Medieval Money at Work

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LAUREN JACOBI
MEDIEVAL MONEY AT WORK

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I. MANUAL WORKLESSNESS

The medieval Norman ecclesiastic and university teacher, Nicholas Oresme, noted in *De Moneta*, his treatise on the production of coinage and its politics that, "[t]here are three ways in which profit may be made from money, without laying it out for its natural purpose; one is the art of the moneychanger, [i.e.] banking or exchange, another is usury, a third is alteration of the coinage. The first way is contemptible, the second bad, and the third worse."[1] Writing in the middle of the fourteenth century, Oresme damned a precise type of monetary gain: rather than making a shoe or renting property (during which time the owner deserved compensation due to use deprivation), the banker, the usurer, and the coin adulterator worked against nature, controversially performing a type of manual worklessness that left no material trail. To profit from capital alone was odious because charging interest constituted abusing time, indolently stealing it, thereby infringing on something that God alone should control, as Jacques Le Goff has observed.[2] Oresme's arguments were a scholastic response to Aristotle, the foremost historical authority on, among other topics, the ethics of moneylending in late medieval culture. As Aristotle wrote in *Politics*: "the petty usurer is hated most, and with most reason: it [or he] makes a profit from currency itself, instead of making it from the process which currency was meant to serve."[3] For Aristotle, as for Oresme, money should function as a pure medium of equivalence that assisted in easing trade.[4] Likewise, Aristotle held that money should be barren; in and of

1 Charles Johnson, trans., *The De Moneta of Nicholas Oresme and English Mint Documents* (New York: Thomas Nelson and Sons, 1956), 27.
2 Jacques Le Goff, *Your Money Or Your Life: Economy and Religion in the Middle Ages*, trans. Patricia Ranum (New York: Zone Books, 1988).
3 Ernest Barker, trans. Aristotle, *Politics* (New York: Oxford University Press, 1962), I. x. 4.
4 Bertrand Russell, *History of Western Philosophy* (London: Allen and Unwin, 1946), 209.

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itself it should not be deployed to produce profit.

This study seeks to investigate how and why certain financial activities that might not *seem* to be work were coded as such during the late medieval period. More specifically, I suggest that medieval money was made to 'work' in order to align practices of wealth accumulation with deeply entrenched moral ideas about how money should be made licitly. In the late medieval European world, banking transactions were manipulated so that they were perceived to be morally acceptable; one way to underscore the validity of receiving profit was to make it apparent—explicitly so—that work was, in fact, part of monetary gain. Investigating the history of how risk came to constitute part of what made generating profit from money permissible encourages us to reflect critically on our own attitudes towards the work of money, a point to which I shall return.

In considering how banking practices were glossed as legitimate, I will first address how the bill of exchange, a component of commerce used widely from the medieval period through the early twentieth century, necessitated a specific kind of movement through space that crisscrossed geographic boundaries. I then will turn to the physical workspace of what economic historians consider to be local banks. Examining that workspace, as well as the prescribed movement of the banker himself, attests to a desire to demonstrate boldly the open, visible nature of monetary transactions in banks, thereby suggesting to participants and onlookers alike that such negotiations were just. Such a categorization both inculcated confidence in the integrity of monetary exchange; it also, quite importantly, helped to counteract suspicion of usury.

Changes in the conceptualization of the function of money during the late medieval period parallel other shifts in attitudes towards work. Recent scholarship reveals that while peasant labor was often reviled in antique texts by Aristotle, Plautus, Cicero, Virgil, and Tacitus for its servitude, a significant transformation occurred with the rise of Western monasticism when agricultural and manual work were thought of ambivalently, both as socially subordinate and yet close to God in their meekness.[5] The newly formed mendicant orders were at the center of other challenges concerning the valuation of different types of labor. In the middle of the thirteenth century, at the University of Paris, mendicant friars came into conflict with secular masters in bitter struggles that ostensibly were about how many chairs the Dominicans and Franciscans would hold, but which really concerned a deeper issue: the type of work mendicants performed.[6] In this wrangle, questions about what constituted work were embroiled with concerns about the status and rights of the mendicant orders and the ways in which the friars' practices deviated from traditional monasticism based on the rules of Benedict and Augustine.[7] At stake was the long held conviction that manual work and the common life alone constituted the *vita apostolica*, or true religious life, which mendicant practices at times defied.[8] A key question was about how, and

5 Paul Freedman, *Images of the Medieval Peasant* (Stanford: Stanford University Press, 1999), 3, 204–235; Patricia Ranft, *The Theology of Work: Peter Damian and the Medieval Religious Renewal Movement* (New York: Palgrave MacMillan, 2006), 191.

6 Ranft, *The Theology of Work*, 169–89.

7 James Doyne Dawson, "William of Saint Amour and the Apostolic Tradition," *Medieval Studies* 70 (1978): 223–238, 226.

8 Ibid., 227–228.

if, technically immaterial acts should be compared to more tangible activities such as administering the sacraments.[9] Contemporaneous debates focused on issues such as the extent to which fasting counted as work.[10] Following this line of thought, was preaching work?[11] What did it mean to undertake works of mercy, as the lay Dominican fraternities did? And how about meditating, was it work? In the eyes of the apostolic Church and papal discretion, could coenobitic monasticism reject the ownership of property and still perform property-less work? Such questions prod us to consider related issues, including one foundational to queries about the medieval economy: what did it mean for medieval merchant bankers to work? What was their workspace like? And, more abstractly, according to medieval sensibilities could money, itself, be thought of as something that worked as it conceptually was moved from one currency into another?

II. *DISTANTIA*

By the twelfth century coined money had become the common, although not exclusively utilized, means of exchange of goods throughout most of Europe.[12] However, a desire for a reliable mechanism of payment, especially during times of bullion scarcity, led to the introduction of the bill of exchange by merchants from Genoa, Siena, and Marseille who used them to move funds to the Fairs of Champagne or from one Mediterranean littoral to another.[13] The bill of exchange enabled merchants to send payment to foreign locations, extend short-term credit, and engage in arbitrage.[14] It had the additional advantage that it did not necessitate moving large amounts of money in coin or bullion, a potentially precarious procedure. In general, the ambition with a bill of exchange was to implement an informal contract that had a financial, as well as a spatial and a temporal dynamic.[15] The bill of exchange involved an advance of funds in one place and its repayment in another currency at a different location. Because the bill needed to be physically transported across space by an agent, a lapse of time known as a usance occurred.

The way a bill of exchange functioned is explained diagrammatically in figure 1. Merchant A, a remitter in a given city, would lend money by purchasing a *cambium*, or a bill of exchange, from Merchant B, a taker, who would order repayment in a foreign currency. Merchant B would then send the bill abroad in multiple copies to a correspondent, Merchant C, known as a drawee or payer, who would give the designated amount of foreign currency at a set date to Merchant D, the payee, whose name had been assigned to the bill and who often was charged with buying foreign goods and who might send a *recambium* or

9 Ibid., 229.
10 Michael Uebel and Kellie Robertson, introduction to *The Middle Ages at Work: Practicing Labor in Late Medieval England* (New York: Palgrave Macmillan, 2004), 3.
11 The Dominican Humbert of Romans certainly thought so; a treatise he wrote in the thirteenth century covered topics including, "The characteristics of the job; what a preacher needs if he is to do the job… the actual performance of the job," et cetera; see Humbert of Romans, Treatise on the Formation of Preachers, Prologue, in Simon Tugwell, *Early Dominicans: Selected Writings* (New York: Paulist Press, 1982), 183; see also Ranft, *The Theology of Work*, 185.
12 For more on the use of medieval money, see Catherine Eagleton and Jonathan Williams, *Money: A History* (London: The British Museum Press, second edition 2007).
13 The bill of exchange would only become outmoded in the early twentieth century, see Markus Denzel, "The European Bill of Exchange. Its Development from the Middle Ages to 1914," in *Cashless Payments and Transactions from Antiquity to 1914*, ed. Sushil Chaudhuri and Markus Denzel (Stuttgart: Franz Steiner Verlag, 2008), 153–194; and Francesca Trivellato, "Credit, Honor, and the Early Modern French Legend of the Jewish Invention of Bills of Exchange," *The Journal of Modern History* 84, no. 2 (2012): 289–334, 290–291.
14 Trivellato, "Credit, Honor," 293.
15 Raymond de Roover, "The Organization of Trade," in *The Cambridge Economic History*, ed. M. M. Postan et al., vol. 3 (Cambridge: Cambridge University Press, 1963), 95.

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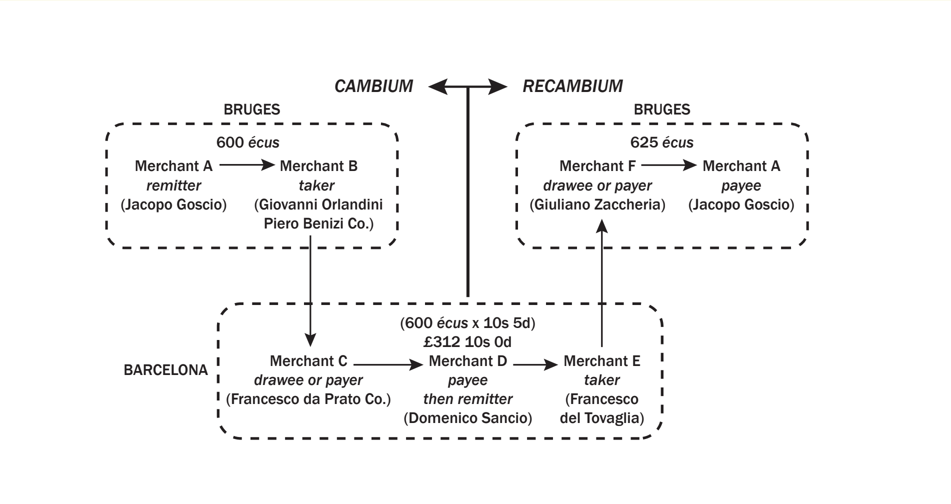

Fig. 1: Schematic drawing of the way a bill of exchange works.

a return bill of exchange.[16] In the case of a *recambium*, the process was reversed: money was transferred from the payee's currency back into the currency of the original remitter and, due to the spread on the exchange rates, the amount of money received typically, but not always, was greater than the sum first lent or 'delivered.'[17]

An example published by Raymond de Roover helps ground the procedure.[18] Using a bill of exchange as the document that both attested to and authorized a monetary transaction, on December 12, 1399 Jacopo Goscio in Bruges, in essence, lent 600 Flemish *écus* to Giovanni Orlandini-Piero Benizi and company, also in Bruges. This was to be claimed at usance in Barcelona by Domenico Sancio. Nearly a month later, Francesco da Prato accepted the bill in Barcelona, thus agreeing to make a stipulated payment, £312 10s 0d (600 *écus* x 10s 5d) in Barcelonese currency at the bill's maturity to Sancio, the designated payee. A *recambium* was then drafted on February 12, 1400 in which Sancio lent the excess of the first bill in Barcelona's currency to Francesco del Trovaglia, who was also in Barcelona. After its maturity, Jacopo Goscio claimed the second bill of exchange on March 11, 1400 in Bruges for 625 *écus* at a bank owned by Giuliano Zaccheria. The original deliverer, Goscio, thus made a profit of 25 *écus* over the period of four months. As with all bills of exchange from the period, the rate of return was not stipulated, so the gain was profit rather than interest.[19] There was no formal contract to repay.

The legality of the bill of exchange was constituted in its early history by the fact that a notary, whose authority was guild-based, drafted it. However, as the bill of exchange evolved, merchant bankers increasingly relied on known agents, which obviated the need for using notarized

16 Raymond de Roover, "What is Dry Exchange? A Contribution to the Study of English Mercantilism," *Journal of Political Economy* 52 (1994): 250–66, 252; and Trivellato, "Credit, Honor," 294. There were situations where the remitter and the beneficiary were one and the same merchant-banker.

17 John H. Munro, "The Bill of Exchange, Draft, or Acceptance Bill," accessed December 23, 2015, https://www.economics.utoronto.ca/wwwfiles/archives/munro5/BILLEXCH.html.

18 Raymond de Roover, *Money, Banking and Credit in Medieval Bruges* (Cambridge, M.A.: Cambridge University Press, 1948), 56 and 72; see also Munro, "The Bill of Exchange."

19 Denzel, "The European Bill of Exchange," 158.

documents, an expensive component of the transaction.[20] A critical point here is that at this juncture—also at a time when mercantile bankers and traders became less peripatetic and more sedentary—a banking system was established that was dependent on so-called branch banks. From a main office, a merchant would now employ factors, co-partners, or agents stationed in a foreign place, thus creating a spatialized network of trade that operated over immense geographic distances. Though it has long been understood that private Italian merchant bankers typically maintained a centralized home office in addition to vast networks of branch banks both elsewhere in the peninsula and outside its boundaries, what is less well studied is how this arrangement—practiced famously by Italian families such as the Bardi, the Peruzzi and, later, the Medici—ironically was driven in part by an attempt to evade the charge of usury through spatializing monetary circulation.

In terms of its moral authority, the critical aspect of the evolved bill of exchange was that it relied on *distantia* or *differentia loci*, which is to say geographic and spatial difference between workplaces, as the transaction normatively involved two disparate currencies.[21] Interest rates were concealed within exchange rates, making exchange between currencies necessary both for profit or loss and the moral validity of the transaction. Since the rate of exchange was speculative and not known or declared in advance, there were opportunity costs involved, which for some canonists absolved the transaction from usury, rendering it sacrosanct.

Thus, the merchant banker, his agents, and the money in their hands theoretically 'worked,' albeit abstractly, as money moved from one currency to another because the transaction involved (and this was key) risk and circulation. If money was moved from one locale to another where a different currency was used, and then back again, the potential for loss was either invoked or realized, which quelled accusations of usury because profit was not guaranteed. By moving through space, by refraining from rest, money worked as it circulated, helping to stave off the ever potent, socio-religious taint of usury.[22] In other words, due to the cloak of work, the practice described largely evaded charges of usury. The name used by early mercantilists to designate this type of trade was "real" exchange (*cambio reale*), itself an index of later belief in the purported honesty and reality of the movement of money.[23]

In addition to the introduction of the bill of exchange, another fundamental shift in the structure of financial arrangements occurred during the late medieval period. Whereas formerly collective business ventures were organized through a *societas*, in which each partner was equally liable, with the introduction of the new, more complex *compagnia*, earnings were retained by the partnership, and outside investors could contribute capital to a business.[24] Such deposits were interest bearing; however, they were termed discretionary payments in order to prevent a charge of usury. (Likewise, another means of circumventing usury was to record loan

20 Abbott Payson Usher, "The Origin of the Bill of Exchange," *Journal of the Political Economy* 22, no. 6 (1914): 566–576, 571–573.
21 de Roover, "What is Dry Exchange?," 261.
22 Eagleton and Williams, *Money: A History*, 84.
23 de Roover, "What is Dry Exchange?," 250.
24 Geisst, *Beggar Thy Neighbor*, 32–33.

repayments as non-obligatory "gifts," thus seeming to liberate the repayment of debt.) Though the structure of the *compagnia* was critical for the expansion of credit and trade, investors were known to one another, and often times linked through kinship. Yet, one should note that this is perhaps the onset of a type of business relationship that is fundamental to the configuration of the contemporary corporate body, and instrumental to its labor dynamics.

III. THE WORKSPACE OF MEDIEVAL LOCAL BANKS

I want to now move away from the web of commercial operations that relied on geographic distance to consider the spatiality of localized transactions, sometimes called manual exchange (*cambio minuto o commune*), which suggests labor in its very nomenclature. While international merchant bankers engaged in sophisticated trade across long distances through networks of branch banks and relationships with other large-scale banks via the bill of exchange, a different operation, the local bank (so termed by economic historians), was a facility where one could exchange coins, collect wages, deposit funds, or make transfer payments.[25] One of the best surviving examples in Florence of a palazzo used to house local banking operations is a property owned in the fifteenth century by the Cavalcanti. (Fig. 2) The palace is located at the corner of present day via di Porta Rossa and the via dell'Arte della Lana. Its ground floor shops were meant to produce income and it was here that the Medici operated their local bank from 1425 to 1480.[26]

The palace's lower ashlar facing, its arches, and the rough wall above the ground story stringcourse are entirely consistent with other Florentine palaces that antedate Palazzo Medici (ca. 1444); this is to say that there is nothing unique about the typology of Palazzo Cavalcanti that indicates the kind of activity that occurred there.[27] Indeed, such an articulation has been noted to mute private identity by signaling Florentine public architecture at large as opposed to a particular building type.[28] Rather than being indicated by architectural form, specificity about use was suggested by a number of spatial practices that occurred within the building itself.

In line with practices used to assure the moral legitimacy of profit derived from bills of exchange, capital transactions in local banks were asserted, rather than disguised, that is to say they were made to be legitimate through careful management of the workspace. Within the banks, transactions were regulated. How the banker acted and even moved inside of his bank was subject to legal guild codes. Florentine statutes required that the head banker work at a table that was usually covered with a cloth.[29] The legitimacy of monetary transactions was underscored by double-entry bookkeeping, which has been described as "one of the earliest practices

25 Richard Goldthwaite, *Banks, Palaces, and Entrepreneurs in Renaissance Florence* (Hampshire, UK and Brookfield, Vermont: Aldershot, 1995), 20; William Caffero, "Banking" in *Dictionary of the Renaissance*, eds. Frederick M Schweitzer and Harry Ezekiel Wedeck (New York: Philosophical Library, 1967), 174.

26 Raymond de Roover, *The Rise and Decline of the Medici Bank* (Cambridge, M.A.: Harvard University Press, second printing 1968), 19; and Brenda Preyer, "The 'Chasa overo palagio' of Alberto di Zanobi: A Florentine Palace of about 1400 and its Later Remodeling," *The Art Bulletin* 65 (1983): 387–401, 387, 391. The palace probably dates to ca. 1370-1410.

27 Preyer, "The 'Chasa overo palagio'," 391.

28 Paula Spilner, "Ut civitas amplietur: Studies in Florentine Urban Development, 1282–1400" (PhD diss., Columbia University, 1987), 434–436.

29 Saverio La Sorsa, *L'organizzazione dei Cambiatori Fiorentini nel medio evo* (Florence: Cerignola, 1904), 18, 22; Rodolfo Misul, *Le arti fiorentine* (Florence: Bernardo Seeber, 1904), 54; see Archivio di Stato Fiorentino, *Arte del Cambio*, 5, Statutes of 1299, rubric XI, XXI, XL, LVII.

where the modern fact was generated," thereby emphasizing the seeming rational logic of business.[30]

These mandates, formal and informal, about how local banking should be performed extended to the way the body of the banker was self-managed in the workplace. Visual evidence indicates the banker was encouraged to physically position himself so as to stress the perception of work and to further assert the legitimacy of financial transactions. He and his partners and assistants stood, perhaps because standing enabled better scrutiny of exchange procedures. If the transactions were to be hidden, one possible implication was that work was not transpiring, thus endangering the codification of the exchange. Instead, the regulation of the performance of banking was a measure of the desire to make monetary transactions explicit, justifying them as morally sound.

IV. IMMATERIAL WORK AND LABOR

There is, it can be asserted, current interest in the "end of work."[31] Various voices have joined together expressing confidence that we are in the age of "immaterial" labor, which is to say a new form of labor-power that produces intangible goods, meant to include services, cultural products, and knowledge generation.[32] With this dynamic, a supposedly new category of labor has been introduced: the immaterial,

Fig. 2: Palazzo Cavalcanti, Florence, ca. 1370–1410. Photo: Lauren Jacobi

in which activities not considered to be labor are classified as such. Skills are often directed through remote operations; since the 1970s, labor has become—according, for example, to Michael Hardt and Maurizio Lazzarato—increasingly bound to the intellect, often involving cybernetics.[33] Partially because of its scale, framed optimistically, immaterial labor has the potency and capacity to generate a cohesive class consciousness. This vision has met implicit resistance by scholars such as Saskia Sassen, who convincingly and stridently has addressed the continuing human costs, economic asymmetries, and inequalities that persist in the digital era.[34] Yet, champions and detractors of the immateriality of work alike often frame it as a final stage in the history of labor as it

30 Mary Poovey, *A History of the Modern Fact: Problems of Knowledge in the Sciences of Wealth and Society* (Chicago: The University of Chicago Press, 1998), 29.
31 Uebel and Robertson, *The Middle Ages at Work*, 2.
32 Michael Hardt and Antonio Negri, *Empire* (Cambridge, MA: Harvard University Press, 2000), 290; see also Maurizio Lazzarato, "Immaterial Labor," in *Radical Thought in Italy: A Potential Politics*, ed. Michael Hardt and Paolo Virno (Minneapolis: University of Minnesota Press, 1996), 133–47.

33 Lazzarato, "Immaterial Labor," 132–33.
34 Saskia Sassen, *The Global City: New York, London, Tokyo* (Princeton: Princeton University Press, 2001).

has moved ever forward along a diachronic line from feudalism to Taylorism to an allegedly novel set of conditions.[35]

Though it is important to distinguish between trade-based commercial enterprise, where profits are generated in the realm of circulation and post-industrial capitalism, which involves different modes of labor production and mechanization, for the historian of late medieval and Renaissance topics, these considerations are, perhaps oddly enough, familiar.[36] As we contemplate work, we would do well to consider medieval banking practices. Doing so enables us to better understand how varying modes of immaterial work long have been manipulated to assure the legitimacy of profit. I have made the case that monetary exchange during the late medieval period was a cultural construct that allowed merchant bankers to ply a workless trade, while simultaneously asserting that work was at play. Properly historicized, the problem of how work is coded in material and immaterial ways has quite a deep grasp indeed, as does the tradition of exchange rates that are ever beneficial to lenders as well as debates concerning the ethicality of such practices.

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Lauren Jacobi, Assistant Professor of Architectural History at MIT, is working on a book in which she studies the topography of money in late medieval and Renaissance Italy. Her scholarship has received support from the American Academy in Rome, the Kress Foundation, and the American Council of Learned Societies, among other institutions.

35 Uebel and Robertson, *The Middle Ages at Work*, 3; Henrique Amorim, "Theories of Immaterial Labour: A Critical Reflection Based on Marx," *Work Organisation, Labour & Globalization* 8 (2014), 88–103.
36 I draw here on the introduction to Uebel and Robertson, *The Middle Ages at Work*.