

Matthias Baumgartl

Liquidity management through financial service providers and the role of fairs: the case of the Augsburg merchant David Gauger and the Bolzano merchant David Wagner

Credit and liquidity

In economics, liquidity is generally understood as “the power of disposal over commodities represented by money or other means of exchange.” As a consequence, “it determines the degree of economic freedom of decision and action.”¹ Liquidity is thus not only the basis of all economic activity, but also a key resource when it comes to the question of resilience, since a crucial prerequisite for the implementation of any resilience measure is the ability to act.² If one takes a closer look at the relationship between entrepreneurial action and liquidity, a distinction can be made on two levels. On the one hand, the current ability to act is dependent on the disposable liquidity. Without liquid funds, it is neither possible to act nor react. On the other hand, additional liquidity could expand the entrepreneur’s room for manoeuvre, particularly with regard to future developments. The more capital a company had at its disposal, the greater investments could subsequently be made. While the ability to act illustrates the importance of li-

1 Liquidität. In *Gablers Wirtschaftslexikon*, vol. 4, Reinhold Sellien, Helmut Sellien (eds.). 9th ed. Wiesbaden: Gabler, 1977, 126.

2 The concept of resilience is suitable for operationalisation from a business history perspective. Understood in this way, resilience consists of a range of sub-capabilities endowing economic actors with agency and room for manoeuvre. As the final exercise of the corresponding capabilities, actions are dependent on the availability of material as well as immaterial resources. With regard to early modern merchants, liquidity, knowledge, and networks emerge as the most important resilience resources. Given the fact that even supposedly small disruptions can cause severe disruptions in the sense of tipping points and domino effects, resilience can only be determined in terms of processes and context. For a more extensive theoretical definition, see Matthias Baumgartl. *Das Resilienz-Management von Einzelunternehmern. Der Transalpenhandel des Augsburgers David Gauger und des Bozners David Wagner um 1600*. Wiesbaden: Springer Gabler, 2023, 7–31; Markus A. Denzel. Beharrungskraft und Anpassungsleistungen wirtschaftlicher Systeme angesichts schockartiger Umbrüche —oder: Von der Resilienz zum Resilienz-Management. *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte* 108:4 (2018): 528–547.

quidity in terms of the present, the room for manoeuvre primarily highlights its potential for the future.

Credit is one way of creating liquidity even when there is no direct power of disposal over the necessary funds. Credit is therefore a liquidity transfer that is created on the assumption that a granted loan would be recompensated by the debtor at some point in the future. In the premodern era, liquidity, due to lengthy cycles between procurement, production, and sales, is usually based on credit.³ Consequently, the central challenge of early modern long-distance trade was to link the capital flows of incoming payments with outgoing ones. However, not only did the exchange of goods usually involve trade credit transactions, but credit also formed the basis of cashless payment instruments themselves. The mutual conversion of cash into book money and other monetary surrogates was dependent on the granting of credit. Not least for this reason, credit formed the basis of cashless means of payment such as the bill of exchange.⁴ One crucial reason for the bill of exchange being such a secure means of payment was the constant flow of information. Regular current account transactions and the monitoring of the creditworthiness of potential business partners in commercial correspondence functioned as proactive security measures and therefore helped to prevent bills failing due to unforeseen unacceptance.⁵ In order to analyse liquidity management, one needs to analyse the practices and instruments that made this management possible as well as the management of capital flows itself. All these aspects being evident in merchants' account books makes them a crucial source for examining these phenomena. The interpretation of bookkeeping as a cognitive artefact brings both its multifunctionality and its role as an instrument into the focus of research. The recording, visualisation, and modulation of information therefore not only had an effect on the perception and

3 Hans-Jörg Gilomen. Die ökonomischen Grundlagen des Kredits und die christlich-jüdische Konkurrenz im Spätmittelalter. In *Ein Thema—zwei Perspektiven. Juden und Christen in Mittelalter und Frühneuzeit*, Eveline Brugger, Birgit Wiedl (eds.). Innsbruck: Studien, 2007, 142; Giuseppe Felloni. Kredit und Banken in Italien, 15.–17. Jahrhundert. In *Kredit im spätmittelalterlichen und frühneuzeitlichen Europa*, Michael North (ed.). Cologne: Böhlau, 1991, 9.

4 Markus A. Denzel. Bargeldloser Zahlungsverkehr beim Walliser Multi-Unternehmer Kaspar von Stockalper im 17. Jahrhundert. *Blätter aus der Walliser Geschichte* 38 (2006): 101; Markus A. Denzel. *Das System des bargeldlosen Zahlungsverkehrs europäischer Prägung vom Mittelalter bis 1914*. Stuttgart: Steiner, 2008, 54–55.

5 Alexandr Osipian. Debt, Trust and Reputation in Early Modern Armenian Merchant Networks. In *Early Modern Debts: 1550–1700*, Laura Kolb, George Oppitz-Trotman (eds.). Cham: Springer International, 2020, 175–176; Ana Sofia Ribeiro. *Mechanisms and criteria of cooperation in trading networks of the first global age: The case study of Simon Ruiz network, 1557–1597*. PhD diss., University of Porto, 2011, 183.

actions of the bookkeeping subject, but also affected their actions and interactions with other individuals and networks.⁶

Two case studies from transalpine trade

In the case of the merchants David Gauger and David Wagner, such account books have survived. A journal and a ledger from the years 1588–1591, each comprising about 300 folio sheets, document the commercial activities of David Gauger from Augsburg.⁷ Out of the records of David Wagner from Bolzano, the first account book covering the period from 1598 to 1603 is of particular interest.⁸

David Gauger was born to the innkeeper Hans Gauger in Augsburg in 1538. His father managed to acquire a certain amount of wealth and was accepted into the *Kaufleutestube*, the private society of non-patrician mercantile elites, and the *Großer Rat*.⁹ By marrying the patrician's daughter Regina Mair in 1585, David Gauger succeeded in joining the *Mehrerengesellschaft*, a social stratum that, due to its relationship to the Patricians, was allowed to join patrician sociability, but did not have patrician status.¹⁰ Around the same time, Gauger took over the company of Kaspar Mair II and Rupert Hellthaler which was active in transalpine trade. In addition to stocks of goods, this takeover also included receivables and liabilities.¹¹ Gauger traded in a wide range of goods which included copper, wine, Italian textiles such as *buratto* and *taffeta*, as well as armaments such as armoured shirts and various weapons. However, David Gauger's core business consisted of exporting wool from central Germany to northern Italy, which accounted for around two thirds of his sales. The raw material purchased in cities such as Eisenach, Halberstadt, and Brunswick was primarily sold in Bolzano and Bergamo. Another central

6 Yannick Lemarchand, Cheryl Mcwatters, Laure Pineau-Defois. The Current Account as Cognitive Artefact: Stories and Accounts of la Maison Chaurand. In *Merchants and Profit in the Age of Commerce, 1680–1830*, Pierre Gervais, Yannick Lemarchand, Dominique Margairaz (eds.). London: Pickering & Chatto, 2014, 26.

7 Stadtarchiv Augsburg (StadtAA), Kaufmannschaft und Handel (KuH), 22 and 23.

8 Ledger of David Wagner, 1598–1604. In *Tiroler Landesarchiv Innsbruck (TLA), Handschriften (Cod.) 4350*.

9 Wolfgang Reinhard (ed.). *Augsburger Eliten des 16. Jahrhunderts. Prosopographie wirtschaftlicher und politischer Führungsgruppen 1500–1620*. Berlin: Akademie, 1996, no. 267.

10 Reinhard, *Augsburger Eliten*, no. 753. For *Mehrerengesellschaft*, see Peter Geffcken. *Mehrer*. In *Stadtlexikon Augsburg*. (31 March 2024).

11 Reinhard, *Augsburger Eliten*, no. 385, 751; Mark Häberlein. Familiäre Beziehungen und geschäftliche Interessen: Die Augsburger Kaufmannsfamilie Böcklin zwischen Reformation und Dreißigjährigem Krieg. *Zeitschrift des Historischen Vereins für Schwaben* 87 (1994): 50.

component of his business model was Gauger's forwarding activities. In addition to his involvement in long-distance trade, the Augsburg native also engaged in coin production. From 1588 onwards, he organised the establishment of a mint in Mantua for Duke Vincenzo I Gonzaga. After moving there in 1593 to take up the position of Master of the Mint, Gauger died in September 1596.¹²

For the years under investigation, David Gauger operated from Augsburg. To conduct his business, he used salaried employees as well as commission agents. The employees acted as a kind of mobile agent and visited fairs and markets such as the ones in Leipzig or Bolzano. The distribution of wool in Bergamo was organised exclusively by his commission agents, Gabriele and Tommaso Zenneroni.¹³

David Wagner also originated from Augsburg, where he was born in 1560 as the son of the weaver Hans Wagner. The earliest evidence of his activity in the Bolzano area dates from the end of the 1580s. He initially seems to have worked there as a merchant's apprentice to Johann Baptist Troyla. After initially marrying a bourgeois woman from Ulm in 1581, the conclusion of his second marriage to Katharina von Fuchs zu Jaufenburg, a member of a Tyrolean noble family of knightly birth, in 1589 was already emblematic of the merchant's aspirations for social advancement. Katharina von Preysach zu Katzungen, with whom he entered into his third marriage in 1623, was also a descendant of Tyrolean nobility. The successive acquisition of real estate and landed estates also consolidated Wagner's social status. After acquiring a house in Bolzano's Laubengasse in 1598, he acquired the Rottenbuch residence in 1610. The acquisition of the Sarntal manor ultimately laid the foundations for the rise of Wagner's descendants to the rank of count.¹⁴

The core areas of David Wagner's business were closely linked to his choice of location. The sale of upper German textiles to the Italian merchants, who were present in large numbers at the Bolzano markets, was his most important business area.¹⁵ The second mainstay of his enterprise was the trade in copper and brass. Regarding the market situation, Wagner succeeded in gaining a particularly favourable position through purchase agreements for copper and brass with the Wolkenstein-Rodenegg. In view of the high demand and limited supply, the Bolzano-based company was able to generate considerable profits as a first

12 Baumgartl, *Resilienz-Management*, 61–63.

13 Baumgartl, *Resilienz-Management*, 153–174.

14 Baumgartl, *Resilienz-Management*, 63–66.

15 Baumgartl, *Resilienz-Management*, 98–104.

buyer. Due to high demand and limited supply, the Bolzano-based company was able to generate considerable profits as a first purchaser.¹⁶

In contrast to Gauger, there is no evidence of any employees at all for Wagner. Instead, Wagner's company is characterised by an even more extensive use of the commission system. He was a user as well as a provider of commission services in both purchasing and sales. In this respect, the location of Bolzano also played a fundamental role. With its regular trade fairs and the presence of numerous merchants, it promoted a high degree of networking, on the basis of which access to cooperation was facilitated.

Both David Gauger and David Wagner used proxy services to open up new sales markets. In return for a fee, the two merchants gained access to the expertise, networks, and infrastructure of locally integrated partners. Due to increased communication density and lower transaction costs, commission business had established itself by the end of the sixteenth century as a choice of action in large parts of Europe. Without having to rely on maintaining a subsidiary with high fixed costs, small and medium-sized merchants in particular benefited from the fact that the appointment of representatives expanded their geographical room for manoeuvre.¹⁷

Managing liquidity by connecting payment flows: the role of financial service providers

One of the greatest challenges in David Gauger's case was to link the incoming payment flows from the Italian market with the ones that ought to go out in Augsburg and elsewhere north of the Alps. For transalpine trade, which connected the upper German economy with the Italian economy, Venice still played a pivotal role as a financial services centre.¹⁸ The necessary coordination of payment processing with Italian business partners required access to this financial services centre. The numerous companies specialising in banking and finance in Venice offered a wide range of different services based on the commission system. It was

¹⁶ Matthias Baumgartl. Kupfer als Handelsgut: Unternehmerische Herausforderungen und Chancen eines Rohstoffs um 1600. *Ferrum: Nachrichten aus der Eisenbibliothek, Stiftung der Georg Fischer AG* 92 (2022): 28–37.

¹⁷ Nadia Matringe. *La Banque en Renaissance. Les Salviati et la place de Lyon au milieu du XVI^e siècle*. Rennes: Presses universitaires de Rennes, 2016.

¹⁸ Renate Pieper. Informationszentren im Vergleich. Die Stellung Venedigs und Antwerpens im 16. Jahrhundert. In *Kommunikationsrevolutionen. Die neuen Medien des 16. und 19. Jahrhunderts*, Michael North (ed.). Cologne: Böhlau, 1995, 57–59.

Camillo Bartoli, a merchant banker of Florentine origin, whose services Gauger used heavily. The presence of several members of the Bartoli company at the fairs of Lyon and *Bisenzone* indicates, that this enterprise offered a large geographical scope throughout various European markets. An important line of business at the end of the sixteenth century seems to have been the granting of loans to wool merchants via the *Bisenzone* fairs. Furthermore, the Bartoli were mainly involved in Florentine silk trading companies as depositors and investors.¹⁹

David Gauger transferred the large majority of his sales proceeds of wool in Bergamo and Bolzano to Camillo Bartoli. Of the wool sold in Bolzano, more than half (56%) was paid directly to Bartoli by the customers sending remittances to him in Venice. The remaining part (37%) of the payments was made at the Bolzano markets and recorded in the market accounts set up for this purpose.²⁰ In Bergamo, Gauger's commission agents, Gabriele and Tommaso Zenneroni received the outstanding sums from the customers on site and then remitted the proceeds to Camillo Bartoli by bill of exchange.

The money transferred in this way made up the majority of the credit Gauger could dispose of with Bartoli. The respective entries represented the highest figure on the debit side of Bartoli's accounts over the entire period of study—at around 42,000 Rhenish guilders. Gauger was then able to withdraw this credit by drawing bills of exchange on Bartoli from Augsburg, receiving cash in local currency in return. At the same time, this credit provided the basis for being able to act economically in other places. Entries on the credit side in the so-called *Cassa* accounts amounting to 41,331 Rhenish guilders reflect the sum that Gauger had eventually been paid in Augsburg, mainly in return for drawing bills on Bartoli. Although such financial services were already available in the fifteenth century, access to this infrastructure improved considerably in the course of the sixteenth century due to progress in communication and institutionalisation. Many small- and medium-sized entrepreneurs, like Gauger and Wagner, could finally make use of this infrastructure.²¹ It was the commission system that created a generally accepted framework for exchange transactions. The possibility of using someone else's services for a fee reduced dependence on social relations and networks and thus increased flexibility. These arrangements also provided the basis for the bills drawn on Bartoli. In return for paying out the bills drawn in Augsburg, the acceptor in Venice was entitled to a commission fee. Accordingly, there are fees recorded in Bartoli's accounts for the use of these financial services. David Gauger

¹⁹ Baumgartl, *Resilienz-Management*, 245–248.

²⁰ StadtAA, KuH, 23, fols. 36, 97, 104, 119, 227.

²¹ Pieper, Informationszentren, 57–59.

settled the commission fee twice a year by crediting Bartoli one-third of a percent of the sum in his *Conto Corrente* for the bills drawn on him.²² This infrastructure allowed David Gauger to gain the liquidity necessary for his own day-to-day business in Augsburg without having to transport actual cash. Particularly the processing of the freight forwarding business in Augsburg was dependent on the access to cash, as Gauger had to make advance payments to the forwarding agents he cooperated with. This necessity is evidenced not least by the numerous entries in the *Cassa* accounts that can be traced back to the forwarding of goods.²³

In contrast, David Gauger's payment processing on the purchase side of his core business—wool—was mainly carried out through the Leipzig and Naumburg markets. After Gauger initially had business partners and employees carry out the transactions at the fairs on site, the Nuremberg merchant Martin Adler took over the payment processing at the Leipzig and Naumburg markets in 1589. For payment at these markets, Adler received both bills drawn on Bartoli and remittances from the latter. In this way, David Gauger was able to directly reinvest a part of his credit balance with Bartoli in his core business—the export of wool. More than a third of the payments made to Adler, totalling around 10,260 Rhenish guilders, consisted of transfers from Bartoli. The Nuremberg-based Torrigiani company played a fundamental role in handling these bills of exchange. While the Torrigiani acted as payees in the event that Adler drew a bill on Camilo Bartoli, they also received the payments from the drawees for the latter in the case of incoming remittances from Venice. David Gauger managed to link the payment flows from the sales of wool in the Italian markets with capital requirements due to pending payments on the central German procurement market. This only became possible when Gauger restructured his system of payment processing regarding procurement. He began to rely on operators—like the Torrigiani and Adler—who had the capacity to smoothly link the two central financial markets of Venice and Nuremberg. The Torrigiani acted as a link for transactions between Martin Adler and Camillo Bartoli and were also involved in transfers to Adler that did not originate from Bartoli. Of the approximately 28,909 Rhenish guilders that Gauger transferred to Adler during the period of study, around 19,237 Rhenish guilders (66.5%) were paid by the Torrigiani. In addition to Bartoli's bills of exchange, these were mainly cash payments from third parties which the Torrigiani accepted on behalf of Martin Adler. Within the framework of these business relations, the Italians thus seem to have mainly carried out banking services for Adler.²⁴

22 For the respective book entries, see StadtAA, KuH 22, fols. 36, 69, 118, 150, 248, 298.

23 Baumgartl, *Resilienz-Management*, 249–255.

24 Baumgartl, *Resilienz-Management*, 256.

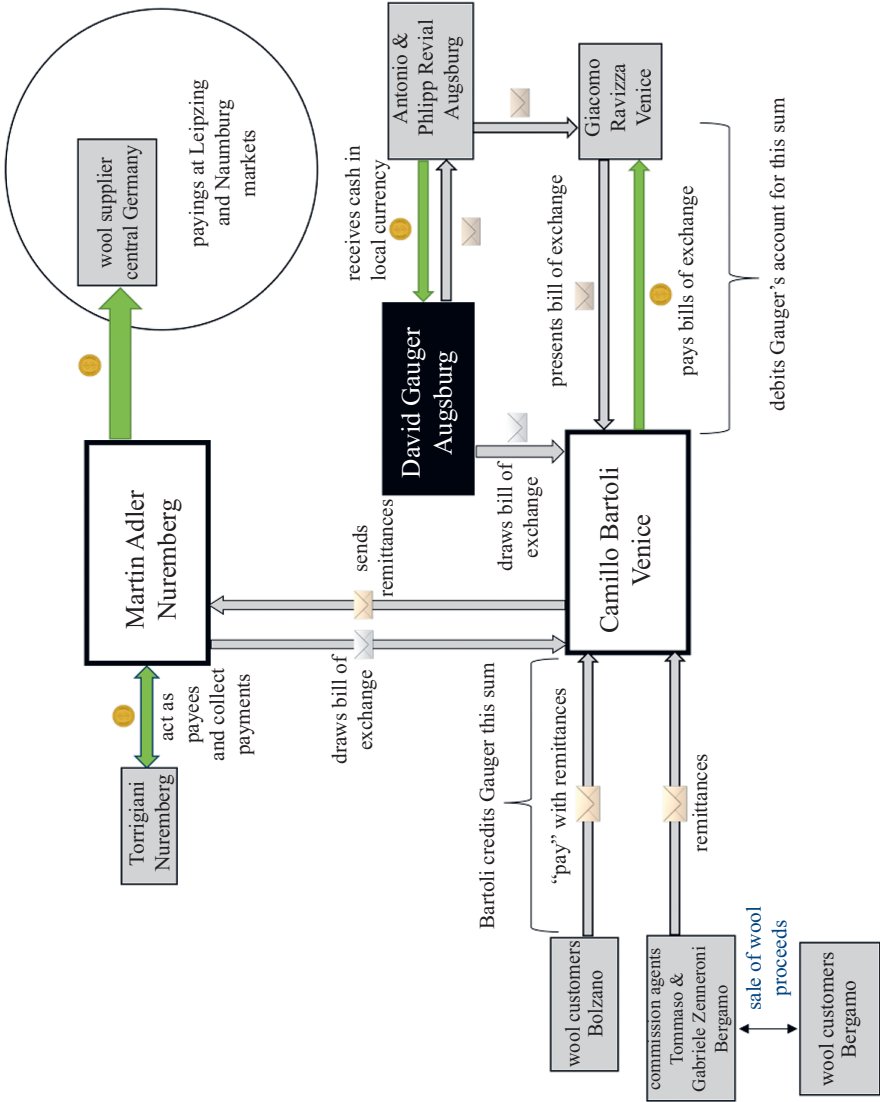


Fig. 1: Illustration of the payment transactions of David Gauger's wool trade.

Another major part of the capital received by Bartoli was transferred via Hans Forstenhäuser. This merchant settled numerous bills of exchange from Bolzano in Nuremberg. Apart from Augsburg merchants such as Leonhart Lidel, the Munich merchants Georg Karner and Sigmund Kölbl, the Nuremberg merchants Eustach and Abel Unterholzer, and the Verona company of Murari-Savioli-Fabriani appeared as remitters. These transactions were booked on accounts set up especially for the Bolzano markets. While it was mainly bills of exchange that were settled there, merchandise transactions hardly played a role in these accounts. Thus, bill of exchange transactions had a share of about 64% in the turnover of the accounts. In contrast, the share of revenues from commodity transactions—including payments for wool—was only 8%. The bills of exchange paid out by Forstenhäuser accounted for about 14% of the bill transactions made. However, at around 47%, the majority of bills drawn in Bolzano were paid in Augsburg. In addition to the Augsburg merchant houses of Paler and Fugger, it was above all members of the Geizkofler family who appeared as remitters or acceptors. Gauger used the Bolzano markets primarily as a way to transfer capital to Venice. Bartoli was paid 17,400 Rhenish guilders by Gauger through the Bolzano markets over the entire period of study. Thus, after Tommaso and Gabriele Zenneroni, the Bolzano markets were the most important payment channel for Gauger to transfer capital to Bartoli.²⁵

Additionally, the Augsburg merchant also used the Bolzano markets to settle several freight forwarding services. Numerous entries in the market accounts can be traced back to the payment of carriage wages, whereby Johann Baptist Troylo from Bolzano stands out as the most important business partner of Gauger in both quantitative and qualitative terms. The Bolzano market accounts were not primarily commodity accounts, but documented how Gauger used these markets to process cashless payment transactions in the form of an accounting instrument. Although the Bolzano markets were not exchange fairs and played at best a marginal role in the international system of cashless payment transactions, they were well connected with the financial centres of Augsburg, Venice, and Nuremberg, as Gauger's capital transfers to business partners in these cities prove.²⁶ Due to the increasing importance of Bergamo as a sales market, declining business relations, and the final settlement of a larger loan through these accounts, the capital being transferred via the Bolzano markets strongly decreased from 1590 onwards.

²⁵ Baumgartl, *Resilienz-Management*, 258–260.

²⁶ Markus A. Denzel. *Die Bozner Messen und ihr Zahlungsverkehr (1633–1850)*. Bozen: Athesia, 2005, 50–51.

In the case of David Wagner, it was the company Titolivio Buratini which provided access to financial services in Venice and enabled him to handle his payment transactions. The Buratini also cooperated with numerous other upper German merchants from at least 1580 onwards. Evidence of this can be found in numerous powers of attorney, such as the one to the heirs of Augsburg-based merchant Hans Österreicher.²⁷ The Buratini fulfilled a similar function for Wagner as Bartoli did for Gauger, primarily by accepting payments from Italian business partners and transferring money to his bank accounts in the upper German financial centres of Augsburg and Nuremberg in return. Once again, the use of these financial services was also based on the commission system. In return, the company was entitled to a fee of one-third of a percent for the execution of the capital transfers. This fee was always calculated on the turnover of the *Conto Corrente* before it was balanced. After that, it was posted to the credit side of the Buratini account. In addition to the fee due, Wagner credited the Buratini expenses for correspondence in the form of *Briefgeld* (letter money) and *rapporti* (reports). This indicates a relatively high level of communication between the parties involved. The explicit mentioning of *Briefgeld* can in fact only be found in the accounts of the Buratini and Hans Christoph Fleckhammer. The posting of an item for *rapporti* was even reserved exclusively for Wagner's Venetian bank account. Accordingly, the services of the Buratini used by Wagner included not only classical financial transactions, but also the provision of information.

In the case of David Wagner, the fact that he apparently settled the majority of his exchange transactions via a separately kept—but no longer surviving—*Überweissbüchl* (transfer book) makes the analysis of payment transactions rather challenging. The items referring to this book often contain only sparse information on the parties involved and consequently elude further investigation. However, it is possible to reconstruct the functioning of this transfer book. The *Überweissbüchl* appears to be a kind of clearing instrument that preceded the actual bookkeeping. This means that the individual entries that simply referred to the *Überweissbüchl* reflect the process of offsetting numerous receivables and liabilities of various business partners during market days.

Insofar as these entries contain details of persons involved, they are mostly from textile customers. The most important customer for textiles in terms of turnover—the Neapolitan company Scipione Vespoli and Sons, for example—processed the majority of its payments via Titolivio Buratini with around 21,500 Rhenish guilders. Regarding the textile customers of David Wagner, the payment flows reveal a network of the customers among themselves. The Neapolitan company Scipione

²⁷ Reinhard, *Augsburger Eliten*, no. 910.

Vespoli and Sons, for example, used Wagner's business partners in Venice—Angelo and Alessandro Boza as well as Antonio Maria Carminal—to make payments. Several other customers paid through Carminal, such as the Foppa-Rottigni and Pisotto-Janelli from Rome or Pantaleo Patrini from Pesaro. The company Bernardino Borsa and brothers in Naples had their debts paid mainly by Giacomo Antonio Marino.²⁸ The reciprocal payments in the form of offsetting receivables and liabilities were able to significantly reduce the need for cash.

The prerequisite for such payment transactions was a high degree of compatibility between the forms of payment. Due to the spread of bills of exchange and bookkeeping, payment transactions could be carried out to a large extent with giro money. Considering that most transactions in commodities were also concluded as transactions on credit, Wagner's customers were able to settle their debts regardless of their personal presence on site. In this sense, Wagner's *Überweisbüchl* functioned as a tool for coordinating payments. Even though the entries in the *Überweisbüchl* seldom reveal whether they go back to bills of exchange or another form of payment transaction, clearing at the fairs of the sixteenth and seventeenth centuries resulted primarily from offsetting bills of exchange. The intensive use of cashless payment transactions at the Bolzano markets, which already took place before the Claudian privilege, enabled at least supra-regional clearing and accordingly formed an important financial market of transalpine trade.²⁹ In contrast to payments made at markets, transfers to Venice were independent of schedules.

The role of Buratini as David Wagner's central banking account is particularly evident in the payments of those merchants who were in a closer cooperative relationship with Wagner. Thus, Giovanni Battista Ficieni, Giovanni Maria Ratis, Alberto dal Passo, and Christoph and Marchantonio Güroldi's heirs, who acted as sales commission agents for Wagner, all transferred their revenues primarily to Buratini, entering their transactions in the banker's books as credit balances of Wagner. This transfer took place both through remittances sent by Wagner's respective business partners as well as through drawing bills on them. Around 86,000 Rhenish guilders of the capital received in Venice was transferred to Hans Christoph Fleckhammer in Augsburg. Fleckhammer also played a central role in Wagner's payment transactions by settling the debts with his largest supplier of upper German textiles—Peter Amann from Ulm. The approximately

²⁸ For accounts of Foppa-Rottigni, see TLA, Cod. 4350, fol. 191; for Pisotto-Janelli, see TLA, Cod. 4350, fol. 94; and for Pantaleo Patrini, see TLA, Cod. 4350, fol. 191.

²⁹ Markus A. Denzel. Das System der Messen in Europa—Rückgrat des Handels, des Zahlungsverkehrs und der Kommunikation (9.–19. Jahrhundert). In *Europäische Messegeschichte 9.–19. Jahrhundert*, Markus A. Denzel (ed.). Cologne: Böhlau, 2018, 428.

46,000 Rhenish guilders that were transferred to Ulm during the period of study were mainly due to bills drawn by Amann on Fleckhammer. From 1601, Wagner had another important supplier of textiles—Hans Azenholz in Constance, paid via Fleckhammer. However, with the exception of one bill of exchange transaction, these payments were made in cash. Fleckhammer used the *Lindauer Bote* to send Azenholz large quantities of *Philippstaler* and Hungarian ducats. The business partners Hieronymus Röhl in Munich and Wolfgang Müller in Ulm were paid exclusively by Fleckhammer, and the transfers to Georg Mangolt in Kaufbeuren were also largely conducted by the Augsburg merchant. Finally, Fleckhammer also settled amounts for Wagner with the Kempten merchants Joseph König and Mathes Erdt.

Likewise, Wagner used Fleckhammer's services to transfer the proceeds from the sale of commission goods to Koch-Büttel, a company for which Wagner worked as a sales commission agent. Going by the name of *Hans Koch, Melchior Büttel und Mitverwandte*, the Memmingen- and Nuremberg-based firm was probably one of the largest textile trading companies around 1600. The turnover of goods sold on commission for the Koch-Büttel from 1599 onwards increased rapidly in the following years. At the Bolzano Pentecost market in 1603 alone, this reached a figure of around 39,000 Rhenish guilders. While the average market turnover in 1601 and 1602 was already over 20,000 Rhenish guilders, it rose to over 30,000 Rhenish guilders the following year. Fleckhammer's central role in organising the financial operations of the textile trade is reflected in his systematic involvement in the payment processing of suppliers. The fact that Fleckhammer acted in the sense of a financial service provider is evidenced by commission fee bookings that were applied on the bill of exchange transactions carried out for Wagner. After this fee had been charged for the first time at the end of the year 1599, its calculation was usually done during the balancing of accounts. The percentage of the fee was initially 2 per *mille*, which was below the usual level for such banking services but was adjusted to one-third of a percent from 1603 onwards.

Like Gauger, David Wagner made use of the financial services of the Nuremberg-based Torrigiani company too. The Bolzano merchant transferred around 67,000 ducats of the Buratini's credit balance to *Luca Torrigiani e Compagni*, which served to make payments to the Koch-Büttel (20,000 Rhenish guilders). The sales of their commission goods achieved by far the highest turnover. By drawing bills of exchange from Bolzano on the Torrigiani in Nuremberg, Wagner settled debts with numerous business partners. Although Wagner's transactions involving the Torrigiani decreased from 1601 onwards, Nuremberg continued to play a central role for him as a financial place. In place of the Torrigiani, the Bolzano

resident henceforth made increasing use of Bartolomeo Castelli, who was also of Italian origin.³⁰

Likewise, the majority of payments resulting from the Koch-Büttel commission trade was processed via Nuremberg. In addition to the aforementioned Torrigiani and Castelli, there were a large number of textile customers who settled their debts by issuing bills addressed to the many other Italian merchants in Nuremberg. Among them were, for example, Gerardini, Beccaria, and Maranelli (Marinelli). In this case, the customary fee of one-third of a percent was charged as well.

The transfer of the capital earned from the sale of commission goods for the Koch-Büttel was the largest capital stream within David Wagner's enterprise. A significant part of these transactions went through the account of Buratini as a joint bank account. As can be seen from one of the first entries in the *Conto Corrente* of the Koch-Büttel, the upper German company itself had an account with Tito Livio Buratini in Venice. Wagner sent remittances worth a total of 13,770 Rhenish guilders to the Buratini, who could then encash them in Venice and consequently credit the Koch-Büttel to their account. However, the Buratini could also draw bills on David Wagner, which were then offset against the Koch-Büttel credit. In fact, it was the latter variant that was used for a large part of the capital transfer to Wagner's principals. In Bolzano, Wagner paid out about 46,329 Rhenish guilders, which were due as a result of the bills drawn on him by the Buratini. In total, around 21% of the capital paid out by Wagner to his commission agents was transferred via the joint bank account in Venice. The keeping of accounts at the same banking house, which enabled the offsetting of mutual claims and liabilities, was fundamental to the relationship between principal and commission agent.

Expanding credit volume through financial techniques

Apart from expanding his financial room for manoeuvre through deposits, David Gauger used a special financial technique to increase his capital temporarily and according to need. A special form of bill of exchange loan, which was part of the range of financial services offered by Bartoli, allowed him to borrow flexibly on the capital market. These loans were the so-called *ricorsa* bills of exchange which

³⁰ Baumgartl, *Resilienz-Management*, 272.

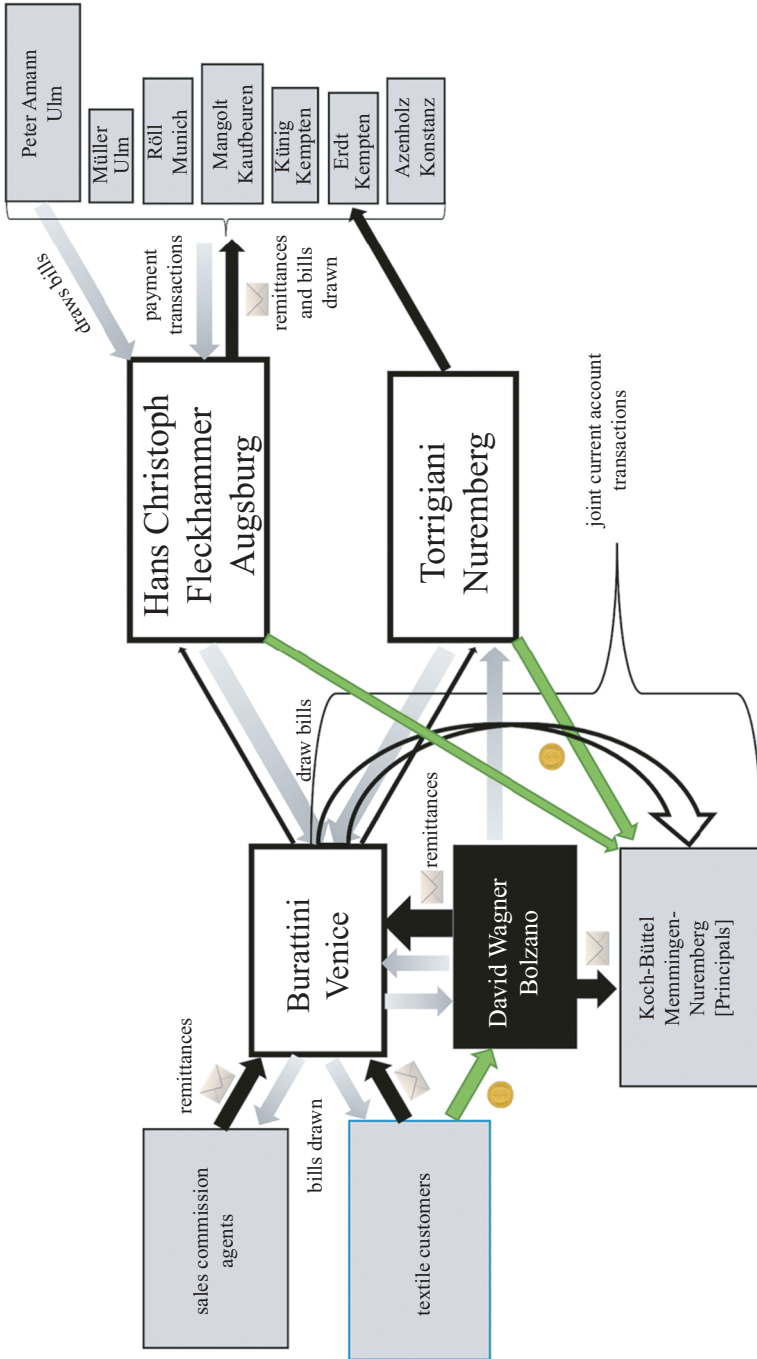


Fig. 2. Illustration of the payment transactions of David Wagner's textile trade.

were based on dry exchange operations. The dry exchange represented a pure credit operation in which no money flowed in the actual sense. Instead, an outward bill was settled by the issue of a return bill, so that the original issuer received credit for the time between them. The drawee was therefore also the beneficiary of the bill of exchange and was instructed to pay himself. The payment of the first bill of exchange was therefore limited purely to the accounting record of the transaction in the books of the drawee or beneficiary.³¹ The rates at which exchange and re-change were issued usually differed in such a way that the borrower had to pay a higher price at the end of the cycle than he had received when the original bill was issued, and the lender was able to realise a profit accordingly.³² The loan term of the dry bill was linked to the maturity of the return bill. Depending on custom, this cycle usually took between one and six months. However, the loan could be extended at will by the parties involved, repeating the bill of exchange. Multiple bills of exchange were possible as long as the creditor was prepared to grant the loan. For the creditor, the advantage of a credit transaction by means of *cambio* and *recambio* was not only the concealment of the interest rate, but above all the flexible cancellability of the loan. In contrast, those who needed liquidity in the short or medium term had the option of obtaining it by issuing bills of exchange and extending them if necessary. This process could be simplified even further by not actually sending the bill of exchange. In this case, the exchange rates were only used to calculate the interest on a loan. Eventually, the *ricorsa* was an agreement to repeat the back-and-forth of a bill of exchange transaction several times and, as a result, to grant the associated loan for longer than one cycle. In this way, medium and long-term loans could also be granted. What was specifically different about the *ricorsa* was, on the one hand, the extent to which it was used at the fairs. On the other hand, the mechanism differed in the context of its application at the *Bisenzone* fairs—above all, in its duration over several cycles—as well as in the currency used there and the corresponding exchange rate developments.³³

The underlying improvement compared to the previous dry bills is not an innovation in the true sense of the word. Rather, the interplay of integration and centralisation of the capital markets, currency stability, and common forms of procedure ensured both better calculability for debtors and creditors and a signif-

31 Raymond De Roover. What is dry exchange? A Contribution to the Study of English Mercantilism. *Journal of Political Economy* 52:3 (1944): 262.

32 Reinhold C. Mueller. *The Venetian Money Market: Banks, Panics, and the Public Debt, 1200–1500*. Baltimore: Johns Hopkins University Press, 1997, 288–291.

33 Richard Goldthwaite. Banking in Florence at the End of the Sixteenth Century. *Journal of European Economic History* 27 (1998): 491–504.

icantly increased availability of credit. The changes that the dry bill underwent in practice thus had effects that went beyond a mere refinement of the procedure by facilitating access to liquidity. Although *ricorsa* bills are almost exclusively associated with Piacenza, such credit operations were also possible with other exchange centres even during the heyday of these fairs.³⁴

The fairs held in Besançon from 1535, which were organised by the Genoese merchant-bankers originally active in Lyon, were the first to establish pure exchange fairs without any trade in goods. These fairs, which had been held in Piacenza since 1579, took place four times a year at three-month intervals. The cycle began in February with the *fiera d'apparizione*, continued in May with the *fiera di pasqua* and in August with the *fiera d'agosto*, before finally ending in November with the *fiera di santi*.³⁵ At the height of their importance from around 1580 to 1620, the *Bisenzone* fairs were probably the largest capital market of the time and also the central clearing centre for European payment transactions. At the turn of the century, the annual turnover was around 40,000,000 *scudi*.³⁶

All *ricorsa* bills of exchange used by David Gauger were booked to an account named after the exchange fairs.³⁷ However, the 37 bill of exchange operations also include dry exchange transactions with Antwerp, Lyon, Milan, Naples, Cologne, Bolzano, Frankfurt, Florence, and Rome. These exchange transactions were carried out exclusively via Bartoli during the time of the period under investigation and, from Gauger's point of view, were automated to the greatest possible extent. Gauger had bills of exchange drawn on the *Bisenzone* fairs or another exchange location for his account, and received in return the corresponding amount credited to the debit balance of the Bartoli account. Subsequently, the drawee issued a bill of exchange back to the original sender to settle the claim, so that after

34 Jose Ignacio Martinez Ruiz. The Credit Market and Profits from Letters of Exchange. *Ricorsa Exchange Operations between Seville and the "Besançon" International Fairs (1589–1621)*. *Journal of European Economic History* 33 (2004): 347, 351.

35 Markus A. Denzel. *La practica della cambiatura. Europäischer Zahlungsverkehr vom 14. bis zum 17. Jahrhundert*. Stuttgart: Steiner, 1994, 316; Hermann Kellenbenz. Karl V. und die Messen in Lyon. In *Gesammelte Aufsätze zur Kulturgeschichte Spaniens*, Johannes Vincke (ed.). Münster: Aschendorff, 1959, 194–202.

36 Luciano Pezzolo, Giuseppe Tattara. "Una fiera senza luogo": Was Bisenzone an International Capital Market in Sixteenth-Century Italy? *The Journal of Economic History* 68:4 (2008): 1102; Giuseppe Felloni. All'apogeo delle fere genovesi: banchieri ed affari di cambio a Piacenza nel 1600. In *Studi in onore di Gino Barbieri. Problemi e metodi di Storia ed Economia*, vol. II. Pisa: IPPEM, 1983, 892; Claudio Marsilio. "Four times a year for so many years". *The Italian Exchange Fairs during the XVIth–XVIIth Centuries*. *Bankhistorisches Archiv. Banking and Finance in Historical Perspective* 36:2 (2010): 151–165; Denzel, *La practica della cambiatura*, 320–321.

37 StadtAA, KuH, fols. 23, 27, 123, 305.

a certain window of time Gauger was confronted with a 'price' for the credit he had initially received, which was now reflected in the credit balance of the Bartoli account. The average duration between exchange and re-change was 74 days, ranging from 125 to 23 days. While the median interest rate on the loans was around 11%, the annual interest rates varied widely from 1% to 24%. In general, longer-dated bill loans incurred higher costs.

Gauger's *ricorsa* operations always formed a closed credit cycle. To each exchange corresponds one re-change without any repetition of the re-changes. However, the continuous drawing of new exchanges always replacing maturing re-changes increased or decreased the volume of credit according to need. In this way, Gauger at times enjoyed considerable additional financial room for manoeuvre. While from March to June 1590 he was able to fall back on an additional credit balance of 8,000 Rhenish guilders to 12,000 Rhenish guilders, from the middle of 1590 to the end of February 1591 this ranged from 8,000 to 9,000 Rhenish guilders.

Gauger made adaptive use of this special form of financial service depending on his liquidity needs. This is particularly evident in the congruence with the cash withdrawals carried out by drafts in Augsburg which, parallel to the increased credit volume, were mainly in the years 1588 and 1590. In contrast, the volume of *ricorsa* bills of exchange fell in 1589, probably due to the payments received by Bartoli from the Zenneroni. The central advantage of *ricorsa* loans over borrowed capital in the form of deposits and cash loans thus lay in the high flexibility of their handling and the resulting adaptive capacities. Moreover, the restriction to interaction with one's own financial intermediary simplified the management process considerably.

Conclusion

The analysis of the two case studies illustrates the importance of financial services for small-and medium-sized entrepreneurs. It was thanks to these provided services that both merchants managed to coordinate the incoming payment flows from Italian markets with their pending payment obligations on markets north of the Alps. The ability to organise and secure liquidity was crucial for the degree of economic freedom of decision and action and therefore to make one's own enterprise more resilient. Cashless payment transactions allowed for netting on a giro money basis and made liquidity quickly available and accessible. This was fundamental in order to be able to act at all times, especially if one considers that the transactions were usually trade credit transactions.

While a temporary lack of liquidity could be compensated by loans, a lasting loss of solvency was considered bankruptcy. If receivables could no longer be met and investments could no longer be made, this meant the end of economic capacity to act. From the perspective of the creditors, in order to keep the impending damage as low as possible, there was the possibility of taking legal action against the bankrupt. In such proceedings, the bankrupt's assets were confiscated first. Subsequently, an attempt was made to pay off the creditors by liquidating the bankrupt's estate. The bankrupt was thus, as it were, deprived of the right to dispose of his property. Moreover, any transaction carried out after the date of insolvency was considered fraudulent.³⁸ Bankruptcy was therefore the manifestation of the economic failure of the entrepreneur. Severe penalties imposed on bankrupts were primarily due to their perception as individuals who harmed the common good.³⁹

Particularly problematic was the fact that bankruptcy was, on the one hand, a legally relevant condition that was, on the other hand, based on a non-legally defined attribution of third parties. After all, whether proceedings were initiated by the authorities against an alleged bankrupt depended primarily on the reputation of the person concerned. If a merchant was no longer considered creditworthy, this circumstance could be sufficient to cause the authorities to take action against him.⁴⁰ There was always a critical threshold that separated the temporary liquidity bottleneck of a merchant from the threat of being condemned as a bankrupt. Exceeding this threshold was usually associated with irreversible consequences, since a lack of creditworthiness and a lack of liquidity reinforced each other. Therefore, even minor liquidity bottlenecks must already be regarded as critical disruptions. If these added up within a company, critical tipping points could be reached that fundamentally threatened the existence of the company and entrepreneur. The use of financial services enabled the internal management of capital flows, which was necessary to maintain liquidity. The commission system allowed the use of financial services under adaptive transaction costs.

Regarding transalpine trade, places like Venice, Augsburg, and Nuremberg played a central role. Although fairs and markets continued to serve as the basis for scheduling payment terms, payment processing was handled for the most part independently of these via important financial places. However, it was not

38 Dave De Ruyscher. Designing the limits of creditworthiness. Insolvency in Antwerp bankruptcy legislation and practice (16th–17th centuries). *The Legal History Review* 76 (2008): 307–327.

39 Paul Fischer. Bankruptcy in early modern German territories. In *The History of Bankruptcy: Economic, social and cultural implications in Early Modern Europe*, Thomas Max Safley (ed.). Abingdon: Routledge, 2013, 178.

40 De Ruyscher, Designing the limits, 319.

only payment transactions that were linked to the rhythm of fairs, but also access to capital markets, as shown by the example of the dry exchange credits used by Gauger. Apart from Gauger's use of this technique, the two upper German merchants hardly differed in the way in which they handled their payment transactions. The structural similarities between David Gauger and David Wagner in the management of liquidity are striking. The two representative case studies thus offer insights into how access to financial service providers also enabled the numerous small- and medium-sized entrepreneurs to handle complex payment flows and secure liquidity.

Bibliography

Primary Sources

- Ledger of David Wagner, 1598–1604. In Tiroler Landesarchiv Innsbruck (TLA), Handschriften (Cod.) 4350.
- Ledger of David Gauger, 1588–1591. In Stadtarchiv Augsburg (StadtAA), Kaufmannschaft und Handel (KuH), 22.
- Journal of David Gauger, 1588–1591. In Stadtarchiv Augsburg (StadtAA), Kaufmannschaft und Handel (KuH), 23.

Literature

- Baumgartl, Matthias. Kupfer als Handelsgut: Unternehmerische Herausforderungen und Chancen eines Rohstoffs um 1600. *Ferrum: Nachrichten aus der Eisenbibliothek, Stiftung der Georg Fischer AG* 92 (2022): 28–37.
- Baumgartl, Matthias. *Das Resilienz-Management von Einzelunternehmern. Der Transalpenhandel des Augsburgers David Gauger und des Bozners David Wagner um 1600*. Wiesbaden: Springer Gabler, 2023.
- Denzel, Markus A. *La practica della cambiatura. Europäischer Zahlungsverkehr vom 14. bis zum 17. Jahrhundert*. Stuttgart: Steiner, 1994.
- Denzel, Markus A. *Die Bozner Messen und ihr Zahlungsverkehr (1633–1850)*. Bozen: Athesia, 2005.
- Denzel, Markus A. Bargeldloser Zahlungsverkehr beim Walliser Multi-Unternehmer Kaspar von Stockalper im 17. Jahrhundert: *Blätter aus der Walliser Geschichte* 38 (2006): 99–113.
- Denzel, Markus A. *Das System des bargeldlosen Zahlungsverkehrs europäischer Prägung vom Mittelalter bis 1914*. Stuttgart: Steiner, 2008.
- Denzel, Markus A. Das System der Messen in Europa—Rückgrat des Handels, des Zahlungsverkehrs und der Kommunikation (9.–19. Jahrhundert). In *Europäische Messegeschichte 9.–19. Jahrhundert*, Markus A. Denzel (ed.). Cologne: Böhlau, 2018, 369–431.

- Denzel, Markus A. Beharrungskraft und Anpassungsleistungen wirtschaftlicher Systeme angesichts schockartiger Umbrüche—oder: Von der Resilienz zum Resilienz-Management. *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte* 108:4 (2018): 528–547.
- De Roover, Raymond. What is dry exchange? A Contribution to the Study of English Mercantilism. *Journal of Political Economy* 52:3 (1944): 250–266.
- De Ruyscher, Dave. Designing the limits of creditworthiness: Insolvency in Antwerp bankruptcy legislation and practice (16th–17th centuries). *The Legal History Review* 76 (2008): 307–327.
- Felloni, Giuseppe. All'apogeo delle fere genovesi: banchieri ed affari di cambio a Piacenza nel 1600. In *Studi in onore di Gino Barbieri. Problemi e metodi di Storia ed Economia*, vol. II. Pisa: IPEM, 1983, 883–901.
- Felloni, Giuseppe. Kredit und Banken in Italien, 15.–17. Jahrhundert. In *Kredit im spätmittelalterlichen und frühneuzeitlichen Europa*, Michael North (ed.). Cologne: Böhlau, 1991.
- Fischer, Paul. Bankruptcy in early modern German territories. In *The History of Bankruptcy. Economic, social and cultural implications in Early Modern Europe*, Thomas Max Safley (eds.). Abingdon: Routledge, 2013, 173–184.
- Geffcken, Peter. Mehrer. In *Stadtlexikon Augsburg*. <http://www.wissner.com/stadtlexikon-augsburg/artikel/stadtlexikon/mehrer/4757> (31 March 2024).
- Gilomen, Hans-Jörg. Die ökonomischen Grundlagen des Kredits und die christlich-jüdische Konkurrenz im Spätmittelalter. In *Ein Thema—zwei Perspektiven. Juden und Christen in Mittelalter und Frühneuzeit*, Eveline Brugger, Birgit Wiedl (eds.). Innsbruck: Studien, 2007, 121–159.
- Goldthwaite, Richard. Banking in Florence at the End of the Sixteenth Century. *Journal of European Economic History* 27 (1998): 471–536.
- Häberlein, Mark. Familiäre Beziehungen und geschäftliche Interessen: Die Augsburger Kaufmannsfamilie Böcklin zwischen Reformation und Dreißigjährigem Krieg. *Zeitschrift des Historischen Vereins für Schwaben* 87 (1994): 39–58.
- Kellenbenz, Hermann. Karl V. und die Messen in Lyon. In *Gesammelte Aufsätze zur Kulturgeschichte Spaniens*, Johannes Vincke (ed.). Münster: Aschendorff, 1959, 194–202.
- Lemarchand, Yannick, Cheryl Mcwatters, Laure Pineau-Defois. The Current Account as Cognitive Artefact: Stories and Accounts of la Maison Chaurand. In *Merchants and Profit in the Age of Commerce, 1680–1830*, Pierre Gervais, Yannick Lemarchand, Dominique Margairaz (eds.). London: Pickering & Chatto, 2014, 13–32.
- Marsilio, Claudio. “Four times a year for so many years”. The Italian Exchange Fairs during the XVIth–XVIIth Centuries. *Bankhistorisches Archiv. Banking and Finance in Historical Perspective* 36:2 (2010): 151–165.
- Martinez Ruiz, Jose Ignacio. The Credit Market and Profits from Letters of Exchange. Ricorsa Exchange Operations between Seville and the “Besançon” International Fairs (1589–1621). *Journal of European Economic History* 33 (2004): 331–355.
- Matringe, Nadia. *La Banque en Renaissance. Les Salviati et la place de Lyon au milieu du XVI^e siècle*. Rennes: Presses universitaires de Rennes, 2016.
- Mueller, Reinhold C. *The Venetian Money Market: Banks, Panics, and the Public Debt, 1200–1500*. Baltimore: Johns Hopkins University Press, 1997.
- Osipian, Alexandr. Debt, Trust and Reputation in Early Modern Armenian Merchant Networks. In *Early Modern Debts. 1550–1700*, Laura Kolb, George Oppitz-Trotman (eds.). Cham: Springer International, 2020, 153–180.
- Pezzolo, Luciano, Giuseppe Tattara. “Una fiera senza luogo”: Was Bisenzone an International Capital Market in Sixteenth-Century Italy? *The Journal of Economic History* 68:4 (2008): 1098–1122.

- Pieper, Renate. Informationszentren im Vergleich. Die Stellung Venedigs und Antwerpens im 16. Jahrhundert. In *Kommunikationsrevolutionen. Die neuen Medien des 16. und 19. Jahrhunderts*, Michael North (ed.). Cologne: Böhlau, 1995: 45–60.
- Reinhard, Wolfgang (ed.). *Augsburger Eliten des 16. Jahrhunderts. Prosopographie wirtschaftlicher und politischer Führungsgruppen 1500–1620*. Berlin: Akademie, 1996.
- Ribeiro, Ana Sofia. *Mechanisms and criteria of cooperation in trading networks of the first global age. The case study of Simon Ruiz network, 1557–1597*. PhD diss., University of Porto, 2011.
- Sellien, Reinhold, Helmut Sellien (eds.). *Gablers Wirtschaftslexikon*, vol. 4. 9th ed. Wiesbaden: Gabler, 1977.

