MEDIEVAL TRADE AND FINANCE

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1

CREDIT IN MEDIEVAL TRADE[1]

The extent to which medieval trade was based on credit does not figure among the favourite problems of economic history. Not that it has been entirely neglected, since the economic theorists have been busy over it for more than seventy-five years: it is the historian who is guilty of neglect. In his absence the field has been entirely appropriated by the economic theorist; and the latter, unsupported and unrestrained by research, inevitably produced notions unrelated to historical facts. These notions spring from the source whence have originated so many current preconceptions about the economic nature of medieval civilisation – namely, speculations as to the 'stages' of economic development. In the nineteenth century sociologists and economists regarded their age as biologists regard the *homo sapiens*, as the culmination of an evolutionary process. To them epochs of history were successive stages in the uninterrupted ascent of mankind from the crude primitivity of prehistory to the complex perfection of their own age. In accordance with this view, the economists have constructed a number of hypothetical models of the evolutionary ladder, in which every step differed from the one which followed in that it did not contain one or other element of the modern economic system, or else contained it in a less developed and a more imperfect form. As credit, especially in its alliance with trade, in fact constitutes an essential principle of our present economic system it was inevitably drawn into the schemes of economic progress. The argument was simple. If mercantile credit was one of the basic principles of our economic civilisation, then every successive stage of economic revolution made some contribution towards it, and therefore the further back we went the less important the function of credit became, until we reached a time when there was very little credit or none at all. Hence the prevailing notions of the absence or the undeveloped state of credit in the Middle Ages.

This view was given its clearest and sharpest expression by Bruno

[1] This paper first appeared in *Economic History Review*, I, 1928. The following abbreviations have been used: E. Ch. Pr.=Public Record Office, Early Chancery Proceedings; M.R.=Public Record Office, K.R. Exchequer Memoranda Rolls; A.V.=Public Record Office, K.R. Exchequer, Accounts Various; L.B.=Calendars of Letter Books (ed. Sharpe); P.M. Rolls=Plea and Memoranda Rolls at the Guildhall; *V.S.W.G.=Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte.*

Hildebrand, one of the fathers of the 'historical' school of political economy. He believed that the only differences between epoch and epoch which furnished principles of evolutionary classification were those relating to the methods of exchange. And from the point of view of the methods of exchange there were three main stages of economic development: the prehistorical and early medieval stage of natural economy when goods were exchanged against other goods; the later medieval stage of 'cash' (money) economy, when goods were bought for ready money; and the modern stage of credit economy when commercial exchange was based on credit.[2] The form in which Hildebrand expressed this view of the Middle Ages as the pre-credit era was too simple and straightforward to find general acceptance among historical economists. Karl Bücher, who on this question had a greater influence than any other of Hildebrand's successors, knew more about the Middle Ages and was careful not to make the presence or absence of credit the sole *differentia* between the various stages of economic development. But, in regarding the institutions of our civilisation as the product of a growth extending over the whole of European history, he was bound to assume that in the earlier stages credit could play only a minor part in economic life. There was some miscellaneous borrowing and lending in the Middle Ages, but it did not testify to the economic importance of credit. Medieval loans were always disguised into, or regarded as species of, other transactions with which the Middle Ages were more familiar, especially those of purchase and sale. Moreover, they were used not for production, but for consumption. 'It may even be doubted whether in medieval trade credit operations can be spoken of at all. Early exchange is based on ready payment. Nothing is given except where a tendered equivalent can be directly received.'[3]

Bücher's general theory of economic evolution now forms one of the axiomatic assumptions of historical research; and his views on credit were naturally adopted by historians with the rest of his theory. In England Dr Cunningham set out to describe the 'growth' of English industry and trade: the story of how England's economic power steadily waxed from the early Middle Ages. On the question of medieval credit he believed that only at the close of the Middle Ages did English foreign trade become important enough to afford an opportunity for the use of credit. Until then, notably in the thirteenth and the fourteenth centuries, the volume of English trade was modest and its methods primitive: the capital employed in it was very small, and there was hardly any room in it for credit. 'The demand for money for commercial and industrial purposes, at

[2] 'Natural-, Geld- und Creditwirtschaft' in *Jahrb. Nationalökonomie* (1864). For the theoretical criticism of Hildebrand's scheme, see Gustav Cohn, *System der Nationalökonomie* (1885), I, 454–5.

[3] *Economic Evolution* (English trans. by Wickett), 1901, pp. 128 seq. Restated in *Grundriss der Sozialökonomie*, I, part i (1924).

the only rates at which men were accustomed to lend, was practically nil'; 'money-lending had nothing to do with commerce; wealthy men borrowed in emergency, or to equip for a war'; 'it is very probable that even in emergency merchants did not often have recourse to borrowing, as the gild merchants made arrangements which enabled them, in some cases at all events, to get temporary aid'. As to 'credit as a basis for transactions of other kinds', 'there is a striking difference between those times and ours', as 'transactions were carried on in bullion; men bought with coin and sold for coin' – in other words, 'dealing for credit was little developed, and dealing in credit was unknown'.[4] These views are still common.[5]

There cannot be many topics in the economic history of the Middle Ages on which the evidence is as copious as on credit. The bulk of the evidence consists of records of debts. Most numerous of all are the records of 'recognisances' – i.e., debts acknowledged before judicial tribunals and entered upon their rolls. After the passing of the Statute of Burnell, 1283, the entries began to be concentrated on special rolls kept by the authorities empowered by the Act to receive recognisances. But before 1283, and to some extent after, recognisances were also entered on various official registers: the Letter Books of London, the registers of other municipalities, the Memoranda Rolls of the exchequer, and occasionally on the Close Rolls and the other chancery enrolments, or the rolls of the king's courts. The number which has survived amounts to several scores of thousands. The second class of references to debts consists of entries and documents relating to pleas of debt. Of these especially important are the petitions on debts among the early chancery proceedings at the Public Record Office; next come references to cases of debts brought before the municipal authorities for trial, execution, or other purposes, and recorded in various municipal registers, and above all on the Plea and Memoranda Rolls at the Guildhall. Of considerable importance also are the numerous Patent Roll entries of pardons for outlawry for not appearing before the royal justices on plaints of debt and finally comes the uncharted sea of the Plea Rolls and the various local court rolls.[6] The third class is composed of documents dealing with debts and credits, but not in connection with their recording, enforcement, or adjudication. To this class, in the first instance, belong the valuable inventories of debts and goods of foreign merchants, or lists of their transactions, compiled on several occasions in the thirteenth and the fourteenth centuries and now grouped together in the 'accounts various' of the exchequer at the Public Record

[4] I, 362–4, 463.

[5] There are, of course, exceptions. See Thorold Rogers, *Industrial and Commercial History* (1892), 69; E. Lipson, *Economic History* (1915), 1, 528 seq.

[6] Strictly speaking, to this class of judicial records belong also the statute staple certificates at the Public Record Office – a multitude of documents judicial in purpose, but identical with ordinary recognisances in content.

Office. To these one must add the various collections of non-official documents, illustrating the financial transactions of medieval merchants, such as the Cely accounts in the chancery files[7] and their letters in the volumes 53 and 59 of the 'ancient correspondence' at the Public Record Office; a ledger of a fourteenth-century merchant, a day book of a fifteenth-century scrivener[8] and a vast number of other miscellaneous documents at the Public Record Office showing the medieval merchants in their dealings with each other. Lastly, there are numerous references to debts and credit in the more general sources such as the parliamentary rolls, Statutes of the Realm, Rymer's *Fœdera*.

It would be possible to enumerate other documents where medieval borrowing or lending is recorded, mentioned, or described. Not all these references to debts relate to mercantile credit, but the proportion of the latter is very high. Many debts were never enrolled or officially recorded, especially in the earlier centuries when the tally was still the commonest financial instrument, and in the later Middle Ages when various forms of informal bonds came into use. It was in the second half of the thirteenth and the first half of the fourteenth century that official enrolments in the shape of recognisances were most commonly used for the recording of debts; and it is in the recognisances of the thirteenth and early fourteenth centuries that the prevalence of mercantile debts is most clearly marked. The preamble to the Statute Burnell, introducing that system of recognisances which prevailed all through the later centuries, expressly stated that the new order was instituted for the benefit of the merchants. That this remained the avowed object of the reformed recognisance was declared or implied in all the subsequent measures dealing with this financial instrument. Some non-mercantile debts found their way into the recognisance rolls, whereupon the Ordainers commanded in 1311 that the Statute Burnell should not hold 'except between merchant and merchant, and of merchandise sold between them'.[9] The ordinance remained in force only until 1326, but even a cursory review of the rolls will show that for a number of years after 1326 they continued to deal chiefly with debts between merchants, which presumably arose out of ordinary mercantile transactions. It is only in the second half of the fourteenth century that a change came over the character of the entries in the Recognisance Rolls – a change reflecting not the evolution of credit itself, but a certain new departure in the nature of financial instruments.[10]

The conclusions to be drawn from this evidence are obvious. The abundance of mercantile debts clearly demonstrates that credit commonly

7 Public Record Office, Chancery Miscellania, bundle 37.
8 A.V. 509/19 and 128/37.
9 Edw. II, c. 33; L.B.E., pp. 53, 213; *Rot. Parl.*, I, 457.
10 This and other questions relating to the employment of financial instruments in the Middle Ages lie outside the present article

entered into the commercial practice of the Middle Ages. At the same time it must not be taken to imply the rare use of cash payments, since debts were recorded while cash transactions were not. It affords, therefore, no indication as to the relative importance of credit in the total volume of medieval trade, or as to its part in the turnover of individual merchants. Nor does it solve any of the problems essential for the correct understanding of the nature and function of mercantile credit. Granted that credit transactions were frequent, does it necessarily follow that there was an organic connection between credit and trade? Did credit enter into the ordinary commercial routine, and was it equally common in every branch and at every stage of business? Was it adapted to the multifarious needs of commerce? Did it fulfil the various functions which mercantile credit is theoretically supposed to fulfil? And was there any connection between its functions, its forms, and its methods? The problems are many, and no attempt will be made here to exhaust them all; neither will it be possible to deal with any of them separately. All it is proposed to do here is to review the chief forms of medieval credit in the hope that this will in itself throw light on the problems enumerated.

SALE CREDITS

'Sale credits' – that is, credits in the shape of deferred payments for goods sold or advances for future delivery – enter into the actual exchange of goods more directly than loans of money; and it was sale credits, rather than loans, that Hildebrand and his followers had in mind when denying the existence of mercantile credit in the Middle Ages. Fortunately no other form of credit is better served by the surviving evidence, so that even a summary treatment of facts will demonstrate clearly enough the extent to which sale credits were common in the different branches of medieval trade.

We may begin with the trade in goods retailed, as some of the fullest and earliest collections of recognisances, notably those recorded in the early Letter Books and Recognisance Rolls of London, consist largely of debts for goods intended for consumption in this country. Some of these goods, whether imported from abroad or produced here, were sold directly to the consumer; but most of them to other merchants. German historians have debated whether the Middle Ages possessed a class of traders who could be labelled as wholesalers. One point, however, is not disputed. Whether a separate class of wholesalers existed or not, wholesale trade was common throughout the Middle Ages. Goods were often handled in bulk and sold, not to the final consumers, but to other merchants, and often changed hands several times before being retailed. Now, the evidence of debts makes it clear that credit was demanded and allowed at every stage through which the goods passed from importer or producer to consumer.

Of the foreign commodities retailed in this country, wine seems to have lent itself best to handling *en gros* and to successive sales on credit. The trade in wine, like that in wool and cloth, attracted a large amount of capital, and was apparently open to all – vintners, cordwainers, drapers, curriers, saddlers, mercers, even princes, nobles, and ecclesiastics. Some bought for retail, others for resale to merchants. And whenever wine changed hands an opportunity for credit arose. To begin with, wine was often, though not always, bought on credit from wine growers and wine merchants in Gascony and Poitou. Then the importers, whether English or foreign, sold it on credit to retailers or wholesale merchants in England. The transactions recorded in London recognisances show wealthy vintners of the thirteenth or the early fourteenth centuries, like William Barache, Simon of Farnham, Allan of Suffolk, and others, regularly buying wine on credit from importers and reselling it again to taverners and smaller vintners. Occasionally they formed partnerships with taverners, who retailed their wine for a share in the profits. But often the chain between the importer and the retailer consisted of several links; there was more than one middleman, and consequently more than one credit transaction.[11]

Similarly in other commodities. Goods in common demand, like corn, leather, woad, etc., whether imported from abroad or produced here, and whether sold at fairs or distributed from the larger towns, changed hands several times before reaching the consumer, and every time they changed hands credit could be demanded and conceded.[12]

The terms of payment in the principal export trades were similar to those in the internal trade. Exporters of cloth in the later fourteenth and fifteenth centuries made almost exactly the same use of sale credits, and offered the same scope for them, as the wine traders. In its passage from producer to foreign consumer cloth went through several stages, at each of which credit invariably appeared as the governing principle of the transaction. Clothiers would, as a rule, deliver cloth to drapers and other merchants for export or internal sale on several months' credit. Sometimes an additional middleman would intervene: a wandering chapman who had bought the cloth on his circuit, or a big wholesaler, or, what

11 See L.B.A., p. 6 (Falco), *The Red Register of Lynn*, I, 33; Letter Books A, B, and C, and Guildhall Recognisance Rolls 1–4, *passim*; F. Sargeant in Unwin, *Finance and Trade under Edward III*.

12 The early Letter Books and Recognisance Rolls at the Guildhall abound with references to chaloners, cordwainers, and leathersellers buying leather, yarn and other commodities from foreign importers. For credit in the fourteenth and fifteenth centuries between wholesalers and country retailers, see the very numerous references in the Patent Rolls (Pardons for Outlawry), also E. Ch. Pr. 6/20, 7/122, 9/382, 26/272, 46/144.

seems to have been quite usual, occasional speculators drawn from various trades and occupations. A Chancery petition of the beginning of the fifteenth century tells an interesting story of a quantity of blankets bought by 'certeyn chapmen', resold by them to two vintners, who in their turn resold it *in solido* to someone else. At each stage, except the first, of which we are told nothing, the cloth was sold on credit. And this was apparently quite an ordinary transaction.[13] Nothing can demonstrate better the dependence of the English cloth trade on the system of postponed payments than the failure of the Act of 1430 as to credit sales to foreigners. It was enacted then that no Englishman should sell his goods to aliens except for ready money and goods. A year later, however, the Commons petitioned and Parliament enacted that it should be lawful to sell cloth to aliens 'per apprest de paiement . . . de 6 mois a 6 mois', as otherwise the cloth 'could not be uttered or sold'.[14] But even in this form the statute could not be enforced. Goods other than cloth continued to be sold to foreigners on credit, while in the sales of cloth the terms often did not conform to the legal 'de 6 mois a 6 mois', and credit was allowed for a period of one, two, and even three years.[15]

It remains to show how this system of sale credits was applied to the wool trade, the oldest and the most important branch of English export trade. The financial methods of the English wool trade in the second half of the fifteenth century have recently been described by Dr Power,[16] whose account is largely based on the Cely accounts and correspondence. The Celys bought the greater part of their wool on credit from wool merchants in the Cotswolds, and in turn sold it on credit to foreigners abroad. This chain of credits, however, commenced before the Celys received the wool, for we know that at least one of their Cotswold woolmen, William Midwinter, himself bought his goods from local men on credit. Neither did the chain come to its end as the wool passed into the hands of wool merchants and clothiers in foreign towns. In other words, from the wool grower in the Cotswolds to the buyer of Dutch cloth in Poland or Spain there was one uninterrupted succession of credit sales. This practice was not confined to Celys, and it was certainly not a fifteenth-century invention. However different may have been the scope and technique of the wool trade in earlier centuries, the methods of payments remained very largely the same. As far back as we can trace the activities of the English exporters on the foreign wool markets, the transactions were commonly based on credit. That in the second half of the

13 E. Ch. Pr. 20/2; the other references are too many to be enumerated.
14 8 Hen. VI, c. 24; 9 Hen. VI, c. 2; *Rot. Parl*, IV, 377, 509.
15 Abundantly shown by the cases in the M.R. for 37 and 38 Henry VI, when the court of exchequer happened to obtain information about the credit transactions of a number of foreigners.
16 *Cambridge Hist. Journal*, 1926.

thirteenth century English exporters were in the habit of selling their wool on credit is illustrated by a document in the archives of Ypres recording a debt owed by Boidin, son of Walter de Gaunt, to John Ludlow, an English wool exporter, for wool bought in July, 1291. Desmarez, who prints this bond, mentions also a number of other similar documents among the thirteenth-century obligations. One Nicolas Ludlow, of Salisbury, figures often in them: in 1277 he appears as creditor for £34 1*s* 6*d*; in 1279 he sells wool on credit to the value of £234.[17] In the fourteenth century the experiments with the Staple system several times threatened completely to disorganise the trade; yet so long as the English continued to export their wool, they regularly sold it on credit.

This close dependence of the wool trade at foreign marts on the smooth working of the machinery of sale credits was at times clear even to the blundering governments of the fifteenth century. But what the governments admitted only occasionally, the merchants demanded all the time. We find them in 1410 petitioning the Crown to put an end to the English piracy against the Flemings in the interests of the English merchants who 'have communication in the feat of merchandise with the inhabitants of the said country of Flanders, appresting them "selon la cours de la monde" their wool and merchandise, which cannot and never could be delivered at their true value to the common profit of the whole Realm without that they be apprested in instalments'.[18] And declarations of a similar nature occur over and over again in the fifteenth century in connection with the frequent interruptions of trade by war or the equally frequent anti-credit measures of the Crown. The failure of these measures, more than anything else, reveals the extent to which credit permeated the sale of wool abroad. The attempts to regulate credit in the wool trade of Calais had a greater chance of success than in other trades, since wool sales abroad were centralised and rigidly controlled through the machinery of the Staple. Yet here, as in the cloth trade, the official policy came to grief through the reluctance and inability of the merchants to carry it out. The so-called Ordinance of Partition of Wool of 1430, which introduced a rigid system of control over the transactions of individual merchants, provided that payments for wool should be in cash, and that the bullion be brought without delay to the mint at Calais to the amount of some 75 per cent of the value of wool sold.[19] The Ordinance could hardly have been obeyed to the letter; still it was effective enough to provide the merchants with a grievance.[20] In 1442 it was enacted upon a

17 G. Desmarez, *Lettres des Foires*, no. 157.

18 L. Gilliodts van Severen, *Le Cotton Manuscrit Galba B.*1 (Brussels, 1896), no. 101. See also ibid., nos. 127, 133, 135, 168.

19 8 Hen. VI, c. 17, 18. (Re-enacted for another three years in 1433, 11 Hen. VI, c. 13) *Rot. Parl.*, IV, 358–9.

20 Ibid., IV, 490, 509.

petition of the Commons that the Staplers should bring to the mint only one-third of the bullion,[21] which virtually legalised the 'lending' of the remaining two-thirds of the cost of wool. But even this milder regulation was found to be unenforceable, and when in October of the same year the Crown approached the Company of the Staple for a loan, it was confronted by the demand that the 'merchants English mygt selle their wolles withoute that they shold to be arted to take the thirde part in bullion'. The question came up for discussion before the Council and the conditions of the Staplers were vigorously opposed by Cardinal Beaufort on the ground that their acceptance would be equivalent to a Flemish victory on this issue, as 'yif they could feele that the kyng for necessitee sholde thus dispense with the statute of bringing in of bullion . . . he sulde never hereafter by constreint make hem bringe in any bullion'. The Cardinal on this occasion was less of a business man than usual. He failed to recognise that the law could not be executed. When the Council met a few days later it had before it the statement of the Mayor of the Staple to the effect that it was impossible to bring in the third part in bullion, and that the Staple had 'of ther owne auctoritee . . . dispensed' with the Act of 1442.[22] Thus ended the endeavour of the Lancastrian government to restrict the credit in the wool sales,[23] in the interests of its bullionist policy. An attempt to revive the policy was made under Edward IV in 1463, when it was enacted that no merchant of the Staple should sell wool at Calais without that he 'take ready payment', of which one-half he must bring in bullion or English coin to England within three months following the sale. This Act sounded more formidable than it actually was, for in spite of its general prohibition of credit sales merchants could allow the buyer three months' credit on one-half of the price and unlimited credit on the rest.[24] But whatever the provisions of the law meant, they could not be of great importance, since the Staplers continued to sell as they thought best: the contemporary business of wool sales in Calais abounds with references to sales on credit; and in 1473 the legal restrictions of credit were swept away.[25]

So much for the foreign end of the trade. The issue becomes somewhat more complicated as we pass to the trade on this side of the Channel. What is striking about the sale credits in the English wool trade abroad is not only their frequency, but also their uniform 'direction'. As in other branches of trade, it was commonly the seller who gave credit: goods were sold for deferred payments, and the 'flow' of credit was from the seller to the buyer. The practice was not quite so regular and uniform in the wool

21 Ibid., v, 64; 20 Hen. VI, c. 12.
22 *Proceedings of the Privy Councils*, v, 216–19.
23 For a fruitless attempt to revive the policy, see *Rot. Parl.*, vi, 256–76.
24 3 Edw. IV, c. 1.
25 *Rot. Parl.*, vi, 60.

trade at home. The sales on credit were at least as common as in the foreign wool marts, but the direction of credit was not invariably the same. In the transactions between the exporters and the merchants who supplied them with wool deferred payments apparently formed the rule;[26] so much so that the very fact that the Italians paid *au comptant* more frequently than the English was regarded as an unfair advantage over the native merchant.[27] This rule, however, does not seem to have applied to every wool sale in England irrespective of who were the contracting parties. Mr Bond and Mr Whitwell have shown that in the thirteenth century the Italians, in their dealings with the monasteries, commonly paid for the wool before it was shorn or collected.[28] They advanced to the monasteries sums of money as payment, full or partial, for wool to be delivered in the course of one or several following 'seasons'. Transactions of this type were even older than the thirteenth century. The unique roll of debts to William Cade, a twelfth-century financier, records several advance payments for wool. 'Monaci de Parco de Luda debent 70 marcas quas receperunt de lana sua quam Willelmus debuit habere 6 annis post mortem Teobaldi archiepiscopi.'[29] The Curia Regis Rolls report what seems to be a similar transaction for the closing years of the twelfth century between William, son of Robert, and the Prior of Swine.[30] References of this kind become very common in the thirteenth century. The accounts of Flemish merchants whose goods and debts were arrested by Edward I teem with entries of sums owed to them on account of advances made to monasteries and others for wool of future growth. But it was the great Italian houses of the thirteenth and fourteenth centuries – the Riccardi, the Peruzzi, the Bardi, and others – which made a common practice of these transactions. The exact terms varied with each contract. Sometimes only the next year's wool was sold, sometimes the sale was made for four, six, and even twelve years ahead. Sometimes the advance payment formed only a part of the price, and the transaction was then commonly described as one of wool sale. Sometimes the payment represented the full value of the wool, or occasionally even exceeded it, and then the transaction could be described as a loan repayable wholly or partly in wool. But whatever were the forms in which these contracts were expressed, they all represented one and the same type of commercial

[26] Letter Books A and B, and Recognisance Rolls 1–3, *passim*; Cal. P. M. Rolls, p. 9, 262; Guildhall Plea and Mem. Rolls, A 23 m. 6 dorso, R 84 m. 5, etc.; E. Ch. Pr. 26/395, etc.

[27] *Rot. Parl.*, v, 334 (1455): a complaint against the Italians, who obtain their wool cheaper than the English because they pay for it in ready money, but wool sales to Italians on credit were frequent.

[28] *Archaeologica*, XXVIII, 221–2; *V.S.W.G.* (1913).

[29] Jenkinson, 'William Cade', in *English Hist. Review* (1913), 209 seq.

[30] Cal. Curia Regis Rolls, I, 144; III, 27, 177.

transaction. They were credit deals in which not the seller but the buyer gave credit.[31] This variation in the direction of credit is a fact of considerable interest for the study of medieval economy, but it does not affect the conclusion that, whether the seller or buyer figured as debtor, sales credits entered into every stage of the wool trade.

LOANS AND INVESTMENTS

Sale credits by no means exhaust the forms of mercantile credit. Short-time loans and investments are at present likely to be regarded as equally common, if not the commoner, forms of alliance between trade and credit; and no description of a system of mercantile credit is complete which leaves them out of account.

The ordinary short-time loan had for its object to satisfy immediate want of cash. Sudden liabilities which could not be met from the regular resources of the business, payments impending before the corresponding receipts fell due, promptitude of creditors and procrastination of debtors – in short, all the maladjustments of the regular systems of sale credits – would create a demand for short loans. In a sense these maladjustments could be described as emergencies, but in so far as selling and buying was generally based on credit, they were both frequent and inevitable, and the 'emergencies' were therefore part of the ordinary commercial routine. The Celys borrowed and lent money for terms of two, three, and six months whenever they were either short of ready money or had a surplus, and they were regularly short of money on the eve of the payments to the woolmen, just as they always had a surplus of cash immediately after the payments at the great Brabant fairs. These loans were probably even more numerous and certainly less uniform than direct reference in our records to the *mutuum*, or loan, would lead us to think. Apart from the fact that a great many mercantile debts remained unrecorded, they often appeared in such forms as would leave no traces, or else very misleading ones, in the records of debts. A very obvious instance of this are the 'loans by sale'. Loans of money between merchant and merchant were sometimes disguised in the shape of ordinary sales. This was often done to conceal the charging of interest, as in those cases of 'false chevisance' which came before the city tribunals of the fifteenth century. On 26 June 1421, one John Sadiller, vintner, was attached to answer in several prosecutions for 'feigned sale'. It was alleged that he had sold on credit Spanish

[31] A.V., Foreign Merchants, 127/3, etc. G. Espinas, John Boine Broke in *V.S.W.G.* (1904), pp. 95, 221 seq. Espinas, *La vie urbaine de Douai*, III., no. 860. For the deals of Italian merchants see the Recognisances on the L.T.R. and K.R. Memoranda Rolls. Rose Graham, 'The Finance of Malton Priory, 1247–1257', (*Trans. Royal Hist. Soc.*, 1904), 148 seq.

iron for £25 4*s*, to one Richard Trogonold, and then repurchased it for £23 10*s* in ready money; and that to John Lawney, John Bernard, Robert Haxton, and even to Sigismund, the King of the Romans, he had lent money in a similar way.[32] If a fictitious sale of this kind could easily be distinguished from a legitimate commercial bargain, it had to be but slightly modified to become absolutely indistinguishable from a genuine sale. How could anybody detect the real nature of similar transactions when they were carried out by three parties instead of two, when goods were bought on credit from one man and sold for cash to another?[33] The raising of funds by means of a three-cornered sale was common both in this country and abroad. It was employed by Bruges, Leiden, and other continental towns, and by English kings, notably Edward III, in their transactions with wool.[34] There are on the whole surprisingly few references in English records to this method of raising loans; but the fact that these transactions were seldom recorded is less a sign of their rarity than of their identity with ordinary buying and selling. Every merchant who had bought goods on credit, and then, when in need of money, sold them possibly at a lower price than he had stipulated to pay for them, would be raising a loan 'by the means of a sale'.

Arguing from the very few instances that are to be found in the records, it would seem as if the concealment of interest was not always the only motive for the employment of this type of loan. Quite often goods were 'chevised' because they happened to be more readily available than money. This was certainly the reason why the English Crown and the foreign municipalities had recourse to this type of transaction, and this was the avowed motive of a number of private 'chevisances by sale'. Thus apart from their employment for the disguising of interest, they also had a legitimate and independent economic function, which distinguished them from ordinary money loans.

The 'loan by sale' has been described at length, not so much for the intrinsic importance of the transaction, but for its interest as a characteristic example. Other types of medieval loan, like 'chevisances by sale', often remained unrecorded or 'misrecorded' among the ordinary entries of debts. These different types of loan were therefore even commoner than the numerous references to them would suggest. What is still more important, every one of them, just as the 'loan by sale', or even more so, had a distinct economic function of its own to fulfil in medieval trade.

32 Guildhall, P.M. Rolls, A 49 mm. 8–10; other cases, ibid. A 63 m. 7 seq. Thomas, *Cal. of the Plea and Mem. Rolls*, 270–80 (1364), etc.

33 In 1390 a City ordinance made such sales punishable when they were carried out by two partners, one selling and the other buying: *Liber Albus*, III, 162.

34 I am indebted to Dr Power for material throwing light upon Edward's transactions with wool merchants. For chevisances of wool by Henry VI's government see *Proceedings of the Privy Council*, IV, 291–3.