insecurity of the times. But economic activity – settlement, colonization, agricultural production – continued to expand; and economic activity within Europe mattered more than ease of communication with the outside world….The current periods of disorder and anarchy during the Norman raids may have interfered with economic activities of every kind, but recent evidence from the north of France suggests that the ruin and devastation which the Norman invasions brought with them did not break the continuity of urban life in places like Arras.”

(a) The Growth: From the tenth century onwards, settlement and population all over the north-western Europe was continuously expanded. By the turn of twelfth and thirteenth centuries, the surplus population broke out of the confines of an old and relatively over-populated land and spilled over into new colonial lands east of the Elbe. With the prevailing freedom of immigration, the whole of Western Europe became urbanized. “Growing production, both agricultural and industrial, and increasing population were bound to lead to greater trade and are sufficient to account for its expanding volume.” Increasing supplies of precious metals and their expanding circulation may stimulate investment and production, which created more consumption demand, and increased the prices of commodities. While gold played in commercial exchanges between East and West, in the late two centuries of the Roman Empire, supplies of gold dwindled away and Rome’s purchasing power in the East declined. Yet in the early centuries of the Merovingian era, Roman gold was still available to use of the open channels of travel and commerce with Byzantium and Levant. With the Muslim conquests, the world supplies of gold were radically redistributed. “The Muslim conquerors acquired both the accumulated stocks of precious metals and the monopoly of supply of newly mined gold. Muslim countries began to import slaves, metal goods, timber and other commodities of European origin in quantities large enough to change the direction of gold movements….Northern and Western Europe as a whole may now have enjoyed an active balance of trade, with the result that gold was now coming into many a country producing raw materials. Italian florins and ducats and perhaps Byzantine and Arabian gold coins now augmented the local resources of currency – mostly silver – and gold coinage began to be minted.”

But more important was the real wealth generated by growing commerce. Its chief beneficiaries could be found in the hands of merchants all over Europe, particularly Italian traders such as of Venetians and Genoese, as well as industrial investors of great commercial cities.
Between the seventh and eleventh centuries, the European trade was largely in the hands of Jews and Syrians who took their cargoes across Russia, Poland and Western Germany to Spain and countries further east. Slaves were the commodity which was most in demand in Islamic lands in this period, starting and maintaining the flow of gold from the East. Later from the eleventh century onwards, other commodities of European origin, such as cloth, found their way east, and raw materials imported from the north went into making of the Italian goods exported to the Levant. “Yet the total quantities of continental goods thus exported were as yet barely sufficient to redress the entire balance of Europe’s trade with the Muslim world and to support the commercial prosperity of the North.” It will be difficult to say whether the Crusades augmented the flow of gold from Italy and the Levant to the continent of Europe, or on the contrary to drain the continent of its precious metals. “Most probably the trickle of gold frequently changed direction.” The amount of Richard I’s ransom alone was the equivalent in value to 50,000 woolsacks, or much more than a whole year’s exports. In the earlier centuries, the precious metal most commonly used in coinage and in everyday payments was silver. The coins of northern Europe was all silver until the second half of the thirteenth century. Gold and gold coins were relatively more common in international dealings presumably because gold was more convenient to transport and also somewhat more stable in value. However, loans were often made and repaid in silver and in goods. The bullion in circulation was thus predominantly silver, and it is probable that the amount of silver circulating in the twelfth and thirteenth centuries increased. In fact, “the main sources of European silver, in Hungary, in Saxony, in the Harz mountains and elsewhere, were not fully developed until the tenth, eleventh and twelfth centuries.” A great deal of wealth previously immobilized in hoard appeared with the economic changes. Some of the other monetary factors were helpful for the revival and growth of medieval trade, though not decisive.231

“The 13th and early 14th centuries saw a major development in supplying money for trade, rather than just silver or gold. Trade often meant the transfer of money from place to place. Instead of transferring gold and silver coins with each transactions, merchants came to depend on letters of credit from bankers to finance their business. The concept is found in European documents around 1220, and was in full swing in southern France and Italy by the mid-thirteenth century. The idea of a letter of credit was probably copied from Muslim trading companies across the Mediterranean: the Arabic word saqq could be the origin of our word cheque or check. At settlement time, the bankers financing the trading would add up the credits and debits, and then transfer the entire amounts for the trades, but only the net amounts owed. Accumulated bills were often settled in cash transfers of money at regular intervals, usually at international fairs. These new practices meant that a lot of trade could be financed with a little bullion: that is, the supply of money was much greater than the supply of the coins to support it. The system depended on the willingness of all parties to accept the stability of the bankers, but it reduced the expense (and danger) of transferring large amounts of coin, and therefore made trade less costly. It made large profits for bankers, but they took a good deal of risk to earn that profit, and overall the system stimulated trade a great deal. This major advance in trading technique took place in a Europe in which all the gold in circulation could have been melted into a cube measuring only 2 m on an edge. The concept of credit to augment cash sales meant that the volume of trade could expand far beyond the amount of currency in circulation. It allowed the evolution of banks, particularly in Genoa and Florence, that could finance credit and supervise settlements. It meant in turn that hoarded bullion was potentially less valuable than bullion invested in promoting business, so that more of the bullion in existence was available for fostering manufacture and trade. Successful banks had to guarantee money in age of uncertainty.”232 They could expect to gain handsomely for successfully organizing commercial adventures, and to lose heavily for failure.
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M. M. Postan views that English food prices of 1150 were about 30 percent of those in the first quarter of the fourteenth century; the price rise in this period was about three-fold; and the prices for commodities like cloth and iron goods rose less steeply and less continuously than food prices. “More specially, steep and continuous changes in food prices unaccompanied by similar changes in other prices make it more or less certain that the relative costs of agricultural production were rising, and this again indicates a growing pressure of population against land….all available evidence, especially for France and England, shows land rents, land prices and entry fines rising on a scale fully consistent with the hypothesis of pressure of population. In this way the discussion of prices merely brings the argument of this chapter to point at which it digressed to gold and monetary causes. Trade grew because Europe expanded. The lands of continental Europe carried and ever-growing population; growing population, in its turn, meant that agricultural production increased, that industries developed and that whole regions became industrialized. And growing wealth of rural Europe and economic specialization of its regions meant bigger and better trade.”

According to John Munro, “the prices for grains, livestock products, and industrial goods generally rose together during the inflationary periods in later medieval England and Flanders and then fell together, if never precisely in tandem, during the deflationary periods….this paper provides only a cursory overview of those changes: to demonstrate, first, that real wages, which had been declining before the Black Death, did not rise immediately following the Black Death, did not recover their former levels until the late 1360s, and did not begin their sustained rise, in England, until the late 1370s; and in Flanders, not until the 1390s. The subsequent rise in real wages was fundamentally, if not exclusively, the consequence of nominal wage-stickiness combined with prolonged and deep deflation; and thus real wages also fell during inflationary periods in the fifteenth century, particularly in Flanders, where such inflations were the consequence of much more frequent coinage debasements. Money does indeed matter.”

In medieval Europe, the average producer was able to dispose of the petty surpluses of his household without the assistance of a professional trader. Producers and consumers could deal with each other without the intervention of a trader. Manorial produce often travelled over long distance, handled by manorial officers themselves. Certain semi-rural communities forms non-professional commercial activities such as of fishing and seafaring society. However, conditions in the later centuries were less favorable to part-time commerce than they had been at the dawn of the Middle Ages. Feudal society and feudal law soon made it impossible for the average members of a rural community to combine agriculture with trade, as various guilds were organized - most of the English wool trade was in the hands of merchants living in the country. The landed interest in medieval towns became to find in rising land rents, the chief source of the initial capital of medieval industry and trade. Investment in land and urban rents came naturally to medieval merchants, and the investment into trade of wealth mainly derived from urban rents. “Commercial partnership serving the purposes of investment had been known to European law since times pre-mediaval. The sleeping partnerships of the commenda type were the general practice in Italian towns in the eleventh century; and….the commercial partnerships were an established practice in eleventh-century England. And commercial partnerships, especially of the sleeping kind, made it possible for urban wealth to be employed on a large scale in foreign trade, even if it happened to be derived from land. Indeed this employment of wealth in speculative ventures to distant lands was more characteristic of the leading figures in medieval towns than their connection with land.”

The merchants of this age differed from the class of small pedlars; they were primarily interested in economic and social policies of the town, allowing free immigration and relatively free trade. Had settlement and local trade been restricted, towns and town population could not possibly have grown as we know that they did: this was the fundamental for the growth and expansion.
(b) The Moving Frontiers: As trade increased and declined, and as new regions were opened and old ones decayed, the balance of power in northern Europe altered. The fall of Rome meant that in the six century Gaul, Britain, Rhineland no longer stood in the same relations to each other and to the rest of the world as three centuries previously. In the course of the five and six centuries, movements of inter-regional trade shifted towards different northern regions and ceased to form part of an imperial network or to be dominated by imperial merchants. In the third and fourth centuries, Britain exported foodstuffs to feed the Roman legions on the Rhine; in the Merovingian age, the exports to the lower Rhine did not cease, but they were dominated not by the needs of the Roman legions but by those of the population of the Rhineland, and they now probably consisted of metals and cloth, both of which in the imperial times used to be taken elsewhere. The scope of northern trade became more local and was directed away from the centers of the Empire. Syrian merchants and port of Marseilles probably handled the exotic goods of Orient. Flanders was located in the northwestern part of present-day Belgium and adjacent parts of France and the Netherlands. As intermediaries, though not fertile, the Frisian network of navigable rivers opening into the sea, and its well-sheltered channels between islands, fitted it well for fishing, navigation and water borne trade. The Frisians and their network of routes radiated every direction from the delta of the Rhine to England, Gaul and western Francia, Scandinavia and the Baltic. In the ninth and tenth centuries, some of Scandinavians went to sea as fishermen and traders, but became conquerors as Vikings, who not only carried out raids with the swift assault boats, but also pursued peaceful trade with the slower and roomier cargo boats. They penetrated to Greenland and the coast of North America in the west and to the Bosphorus in the east; crossed the sea to Baltic islands and the Baltic coast further eastward. They penetrated into Russia to Novgorod and became rulers of the Russian tribes, and expanded economic links with lands even to the Black Sea through the Dnieper. Their fortunes began to sink, as the Germans expanded its influence to the east.

In the frontiers, there were two important regions as trading centers: the great Champagne fairs and markets of Flanders. First, the Champagne fairs were an annual trading fairs held in towns in the Champagne and Blois of France in the Middle Ages. The richer provinces of France had important surpluses to dispose of grain, wine, wool, flax, and other products of agriculture, to be consumed by the thickly populated northern cities, which market had been developed locally long before the Champagne fairs (as the French commercial current). Meantime, the southern stream of commercial current needed to meet the northwestern current in the central-eastern region of France as a meeting point of north and south. From the origins in local agricultural and stock fairs, the Champagne fairs became an important engine to revive the economy of medieval Europe, veritable nerve centers serving as a premier market for textiles, leather, fur, and spices. At their height, in the late twelfth and thirteenth centuries, the fairs linked the cloth-producing cities of the Low Countries with the Italian dyeing and exporting centers, with Genoa in the lead. Nevertheless, appears to be relatively unimportant by the end of the thirteenth century because of the territorial conquests of Capetian kings, and subsequent industrial conflicts, war taxation and military operations. Second, like the Champagne fairs, medieval trading towns of Flanders such as Ghent, Bruges and Ypres made it one the richest and most urbanized parts of Europe, weaving the wool of neighboring lands into cloth for both domestic use and exports. By the mid-twelfth century, Flanders became the foremost and predominantly industrial country in northern Europe. “Trade partners included England, the Baltic countries and France over sea, and the Rhineland and Italy over land. The wool trade with England was of special importance to the rising cloth industry in Flanders. The wealth of many Flemish cities came from the drapery industry. Aside from this, the grain trade with England and through Holland with Hamburg were also important.” Flemish prosperity waned in the fourteenth century owing to war and plague.
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The range of German trade stretched from the eastern border of north Holland and Lorraine to the heart of Central – and later also Eastern – Europe. But its focus, especially at its beginning, was in the Rhineland and its capital. In the course of the twelfth and thirteenth centuries, all the trade routes and all the cultural influences which radiated from the Rhineland came to center upon Cologne. By the end of the eleventh century, Cologne has already become an emporium of trade and industry with the established two fairs – one at Easter and the other in August. “Some of Cologne’s wealth was derived from industrial products: textiles, mainly linen, cloth and thread, and especially metal goods. Its bells were famous in thirteenth-century Europe, so were other products of its copper-beating crafts.” Another such area was Flanders itself, but in the course of the thirteenth century as active trade of the Flemings died out, the Cologners gradually became the chief intermediaries between Flanders on the one hand and central and southern Germany on the other. “For a time in the thirteenth century, they even succeeded in penetrating into the Anglo-Flemish wool trade and interposing themselves between the English wood growers and the Flemish cloth makers.” Westphalia, the territory between the Rhine and the Weser, was a valuable source of agricultural exports and of metal ores mined in the south-east of the region. The German towns of Westphalia took a leading part in the exploratory period of eastern trade and forming the earliest trading stations in the east. Like Westphalia, Saxony had for more than four centuries been part of the Holy Roman Empire in the twelfth century, and was now an integral part of the German homeland. Like Westphalia, it entered the European commercial system with its mineral resources. The Harz mountains were rapidly becoming the principal mining area of the continental Europe, the main source of copper and lead, as well as of precious metals. At the end of the twelfth and all through the thirteenth century, the frontiers of German trade moved eastwards, and men from the border towns of Saxony took part in the movement and greatly benefited from it.

The civilization of Latino-German West began to expand into the commercial interior of Central Europe; and in consequence, the entire economic balance of the continent gradually shifted to the east. “In the early Merovingian times, the focus of the Frankish state and society was in Gaul, but in the sixth and seventh centuries, it moved from the left bank of the Rhine to the right. In the centuries between the fifth and the eleventh, the lands between the Rhine and the Weser were being fast reclaimed and settled by the overflow of their own population, and by the time Charlemagne become emperor, the eastern and more purely German parts of his kingdom were able to supply him with the bulk of his power and of his armies. But no sooner was this transference completed than a still further move to the east began, and the Saxon lands beyond the Weser were laid open to Frankish conquest and assimilation.” Charlemagne’s Saxon expeditions were nothing more than preventive wars we do not know, “but the Saxon lands had been an object of attraction long before they could possibly have become a source of danger. Their military conquest was well prepared by missionary activity and was itself preceded and followed by commercial ventures and trading settlements.” With the conquest of Slavonic lands, urban colonization was accompanied by commercial motives of merchants, and rural colonization by political motives of knights with peasants. With the permission of the Slavonic princes, they began establishing trading stations all along the main routes leading to Novgorod and Smolensk, which were two main points of entry into medieval Russia. On the Scandinavian sea-route to the eastern Baltic, Lübeck was practically completed by the end of the thirteenth century. Russia exported furs, honey, pitch, tar, timber and rye. Hamburg collected corn from the regions and exported it to the west; and Lübeck with Hamburg became the center of the fishing industry of the western Baltic, the salt trade of the Elbe, and the forest goods of Brandenburg. Somewhat later, the Prussian towns and Danzig became the outlet for the corn and timber trade of Prussia, Lithuania and Poland. With the formal establishment of the Hanse, the eastern expansion of north European trade could be completed.
The Age of Trade Contraction: (a) Depression: Europe’s production declined, or at least ceased to grow, and commercial exchanges have also slowed down or stagnated in the fourteenth and fifteenth centuries. “Wars were more frequent and more continuous than at any other time since the tenth century; great pestilences visited Europe in 1348-49 at least twice again in the second half of the century. Crops, buildings, equipment, as well as the agricultural calendar, were bound to suffer, and production was bound to decline. In addition, rural economy was undergoing a process of readjustments which helped to reduce the level of both agricultural production and of trade.” Arable cultivation contracted everywhere, but on large units, and especially on demesne farms of great estates, the contraction was most rapid. “By no means, all the lands lost to the demesnes were acquired by tenants; and there is every sign of poorer lands, whether on the demesnes or on lands ancienly in the possession of tenants, gradually going out of cultivation.” The dwindling of demesne farming signified also the decline of commercial production. Peasant tenancies increased and multiplied at the expense of large units of commercialized agriculture; and peasant landholders must have consumed a far greater proportion of their produce than the quasi-capitalist owners of the demesne farms.” In 1279 when the yield of wheat was no more than six bushels per acre in Cambridgeshire, the marketable surpluses of an average peasant household were small, the amount of grain available for sale was reduced, so was the total volume of grain trade. “It is quite possible that Baltic imports into the Low Countries grew in importance merely because the French sources of corn supplies had been running dry.” It is little doubt that demand for grain in the main consuming areas was shrinking as the number of inhabitants declined. In 1377 the prices of bread in England touched their lowest point for thirty years as grain prices became so cheap. However, the supplies of foodstuffs of animal origin, and especially butter, were smaller in relation to demand than were the supplies of grain.  

English exports of wool to Flanders, Holland and Italy declined from about 35,000 sacks per annum in the first half of the fourteenth century to about 8,000 sacks in the second half of the same century. In the middle decades of the century, French occupation of Gascony led to a complete interruption of trade to England and all but deprived Gascony of its most important customer; and exports to England. It is possible that the irregular and dwindling supplies of wine were in some parts of Europe compensated by increasing supplies of beer because wine and beer were true substitutes. The salt trade of the Bay of Bourgogne were growing in the fifteenth century, but the salt-pan revenues produced by the feudal farms making salt in Northwich and Middlewich fell from £168 in 1301 to £130 in 1347 and £90 in 1368, reflecting the decline of herring trade. The great fishing industry of Skania was still active in the fifteenth century and was not enter upon its final decline for another century, but it was no longer expanding and was frequently depressed by war and by bad catches. Mining declined with recession, more importantly the decline of silver mining in nearly all major regions by the middle of the fourteenth century. With the exception of iron, most other medieval mining and metal trades went through the same experiences as silver. The iron industry alone appeared to have escaped the depression since it was more dispersed and more dependent on local conditions than other branches of mining. The current prices of wheat in England sagged with a tendency to fall, while the continental prices fell less than England. This is explained by that continental countries was greatly debased throughout this period. “The falling or sagging prices for agricultural products happened to be accompanied by steeply-rising costs of labor and must therefore have depressed the profits of demesne farming and encouraged commercial production for the market everywhere.” The evidence will not support the hypothesis of prices as the main cause of slump. The prices of separate commodities did not move together such as the prices of textiles and of iron. Even the different agricultural products depreciated and appreciated at times and at rates somewhat different from those of wheat.
“When population fell, some marginal lands would in all probability be abandoned and food would be produced on better land. Relative to the amount of land and labor engaged in food production and relative to the demand for food, supplies would then be more plentiful and therefore cheaper. There would thus be every reason to expect both smaller production and lower prices accompanied by the show of abundance which is so conspicuous in the late fourteenth and fifteenth centuries. All in population would also have, so to speak, a selective effect on prices, in that it would tend to lower the prices of agricultural products, which were previously being produced at high and ever-rising costs – or, to use the economist’s terminology, under steeply diminishing returns – but would have little effect on commodities not greatly subject to diminishing returns, i.e. most industrial products. By increasing the proportions of silver per head, it would counteract the effects of falling supplies from the mines, and might even counterbalance what economists would describe as deflationary changes in liquidity, but what historians would classify as greater tendency to hoarding. It would help to increase the effective demand of large masses of population, i.e. stimulate their outlay on food and other goods, and thus lead to higher prices and greater supplies of semi-luxuries especially sensitive to fluctuations of demand.”

Depopulation, both urban and rural, was a complex process. While the population of most English towns fell after 1350, it may have remained more or less stationary such as in London and Bristol. As the English cloth industry was at its height, the cloth industry of Holland was not yet on a scale sufficient to make up for the decline of the industry elsewhere. Falling population will be found in the falling land values, both rents and capital values, at the pace of falling in prices of grain. Whereas prices of agricultural products fell, wages rose: a twofold rise in real wages suggesting a scarcity of labor through falling production. There were fewer hands at work, and there were fewer mouth to feed. The working population of northern Europe was now more prosperous than ever before, yet collectively Europe became smaller and poorer with the decline of trade.

(b) The Regulated Trade: The economic status of merchants changed. Having retired, the substantial business men in England often abandoned their towns and their urban associations altogether and established themselves in the country as rentiers. They might participate as sleeping partners in the active trade of others; they might buy urban tenements and rents, take up municipal and other public bonds and sometimes advance private loans, gaining on the average well above 10 percent of interest per annum. In the middle of the thirteenth century, the ruling class of Arras made up largely of financiers advancing money to towns. Flemish merchants might find in the growth of the rentier class as the business withered away. They became a component of the new bourgeoisie. The bulk of Italy’s foreign commerce and finance in the later Middle Ages was in the hands of great commercial and banking houses, the trade of the Hanseatic towns was in the hands of a greater number of smaller people. As typical feature of the era, the corporate tendency manifested itself not only abroad and in dealings with foreign countries, but also at home and in matters of local trade. “The municipal governments at home began to take an ever greater interest in the commercial activities of their burgesses, and the age was one of mounting urban regulations and of accumulating urban legislation. The right to participate in the trade of the local markets and in the staple branches of foreign trade was being defined and circumscribed, the entry into them was being limited. Monopoly was indeed the prime object and the pre-requisite condition of urban regulations and became the guiding object of town policy. It was only the power of the king, as in England and France, or the political links with other towns, as in North Germany, that prevented the whole of independent territories, each dominated by a monopolistic town.”

There were open towns and open trades within them. Greater or smaller elements of freer trade might be found in great metropolitan centers like London, and in seafaring communities. In the political struggles, the rising parties were the craft guilds, rooted primarily in the local markets.
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(c) The Hanse: North Germany was exposed to commercial depression greater than other parts of Europe. “It would be natural to expect that, at the time when both population and commerce ceased to grow, the territorial scope of German trade should have ceased to expand and its outer frontiers should have ceased to move. Danzig was the last great foundation of the German town builders.” In the second half of the fourteenth century, German commerce had reached the limits of its territorial expansion, from which the Germanic towns were more anxious to keep the positions they possessed than able to acquire new positions further afield. The Hanseatic League was little more than a federation which the German towns established among themselves to maintain by political action that place in European trade which they had won for themselves in the course of the economic changes of the preceding epoch. The Hanseatic League started from the settlement of German merchants in Lübeck which was newly built by Henry the Lion, Duke of Saxony, in 1159. Merchant groups from southern and western Germany settled there and expanded their trade eastward. They exchanged fur, wax, tar, honey, grain, timber, and dried herring for cloth, salt, and wine of the west. The German cog ship was 90 feet in length having 8-10 times more cargo capacity than Scandinavian ships so that the eastward power of Germans surpassed the westward power of Scandinavians in terms of naval capabilities.

The German merchants established commercial settlements in their trading cities, and their communities formed a union to protect their commercial interests, which was the beginning of the Hanseatic League, in which Hamburg joined in 1210 and Bruges did in 1252. The Hanse eventually included almost 200 cities and towns in the coastal states of the North and Baltic Seas by the mid fourteenth century. The rise of the League was essentially a political event; and its early development was largely a constitutional process. “By organizing the mercantile class into powerful associations, the League protected the bourgeoisie against the barons, and promoted the liberation of cities from feudal control.” The Hanse regulated commercial operations of its member cities and men; protected its merchants from arbitrary legislation, taxes, and fines; enforced boycotts against offending cities; punished default or other trade violations; and controlled prices and qualities of goods. The Hanse fiercely competed with Flemish and Danish merchants, but maintained its supremacy with informal cooperation among German merchants in foreign cities. The influence of Hanse with monopoly power in commerce peaked in the fifteenth century but declined in the sixteenth as the territorial states became centralized and developed economic ideas or counter-measures at the national government level.

Regarding the progress of the organization, while the starting points of the Hanseatic League were the unions of German merchants abroad in the thirteenth century, a number of Flemish towns headed by Bruges formed a London Hansa to protect the interests and privileges of the German merchants trading in London. Bruges had been commercial center of Flanders, and it was convenient for traffic between the Low Countries and England. Their trade expanded as the cloth industry of Flanders became more dependent on English supplies of wool. Apparently, this connection with England attracted the Germans to Bruges in the first instance, while Bruges had been the center of Anglo-Flemish trade, which also became the center of German-Flemish trade. Meanwhile, the Germans and the English had been in the habit of going to the ports and fairs, where now the Bretons, the Normans, the Spaniards and later the Italians came to do their buying and selling. As the trade of Bruges rose, the League drew an ever greater proportion of German trade. Moreover, Novgorod was the eastern terminus of the great route and the chief center of German trade in Russia; that became another trade center of German merchants protected by treaties with Russian princes, enjoying liberties roughly of the same kind as those possessed elsewhere. With three main corporations of Bruges, London, and Novgorod; the merchants of Hanseatic towns also possessed outposts in smaller places in northern Europe.
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Photo II-4-4. Spice Trade from Cochin, India in the Middle Ages

Map II-4-4. Main Mediterranean and Black Sea Routes in Medieval Times

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4-3. The Trade of Medieval Europe: the South

When a handful of barbarians seized the last remnant of the Roman Empire by 476, “the native population had been cut down by epidemics, thinned out by genetic infertility and soil exhaustion, oppressed by fiscal and political despotism, demoralized by military defeats and unnerved by prophecies of imminent doom. Commerce had taken crippling losses. Communications were breaking down, coinage was scarce and debased, fewer and fewer agricultural and industrial products were available for sale, the purchasing power of all but the wealthiest individuals had been eroded. The formerly tight network of laborious cities and well-cultivated fields was changing to a sparse pattern of virtually self-sufficient large estates surrounded by no man’s land….The high fever of Rome’s agony was merely replaced by bloodless deflation and a general lowering of standards. There was no total disaster and commerce did not come to an end, but it could not soar again so long as a chronically undermanned labor force, with dwindling skills and inadequate tools, was hard put to produce the bare necessities for themselves, while supplying to their coarse masters what was needed to keep them well fed and to enable them to purchase some goods in the market.” By around 1000, when unmistakable signs of an upturn emerge, it is obvious that the level of trade and the quality of life were still far below those of the Roman prime.

Retrospectively, “the first half of the Middle Ages may be regarded as an over-extended fallowing, which through decay and readjustment paved the way for a more dynamic and better balanced economic set-up… It was stunned by overwhelming agricultural investment and prestige, by governmental monopolies and requisitions and by high transport costs. It was starved for working capital and credit, weakened by the inability of slaves and proletarians to buy what they wanted and restricted by the ability of every section of the Empire to produce nearly all it desired. During the early Middle Ages, both the liabilities and the assets of the Roman legacy were eroded, but not everywhere at the same time and to the same extent. In the Byzantine Empire, change was prompter but less sweeping than in the barbarian West: without renouncing its biases or its grip, the government gave some leeway to private initiative and international exchanges; without discarding old implements and techniques that were still usable, the merchants tried smaller and quicker ships, lighter and less breakable containers, more flexible business contracts and other helpful innovations. In their wider geographical framework….the Islamic merchants brought to the Mediterranean more novelties. The West was much slower in moving from disintegration to reconstruction, but when it did, there was less interference from the past.”

As the Ostrogoths, the Visigoths, the Merovingians, the Lombards passed to the Carolingians, Charlemagne stressed correlations between political and economic reconstruction plans. “Most significantly, the recurrent epidemics that had sapped the population from the late second century on continued throughout the seventh; then, after a last major outbreak in 742-3, they faded out of the demographic forefront until the Black Death of 1346-8. Localized indication of population growth in fertile rural areas begin to appear in the Carolingian period, possibly in connection with a favorable pulsation of climate; but they may have been largely offset by the famines and wars that accompanied the collapse of the Carolingians, and at any rate it would take time before the increase could snowball to noticeable size. Besides, the impact on trade of this faint stirring cannot have been strong while the grain harvest of privileged Carolingian estates was barely twice the input of seed, and their managers were admonished that there should be no need to request or by anything from the outside. Special opportunities for commercial revival, however, were arising in the Italian fringe, where a few tiny seaports, backed by a less underdeveloped hinterland and open to Byzantine and Muslim air, were reaching for political and economic autonomy. In the tenth century, accelerated demographic growth turned the tide at long last.”
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The First Five Hundred Years: The change of political power in the Early Middle Ages established the three self-contained economic systems, and their centers of gravity in Aachen, Baghdad, and Constantinople. The Arabs caused temporary disorder and destruction on first onslaught in the seventh century, but could not and did not want to force foreign merchants off the sea. “Charlemagne strove to make his Empire militarily and economically self-sufficient, but had no intention to erect an iron curtain around it.” Constantinople, eccentric to the Mediterranean and pivotal between Balkans and Anatolia, tended to de-emphasize their links across the sea; so did their frequent hostilities. “However, the increased diversity of products from three empires no longer encompassing the Mediterranean made those very links more valuable; war or not war, loopholes had to be created through which badly wanted commodities could be exchanged between one empire and another, while customs officers pretended not to notice that they were on the list of forbidden exports. This kind of trade could not be voluminous, but it offered substantial profits at a high risk. It had seminal effects on a new kind of merchant, who was to make commerce a more independent and prestigious activity than that of the old-style merchant living in the shade of government officials and landed proprietors.”

Coinage, barter, and credit supply the best transition between quantity and quality of trade, but cannot provide the precise measurement of trade volumes. “Minting is influenced by political and psychological motivations irrelevant to the needs of trade; moreover, the coins that have been found, mostly in hoards, are neither an exact cross-section nor a fixed percentage of the actual circulation. Above all, they are only one of three possible means of exchange, along with what is too indiscriminately called barter and with credit. Both of them, in the early Middle Ages, are exceedingly hard to measure.” Barbarian kings, sooner or later, gave up the minting of all denominations except one, the tremissis (a fraction of the gold solidus), that is too valuable for practical use in an impoverished economy. However, one should not conclude “that coinage was undertaken only for non-commercial uses (to store wealth, pay tributes or taxes of fines, adorn necklaces or bracelets, and measure the value of other goods); there would have been no incentive to minting coins if they had lost their primary purpose of buying and selling.” The local officials discontinued the tremissis and replaced it with lighter coins of debased silver. Silver was traditionally preferred to gold by most people, the new coins were more functional for medium-sized transactions though not for the smallest. Nevertheless, the Carolingians intended to reaffirm their authority on coinage and to restore the purchasing power of coins.

“Probably the normal way for a merchant to obtain credit and assistance was to join forces with other merchants. The basic contractual arrangements of Roman law for borrowing or pooling capitals survived with some adjustments: the loan tried to conceal its interest charges and look like an act of charity; the sea loan justified the charges as a premium; the partnership, involving the fullest solidarity and the fullest sharing of risks and profits, tended to slip back into the family cocoon from which it had emerged, so that there were special partnerships of brothers and cousins. Then, new forms of association and collaboration, perhaps pre-existing as informal customs from time immemorial, made their appearance in Byzantine and Islamic law of seventh and eighth centuries, and were mentioned in Venetian and southern Italian records of the ninth and tenth..... Mutual trust was the binding force: the simplest new contract was a pledge by a merchant to transport goods of another, ostensibly without compensation but presumable with the expectation that the courtesy would be returned; the most archaic new contract, reflecting the pattern of the Hellenistic law of jettison, was an agreement between travelers in the same ship to share in predetermined proportions the risks and profits of a common venture; the most flexible joined in a maritime venture a lender who bore all risks of capital for a major share of profits with a managing borrower who bore all risks of labor for a smaller share.”
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There was no sudden change after the collapse of the Western Roman Empire, while the barbarians endeavored to preserve the old institutions, both good and bad. Merchant from the Eastern Empire continued to tighten their grip on the commercial life of western Europe and northwest Africa. Since the Byzantine emperors were usually on good terms with the kings, oriental merchants found open doors everywhere. In Visigothic Spain, soon after the Vandal conquest, Africa apparently resumed the usual shipments of oil to Constantinople and Rome. “Carthaginian merchants continued to go to Spain and Byzantine merchants remained in Carthage. After the Byzantine restoration in Africa and Italy, in the time of Gregory the Great, several ships went every year from Carthage to Rome. Southern Spain also became a Byzantine protectorate in the late sixth century, and this made the resumption of direct communications between the eastern Mediterranean and the Atlantic possible. There was a Greek colony in Cordoba; other Greek merchants, arrived by ship from the Orient, were found in Merida. Both cities, well inside Spain, were situated on rivers flowing into the Atlantic. In the seventh century there are indications that Byzantine ships may have reached England. The account of a Greek hagiographer, who speaks of a ship of Alexandrian Church which carried grain to England and loaded tin there…the Visigothic re-conquest of southern Spain must have brought the direct relations between the Atlantic and the eastern Mediterranean to an end.” The Visigothic kings heavily taxed overseas merchants on their own accounts, but tried to remove obstacles from their path. The royal protection, however, did not cover the Jews, who were very numerous in all the larger cities. A series of laws restricting their activity reached a climax under King Egiza (687-702), when he forbade them to approach the docks or to trade with Christians. No wonder that a few years later the Jews welcomed the Arab invasion. Christian merchants from Urgel and Barcelona maintained relations with Cordoba and other cities in the Spanish Caliphate.

In Mediterranean France, trade was much livelier, especially after the Frankish kings had wrested Provence from the hands of the Goths, making it the main outlet of the greatest barbarian state to the southern sea. “In Provence not only Marseilles and Arles but also smaller centers such as Nice and Lérins maintained relations by sea with Italy, Spain, Africa and the Levant from the fifth to the early seventh century. They exported slaves, cloth and timber. They imported spices, wine of Gaza and Falerno, olive oil, rice, dates, figs, papyrus, leather goods and silk. Considerable quantities of these goods were forwarded from the coast to the most distant regions of Merovingian France by river and road.” Local fairs were organized in the smaller centers such as Rodez and the neighboring towns. Orientals seem to have outnumbered native merchants in the wholesale trade. The entrance of a Frankish king into Orleans was cheered in Latin, Syrian and Hebrew. Charles Martel annexed Languedoc, and Charlemagne the Spanish March. The lack of normal and continuous diplomatic relations between France and the oriental powers required a passport to cross the frontiers and to be admitted to the main markets of the Muslim states - the Byzantine Empire, Lombard Italy and the Carolingian Empire. “As a rule only the Jews could freely go back and forth between France and non-Catholic lands because they had no definite nationality and were politically harmless…In Carolingian France, they became so predominant in trade that the texts often divide traders into two classes, the Jews and other merchants.” In the ninth and tenth centuries, the contacts of Catholic Europe with the Byzantine and Muslim worlds were maintained mostly through peoples being admitted to the oriental markets: Slavs, Scandinavians and Italo-Byzantines. In the tenth century, Polish, Russian, Turkish, Muslim and Jewish merchants went to Prague to purchase slaves, furs, tin and other European wares, and to sell oriental commodities, though slow and expensive. The Scandinavian river and sea route via the Volga or the Dnieper and the Baltic was longer but cheaper. The Italo-Byzantine route via the Mediterranean, the Po valley and the steep Alpine passes was the shortest and probably the cheapest.
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Germany owed to the new commercial routes, and her cities along the greater rivers of western and southern Germany benefited the most. "Local merchants carried grain down the Main to the city while trader from Magdeburg linked Mainz with Bardowick near the north of the Elbe. Frisian merchants resided in the best houses of Mainz before 886. They brought with them not only textiles of their country but also oriental wares purchased in Scandinavia or in Rome. Other wares were imported into the city by Slavonic merchants. Jewish traders obtained salt from central Germany, and boasted of bringing to Mainz some commodities imported directly from Palestine." Italy exploited the advantage of her central position between continental Europe and the Mediterranean basin. "A fruitful transformation took place in Italy during the first five centuries of the Middle Ages, in spite of recurring political and military disasters. Italo-Byzantine merchants almost entirely replaced the Greek and the Syrians as middlemen between the eastern and the western Mediterranean." The transformation was slow at first. While Jews, Greeks and Syrians still dominated commerce in Italy under the Ostrogoths, the administration imported grain and other foodstuffs from the non-Italian provinces of the kingdom and from Africa in larger quantities than it exported its own commodities. "The three centuries later (around 875), when Muslim and Norman raids were at their worst and the peninsula was in a state of anarchy, the sailing season in the Tyrrenian had been contracted but slightly. Ships, usually grouped for security in large convoys, navigated in the period from April to September. Some of them succumbed to enemy attacks, but others attacked the enemy and reached friendly shores with their prizes. Now Naples and Rome were less important than Amalfi and Gaeta." By the late tenth or early eleventh century, it is said that "the Venetians do not plough, do not seed, do not gather vintage, but purchase all the grain and wine they want in exchange for their wares — salt, spices and silk." As discussed previously in this chapter, the Byzantine Empire forbade a long list of exports — salves, gold, war materials, essential foodstuffs, precious textiles reserved for the emperor and his court — set further limits for foreign and native citizens alike, and imposed a variety of taxes on both foreign and internal trade. "Still, Byzantium offered an attractive variety of industrial art goods, perfumes and spices in return for simpler wares it needed, and smuggling was not too hard through its extended sea and land frontiers. The Italo-Byzantine cities were qualified to serve as border markets for legitimate trade, handy for contraband, and exempted from most restrictions imposed on aliens." The Italo-Byzantine merchants ought to have been treated as unfriendly aliens in the Muslim world, where restrictions on trade and residence of foreigners were milder but not substantially different from those of Byzantium. They exported mainly spices, perfumes, ivory, textile and oil; and imported slaves, timber, iron, wooden and iron objects, all of which could be used at war against the Byzantine Empire. The commercial primacy of the Italo-Byzantine seaports was threatened for a time by the direct negotiations of the Carolingians with the courts of Constantinople, Cordoba and Baghdad. The treaty of Charlemagne with Harun al-Rashid was concerned only with the travel of pilgrims. By the eleventh century, Venice was independent of Constantinople, and yet still enjoyed the privileges of Byzantine citizenship. Venice maintained diplomatic relations with all Muslim powers and dealt as an equal with the kings of Italy and the western emperors. About the time, Genoa was just beginning to recover from the long depression, and readies its ships for commerce and for war. Pisa fared better under the Lombards and the Franks. It became a target for Muslim raids but fought back. The cities of the Italian interior seem to have preserved more of their vitality than those of the other barbarian states: a fair number of noblemen, free merchants and craftsmen resided within their walls and took care of many tasks of local administration. Being gradually involved in economic control under Byzantine influence, the early Carolingians were impressed enough by what they saw in Italy to try to extend some of its aspects to the other parts of their empire, but lost power before they could make it work.
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The Age of Commercial Revolution: (a) The Rise of Merchant: By the late tenth century, sufficient man power was available to break the lingering vicious circle of low production and low consumption, starting four centuries of agricultural growth. Agricultural surpluses encouraged people to buy industrial goods, which promoted exchange and trade, so the merchant became the catalyzer for the age of the Commercial Revolution. “This change was prepared and accompanied by substantial shifts in the political status and social posture of the merchant class, in its top brackets if not in the lower ranks. No matter how thriving in the Greco-Roman prime, traders had failed to attain the power and prestige vested in the landed classes. Entrenched in mediocrity, they were at best second-class citizens, at worst resident aliens in their native towns, forever tempted to retire from business and buy land for respectability….The merchant entrepreneurs who emerged from that tough apprenticeship and multiplied in the course of the Commercial Revolution were cast in a new mold: they cared less for recognition than for autonomy, less for security than for opportunity. They were perfectly adjusted to the warlike, disconnected society of their time. Some of them were members of the lower feudal nobility or passed as such. Whatever their origin, they knew that commerce was a dangerous venture, where capital and labor had to take the same calculated risks (from war as well as from trade), and where partners must be chosen above all on grounds of mutual trust. In exchange for privileges, they would pledge allegiance to higher authorities, but their normal aspiration was not to infiltrate the feudal and ecclesiastical hierarchy, which needed their services yet would not discard its biases against them. Their ultimate goal, fully achieved by the early thirteenth century throughout Italy between Alps and Tiber, and partly attained elsewhere along the French and the Catalan coasts, was to become the masters of their own cities and make them the hubs of territorial states where agriculture itself would be subservient to trade. At no other time or place have there been as many governments by and for the merchants—a further reason to speak of an age of the Commercial Revolution.”

(b) The Progress of Commercialization: Commercialization had to proceed industrialization. As long as artisans had inadequate machines, they could not, like merchants, make sufficient profit to accumulate capital or attract credit at a low cost. Now let’s review the progress of commercial revolution from take-off to full speed in the European South, led by Italy.

(i) Expansion of Home Market: While the increase of population in all classes throughout the age of commercialization, at first a small minority was directly involved in the Commercial Revolution, and even when the shift to trade reached its full tide most people remained engaged in agriculture. Yet the growth of the merchant class was sufficient to change the character of the entire society. “Much more important were those prolific families of the lesser nobility who lived in a town or in its suburbs, and whose landed property became insufficient to support them in a manner befitting a feudal lord. In many Lombard towns of northern and central Italy, descendants of city viscounts and of episcopal advocati, and other small fry of the nobility joined the upper bourgeoisie in a struggle against German overlords, Muslim invaders and other common enemies. United they won political liberty and economic opportunities for the city in the eleventh and twelfth centuries. Engaging in commerce was a natural step for noblemen whose feudal resources were insufficient, and who found themselves at the helm of free commercial communities. At the same period, the members of the nobility played a prominent role in the commerce of the Italo-Byzantine cities, which had gained or were gaining independence under their leadership. But this was not a new fact, for commerce there had always been the occupation of the larger part of the population including the nobility. On the other hand, the farther one goes from Italy, the smaller is the participation of noblemen in the rise of trade. The viscounts of Marseilles, Montpellier and Barcelona remained feudal lords, interested in commerce only in so far as they could levy tolls upon it.” Their lowest strata of landed nobility were included among the merchants.
However, ordinary merchants were commoners rather than noblemen, who filled the ranks of the business class in Italy. “As early as 1068, the Milanese non-noble played an important role by the side of the noblemen living in the city. Non-noble merchants formed the rank and file of the private associations which set up the communes – in some places before the end of the eleventh century, in others in the twelfth and thirteenth. Soon they ruled the cities almost as if the cities had been their own property, making communal policy an expression of their own mercantile interests. In Milan, their hegemony was not challenged by the humbler classes until 1198; elsewhere they remained sole masters for a longer period, and in some cities they never had to share their power with other groups. Their individualistic tendencies were somewhat restrained by the powerful bonds of relationship. Families form units whose numerous members usually were closely bound by common political and business interests. There were confederations of families – often rallying around some party label, Guelf or Ghibelline, White of Black – but merchant guilds, where they were created, only made their appearance long after the consolidation of the communes.” As commerce absorbed larger and larger strata of the population in the cities, wealth rather than birth became the main basis of class distinction. In many Italian cities, some merchants at least were descended from a very long line of early medieval negotiators, but others were upstarts and newcomers to trade. In neither case can we discover their actual ancestors, because family names were not in use for ordinary people until very late. The Florentine commune liberally knighted rich merchants and shop-keepers, and these often imitated the ways of the old aristocracy by buying country estates and building palaces in the city. In 1293 enrollment in one of the commercial, industrial and professional guilds was made a pre-requisite for holding public offices. It was a time when men of noble origin in some towns were in an endeavor to win the support of the lower class. The dividing line between noblemen and merchants was not erased but became thinner and thinner in the more commercialized areas.

Commerce eventually opened new horizon to some branches of industry, which became major forces in the economic and political life of the city. In many minor business centers, the presence of craftsmen in the group which ruled the town merely meant that most of the merchants were hardly richer than ordinary guild members. The entrepreneurs applied some of the capital derived from commerce and finance for industry. Their prosperity ultimately rested upon the increase in number of humbler guildsmen and industrial laborers who consumed or manufactured their goods, this increase was a result of the general demographic growth. Thus commercialization became to mean prosperity for all. Salaries rose, but debasement of coins sometimes reduced real wages to a bare minimum. The commercial revolution increased the standard of living, but the gap between the very rich and the very poor was widened. Nevertheless, the greatest gift of the Commercial Revolution was the continuous creation of new opportunities for everyone to climb from one class up to another. Economic expansion was stimulated by a constant immigration. The larger part of the immigrants settled among the lower class, supplying cheap manpower to the leading industries and manual work to harbors and agencies of transportation, or, at best, becoming shop-keepers and masters in the humbler crafts. Therefore, these capacities determined the size of immigration. Immigrants also penetrated the small centers. The Commercial Revolution was developed through urban to metropolitan economy. “The process, however, was far from complete even in Italy. As soon as they had completed the conquest of their own agricultural district, the Italian Communes engaged in competition with one another, for primacy or simply for breathing space, since chances for expansion were great but not unlimited. Weapons of the struggle included embargoes, piracy, destruction of harbors, discriminatory tariffs, and the construction of new routes to displace old highways and canals. Eventually, some cities emerged on top and increased their lead by leaps and bounds, whereas others had to resign themselves to second rank.”
(ii) Expansion Overseas: In the early Middle Ages, there appeared many facts overshadowing the Italian ascendancy in the Commercial Revolution: the rise of Italo-Byzantine merchants as middlemen between Catholic Europe and the Muslim and Byzantine world; the wealth of the Italo-Lombard landowning negotiators; and the diffusion of commenda and commission contracts among the former, of interest-bearing loans among the latter. When the time came, the men were ready. The numerical increase of both the producers and the consumers kept adding momentum to trade. “Venice had harvested larger profits in the fields for centuries, but the Italo-Byzantine cities of the South saw their prosperity wither away in the midst of the general boom. Pavia, the Lombard capital, became a center of the third rate, while Milan, her smaller rival, grew into a metropolis. Cities like Genoa and Florence, which had been almost insignificant in the early Middle Ages, later jumped to the forefront. We must regard the incessant increase of the Italian population as a strain as well as a stimulus. The French at home found ample territory in which to settle the overflow of their people; the Spaniards spread over land seized in the Reconquista; the Germans colonized the East. But in Italy, so far as one can tell from inadequate evidence, most of the marginal lands were taken up at an early period. Very few castelli were built after the twelfth century, and new tracts of land were reclaimed only through costly irrigation or reckless deforestation. Agricultural methods improved, but climatic conditions limited the development of the three-field system. If some provinces of southern Italy exported grain, it was because the peasants lived on chestnuts and fruit – as many of them still do today. With the possible exception of Milan, all the larger cities in northern and central Italy had to import foodstuffs from distant countries. Apart from Corsica and Sardinia, there was no near frontier open to emigration. Yet, on the whole, northern and central Italy were not only the most densely populated but also the wealthiest regions in Europe. Commerce was the frontier of the Italians.”

In the High Middle Ages, Italians participated in a commercial frontier movement as well as a religious and military enterprise. “Italy’s maritime towns won absolute mastery of the sea and permanent trading posts across the Mediterranean by fighting for God, glory and gold, alone or in conjunction with feudal armies. They accumulated capital by looting the enemy, while extending loans and supplying ships to the crusading powers. They added to their customers the former crusader who had learned to enjoy the luxuries of the Orient and the crusader’s friend who had heard his tales of wealth and wonder. War, however, was only one instrument of commercial expansion. The Iliad of the barons was preceded, accompanied and overstepped by the Odyssey of the merchants. Often the individual initiative of daring unarmed pioneers accomplished more than much bloody fighting; so did diplomatic pressure and sometimes missionary work. Even where conquest opened the way, peace and collaboration with the former enemy were necessary to exploit the gains….In spite of the steady progress of toleration, the religious and racial antagonism between Catholics and non-Catholics, kindled especially by zealots who had never been overseas, continued to the end a disturbing element in the conduct of international trade. Ever since the Lombard conquest, Genoa and Pisa had little international commerce, but had come to the age of commerce by raiding Muslim forces in the Mediterranean with extending of their commercial convoy to the Levant. They added war booty to their smaller assets from agricultural surpluses, which transformed them into a petty capitalist by profitable investment of seed money. “Then, as commerce multiplied the original investments, they shifted their attention from mere plundering to the acquisition of tariff reduction. Finally, they explored the example of the Italo-Byzantines in founding autonomous and permanent overseas settlements,” which brought the continuous flow of trade in the Mediterranean. As discussed previously, the Venetians used the salt of their lagoon as initial capital, at the same period, their ship-power could amass a fortune with profitable investment, particularly engaging in the Crusades.”
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The Italian cities established their colonies in Constantinople, Antioch, Jerusalem and perhaps in some African ports in the eleventh century, many years before the First Crusade. They probably became permanent settlements merely as the result of the gradual obsolescence of Byzantine and Muslim restrictions on residence of alien merchants, but autonomy and tariff exemptions must have been derived from formal grants. "Some of them certainly were not obtained by war or threats of war, but by peaceful agreement. During the twelfth and thirteenth centuries Venice, Genoa and Pisa built up extensive networks of trading posts all along the Mediterranean shores." The process of colonization reached its peak in the late thirteenth and early fourteenth centuries. At first, most settlements were small. In the Byzantine Empire, however, the Italian colonies rapidly spread over large areas. Around 1200, there were some 10,000 Venetian residents in Constantinople, and their number greatly increased after the Fourth Crusades. The importance of a colony depended upon the resources of the commercial hinterland and the privileges enjoyed by the settlers. The Italians controlled the sea and the largest fleets, and found in the Alps and the Apennines timber for countless new ships. In many of their colonies they had won total exemption from duties or at least considerable reductions, whereas local merchants still had to pay full tariffs. The Italians practically monopolized the freight and passenger traffic throughout the Mediterranean, and took from the Muslims and the Byzantines not only all the trans-Mediterranean trade but also an ever-increasing share of local business in North Africa and the Levant. Trade surpluses with immediate hinterland of the colonies continued to grow, though with importing of increasing quantities of spices, raw silk, furs and other products of farther Asia, Africa and north-eastern Europe. With the monopoly of the European end of this trade, in the twelfth century, the Venetians, the Genoese, and the Pisans charged very high prices eventually to the ultimate consumers inside Catholic Europe, allowing large profits from those commercial transactions.268

After the Fourth Crusade, fifty-five years of Venetian commercial hegemony ended by 1261, when Genoese began to aid the Byzantine emperor in recovering Constantinople. It is true that the Latins incessantly increased their profits and their power on sea, while the Greeks were growing weaker and weaker. In the early fourteenth century, the Genoese suburb of Pera had a trade worth approximately fifteen times more than that of Constantinople. The conquest of Egypt was the aim of another crusade led by a papal legate, but this attempt was sabotaged by the pope, so that the traders gradually transferred their business to the island of Cyprus and elsewhere. The Pope prohibited all trade with Egypt, which sanction bore more heavily upon Venice and Genoa. The importance of Egypt was greatly reduced by the most momentous event of the thirteenth century – the Mongolian conquest and unification of the larger part of Asia and southern Russia. By the early fourteenth century, the route from Crimea to Peking was quite safe, and Chinese silk now reached the English market through Genoese or Tuscan intermediaries; in Italy it sold for about three times its cost at first purchase in China, yielding a substantial profit, by exporting gems, live horses, mechanical clocks and fountains, fine linen and woolen cloth. By 1340s, the balance of trade had almost been reached. "The wealth of eastern and far eastern trade seemed to dwarf the commercial opportunities in the western Mediterranean and beyond the Straits of Gibraltar. The precipitous decline of North African economy under the attacks of the nomads and of the desert transferred nearly all coastal trade to European merchants and shippers. These men brought industrial products from their continent and even oriental wares to Tunis, Bougie and Ceuta, and purchased wool, hides, wax, indigo, alum, coral and sometimes grain, but usually not oil, since Africa no longer had surpluses to sell."269 By 1277, a new advance was made: Genoese galleys began to sail via Cadiz and Seville to France, Flanders and England. Spices, alum, grain, wine and other wares from the Mediterranean area and the Far East were exchanged for Flemish cloth, English wool and other wares. Their trade volume rose four times during 1274-93.270
(iii) **Expansion Overland**: Virtually all trading centers of the European South sent some people to the Champagne fairs, but other fairs of regional rather than international importance attracted a significant number of merchants from distant towns, “colonies of Spanish and Portuguese traders eventually were formed in Flanders and Holland, and their fellow-citizens visited English centers.”

In the tenth century, as a rule, it was northern merchants who went to Italy or southern France to exchange their wares with those of the Mediterranean world. Since then, however, Italians crossing the Alps gradually surpassed in numbers and importance the Northerners who visited the Mediterranean countries or who settled there. In fact, the Italian diaspora beyond the Alps was numerically smaller than that across the sea, but its activities were so various that they defy the size-trends. “Emigrants exercised one or several of the following professions: mercenary bowmen, sailors, shipwrights, captains of merchant ships and fleet admirals; textile manufacturers, mining entrepreneurs, lessees of mints; importers of Italian and oriental wares and exporters of cloth, linen and wool; staple traders in grain, wine and salt; pawnbrokers serving the lower class, money-lenders and supply agents serving the upper bourgeoisie, the great ecclesiastics and lay vassals; farmers of customs, tax collectors and bankers in the service of the Pope and the kings of France and England.” The fortunes of these Italians were frequently allied directly or indirectly to the international influence of the most powerful Pope, since pontifical credentials opened many doors to the Italians, and other valuable connections resulted from each of the Crusades, often as a by-product of financial and shipping services rendered to crusading clergy-men, knights and princes. Finally the Italy of ecclesiastical tithes collected throughout Europe.

The money collected could seldom be reinvested in trade, because the Curia needed the cash promptly. But Italians took a commission and benefited from the ready cash available throughout Europe; and carried out commercial operations in behalf of the Pope.271

(c) **The Heyday of Medieval Trade**: The last century from 1245 to 1345 encompasses the high tide of four centuries of accelerated commercial growth. “One can easily see many facets of the Commercial Revolution that anticipate to some extent the revolutions of the modern world: a steady accumulation of capital in money and in goods; a growing use of credit and a trend toward gradual separation of management from both ownership of the capital and manual labor; a constant endeavor to improve the methods of business and to compete with other business men in the same filed; a planning of large-scale operations with a view to expanding the market; an elevation of trade interests to the importance of state affairs; and, above all, a desire for profits as a leading motive for commercial activity.” The circulation of capital and goods increased in geometrical progression as money, credit and the economy of exchange decisively triumphed over the economic isolation. Yet the absolute volume of trade in the early fourteenth century was still small, not only because the entire population of Europe was nearer to 50 than to 100 million, but also because large areas probably remained almost impermeable to the new commercial currents and because the purchasing power of the lower class developed too slowly to permit the demand of the common man to weigh very heavily. Outside Italy, trade depended chiefly upon the demand of the upper class: the nobility and the clergy. In Italy, the purchases of the growing middle class probably surpassed in quantity and value those of the upper class. But even the bourgeoisie was a small minority of the population, and it usually was more interested in quality and durability than in quantity and cheapness. Around 1338 in Florence, it is observed that the rising prices of the woolen cloth caused the output to fall from 100,000 to 70-80,000 pieces yearly. “Certainly the larger part of the population in Europe used homespun cloth except perhaps on Sunday. If we turn from industrial products to staple foods, we shall come to similar conclusions. A few large cities and densely populated areas imported grain from distant countries, but the larger part of the inhabitants of southern Europe depended on local production except in years of famine.”272
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Photo II-4-5. Venice, view toward the Molo and the Piazzetta, showing the Old Library, Campanile, Doges' Palace, and domes of San Marco Basilica

Photo II-4-6. View of Genoa on a painting from 1482
https://lh3.googleusercontent.com/3_fXrt9hqq_5sOqHFeKCNDDtshbAnXWZ86f7G77yKuReKupEPnq7k0YC2Ujcdl.23c4Q86.7C9VlT4RMsWwJ5B3ITCNw8vK-XFrAU5-cBRk3EnrSRcvm2M, accessed 12 May 2015
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The comparative smallness of trade was probably both the cause and the consequence of the inadequacy of the revolution in transport. “To be sure, technical improvements continued to be made after the three epoch-making innovations – the horseshoe, the horse dollar and the galley, all gifts of the eastern world to Catholic Europe – that had opened the way for the Commercial Revolution. In the later period, the compass, astrolabe, martelojo, and other nautical inventions facilitated long-distance navigation, while the French pave du Roi with its rectangular slabs and the Lombard circular stones improved the surface of roads in muddy regions. But these and other improvements did little to add speed and power to the desperately slow and weak means of conveyance used ever since the eleventh or tenth century.” The lack of good communications, connected with the smallness of many states and the decentralization of others, led to monetary chaos, to physical insecurity and to arbitrariness of the customs system. “In this respect, there was hardly any progress since the early Middle Ages. Some coins had wider circulation than others and were less debased, but no coin up to the mid-thirteenth century had a stable value or was accepted everywhere, except the Byzantine gold hyperperon. The resumption of independent gold coinage in the Italian Communes in the second half of the thirteenth century caused the hyperperon to be displaced by the genoin, the florin and the ducat in the international market, but it did not eliminate disorder in local coinage. Furthermore, municipal and national wars in the later Middle Ages may have been perhaps slightly less frequent than the feudal wars of the earlier period, but they affected larger areas and were directed very frequently at the methodical destruction of the economic resources of the enemy. On sea, war between the major Italian seaports was almost continuous. If a merchant desired a minimum of safety, he usually had to join a convoy or a caravan as he did in the early Middle Ages. No matter where he went, he had to face vexatious restrictions.” Most states, export of gold or basic foodstuffs was prohibited.273

Various risks in commerce and transportation became disadvantages, preventing commercial partnerships from developing into more flexible and powerful instruments to pool capital. In practice, liability towards third parties was limited to the amount of the investment. “The short duration of the commenda contract made it possible for each party to take a very circumscribed chance with the other even if mutual trust was less than perfect. Nothing prevented the same parties joining again and again, if the first experience had been satisfactory, in commenda contracts of the same kind.” However, continuous thrust of the ever-expanding market loosened all brakes to commercial development. “By stimulating consumption at one end and production at the other, the merchant – middleman – entrepreneur kept converting the luxury of yesterday into the treat of today and the common requirement of tomorrow.” Small trade in the small towns probably is a better starting point to escape from the troubles – intermediate duration and limited liability. The progress of commercialization in rural or semi-rural areas was in a way a more revolutionary change than the growth of international commerce. In the later centuries of the Middle Ages, most peasants in Italy and many peasants elsewhere in southern Europe were able to pay their rents in cash, which is a significant indication of commercialization. The consumption of the raw materials of industry was particularly important, not only in the metropolitan cities but also in secondary towns. The expansion of the city market led to the development of groups of wealthy cloth sellers, spice sellers, mercers, grocers, butchers, bakers and other specialized merchants who bought wholesale and sold retail. At the head of all traders, were the big business men – import and export merchants, international bankers, industrial entrepreneurs and colony builders. There was a sharp distinction between the inner and the outer area of long-distance commerce. The outer area was a field of large risks and large profits, a frontier where good luck was almost as important as good management. The inner area had ceased to be an adventure, but was highly competitive market, where success depended mainly on business efficiency.”274
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The Waning of the Middle Ages: “Incessant wars and invasions, scourging taxation and inflation, recurrent major epidemics, serious ecological damage, probably an unfavorable pulsation of climate, certainly a reversal from demographic growth to demographic decline: under these circumstances of the Roman Empire in the West and its trade had declined and fallen. A thousand years later, a similar if not identical combination of calamities hit the West and the countries beyond it, almost relentlessly for a whole century (1346-1453) and then again, after a forty-years lull in the wars, during most of the sixteenth century. Stronger and more resilient than the Roman Empire, late medieval Europe did not collapse; but its economy was far more deeply and durably scarred than most historians admitted as late as fifty years ago. They could not and did not overlook the disasters, of course; yet they were so impressed by the artistic and literary splendor of the incipient Renaissance, by the conquests of some monarchs and world explorers and by the conspicuous consumption of the rich, that they tended to dismiss the worst quakes as if they had been isolated shocks, promptly absorbed by a forever rebounding and soaring society.”

In fact, “Inflated by four centuries of growth and sheltered by at least one century without major famines, the population of southern Europe suffered the heaviest losses in the first outbreak of the plague: about one-third of its total must be regarded as a conservative estimate.” The mortality rate well above 50 percent was normal; it rose to more than 90 percent in the rarer pulmonary form. “The following outbreaks, occurring at intervals of fifteen to twenty years, were somewhat less catastrophic, probably because the survivors of earlier plagues were immunized, possibly because the virus was weakened in time, certainly because the patients were more effectively isolated. Gradually the population tended to be stabilized at approximately two-thirds to three-quarters of its pre-1346 maximum, and may have regained more ground between 1454 and 1494, when wars subsided and syphilis was not yet another major killer.”

In the Middle Ages, Florence, Genoa, Milan and Venice were the Big Four of the Commercial Revolution. In Florence, the Medici bank improved the general ledger system through the development of the double entry system of tracking debits and credits. Its London branch failed in compulsory loans to Edward IV, who was unable to repay, so the branch bank was liquidated in 1478; the Bruges branch also fell; and the Milan branches finally ceased to exist in 1494 when King Charles VIII of France invaded Italy. In Venice, the Soranzo bank was closed to 1491 by a costly losing war against the Turks. In the late fifteenth century, a number of younger and smaller trading centers, mostly outside Italy, progressed enough to compensate for the decline of the old business establishment. “The eastern frontier of south European trade gradually receded from the sea of China to the edge of the Mediterranean, losing even there the secure shelters of the Italian commercial colonies; compensations were sought and found by developing in the West the production of merchandise no longer easily available in the East – silk in Granada and Calabria, alum in Latium, sugar in Madeira, wild pepper and slaves in West Africa – but the substitutes were generally more expensive and often less satisfactory than the originals. Still harder to counteract was the contraction of home markets through the demographic doldrums and the pauperization of disaster-stricken masses; merchant still could and did prod the consumption habits of the upper class, but had to offer cheaper wares and cut profits in order to hold on to what was left of their middle and lower class clientele. This gradually affected not only their economic calculations, but their mental attitudes and their style of life. Some burned up their capital in reckless speculations and gambling; others withdrew it from trade and ploughed it into agriculture and real estate; still others invested it in the pursuit of power and social status or in books and works of art. Almost all over the European South, commerce tended to be concentrated in a shrinking number of business houses, which appreciated prudence more than daring, property more than labor. It did not neglect essential staples and ordinary cloth, but leaned heavily on luxury goods.”
The Black Death of 1348 was one of the greatest tragedies in human history. The plague came back again and again, nullifying the growth of one generation after another. Wars also were more protracted and more destructive than they had been since the time of the last wave of barbarian invasions in the ninth and early tenth centuries. "The Hundred Years War in France, civil wars in Castile and in southern Italy, the ravages of the condottieri and innumerable local campaigns in northern Italy and southern Germany completed the work of disease and prepared that of famine. Other imponderable reasons, among which we must probably include birth control, prevented any prompt recovery. In large part of Europe the prosperous level of 1300 was not reached again before the sixteenth or the seventeenth century. The population of Florence, for instance, fell from about 110,000 inhabitants in 1338 to 45-50,000 in 1351; it increased only to 70-75,000 in 1380 and was still about 70,000 in 1526. In France, war was perhaps an even worse calamity than the Black Death and the later epidemics. The Mongolian Khan Kipchak endeavored to break the resistance of the besieged inhabitants by catapulting over the walls bodies of men who had died with the plague. The city held out, but returning colonists carried the disease to Western Europe. In the fifteenth century, Chinese warships and merchant junks sailed as far as to the Arabian coast, but these vessels did not reach shore frequented by European merchants. It was again necessary to use the Egyptian bottle-neck and to depend upon Muslim intermediaries to obtain the goods of the Far East. Venice, sending no convoys to Egypt from 1323 to 1345, now entreated the Pope to cancel the embargo and the sultan to conclude a new commercial treaty. The Pope granted only individual licenses upon payment of exorbitant fees. The sultan gladly resumed the exploitation of the Christian merchant. The bitter struggle for the last bastions of the Holy Land and the subsequent European desertion of Egypt for the Mongolian markets had withered the sprouting seeds of toleration. Egypt itself had been impoverished by maladministration and by the strain of a double battle for survival against both Mongolians and Christians.

As the financial crisis of Egypt grew worse, European merchants in Alexandria traded on even harder terms. Already in the late fourteenth century they had to pay duties amounting in all to around 100 percent of the value of goods. "In 1428 the sultan took over the monopoly of the export of pepper, which had been sold hitherto by private Egyptian merchants, and raised its price in Alexandria from 80 to 130 dinar. Still worse was to come. In 1480, when the Venetians refused to pay 110 ducats for a sporta of pepper which sold in the market for 50 ducats, the sultan confined then for two days and three nights in their fondachi, then dragged them to the custom-house and did not permit them to go until they had paid 70 ducats for the pepper." From the fourteenth century, the Ottoman Turks had been gnawing at the Byzantine possessions in Asia. In 1362 they gained a foothold in Europe with the help of the Genoese, who needed allies against the Venetians. Here as in Egypt, merchants tried appeasement as a remedy less costly than war. Some colonies even bought immunity from attack by paying tribute. Europe, however, had to fight back when the Turks began to blockade Constantinople. Contraction of eastern markets and shrinking of home markets reversed the trend which had made the Commercial Revolution possible. It was not one world yet, but there was a sensitive world market, and it reached quickly to crises in distant countries. We are in the presence of an all-European depression. The recurrence of the epidemics and the continuation or the recurrence of the wars would have brought it to an early end. As soon as the ranks of labor were filled sufficiently to ensure adequate production for the slowly but steadily shrinking market, both landlords and industrialists cracked down on wages. The desperate revolt of workmen, petty artisans and peasants failed to turn the tide. Catalonia profited from the internecine war that weakened both Venice and Genoa to prolong and possibly increase its commercial prosperity well beyond 1346. None of the Catalan seaports ever built up commercial networks as wide as those of Venice and Genoa, and their decline was already foreseen.278
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Map II-4-6. Medieval Sea-Trading Routes from China to the East Coast of Africa, [http://www.salaam.co.uk/themeofthemonth/november01/images/trademap.gif](http://www.salaam.co.uk/themeofthemonth/november01/images/trademap.gif), accessed 10 April 2015
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4-4. Asia, Africa and the Trade of Medieval Europe

The medieval Islamic world was a highly urbanized civilization, compared with Western Europe, and their merchants traded many of essential commodities beyond the borders, carrying gold and spices towards Europe, textiles and slaves out of Europe. “Cairo and Baghdad were not under the remote control of western merchants; but even they, by the thirteenth century, fell under an Italian spell, and were partly in thrall to Westerners who had learnt the art of dumping European goods in early markets, and who had helped throttle an already ailing Muslim textile industry. Moreover, the gradual shift in the Mediterranean balance of trade towards Western Europe meant the accumulation in the Italian and Provencal cities of gold siphoned out of North Africa before it could reach the Islamic heartlands of Egypt, Syria and Iraq. The suffocation of the textile industries of Islam, the diversion of gold toward Christendom and, finally, the discovery of a route to the spice islands which by-passed Muslim territory – these were the stages, to some extent consciously planned, by which the Christian merchants sought to snatch control of the movement of goods from the infidel foe.”

The civilizations of the West outpaced those of Islam between 1100 and 1350 in business methods, maritime skills, and industrial technology. “It is too easy simply to explain this loss of primacy as the result of the naval successes of Byzantine and Italian fleets in the medieval Mediterranean. The issue reaches far deeper: the loss of naval primacy itself reflects a lack of sustained interest among Muslims in nautical technology – the romantic image offered by the modern dhow must not be confused with the more demanding conditions of heavy Mediterranean shipping. Equally, the decline of Muslim textile industries seems to suggest a more cautious attitude to investment in technological improvement than is visible in the Latin West. Associated with this, there can be observed in the Islamic countries few well-established, politically influential merchant dynasties such as are to be found in the great Italian cities of the same period. An occasional family of Karimi merchants retained wealth and influence in late medieval Egypt for two or three generations; such families diversified their interests and operated small factories or purchased urban property. But there is no one in the Islamic world to compare with the European urban patrician, with his say in the government of the city-state, with his blood-links to the local landed aristocracy, with his staying-power in trade, industry and often in politics too. The Islamic world, though rich in towns, had few city-states, and those merchants who acquired a major say in government did so mostly as civil servants.”

The Islamic towns were rapidly expanded such as a product of mushroom growth. “The merchant class of the great Islamic cities, of Cairo, Baghdad or Cordoba, was not indigenous, as was the upper level of the merchant class in the western cities, which grew more slowly, often from Roman roots. Immigration from Persia to Spain fueled the growth of the Spanish silk industry; the spread of new articles of production, and of artisan producers, across the breadth of the Islamic world was an expression of the breakdown of localism, of incorporation into a vast oikoumene unrivalled since the urban expansion of Hellenistic times. And, just as the localism of the Italian city-states - the local patriotism of all, the local origins of those in command – provided a powerful driving-force in the battle against competitors, the lack of localism in the Islamic lands deprived the cities of commercial aggressiveness.” Another expression of this lack of localism was government interference. The Mamluks were interested in trade because of additional tax revenues; but they did not think constructively about the expansion of commercial opportunities for their subjects in the long-run. There was lack of autonomous in trading cities of the Islamic world, which reflected in a more passive attitude to trade than Western Europe displays. They could not see the surplus production as an important feature of the mercantile outlook; there was no knowledge in trade and industry as an important source of employment and income.
Early Islamic Trade (650-1000): Islam inherited a rich merchant legacy. “The cities of Syria, Egypt and Mesopotamia had a long history of commercial prosperity; Damascus and Alexandria had for centuries benefited from their position at the cross-roads of several Levantine trade routes. But, generated by the Arab conquests, new cities also sprang into life in the seventh century; the fortified camps of Kufa and Fustat grew into focal points for the immigration of artisans from far afield and for the transformation of Bedouin nomads into a settled Arabs governing class. Mass movement of population, set in train by the breakdown of the old political order in Iran, Syria and North Africa, radically altered the ethnic composition of the former Hellenistic and Sassanian lands, and decisively shifted the emphasis in production from country to town. Eighth-century Baghdad or Fustat were inhabited by Arab conquerors, Persian and Syrian migrants, Jewish business men and artisans, mountain or desert peoples from nearby – united, if not in faith, at least in speech as Arabic became the koine of much of the Islamic world. The expansion of production within the towns, the lack of impenetrable frontiers, the use of a common speech, all encouraged the exchange of goods across considerable distances.” On the other hand, the Byzantine Empire of the sixth century was experiencing a decline in industrial production and in population within the towns, while the Byzantine countryside, at least in Syria and Egypt, remained quite prosperous. The trade of the Mediterranean was contacting, and a slow return to the soil seems visible in the Levant, due to the series of plagues in the sixth and early seventh centuries. The passages of Arab armies through Syria and the Holy Land led to the abandonment of the delicately maintained irrigation works of the Byzantine engineers; the settlement of Bedouins in Byzantine lands meant a real decline in agricultural expertise; the emigration of the existing rural population to the new towns exacerbated decline. And the nomadic inheritance of the Arabs destroyed the fragile cover offered by desert foliage and induced severe desiccation. The urbanization of the Islamic world thus reflects the rapid destruction of the economic base in the former Byzantine provinces.”

In the movement of population, Syrian silk workers settled in southern Spain in the eighth century; Persian textile workers brought their techniques to Egypt and the Maghreb; and individual cities developed their specialties for their industries. By the eleventh century, it was common for regions to enter into partnership with one another, one providing, the other processing, the raw material. The Islamic world is characterized by the ease of movement of raw materials towards specialized centers throughout the Muslim lands. Then, two factors – local specialization and ease of communication across the vast Islamic world – stimulated long-distance trade of products such as textiles, metalwork, pottery and leather. Moreover, long-distance trade in foodstuffs fed the large population of the great cities: wheat was the staple diet of Baghdad and Cairo. “Particularly successful was the expansion of market gardens on the edge of the Muslim towns, providing additional sources of non-staple food: onions at Palermo; new vegetables, in Egypt and Spain, such as the artichoke and spinach. The bitter oranges of Persia and Mesopotamia reached Syria, Sicily and Spain by the end of the tenth century, and their peel and juice were blended with local cane sugar to make delectable sweets.” They were packed and sent in trade across the sea. By the tenth century, as the caliph was delighting in the taste of sanbusaj prepared in Baghdad with dough, meat and spices, the maritime trade route carrying spices westwards was re-established. The Islamic world such as in Egypt and Iraq used a bimetallic currency of gold and silver. “The circulation of gold in the Muslim lands was encouraged by the reforms of Caliph Abd al-Malik at the end of the seventh century: he introduced a gold dinar of Muslim design to replace earlier coins which imitated Byzantine designs and precious metal content. The new dinar was slightly less pure than its Greek counterpart, resulting in that the dinar chased out the Byzantine nomisma: merchants preferred to hold back the nomisma for hoarding and to handle the inferior Arab currency in trade, while Muslim silver coin was hoarded by non-Islamic states.”
Henri Pirenne suggested that because of a closure of the Mediterranean after the Muslim conquests in Syria, Egypt and North Africa, and after the Frankish conquest of Italy, commerce between Western Europe and the Islamic world shrank to a very slight trickle during the eighth century; and active trade in spices, papyrus, wine and textiles disappeared. In the ninth century, Muslim navies landed in Apulia, Sicily and Crete; and war between Muslim pirates and Muslim governments was frequent. However, with the emergence of Amalfi, Naples and other south Italian ports, which were active in trade between the central Mediterranean and Constantinople, Egypt and the Maghreb; Amalfi established its position by siding with the Arabs in their raids on the Italian coast in the ninth and tenth centuries. “Trade between the edge of the Latin world and the edges of the Islamic world did not cease, but most commercial centers experienced serious decline by the ninth century; and even Amalfi, for all its success, could not create a strong economic bond between the European landmass and the Levant. Moreover, the effects of the trade recession on the Islamic lands should not be underestimated. The coastal towns of the Nile delta and Syria were depopulated – their Greek orthodox inhabitants heading for Constantinople, their Muslim inhabitants choosing safer settlements away from the coasts.”

However, certain groups of merchants fostered the limited luxury trade between Western Europe and the East. “The Saracen pirates of Frejus and the Provençal coast founded settlements whose inhabitants remained active in trade and manufacture. The city of Marseilles contained a large and respected Jewish community, which may have kept links to Egypt and Syria open.” But another group of Jewish merchants, the Radhanites, linked Spain and the French hinterland to the Near East, central and southern Asia, and China. They frequented the court of Charlemagne and Louis the Pious in the eighth and ninth centuries, working alongside Syrian Christian merchants, who had furnished rare eastern goods. The Jewish merchants probably benefited from presence along the great trade routes of Hebrew communities some of which – in Prague, in Cochin India, in southern China. “Among the routes of the Radhanites was a route down the Rhone, to the Provencal ports and across to Egypt; then down the Red Sea to India. Another route took the merchants to northern Syria; from Antioch they headed towards Iraq and thence by sea down the Persian Gulf to north-western India, Ceylon and the Far East. However, it was normal to cover the last stage, from India to China, by land, cutting out the Malayan peninsula. Yet another route eastwards ran through Prague to the kingdom of the White Bulgars and thence to central Asia, northern Iran and the remnant of the old silkroad to China; along this route the Radhanites may have had the assistance of the Khazars, Turks whose rulers had adopted Judaism in the eighth century. Finally, there seems to have been a south Mediterranean route, from Spain along the African coast to Palestine and thence via Damascus to Iraq, Iran and the passes into India.”

The Radhanites exported furs and weapons, and imported the slaves from Eastern Europe, central Asia, and east African. The trade declined as the native business class began to emerge.

In the ninth century, the Scandinavian and east Slav traders linked the Baltic to Russia, Greater Bulgaria and the Black, Caspian and Aral Seas; they founded new markets along the Dnieper, Don and Volga. The trade route from the Varangians to the Greeks connected Scandinavia, Kievan Rus' and the Byzantine Empire. The route allowed traders to establish a direct prosperous trade with Byzantium, and prompted some of them to settle in the territories of present-day Belarus, Russia and Ukraine. A lot of Iranian silver coins found in Sweden: northerners purchased from Iraq and Iran only limited quantities of Muslim produce, but sold them great amounts of the wax, metals and furs. The drainage of silver northwards declined during the eleventh century, when the Muslims were unable to import northern furs, swords and slaves, and the Varangians expressed little interest in Muslim textiles, ceramics and other non-metal goods. Moreover, the Russians began to compete for control of territory with Khazar and Great Bulgar rivals.
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The Primacy of Egypt (950-1500): The rise to economic primacy of Egypt coincides with the political separation of Egypt, under its Shiite Fatimid rulers, from the Sunni caliphs of Baghdad (969). "The presence of a large, powerful, luxurious court on Egyptian soil acted as a stimulus to local and foreign merchants: demand rose for silk, perfumes and other luxury goods; while the war needs of the Fatimids brought fortunes to suppliers of timber, iron, pitch and other military equipment. The trade in armaments points towards Venice, Pisa, Genoa and their western rivals." Despite papal condemnation, "By 1171 the Pisans were content to promise Saladin supplies for his navy. Even more important, a factor in the economic rise of Egypt was the supply of silver from west European mines; this eased the silver shortage in Egypt, but relatively little western silver percolated into Iraq and other Islamic lands where the shortage was also felt. The westerners also stimulated the spice trade through the Red Sea: it is likely that the vigorous expansion of the Red Sea trade from the twelfth century onwards testifies to western demand for the drugs, dyes and flavorings of the East. But a side-effect was the slow decline of the alternative maritime route from India, which ran up the Persian Gulf to Iraq. Siraf and Kish slowly lost their importance; Aden became the principal transit center for eastern spices….a trade from East to West through Egypt was born, whose raison detre was not so much the provision of Islamic centers of consumption, but the vigorous new courts and towns of western Europe." In the eleventh and twelfth centuries, when Islam was suffering in the Western Mediterranean at the hands of Pisan, Genoese and Venetians navies, and of Norman, Castilian and crusader armies, Egypt paradoxically enjoyed its economic success. The strength of the Fatimid economy is most clearly revealed by the gold coinage of Egypt, which reached high levels of purity by the twelfth century. The Egyptian revival was also generated by native producers, though there was no uplift of industrial production. While Egypt was flourishing, Iraq experienced serious internal strife: peasant rebellions, Turkish irruption, local separatism, all placed a severe strain on the Abbasid treasury.288

The Genizah documents provide essential clues to the question how the Islamic world acted as intermediary in the transfer of eastern spices and luxury items to the Christian West.289 What is at least clear that traders favored partnership. "Even a merchant who relied on his own capital would try to travel in company: there were professional companions to be found. In particular, there existed a preference for short-term legal agreements, which guaranteed each participant’s fights, over informal relations of trust where risks and profits were not formally apportioned. In the qirad contract, one partner provided capital, the other labor, and profits were divided; there also existed contracts in which a number of partners placed different shares, distributing eventual profits on the basis of labor provided and capital invested – an arrangement similar to a contemporary Genoese societas. A court record of 1162 reveals a merchant who provided 55 dinars out of a total of 150, and stood to gain one-third of all profits; his intention was to travel the Egyptian countryside with a cargo of silk.” The Genizah merchants maintained a strong interest in textiles from other parts of the Islamic world. Pepper prices fluctuated but not dramatically, though there were predictable price differences by regions such as between Sicily and Egypt due to higher cost of transportation. Silk good of a single origin varied considerably in style and price. By contrast with silk, flax and linen were traded in bulk. The Genizah merchants contributed to the revenue for the Fatimids to impose taxes on trade of spices and textiles. The Jews of Fustat were less interested in overseas trade, and many concentrated on the home market. The advance of Italian navies in the Mediterranean, to Sicily and the Holy Land, brought into more northern trade routes, often bypassing Alexandria in favor of Tyre and Acre. At the same time, European textile industry began to supplant the Egyptian, benefiting from superior technology and more aggressive sales techniques. They were increasingly processed on Lombard looms: Italian cloths, made from Egyptian flax and Sicilian cotton, sold back to themselves.290
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According to handbooks of commerce and taxation written by a senior financial official, Makhzumi, in the late twelfth century, Egypt exported linen, cotton, spices, fish, chickens, salt, dates, condiments, grain, and alum. “Silk and brocades arrive in Damietta and Tinnis, while the latter also receives supplies of wool; both accept gold and silver, of course; and Alexandria receives coral, oil and saffron. Most notably, all three ports take in wool, and Makhzumi mentions arrivals of iron at Alexandria and Tinnis. Makhzumi’s merchant community is a mixture of Muslims, dhimmis (non-Muslim resident in Islamic world) and rumi, or Greek and Latin visitors. There are references to Muslim merchants who cross the Mediterranean in both Muslim-owned and rumi-owned ships. There are tax reductions for Sicilian merchants which may reflect the fact that many Sicilians were still Muslim, as well as past trading pacts between Roger II and the Caliph al-Hafiz. A mysterious mention of Sardinian traders, also enjoying tax benefits, may refer to the former Saracen settlements on the coast of Sardinia though they are unlikely to have survived the Pisan conquest in the eleventh century. By contrast, merchants – perhaps Christian – from the former Byzantine territories of Antioch and Laodicea were subject to slightly heavier taxes on trade than normal. The main ports through which these merchant groups operated were Damietta, Tinnis and Alexandria, but the twin complex of Rosetta and Nastaru was also used – most often when weather or other pressing reason demanded a landfall. By the late twelfth century, the government began to levy commercial taxes more intensively, infringing the agreed rules in order to maximize income. The zakat was technically levied for the benefit of the deserving: paupers, converts, bankrupts, volunteers for the holy war and, not least, the administrators of the zakat itself. But by 1200 the state was frequently demanding more than the legal amount, was collecting the tax before it was ripe, and was extracting it from exempt groups such as pilgrims.

The Karimis were a loosely-organized group of merchants dealing not only in spices but also slaves and agricultural products between Egypt and Yemen, including Syria, and that the Karimis were an exclusively Muslim group of merchants, there is no reason why they should not have admitted Christians and Jews into their ranks. The Karimis, meaning convoy, passing regularly between Egypt and India in the twelfth century. This convoy adopted several routes into the Indian Ocean – sometimes through Aden, but occasionally through the East African ports instead, by passing the Arabian Peninsula. If the route changed, it was because Yemenite sultans, or even the Ethiopian Negus, were causing political difficulties in the Red Sea approaches. Around this time, Saladin (1174-93), the first Sultan of Egypt and Syria, protected the Karimi merchants, and the ancient regime of Genizah traders began to crumble away. Thereafter, the Karimis remained the dominant group trading through the Red Sea, and their status was only substantially eroded in the fifteenth century, first under Sultan Barsbay (1422-38) and then in the rise of Portugal. Their main interest lay in the spice trade to Egypt from the East; but they also handled many commodities such as wood, wheat, flour, sugar, rice, weapons and textiles. The Karimis were a major source of armaments from India and the East, parallel to the Italians who were the major source from the West. Moreover, the range of their commodity dealings was a certain respects greater than that of the Fustat Jews, who were rarely involved in the movement of bulky foodstuffs. In choosing trade routes, by and large, the Indian shippers controlled navigation between Aden and their homeland, while the Karimis controlled it up the Red Sea to Egypt with their own shippers. The problem whether the Karimi merchants possessed a corporate identity, a guild organization, is particularly difficult. There were Karimi warehouses along the Red Sea and Nile routes. The rulers of Egypt and Yemen were enormously benefited from taxation on Karimi traffics. The Egyptian government provided armed protection for the Karimi fleets on the Red Sea, after a series of pirate attacks. The Karimi bankers were forced to loan when the Mongols threatened the Mamluk in 1300; when Syria rebelled in 1352; and when Tamerlane marched west in 1394.
Muslim Trade in the Far East: There were two routes of access to the Far East from the Mediterranean – overland through Central Asia and by sea round India – that flourished at different times and only rarely competed directly with one another. The overland routes flourished when the political control of the Chinese emperors (or their Mongol substitutes) extended very far to the west and when there existed comparative quiet in Persia, the Near East and the eastern Mediterranean. “This conditions were fulfilled in the late Roman period, when the silk road brought luxury goods westwards via Sassanid Persia and linked the three great territorial empires of the third and fourth century: China, Persia, Rome. The development in Byzantine lands of a silk industry, based on secrets revealed by eastern craftsmen, and the rise of Islam in former Roman and Sassanid lands led to the decay of the overland route; it is no surprise that silk ceased to hold its position as the most prized product of the Far East in the markets of the Mediterranean.” In the fifth and sixth centuries, the division of China between northern and southern dynasties made access by foreign merchants to southern China less easy, at least by land. “Moreover, the southern Chinese rulers began to take a greater interest in the barbarian peoples of the coast of Asia, attempting to win from them recognition of South Chinese lordship. This recognition itself entailed a sort of commercial relationship: the tributary states in Java and other islands sent vast quantities of their produce, perfumes above all, to the emperor in humble acknowledgement of his suzerainty, while the emperor sent in return munificent gifts graciously bestowed, which traditionally were of approximately the same value as the tribute received. Of particular importance in the movement of these goods were the Malay communities of Sumatra and the peninsula of Malaya.”

Between the seventh and the fourteenth century, Sri Vijaya flourished on the Malayan straits, as the trading entrepot between the Indian Ocean and the Chinese seas. “It possessed what can only be called natural commercial strength, long tongue of the Malay Peninsula; and a port which sat astride the route such shipping must take, as did Palembang, the Sri Vijayan capital, might become master of the communications system of South-east Asia. Moreover, the seasonal changes in the winds of Southeast Asia forced shipping bound for China to sit out for several weeks in the Malayan region….The Malays themselves seem to have developed the art of sailing to a high level, and they were heavily involved in local Indonesian trade in aromatics even before the emergence of Sri Vijaya.” Introducing the Chinese a range of commodities such as pine resin, benzoin and other perfumes, Palembang became a dominant center of exchange that is a point of arrival from Arab merchants selling western produce to traders bound for China, and as warehouse for frankincense, pine resin and other perfumes of the East Indies. Sri Vijaya reached the peak of its prosperity before 1200, with its products – camphor, aloes, cloves, sandalwood, cardamom and other spices - attracting Arab merchants. In the thirteenth century, trade from Java began to move northwards, China had tended to acquire spices for domestic consumption, and foreign merchants had operated out of Malaya, while western merchants penetrated to Zaytun and other Chinese ports, even for settlements.
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At the start of the fifteenth century, eunuch Chen Ho (1371-1433) sailed the Indian Ocean with seven voyages during 1405-1433 (2-3 years per voyage), securing recognition of Chinese suzerainty as far as west as the horn of Africa. His voyages stimulated the trade of Malaya: a long series of tribute payments improved trade; his expeditions suppressed the piracy; and China’s policy looking southwards secured allegiance from the Malay and Indonesian states, while they acknowledged Ming overlordship. When the Chinese fleet was in harbor, trade was brisk, but the trade was abnormal. In 1436, the Malacca ruler converted to Islam, which attracted Muslim merchants from the West, while some stress was laid on the communities between Sri Vijaya and Malacca. In order to secure income from harbor taxes, the Malaccans extended their control over the nearby coast and fitted out patrol boats to force merchant ships to visit Malacca: they sought to establish a monopoly of control of the trade routes. Shipping was forced to wait in Malacca for favorable winds to both directions. This trade consisted both of long-distance commerce with India and the Red Sea and of local commerce with the spice islands in search of the precious goods. Moreover, Malacca fed itself from nearby stocks of rice, handled local cloths, and received regular consignments of Chinese silk, raw and processed, metalwork, rhubarb and perfumes. Much of the Chinese trade came on a regular convoy of junks, being sent back laden with pepper and spices.

“As early as the eighth century Arab visitors to China, coming from Oman and Bassorah, are recorded, while Obolla in the Persian Gulf flourished until the ninth century as a center of Indian Ocean trade. Subsequently, a new center of Persian Gulf commerce emerged, at Siraf; around 916 there are references to shipping from Siraf to India,” which was active in the 1130s. In the mid-twelfth century, the Yemenites promoted the interests of Kish, an island in the Gulf; in the thirteenth century, Kish was displaced by Hormuz, and some of the leaders of the Kish community headed east for India, where they established worthy careers in government. From Hormuz an intensively used trade route ran to Cambay, in the northwest corner of the Indian sub-continent, and to Cochin India, much further south. It was often necessary to sit out the southwest monsoon in Cambay; indeed, it was best to allow a year and a half to reach Malacca via Cambay from the Red Sea. “Another route east linked Bengal to Malaya; the Bengali merchants tended to work toward Pegu, in southern Burma, before cutting across to the Malay straits.” A letter of 1288 indicates that the Mamluks wished to welcome the merchants of Yemen, India and China into Syria and Egypt, but such attempts had no very marked success. The Indian Ocean trade route was secret of each group – Karimi, Gujarati, Malay, and Chinese.

Important settlements of Muslim merchants developed on Chinese soil as early as the T’ang period. Arabs were one group; also there were Persians and Indonesians. The Arabs left a strong legacy of Islam in China; the large Muslim population still exist in China. By the twelfth century Arab merchants in China were supplying the court; they owned sizeable ships. The private initiative of the Muslim merchant settled in China made a major contribution to the success of China’s maritime trade in the Sung and Yuan periods. Moreover, these Muslims were not any longer newcomers, but native Chinese Muslims, descendants of merchant settlers of the T’ang and Sung period, rather than new blood. These merchants no longer looked to the West for their business contacts and were not simply specialists in the Indian Ocean or silk road trade; they were masters of local, China Sea, commerce above all else. Nonetheless, Chinese artefacts reached the West along the maritime trade route. “The copying of Chinese pottery by Egyptian craftsmen in the eleventh century and after suggests the admiration western Muslims felt for Chinese products.” Excavations at Fustat have revealed significant quantities of T’ang, Sung, Yuan and Ming wares, celadons above all, but also, by the late fourteenth century, the distinctive blue and white wares which were to acquire special renown. The Chinese silks reached western Europe in the late thirteenth and fourteenth centuries through different routes.
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Trade of Turkey, Iraq and Iran (1050-1500): The late eleventh and twelfth centuries saw the expansion of towns in Seljuk territory and the extension of important trade routes through eastern Anatolia. Being reluctant to allow a region bordering on other lands with which they traded to pursue acts of hostility against their ships and caravans, western merchants, especially Italians, tried to investigate ways of gaining an entrée into Seljuk lands. The Italians discovered that Turkey was a promising source of items they had previously bought in different areas of the Mediterranean such as alum from the markets of Aleppo. The Turks gave direct encouragement to visiting merchants in other ways than the provision of trade treaties. “By the early thirteenth century Konya and Sivas were flourishing meeting-places for Italian merchants, for Iranian merchants and, occasionally, for the Greeks of Trebizond and the Muslims of Syria and Egypt. Khans or caravanserais were built at the main stopping-points along the classical Anatolian trade-routes. Industrial life was vigorous: at Akseray and in the Turcoman villages heavy fabrics, including knotted carpets, were woven – it is likely that the Turks brought to Anatolia advanced methods of carpet manufacture. Silver, alum and iron were mined, each attracting foreign merchants from East and West. Anatolian wool was held in high repute, and the Turkish pastoralists probably increased production beyond Byzantine levels. Thus, whereas in the tenth and early eleventh centuries the Anatolian plateau had possessed rather little commercial importance, in the thirteenth century the same area became a major center of production.” The old caravan routes were utilized more intensively and new feeder-routes were generated. By the creation of the Great Empire of Trebizond, after 1204, Trebizond attracted Venetian and other merchants and brought foreign ships to the Black Sea coast of Anatolia. Despite uneasy political relations with this empire, the Seljuk lands benefited from the presence of these ship-borne merchants, who penetrated inland to Sivas in search of silver, nuts and eastern luxury goods. Antalya became the principal Turkish outlet into the Mediterranean.

“The early Seljuk rulers issued a very limited coinage, of copper, and the late twelfth century sees the first silver coins, under Kilij Arslan II; gold coins appear in the next century. “Thus, from copper money, intended for small-scale business, there is a move to the precious metals of international trade, while the coins themselves become more assertive of their Seljuk identity – abandoning Byzantine models, but elbowing their way into the markets as an acceptable currency. The appearance of native silver coins in a region so well supplied with silver mines is not real surprise; but the presence of gold coins in the thirteenth century speaks for an accumulation of gold in the Seljuk heartlands; and this may signify big profits from trade, since Anatolia was as poor in gold mines as it was rich in silver mines.” In 1243 Seljuk Anatolia fell under the Mongol sway, while Italian visitors continued to buy silk and woolen cloths, and the carpets remained very popular. The Mongol conquest facilitated communication through Anatolia to more remote regions; and there was no dramatic decline in Anatolia’s commercial prosperity. However, there were additional taxes; but in return, trade routes were policed. The coinage was reformed, and a new dinar was introduced; the mints of Anatolia became a major source of the new currency, which was intended to become accepted throughout the Mongol dominations. In the thirteenth century, Anatolia became the major international focus of the alum trade: “towards the end of the century the Zaccaria of Genoa tried to establish mastery over alum-bearing districts on the west coast of Asia Minor; and in 1346 the conquest of Chios by the Genoese assured the western cities of ready access to the alum of Phocaea, even though the sources of production were not in Italian hands….The active alum trade and the close ties to Iran provide prima facie evidence for the continuing existence of a large group of native merchants in Seljuk lands, servicing a ganglion of trade routes linking Karahidar and the Anatolian interior to Phocaea, Cilicia and the Black Sea. After the loss of Acre in 1219, these trade routes acquired further importance.”
In Iraq, the decline of Mesopotamian trade was not dramatic, at least in the twelfth and thirteenth centuries; rather was it a slow, continuous process, involving the increasing isolation of the Mesopotamian lowlands from the trade routes of the spice merchants. The crusader conquests in Syria and the Holy Land may have stimulated the industries of some Mesopotamian cities: from Mosul and Baghdad fine cloths were carried to Damascus and Aleppo, where Latins from Acre could often be found. The late thirteenth century saw the eclipse of this trade link: Acre declined dramatically under the Mamluks, after 1291; but difficulties were engendered even earlier, in 1258, when the Mongol general Hulegu conquered Baghdad and incorporated Iraq as a peripheral province of Il-khanid state. “Heavy taxation, mass slaughter and large-scale emigration sapped the economic strength of the Iraqi towns and induced a severe fall in agricultural productivity. Much of Baghdad was abandoned by the mid fourteenth century; moreover, the former capital of the caliphs was no longer the seat of a great court, attracting luxury goods from far afield and exercising a beneficial effect on the local market.” Mutual suspicion between the Il-khans and Mamluks prevented the free movement of merchants between their territories. The Il-khanid capital at Tabriz began to flourish as an emporium where eastern spices, Persian silks and slaves were readily available. Tabriz drained the Persian Gulf of Indonesian spices; they were now carried directly to Tabriz rather than to Baghdad, Basra and the classic centers of trade. In consequence, Tabriz attracted the interest of western merchants, whose presence was strongly encouraged by the Il-khans. The Italians welcomed the opportunity to trade not merely in Iran but along the trade routes which fanned out northwards and eastwards to China and India. In the early fourteenth century, Italian visitors appeared in Delhi; the Genoese sought to defend their interests by launching a fleet on the Caspian Sea, and by advising the Il-khan Arghum (1284-91) to attack Aden and to cut off the trade route linking Egypt to the Indies.

The peak of the prosperity of the new trade routes via Tabriz was passed by the mid-fourteenth century, due to the lack of responsiveness of the Venetians, Genoese and Tuscans to offers of trade rights at Tabriz. Moreover, Persia lost its attractiveness when, in the 1340s, Turcoman generals seized power and the last embers of the pax mongolica flickered out. In China, after 1368, a non-Mongol dynasty looked away from central Asia and the Mongol trader routes and towards maritime dominion in Southeast Asia. Obviously, the decline of the long-distance trade routes did not entail a collapse of interest in the local produce of Iran and Iraq; Venetian merchants did still visit the Turcoman dominions and were present at Basra and Baghdad in the fifteenth century. The pearls of the Persian Gulf remained a special attraction. Hormuz, too, stood to gain from the persistence of maritime traffic between the Indonesian islands and the central Islamic lands. There were heavily employed trade routes linking Azerbaijan with Iraq and Aleppo or Damascus, while the revival of diplomatic links between the Turcomans and the Mamluks stimulated trade between Iraq and Egypt; particularly prized were Persian raw silk and processed textiles. But what noticeable is that although Iraq continued to channel its own goods into these east-west trade routes, it no longer stood astride the main routes; Iraq lay to the south of the overland route from Persia to Cilicia and the Black Sea, and to the north of the maritime routes which only touched its periphery.”

The towns shrank not merely because of shifts in the trade routes, but also the arrival of bubonic plague in 1347 and recurrence again and again in the late fourteenth century. The economic decline of Iraq suggests an explanation of the wider economic crisis visible throughout the Muslim world in the fourteenth and fifteenth centuries. “The fortunes of the richer merchants were regularly confiscated, to bolster the shaky finances of the courts of Cairo or Tabriz.” The result was that merchants concentrated on straightforward trading enterprises producing predictable returns, and they tended to commit their capital predominantly to commercial investment. The growth of state monopoly made private investment unattractive.
Muslim Trade in Africa: Christian merchants visited al-Mahdiyyah, Bougie, Ceuta and other African ports for gold, while inland markets were also stimulated by the availability of cheap gold from the Sahara and of gold currency. By the late eleventh century its peak was reached, while its agriculture was prosperous to feed their people. By the late twelfth and thirteenth centuries, they faced economic problems, partly because of their easy access to gold. The Italian merchants could access to African gold by dumping of European goods, such as textiles. Saharan Gold passed through the Maghreb to Italy and Spain that the North Africans themselves lost sight of their most prized commodity. Moreover, the tribes of the Banu Hilal and the Banu Sulaym, Bedouin nomads, were sent towards the Maghreb by the Fatimids for over 50 years, and new Arab cultivators displaced the Berber farmers, who abandoned land and deserted irrigation works. The soil was deteriorating for some reasons: the Sahra was advancing on all fronts; wadis were drying out; and it is likely that the irrigation works of the farmers were more difficult to maintain in the eleventh century in any case. The agricultural productivity of Tunisia declined dramatically; by the mid-twelfth century, famines were frequent and, North Africa became heavily dependent on foreign supplies of wheat in the long run. Their towns paid handsomely in gold for the wheat of the Regno and thus accentuated the outflow of gold from North Africa.\textsuperscript{304}

Major towns of North Africa was affected by Hillalian invasions. The focus of trade shifted westwards to the Mediterranean coast – to al-Mahdiyyah in the late eleventh century, and later to Tunis. Partly this was to accommodate a new group of visiting merchants, the Italians, who sought gold, hides and wool; but it is noticeable that merchants whose home was within the Islamic world, such as the Fustat Jews, also congregated at al-Mahdiyyah. The decline of Qayrawan entailed a redirection of the gold caravans which had terminated there; now they headed directly for the coast and unloaded their goods for exports, often outside the Islamic sphere. The caravan fanned out, to reach a number of ports spread between Ceuta and Tripoli. According to legal records, as early as 1091-3, there was a growing dependence of Tunisia on trade with the Sicilian granaries. The judges argued that Muslim merchants broke rank and continued to trade with the enemy in a way that could only incur divine displeasure. Anyhow, Sicilian grain was imported, not against exports of olive oil or textiles, but against gold payments. To make this work, the head of the Sicilian mint would melt this gold down, adding one quarter of its weight in silver, and reminting the alloyed metal as the Sicilian tari or quarter dinars that was handed back to them at considerably reduced purity. Their rings, bracelets and other jewelry were also sold and sent to Sicily.\textsuperscript{305}

Thus, the gold mines across the Sahara made North African towns possible to import their grain and necessities while their agriculture declined dramatically. On the other hand, the fatwas (the legal opinion or learned interpretation in Islam religion) are also eloquent about ties between the African towns and other parts of the Islamic Mediterranean. “Around the year 1000, ships were being sent from Tunisia to Alexandria for sale. Qayrawan and al-Mahdiyyah sent their merchant as far as Mecca for trade. A long fatwa of al-Mazari, who died in 1141, includes a merchant’s accounts. He went from North Africa to Alexandria, taking coral and silk; these he sold in order to buy indigo, bales of flax, cloves, musk, satins and women’s veils. These articles were transported to Tunis by way of Bizerta, and the indigo was supplied to dyers. There were links, too, with Muslim Spain: Andalusian merchants bought coral from the central Mediter-ranean, as well as wool and honey – the former a distant ancestor of the merino wool later generations of Spaniards would produce on home soil. Algiers was an important entrepot in the early twelfth century, though after al-Mazari’s day it ceded primacy to Bougie; its excellent port only became again of first significance in the sixteenth century. There is very sign that Moorish Spain, like Norman Sicily, developed a favorable trading relationship with North Africa, sucking gold out of the Sahara into its mints, via Algiers, Bougie and, of course Ceuta.”\textsuperscript{306}
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The gold merchants of the Maghreb did not penetrate to the actual area of production which lay further inland. By 1400, the gold trade had become more centralized at the south Saharan end: Timbuktu emerged as a center of Islamic trade in black Africa. Timbuktu in the fifteenth century also provided visible evidence of its prosperity. “The flow of sub-Saharan gold to the northeast probably occurred in a steady but small stream. Mansa Musa’s arrival in Cairo carrying a ton of the metal (1324–25) caused the market in gold to crash, suggesting that the average supply was not as great. Undoubtedly, some of this African gold was also used in Western gold coins. African gold was indeed so famous worldwide that a Spanish map of 1375 represents the king of Mali holding a gold nugget. When Mossi raids destroyed the Mali Empire, the rising Songhai Empire relied on the same resources. Gold remained the principal product in the trans-Saharan trade, followed by kola nuts and slaves. The Moroccan scholar Leo Africanus, who visited Songhai in 1510 and 1513, observed that the governor of Timbuktu owned many articles of gold, and that the coin of Timbuktu was made of gold without any stamp or superscription.”

According to Idrisi and other geographers, East Africa exported timber and iron not only to Islamic lands but also to India. “Rice was forwarded to Aden from Kilwa. Idrisi describes how men of Zabaj, apparently Sri Vijaya, visited the coast of East Africa. “Somalia was a producer of frankincense, and there do seem to have been close commercial ties with Aden in the thirteenth and fourteenth centuries. But by the fifteenth century the conclusion is inescapable that East Africa aroused only very limited interest among Muslim merchants. “Maybe the Arabs sent from the Red Sea principally perishable goods which have left no archaeological traces: textiles and foodstuffs. Certainly the horn of Africa had been receiving race, wheat, ghee, molasses, textiles and sesame oil from as far away as India in very early times.” There have been significant finds of fourteenth- and fifteenth-century Chinese porcelain on the Kenya coast: the voyage of Chen Ho to East Africa was an exceptional but Indian contacts clearly are not. “With the arrival of Vasco da Gama, the trade route from Malindi to Calicut took on a new importance, and the relative isolation of East Africa from the great international trade routes came to a sudden end.”

Map II-4-8. The Trans-Saharan Gold Trade, 7th-14th Century (Left)
Map II-4-9. The Horn of Africa and the Arabian Peninsula (Right)
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Photo II-4-7. The North-Eastern Frontiers – Medieval Europe

Map II-4-10. Europe in around 1360, accessed 15 April 2015,
http://www.brown.edu/Departments/Italian_Studies/dweb/images/maps/dcw/1360Europe.jpg
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4-5. The Trade in Medieval Eastern Europe

Until the end of the eleventh century, the people of the eastern and western Slavonic countries lived in a largely subsistence economy in widely dispersed areas, living in clearings in the huge forests. The homogeneous economic unit could have produced some surpluses from better harvest with fishing and hunting. As society developed and formed a group of landlords and a political organization, their exchanges grew between different regions, such as that the Baltic salt was exchanged with animal furs of northeastern Europe. This exchange was usually to circulate goods bilaterally, but other methods can be applied such as plunder, tribute, gifts between rulers, dowries or ransoms. The produce of agriculture and stock-rearing and the artefacts of craftsmanship were still being bartered inside the home economy, but certain goods consumed by the upper classes were traded with metal coins. According to the Oldest Russian Chronicle, “Prince Izyaslav Iaroslavich went to Poland with great wealth saying that with its help he would find warriors. We know about the first stages of a commodity and money economy at least on the local level, from the mid-ninth century in Moravia and from the tenth century in Bohemia: here various objects no longer having any intrinsic use occasionally took the place of money (e.g. small iron axes, pieces of linen, squirrel skins and lumps of salt). At the same time, coins were being used for payments in the external trade.”  

Scandinavian Norsemen - Vikings in Western Europe and Varangians in the East, combined piracy and trade in their roaming over much of Northern Europe. In the mid-ninth century, they began to venture along the waterways from the eastern Baltic to the Black and Caspian Seas. They developed trade relations with such remote worlds of Muslim central Asia and Byzantium, linking various regions as well as different religions.

As discussed previously, at the end of eighth century, when Arab merchants had started to penetrate the lands of the eastern Slavs, long-distance trade was on the stage. “But it was not until the ninth and tenth centuries that the consolidated Slavonic states of Moravia, Bohemia, Poland and Russia developed an active system of external trade. They were able to offer a regular supply of articles much in demand: not only slaves who were either prisoners of war or members of the native population, but also furs, honey and wax, all much sought after. These commodities were mostly payments in kind made to the prince’s tax collectors, but they could also have been requisitioned without any economic quid pro quo. At the beginning of the eleventh century this trade suffered a severe setback, especially in the areas that were until then served by direct supplies of Muslim silver. The lands of the western Slavs were also much affected. Somewhat earlier, in the second half of the tenth century, a second, almost transitional, period had begun. At the same time as Arab commerce was declining and trade with Western Europe was intensifying, and the state and the aristocracy were hoarding large amounts of precious metals, local centers of trade and industry had begun to develop in Slavonic countries mainly for the benefit of the upper ranks of society.”  In the third and last period, beginning in mid-eleventh century, trade was revitalized after the break in the flow of eastern silver and the fall in the supply of western silver coins. “To relieve the crisis, hoarded silver had to be put into circulation and non-monetary methods of payment had to be devised. New commercial contacts were established with a greater assortment of goods, and, what is more important, local craftsmanship started to develop in Slavonic countries. These movement gradually penetrated the countryside, and by the twelfth century the agriculture of the western Slavs was closely associated with the commodity-money economy.” In the early Middle Ages, the regions occupied by Slavonic people reached the Danube northwards to the Baltic, and from the river Elbe in the west as far eastwards as the Volga and the Black Sea. This leaves out of account the southern Slavs who were part of the Mediterranean economy, but includes the Baltic lands and Hungary, though it surpassed the geographical limits.
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Long-distance Trade in Central and Eastern Europe (750-1200): (a) **Eastern Europe between Scandinavia and Central Asia.** The Khorezmians, living between the Caspian and Aral Seas, monopolized the trade in furs and slaves between Eastern Europe and the different countries of the caliphate in the ninth and tenth centuries. Penetrating up the Volga, they came into contact with two Turkish tribes from the Volga. “The first of those tribes, the Khazars, turned to Judaism at the beginning of the ninth century and they built a multi-tribal, but comparatively weak, empire on the lands between the Caucasus, the lower Danube, the Dnieper and the Volga. In the ninth and tenth centuries, it also included some Slavonic tribes.” The capital of Khazaria was Itil on the lower Volga which had served as a staging post in the transit to Russia and beyond since then. There were also colonies of the Varangian, Slavonic, Muslim, Jewish and pagan merchants there with their own judges. The second was the Bulgarians on the Kama and middle Volga, who adopted the Islamic religion at the beginning of the tenth century and liberate themselves from the Khazars, controlling the busiest route running from northeastern Europe to Itil and the Baghdad caliphate. The two states – the Khazars and the Bulgarians – were destroyed by the Russian prince Svyatoslav, son of Igor, and Russia got closer control of the Volga trade and direct access to its products, though both remained respectively under the same until the Mongol invasion. “The shift of the centralized Russian state eastwards represented the summit of at least a hundred years of Varangian effort which started about the year 800 with the founding of the first forts and merchant hamlets not only on the eastern shores of the Baltic but also on Lake Peipus, Ilmen and Ladoga. Their mercantile activities went hand in hand with robbery and conquest; the first mention of Scandinavian pirates on the Caspian and Black Seas dates from about A.D. 840.” The Swedish migrants to the eastern Slavonic lands were the Varangians, who kept two routes: one was the Volga route to the Arab world, and the other was the Dnieper route to Byzantium.311

The Varangians, who were called in Arab texts ar-Rus to distinguish them from Slavs, settled in the eastern Baltic, Russia, and lands to the south. “They kept contact with the local Slavonic aristocracy by maintaining alien dynasties in a few existing tribal states and keeping a well-organized military and fiscal apparatus. In the middle of the ninth century we hear about the Princess Askold and Dir in Kiev, about Rurik in Novgorod, or rather Old Ladoga; Rurik’s putative son Igor (died 945) was the founder of the Russian dynasty with its capital and grand-prince in Kiev. A powerful state was created which took over foreign trade and put an end to the arbitrary expeditions of different Varangian chiefs as well as conducting a policy of expansion. The new comer became more and more Slavonic during the tenth century in spite of their continuing contact with Sweden.” The Varangian trade routes was from the Baltic to the Volga, as well as from Varangians to Greeks. It was a well-organized trade between Sweden and the upper Volga, which included some articles of Scandinavian and Baltic origin but mainly goods produced by the people who exploited the forests of the entire northeastern geographical region. The eastern Slavs exported high quality furs, honey and wax; and the Russians exported the calf leather, horse leather, amber, weapons, and slaves. Amber was re-exported from Islam to China and in return a little Chinese silk reached the Slavs. The Muslims exported spices, jewelry and ironware, semi-precious stones, beads and costly fabrics. “It has been supposed that trade with the Slavs and the Scandinavians could have been a unilateral commodity exchange: the products of eastern Europe being exchanged for oriental silver in the shape of Arab money – dirhems, bars and silver scrap, and ornaments broken up for transactions in which silver was measured by weight.” The Bulgarians on the Kama region gave dirhems to the Slavs and ar-Rus because the tribes do not sell their goods except for minted dirhems: in the tenth century, one marten fur was valued at 2.5 dirhems on the Bulgar market (1 dirhem equals about 2.75 g of silver), and a slave in Russia cost about 100 dirhems, but probably three times as much after he arrived in the caliphate.312
The amount of silver of Islamic origin scattered around the vast area of northern Russia and the Baltic littoral places beyond question its extensive use by Islam to finance the trade with the Slavonic and Baltic worlds. The Arab lands were in bimetallism and even trimetallism (including a copper currency), but only silver coins used in the ninth century were buried in the Baltic and northern Russia. “The answer seems to be that the ratio of gold to silver, which in the West was 1:12, in Byzantium 1:18, and in Islam fluctuated between 1:12 and 1:17, never exceeded 1:10 in northeastern Europe. Thus exports of gold were not a paying proposition, especially from the eastern part of the Arab world, where silver always prevailed.”

Silver came into the hands of the Varangians in exchange for furs and slaves, through custom duties taken from Khorezmian and Bulgarian merchants, or as booty taken during the plundering raids on Khazars, Bulgarians and the borders of the caliphate. The main current of silver was absorbed by Sweden and Gotland where the silver was sent by Varangian merchant-warriors for safekeeping. The Scandinavian silver also supplied other Baltic countries: Arab coins were found on the lower Elbe, the Oder, the Vistula and the Niemen.

The trade volume, based on the amount of buried silver coins, reached its peak and began to tail off by the mid-eleventh century, because of “the political crisis of the Muslim states in central Asia; the exhaustion or closing of the silver mines there; the destruction of Khazaria; the conquest of Bulgaria by Russia; and, finally, harassment of the caravan routes by the nomads of the steppes.” The silver famine began to spread over the entire Muslim world. The most interesting hypothesis implies that the disparity between the ratio of gold to silver in the East and in the West caused the same forces which drained gold from the West to draw silver from the East. Vast quantities of silver were drained off towards neighboring regions, partly perhaps towards India and China, but certainly towards Eastern Europe. The eastern trade was still concentrated in Kiev in the eleventh century, until it again went northwards in the twelfth.
(b) **Slavonic Slaves in the Mediterranean**: The Rhadanites. Jewish merchants, were involved in trade between the Christian and Islamic world during the early Middle Ages (500-1000). Many trade routes previously established under the Roman Empire continued to function, and their trade network covered much of Europe, North Africa, the Middle East, Central Asia, and part of India and China. They brought eunuchs, girl-slaves, young boys, brocade, beaver and sable furs and swords from the West; and nutmeg, camphor, cinnamon and aloes from the East. With the revenue they brought, Jewish merchants enjoyed significant privileges under the early Carolingians in France and throughout the Muslim world. “While most trade between Europe and East Asia had historically been conducted via Persian and Central Asian intermediaries, the Radhanites were among the first to establish a trade network that stretched from Western Europe to Eastern Asia. More remarkable still, they engaged in this trade regularly and over an extended period of time, centuries before Marco Polo and ibn Battuta brought their tales of travel in the Orient to the Christians and the Muslims, respectively.” It is believed that the art of Chinese paper-making had been transmitted to Europe via Arab merchants, but some others believe that the Rhadanites were instrumental in bringing paper-making to west. The Jewish communities used letters of credit to transport large quantities of money without the risk of theft from at least classical times, which was a precursor to the banks arising during the late Middle Ages. Some believe that the Radhanites may have played a role in the conversion of the Khazars to Judaism. In addition they may have helped establish Jewish communities at various points along the trade routes, and were probably involved in the early Jewish settlement of Eastern Europe, Central Asia, India and China. The export of Slav slaves to Spain and Africa is widely attested. They were used in the armies of those countries, in domestic service, and as assistants in the workshop of craftsmen; and moreover they were needed in great numbers. Their numbers in Cordoba rose to about 16,000 in the mid tenth century. The heyday of the Rhadanites ends with the close of the tenth century.


Notes

1. Slavic slaves originated from various locations, in addition to the Croats, Bosnians, Serbs, Macedonians and Bulgars from the Mediterranean region (Balkans), there were additional sources for Slavic slaves such as Western Slavs from Poland, Slovakia, Bohemia (Czech) and Eastern Slavs (Ukrainians, Circassians and Rus). There were two distinct systems of slave trade in the Slavic slaves in operation in the 10th century, firstly, that run by the Rus and other Scandinavians, and which was marked by hoards of dirhams; the other was dirham-less, and was partially centered on Prague and slaves were supplied by the Czech dukes.
(c) The Trade with Byzantium. This is the third trade path, from Varangians to Greeks, which “led from the Baltic either via the Gulf of Finland, up the Neva, to Lake Ladoga, the Volhov, and Lake Ilmen and the Lovat – or via the Gulf of Riga and the Dvina on boats, and so to the Dnieper, and thence down to the Black Sea; the rocky cataracts in the Dnieper had both Slavonic and Swedish names; boats were carried overland to bypass them, even at the risk of attacks from the steppe nomads, the Petchenegs. After travelling along the Black Sea coast, the merchants passed through the Bosporus to Constantinople. The journey took about ten days. Russia acquired ports for shelter on the mouth of the Dnieper, Dniester and Danube, like Oleshie on the Dnieper, or Kewe in the Danube estuary….Russia and Byzantium struggled to possess Tmutarakan on the Don, and it was an important port on the route to Caucasus and Trebizond.”

Oleg of Novgorod (r. 882-912) was a Varangian prince ruling the Rus’, who moved the capital from Novgorod to Kiev, and laid the foundation of the powerful state of Kievan Rus’. He launched at least one attack on Constantinople. He signed the first treaty with the Byzantine that settled the responsibility for unlawful acts; guaranteed the exchange of war captives, made possible the enlistment of Russians in the Byzantine army, and encouraged the search for runaway slaves. In 944 Prince Igor (r. 914-45) signed another treaty with the Byzantine regency. The Russian merchants were to live in the neighborhood of St. Mamma monastery and were to get a monthly supply of food. Everything they bought was free of duty. After official conversion of Russia at around 1000, a Russian quarter was established in Constantinople with its own monastery. Russia bought in Constantinople, local products, especially the costly silk, usually called pavoloki in Russian. The 944 treaty limited the amount a Russian merchant could spend to 50 solidi. Two lengths of silk were the equivalent of one slave in Constantinople at that time, and the price of a young slave was 10 solidi. The Russian slave merchants had a special market-place in the eleventh century.

“Russia received gold and silver from Constantinople partly in return for its products, partly as political gifts, and partly as the wages of the Varangian warriors in the imperial army. In 907 Byzantium paid the Russian troops 12 marks per man, which amounted to about 6,400 kg of silver in total. In 1043 the Russian fleet near Constantinople asked for a ransom of about 1,740 kg of gold, which was 6 to 7 percent of the annual imperial income.” The Russian-Byzantine trade was usually a bilateral exchange of products: the equal balance of payments helped trade lasted long. “After the first period of quasi-state owned export trade, in the eleventh century a progressive emancipation of the merchants trading with Byzantium was observed. They founded a corporation in Kiev, which attempted political pressure on the prince in 1069. In the twelfth century, there was a sizeable Russian colony in Constantinople, situated inside the town close to the church of Forty Martyrs near the Golden Horn. In the tenth century Russia exported honey and bees-wax beside slaves. In the eleventh-twelfth centuries, Salonica, with its year October fairs, began to serve as the second market for the Russian trade, which provided wine, salt fish, caviar and wax from the Don and the Danube. The trade in slaves extended as far as Alexandria. “Quite a special part was played by the holy Mount Athos on which the Russian monastery, Ksilurgu, was built at the beginning of the eleventh century with its own port and warehouses. In the twelfth century, it was called the monastery of St. Panteleimon vel Russian, and was partly supplied by Russia with goods and chattels like textiles and carpets. The Russian pilgrims did not limit their travels to Athos or Constantinople.” Greek merchants dwelled near the church of St. Elias in Kiev. Some of them came from Chersonesus, bringing materials for mosaics, sulphur, gold objects, glass, silk, velvet, samite, wine, olive, spices, fruits, well-cured leather, liturgical vases and vestments, and icons. They were also to be seen in Novgorod in 1106. Greek craftsmen worked in Kiev, and were especially famed for their enamel, pottery and glassmaking.
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(d) **The Baltic Trade and the Slavs**: The Scandinavians organized trade from Baltic to central Asia and the Greek world, including their activities within the Baltic itself. Swedish excavations suggest that they needed such food as cereals, cattle, and honey provided by Slavonic agriculture and cattle-breeding. The first town settlements of the Elbe Slavs were connected with long-distance trade with the whole Baltic zone. Their trade centers had much less interest in eastern silver than did the settlements near the Oder estuary. In the early tenth century, a powerful trade center in Poland, Gniezno, attracted the silver amassed by the local aristocracy and the prince’s warriors, which deposits were concentrated in the northern part of the Polish state. As the flow of Arab silver ceased in Baltic trade, silver came from the West. “A growing demand for money inside Germany was accompanied by a clear incentive for the Saxon and Frisian mints to produce coins for export. The output not only financed German trade with the Elbe Slavs and Poland but also provided a powerful impetus for it. There is evidence that the mass influx of western money into the Baltic brought down the value of silver, thus further aggravating the crisis of Muslim silver and squeezing out its dear money wherever such factors as the proximity of mints and silver deposits favored the western money in the East. The area invaded by western money includes Gotland, northern Russia and the whole of Poland as well as the countries of the Elbe.”

During the eleventh century, the Baltic coastal towns became not only centers of trade but also of craftsmanship (amber-working, glassmaking, non-ferrous metal and iron work, horn work, carpentry, pottery, shoe-making) with a resident population also getting a living from agriculture, cattle-breeding and fishing. The Pomeranians potentates living in those towns were engaged in both trade and piracy. The Baltic towns, both the Scandinavian ones like Lund and Roskilde in Denmark, or Sigtuna in Sweden, as well as the Slavonic towns, began in the late eleventh century to put the products of their own craftsmen onto the local market and probably also into long-distance trade. They themselves organized the exploitation of their agrarian hinterland, stock-breeding and forests. On the lands of the Elbe, a system of markets was created around the towns of the territorial administration. In the twelfth century, English cloth and Flemish cloth, Baltic herrings, Rhenish glassware and ceramics, and Swedish ironware appeared in Gdansk. About sea transport of the western Slavs, the ships were never as big as the Scandinavian war-vessels. After the decline in Varangian trade, the eastern Slavs established Great Novgorod as the main center for their Baltic contacts. The town was founded in the mid-tenth century, and it was the junction of the trade routes into Russia, competing with other towns rising later.

(e) **Overland Trade between Slavs and Western Europe**: Goods coming from Western Europe to the Slav countries went by several routes as well as through the Baltic. En route they passed Elbe Slav, Czechs, Moravians, Hungarians and some Balkan Slavs, making their way to Kievan Russia via Poland or Hungary. In the eighth century, goods from the Frankish state reached the border territories in small quantities. The trade contacts flourished during the tenth century when both sides were organizing their foreign trade on a nation-wide scale. A fundamental change in the trade took place in the second half of the century on the part of the Germans, who, as seen in the Baltic zone, wanted to make the exchange unilateral, paying for goods in silver. The flow of coins was at its peak in the mid-eleventh century and it came mainly from Saxon mints. “To the traditional exports of forest wealth, Russian craftsmen added some products, like cheap spindles made of Volhynian slate or encolpions made of bronze, probably of Hungarian origin. The Hungarian branch of the Kievian trade was centered in Esztergom and other towns which flourished in the twelfth century, thanks to gold and copper mines, and their position on the roads which led to Byzantium via the Balkans, to Venice via Croatia and up the Danube to the Germanic countries. Some of the exports and re-exports of Kievan Russia, especially from the principality of Halich, penetrated Poland by water down the river Bug, Narev and Vistula.”
Trade in Bohemia, Silesia, and Little Poland (1200-1400): The economic expansion and exploitation of natural resources had been influential on long-distance trade in the region, and on establishing of a trade serviceable system in this period. In the second half of the thirteenth century, there were important trading centers on the Black Sea, the Lower Don, and the Volga; which towns were located at the end of the great caravan routes coming to the West from China and Persia. Genoese colonies in the Crimea maintained their ties with Constantinople and had contact with Trebizond and other ports on the Black Sea which had connections with the Persian Gulf and India. Those system of trade routes were particularly favorable for Bohemia, Silesia, southern Poland (Little Poland), southwest Russia, Hungary, Moldavia and Wallachia.

(a) The Trade of Bohemia: “Czech historians believe strongly that there was much more foreign trade between Bohemia and the Netherlands, the Germanic countries (including Austria) and Italy, than with northeastern and southern Europe, especially in the thirteenth and fourteenth centuries. The Netherlands, Germany and Italy were in a position to supply those goods demanded by the wealthy classes of Bohemian society and at the same time they themselves needed silver and other metals. Contacts with these countries enabled Bohemia to obtain a supply of many goods for general consumptions like salt, herring, etc. The exchange of goods between the borderlands of Bohemia and their German and Austrian neighbors was also very important: this exchange was especially active when long-distance trade was seriously disrupted by the Hussite revolution. However, Bohemian contacts with Poland, and even with Hungary, appear to play a smaller role in the thirteenth and fourteenth centuries.”

At the end of the thirteenth century, Bohemia supplied wax, tin and silver to Bruges; which were constant trade items between Flanders and Bohemia that had existed for a long period. “Similarly, close economic ties grew up between Bohemia and the Rhineland and western Germany: from the thirteenth century Bohemia imported much cloth from Cologne and also from Aachen, Mainz, Frankfurt-on-Main and other towns. English textiles also appear in Bohemia from the second half of the fourteenth century, but the development of these imports, as of a supply from the northern Netherlands, occurred in a later period. Western cloth was transported by routes leading from Flanders through Cologne and other Rhineland towns, and thence through Nuremberg…to Prague, or by a less direct route through Regensburg….Prague was the chief center for the distribution of western cloth in Bohemia. From there it found its way to Brno in Moravia and still further to Bratislava (Pressburg), at that time part of Hungary. To a certain extent, Brno was supplied with cloth and other goods from western Europe by the route through Wroclaw, whence goods came via the Black or the northwest.”

From early times, salt from the Salzkammergut was brought to Bohemia via Passau. In return Bohemia supplied cattle. The Bohemian town of Prachatice played a large part in this border trade. Local and foreign wines were exported from Bavaria to Prague largely via Regensburg. The Runtinger Company was engaged, in transporting Levantine goods from Venice, Italian silks and cotton materials and spices such as ginger, Aragon saffron etc. to a very limited role in its trade. Economic ties with its northern neighbors were important for Bohemia, even though the bulk of Bohemian external trade went to the West. At the end of the thirteenth century, Bohemia was maintaining contacts with such distant centers as Hamburg, Stettin and Lübeck, though a later period the Hanseatic towns, with the exception of Torun, did not show much interest in Bohemian affairs. Bohemia’s contacts with Silesia are not very clear: this was originally a part of Polish state, but came under the rule of the Bohemian crown in the first half of the fourteenth century. Economic relations of Bohemia with Poland were flexible, but with Hungary were more active in the thirteenth and fourteenth centuries. After the Hussite Revolution, Bohemia strengthened their economic contacts with southeastern Europe, particularly with Poland and Russia.
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(b) **The Trade in Silesia**: “Silesia’s borders and national affiliation changed over time, both when it was a hereditary possession of noble houses and after the rise of modern nation-states. The first known states to hold power there were those of Greater Moravia at the end of the 9th century and Bohemia early in the 10th century. In the 10th century Silesia was incorporated into the early Polish state, but it later broke into independent duchies, coming under increasing Czech and German influence. In the 14th century it became a constituent part of the Bohemian Crown Lands under the Holy Roman Empire, which passed to the Austrian Habsburg Monarchy in 1526. To a large degree, Silesia represents a common type of European border regions to which also belong regions like Alsace-Lorraine and Schleswig-Holstein.” “Economic resources, the similar economic policies of Silesian rulers in the 13th and 14th centuries, high levels of urbanization in comparison to neighboring regions and the centralizing capacity of Wrocław are considered to be the forces which bound together Silesian as an economic region. Factors retarding the economic cohesion of Silesia has been analyzed as well. Those included natural disasters, invasions, internal strife, criminal activity along trade routes and a crisis in the mining industry beginning in the middle of the 14th century. Beginning with the final years of the 13th century, Silesia stabilized as an economic region containing Upper Silesia, Lower Silesia and Opava. This was not, however, a perfect cohesion, as Lower Silesia was economically superior to the other regions, which themselves had strong ties to Lesser Poland. Despite that, the crisis that took place from about 1350 until 1450 did not break the economic bonds between these three constituent elements of Silesia. In comparison to every historical and economic region on its borders, Silesia was distinguished by its advanced gold mining industry, the export of a red dyeing agent as well as the highest number of cities with a population of between 3,000 and 14,000. Further distinct properties of the Silesian economy are noticeable when contrasted with other historical regions.”

(c) **The Trade of Little Poland** (Makioikska): “Little Poland entered into a phase of accelerated growth in the thirteenth century which was interrupted neither by the Mongol invasions (from 1241) nor by the great epidemics of the fourteenth century. The modern estimates of its population in the first half of the fourteenth century vary between 250,000 and 300,000. They experienced the continuous growth of agriculture, stock-rearing and mining, their expansion into new areas, and the undoubted further development of the towns, though perhaps not so rapid as in the two previous centuries.” Cracow and the other towns of Little Poland were weak in their economic contact with other Polish regions, but were most closely connected with Silesia and the Slovak area of Hungary, while trade with Wrocław was an important factor enabling Cracow merchants to take part in the exchange of goods with the West and the Black Sea area. In turn, the trade of Cracow, and of many smaller towns in Little Poland, was based primarily on close contacts with Hungary. From the thirteenth century, “Little Poland exported salt from Wieliczka and Bochnia to Silesia, gaining control over a permanent market there. As output of iron in the Czestochowa area rose, some of it was sent to Silesia. Lead, leather, wool, furs, wax, timber, and, at the least by the fifteenth century, increasing quantities of cattle and grain, were constant exports, some of these products coming from southwestern Russia. Already in the thirteenth century, some eastern products reached Silesia from Cracow. Little Poland traded with Upper Hungary from the early fourteenth century; Cracow exported salt and cloth coming from the Netherlands to Hungary, and imported copper. The import of silver from Upper Hungary was important for Little Poland because the Polish mints depended on this source of supply. Foreign merchant penetrated Poland actively in the thirteenth century as Little Poland and southwestern Russia experienced rapid economic growth. The Italians penetrated into southern Poland mainly as papal tax-collectors, who were connected with the banking houses of Florence. The inflow of Italian merchants into the region in the fifteenth century was important for their economic lives.”
Trade in Great Poland, Pomerania, Prussia and Mazovia (1200-1400): Already by the thirteenth century, the Baltic was important as a sea trade route not only for trade, but even for the migration of people into the northern part of central and Eastern Europe. “The same is true to some extent of the coastal land routes connecting trade centers between the Netherlands and Livonia and Russia. Somewhat further south another parallel route ran from Flanders and Cologne via Westphalia, Lower Saxony, Brandenburg and Great Poland as far as the mouth of the Vistula.” However, the economic importance of these land routes could not be compared with the trade routes of the southern region in the thirteenth and fourteenth centuries. “The influence of trade along the Bruges-Novgorod axis on the economic life of the Hanseatic towns on the Baltic and the North Seas had been overestimated in earlier historiography: these towns could never have prospered without links with their respective and often vast hinterlands. In the early thirteenth century, there already were land routes connecting the mouths of the Oder and Vistula with their deep hinterlands which made possible contacts with Silesia, Bohemia, Little Poland, Hungary and the Black Sea regions….The waterways, particularly the Oder and the Vistula with their tributaries, had only a limited economic significance in the thirteenth and fourteenth centuries. As a result, the exchange of goods between the coastal areas and the countries of the southern region was mostly made up, in that period, of light weight and expensive commodities suitable for transport by land. The land routes joining the mouth of the Vistula with Silesia, Bohemia and Austria via Wroclaw, and with Hungary and south-western Russia via Cracow and Sandomierz, were much more important than was the Vistula and its tributaries.” German newcomers intensively settled in the rural areas in the twelfth century in western Pomerania and eastern Brandenburg, and in the following century, it spread also to eastern Pomerania and Great Poland; but less in Mazovia.

(a) Great Poland: “Great Poland and the adjacent territories of Brandenburg were, in the thirteenth century, worse off than the lands situated near the Sudeten Highlands and Carpathian Mountains. The lack of natural resources and important trade routes resulted during this period in a slower rate of growth in these countries than in Bohemia, Silesia and Little Poland. The transformation in rural society brought about by German law was less rapid there than in southern Poland. The introduction of money payments into the system of dues owed by peasants to their lords was also slower. This in its turn shows that the links between the rural and urban economies were weaker than in the South. At the same time, the towns throughout these northerly regions were relatively small. Poznan, the chief city of Great Poland at the beginning of the fifteenth century, could scarcely claim 4,000 inhabitants and was thus far behind Cracow and Wroclaw.” The growth of those towns was based solely on the agricultural, pastoral and forestry activities of the countryside. We know little about the long-distance trade of Great Poland in the thirteenth and fourteenth centuries. “It is clear that in the first half of the fourteenth century, Polish cheap woolen cloth was traded in Prague and other towns in Moravia and Bohemia. This cloth was certainly taken to Prussia from the second half of the fourteenth century and at the end of the century Prussian merchants intending to export it to Novgorod met resistance from the Lübeck merchants. The supply of grey Polish cloth to Prussia reached significant proportions in the fifteenth century and continued to so. In the same century, this cloth was found in Saxony, Vienna, Bratislava and Salzburg, while it was also exported from Austria to Venice.” The cloth trade was in the hands of foreigners, particularly Prussians and Silesians, but in the later period, the wealthy Jewish merchants of Poznan played a large part in this trade. The exports to Silesia, Bohemia and Hungary caused a flow of silver coins to Great Poland. From the beginning of the fifteenth century, Nuremburg merchants began to appear with their goods in Great Poland. With the growth along the Baltic coast, the immigrant German population played an important role here and it was supported in western Pomerania by the local authorities and by the Teutonic order.\footnote{329}
Western and Eastern Pomerania: “In western Pomerania the old towns headed by Szczecin (Stettin) suffered from the effects of the Danish and German invasions in the twelfth century. In the following century a new epoch in their economic expansion began in which the Germans played a decisive role. It was based on the rapid growth of the rural economy, and particularly of agriculture in western Pomerania, and the powerful position gained by the merchants from Stettin in the Danish fishing grounds off the coasts of Skania. Szczecin also established contacts with Flanders and England.” Szczecin took advantage of its position near the mouth of the Oder to the detriment of Stargard and other towns. “It was also an important intermediary in the transport of Baltic herring and Low Countries cloth to the south. The collapse of the agricultural economy in western Pomerania dealt a serious blow to its towns. The position of Szczecin and the smaller trade centers deteriorated and the situation was also made worse by the powerful nobles in Mecklenburg and western Pomerania who behaved in an increasingly lawless way.” Eastern Pomerania was far behind its western neighbors, in a somewhat similar to Great Poland. Lubeck merchants appeared in Gdansk and in 1298 they obtained from the prince of Pomerania the right to maintain a trade agency there: even earlier he had granted them passage through his state to south-western Russia and Hungary. At that time some grain from the heart of Poland was already reaching Gdansk by way of the Vistula, probably intended in the main for home consumption, but it seems that Pomerania imported salt, cloth, herring, wine, etc. 330

(c) Prussia: In 1230 the Teutonic Knights began a systematic conquest of Prussia. The conquest of Prussia was accomplished with much bloodshed over more than fifty years, during which native Prussians who remained unbaptized were subjugated, killed, or exiled. Fighting between the Knights and the Prussians was ferocious. After the Prussian uprisings of 1226-83, much of Prussian nobility emigrated or were resettled, and many free Prussians lost their rights. The order ruled Prussia under charters issued by the Pope and the Holy Roman Emperor as a sovereign monastic state. 331 After military defeat of Teutonic Knights in 1410, the use of Prussian money profoundly disturbed in the trade with Poland and Lithuania. In the thirteenth-fourteenth centuries, Torun, Elblag and Gdansk maintained direct contacts with Bruges and London. They imported cloth from Ghent and Bruges, but in the course of time, medium-quality products from other towns in Flanders and Brabant. French and Spanish wine was carried to Prussia from Flanders, and salt from Britany and little later from Lisbon. The Prussians bought and sold many goods at this period in Leubck and other Wendish towns. Lubeck was an important trading partner for Prussia. The Prussians were active in maritime trade with the Netherlands and England through the Danish Straits: they bought fish, particularly herring, fats, Swedish iron ore and a little copper from Sweden and Denmark. Like other members of the Hanseatic League, the Prussians acted as agents in the exports of furs and beeswax from Russia to the West, and in the imports of cloth and other goods to Livonia and Novgorod. During the fifteenth century, the merchants of Gdansk were quite active in trade via land routes with Russian cities, particularly to Novgorod at that time as one of the chief suppliers of silver.
Prussian trade with Hungary was little known, but copper and silver from Upper Hungary were already reaching Bruges in the thirteenth century, and doubtless the Prussians played an important part in this trade. In the fourteenth century, the Prussians, particularly the Torun merchants, imported copper and silver from Hungary. “Some wax and furs were also brought from Hungary, and from Little Poland lead, silver, cochineal and, from the Carpathians, some very valuable Yew wood.” The Cracow merchants tried to obstruct the route to the West sued by the Prussian and Wroclaw merchants, but this plan was never realized. However, the conflict over trade became interwoven with Poland’s war with the Teutonic Knights. “The victory of Poland and Lithuania over the Knights at Grunwald in 1410 which was a crucial event not only for the political structure in northeastern Europe: the trade of the Order and its subjects was also driven onto the defensive, and Torun, deprived of the assistance of the Teutonic Knights, began to decline. From then onwards, Gdansk became Poland’s chief trading partner in Prussia. And the economic relations of the two countries acquired new foundations.” During the thirteenth and fourteenth centuries, Prussia increasingly exported its local goods, including forest and agricultural products, to the West. The trade in the most valuable Prussian products, amber, was monopolized by the Order. The English and, later, mainly the Dutch merchants in Prussia, bought and exported rye and wheat to Norway, England and elsewhere. Around 1400 the Prussian merchants frequently protested bitterly against the Teutonic Knights’ plan to secure a dominant position, and even a monopoly, in the export of grain. This was the chiefly rye which came in all probability from the dues collected by the Knights from their subjects. “In the mid-thirteenth century, supplies of foodstuffs from Kujawy were indispensable for the Teutonic Knights’ state, and supplies of leather, cattle, meat, fats and, perhaps, grain from Kujawy and the neighboring Mazovia continued to be necessary for Torun.” Moreover, throughout the whole period, the export of timber and its products (pitch, tar, ashes, etc.) was enormously important for Prussia. Polish forest and agricultural products increasingly appeared on the Prussian markets at the beginning of the fifteenth century, resulted from changes in the economic life of Poland and Mazovia. The process of rural settlement and urbanization speeded up, and throughout the whole region we can observe towns expanding as never before. The growth of trade in forest products and later in grain is explained by the rising demand for timber in England, the northern Netherlands, and somewhat later, when it’s colonial expansion got under way, in Portugal. The English and the Dutch already maintained close contacts with Prussia, mainly because of timber resources. In spite of the prohibitions imposed by the Hanseatic League, at certain times in the fifteenth century, they also bought ready-made ships in Prussia and thus profited from the growing ship-building industry at Gdansk. The Prussian merchants exported grain to the English and the Dutch. The supply of wood and corn from the Baltic region, but chiefly from Prussia had become an important element in the economic life of the northern Netherlands. In some years, the Prussians imported foodstuffs from Poland for their domestic needs as well as re-exports. In the fifteenth century, Gdansk’s trade with Poland and Lithuania was markedly intensified. The Gdansk merchants were concerned with the export of timber and its products, but imported into Lithuania chiefly Breton salt, some cloth and other goods. At the same time, the trade in sylvan and agricultural produce with the Polish territories expanded rapidly and in this the Gdansk merchants made extensive use of the system credit transactions. As Poland regained a large part of Prussia, which helped to preserve the union of Poland and Lithuania, thence, the Polish increased in domestic and foreign trade, exporting timber and other forest products, grain and livestock, though handicraft and mining products also played their part. The growing exports of vital raw materials such as wool began to be in short supply. Polish exports stimulated the import of foreign industrial products, which made domestic producers difficult to survive in severe competition.
Trade in Russia (1200-1400): In the twelfth-thirteenth centuries, economic conditions in the greater part of Russia were far more backward than they were in Bohemia and Poland. In 1164, and again in 1182, Kiev, the chief political, commercial and craft center, was plundered by the warring princes, and nomads controlled the Black Sea steppes, which obstructed trade between the Russian towns and Constantinople, the Caucasus and Persia. Moreover, the rapidly growing trade between Italy on the one hand, and Alexandria and the Syrian towns on the other, caused the trade routes connecting Byzantium with Russia and the Baltic region largely to decline. However, in the same period, there was a rapid expansion of settlement in northeastern Russia and Novgorod as a center for state politics as well as for trade and crafts. The Mongols invaded during 1237-40 and subjugated the Tatars and moved westwards, driving many of the Turkic peoples toward the plains of Russia. The Tatars controlled the basins of the Dnieper, Don and Upper Volga and their towns, but never reached Novgorod and northwestern Russia; and this area was therefore relatively better off, even though it suffered some ill effect from the Tatar victory. In the fourteenth century, southwestern Russia fell under the rule of Poland and Lithuania; resulting in the reconstruction and economic development of northeastern Russia, particularly in the region of the Oka and Upper Volga where politico-economic centers, such as the duchy of Moscow, developed. “This region was separated from the area conquered by the Tatars by huge forests, and for this reason the area suffered less from their incursions, with obvious benefits for human settlement. It was also helped by relatively more favorable natural conditions than those in the state of Novgorod.” Russia was devastated and exploited by the Tatars, but the territories in the basin of the Upper Volga and Oka were favorably sited to develop trade as well as their economy as a whole. For Novgorod and even for the state of Moscow, economic penetration of the northern territories had already become significant during the thirteenth century and this increased in the fourteenth century, when Moscow had become the most powerful Russian state. 335
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(a) The Black Sea, the Caspian and the Steppes: Mongol invasions and conquests progressed throughout the thirteenth century. “After the death of Batu Khan in 1255, the prosperity of his dynasty lasted for a full century, until 1359, though the intrigues of Nogai did instigate a partial civil war in the late 1290s. The Horde's military power peaked during the reign of Uzbeg (1312–41), who adopted Islam. The territory of the Golden Horde at its peak included most of Eastern Europe from the Urals to the bank of the Danube River, extending east deep into Siberia. In the south, the Golden Horde's lands bordered on the Black Sea, the Caucasus Mountains, and the territories of the Mongol dynasty known as the Il-Khanate” as shown in Map II-4-13 above. The Khanate experienced violent internal political disorder beginning in 1359, and was briefly reunited under Tokhtamysh in 1381. However, soon after the 1396 invasion of Tamerlane, it broke into smaller Tatar Khanates that declined steadily in power. At the start of the fifteenth century the Horde began to fall apart.336 “The Mongols had amassed considerable wealth largely through plunder, while the eventual stabilization of Tatar authority in Russia promoted a regular outflow of goods from the subject states, even though it was perhaps at a lower rate than formerly. Other factors in the economic development of the Golden Horde were the stock-rearing activities of the nomads on the steppes and the exploitation of the salt works in the Astrakhan area and on the Perekop isthmus, etc. These circumstances, together with a favored position on the great intercontinental routes, helped to create and develop powerful centers of local and long-distance trade in the state of the Golden Horde during the thirteenth and fourteenth centuries.” The trade between the towns of the Golden Horde and Russia could only develop when the latter had recovered from the damage done by the Tatar invasion, which probably did not happen before the fourteenth century. Since the Tatars controlled the steppes and extended their supremacy over Russia, the later was not only forced to pay a large tribute, but in addition suffered severe losses from slave-hunting raids. The growth of trade in towns of the Golden Horde attracted Italian merchants.337

The most important town in the region was Caffa. During 1204-61 and 1296-1307, Caffa was ruled by Venice; and in the late thirteenth century, traders from Genoa arrived and purchased the town from the ruling Golden Horde, and established a flourishing settlement, monopolized trade in the Black Sea region, and served as a major port and administrative center for the Genoese settlements around the Sea. Since 1266, it was governed by a Genoese consul, who since 1326 was in charge of all Genoese Black Sea colonies. In 1318 a Latin Church diocese was established, but ended with the capture of the city by the Ottomans in 1475, when it had about 8,000 houses with 70-75,000 inhabitants, consisting of Armenians, Greeks, Jews, Tatars and Genoese. Caffa owed its powerful hold on the trade in oriental products less to the caravan routes linking it directly with the Middle and Far East than to its contacts with Constantinople and the towns of Asia Minor, the Caucasus and western Persia which all took part in the trade with the ports of the Persian Gulf. In the fourteenth century, Caffa was famous for the distribution of many kinds of oriental products in Eastern Europe and for their export to the West. The inflow of oriental goods into the Crimea slackened somewhat in the fifteenth century, because of endless wars and disturbances in the Middle East. However, Caffa continued to trade with Poland, Moldavia and Russia, although the supply of oriental goods from these countries to Western Europe declined. After the fall of Byzantium, Genoese interest in its Crimean colonies diminished. Meanwhile, the development of the Crimean towns stimulated agriculture and grain exports, developed silk fabrics, produced wine and increased output of sea salt. “Crimean timber sent to Constantinople and Egypt; fish purchased at the mouth of the river Kuban in exchange for sea salt extracted on the Perekop isthmus; western and Polish cloths; local textiles; cochineal from Kiev and Lwow for the Italian textiles centers; and leather and furs from Tatar and Russian land for dispatch to various destinations.” Caffa came to house one of Europe’s biggest slave markets.338

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(b) Livonia and Northwest Russia: In the mid-thirteenth century, the peoples of northwestern Russia suffered much less from the Tatars than those living in other parts of the country. They also successfully resisted pressure from the Germans, who had begun the conquest of Livonia and who gradually gained control over it; in the following century what remained of Danish authority was expelled from Estonia. The Livonian Order was a largely autonomous branch of the Teutonic Knights and a member of the Livonian Confederation during 1418-1561. After being defeated by Lithuania in 1236, the remnants of the Livonian Brothers of the Sword were incorporated into the Teutonic Knights as the Livonian Order in 1237. In the thirteenth and fourteenth centuries, the political, military and economic relationship between the Order in Livonia and the towns of Novgorod and Pskov was much less advantageous for the Germans than in Prussia. In Prussia, the Livonian merchants suffered from the trade competition of the Order. Moreover, the Order’s frequent wars with the Russian city-republics and Lithuania hindered the activities of the merchants in spite of the fact that both Hanseatic and Russian merchants did their best to eliminate these obstacles by special agreements. Many of Livonian towns, including Reval, Riga and Dorpat, belonged to the Hanseatic League. “The country supplied the towns with grain, flax, hemp, cheap native furs, leather, wax and livestock and timber products. Some of these goods were intended for export. The foreign market for the sale of Livonian goods were Lübeck, Bruges, England, and from the second half of the fourteenth century, Holland and later Portugal. In special demand was the Livonian and Russian flax which passed through Lübeck and perhaps the Frankfurt fairs, even into the textile centers of Swabia. During the fifteenth century export of timber, pitch and ashes to the Netherlands, England and Portugal increased.” 339

The great trading routes from Northern Europe to Byzantium and the Middle East ran through Novgorod and across Russia. “Constantinople became a major market for Russian goods including wax, honey, rye, salmon, flax, hemp, furs, and hides as well as slaves and possibly grain. In return the Rus’ imported wine, silk, glassware, walnuts, amphorae, and jewelry. All these goods made their way to Novgorod. Trade on diminished sharply after the Crusaders sacked Constantinople in 1204. Some trade continued on the route south from Novgorod, but it effectively ended with the Mongol conquests of 1238-40, when Kiev was burned. Novgorod and the Rus’ maintained contact with the Middle East and Arab world throughout the Middle Ages. Trade routes followed the Volga and Caspian Sea, ending in Samarkand, Bukhara, and Baghdad. Arab travelers left colorful accounts of the Rus’. A system of weights and measures used in Russia can be traced back to Mesopotamia. The Rus’ exported furs, honey, wax, walrus tusks, wool, and linen to the Arabs. Spices, silk, Damask steel, horses, jewels, and rugs were imported in return. In Novgorod, hoards of coins have been excavated which originated in Bukhara, Samarkand, Ash-sharsh, Persia, Syria, and Iraq, as well as Byzantium. Also found were Iranian and Arabic pottery, carnelian, and crystal beads. The Middle Eastern trade routes remained open after the Mongol invasion. The Horde established post horse stations throughout its empire. While these were intended for military use, they benefited merchants as well. Two early emissaries from Western Europe to the Khan followed these paths. Novgorod, at the northern end of the river road, built its wealth upon trade. It launched its own ships and manufactured leather, metal, jewelry, and wood products for export. Novgorod was the most easterly member of the Hanseatic League, a medieval trade organization of seafaring city states along the Baltic and North Seas which reached as far as Spain and England. Contemporary trade treaties describe the treatment of merchants and means of settling disputes between German and Scandinavian traders and the Rus’. Novgorod imported metals such as iron, copper, tin, and lead; English and Flemish wool; linen; silk; needles; weapons; glassware; herring; wine; salt; and beer via the northern sea route. The city also imported amber from the Baltic, as well as small amounts of high quality jewelry and game pieces from Western Europe.” 340
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(c) The Basin of the Upper Volga: After the departure of the Tatars in 1240, the Russians in the basin of the Upper Volga immediately began to reconstruct the territories, where a large part of the population was massacred or abducted during the invasions and the long exploitation by them. The ravages perpetrated by the invaders were gradually repaired, and the reconstruction of the urban and rural economies could only be realized in the second half of the fourteenth century, while endemics hitting across central Russia delayed the recovery. The agricultural regions of northeastern Russia expanded quite considerably: the increase in grain production facilitated the formation of groups of peasants employed in mainly non-agricultural occupations, such as the collection of wild honey, fishing, hunting, etc., and in small-scale trading. In northeastern Russia, the great landlords, especially the ecclesiastical ones, were very actively engaged in trade. In the fifteenth century, the great increase in the output of salt in northern and eastern Russia helped to foster the growth of these monasteries commercial activities. The monasteries often took part in large-scale trade in salt, fish, sometimes grain, furs, etc. and obtained from the princes various exemptions for duty and market charges. The Upper Volga was reached by the trade routes coming from the Black Sea and Caspian regions as well as from the North and the Baltic. Moscow was particularly conveniently located, and had already achieved important success. The trade routes up the Volga and its steppes was perhaps somewhat more important for Russia than were the roads running further to the west. The roads leading from the north to the Don and subsequently to the Sea of Azov and the Black Sea, and to the Crimea and Constantinople, were probably almost as important. Moscow and the other large centers on the Upper Volga maintained lively contacts with Constantinople for both religious and economic reasons. Russian merchants and ecclesiastics were familiar with Constantinople as well as the Crimean towns: Sudak and Caffa.341

A very powerful merchant group connected with the trade with the East, the so-called Gosti Surozhanie, emerged in the larger towns of northeastern Russia and particularly in Moscow. They traded mainly with Sudak in the Crimea, thence engaged in long-distance trade. Russian merchants themselves often took part in expeditions to distant parts, and they must have had considerable cash resources at their disposal for they frequently made loans to the princes and boyars, by entering the high ranks of the aristocracy. “It is possible that the Surozhanie were engaged in distributing oriental goods throughout the Upper Volga area and in supplying certain quantities of them to Novgorod. However, the main bulk of oriental goods imported into northwestern Russia came through the Hanseatic merchants.” Amongst the group of Surozhanie, there were not only Russians but also Greeks from Byzantium and perhaps from Caffa, and Italian who had settled in Moscow over the years and had gradually become Russified. “In the second half of the fifteenth century, a large group of Venetians arrived in Moscow: they were not all merchants; some may have been building specialists, etc. Armenian and Tatar merchants connected with the eastern trade also settled in Moscow and other towns.” Another group of Moscow merchants known as Sukonniki (cloth merchants) emerged and involved with imported cloth. In the fourteenth and fifteenth centuries, Novgorod was becoming increasingly dependent on the supply of grain from the southeast. Furs imported from northeast Russia, particularly from the lands of the Kama and the Volga, were all-important for Novgorod. Cloth from northwest Europe, copper goods and perhaps some iron reached the basin of the Upper Volga through Novgorod and Pskov. “We must assume that most of the silver and money flowing into the heart of Russia during the fourteenth and fifteenth centuries came via Novgorod. It came not only in payment for goods but also as part of the tribute the inhabitants of Novgorod had to pay to the rulers of Tver and alter to the grand dukes of Moscow.” The Russian towns were finally consolidated into the Muscovite state. As the Hanseatic factory in Novgorod was closed in 1494, Torun and Gdansk suffered from the increasing activity of the Russian, Polish and Lithuanian merchants on their way as far as Venice.342
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4-6. Coinage and Currency and Emergence of Merchant Banks

Roman currency, which was introduced to the Republic in the third century B.C. well into imperial times, consisted of gold, silver, bronze, and copper coinage, but saw many changes in form, denomination, and composition. A persistent feature was the inflationary debasement and replacement of coins over the centuries. The coinage of the late Roman Empire reflected its economic decrepitude. On the one hand, there was highly valued gold coins, the pure gold solidus, introduced by Constantine in 309, together with its half, the semissis, and its third, the tremessis or triens. The solidus weighed 24 carob seeds or carats, about 4.48 grams in modern terms. On the other hand, there was the heavy copper follis, revived by Anastasius I in 498 as a coin of forty nummi, and its poor relations down to the nummus. In between came the sparsely issued silver coins, conventionally termed siliqua by numismatists. As units of account 24 siliquae were worth a solidus. The gold coinage was used for imperial gifts and the payment of subsidies to imperial allies, like the 50,000 solidi paid by Maurice Tiberius to Chilperic in 584.” Land taxes were paid in gold within the Empire. The prolific coinage of the lower denominations of copper was only of use for a multiplicity of small local payments. The silver coinage, of which very little had been issued since the late fourth century, finally came to an end in Eastern Europe under Justinian. This was also the time of the disappearance of silver in Western Europe; which has been used as an argument for the decline and disappearance of trade at this period.

The barbarian allies took over the Roman mints, which continued to strike the names of the emperors. In the first half of sixth century, gold solidi and trientes in the names of Anastasius, Justin, and Justinian were issued by various Merovingian kings in northern Gaul and by Visigothic kings from such mints as Toulouse, without giving any indication of their real issuers. A similar small series of poor copies of the silver coins of emperors ranging from Valentinian to Anastasius was struck in Gaul at the end of the fifth century and beginning of the sixth. These imitations of imperial coins were followed by a limited number of silver coins struck in their own names by the barbarian rulers. In the third quarter of the sixth century, the issue of silver coins ceased altogether in both the western and eastern halves of the Roman Empire. The coinage of copper had come to an end about the middle of the sixth century, and no further coins of bronze or pure copper were struck in Western Europe until the end of the fifteenth century.

What was left after the disappearance of both copper and silver coinage was gold, and this had a prestige out of all proportion to its utility. It was basically a non-commercial coinage of gold that the barbarians had inherited. Their solidi, whether issued in the names of the emperors or in those of their own kings, were, initially at any rate, as good as those struck in the mints under direct imperial control. In the second half of the sixth century, it became more usual to strike the triens rather than the whole solidus. Gold was about to go out of use in the West for over five centuries. Except in Italy, the issue of trientes ended late in the seventh century. In northern Italy, in Lombardy and Tuscany, the issue of trientes, by the Lombards and by Charlemagne, went on through much of the eighth century, and their circulation continued until it was forbidden in 781. From the eighth century onwards, the coinage of Western Europe was minted exclusively of silver for the next five centuries. “When gold coinage had finally disappeared, the West was left with a coinage entirely unlike either that which survived in the East, in the Byzantine Empire, or that which had existed in the later Roman Empire. The discontinuity was complete. The system of coinage based on the silver penny was something essentially new and different from the coinage systems of antiquity. There had been a total transformation. It was not that the barbarians brought something new and differently Germanic into the Roman world, but that a transformation took place after the barbarian peoples were inside the Roman world.
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The Silver Penny or the Denier: The silver penny or denier, the minting of which began with the tentative revival of trade in the seventh century, was not merely the characteristic coin of Western Europe but virtually the only coin in use for over five centuries. The most prolific issues of the seventh century were the pennies or pennings of England and Frisia. They were minted in enormous quantities during around 700-750 and had the same weight and general appearance as the contemporaneous Merovingian denier. The Merovingian silver denier was closely related to the Anglo-Frisian penning, but it does not seem to have been issued in very considerable quantities before the conquest of Frisia. It is not very easy to distinguish which pieces were struck on the Anglo-Saxon and which on the Frisian coast of the North Sea. The Frisians’ trade ran not only coastwise, but also across the North Sea, and up the Rhine to Cologne, Bonn and Mainz. As such its focal point was the mouth of the Rhine, where sea, coast and river traffic all concentrated. The Merovingian silver denier was closely related to the Anglo-Frisian penning, but it does not seem to have been issued in very considerable quantities before the conquest of Frisia, although our evidence for this is based on a very restricted number of coin hoards. The issue of these pieces seems to have been mainly concentrated in the mints of northern Gaul, the area closest to Anglo-Frisian trade. The silver denarius of the middle and the late seventh century was modelled so exactly on the gold triens that they can only be distinguished from one another by the metal in which they were struck. In the early eighth century the types were reduced almost entirely to legends and monograms. The end of the gold coinage in the seventh century saw the closure of many mints which had been striking gold only, whilst some of those which had been striking silver as well as gold appear to have remained in uninterrupted operation until the Carolingian period. Silver coinage was revived in the seventh century, not only in Merovingian Gaul and on the Anglo-Frisian coasts, but also Lombard Italy under Perctarit and in Ummayad Spain.346

Pepin’s reform of the coinage in 755 also restored the weight of the coin, after a temporary lapse, but reaffirming that no more than 22 sous (i.e. 264 deniers) should be made from the pound of silver. Pepin’s reform applied primarily to mints under royal control, but the non-royal mints, mainly in ecclesiastical hands, soon turned from the issue of the smaller to the broader denier, and once more placed the royal title on their issues. In the larger part of England, coin did not circulated as money in the eighth century. Its monetary use seems to have been limited to parts of the south and east coasts. In 792 Offa of Mercia, a kingdom of Anglo-Saxon England, reformed his coinage to bring it into line with Charlemagne’s. Universal acceptance of the new deniers was enjoined at the Council of Frankfurt in May 794. They were intended to weigh just over 1.7 grams. Charlemagne’s successors tried to maintain their coinages at this weight throughout the ninth century. It was a common standard which applied alike in western Germany and northern Italy, as well as Christian Spain and what is not France. The degree of control over the coinage, after Charlemagne’s reform of it, was reflected in the uniformity of the coinage throughout the Empire. Carolingian silver moved outwards from the Empire along the Frisian trade routes into England and towards the Baltic. The only tenable solution to the problem of the origin of the silver is that it was made available from within the Empire by dis-hoarding and by new minting. Much greater in that the exchange of goods can take place without coin. There was not only the barter of commodities in particular places, but also gift-exchange over considerable distances. In the Paris basin, for example, only 3 percent of the revenue from the servile manses was received in silver. “The use of money in the ninth century was thus not uniform throughout the Carolingian Empire. The distribution of mints and of coin hoards suggests that it was concentrated in Frisia, in the Frankish heartland, and in a Lotharingian corridor leading to the Arelate and Lombardy. It was to the east of this corridor that the use of money was particularly limited.”347
Charlemagne had quite clearly established that minting was an undoubted exercise of regalian authority. When the political breakdown of the western half of the Carolingian Empire came about in the course of the ninth century, many counts had mints to administer. Naturally they did not do so at first under their own names, nor, initially, did they allow their deniers to diverge much from the known and universal standards of weight and fineness which they were supposed to maintain. Very many of these post- or sub-Carolingian deniers were anonymous, bearing neither the name of the emperor nor of the feudatory. “The fragmentation of political authority over a period of three centuries was not paralleled at all levels by fragmentation of mint rights. All the successor kings naturally minted, and so did the greater feudatories of West Francia, the marquesses of Flanders, the counts of Paris, the dukes of Burgundy and Aquitaine and the counts of Brittany and Anjou. The next level in the feudal hierarchy, the subordinate counts, did not all operate mints, and below them only a very limited number of lesser seigneurs were ever granted, or usurped, the right of minting.” Many bishops exercised the right of minting. Despite the fragmentation of the authority by which coin was minted, the later ninth and the early tenth centuries witnessed the remarkable resilience of the Carolingian monetary system under very adverse circumstances. At the time of Viking expansion, the commercial contact was made with central Asia. The ‘Rus’ collected sable and other kinds of fur in Russia, partially as tribute; which, together with honey, wax and amber from the Baltic area itself, went, like the slaves which had been traded in the same area since time immemorial, to Muslim merchants at Bulgar on the middle Volga, paying in Kufic dirhems, silver coin. Those dirhems were found in northern, central and eastern Europe, including Scandinavia, along the Baltic in Poland, and Russia. Since many coin hoards in the Scandinavia contained silver in the form of silver ornaments of fragments of ornaments and deliberately hacked ingots of silver and cut pieces of dirhems, it had been deduced that silver was used as means of exchange by the Vikings by weight, and that coin was only regarded as one form of silver.

Hoards concealed in Poland during the second half of the tenth century no longer contained enormous quantities of Islamic dirhems. “Instead they reflected the influx of a great mass of west European coins, particularly German pfennig. Other west European coins travelled on to northern Russia. Hoards concealed there, from the first half of the eleventh century onwards, increasingly contained large proportions of German pfennigs and Anglo-Saxon pennies. Similarly, Scandinavian coin hoards, from the end of the tenth century to the middle of the eleventh, consisted almost entirely of German pfennigs and English pennies in place of Islamic dirhems. This represents both a new orientation in Scandinavian life, as well as a considerable increase in prosperity in Ottonian Germany and Anglo-Saxon England in the tenth and eleventh centuries.”

Intermittently, from 991 to 1051, the English paid immense sums to Scandinavians as tribute and military wages; which caused the transfer of wealth from Germany and England to Sweden. This resulted in the beginning of minting in Sweden. The extension of minting into Scandinavia was only one example of general expansion in the geographical distribution of mints in operation. In the tenth century, minting became much more considerable in northern Italy, France, and southeast England. It was extended from upper Rhineland through Bavaria to Bohemia and Hungary, from the middle Rhineland through Saxony to the Elbe and temporarily on to Poland; from the mouth of the Rhine along the North Sea coast to Denmark, Sweden and Norway; from the southeast of England to York and Chester, and temporarily into Ireland. The increase in the quantity of silver coin put into circulation has been directly linked with the mining of silver out of the Rammelsberg above the town of Goslar in the Harz Mountains. Further mines were exploited elsewhere in Germany in the late tenth century and the early eleventh. The development of towns in Germany and England stimulated commercial activities in the free market with increased silver coins: buying and selling goods with money on the spot, replacing barter exchanges.
The Commercial Revolution and Currency: “The transformation of the coinage of Europe in the thirteenth century was only made possible by the vastly increased supplies of precious metals that were being mined throughout the century. The first of the new sources of silver to become of importance at this time was discovered at Freiberg in Meissen in 1168.” The greatest of major sources of silver to be exploited in the thirteenth century Europe was discovered at Hutna Hora in Bohemia in 1298, which mines produced over 20 tons of silver a year throughout the first forty years of the fourteenth century before they began exhausted. The Sardinian mines also began to decline in the 1340s. Other lesser mines were exploited with varying degree of success throughout Europe. When this new silver first began to be available at the end of the twelfth century it was minted, into the same sorts of silver deniers or pennies that had been minted for centuries, but in larger quantities with varying types, depending on the economic needs of the different parts of Europe. “The natural place for this second stage to start was northern Italy, not only because it was by far the most economically advanced area of Europe, and because it was the area to which so much of the newly available silver tended to gravitate, but also because the traditional pennies here had become much lighter in silver content than in many parts of Europe. Whereas the prototypical Carolingian denier had weighed 1.7 grams, the denari of Pavia and Venice contained only 0.2 grams and 0.1 grams of silver respectively in the 1170s. By way of contrast the English penny still contained over 1.3 grams of silver. A fairly obvious solution to the problem of the diminished silver content of the coinage was simply to attempt to replace the old denari by better new denari. One attempt of this kind was made between 1155 and 1161 by the Emperor Frederick I, who caused new and better denari imperiali to be struck in Lombardy. These were to contain no less than 0.5 grams of silver, and were thus worth twice as much as the pre-existing denari of Pavia and Milan. This was not the radical solution that was required."

In present time theory, the different weight of silver contained in a unit coin between trade partners was a kind of exchange-rate problem between two currencies. The initiation of radical change appeared in the Fourth Crusade. “The crusaders, mostly from north of the Alps, bargained to pay the Venetians 51,000 marks of silver for their transport onwards by sea. Much of it was needed at once for paying shipwrights and other workmen who were constructing additional ships in the Venetian arsenal, and after that for the provisioning of the fleet and for the wages of mariners. Some intermediate denomination was clearly needed between the denari and the silver mark bar, which was worth over 2,400 denari, for paying such wages, and for internal commercial transactions, but were useless for smaller local purpose like rents and wages for which the denaro was by now too small....What had happened was that a complete new tier had been added to the monetary system. The new pieces not only weighed about 2.2 grams each, which was heavier than any silver coin struck in western Europe since antiquity, but were also minted from almost pure silver, 965/1,000 fine.” Venice’s rival, Genoa, also struck grosi within the first decades of the thirteenth century and similar pieces were struck at Marseilles, which was closely associated with Genoa, from 1218, which was spread widely. Milan was certainly striking grosi by this period. Unlike the older denari, most of the new grosi were not changed in weight or fineness over long periods of time. Between 1201 and 1237, every important Italian mint north of Rome began to strike grosi of about 2 grams in weight, but these did not last as the standardized-size of silver coins of the later Middle Ages. The idea of striking silver grosi passed the Alps into the Germanic lands beyond to central Europe. The use of large silver coins containing 4 grams was introduced by Saint Louis in France in 1266, and spread gradually into Spain without close ties with Italy. Margaret, countess of Flanders and Hainault, produced a larger silver coin in the area, known as cavalier, weighed about 2.5 grams, which was much imitated throughout the Low Countries. In England, Edward I introduced nearly 6 grams of silver coin in 1279."
“In the course of the fourteenth century, pieces of the scale of the 4-gram *gros tournois*, many of them direct derivatives, began eventually to be minted in the Rhineland by such princes as the archbishop of Cologne. Their minting hardly spread further into Germany than this, however, despite the issues by two of the emperors.” Long-distance payments in the thirteenth century were increasingly made by exchange instruments. “When and where this was not possible, they were still carried out with bar silver, only partially supplemented by silver coin, until the re-appearance of gold coinage outside Italy. The *gros tournois* acted as such a supplementary means of international payments, but this was not enough to justify its existence. The key need for such large coins was an internal one, not an external one. “When the first *grossi* were introduced in Venice, they were specifically designed for the payment of wages. It was in the payment of wages, and the spending of them, that standard coins were most used. At the point at which either the basic coin became too small because of debasement or wage rates rose, it became inconvenient not to have a large silver coin….One of the side-effects of the transformation of commercial practices was a reduction in the reliance on precious metals as the sole means of payment.”

Within certain of the leading commercial cities, money-changers extended their activities from manual money-changing to taking deposits, and then to transferring sums from one account to another on oral orders from the depositors. By granting credit and by letting their cash reserves fall below the total of their deposits, such local bankers were not only facilitating payments but also increasing the money supply. There was a similar reduction in the reliance on precious metals in long-distance trade. The bill of exchange seems to have evolved into its definitive form by the end of the thirteenth century, which evolution had begun over a hundred years earlier. The surviving Genoese notarial registers include some such instruments from the late twelfth century, mostly involving transactions between Genoa and the Champagne fairs. In the thirteenth century, the Champagne fairs seem to have formed the principal money market of Europe and the forcing house for the evolution of the bill of exchange. In the first half of the fourteenth century, it became normal to make commercial payments by bill of exchange between a wide range of cities in western Europe. The merchant-banking network was focused on the great trading cities of North Italy, particularly of Tuscany, and on the papal curia at Avignon. It was extended westwards, and certain international political payments were arranged by the normal commercial system.

Outside this range of cities, more ordinary international payments had still primarily to be made in bullion, if deferring payment is not allowed by the commercial credit system. The use of bills was little developed between Christian Europe, Muslim North Africa, and the Levant. “The balance between western North Africa and western Europe seems generally to have been in favor of Europe and to have been settled in West African gold that had crossed the Sahara. The balances between Christian Europe and the Levant, and between Muslim North Africa and the Levant, were in favor of the Levant and were generally settled in European silver and African gold. The Near East itself had a generally unfavorable balance with the Middle and Far East, so that much African gold and European silver continued further into Asia. Since Europe was a silver producer and Africa a gold producer, silver was less valued in Europe than Africa, and gold less valued in Africa than Europe. When this disproportion in value was sufficiently great to overcome the risks and costs of the voyage across the western Mediterranean, it occasionally became worthwhile to take European silver to Africa in order to purchase African gold.”

During the Muslim occupation in the Mediterranean, gold *taris* or quarter-dinars, similar to North Africa, were struck in Sicily, which found the their way into the hands of their Christian neighbors in southern Italy, who had accustomed to suing Byzantine gold coinage. Minting gold coins continued not only in North Africa but also in Spain, Islamic and Christian, and in southern Italy and Sicily, so that the western basin of the Mediterranean was largely surrounded by dinar-issuing countries.
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The middle years of the fourteenth century, Europe transformed the use of money from silver to gold coinage. “Although gold coinage had already been minted in Genoa, Florence and Venice from the second half of the thirteenth century, its use had been largely limited to Mediterranean lands, and the ultimate source of the gold lay outside Europe. This was to change, for the last of the great sources of precious metal to be exploited on a large scale in the era of medieval expansion were the Hungarian gold deposits, principally around Kremnitz, which were open up about 1320.” These gold pieces were known as florins, ducats and gulden at various times in different parts of Europe. The price of gold in terms of silver had been rising in Italy ever since the introduction of the florin and the genovino in 1252. As gold was available in large enough quantities to meet the demand for it, an agreement made in 1327 between the kings of Bohemia and Hungary stopped the flow of silver to Italy. The price of gold, in terms of silver, began at last to fall, after rising for three-quarters of a century. In Venice itself, gold reached its highest value in terms of silver in 1328 and then began to fall, and had fallen quite considerably by 1335. “Meanwhile in Italy itself, the quantities of gold available increased everywhere, not merely in Venice. By the late 1130s, the Florentine mint was striking no fewer than 350,000 gold florins every year, and in some years 400,000. Whereas the ducat spread outwards from Italy to the Levant, the florin now spread out from Italy to western Europe, where it was widely imitated, a sign of considerable circulation, in Aragon, France, the Low Countries, the Rhineland and even Lübeck.” After 1327, a shortage of silver appeared in parts of northern Italy. The Venetians were the most directly affected by this diversion of Bohemian silver supplies, so that the minting of silver grossi in Venice was greatly reduced. As Bohemian silver still went westwards across Germany to the Low Countries and to France, Italians had to draw their silver indirectly through France, sending gold in exchange.357

In the 1330s, the French were already complaining of a lack of silver, which had presumably been exported to Italy. Gold, however, was sufficiently available at the end of the decade for Philip VI to pay subsidies in his own gold écus to his allies in the Low Countries in 1336 and particularly in 1337 in preparation for war. Edward III, lacking his rival’s resources, borrowed heavily, perhaps as much as one and a half million gold florins, from Florentine bankers. Much of this was conveyed in gold from Florence to Edwards III’s paymaster at Valenciennes. It can hardly be mere coincidence that Northwest Europe came to mint gold coins, and abandon the use of silver ingots for payment at just the same time as these vast political subventions were made in gold. In the Low Countries, the mints of Flanders, Brabant, Hainault, Cambrai and Guelders all began to mint gold for the first time in 1336 and 1337. In type, these either followed the Florentine florin or the French écu, the two coins in which English and French subsidies entered the area. As a corollary, the system whereby the city of Bruges had ingots of silver assayed and marked as a guarantee of fineness ceases to be heard after the middle of the century. The use of gold up the Rhine and the Main followed soon after. In England itself, the striking of gold coins began in 1344. In those areas of northern Europe to which the use of gold coin did not spread, the traditional use of ingots of silver for large payments survived much later; in Scotland, for example; or in Scandinavia; in large parts of northern Germany and in Poland. During the fourteenth century, French gold coinage kept changing in type: French royal gold coinage found its standard type in 1385 in the écu a la chaise of Philip VI, which continued to be issued with some modification until the reign of Louis XIV. The type was the crowned shield of the arms of France; and initially, this écu weighed 4.08 grams and was of nominally fine gold. In England, a national gold coinage was a little alter in its establishment. After a false start with abortive issues of florins and leopards, from 1344 Edward III minted the noble of fine gold. For over a century, this was valued at 6s. 8d. (half of the mark sterling, or one-third of the pound sterling), and remained of the same fineness until 1619, although its weight was reduced by over a fifth during that period.358
In the Empire, the Rhineland electors, the archbishops of Cologne, Mainz and Trier, and count palatine, were among the most prolific issuers of florins. The electors, and from time to time other Rhineland princes, bound themselves by a series of monetary conventions to issue florins of like type, fineness and weight. The fineness of these florins initially was 23.6 carat in 1354, rapidly dropped but was stabilized from 1419 to 1490 at 19 carats. The Low Countries produced few distinctive gold coins of their own. The gold pieces of France, England, and the Rhineland and, to a lesser extent, of northern Italy itself mingled freely in the independent duchies, counties and bishoprics. Meanwhile in Italy itself the three great commercial cities continued to mint genovini, florins and ducats of virtually identical and unchanging weight and fineness in very considerable quantities, and some other cities also began to mint told pieces of a similar standard. In 1380 Bologna began to strike its own gold florin, the bolognino d’òr. Some years earlier Milan and Pavia had begun to issue of florins which lasted well into the fifteenth century.359

“Gold coinage with paper largely replaced bar silver for international transactions and for large payments, government transactions, land purchase and so forth, but some distinction needs to be drawn between national and international coinages. National coinages, such as the English noble or the French écu, were designed for use in their country of issue, and, except in the Low Countries, were relatively rarely found outside, National rulers frequently attempted to enforce the reminting of foreign coin that entered their country and to forbid the export of their own coin. The English were more successful than most because their country was an island. The entry of foreign coin into circulation in England was largely, although nor entirely, prevented by the vigilance of the royal exchanges at Canterbury and London, of the mint at Calais and of the local searchers in seaports like Sandwich. From time to time, the system broke down, as it had done in Edward I’s reign. Also, of course, a certain amount of Scottish and Irish coin could never be prevented from coming in. On the other hand, international coinages, such as the florin and the ducat, were designed for long-distance commerce and were used as much outside Florence and Venice as within those cities. Although the variety of gold coins in circulation together in any part of later medieval Europe was considerable, it was probably greatest in the two most commercially advance area of the continent, northern Italy and the southern Netherlands.360

Since immense variety of pieces and their changing values of gold coins were most confusing, one of the most natural things for a merchant to put in his notebook was a list of gold coins circulating in a particular city with a note of their fineness, sometimes derived directly from the local mint. Such notebooks survive from the late thirteenth century onwards and examples from Venice, Florence, Pisa and Genoa have been published. When printing came in later, it was rapidly used for disseminating information about coin values. A side effect of the use of gold for international transactions was the reduction of silver to a regional role. Until the victory of gold, a certain range of coins had circulated internationally along with silver in bars. For example, in the twelfth century and the first half of the thirteenth, silver deniers provinois had followed the trade routes form Champagne to Italy and had circulated there to such an extent that they formed the prototypes for the deniers provinois struck in Rome. In the later part of the thirteenth century, it was the gros tournois which accompanied the bar silver on the road to Italy, and a large part of the silver of Tuscany in the 1290s was made up of them. After the mid-fourteenth century, it was only in areas in which gold was not dominant that silver coins, and ingots, had a wide circulation. Elsewhere the long-distance use of gold reduced silver to circulation within coinage provinces as historians called, which have usually been defined in terms of economics and geography. Within each province silver coins issued by all the mints in that area, on whatever authority, circulated together. This was in some sense a survival from the denier period, except that silver coin from outside, if it came in at all, was much more rigorously minted.361
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Money of Account, Silver Famine, and New Copper Coins: (a) **Money of Account** was the measure of value on the one hand, and the actual coin was the medium of exchange and the store of wealth on the other hand. As a measure of value, it was used almost exclusively for accounting purposes. Most financial transactions were first determined and expressed in money of account, although payments were naturally made subsequently in coin or, surprisingly often, in other goods. Coin itself was valued as a commodity in terms of money of account, and, like any other commodity, its value frequently varied. “With the decline of the denier at different rates in different places in the eleventh and twelfth centuries, a standard of reference was needed for the wide variety of deniers that might be circulating in any region in addition to the indigenous coinage. Such a need was particularly felt in such regions as Champagne on account of the fairs. With the introduction of the thirteenth century of the fine silver grosso and the gold florin in addition to the often base denaro, a common denominator became necessary to express the varying values of gold, silver and billon coins. Money of account supplied both these needs.” In Venice, after the creation of the matapan, two concurrent systems of money of account came into use, the one based on the old little (piccolo) denier, the other on the new great (grosso) denier. “There was no firm relationship between the two systems of accounting, for whereas the base denaro of the lira, soldo and denaro piccolo system sank further and further in quality, eventually becoming undisguised copper in the late fifteenth century, the denaro of the £ s.d. grosso, system very largely conserved its fineness and weight. Two concurrent, and divergent, systems of money of account similarly came into existence in Florence, with the creation of the silver florin or grosso, and in France, with the creation of the gros tournois. In Venice and France alike the system of account based on the larger coin expired when the relevant grosso or gros ceased to circulate.”

For transactions inside any one country, accounting naturally took place in local money of account, and payment, unless made by assignment on a bank, was made in coins available on the spot, in gold, silver or billon according to the scale of the transaction. For transactions across national boundaries for papal officials and Italian merchants, it should be Italian money that was used as the common denominator, and it was most frequently the Florentine florin that was so used, for the Florentine florin was the gold coin *par excellence* of Tuscany. It was also Tuscan merchants above all others who provided the multi-branched commercial and banking network within which so many of these transactions took place. In times and places of monetary stability, the exchange rate may say approximately the same for decades on end. Some are the official exchange rates in royal ordinances, other are the exchange rates offered by money-changers in exchanging gold currency for silver currency, and yet others are the exchange rates in bills of exchange transferring money from one place to another. “The value of exchange rates derived from bills of exchange is further complicated by the various ways in which medieval business men used bills of exchange.” The price could be changed because of the interest element in delivery, and the alteration of exchange rates. The rate is obviously different if gold coin is physically exchanged for silver coin over the counter than if the silver is paid out on one occasion and the gold paid in some months later, for example. “As the weight of silver coins generally in circulation was gradually worn down, so the price of fine silver in terms of current coin crept upwards. After a time it naturally passed even the highest price that the mint could afford to pay bullion in new coins, without reducing the weight or fineness of the coin offered. A slight reduction in the weight of newly minted coin was therefore necessary every generation or so to match the wear and tear on the coin already in circulation. If this was done, money-changers and other suppliers ceased to bring any bullion to the mint. No fresh coin could then be minted, and the mint naturally had to close until the prince was able and willing to reduce the silver content enough. The lack of a continuous supply of new coins led to a variety of inconveniences.”
(b) \textbf{The Silver Famine in the Later Middle Age}: “As more and more silver became available in the thirteenth century, its value in terms of gold dropped accordingly. When more gold became available after the 1320s, the value of gold in terms of silver dropped back. When for twenty years, from around 1390, and for a further thirty years, from around 1435, the availability of silver was greatly restricted, its price in terms of gold rose correspondingly, and when it began to become more freely available again in the 1460s its price once more sank. The whole period from 1320s to the 1460s was one of the predominance of gold, and the increased use of gold has already been touched on. The decreased use of silver, event to the point of its nearly total disappearance in some countries in the mid-fifteenth century, is a separate, although closely related, phenomenon…. The money supply no longer consisted exclusively of silver, but also included large and growing quantities of gold and far from insignificant quantities of bank money and other forms of negotiable paper. It was also part of a society in which a great deal more was committed to writing, so that we have a great deal more evidence about what was going on.”

\textit{Debasement is the practice of lowering the value of currency, particularly used in connection with commodity money such as gold or silver coins.} If the quantity of gold, silver or nickel is reduced in the same coin, it is said to be debased, as we have seen in previous history.

\textbf{Reasons for and Effects of Debasement}: “One reason a government will debase its currency is financial gain for the sovereign at the expense of citizens. By reducing the silver or gold content of a coin, a government can make more coins out of a given amount of specie. Inflation follows, allowing the sovereign to pay off or repudiate government bonds. However, the purchasing power of the citizens’ currency has been reduced. Another reason is to end a deflationary spiral. Debasement was also the result of the value of the precious metal content rising above the face value of coins. As the market price of precious metal rose, the intrinsic value of coins would eventually rise above the face value and so a profit could be made from using coins as bullion rather than monetary instrument. This gave an incentive to money changers and mint masters to practice illegal debasement via clipping and sweating. Coins would also be melted down and exported. To anticipate these illegal debasements and preserve the quality and quantity of coins, the king would either debase or cry up the coinage (i.e. raise the face value of coins). Thus, debasement had its legitimate purposes and was welcome by the population if done to preserve the stability of the coinage. Debasement lowers the intrinsic value of the coinage and so more coins can be made with the same quantity of precious metal. Debasement was not by itself a source of inflation, but it could have been so if the King spent too quickly and unproductively the extra financing capacity. The cause of inflation in medieval times is found in the type of spending that Kings did rather than the ability to debase; wars, huge castles, and other extravagant and unproductive expenses strained the resources of the economy. If the debased currency had been used methodically to fund projects that promote economic growth, high inflation would not have occurred. If done too frequently, debasement may lead to a new coin being adopted as a standard currency, as when the Ottoman Akçe was replaced by the Kuruş (1 kurus = 120 akçe), with the para (1/40 kurus) as a subunit. The Kurus in turn later became a subdivision of the lira.”

\textit{365 Debasement}
The directions for the flow of gold and silver changed from time to time because of either market conditions or government action. “The general pattern was that silver from Saxon and, more importantly Bohemian mines flowed westwards across Germany through Frankfurt to the Rhineland in exchange for goods. From the Rhineland silver flowed into the Low Countries and France, from which gold was received. Between the Low Countries and France, the general flow was of silver southwards and of gold northwards, just as between France and Italy the flow was of gold from Italy into France and of silver from France to Italy. The gold itself reached Italy from Hungary and, less importantly by now, from Africa in return for goods. Italy particularly Venice, exported either gold or silver to the Levant according to the relative ratios in Venice and Alexandria. Additional sources of silver within the Mediterranean world itself were from Sardinia and from Serbia and Bosnia, but with few exceptions this did not affect Europe outside Italy. The Aragonese controlled the Sardinian silver mines in their declining years, and the Venetians sent Serbian silver to England for the purchase of wool and woolens in the fifteenth century.” The balance of payments was in favor of southern Europe and against northern Europe. In general, more goods and services were sold by Italians to those beyond the Alps than the other way around. From Italy the imbalance continued eastwards. “The imports of alum, silk, pepper, other spices and slaves, besides those of grain, oil and wine, far exceeded the linens and woolens exported by the Italians, and the difference had to be made up in gold or silver. Pilgrims to the Holy Land or Sinai regularly added to the imbalance. The occasional crusades did the same, to the Aegean in the 1350s, or to Nicopolis in 1396, as did the ransoms following the latter.” All the imbalance was supportable by a continuous flow of silver from Central European mines, but the exhaustion of silver mines reduced minting of new silver coins and its circulation.

“In some respects the new supplies of gold coming from Hungary did a great deal to make up the diminution in supplies of silver. For large-scale transactions, bank transfers, bills of exchange, gold coins were much more convenient than silver, but they were quite unsuitable to cope with the everyday needs of the bulk of the population. Even a skilled master craftsman in the building industry in the Burgundian Netherlands or southern England had to work seven to nine whole days in the 1430s to earn a single gold rider or half-noble. The damaging social effects of a dearth of silver coin can be more readily understood when it is realized how the availability of gold was for many purposes no substitute. The availability of gold itself was not always something that could be taken for granted in the fourteenth and fifteenth centuries. Although the production of gold in Hungary does not seem to have been much diminished until the 1470s, there were periods when its arrival in Italy was temporarily interrupted. The supply of gold from West Africa was much more vulnerable to change. There seems to have been a lack of gold from the late 1390s until the second decade of the fifteenth century, and some places for another twenty years. A further shortage developed in the 1440s, but it is not clear whether these dearths of gold were in some way a by-product of the silver famines, or a result of interruptions in the supply of fresh gold, either in West Africa itself or in the Mediterranean world.” The Imbalance of payments and the working out of the mines were enough to create a critical lack of silver in Europe, which was exacerbated by two other factors: wear and fear. It was estimated that in three decades or so silver coin lost a fifth or a sixth of its weight by wear, which alone made a continual demand on the supplies of silver for the continual renewal of the coinage. “Fear of disorder made men conceal their coin. Fear of not being able to replace coin made men keener to keep their assets liquid. Fear of debasements and the instability of money made men happier to keep their silver in the form of plate, in addition to their desire for ostentation. Silver sups, weighing precisely a mark in weight, were a handy form in which to maintain a store of wealth….Finally, fear of the failure to repay cut back on credit.” Fear caused the shortage of money to be further shortage.
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The first signs of silver becoming rarer were experienced in the 1350s and 1360s. The mines of Argenteria in Sardinia came to an absolute end around 1365, following a rapid decline in production after an abnormally long lifespan. At the same time, the supplies from Kutna Hora of Bohemia began to decline appreciably. These were the beginning of a chronic shortage of silver reaching famine proportions in the 1390s. The lack of silver supply hit two most commercially advanced areas of Europe: northern Italy and the southern Netherlands. Only the Venetians partially escaped the effects of this silver famine, for they had access to the mines of Serbia and Bosnia. In the next few years, the greatly increased quantities of silver from Servia radically changed the picture in Italy, at least for the time being. The silver available from Servia and Bosnia went on increasing in quantity until 1420s, and then began to decline. Moreover, the Turks overran both countries in the 1450s. While many mints in Western Europe were compelled to close down altogether, for lack of bullion for decades; the bullion famine reached its worst point in the mid-1460s. By then the economy of Europe had been under severe strain for three decades for lack of the means of payment, and silver had not been plentiful for well over a century.

(c) Money on the Price Revolution. In the mid-1460s, a whole series of new discoveries of silver ore were made in the Alps and in the Erzgebirge, particularly at Schwaz in the Tyrol and at Schneeberg in Saxony. In addition, a series technical innovations made it profitable to re-open old mines. The starving mints of Europe eagerly consumed this silver as fast as they could obtain it. The mints of the Burgundian Netherlands were re-opened in 1466 and those in Bohemia in 1469, the year after the Kutna Hora mines began to be exploited once again. Frankfurt and Milan became the two focal points for the precious metal trade. In 1472 the city of Cologne was also negotiating with a bullion broker in Frankfurt for a supply of silver to mint. With the return of silver, larger and fine pieces began to be struck – containing 3 grams of silver in the Burgundian Netherlands in 1466, and 6 grams in Venice in 1472. This had come to end soon after supplies of gold from Hungary. “A certain proportion of West African gold was by now being brought back directly from the West African coast by merchants and adventurers and reached Europe through Lisbon where, from 1457 onwards, the kings of Portugal minted it into ducat-sized cruzados. This gold found its way into wide areas of Western Europe; overland into Castile, for instance, or by sea to Genoa, and thence to Milan and even the Tyrol; or, from the 1460s, to Bruges and thence to England and Frankfurt. The total quantity of gold coming into Portugal from Africa was about 1,500-1,800 kilograms each year at the end of the fifteenth century. 369

“By the mid-1460s a general dearth of black money had developed, which had caused great difficulties in the ordinary small everyday transactions of urban life. Princes and cities made desperate attempts to resolve this problem attempting to ensure that at least some black money was minted, whatever the cost, but the complete lack of silver had defeated these attempts. It had been during this dearth that in 1463 the Venetians had debated the possibility of striking coins of pure copper, containing no silver at all, instead of 1 to 2 percent of silver. Paradoxically, it was not during the dearth of black money that the first pure copper coins were struck but in the following decade, in 1472 when there was again adequate silver to mint the traditional base silver coinage. The first such coins were not struck in Venice, then the major European center for the growing trade in the copper of the Alps and the Carpathians, but in Naples. The pure copper bagattini followed in Venice in 1473. The change from Black money to a true copper coinage was not a revolutionary change, at least not at the beginning, for the Venetians insisted that their new copper coins should contain their value in copper, less the actual cost of minting them. The use of pure copper spread extraordinarily slowly outside Italy and it is not necessary to draw any distinction between black money and copper coinage.” Old black money or new copper money might help European townsmen to satisfy the everyday small transactions. 370
Emergence of Merchant Banking: The original banks were merchant banks that Italian grain merchants first invented in the Middle Ages. "As Lombardy merchants and bankers grew in stature based on the strength of the Lombard plains cereal crops, many displaced Jews fleeing Spanish persecution were attracted to the trade. They brought with them ancient practices from the Middle and Far East silk routes. Originally intended to finance long trading journeys, they applied these methods to finance grain production and trading. Jews could not hold land in Italy, so they entered the great trading piazzas and halls of Lombardy, alongside local traders, and set up their benches to trade in crops. They had one great advantage over the locals. Christians were strictly forbidden the sin of usury, defined as lending at interest. The Jewish newcomers, on the other hand, could lend to farmers against crops in the field, a high-risk loan at what would have been considered usurious rates by the Church; but the Jews were not subject to the Church's dictates. In this way they could secure the grain-sale rights against the eventual harvest. They then began to advance payment against the future delivery of grain shipped to distant ports. In both cases they made their profit from the present discount against the future price. This two-handed trade was time-consuming and soon there arose a class of merchants who were trading grain debt instead of grain. The Jewish trader performed both financing (credit) and underwriting (insurance) functions. Financing took the form of a crop loan at the beginning of the growing season, which allowed a farmer to develop and manufacture (through seeding, growing, weeding, and harvesting) his annual crop. Underwriting in the form of a crop, or commodity, insurance guaranteed the delivery of the crop to its buyer, typically a merchant wholesaler. In addition, traders performed the merchant function by making arrangements to supply the buyer of the crop through alternative sources - grain stores or alternate markets, for instance - in the event of crop failure. He could also keep the farmer in business during a drought or other crop failure, through the issuance of a crop insurance against the hazard of failure of his crop."

"Merchant banking progressed from financing trade on one's own behalf to settling trades for others and then to holding deposits for settlement of 'billette' or notes written by the people who were still brokering the actual grain. And so the merchant's benches (bank is derived from the Italian for bench, banca, as in a counter) in the great grain markets became centers for holding money against a bill (billette, a note, a letter of formal exchange, later a bill of exchange and later still a cheque). These deposited funds were intended to be held for the settlement of grain trades, but often were used for the bench's own trades in the meantime. The term bankrupt is a corruption of the Italian banca rotta, or broken bench, which is what happened when someone lost his traders' deposits. Being 'broke' has the same connotation." "In the 12th century, the need to transfer large sums of money to finance the Crusades stimulated the re-emergence of banking in Western Europe. In 1162, Henry II of England levied a tax to support the crusades—the first of a series of taxes levied by Henry over the years with the same objective. The Templars and Hospitallers acted as Henry's bankers in the Holy Land. The Templars' wide flung, large land holdings across Europe also emerged in the 1100–1300 time frame as the beginning of Europe-wide banking, as their practice was to take in local currency, for which a demand note would be given that would be good at any of their castles across Europe, allowing movement of money without the usual risk of robbery while traveling." "Money exchangers issued documents redeemable at other fairs, in exchange for hard currency. These documents could be cashed at another fair in a different country or at a future fair in the same location. If redeemable at a future date, they would often be discounted by an amount comparable to a rate of interest, eventually, these documents evolved into bills of exchange, which could be redeemed at any office of the issuing banker. These bills made it possible to transfer large sums of money without the complications of hauling large chests of gold and hiring armed guards to protect the gold from thieves."
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In 1156, in Genoa, occurred the earliest known foreign exchange contract. “Two brothers borrowed 115 Genoese pounds and agreed to reimburse the bank’s agents in Constantinople the sum of 460 bezants one month after their arrival in that city. In the following century the use of such contracts grew rapidly, particularly since profits from time differences were seen as not infringing canon laws against usury.” It was significant that the first bank to be established was established in Venice with guarantee from the State in 1157. “This was due to the commercial agency of the Venetians, acting in the interest of the Crusaders of Pope Urban the Second. The reason is given elsewhere as due to costs of the expansion of the empire of Duke Vital Mitchel II, and to relieve the subsequent financial burden on the republic a forced loan was made necessary. To this end the Chamber of Loans, was created to manage the affairs of the forced loan, as to the loans repayment at four percent interest. Changes in the enterprises of the Chamber, firstly by the commencing of use of discounting exchanges and later by the receipt of deposits, there developed the functioning of the organization into The Bank of Venice, with an initial capital of 5,000,000 ducats. In any case, banking practice proper began in the mid-parts of the 12th century, and continued until the bank was caused to cease to operate during the French invasion of 1797. The bank was the first national bank to have been established within the boundaries of Europe. There were banking failures from 1255-62. In the middle of the 13th century, groups of Italian Christians, particularly the Cahorsins and Lombards, invented legal fictions to get around the ban on Christian usury; for example, one method of effecting a loan with interest was to offer money without interest, but also require that the loan is insured against possible loss or injury, and/or delays in repayment. The Christians effecting these legal fictions became known as the pope’s usurers, and reduced the importance of the Jews to European monarchs; later, in the Middle Ages, a distinction evolved between things that were consumable (such as food and fuel) and those that were not, with usury permitted on loans that involved the latter.573

“Florence inhabited the most powerful of families engaged in banking. Amongst all of these including the Acciaiuoli and Mozzi, the Bardi and Peruzzi families perhaps dominated, establishing branches in many other parts of Europe. Probably the most famous Italian bank was the Medici bank, set up by Giovanni di Bicci de’ Medici in 1397 and continuing until 1494. Banca Monte dei Paschi di Siena SPA (MPS) Italy is in fact the oldest banking organization to have surviving banking-operations, or services. It was the Italian bankers that would take their place and by 1327, Avignon had 43 branches of Italian banking houses. In 1347, Edward III of England defaulted on loans. Later there was the bankruptcy of the Bardi (1343) and Peruzzi (1346). The accompanying growth of Italian banking in France was the start of the Lombard moneychangers in Europe, who moved from city to city along the busy pilgrim routes important for trade. Key cities in this period were Cahors, the birthplace of Pope John XXII, and Figeac. By the later Middle Ages, Christian Merchants who lent money with interest were without opposition, and the Jews lost their privileged position as money-lenders. After 1400, political forces did, in fact, somewhat turn against the methods of the Italian free enterprise bankers. In 1401 King Martin I of Aragon had some of these bankers expelled. In 1403, Henry IV of England prohibited them from taking profits in any way in his kingdom. In 1409, Flanders imprisoned and then expelled Genoese bankers. In 1410, all Italian merchants were expelled from Paris. In 1407, the Bank of Saint George, the first state-bank of deposit, was founded in Genoa and was to dominate business in the Mediterranean. In the times between 1527 - 1572 the Genoese people produced a number of important banking family groups, the Grimaldi, Spinola and Pallavicino families were especially influential and wealthy, also the Doria, although perhaps less influential, and the Pinelli and the Lomellini. In 1401 the magistrates of Barcelona established in the city the first replication of the Venetian model of exchange and deposit, Taula de Canvi - the Table of Exchange."574
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Thus, in 1228 when only Byzantine gold coins were circulated, Frederick II minted the first gold coins in Europe. In 1252 both Genoa and Florence issued gold coins, and major European states except England had a gold coinage in 1284 despite fluctuations of currency value. Churches and monasteries were the greatest single provider of money from raised funds and private funds deposited by individuals for safekeeping. They lent money to villagers to improve their farms, and neighboring lords in exchange for a share of revenues from lord’s property. The commercial credit system was developed in finance, and silent partnership was useful in sharing profits by avoiding the ecclesiastical prohibition of interest. The joint-stock companies were born in trade and investment by taking proportional risks for invested shares. Meanwhile, the Italians developed a banking system: the greatest money firms of Venice, Florence, and Genoa applied all the functions of a modern bank. In 1171 the Bank of Venice accepted deposits and made loans; accepted jewelry and government bonds as security; collected taxes and managed the public revenue; issued letters of credits and wrote bills of exchanges for international trade. Merchant guilds gave their members insurance against fire, shipwreck, and other misfortunes or injuries. The marine insurance developed at Genoa in the mid-fifteenth century, and premiums varied according to expected risks based on circumstances and seasons.

In 1157 the first government bonds were issued by Venice, which was similar to negotiable gold certificates. For interest of loans, Aristotle condemned it as an unnatural breeding of money by money. The Christians disapproved profit-making in business except labor costs in transactions. As the church became rich, it was a problem to manage money because of many losses from default of bad loans, delay of repayment, inflation, and other risks. The expansion of industry and trade demanded the use of idle money by private enterprises, while the states urgently needed extra money for wars or emergencies which exceeded revenues from taxes. In about 1250 St. Thomas Aquinas proposed a new ecclesiastical doctrine of interest: “the investors in a business enterprise might legitimately share in the gain if he actually shared in the risk or the loss” which was accepted by Pope Innocent IV. In 1425 Pope Martin V legalized the sale of rent charges. Although most European states repealed their laws against interest since 1400, “profit motives” had been in a negative territory of Christian ethics. In his Moral Sentiment of 1759, Adam Smith justified individual pursuance of profit motives through private enterprise.
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Photo II-5-2. Medieval Ship Koga 1350
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5. Economic Organization and Policies in the Middle Ages

The inhabitants of medieval towns were both producers and consumers. One type of towns was based on agriculture: food and necessities were supplied by the surrounding rural district. The other type was based on industry and commerce: food and necessities were supplied by a long-distance trade. In the Roman period, the administrative centers of districts were the principal centers of urban life. The invasions of the Muslims, the Vikings, and the Magyars required new fortifications of medieval towns; and the people who engaged in agriculture, industry, and commerce sought protection within their ramparts, which became primary centers for politics and economy. Some of newly fortified abbeys were built in the immediate vicinity of cities, which created a type of communities. In the Merovingian period, the Syrians and the Jews settled in several cities in Gaul with protection by paying taxes. The Jewish merchants linked trade between Christians and Muslims or between Asia and Western Europe through major trade routes. As the Christian merchants, the Frisians engaged in trade like the Jews in the region: the Jews settled in a small number of places, while the Frisians widely established themselves everywhere. The merchants migrated to trading towns in the north and in the south. Since the prime occupation of the people was agriculture in the age, the towns had been shelters for merchants, craftsmen, and peasants. Although the initial sum of capital was limited, the formation of commercial capital was from the sale of lands or from accumulated revenue from land. Coming to and residing in a town for a year and a day, the merchant was considered free: it was a de facto rather than de jure liberty for the town authority to set serf free for merchants. The new inhabitants of towns usually possessed free urban tenure by paying moderate and fixed rents to the lords, which was different from and much easier than manorial tenure. For example, at Ghent, the rent for land was waived to pay during 1038-1120. However, the increase in the value of land raised rent and frequently resulted in the subdivision of property ownership until the fourteenth century.

The authority of medieval towns and cities pursued complete monopoly of the trade by controlling trade routes, dominating sources of vital commodities, and keeping the sole right of access to markets throughout all regions at all the times. In 1167, for example, the Genoese made a comprehensive agreement with Aragon which guaranteed them “full freedom of trade and exemption from taxes in all ports from Tortosa to Nice” and at the same time Pisans were explicitly excluded from trade in this area. They also defended interests of town consumers for public welfare of the community by securing consistent supply of necessities at reasonable prices: foodstuffs such as grains; domestic and industrial materials such as wood, leather, stone, and metals; and materials for textile industry such as wool, flax, and dyestuffs. The guilds were the most effective vehicles of monopoly practices by synchronizing all efforts with the ruling groups. But town councils tried to prevent guild monopolies threatening welfare of inhabitants, and to minimize conflict between merchants and artisans, between different guilds, or between the capitalists and the unguilded workers. Medieval governments were not capable in dealing with economic problems, while the maintenance of peace with law and order was essential and the primary focus of government intervention in the market. Particularly in Italy and Germany, political power was dispersed and the unit government was relatively small and inefficient due to feudal disintegration, so that every feudal authority had power issuing and executing economic policies; for which professional army shared its power with the nobility by varying degrees. The basic economic interests were local or provincial at best, so economic policies emanated from authority at the same level. General development of politics and economy varied in the different regions, so the effectiveness of economic policies was different by region. Now let’s review the organization of trade, economic policies, public finance, and economy and society.
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Map II-5-1. European Trade in the Fifteenth Century
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Organization of Trade: The years around 1200 marked a turning point of economic transformation from feudalism to commercialism. While Flemish and English merchants still went as far as Genoa to fetch spices or silks and to sell cloth, “Italian merchants, by-passing Flanders, were penetrating into England as papal bankers, but the transfer problem forced them into the wool trade, since the exportation of specie was forbidden and English wool was in great demand on the continent. Paris proved to be another attraction, and the Italian companies began to establish permanent agencies in the French capital, so favorably situated close to Champagne. This new development was only the spearhead of far greater changes which transformed the entire fabric of medieval trade. Instead of travelling to and from the fairs, the Italian merchants, especially those of the inland cities, Siena and Florence, began to direct their affairs from the counting-house and to secure permanent representation abroad by means of partners, factors or correspondents. The one-time travelers gradually turned into a business administrator, who spent most of his time behind a desk reading reports and giving instructions. The rise of this new system of business organization based on correspondence and representation abroad is intimately connected with the rapid decline of the fairs of Champagne after 1300. There was no longer any need for the Italian merchants to visit the fairs after the companies had established permanent branches in Paris, London and Bruges. As indicators of the new system, the Italians reaped the greatest benefits from its success. During the fourteenth and fifteenth centuries, they dominated trade and banking in the entire area from Constantinople and Alexandria in the east to Bruges and London in the west.” The Italians tried to gain a foothold in England and the Baltic, but they failed. Several Florentines were doing business in Lübeck, but the Italian colonies there failed to grow, because they did not fit in with local customs. Moreover, the Hanseatic League, was on the alert and stood ready to defend its monopoly by economic and political means against any serious encroachment by the Italians or any other foreign merchants, to be discussed later.  

As discussed previously, the Black death of 1348 ended a long period of demographic and economic expansion and showed the downward trend characterized by the closing of markets, the recurrence of wars and epidemics and the contraction of the volume of trade. On the contrary, there were such noticeable improvements as the bill of exchange and marine insurance as well as the combination of partnerships similar to the modern holding company like the Medici banking-house founded in 1397. In one retrospect, medieval trade was different from modern one. “Today most goods are sold before they are shipped. This is especially true of heavy equipment and machinery. Medieval trade, however, with few exceptions involved venturing. An assortment of goods was shipped to a distant place in the expectation that it would be sold a remunerative price and that the merchant would be able to make his returns in other commodities demanded at home. The same principle applies to the earlier as well as to the later period. It really does not make much difference whether goods are entrusted to a travelling merchant or sent on consignment to a correspondent who has the burden of finding a market for them. Each transaction, therefore, involved a speculative element and, in a certain way, was an adventure. It is with good reason that the exporters of English cloth called themselves the Merchant Adventures, since they bought cloth in the hope of finding customers at the marts of Brabant.” Therefore, medieval merchants used venturing accounting: it was a popular custom to open a separate account for each shipment in order to split risks, coming from all sorts of hazards - shipwreck, piracy, warfare or robbery, embargoes and reprisals, and other factors affecting price changes. “Against these hazards, the medieval merchant protected himself in various ways, but chiefly by dividing the risk or sharing it with others. Diversification was, therefore, the rule rather than the exception….merchants rarely specialized in one line of business; they dealt in all kinds of commodities and tried to take advantage of all profits opportunities that might present themselves.”
While the great Italian companies combined international banking and foreign trade, the ownership of ships was divided into shares, and merchants were often ship-owners and navigators as well. If the merchant owns a ship and he is successful in trade with continuous profits, a writer of the time views that it would be wiser to devote the major part to the acquisition of land as the safest form of investment. It was not unusual that the merchants from the Flemish towns, visiting the Champagne fairs, still used to travel together in armed caravans as late as years around 1300. The Genoese notaries began in 1156 to verify true documentations in trade. There were most typical contracts in overseas trade: the commenda and the societas maris, both which involved cooperation between a travelling partner (tractator) and an investing partner who stayed on land (stans). “In the case of commenda, the venture was financed entirely by the stans; the traveling partner did not supply any capital, but he took the risk of embarking upon a dangerous sea voyage and had to ensure all the discomforts that went with it. As a reward for his labors and his hardships, he usually received only one-fourth of the profits; and the investing partner, who ran only the risk of losing his money, received the remaining three-fourths….In the societas maris, profits were shared equally by the two partners, but the tractator supplied one-third of the capital and the stans, two-thirds.” So the travelling partner gets one-fourth of profits more in the societas than in the commenda due to his capital investment of one-third. As advantages of the commenda and the societas maris, one was that the investors assumed only limited liability; the other was that any investors could easily reduce risks by placing his money in several commendae instead of staking it all on a single venture; and another was that they lent themselves to any number of combinations and were usually dissolved at the completion of each voyage. The sea loans was frequently used to finance overseas ventures. It differed from a straight loan in that repayment was contingent upon safe arrival of a ship or successful completion of a voyage. Premium insurance did not develop prior to 1300, but merchants were searching for a solution of the risk problem.

The expansion of trade and industry caused the development of banking. By 1200, “bankers no longer confined themselves to money-changing, but had already invaded the field of banking proper. They are shown forming partnership, accepting time and demand deposits, extending credit to customers and even participating directly in business venture beyond the sea….the Genoese money-changers, or bankers, occasionally made advances against promises payable abroad, but this type of activity remained the exception rather than the rule….In these transactions, they made use of an instrument, called instrumentum ex causa cambia, by which a borrower having received an advance in local currency promised repayment in another currency and in another place. By definition, such a cambium contract necessarily involved a credit and an exchange transaction.” The fairs of Champagne were the greatest international money market and clearing center as well as the great mart for commodities of all kinds. “Exchange rates always quoted on the basis of one sou or twelve deniers of Provins and in a variable amount of foreign currency. This method of quotation was used both at the fairs and in Genoa or any other Italian center in regular relations with the Champagne fairs.” In medieval practices, interest was included in the price of foreign currency. The notary was requested not only to draw up deeds and testaments, but also to prepare all types of business contracts. “Although notarial fees were low, it was convenient and time-consuming to approach a notary for every business transaction of any importance.” Being not easy to change accepted ways of doing business, it was only gradual, “that the notary was dispensed with save when his services were absolutely required to give legal validity to a contract, as with powers of attorney or protests of bills of exchange.” Insurance contracts continued to require the intervention of a notary in Genoa, although it was no longer the custom in Pisa and Florence, where the brokers made out its policies and circulated them among prospective underwriters until they had collected enough subscriptions to cover the risk.
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(a) **Italian Hegemony in Trade**: “The fact that by 1300, the Italian mercantile and banking companies maintained branch office in Paris, Bruges and London is symptomatic of a new trend which was bound to spell the doom of the caravan trade revolving around the fairs of Champagne. Because of nearness of Paris, fairs could easily be visited by the partners or factors residing in the French capital, and there was no longer any need to send someone with the regular caravans. Moreover, now that the roads were better policed, it ceased to be necessary for the merchants or their servants to accompany their own goods, which could henceforth be entrusted to companies of *vetturali*, or wagoners, as they were called, even if they did not use wagons but actually drove train of pack animals. About their role in medieval trade little is known, but occasional glimpses in stray documents leave no doubt about its importance.”

The use of wagoners and carriers relieved the merchants from the need of organizing transport, which made them free to turn their attention to other tasks. Moreover, the Italian companies with branches abroad were arising with the steady progress in business management. They are models of business-like procedure such characteristic as of the notarial contracts; and the advance is furnished by technical efficiency achieved in book-keeping. Without wasteful travelling, the merchant conducted his business from his desk without leaving the counting-house. Representation in foreign parts was provided by partners, factors (employees) or simple correspondents - this new type merchant was called a sedentary merchant. With great benefits from their innovation, they dominated the trade across the Alps, despite their unfavorable geographical locations. This is the reason why the inland cities of Italy (Piacenza, Lucca, Siena and, later, Florence) rather than the coastal cities (Genoa, Pisa and Venice) led the long-distance trade, and for more than half a century, they were successful in playing a major role as a commercial and banking center. The change of the system from the old to the new was very gradual: it had not entirely disappeared by 1600, when the first joint-stock companies in the colonial trade were formed for a single venture.

The Peruzzi were the family bankers of Florence in the fourteenth century. The Medici Bank was founded in 1397 when Giovanni di Bicci de’ Medici, who had managed for a time the Roman branch of partnership founded by his distant cousin. At first, it had two offices: one in Florence and the other in Rome; and later in Naples and in Venice. After the death of Giovanni in 1429, under his son Cosimo, branches were successfully established in major commercial cities such as in Bruges, Pisa, London, Avignon and Milan. “In 1433, the Medici, as papal bankers, opened a temporary office in Basle to handle the financial business of the Church Council which was then in session. About 1464, the Geneva branch was transferred to Lyons where the new fairs created by Louis XI were such a tremendous success that the older fairs ceased to attract any trade.”

Unlike the Peruzzi, “the Medici firm was not one unit, but was made up of several partnerships which were separate legal entities, all under the control of the same family. Its structure resembled more or less that of the modern holding company with the important difference that it was, of course, a combination of partnerships rather than of corporations.” The partnership agreement placed all kinds of restrictions upon the freedom of the junior or managing partner. The Medici were so involved in politics, they delegate power to principal administrator, *ministro*, and to rely for assistance on advisers. His main task was “to supervise the branch managers, to read their reports, to give them instructions, to examine the yearly balance sheets sent to headquarters by the branches and bring all matters of firm.” He also “prepare written instructions for managers who left Florence for their new posts and to interview those who came to Florence to report or to negotiate the renewal of partnership agreement.” In 1420, the capital of the Medici bank amounted to 24,000 gold florins, of which 16,000 florins were supplied by the Medici and 8,000 florins by Ilarione de’ Bardi, their partner and general manager. By 1451, the capital was increased to 72,000 florins, of which 54,000 florins represented the quota of Cosimo de’ Medici.
Like other merchant-bankers, the Medici accepted time deposits, on which they promised to pay, if earned, a return of 8, 10 or even 12%. “Although the banker assumed no legal obligation to pay interest, he was under pressure to do so if he wanted to keep his customers. In answer to the upholders of the usury doctrine, the bankers argued that a return payable at their discretion was a free gift and that nothing prevented them from making presents.” The earliest extant accounting records that follow the modern double-entry form come from Amatino Manucci, a Florentine merchant at the end of the 13th century. Manucci was employed by the Farolfi firm and the firm’s ledger of 1299-1300 evidences full double-entry bookkeeping. Giovanino Farolfi & Company, a firm of Florentine merchants headquartered in Nîmes, acted as moneylenders to the Archbishop of Arles, their most important customer. Some sources suggest that Giovanni di Bicci de’ Medici introduced this method for the Medici bank in the 14th century. However, the oldest discovered record of a complete double-entry system is the Messari accounts of the Republic of Genoa in 1340. The Messari accounts contain debits and credits journalized in a bilateral form, and include balances carried forward from the preceding year, and therefore enjoy general recognition as a double-entry system. By the end of the 15th century, the bankers and merchants of Florence, Genoa, Venice and Lübeck used this system widely. Luca Pacioli, a Franciscan friar and collaborator of Leonardo da Vinci, first codified the system in his mathematics textbook,” published in Venice in 1494. However, some scholars contend that Benedetto Cotrugli wrote the first manual on a double-entry bookkeeping system in his 1458 treatise. The branches of the Medici bank were expected to send each year a copy of the balance sheet to headquarters in Florence. Double-entry book-keeping was undoubtedly an Italian invention, and its diffusion in other European countries did not take place until the sixteenth century. Its introduction marks the beginning of capitalist enterprise and the triumph of the profit motive in the economy.

The medieval merchant manuals was first compiled around 1342 by Francesco di Balduccio Pegolotti, who was the most able factor in the service of the Bardi Company. “According to the merchant manuals, traffic was concentrated in certain places, or trading and banking centers. Paris declined rapidly after 1410 and its place was taken by the fairs of Geneva and later those of Lyons. Until its capture by the Turks in 1453, Constantinople was a banking place for the Genoese and the Venetians. The Court of Rome was ambulatory and followed the popes in his travels. Because of the needs of the papal treasury, the pope had the reputation of creating monetary stringency wherever he went. One of the main characteristics of a piazza, or trading and banking center, was the existence of an organized money market. In the Middle ages, such a market rested on the negotiation of bills of exchange.” The merchant manuals explain how foreign exchanges were quoted in different places, while the merchant bankers were the principal exchange-dealers. In the fifteenth century, the malpractice of the money-changers and the numerous bank failures caused the public authorities to adopt an increasingly hostile policy. The origins of premium insurance were found in some Palermo notarial contracts dating from 1350 and relating shipments of grain from Sicily to Tunis, from which the underwriter receives a premium of 18% and assumes explicitly all arising risks. Premium insurance was known prior to 1350 in Genoa, Pisa and perhaps Venice. In the field of merchant shipping, regular lines of galleys was created from Genoa and Venice to the Levant and to the West. Italian colonies were firmly established in the Levant before 1300, and in Bruges and in London later; each headed by its own consul. Toulouse, the secondary center of France, had no branches of the Italian companies, which trade was in the hands of less specialized local merchants: there existed no clear distinction between wholesalers and retailers; because of the chronic shortage of currency, barter arrangements were common and credit was ubiquitous, though the money-exchangers accepted deposits, but it does not seem that payments were frequently made by transfer in bank: no organized money market existed in Toulouse.
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(b) **The Hanseatic League**: The Italian merchants dominated trade by some city-republics in the Mediterranean, while the German merchants did the same by the Hanseatic League in the Baltic. Beyond the Straits of Gibraltar, the Italians no longer had any sea power, and their economic hegemony rested exclusively on superior business organization. They had to maintain themselves by peaceful means and could not resort to boycott, blockade or privateering. The Hanseatic was a commercial and defensive confederation of merchant guilds and their market towns that dominated trade along the coast of Northern Europe, in order to protect economic interests and diplomatic privileges in the cities and countries and along the trade routes their merchants visited. “Hanseatic trade was extended along a single axis with its center in Lübeck and two arms: one stretching out west to Bruges and London and the other, east to Riga and faraway Novgorod. Only one important off-shoot branched off to Bergen in Norway….It enabled the Hanseatic merchants to get along with less elaborate machinery than the Italians. In general, conditions were more primitive in northern than in southern and western Europe. Urban life was not as well developed: even the largest towns, like Cologne for example, had barely 40,000 inhabitants, whereas several Italian cities, including Genoa, Florence, and Venice, had more than 50,000. In the north too, the value of trade was small in comparison with the south, and the principal products of the area, with the possible exception of furs, were relatively low-priced and bulky commodities. These factors explain to a degree extent the great structural difference between Hanseatic and Italian trade. It is not surprising that business methods were less advanced in the Baltic region and still forced the merchant or his factors to be constantly on the road. Large companies with many branches, such as those of the Bardi or the Medici, were entirely unknown in Hanseatic territory. The individual merchant trading on his own was still in the center of the stage. To be sure, partnerships did exist, but they were more or less temporary associations in which two or three merchants joined forces for a specific and limited purpose.”

   Lübeck became a base for merchants from Saxony and Westphalia trading eastward and northward. The Baltic area was a source of timber, wax, amber, resins, and furs, along with rye and wheat brought down on barges from the hinterland to port markets. The towns raised their own armies, with each guild required to provide levies when needed. The Hanseatic cities came to each other’s aid, and commercial ships often had to be used to carry soldiers and their arms. Functioned as the leading center in the Baltic before the Hansa, Visby merchants established a trading post at Novgorod called Gutagard in 1080. “Merchants from northern Germany at first also stayed in this Gotlander settlement. Later they established their own trading station in Novgorod, known as Peterhof, which was further up from the river. This took place in the first half of the 13th century. In 1229, German merchants at Novgorod were granted certain privileges that made their position more secure.” Founding the Hanseatic League in 1356, their societies worked to remove restrictions to trade for their members. “In 1241, Lübeck had access to the Baltic and North Sea fishing grounds, formed an alliance - a precursor of the League - with Hamburg, another trading city that controlled access to salt-trade routes from Lüneburg. The allied cities gained control over most of the salt-fish trade, especially the Scania Market; Cologne joined them in the Diet of 1260. In 1266, Henry III granted the Lübeck and Hamburg Hansa a charter for operations in England, and the Cologne Hansa joined them in 1282 to form the most powerful Hanseatic colony in London. Much of the drive for this cooperation came from the fragmented nature of existing territorial government, which failed to provide security for trade. Over the next 50 years the Hansa itself emerged with formal agreements for confederation and cooperation covering the west and east trade routes. The principal city and linchpin remained Lübeck; with the first general Diet of the Hansa held there in 1356, the Hanseatic League acquired an official structure.” During 1300-1500, Groningen’s trade diminished, as did the position of the Hanseatic cities.
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“Lübeck's location on the Baltic provided access for trade with Scandinavia and Kievan Rus, putting it in direct competition with the Scandinavians who had previously controlled most of the Baltic trade routes. A treaty with the Visby Hansa put an end to competition: through this treaty the Lübeck merchants also gained access to the inland Russian port of Novgorod, where they built a trading post or Kontor. Other such alliances formed throughout the Holy Roman Empire. Yet the League never became a closely managed formal organization. Assemblies of the Hanseatic towns met irregularly in Lübeck for a Hansetag (Hanseatic Diet), from 1356 onwards, but many towns chose not to send representatives and decisions were not binding on individual cities. Over time, the network of alliances grew to include a flexible roster of 70 to 170 cities. The league succeeded in establishing additional Kontors in Bruges (Flanders), Bergen (Norway), and London (England). These trading posts became significant enclaves. The London Kontor, established in 1320, stood west of London Bridge near Upper Thames Street, the site now occupied by Cannon Street station. It grew significantly over time into a walled community with its own warehouses, weighhouse, church, offices and houses, reflecting the importance and scale of the activity carried on. The first reference to it as the Steelyard occurs in 1422. Starting with trade in coarse woolen fabrics, the Hanseatic League had the effect of bringing both commerce and industry to northern Germany. As trade increased newer and finer woolen and linen fabrics, and even silks, were manufactured in Northern Germany. The same refinement of the products of industry occurred in other fields, e.g. etching, wood carving, armor production, engraving of metals, and wood-turning. In short, the century-long monopolization of sea navigation and trade by the Hanseatic League ensured that the Renaissance would arrive in Northern Germany long before the rest of Europe. The League primarily traded timber, furs, resin (or tar), flax, honey, wheat, and rye from the east to Flanders and England with cloth (and, manufactured goods) going in the other direction. Metal ore (principally copper and iron) and herring came southwards from Sweden.”

“The League had a fluid structure, but its members shared some characteristics. First, most of the Hansa cities either started as independent cities or gained independence through the collective bargaining power of the League, though such independence remained limited. The Hanseatic free cities owed allegiance directly to the Holy Roman Emperor, without any intermediate tie to the local nobility. Another similarity involved the cities’ strategic locations along trade routes. At the height of its power in the late 14th century, the merchants of the Hanseatic League succeeded in using their economic clout and sometimes their military might - trade routes required protection and the League’s ships sailed well-armed - to influence imperial policy. The League also wielded power abroad. Between 1361 and 1370, the League waged war against Denmark. Initially unsuccessful, Hanseatic towns in 1368 allied in the Confederation of Cologne, sacked Copenhagen and Helsingborg, and forced Valdemar IV, King of Denmark, and his son-in-law Haakon VI, King of Norway, to grant the League 15% of the profits from Danish trade in the subsequent peace treaty of Stralsund in 1370, thus gaining an effective trade and political monopoly in Scandinavia. This favorable treaty was the high-water mark of Hanseatic power. After the Danish-Hanseatic War (1426–1435) and the Bombardment of Copenhagen (1428), the commercial privileges were renewed in the Treaty of Vordingborg, 1435.” The Hansa also waged a vigorous campaign against pirates to protect their investment in trade and ships. Most foreign cities confined the Hansa traders to certain trading areas and to their own trading posts. They seldom interacted with the local inhabitants, except when doing business. King Edward IV of England reconfirmed the league's privileges in the Treaty of Utrecht (1474) despite his hostility, in part thanks to the significant financial contribution the League made to the Yorkist side during The Wars of the Roses. In 1597, Queen Elizabeth I of England expelled the League from London and the Steelyard closed the following year. Ivan III of Russia closed the Hanseatic Kontor at Novgorod in 1494.”
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“The economic crises of the late 15th century did not spare the Hansa. Nevertheless, its eventual rivals emerged in the form of the territorial states, whether new or revived, and not just in the west: Poland triumphed over the Teutonic Knights in 1466; Ivan III, Grand Prince of Moscow, ended the entrepreneurial independence of Hansa’s Novgorod Kontor in 1478. New vehicles of credit imported from Italy outpaced the Hansa economy, in which silver coin changed hands rather than bills of exchange. In the 15th century, tensions between the Prussian region and the Wendish cities (Lübeck and its eastern neighbors) increased. Lübeck was dependent on its role as center of the Hansa, being on the shore of the sea without a major river. It was on the entrance of the land route to Hamburg, but this land route could be bypassed by sea travel around Denmark and through the Sound. Prussia’s main interest, on the other hand, was primarily the export of bulk products like grain and timber, which were very important for England, the Low Countries, and later on also for Spain and Italy. In 1454, the year of the marriage of Elisabeth of Austria to the Jagiellonian king, the towns of the Prussian Confederation rose against the dominance of the Teutonic Order and asked Casimir IV, King of Poland for help. Danzig, Thorn, and Elbing became part of the Kingdom of Poland, (1466–1569) by the Second Peace of Thorn (1466). Poland in turn was heavily supported by the Holy Roman Empire through family connections and by military assistance under the Habsburgs. Kraków, then the capital of Poland, had a loose association with Hansa. The lack of customs borders on the River Vistula after 1466 helped to gradually increase Polish grain export, transported to the sea down the Vistula, from 10,000 tons per year in the late 15th century to over 200,000 tons in the 17th century. The Hansa-dominated maritime grain trade made Poland one of the main areas of its activity, helping Danzig to become the Hansa’s largest city. A major benefit for the Hansa was its control of the shipbuilding market, mainly Lübeck and in Danzig; and Hansa monopolized to sell some products to Poland and Russia; however, political changes disturbed these privileges.

“At the start of the 16th century, the League found itself in a weaker position than it had known for many years. The rising Swedish Empire had taken control of much of the Baltic. Denmark had regained control over its own trade, the Kontor in Novgorod had closed, and the Kontor in Bruges had become effectively moribund. The individual cities which made up the League had also started to put self-interest before their common Hanseatic interests. Finally, the political authority of the German princes had started to grow - and so to constrain the independence of action which the merchants and Hanseatic towns had enjoyed. The League attempted to deal with some of these issues. It created the post of Syndic in 1556 and elected Heinrich Sudermann as a permanent official with legal training, who worked to protect and extend the diplomatic agreements of the member towns. In 1557 and 1579 revised agreements spelled out the duties of towns and some progress was made. The Bruges Kontor moved to Antwerp and the Hansa attempted to pioneer new routes. However, the League proved unable to halt the progress around it and so a long decline commenced. The Antwerp Kontor closed in 1593, followed by the London Kontor in 1598. The Bergen Kontor continued until 1754; its buildings alone of all the Kontore survive. The gigantic Adler von Lübeck warship, which was constructed for military use against Sweden during the Northern Seven Years’ War (1563–70), but never put to military use, epitomized the vain attempts of Lübeck to uphold its long-privileged commercial position in a changed economic and political climate. By the late 16th century, the League had imploded and could no longer deal with its own internal struggles, the social and political changes that accompanied the Protestant Reformation, the rise of Dutch and English merchants, and the incursion of the Ottoman Empire upon its trade routes and upon the Holy Roman Empire itself. Only nine members attended the last formal meeting in 1669 and only three (Lübeck, Hamburg and Bremen) remained as members until its final demise in 1862."
Markets and Fairs: “As most people lived in the country, grew their own food, and made their own clothes, they needed places close enough to herd the animals and carry their wares to the market and then return home in the same day. Cross roads and river bridges were popular locations, especially if a church was nearby. Crafts people found it advantageous to build their workshops close to the market places. This helped villages and towns to form and grow…. Medieval fairs were much bigger than the markets, happened a lot less often, and could last several days. Town councils typically had to pay for the right to run a fair. While others were organized by the church. Some merchants spent their lives travelling huge distances on foot or horseback from one fair to the next. The wares varied from those in the markets: one was more likely to find precious metals and stones, silk, spices, and perfumes from distant countries at fairs.”

(a) The Fairs of Champagne and Flanders: In the Carolingian period, markets existed in many townships and on the domains of many abbeys. As the first town markets were developing, the fairs also were multiplying everywhere; and the attached dues were granted to the Church. In the mid-eleventh century, the abbey of St. Denis obtained royal authorization to establish in the township of St. Denis a fair beginning on the second Wednesday in June and lasting until St. John’s Eve. A second fair was instituted by others later, but after 1213 they gradually merged into a single fair. The Champagne fairs had six fairs of annual cycle held in towns in the Champagne and Brie regions. “From their origins in local agricultural and stock fairs, the Champagne fairs became an important engine in the reviving economic history of medieval Europe, veritable nerve centers serving as a premier market for textiles, leather, fur, and spices. At their height, in the late 12th and the 13th century, the fairs linked the cloth-producing cities of the Low Countries with the Italian dyeing and exporting centers, with Genoa in the lead. The fairs, which were already well-organized at the start of the 12th century, were one of the earliest manifestations of a linked European economy, a characteristic of the High Middle Ages. From the later 12th century, the fairs, conveniently sited on ancient land routes and largely self-regulated through the development of the merchant law, dominated the commercial and banking relations operating at the frontier region between the north and the Mediterranean.”

In Flanders in the thirteenth century, the fairs likewise adopted a method of organization which became classic. Each of the great Flemish fairs comprised at this time about 15 assembly, 3 display, 8 dispersal, and 4 payment days; with a cycle of six fairs a year as in Champagne. At the end of the fifteenth century, the attraction of the Bruges fair suffered a considerable setback. Most of the Flemish fairs seem to have assumed a character which was regional rather than international, except the Ypres fair which was very important for payments. At the Flemish fairs, the product sold were obviously very similar to those which could be bought in Champagne. A considerable quantity of in industrial entrepreneurs bought English wool as well as dyestuffs and other materials necessary in cloth manufacture, such as alum, Brazil-wood, chalk, Spanish green, vermillion, cumin, madder, woad or pastel; and many of southern origin such as pepper, ginger, cinnamon, nutmeg, cloves; pharmaceutical products such as aloes, senna, galipot, alkanet root, henna; perfumes, essences, fats and wax. “In all the fairs, trade in precious metals and money-changing, as well as credit and banking operations, were restricted to specialists.”
(b) **The Fairs of Chalon, Geneva, and Lyons**: The large international fairs no longer located on the axis joining the Italians and Flanders via Champagne. (i) “From now on they developed to the east, in regions where urban life, and consequently regular trade, was not yet so highly developed as in the northwest of the continent. The fairs shifted from west to east because they depended more and more on the economic contrast existing between those regions, which had become industrialized and those which had not, but which could purchase the industrial products of the former by providing them through the fairs with their own natural produce.” The town of Chalon had a Jewish colony trading luxury goods and precious metals. At the end of the twelfth century, they gradually succeeded in establishing themselves on the flank of the great north-south trade axis.” Despite the diversity and extent of the commercial transactions which took place at Chalon, the fairs of this town were certainly far less important than the groups of fairs of this town were certainly far less important than the groups of fairs in Champagne and Flanders. In the fourteenth century, the southern successor of the Champagne fairs was the Geneva fairs which reached its apogee in the fifteenth century. At this time there were four fairs per year at Geneva, which gatherings were frequented by merchants from the whole of France, from the Netherlands, the Rhineland, northern and central Italy, as well as from Spain. “As elsewhere, spices and produce deriving from the Mediterranean and the colonies of the Levant played their part in the Geneva trade. The Germans, above all the Swabians, brought, in addition, metals, wax and feather. Cloths from the Low Countries were less frequently sold at Geneva than in the fairs studies above, a circumstances explained by the recession of the Flemish cloth industry in the fifteenth century.” The proximity of Geneva facilitated the trade of Lyons by attracting thither merchants already accustomed to visiting the Geneva fairs. In 1484 the king transferred the Lyons fairs to Bourges, but partly at the request of the German merchants, the Lyons fairs were soon reestablished with four commercial gatherings per year, popular for the spice trade and the silk industry.397

(c) **Fairs of Germany, Scandinavia, Brabant**: Still further to the east developed the German fairs, among which the fairs of Frankfurt-on-Main replaced those of Champagne in the fourteenth century. When the Rhine and Main regions had a production surplus, they were able to develop the Frankfurt fairs. “When the towns of southern Germany began to trade with Venice, when the increasing colonization of the Slav countries had emphasized the prosperity of the Hanse towns, Frankfurt could occupy an intermediary position between north and south, west and east. It did not happen before the fourteenth century. Up to this time, agricultural products are by far the most numerous at the Frankfurt fairs.” From 1340, foreign cloths became important in the fairs. The first period of prosperity extended from 1330 to 1400, when the fairs devoted to craft products. More different regions sold goods: Italian and Oriental products, English cloths, Scandinavian herring, Russian furs, Hungarian horses, and so on. In the fifth century, due to the recession in the German, Flemish and Brabant cloth trades in face of competition from England, the decline of Frankfurt would not fully recover until the second half of the sixteenth century. “The Scandinavian towns had generally grown up about a weekly market protected by a special peace. Once or twice a year some of these markets assumed larger proportions and attracted professional merchants who were frequently foreigners. The later brought in products from distant regions and exported some of the local produce. Alongside the town markets there existed also rural markets, frequently connected with monasteries or with places where the assemblies of freemen were held.” The Scania fairs was based upon the herring fishing in the Sound, which expanded above all from the thirteenth century onwards. The fairs were controlled by the Hanseatic League. From the middle of the fourteenth century, at the Brabant fairs, leather and hides attracted the English and Hanseatic merchants. At the end of the century, the English started to bring over vast quantities of cloth the Brabant fairs at Antwerp and Bergen via intermediary Zeeland port of Middelburg.398
Chapter II. Economy and Society

The Economic Policies of Towns: It was a natural desire of merchants and craftsmen in the medieval towns to maintain and increase the volume of their trade and to see that this trade was conducted on favorable terms. “There are two main ways of profiting from trade. “Exploitation of trade involved profiting from imports on traders or the processes of trade; in such cases money was made by tolls, market dues, taxation of the wealth of merchants and shopkeepers and like methods. Exploitation by trade implied actual commercial activity, and its profits came from taking advantage of differences between buying price and selling price; money was made by buying cheap and selling dear.” Town policies can be examined by two ways: one is the defense of trading interest, and the other is the defense of the consumer.

In the defense of trading interest, “At first the creation of a favorable trading position was not necessary a matter for conscious policy, nor indeed for any effort on the part of the town. With poor communications, absence of competition and limited output of many necessary and desirable goods, general conditions themselves ensured a large natural disparity between buying and selling price. Satisfactory profits could be expected without elaborate human interference. The growth and spread of production, the development of routes, the improvement of marketing facilities and the increase in the number and efficiency of competitors altered this situation. It became necessary to maintain the profitability of trade by artificial control and to protect or increase a town’s share in trade by a conscious policy. The most important single aim was to give the town population a favored position as middlemen, to guarantee that they enjoy as nearly as possible a monopoly in the handling of trade between one area and another. A town might build up a trade monopoly by diverting and concentrating trade into its own market square. Another way achieving the same end of trade was the frank exclusion of adjacent towns or merchant groups from certain branches of trade which forced buyers to come one’s own city. Compulsory sale of incoming goods and the interposition of native merchants between foreigners who wished to do business together were commonly secured by civic ban in towns everywhere. Major conflicts of town policies one with another was in to secure control of a trade route, to dominate the source of a vital commodity and to monopolize access to a great market. Such contests are to be found in all regions and at all times. Motive force behind these conflicts is to monopolize the market.

In the defense of the consumer, “The town authorities had three main objectives here: they had to make sure that adequate supplies of reasonably priced goods reached the town, they had to guarantee that goods were properly distributed within the town, and they had to safeguard the quality of goods so distributed. These aims gave rise to a body of measures which was probably better developed and more permanent than any other element in town policy and can indeed be traced to the period before there was a truly urban policy at all, when towns were still growing up under their feudal lords.” As the main categories of goods involved in such policies, “First and foremost came food stuffs and above all bread grains. Then there were materials important for various domestic and industrial uses: wood for fires, for building and for furnishing; leather, stone and metals needed by a multitude of crafts, and all the materials needed by the textile industry – wool, flax, alum, fuller’s earth, teasels, dyestuffs, unfinished cloth and the rest. Finally there were arms.” Vital goods had not only to be brought into a town, they had to be kept there, obviously by prohibiting export. “Permanent and complete restriction of certain exports did occur in the staple towns of Germany and Poland and at Florence, for example, but partial or temporary prohibition was more common.” In fact, the guilds were the most obvious vehicles for monopoly practices and great efforts were made to prevent such abuse. In special circumstances such as natural disasters, the towns controlled prices, weights and measures. Towns were as deeply concerned with the quality of goods as with their abundance and cheapness, in order to protect the town’s good name in the export market as well as to protect local consumers.

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(a) **The early period - freedom and fiscal policies:** It is quite clear that most town economies were highly regulated and that this intense regulation normally issued from certain common features of late medieval policy. Perhaps “the most useful sense of freedom in urban policy, and the criterion which will be most used here, is tolerance towards strangers, towards merchants and craftsmen from outside the town as oppose to local exclusivism and local monopoly which feared and repulsed these strangers and could only be broken by pressing necessity. Linked with this might be similar liberality within the town itself: the policy-making elements would allow comparative freedom in various spheres, with no oppression of craft producers for example, and no marked restriction of entry into trading and industrial associations.” A great deal of the popular resentment in towns seems to have been generated by such policies of fiscal exploitation. The earliest ruling groups in towns were not typically groups of mercantile capitalists but only gradually became transformed into such. There was greater freedom in the early Middle Ages in the sense that there was nothing like the detailed yet comprehensive regulation of the town economy so characteristic of later history. There was freedom from the restrictions, aggressive and defensive, proper to merchants and craftsmen who find themselves in a highly competitive situation.

(b) **The thirteenth century - saturation and exploitation:** Inside the towns, the consolidation of patrician oligarchies and a significant increase existed in the extent to which their power depended on the control of trade, industry and finance. Outside the towns, the vital circumstance were those which can be interpreted together as indicating saturation of the European economy. The rule of oligarchies is a well-attested feature of the thirteenth century. Combining political and economic power, public and private authority, legal rights with illicit influence; they were masters in the guild-hall and the market, the finance committee and the workshop. An exclusive trading guild became indistinguishable from the town government. “These external pressures resulted from growing saturation of the European economy. This saturation is here regarded, not as a crisis, but as a gradual change in the balance between the goods society could produce and distribute and those it could consume, a change which culminated in a crisis.”

Fiscal exploitation can be seen in the use of the public revenue system to benefit a minority directly rather than as in instrument in some other policy. Fiscal exploitation had no essential connection with merchant interests though eagerness to exploit might disturb making good trading profits in saturation condition. After about 1250 fiscal exploitation became more severe and widespread.

(c) **The Late Middle Ages - crisis and response:** Towns were concerned not only to prevent the entry of competing goods from a distance but also to eliminate production in nearby small towns and villages. Inside the towns, policy was in most cases determined by the existence of guilds as the normal means of economic organization and quite often as a major feature of the political machinery. Internal policy was thus closely linked to the nature and interest of guilds and in a sense was guild policy raised to an urban level. Monopoly and restriction were again characteristic; all branches of production and distribution were monopolized by the appropriate guilds and main concern of these was corporate defense of the interests and standards of existing members. A very common weapon was restriction of the right of entry, and admission to guilds tended to become progressively more difficult; more rarely guilds resorted to limitation of output in order to keep prices suitably high; and of course each guild supported, in the external policy of a town, those measures which promised elimination of outside competition in its particular field. Yet town policy differs from the sum of all guild policy because the town had some interests to defend the consumer interest of the population as a whole; and because the interests of different guilds often conflicted, and then final arbiter had to be the town government. In general, the great majority of towns shared policies of a monopolistic and defensive character, relied on privileges and restrictions, though their particular functions varied with different conditions.
The Guilds and their Influence on Economy: In medieval cities, craftsmen tended to form associations based on their trades, confraternities of textile workers, masons, carpenters, carvers, glass workers, each of whom controlled secrets of traditionally imparted technology, the arts or mysteries of their crafts. Usually the founders were free independent master craftsmen who hired apprentices. In practice, each unit of a craft guild consisted of a master craftsman, several journeymen and apprentices. A boy entered apprenticeship at the age of ten to twelve to live with a master craftsman for three to twelve years by serving him in shop and home. He received food, clothing, shelter, and instruction in trade. Completing his service, the apprentice became a journeyman working for one master to another as a day laborer. After two or three years, he was examined for his technical qualification by the board of his guild. If passed, he became a master qualified to open his own shop despite higher entry barriers. There were several types of guilds, including the two main categories of merchant guilds and craft guilds but also the frith guild and religious guild. Guilds, social and religious fraternities, were voluntary organizations to meet common needs of medieval communities. They arranged financial assistance to weak persons, supported religious ceremonies and charitable works, and provided mutual benefits for the living such as prayers and masses and mutual insurance against flood and fire, which gave a sense of security and companionship to members. They provided economic protection for their member merchants and craftsmen by monopolizing the community business, and set just prices based on equitable bargaining in the open market, and established the conditions of labor. They relied on cohesion based on ideal of brotherhood or monastic community, which was reinforced by oaths and maintained by the collective jurisdiction over their members. The secular rulers had suspiciously watched guilds because of the possible behest of the clergy and the fear of political subversion; so kings forbade barons, knights, and burgers or country people to get together.406

(a) The Development of Guild Organization: A survey of guild relationships with governmental authority before 1200 starts logically with Italy as follows. Theory I: The Roman trade guilds or colleges had been drawn into the imperial system of administration. In the fourth century, assuring the continuance of essential urban trades and services were becoming unprofitable, official policy had aimed to extend the colleges into unorganized occupations. All occupations were to be endowed with hereditary right and collegiate monopoly, under the check of public price controls and taxation, which plan was an administrator’s dream, a blue-print. It is supposed that the formal relations of a few guilds with public authority could be shown to have persisted unbroken and unaltered. Theory II: “Political decay, in the south, and the Lombard conquest, in the north, must have broken the continuity of guild organization, but it insists that in Lombardy guilds were sooner or later reconstituted under governmental authority.” Theory III: It points to “the illicit institution of the oath taken to secure combinations for economic advantage as an antecedent to official guild organization and as significant of chronic potential conflict between guilds and public authority. The institution was well known in the late Roman world; the jurists of the fifth and sixth centuries believed it to be widespread. From the early twelfth century it was sporadically prohibited in town law, most frequently with reference to the building and victualing trades, and it was prohibited also in a number of codified guild statues in the next two centuries. Theory IV: Without attempting to deny the survival of more ancient guilds and their possible indirect influence on the formal relationships of new guilds with the new communes, insists that in any period a guild movement can be understood only in terms of the forces, political, economic and social, of that period. “On this view there is a danger of over-emphasizing the importance of survivals. It is a mistake to think of twelfth- or thirteenth-century artisan guilds either as defying an established government or as subjected to its authority, since they were themselves one of the principal organizing forces through which a new type of government was taking shape.”407
“Leading artisans must certainly often have had a share, under merchant leadership, in the shaping of Italian systems of economic administration. When these were based on guild organization they could be extraordinary complex, presenting the aspect of a commune for economic affairs paralleling the organization of the political commune. Unified control at the top was a necessity if only by reason of the frequency of war or threat of war, and because of the need of consistency in the development of commercial law. It was equally unavoidable that the men at the top should be men with an experience of commercial and financial affairs that only merchant could command. Artisans had to accept this situation. They did so with a good grace provided that they had a reasonably fair chance to defend their interests by political means against those of merchants who might be in a position to raise the prices of raw materials by agreement, or to depress wages and piece-rates.” Guilds became “primarily political associations, and heavier miscellaneous responsibilities were thrown on their officers’ shoulders. The political guild would become the basic unit through which the citizen population was organized for public assemblies and for military duty. For political convenience the number of guilds would be frozen, forcing allied trades to federate and sometimes bringing together trades that were quite unrelated economically. Some subordinate guild officers engaged in police work and military organization. It is noted that “the old regime of guild privilege in tenth-century Pavia had been protected by the landed knightly class there whose members had profited by the growth of urban demand for agricultural products.” The impression of dignity is borne out further by the minutes of guild meetings. The officers were the better able to conduct themselves with dignity because their power had an independent source in its solidarity. Besides skilled leadership, solidarity and internal discipline, the guilds required security in the handling and disposition of funds. The manorial system or great lordships increased political weight of artisans and reduced that of merchants.408

The Italian guilds affected those of other countries. In Spain, many guilds took shelter from town controls under the Church and under monarchial protection, applying for charters to conduct fraternities. In southern France, guilds were firmly controlled by the communes; by the middle of the thirteenth century, there were a hundred guilds under systematic regulation with the aim of ensuring a satisfactory supply of goods and services at prices regarded as reasonable. But central or northern France was different; “it remained possible to think of urban industry, like agriculture, chiefly as one of the means of maintaining the apparatus of royal or feudal power.” Guilds collected revenue for the bishop and for members of the nobility who had been enfeoffed by him with rights to toll and to a miscellany of other customary charges. “French royal power, for its own fiscal and political purposes, later evolved the conception of a guild as a group that by royal favor could become a sworn community with full power to elect its officers. From about the middle of the fourteenth century, when guilds began to multiply in the provinces, many were induced to take out royal charters. The effect of these was to weaken local authority without ensuring guild independence.” In Germany and central Europe, the medieval guild movement is best known for its political record. Its successes, from this point of view, were concentrated in the older towns and cities of the central and southern Rhineland. Elsewhere it was checked by merchant rule, as in the Hanse, or by reactionary alliance between merchant patricians and territorial lords. In the Low Countries, the guilds played a more political or militant role under the leadership of the textile workers in export industry. In England, royal charter issued to Norwich in 1256 banned guilds as detrimental to the royal interest. In the late thirteenth century, guilds spread in the provinces, only after artisans and retailers in London had given a lead. The close of the Middle Ages, the guild movement infiltrated urban administration in all parts of western Europe. Merchants were ambivalent towards the artisan guilds because they had their own guilds, some of which were closely associated with subordinate artisan guilds.409
(b) **Guild Economic Power in Local Trade and Industry:** “In general, guild power to affect prices must have depended on local conditions of supply and demand and on the interest that town authorities took in the maintenance of competitive condition. No medieval guilds had an absolutely watertight control over supply, and none were entirely sheltered from retail competition. Villages from the surrounding countryside might provide an appreciable proportion of the processed foods and the rougher small manufactured goods that a town needed. Custom restricted them to selling in open market places under public supervision, or else to peddling, but did not ordinarily limit their share of a trade. If a guild used political influence to make restriction over-harassing, astute villagers were likely to find ways of acting in collusion with other competitors of the guild within the town. Guilds had to face resident competitors of two classes.” One was the townsmen of inferior legal and political status, and the other was openly employ villagers. At the top of the scale, “a guild would approximate to monopsony power in buying and monopoly power in selling. To enjoy these continuously over any long period would of course call for remarkably close solidarity, with sharp sanctions against breaking the line in price and output agreements. Sources of supply would preferably be few, demand for the product fairly inelastic at high price ranges, and substitutes difficult to devise. It would nevertheless be desirable to keep the public authorities friendly or neutral. Conditions at the mid-point of the scale would approximate to those of perfect competition in that guilds would have no power to affect prices. Either through sheer abundance, or through special action by the public authorities, supplies of raw material would be equally available to guild members and to outsiders….At the bottom of the scale a guild would be losing business to more efficient competitors. It could survive, and rise in the scale again, only by amalgamating with some other group and adopting its policies.” In local trade and industry, the only guilds able to dig themselves into as steadily secure position near the top of the scale of power were those working in the precious metals.410

(c) **Guild Influence in Export Industry:** Guilds influenced much of the regional export trade that medieval towns conducted in miscellaneous manufactures. It was a continuing custom for town artisans, both in and out of guilds, occasionally to accumulate a stock and take it to country fairs to sell. “Some guildsmen specialized as merchants, constantly visiting fairs. Conservative guild opinion nevertheless looked askance on the custom, for the wide-open competition at fairs pulled process down, and the barring of guild jurisdiction made it difficult to build up any special goodwill for guild trade. Guild jurisdiction over standards of goods exposed at fairs held ordinarily only for goldsmithing. All that most guilds could do towards control of this haphazard flow of exports was to insist that their members’ goods be inspected before leaving the town.” The unique problems of guild influence on manufacturing for export were peculiar to the great textile and metal industries, which tapped continent-wide markets for their raw materials, and for which export demand regularly exceeded any local demand….In places of casual selling by semi-migratory artisans, export outlets were controlled by wholesale merchants. These men’s relations with the artisan were of two general types. Either they contracted to take the output of groups of independent producers, or, playing the role of entrepreneur, whey organize production themselves on the putting-out system.” The metal trades offer many examples of guilds relying on restrictive policies: the most successful of the metal guilds were those making copper vessels. Guild influence on exports in the textile industry was mixed. “Merchants were ready enough to deal with artisan guilds if business was steady or expanding slowly, but if they became impatient to expand faster they would be inclined to break through earlier guild regulation, bringing the industry under entrepreneurial control.” French textile guilds settled into policies of constant cautious restriction, in which it is difficult to assess without quantitative data. In Germany, merchant entrepreneurs played town labor against country labor to low production costs.411
(d) **Guild Influence on Investment and Innovation**: “The great majority of guild members working for local markets were at any given time, in respect of workshop output, very near the bottom of the scale of artisan productivity for their day. Guildsmen in export industry, on the other hand, could reach the peak of productivity for their day. They could enlarge workshop staffs up to the limits of convenient personal supervision and they could have the use of guild mills and other equipment at low cost. By these means and by putting materials out on contract with small masters and women workers, they were enabled both to increase quantitative output of small wares and to raise efficiency through the integration of related processes. At both extremes guild organization helped, through cartel action in buying and selling and through collective effort in creating goodwill among consumers, to widen profit-margins.” The idea of equality in guild circles referred to independence, not to absolute equality of income, which was never a rule of practice except among guild brokers, who were in effect public functionaries. It was possible for a guild to be conservative in its policies from attachment to the democratic equality of independence, which temper may have obstructed investment and innovation in small medieval towns, but evidence of comparable episodes is rare. Much urban mill construction was undertaken by landlord interests during early phases of town growth, before guilds were well established. The chief Rhineland guilds in the industry had long had a price cartel and had been trying to force their regulations on village workers. Guild action could on occasion delay innovation that was being introduced under cover of the integration of two trades, either through a partnership or in a single master’s shop. Small artisans could be very receptive to new techniques provided that these would serve the interests of the trade without threatening anyone’s independence. In metal guilds serving war demand, in the art industries and in fashion trades, there is a long record of medieval innovation, and artisans often shocked conservative opinion.

“The caution with which guild artisans viewed radical innovation in methods of production is reflected in their policies regarding competition. Within the membership of independent guilds, it had some play, enough to allow of the exercise of individual initiative in trying out new sources or types of supply, or small changes in techniques, but not enough to run far in price competition. The secret of economics or improvements effected by individuals would if possible be passed on and would become guild property. Guild officers were not entrusted with the responsibility of supply as a regular duties except in the event of marked upward price trends or when it was necessary to travel in search of rare materials not offered by local merchants, such as ivory for knife-handles or industrial crystal. Otherwise bulk purchase was restored to only in the face of abnormal scarcity or collusion by merchants….Competitive bidding was normally kept in check by agreements sanctioned by fine and also by the right of sharing in another member’s purchase at the original price….There had to be some degree of tolerance of price competition in selling, given the existence of competition from outside the guild, but there were perennial efforts to prevent its disguise through sales on credit and through variations in measure and equality….There was often tension within a guild between the richer and poorer masters and between the older and the younger over open price competition.”

Competition was further limited by regulation of hours of work. This would have favored the larger men, who could hire extra help at need, as against the poor, who could get ahead only by working overtime. Direct investment by the guilds in capital equipment was on the whole slight. “There is no denying that medieval types of guild organization were poorly adapted to rapid expansion of investment. The social relationships that they embodied could strengthen explicit devotion to small artisan independence as preferable to a more energetic pursuit of profits. Stiffening cartel agreements by social as well as economic sanctions, they tended often to extreme caution among entrepreneurs as well as among the small artisans.” Yet external conditions usually dictated caution.
Economic Policies of Governments: The incapacity of medieval governments to deal with economic problems still has a certain validity. However, governmental functions were connected with profit for the individual or group invested with power. The distribution of authority is one of the facts which make government economic policies in the modern sense hard to discern in the Middle Ages. There were no such things as government economic policies in the Middle Ages: it means, rather, that their scope, character and objectives have to be defined in relations to the nature of medieval government and its circumstances. It must be accepted that government operated at a number of levels, and that account must be taken, for example, of the policies pursued in Italian communes and feudal principalities. The maintenance of peace and order was not a matter of indifference to the merchant or the cultivator. “Fiscal policies and the economic consequences of policies aimed at public order, however, are merely the groundwork in the history of medieval economic policies….Large changes took place in the capacities and institutional equipment, and even in the very nature, of government during these centuries; and with these changes went a corresponding transformation of the scope and effectiveness of government intervention in economic affairs. There were also equally far-reaching changes in the economic environment, which altered and diversified the problems and opportunities of governments — directly in so far as they affected the fiscal situation, and indirectly by creating new social interests and tensions which forced themselves on the attention of rulers.” Looking at the problem from the angle of government, “it is proper to begin with the extreme dispersal of power during much of the Middle Ages. It is perhaps convenient to describe this dispersal of power by the term feudal disintegration, although feudalism in the strict sense was one only of the forms of organization which took root in medieval Europe and consecrated disintegration.”

In the Middle Ages, “Society was largely constituted of relatively small groups, which were mainly self-supplying in character or at the most satisfied their needs by means of short-range exchanges. Furthermore, there were long periods when a good deal of Europe was sparsely peopled, so that communities might be physically separated by tracts of unsettled waste…Basic economic interests, therefore, tended to be local or at best provincial; and economic policies were likely to emanate from authorities as this same lowly level. The growth of long-range trade and the appearance of economic specialization never completely destroyed these features of medieval economic life: self-supply and local provision continued to absorb the activities of the majority of medieval men. This may help to explain the persistence of political disunity in medieval Italy and Germany, the formidable obstacles to state-building in Iberian and northern Europe and the tendency for even the relatively advanced political structures in France and England to disintegrate under stress.” On the other hand, particularly from the eleventh century onwards, unifying forces were at work in the economic as well as the political sphere. “Internal colonization, particularly in western and central Europe, was filling empty spaces and eating into the physical barriers between communities. At the same time, active external colonization was bringing new areas, especially in the northeast and the Iberian peninsula, into the European economic system—an expansion which, in Spain for instance at quite an early date, owed a good deal to royal sponsorship, though for reasons which were probably military rather than economic. Finally the growth of both long-range and short-range commerce similarly broke down barriers and enlarged horizons. This made possible a greater degree of economic specialization as between towns and countryside and also between regions, as merchants linked the Near East and Mediterranean via the fairs of Champagne with the industrial Netherlands and the primary producing areas of the North Sea and Baltic.” Economic expansion infiltrated into the political structure: the decline of the landed nobility with the rise of the merchant class or bourgeoisie — causing the collapse of feudalism with the commercial revolution, though the speed varied by region.
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(a) **France and England**: In England, the medieval trade dealt mostly with exports of wool and clothes to the ports of Low Countries, the Baltic and western France, which linked with wider world markets; to which her economic policies were mainly related. By contrast, France was in transit between two industrial and trading regions: Low Countries and northern Italy. After the decay of the Roman system, its direct tax survived for a time in the Visigothic and Frankish kingdoms, but the public charges withered away in the early Middle Ages. When the Vikings invaded France in the ninth century and England in the tenth century, general land taxes were reinstituted. Due to feudal disintegration, the resources of the dukes of Normandy or the counts of Champagne in the twelfth century were not much different from those of the king of France. Charlemagne was active in the establishment of markets: he checked the multiplication of tolls, improved roads and standardized weights and measures; controlled the prices of essential foodstuffs and forbade their exports at the time of famine; and prohibited trade by night and in the absence of witness to prevent fraud and the disposal of stolen goods. Charlemagne tried to maintain commercial relations between Gaul and England, while both states agreed to protect each other’s merchants. In the Mediterranean, he tried to minimize the effect of Moslem piracy upon the ports of the south, and improved commercial relations with the Islamic world through diplomacy with Baghdad and Spain. In England, the main control of internal trade was to inhibit cattle stealing and the evasion of market dues. Since the trade was revenue sources, rulers of France and England tried to improve domestic and foreign trade. Particularly at the time of war, normal revenues were not inadequate, so the rulers of states expanded their tax revenues in direct and indirect taxes as well as in import and export duties, which was the most important reason why the government intervened in economic affairs. In the thirteenth century, the fall in money value combined with fixed rent reduced the real income of landlords, so that the government attempted to revive seigneurial control over tenants.

Industrial policies were mostly limited to mining and textile industry, while commercial policies played an important role. In the Early Middle Ages, communications and transportation were neglected and local currencies were chaotic, but were gradually recovered as trade became important in the High Middle Ages. The Champagne fairs, were still local agricultural markets in 1100, but became the meeting point for the merchants of Flanders and Italy as well as France. France forbade exports of grain on a national or regional level from time to time, and England regulated food trade. The Carta Mercatoria of 1303 provided trading privileges to all alien merchants in England such as king’s protection, free of certain local charges, general wholesale with resale of textile dealers, and speedy justice in appeals. The kings of France made similar concessions to the merchants of Flanders and Lombardy, who were the main group of traders at the fairs of Champagne. Since royal and noble households were the main consumption group demanding undisturbed supply of quality goods at reasonable prices, it was their interest to maintain the smooth path of the foreign importer. “England relied for the most part on Gascons to bring wine, Flemish to bring high-grade cloth, Hansards to bring furs and wax, and Italians to bring the silks and spices of the Mediterranean and Levantine lands.” At the time of war, the most rulers of states used economic measures to achieve military or diplomatic goals. In England, Edward I greatly increased the taxation on trade during the war of 1294–7. In addition, in order to facilitate his financial manipulation of the trade and the realization of his diplomatic ends, he diverted most of the wool exports to specified ports in Holland and later in Brabant. In France, a system of export licenses was established, which made trade convenient to administer finance. The Anglo-French conflict raided their commercial cities and interrupted normal trade. Demanding heavy finance, the war caused difficulties to international firms because it disturbed their prompt and full repayment of public debts, which was different from trading debt.\textsuperscript{418}
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(b) **The Low Countries**: Charles the Good (1119-27), count of Flanders, ordered stocks of food and clothing held in reserves to be distributed to his subjects to alleviate the suffering from the famine arising during 1125-6. He guided the farmers “to sow half their lands with beans and peas” before the new grain harvest, and forbade the brewing of beer to secure more oats for food. He lowered maximum retail prices for wine to cease its imports and to encourage more imports of foodstuffs. Philip of Alsace (1158-91) used military and diplomatic intervention for merchants trading with the Rhineland. He created new ports near the Flemish coast and secured possession of lands located at the mouths of those ports. He protected trade by complete exemption from tolls throughout Flanders for domestic trade, and forbidding merchants of the older towns to exact any entry fee to an association from the inhabitants of his new towns for overseas trade. He dug canals across the Flemish plain in the heart of the country in order to link the coastal region with the Scheldt valley by improving old waterways and creating new ones. The canal works were extended to the years of Countess Margaret. Margaret of Constantinople (1244-78) reduced the burden of tolls in 1252, and granted privileges to the merchants of La Rochelle and other towns who often used the port of Gravelines, which helped concentration of trade on Bruges and its outpost. In Holland, Dordrecht - located on the waterway leading to the sea, near the mouths of the Meuse and the Rhine – was becoming a center for the transshipment of merchandise. The count of Holland granted privileges to merchants coming from the lands to the east of Northern Germany and Hamburg in order to divert them from Bruges to Dordrecht, which became a compulsory market between the Rhineland and middle Meuse. Like Bruges or Dordrecht, the duke of Brabant intentionally developed Antwerp as an active center of trade by providing privileges to merchants who brought business to the town, which policy made tangible results until it was seized at war in 1356. In general, medieval trade policies were based on the protectionism, intending that the loser recovered the lost benefits from the gainer.

The textile industry in Flanders was subsidized by the princes. Joan of Constantinople in 1224 promised exemption from taille “to the first fifty ‘foreigners’ who established themselves in Courtrai for the purpose of carrying on cloth-working.” When the larger clothing towns built markets for themselves with their own funds, princes assisted the cost of such construction in the less important centers, “at least to the extent of granting them the necessary sites.” Ghent and Bruges eliminated textile manufacture from their rural hinterland, but Ypres failed to prevent the small towns and villages around it by resuming competition. In the thirteenth century, the ‘black silver’ currency, the money of Paris, became the basis for the Flemish money. But Philip the Fair (1285-1314) introduced ‘white silver’ and gold coins as their mints in imperial Flanders: the independence of its monetary system symbolized some degree of political independence of Flanders from France. The duke of Burgundy provided common currency for Flanders, Brabant, Holland, Zeeland and Hainault by the reform of 1433-4. For the lands, the rulers participated in the extension of the cultivated area throughout the medieval times. From early eleventh century, the count in Holland colonized and established manorial centers in lands previously waste. He demanded a special administration for the control and supervision of the lands along the coast. In politics, Countess Margaret intervened in the conflict between the wealthier classes and the popular classes (weavers and fullers) in the textile industry in the last year of her reign. This intervention increased the cost of wool production, which reduced its competitive power in the foreign market so that Flemish exports were rapidly declining. The social revolt of 1280 was followed by wars between France and Flanders in 1297. The Flemish victory was a victory of the artisan class, but the large scale of commerce passed into foreign hands, and industry became limited. The towns in Brabant were developed much later than those in Flanders, and the urban development of Holland was even later than of Brabant.419
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(c) The Baltic Countries. The countries of Scandinavia and on the shores of the Baltic became members of European society with gradual incorporation into its economy. (i) The Scandinavian countries were the sea powers as unified kingdoms in the eleventh century: Denmark was the leading power and Sweden and Norway followed its system with a half century lag. Since the Viking period, the Scandinavian military forces had consisted of fleets of long ships manned by warriors. All men owning land supported maritime expeditions; the free peasantry was commonly responsible for maintaining, equipping, provisioning and manning a ship; and the provincial aristocracy was politically engaged in expeditions with ships, crews, and leadership. In the thirteenth century, the Danes subjugated the Estonians and the Swedes in the west of Lake Ladoga. Introducing a feudal system, the Danes had overcome the military weakness. In 1389, Margaret of Denmark and Norway allied with the Swedish aristocracy, defeated German infiltration into the Danish and Swedish kingdoms. The commercial policies of the Baltic states were closely related to the Hanse, while the Germans assumed its trade initiative in the Baltic in 1200.

(ii) The Hanseatic League was an economic community, rather than political-military alliance, offering benefits to merchants and cities by forming a large unified trading block. The League used the political methods of alliance, embargoes, blockade, and war as a last resort in order to achieve its goals: to control the trade in the Baltic and on the west coasts of Scandinavia, and to secure their trade routes mainly from Novgorod to Bruges. In 1252 the Hanse pursued complete exemption from duties in Swedish ports for the price of its not-supporting a rebel faction in Sweden. The Norwegians were competitive with the Hanse due to the well-developed trade connections; but after a naval war in 1284, they gave up the fight and accepted that the Germans controlled the trade in stock-fish at Bergen, and that in animal products at Oslo and Tonsberg. The Hanseatic voyages to Novgorod were limited by the Swedish in the 1290’s, but internal disintegration of Sweden and Russia allowed this movement and accepted Hanseatic supremacy. The Hanse controlled maritime trade of the Scandinavian states, but its towns were politically weak when a territorial state was overwhelmingly strong.

(iii) In the thirteenth century, the Teutonic Knights gained power in the coastal land of the Baltic and northern Germany. It subjugated Prussia and brought the German and Dutch settlers into the conquered land. The Order maintained surplus revenue in the form of grain and established a well-organized trade in the Baltic and the North Sea. It exported wax, copper, and furs as well as grain and amber from Prussian towns; and imported salt, cloth and spices. There had been tensions and disputes between the Order and the League over the Novgorod trade in the 1390’s. The Teutonic Order gradually could not control Prussian towns which caused its financial difficulties. In the fifteenth century, the protective tendencies against the Hanse were evident in Scandinavian trade policy led by Denmark; which was stimulated by increasing revenue from customs paid by silver currency. The territorial states in the Baltic tried to take certain counter-measures against Hanseatic policies to recover their commercial gains, but the weakness of their merchants could not bring positive commercial policies for them.

(iv) Poland was the traditional tribal society that was transformed into a unified kingdom by the influence of neighboring countries: princes built castles and created feudal armies. Poland was divided into districts controlled by castellans to which serf villages were attached with the labor forces. In the course of the thirteenth and fourteenth centuries, agrarian progress with cultivated lands made Poland a grain exporting state. Casimir the Great (1333-1370) centralized the financial system, efficiently collected taxes and dues from the royal domains, and established money-rents. The union of Poland and Lithuania in 1389 and their combined forces won a victory over the Teutonic Order at the battle of Tannenberg in 1410. Political-military relations of Poland against the Teutonic was the same in its commercial policies.
(d) **Italy and Spain**: The medieval system lacked in transportation and communication without noticeable progress in technology. There were no reliable consistent economic theories for the local and central governments to follow. The main objective of the government economic policy was in self-sufficiency of grain and other necessities such as salt, meat, fish, vegetables, wine, oil, firewood, timber, wax, and tallow. The authorities controlled exportation of these items, while they encouraged their importation. “Venetian ships shipping grain in foreign ports were explicitly obliged by Venetian law to bring part of it to Venice itself.” However, the economies of the kingdoms in Italy and Spain could not be simplified by restrictions, which created more complicated problems from protectionism just like the present time. The public authorities from time to time had controlled the prices of necessities, wages, and rates of interest with the concern of just and stable prices. In northern and central Italy, the individual corporations decided wages; while in the Iberian Peninsula, the kings and city authorities intervened in the matter of wages. Regarding the rates of interest, maximum legal limits were established, and one who charged higher than the limits was considered to be usury so was illegal. Sicily enforced the upper limit at 10% and Genoa at 20% a year in the thirteenth century.

In agricultural production in Italy, “If a piece of ground for one reason or another was allowed by its owner to remain uncultivated, the village community was obliged to cultivate the land at its own expense and under its own responsibility.” The kings of Castile had granted tax exemptions to owners purchasing uncultivated land to develop. The authorities in Italy and parts of Spain tried to promote rational distribution of land by imposing adjustment of boundaries against fragmentation or by limiting the upper size of holdings. A critical medieval policy for agriculture was in the relationship between arable and pasture. In Italy, precise regulations were provided not to damage by flocks on cultivated land; but in Spain, the pasture owners were so powerful that regulations were not favorable to arable. Meanwhile, the regulations between manufacture and commerce showed an enormous disparity in the High Middle Ages. Since the merchant class was more powerful than the artisan class, mercantile policy was more favorable to industrial policy. But the former was always secondary to the policies for provision, stable prices, and supplying of precious metals. With the rise of industrial entrepreneurs, the artisans and workers formed their own guilds and influenced policy for their benefits. The medieval authorities often used protectionism in trade, and the migration of skilled artisans had generally been prohibited to avoid transfer of technology just like the present time.

A policy of controlling consumption appeared in and spread throughout many cities from the end of thirteenth century to the fifteenth century. The motives were variously explained by that over-consumption was against ethical and religious values, that it was harmful to withdrew capital from productive activity and sterilized wealth, and that the expenditure of the rich was the income of the poor. Medieval authorities seemed to be disturbed by the waste of resources in the scarcity of capital due to insufficient savings and the high rates of interest. Another problem of policy was in the control of the quality of products, although many regulations were provided to maintain the quality of goods. Finally, the feudal lord was basically monopolists within the manor for milling, baking, selling bread, wine, salt and so on. The anti-monopoly policy meant largely the struggle against feudalism. However, anti-monopoly policies were provided by the medieval authorities. Alfonso X in 1255 in Castile and Leon, and later Pedro IV in 1349 in Aragon and Pedro I in 1351 in Castile banned the old cofradie in order to stop the upward shift of prices and wages after the Black Death; while one of the favorite targets of anti-monopoly policy was the guilds. The most common measures were “Prohibitions and declarations of a general nature against monopolies and restrictive practices of all kinds….Prohibitions forbidding businessmen or workers of particular sectors of the economy to associate in corporations….**"421
Public Finance and Credit: Northwestern Europe: The majority of medieval rulers could not accumulate substantial reserves from the ordinary revenues for other purposes than everyday needs. The cost of warfare had increased throughout the ages in addition to the maintenance cost of diplomatic relations with other rulers. Until the mid-thirteenth century, western rulers rarely borrowed except in special circumstances, but since then, they began to borrow money more often either from non-business or from professional lenders who expected profits. Foreign merchants seeking special privileges in the competitive market had largely depended on the continuous tolerance of local rulers; while native merchants were exposed to political pressures as well as motives of loyalty and obedience to their sovereign. In addition to interest loans, medieval rulers had various tools to attract lenders: “exemptions, privileges, protection against extortions or violence and even diplomatic support in other countries.” Medieval bankers were sometimes conferred to titles of the nobility by rulers who borrowed money. In any case, once a firm engaged in loan business with a ruler, the banker had to continue lending to recover previous losses, so that the success or failure of lending was largely uncertain. The creditors of princes wanted security measures to make sure their borrowers to honor their debt, but no special guarantees were provided by rulers other than general promises of debt repayment. Until 1200, the common form of loan security was the pledge of land, which was favorable to ecclesiastic lenders who wanted more lands, while lay businessmen favored temporarily control over taxes and tolls. In France, a royal decree of 1318 prohibited alienating of royal property, which discouraged some creditors from seeking pledges of land. In Germany and the Netherlands, in case of default, “the princely borrowers would be obliged to take up residence in the creditor’s native town and would remain there until the debt was settled. Alternatively, a fixed number of the advisers or knights of a ruler might become hostages of the debts of their master. The kings of France and England were much too powerful to have to ensure such humiliating contracts in their own lands.”

In the twelfth century, in general, bishops and monasteries were major lenders to rulers, and “Rulers found it safer to mortgage important properties to churches rather than to the leading magnates of their dominions, though the money might ultimately be derived from some of these magnates.” Throughout the century, lay lenders, both Jewish and Christian, became active and important in finance supplementing ecclesiastic lending. In 1163 Pope Alexander III issued a decree declaring loans on mortgage to be a form of usury and forbidding ecclesiastics to practice this. This had little effect at first, but religious institutions gradually withdrew from lending and sought lawful forms of credit transactions such as purchase of perpetual rent-charge from borrowers. As the economy became prosperous in the twelfth century; the Jews made profits in Western Europe, and Jewish loans to rulers increased, when only the lay lenders were accessible to the rulers. After the time of Albigensian crusade, Jews were debarred from participating in wholesale trade, and confined to money-lending under licenses from the local rulers by paying taxes. “The emergence of important lay lenders opened up entirely new financial possibilities for governments. Rulers could now raise loans in way better suited to their needs interests. The growing cost of warfare was one of the main causes of the increased need for government borrowing. Larger and more elaborate stone castle were being built, costly to construct and to provision. Warfare became increasingly a matter of lengthy sieges and campaigns became more prolonged.” Important rulers frequently employed more mercenary troops. By the late twelfth century, an element of credit was also becoming more clearly discernible in the ordinary financial arrangements of many princes. “Businessmen were particularly suited to the handling of the new tolls, excises and other taxes that sprang up in this period. As the expenditure of princes grew, the officials collecting or farming their ordinary revenues were increasingly expected to anticipate future receipts by advances to the government when necessary arose.”
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(a) *The Crusades and the Italians*: Money, shipping and supplies were repeatedly obtained on credit in Italian harbors and from members of the Italian colonies in the Levant. Their financial operations were presumably confined to organizing transfer of money to the crusading states in the East for their own needs or to help their allies. The Genoese were active in helping the French contingent and King Philip Augustus embarked from Genoa, and they also made loans to the French king in Syria. Louis IX contracted the loans for his crusade to Egypt and Syria. Italian businessmen were delighted to lend money to such a safe client. “In 1253 Louis borrowed in Syria at least 80,000 li. *par* from some seventy different lenders. Nearly half came from seven major Genoese firms. The lenders recovered their advances through the intermediacy of other Italian merchants trading in France.” Italian merchants were already frequenting the fairs of Champagne in some numbers in the last decade of the twelfth century. During 1200-75, the fairs developed into a major financial center of international importance, the earliest such center in northwestern Europe. The more important Italian firms gradually became accustomed to maintain representatives at all the fairs and many other prominent merchants came fairly regularly. Moreover, a semi-permanent money market developed, where very considerable sums could be borrowed from a wide choice of lenders. The influence of papacy did much to promote the business of the Italian merchants north of the Alps. Prelate throughout Christendom owed payments to the popes in return for securing promotion to bishoprics and abbacies or for other grants and favors. The Italian firms collected papal taxes from churchmen throughout Europe, as the financial of papacy need increased rapidly. During the second half of the thirteenth century, Italian merchants were spreading their activity to England and to most regions of northern and eastern France and the Netherlands. The leading Italian firms were superior over merchants of northwestern Europe, controlling more capital with more branches as commercial centers.

(b) *England*: From the days of Henry II down to the middle of the thirteenth century, loans normally played only a subsidiary part in the financing of the Crown. Systematic use of borrowing started in the reign of Edward I, who used credit facilities for regular borrowing and repayments. At his death in 1307, at least £60,000 were owed by the treasurer of the king’s household. Many of these debts were never satisfied. “In 1318, at the time when the ordinary revenue of Edward II probably did not surpass £30,000 a year, his main bankers, the Bardi of Florence, possessed total assets of 875,000 florins (£130,000). Italian firms of this stature could afford to be easy-going in their relation with royal clients.” The English kings made good use of the network of branches and business correspondents possessed by the Italian firms in all the more important centers of Western Europe. The early years of Edward III’s reign, until the outbreak of the war with France, were the last period during which the system of regular borrowing from a single great lender, or a pair of such lenders, functioned normally. However, in late 1339, it estimated royal indebtedness at over £300,000. The Bardi and the Peruzzi were exhausted after advancing more than £125,000 in 1228-9, which caused a serious damage to the financial position of the both banks. Edward III was not in position to repay speedily the large debt he owed to the two firms and had little inducement to help them, as their loans virtually ceased after 1342. The Peruzzi with other Florentine firms went bankrupt in the following year; the Bardi held out until 1346. More leading English businessmen were now afraid to become too closely involved in dealings with the Crown, since many creditors were far more preoccupied with the danger of loss than with the possibilities of financial gain. The absence in England of permanent taxes other than customs prevented the growth in this country of the local bureaucracy of professional financial officials, who in France played such an important part in financing the king with their loans. The repeated refusals of Londoners to lend money the Henry IV during the campaigns in France in 1448-53 resulted in the bankruptcy of the Lancastrian monarchy on the eve of the Wars of the Roses.\(^{425}\)
(c) **France:** During most of the thirteenth century, the chief interest centers in the credit transactions in France were the rulers of feudal principalities. Italian merchants partly replaced local French lenders in many regions of the country and a short period of intensive employment of Italian bankers by the French Crown occurred in the reign of Philip the Fair. French kings were anxious to avoid the predominance of any group of over-mighty financiers, alien or French. They began to employ the Templars regularly at a time when that Order offered exceptional advantages to princely clients. “Louis IX did not need to borrow from the towns of the royal domain, because he could always secure substantial gifts or aids from them, but few other contemporary French rulers could levy enough in extraordinary taxes to avoid the need of frequent borrowing.” Philip the Fair (1285-1314) was the first French king to make effective and continuous use of Italian financiers. The Florentine firm of the brothers Musciatto and Albizo Franzesi replaced the Templars as the chief royal bankers. At the end of 1295, the Franzesi were made sole treasurers and acted in this capacity for a year, until they handed over the treasury to royal officials. The introduction of frequent taxation after 1337 favored the extension of the practice of levying general loans, because there was no more revenue to anticipate. The term forced loans if often applied to the widespread levies. A certain amount of pressure was exerted at times, and an unqualified refusal to contribute was likely to be regarded as disloyal to the king. Wealthy townsman and other prominent persons had much to gain from earning and maintaining the king’s good will towards them by contributing. The existence of regular taxation created increased opportunities for government borrowing from officials connected with financial administration. Much was borrowed from wealthy Parisians and an important group of Italian creditors. The civil war in the fifteenth century opened up possibilities of considerable profits for the financiers, but ended by ruining many of them. Systemic borrowing from royal officials was an old habit of the French monarchy.  

(d) **The Netherlands:** In the thirteenth century, Flanders contained some of the richest cities in Europe. Loans from individual townsmen were more frequent than direct advances by municipalities, but many of these individual lenders were themselves members of the patrician class who governed the Flemish cities. By 1300 most important creditors of the princes and the municipalities of the Netherlands were to be found in northern France, at Arras, Paris and the fairs of Champagne. All this was altered during the prolonged Franco-Flemish warfare in 1297-1320. Flanders passed through a far more prolonged and devastating financial crisis in the early fourteenth century. The treaty of peace with France in 1305 imposed a crushing war contribution upon the country. The political position of the counts of Flanders was weaker in the first half of the fourteenth century than it had been before 1294. They could no longer afford to pursue ambitious policies, independent alike of their French sovereign and of the wishes of their subjects. Meantime, the Burgundian dynasty acquired most of its possessions by marriage, inheritance or conquest. “The Burgundian state consisted of very diverse territories. In each there existed some long-established facilities for governmental borrowing and some traditional contacts with particular business centers. The Burgundian dukes simultaneously exploited all the varied possibilities for borrowing that their position gave them.” The state character altered considerably under Philip the Good. His acquisitions in the Netherlands could yield at least as much income as did the older possessions of his house. “In the second half of Philip’s reign, his revenues reached, in some years, the remarkably high totals of the last years of his grandfather, but this time there was no French subsidies and it all came from the Burgundian possessions alone.” Charles the Bold had inherited a large reserve from his father, but it was all spent within the first five years of his rule. The Estate General of the Netherlands were induced to grant him heavy taxes. His average annual revenue was nearly twice as large as the average income of his father during the last ten years of his rule. His expansion of spending caused his government to borrow money everywhere.
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(e) Germany. The continued weakness of the monarchy after 1273 prevented the creation of central administrative and financial institutions. The autonomy of the German princes already became permanently established during the Interregnum (1250-72). Germany came to consist of some 300 territories whose rulers were virtually independent from the empire. “At each royal election, the votes of the electors had to be bought by exorbitant concessions, and loans needed for payments to the electors had to be secured by pledging royal property. The financial resources of the German kingship failed to expand and even tended to contract. In wealth, and even in administrative efficiency, the German kings were overshadowed by the more powerful princes of the Empire.” Unlike other states, Germany was almost entirely neglected by Italian businessmen. Loans raised on the security of pledged property and princely prerogatives remained extremely common in Germany throughout the Middle Ages. On royal credit operations, in the second half of the twelfth century, the German emperors relied their finance on large revenues from Italy. The recovery of regalian rights in the Italian kingdom gave Frederick I an additional annual income estimated at c. 30,000 pounds and further substantial sums were secured from miscellaneous sources. Royal revenues from Germany were much smaller than those derived by the Hohentaufen from Italy. Frederick II was the richest secular ruler of his time. Frederick III negotiated with the Austrian Estates for financial help, but they refused all financial help Frederick request in 1441. His expedition to Italy in 1452 for the imperial coronation was treated as a business enterprise. On credit operations of German princes, in some principalities, the mortgaging to princely resources was so widespread as to ruin utterly the credit of the rulers. The presence of these debts played an important part in shaping the constitutional development of principalities and in accentuating the tendency towards a division of power between the rulers and the Estates representing the chief classes of their subjects, which dualism had its constitutional basis.

(f) The Towns of Northern Europe: Special interest attaches to the credit transactions of the medieval cities because they developed forms of public credit that anticipated the funded debt of the modern states. “When in the fourteenth century, the French Crown imposed limitations on the right of the towns to tax themselves freely, this curtailed their power to borrow and encouraged the contract of loans freely, which curtailed their power to borrow and encouraged the contraction of loans secured on permanent city revenues independent of royal control.” The sale of annuities constituted the most usual form of medieval municipal borrowing in Germany, the Netherlands and northern France. There existed two main types of medieval annuities: life annuities and perpetual annuities, while the towns were anxious to avoid the accumulation of perpetual annuities. All classes of society invested in municipal annuities. In the thirteenth century in France, there were numerous communes with considerable autonomy. All the communes, whether royal or seigneurial, had considerable financial responsibilities and became easily involved in frequent borrowing. But the towns of central France usually lacked the wide autonomy in financial matters possessed by the communes. Flemish towns, in the second half of the thirteenth century, there was suspicion of financial corruption, and municipal debt were growing apace. The money market of Bruges led Flemish towns exceptional opportunities for short-term borrowing. The Burgundian dukes maintained close control over the financial administration of the towns in the dominions. The levy of taxes and the sale of life-rents by municipalities required ducal consent. The Burgundian rule increased the indebtedness of the towns, but it was not unfavorable to the interests of the wealthier townsmen. They stood to gain most from the increased opportunities to invest in municipal annuities. The German towns never attained the complete independence of the Italian city republics. The occasional financial demands of German rulers continued to be a recurrent cause of fiscal emergency in several self-governing municipalities. While the German towns shared fiscal burdens, they lacked the effective protection against external attacks.
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231 Ibid., 211-2.
236 Ibid., 223-9.
240 Ibid., 236.
241 Ibid., 237-40.
242 Ibid., 243-7.
243 Ibid., 248-57.
244 Ibid., 258.
245 Ibid., 263.


"Attempts to argue that the Muslim merchant of the Middle Ages was less capitalistic in his use of money than his Christian or Jewish counterpart are the product of wishful thinking by Muslim apologists." It was only in the fifteenth century that Muslim merchants exported their beliefs to trading partners on the edge of the known world.

Ibid., 411.
Chapter II. Economy and Society

A Genizah is a storage area in a Jewish synagogue or cemetery designated for the temporary storage of worn-out Hebrew-language books and papers on religious topics prior to proper cemetery burial.


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333 Ibid., 574-5.
334 Ibid., 576-82.
335 Ibid., 583-4.
338 Ibid., 589-90.
339 Ibid., 591-2.
342 Ibid., 608-10.
345 Ibid., 790-4.
346 Ibid., 794-6.
347 Ibid., 796-800.
348 Ibid., 802-3.
349 Ibid., 804.
350 Ibid., 818.
351 Ibid., 819.
352 Ibid., 820-3.
353 Ibid., 825.
354 Ibid., 826.
355 Ibid., 827.
356 Ibid., 828.
357 Ibid., 831-3.
358 Ibid., 834-5.
359 Ibid., 836.
360 Ibid., 837.
361 Ibid., 838-9.
362 Ibid., 841.
363 Ibid., 850.
364 Ibid., 852.
365 Ibid., 853.
368 Ibid., 855-6.
369 Ibid., 860-2.
370 Ibid., 863.
372 The same, Emergence of merchant banks: Discounting of interest.
373 The same: Emergence of merchant banks: Foreign exchange and Italian bankers.
Chapter II. Economy and Society


384 Raymond De Roover, “The Organization of Trade,” 95.


348 Book II. The Middle Ages from 750 to 1400
Chapter II. Economy and Society

412 Ibid., 271-4.
413 Ibid., 274-5.
414 Ibid., 278-9.
415 Ibid., 283.
416 Ibid., 286.
417 Ibid., 287-8.
423 Ibid., 441-5
424 Ibid., 447.
425 Ibid., 451-71.
426 Ibid., 471-91.
427 Ibid., 501-6.
428 Ibid., 507-18.
429 Ibid., 527-53.