

## Chapter I

### The origin and onset of trade

If one aspires to be a good and efficient manager, one needs to gather one's thoughts first and think things through before swinging into action. This is a pure fact and moreover, is had on the authority of philosophers. When an action is carried out it must be evident that it is a result of inner reflection. This inner reflection is, in fact, theoretical, and from it, as from a mother, a practice is born, which is to the same extent the daughter of the theory, as well as the theory is the daughter of nature, only if it is organized in an appropriate way to serve the need. Thus, one that wishes to study the nature of things, which every writer is required to do, must realize that when God created the world, he had arranged everything and had given a position and certain natural qualities to each and every thing. However, this natural order was disrupted by the sins of our progenitors and this called for a written law stating, as God wills it, what must be done and what is to be avoided and guarded against.

Such was the law bestowed upon the people of Israel through Moses, the oldest of all prophets. But as time went by this law did not fulfill its purpose because of the faults of the very people who were supposed to comply with it. Consequently, the need for a new law arose, a law which would rectify the old one, save human kind and demonstrate, for the good of those who would abide by it, that their prize would not be ephemeral or invaluable, but continual and eternal. This was the law of the Gospel.

Therefore, since everything in Nature was created in such a way that no inner reflection was necessary to understand it, the next step was to contemplate one's actions first.

The kind of reflection that precedes one's actions is a given and it is said to be theoretical, which according to Greek etymology means "the inner reflection and contemplation of ideas". After achieving this kind of understanding based on natural instinct and observation, what ensues is to undertake those actions and embrace those ideas that close inner analysis have proven to be valid and beneficial for human kind.

That path was taken by the first men who were committed to philosophical studies. Despite being pagan, enlightened by Nature as they were, they embraced the outward action.

We might conclude that those theoreticians previously mentioned were of the natural order and were engaged in speculations and that their successors were practitioners. They put into practice the ideas their predecessors had fathomed and reflected upon with great talent and wisdom. The conclusion that can be drawn from this is that practice is the daughter of theory, theory is the daughter of Nature, and Nature is the daughter of God. Following this notion, it becomes clear that any kind of reasonable conduct is utterly impossible without inner understanding and contemplating Nature and all that is contained within it.

As a result, it this becomes evident that skills, especially those involving practical action, have their source in Nature, and thus one must consider the natural order of things.

Be that as it may, occasionally it seems that the opposite is true. In the case of some skills, experience and induction

apparently proved to be effective methods of learning more general information, which are in fact the basis of these skills and knowledge.

The proof of this can be found in many firsthand experiences as illustrated by the following examples.

Familiarity with certain herbs that had been tested in various places, in various ways, on various people and at various times consequently established a common knowledge: Rhubarb has always and everywhere purged bile; that proved to be in its nature, hence every rhubarb plant will purge bile.

The same can be applied to oratorical skills. Even before it was established as a skill, there were people who were extremely gifted in this art and they knew how to organize specific parts of their speech just as well as those who were later educated in this field once the skill was formally established as such. In fact, we might observe that using this skill as a natural talent preceded the formal development of it as an oratorical skill. This can be observed among Bosnians who have, without formal education, a natural capacity for the most commendable rhetoric.

I dare say, the art of trading falls in the same category, because, if you come to think of it, it does have its source in the natural and instinctual, emerging after human kind procreated and spread across the Earth.

Since trade became crucial for the accumulation of many things and essential for supporting man and his family (after he joined with a woman), it was eventually impossible for him to live without giving the things he found superfluous in exchange for those he lacked, regardless of the social rank he belonged to:

military, artisan or the ruling class (at the time, money, which later became the commonly accepted means of payment and thus put an end to such an exchange of goods, had not yet been introduced).

After a while, the human population increased in number and after improving their trading skills – as is in their nature to do – they realized that a single, commonly accepted means of payment could help them in meeting all their present and future needs. This means had to be such that it was valid at any place and at any time. The means they had come up with was money, which enabled the acquisition of goods without a mutual exchange. Establishing money as such means marked the onset of trade.

To return to the subject of our discussion, it can be concluded that natural instinct is the source of all knowledge, sciences and skills, but we must not forget that some knowledge also evolved and spread by doing and practicing these particular activities, as illustrated in the following examples.

Let us observe this assumption within the context of our subject matter. As we clearly stated, the art of trading we wish to discuss in our work has its origin in Nature. It was employed in order to obtain the goods needed for everyday living, it became widely spread and consequently it reached our time and place. Thus it is correct to assume that trade is an art whose primary source can be traced back to Nature, and which clever men later made widespread and available to simplify certain activities, not only for individual persons but also households, republics, kingdoms and empires.

Although there has been no formal teaching of this art, its continual practice has demonstrated certain peculiar patterns, customs and norms. The nature of this skill is such that it would, in our opinion, surpass any other skill if those who practiced it had not corrupted it. There are numerous reasons and evidence for this claim. I would have remained silent about the absence of a fundamental set of rules of conduct for a skill so natural, essential and useful if I had not come to realize, as a result of having direct experience and the know-how, that this practical skill can be described in scientific terms.

This was a strong impetus for choosing to approach the art of trade from a scientific perspective, something that I believe no writer has done to this day and age.

## Chapter II

### The definition of trade

In order to proceed in the natural order, we will first determine what trade is – as Cicero would prefer – because if we aim to have a true understanding of something, we must begin with a definition.

Since our subject matter is trade, before anything else, we will clearly distinguish between the term “merchandise” and “trade”, in order to avoid any possible ambiguity that might arise on the part of the less educated traders involved in this discussion. The term “merchandise” is applied to everything that can be sold, bought or exchanged, or that can be bargained over in any way. The term “trade” refers to a skill, or better yet, a set of regulations, provisions and the organization within which all the business involving the above mentioned merchandise is conducted.

Now that we have clarified that the term “merchandise” covers everything that can be the subject of a contract between traders, we will move on to the definition of trade: “Trade is a skill or a set of rules by which legal persons are to fairly abide by in trading affairs, with the purpose of preserving human kind and with the hope of personal gain.”

This definition provides the fundamental notion around which this work is to be structured, and hence I believe this definition should be analyzed further, detail by detail.

In addition, it should be noted that we believe this definition to be perfect because it describes trade in both general and

specific terms. The general aspect is mentioned as “a skill or a set of rules”, which indicates that there are established regulations with a single purpose. That which is specific to trade is contained in the remainder of the definition.

The definition is to be analyzed as follows:

Persons who are not legal persons are those who are forbidden by law to engage in trade. These are:

Firstly, persons who are not allowed to practice this skill because of the harm that can be inflicted either on themselves or their reputations, or because they are forbidden to do so.

The persons bound by this rule are kings, dukes, barons, knights and other nobility who are forbidden from trading based on civilian law which requires that: “Those bestowed the rank of a noble...”, according to Justinian code, as above. Those who are born into nobility, whose fortune is large and are reputable for their honor, are forbidden to engage in trading affairs for it would harm the towns. They are also banned in order to ensure that trade between the tradesman and the common man is carried out with no hindrance.

Moreover, men of cloth are also bound by this rule. This is a teaching of Paul the Apostle in his Second Letter to Timothy: “No man that warreth entangleth himself with the affairs of this life; that he may please him who hath chosen him to be a soldier.” In addition, St. Jerome states in paragraph 91: “A clergyman who engages in business, and who rises from poverty to wealth, and from obscurity to a high position, avoid as you would the plague.”

People belonging to these ranks must not engage in trade because of the positions of dignity they hold.

Persons who are not of noble rank but are nevertheless not considered legal persons are those with a fault, either of character or body, or their merchandise has a flaw.

Young boys who have not yet come of age or are orphans under somebody's custody are considered inadequate and incompetent in terms of character; then there are those who have been deprived of their freedom, those who are frantic, spendthrifts, and other ignorant and simple folk.

Others are unqualified in the sense that their merchandise is not faultless, as is the case with thieves, robbers, forgers, alchemists and others of a similar kind.

By fairly we imply that the merchandise is bought and sold at a fair price or somewhere in the neighborhood of a fair amount. Generally, the contract is not binding by law, especially in the case when the set price exceeds the fair price by one half of the fair amount. The issue of fairness is broadly discussed later. X, question II.

The term trading affairs does not refer to things that cannot be the subject of the trade agreement, such as sacred items, pledges, deposits or stolen items. The sale of poisonous substances, items intended for gambling activities and similar is prohibited to anyone and at any place. If something is bought for one's personal use or for one's family, or with the intention of being a gift for someone, this is not considered as trade.

The words preserving human kind are not mentioned without a valid reason. Even though the initial purpose of trading was to mutually exchange those goods that some people lacked and some had in abundance, and as a consequence money was

introduced, that which has its source in Nature always has the purpose of preserving human kind. After this purpose was fulfilled, the traders' goal was personal gain.

A similar shift occurred in the way clothes have been used. Originally, clothes were basically thick, crude materials with the sole purpose of covering the body and protecting it from cold and heat, rain, snow, ice and anything else that could inflict harm on it. However, when this was no longer a priority because human needs in that respect were met, the manufacture of beautiful, ornamented clothes began. Luckily, this is still the case today.

The same is seemingly true when we consider that trade evolved so that human needs could be met. As centuries went by, it became so beneficial for traders that they came up with numerous wonderful new things, which is hard to believe for someone who himself is not a good trader. This will be discussed in one of the following chapters.

Hope of personal gain is also included to make it clear that even though the original purpose of trading was to meet certain needs of human kind, after money was introduced the traders' profits increased. Consequently, this became the principal reason why most men became involved in trading, with the exception of those who sold items out of necessity, or purchased them for home use or for other purposes, and not for resale. Mind you, these were, in fact, the two main trading activities, but nevertheless, persons involved in such activities could not be referred to as traders because their goal was not the goal of trade, meaning, the profit for all those engaged in it. This is what Aristotle meant when he wrote in *Economics* that the goal of the trader is "making profit and amassing wealth".

## Chapter III

### Trader's personality traits

That lower things and creatures are under the rule and influence of higher or heavenly bodies who were given that power by God is an old and well known saying promoted by writers. The condition was to provide these lower beings with rules and methods. Only human beings have the ability to guard against this influence because only they were given this privilege by God. Despite the fact that, being under the influence of the stars, they will always display more talent for one job than another, they received the gift of free will and all the accompanying dignity at the moment their soul was forged. Thus they are free enough to resist their natural inclinations which would sway them in various directions, depending on the current position of the changing stars. This is what the old and famous saying by Ptolomei means: "The wise men dominate the stars." No matter how hard it is to resist such powerful and compelling inclinations, people endowed with a strong mind and spirit can defy them and thus have the upper hand in directing their own life. However, it is very common that people who attempt to engage in activities that the stars did not provide them with a talent for, usually fail to persevere in that job. Therefore, one who wishes his son or another child in his care or related to him to become a trader must be extremely cautious. If the child displayed interest in some other or completely different job, he might make progress with great difficulty or give up half way through and will eventually fail to

achieve the goal of making a fortune in an honorable manner. Thus, it is important to carefully consider what a child's aptitudes and interests are before pushing him in the trade business. A child's natural interest and inclination can be discovered by observing what he prefers to do and speak about at an early age. If a person is of a dynamic nature, pleasing to the eye, has an excellent character, is not a whimsical wanderer but rather aspires to having a reputable status and personal gain, and also desires to make a good profit, then we can justly conclude that this person has the right disposition for a job where one aims to honorably amass wealth. In the case that our sons or cousins possess such an aptitude, they must be encouraged to the job to which they are obviously inclined to rather than try to fight Nature because Nature is mightier than the best of men. The story of the Titans serves as a reminder of this truth. The poets spoke of their attempt to dethrone Jupiter, but despite their enormous might, he struck them with his thunder and killed them. Cicero also speaks in support of this.

He tells a similar story in his book *On Old Age*, where among other things, he says: "To resist Nature is equal to fighting Gods, as the Titans did." Other examples are the Greeks and Romans. At the time when they were at their peak, they held on to the rule that children should be directed toward those professions that suit their natural talents best.

As a result, both of these nations had among their people the most prominent and estimable men in all the reputable professions, more so than in any other past or future period. Further evidence can be found regarding all the intellectual and physical

skills. Among the Greeks, many great philosophers were born, such as Pitagora, Socrates, Plato and Aristotle. Then there were the famous mathematicians such as Euclides, Archimedes, Ptolomei and many others, and among the poets were Homer, Hesiod, Pindar, Vergil, Ovid and Horatius. The excellent orators were Demosten, Eshin, Hortensius and Cicero, and the historians were Thucidides, Herodotus, Polibius, Livius, Cornelius Tacitus and Justinian. Masterful in art were Apelles, Zeuxis and other painters, whereas Feidias and Praxiteles were talented as sculptors. Alexander, Lisimah, Caesar and Scipio were famous for their military skills. Not to mention the barbarians, we will point out Hamilkar, Hazdrubal and Hanibal. I highly respect Apolonius of Alabanda who was asked to teach rhetoric in Athens and accepted all students. However, he urged those who did not demonstrate an adequate talent for this skill to pursue success in some other profession because they were wasting their valuable time.

Apart from this natural inclination that a child must have to pursue a successful career in trade, there is another condition that must be fulfilled because it arises not only from common sense but also experience, and that is that the child should be born to a trader. A child resembles its father not only in face and figure, but also in character. This why Cecco d'Ascoli, a poet, inspired by Aristotle's idea, said: "Appearance reveals the nature of the heart." If one's outside appearance, which resembles that of his father, reflects his inner qualities, we can assume, without a doubt, that his virtues will also be equal to the virtues of his father. Disregarding all other evidence, I myself have certainly

observed the reflection of my own father in my person, not only regarding my practical talents but also regarding my fortune which so perfectly matched his.

Furthermore, in addition to heritage, a child needs to be raised with the help of someone who will, from an early age, familiarize him with the rules and customs of the profession. Quintilianus emphasizes already at the beginning of his work that this job should be trusted to someone who is taught to be an orator. He claims that a wet nurse and everybody else in contact with the boy should be hired for their eloquence so that language itself can be smoothly acquired while the child is being breastfed. Members of the household should be eloquent so that the child can pick up on some of that skill from early childhood. A similar impact is produced by having a trader in the house because the child can observe and pick up on the gestures, manners, customs and the trader's way of life. This is why it is said that Cornelia, the mother of the Gracchus brothers, had contributed significantly to her sons' great eloquence.

To these two prerequisites, a third one should be added: being familiar with the Ten Commandments and church commandments, an academic degree and continuous experience in the field. This will help a person become a perfect trader who will succeed in meeting his purpose, especially if luck is occasionally on his side, and those who act in accordance with reason and common sense are usually lucky, whereas those who are foolish and reckless often run out of luck. An old proverb says: "Luck never knocks on a fool's door, and if it does, her visit is brief." If it should happen that someone whose conduct is not positive

nevertheless has fortune on his side, this is to be regarded as a very rare exception, and the opposite should be taken as the rule.

All the above mentioned features refer to the trader's character. However, although a positive mental and emotional state is more beneficial and crucial in meeting one's aims, and hence is the main precondition for success, physical capacity is not to be disregarded. When choosing the title for this chapter, I specifically opted for the word *personality* because I wanted a term that would encompass both body and soul. If somebody were to rashly decide that it is pointless to discuss physical aptitudes, he would free himself of that prejudice after giving it some thought because this aspect is everything but irrelevant and obsolete.

Therefore, if one wants to make a good profit and fulfill the purpose of trading, it is essential that all things are put aside except those that are vital to achieving this goal, and those are to be put in the forefront.

This often requires great efforts day and night, such as walking, riding, travelling by sea and land, buying and selling, supervising the transport of goods bought and sold. These jobs need to be done with the greatest possible care, leaving aside all other concerns, not only trivial ones but also those that are important for basic survival. Hence, sometimes one should even postpone eating meals, drinking, sleeping and, moreover deal with hunger, thirst and the effort to stay awake should be made no matter how excruciating it might be.

If the body is not as enduring as a well made tool, it could not tolerate – or only barely at best – such discomfort and exhaustion, after which feebleness and eventually death would ensue.

Out of two possible negative outcomes, one would surely happen: either the job would not be properly done so there would be no gain and the job would not be done honorably, or the job would be done but the trader would not be fit to continue the work, and if he were, he would soon be very ill or die. Since both of these possible outcomes are extreme and negative, they should be avoided. Once again, we strongly advise that a person involved in such activities must be physically apt for them, which is both crucial and advantageous. The body can then serve as a suitable tool for achieving the goal in the same way a hammer is the tool a blacksmith uses to drive a nail. Similarly, the body and the soul of the trader take part in his work to the same extent as an artist when creating his masterpiece.

Although it has been stated that the body must be capable of great strain and effort, one must also be aware that – as Aristotle put it in part II of his *Ethics* – nothing is as beneficial as moderation, so my advice is: many bodies are able to tolerate great physical discomfort and possess such strength that exceeds average physical stamina, but we do not intend to imply that the trader should have the frame of a baggage carrier. Generally speaking, men with a strong frame and good physical health are not naturally endowed with equally enviable intellectual capacity, because the truth is, if Nature deprives one of something, it will compensate for this in some other respect. Philosophers teach, including Aristotle, that a man with a weaker frame has a better capacity for understanding and vice versa. Therefore the trader must endure great strains on his body, but at the same time be of a more gentle physique, which is clear evidence of his fine

mind. They must not have a weak constitution and be incapable of work, or be strong carriers who are often ignorant simpletons who never made an honest living, which is utterly opposite of what a trader should be. Hence the proverb: "Strength brings misfortune to the house."

## Chapter IV

### The most suitable locus for a trader

In Seneca's belief, locus does not define a man. However, be that as it may, trading operations are highly dependent on location. Thus, a trader should carefully choose a location suitable for trading operations and stay away from inadequate positions because the place of the trader's dwelling contributes substantially to his progress as well as doom. Many less educated men often fail to understand this fully or properly, and therefore, it is very often the case that those who are ignorant or inexperienced at this business consider places which are fairly unpopulated or such places where the cost of living is cheap and traders are uncommon. I say otherwise, and it is my view that the most suitable position for trading is where, first of all, the air is clean because this is the basis for a good and healthy living. Clean air has proven to be beneficial for human living and bad air has always proven to represent illness.

All diseases and great expenses arise from this, which results in a loss of profit and the devastation of all acquisitions.

Second, the location needs to be heavily populated with traders and visited by traders and skilled men. In the same way a soldier advances in his occupation by visiting the places where people of his kind abide, a trader whose dwelling is a place frequented by other traders will improve his skills and gain experience day by day, and thus become wealthier accordingly. The vice versa also applies. In a place where more traders abide at the

same time, trading customs and habits are better preserved, so if someone fails to make a great fortune here it is nevertheless almost impossible for him to end up destitute in an environment where he can always seek help and shelter from people in the same trade.

Third, a safe dwelling should be sought for where living is peaceful and safe, because as Cicero said in his speech *On Electing the Leader*, whereas war inflicts harm and misfortune on everything, in trade a mere presentiment or fear can have the same effect. A trader needs his freedom and peace of mind and no disruptions.

Fourth, the location should be a place where commercial law is enforced and not Justinian code. Lawyers and their disputes cause considerable troubles for traders, and they are disadvantageous to traders' profits. In addition, trading disputes are supposed to be short and prompt, but lawyers always work against such a simple course of events.. There are many other trading affairs which are in conflict with the old laws, not perhaps because the laws are not sacred and just in themselves, but they are distorted because of the vice of greed of many modern men, and this leads to wiles and arguments. Legal disputes need to be properly regarded and then resolved by considering their cause, but lawyers turn the whole discussion into a sophist battle of wits and even a distortion of the truth. According to an old trading provision, a commercial court should not adhere to strict legal regulations or pass sentences, but rather be just and benignant.

Fifth, the trader should avoid places that are abundant in food because these places are favorable for various enterprises and

hence not suitable for trading business, and so many go bankrupt. Experience has shown that not many foreigners, traders or agents manage to keep their ground and succeed. An example of this is the kingdom of Valencia, which was very prosperous but apparently very few had managed to sustain a prosperous business there, both in my time and in the past. The same happened in the province of Calabria and on Sicily due to the many people who ventured to lease grocery shops, but ended up in bankruptcy.

These aspects need to be seriously taken into account because places like this do not have favorable features. It can be observed that the level of commercial progress varies from place to place. This depends on the nature of the financial status of the place. In some areas no man has a fortune that exceeds five hundred gold coins and it is seemingly impossible for them to amass greater wealth no matter how hard they try; and if they do, that extra money is either spent on construction works, invested in agriculture or lent to malevolent debtors. In some other regions, men amass up to one thousand gold coins, or four or ten thousand, etc. This is usually a consequence of certain natural qualities a place like that is endowed with. Thus, if one wants to attain the goal every trader strives for, i.e., to make a fortune, according to Aristotle, one should seek an abode in an area where it is a known fact that traders make the greatest amount of money. As the proverb says: "Big fish swim only in big lakes."

To conclude, man should choose to dwell in a place which provides him the opportunity to prosper and hence receive great honors and accumulate wealth.

## Chapter V

### The exchange of goods – barter

To respect the logic of our work, we must now move on to the part where we will talk about the actions and activities inherent in trading. We will first discuss barter, the primary as well as essential part of the trading business which was in the past referred to as exchange. The first kind of barter was the simple exchange of one commodity for another without monetary compensation being due. The other way to barter was to exchange one commodity for another with one party providing a monetary compensation for any difference in value.

The first kind of barter is intended to mutually benefit both parties. If they both wish to dispose of certain items they have in their possession – and it cannot be done with monetary means – then this kind of exchange is the only way. Each party offers the other something, and in turn they obtain from one another the things they consider to be more in need of, and as a result needs are met on both sides. For this reason I described this kind of exchange as having the aim of benefiting both parties, which is evident in daily practice. Since this practice can be easily illustrated with numerous examples, we will now present a case which proves that exchange is the most useful and necessary.

Florentine merchants were known for their frequent visits to the Kingdom of Sicily for the purpose of selling them cloth and silk for ready money. However, ready money was not easily obtained (especially not for certain commodities which were not

easily sold).

So, while being in Sicily, they were forced to think of a way to exchange these commodities for some others that would sell better than cloth and Damask silk in their own country if they took them back home, since they could not get ready money for them (and to avoid wasting time and fail completely in their endeavor). Through a middleman or using some other service, the Florentine received wheat in exchange for his merchandise, and thus he would certainly have more of a chance of making a profit upon his return to his country. The other party profited equally because the middleman only needed to put in minimal effort and he could successfully exchange his goods for the wheat the Sicilian had a surplus of and wished to dispose of. Since there was no cash involved in this transaction, he agreed to the exchange with the Florentine because he would sell the silk and cloth more easily than the wheat. This was how an agreement on this kind of barter was reached.

As disputes often arose as to whether it was indeed proper to exchange things without any monetary compensation, another way of barter was developed, again with the aim of achieving a mutual benefit. Without this new method of exchange, many a trader would have rather chosen not to be involved in such transactions.

The fact is, however, that when this kind of trading operation takes place, one must be careful not to fall victim to fraud and suffer great damages. This is why traders came up with a proverb: "He who barterers is fooled."

Among other things, it is important to exchange your goods

for those you could sell with less trouble than those you offered. Furthermore, make an effort to drive a hard bargain. If you want to succeed in this, you must always consider how much your wheat is worth, and how much you will raise the price in barter.

The percentage exceeding the price in ready money is equal to the amount that the opposite party will in fact pay. The same applies if cloth or silk are in question.

When this issue is carefully considered, you must compare who conducts the most advantageous exchange and what the percentages are.

It is of the utmost importance to take into account the marketability of the goods you are offered in exchange. Although it might seemingly be worth less at the location the agreement is settled, you should consider what its price will be at the place where you intend to offer it. As the terms are most likely to be more favorable there, your profit will turn out to be equally so.

After these three factors are all carefully considered, the exchange can be carried out. If at all possible, you should be the second to quote the price, and it is customary that your offer matches what he asked for his merchandise. We all tend to make the same mistake and readily accept the winning price for our goods after considering all the positive and negative features of the merchandise as well as other circumstances. The other party is very enthusiastic about the sale after inferring that he is doing good business, and often he mistakenly believes this to be the result of the inflated price he charged. He, on the contrary, is convinced that his price is nothing but correct after he calculates that the money obtained by selling the goods accepted

in exchange will not cover the costs of his merchandise, even if transported by sea or by land. He assumes that business is successful, which is, after all, not an evil thought.

Therefore, if you want to profit from an exchange, you must offer a good price. Fourth, you should put effort into getting the money to reimburse any difference in value, and if you fail, do everything to ensure such a requirement is waived so you yourself are not obliged to offer compensation. If you are forced to recompense in money, carefully calculate and learn the correct amount of wheat that can be bought for the ready money you are paying in addition to the goods you offered in the exchange, because this is the amount the other party earns on account of your reimbursement.

Thus, you should increase the price of your merchandise for the same amount because this is the profit he reaps from your exchange. The increase in price should be equal to the increase in the amount of ready money that was paid as reimbursement. Profit earned after the goods are sold is added to this amount and then how much the other party's price exceeds yours can be calculated (by adding the two figures). If you examine the figures and the whole situation in this manner, your attentiveness will be rewarded because in the end the exchange will be in your favor. As barter was already discussed in the preface, we should now proceed to mention the situation of selling for ready money.

## Chapter VI

### Selling for ready money

Since the natural order of things indicates that a discussion on selling is now due, I think we should begin the topic with an overview of this issue. Apart from exchange, as discussed in the previous chapter, there are two ways of selling: first, for ready money; and second, by financing a purchase. We will first examine the first method and then proceed with the second. Buying and selling are two correlative operations and thus you cannot buy something without selling something else at the same time. This is why in this chapter we will examine selling and purchasing for ready money. In terms of this, the rule is that only a commodity in the rightful possession of the trader, or if the trader is the authorized middleman of the rightful owner, can be sold. What marked the onset of selling for ready money was the introduction of money. When money was scarce, due to the diversity of places and seasons, the need would arise for financed purchases, in the case of which payment could be postponed. I would advise that, whenever possible, selling for ready money is a better option than financing a purchase. The same applies to buying. The primary reason in favor of ready money is that the situation is clear and unambiguous, there is no risk involved and hence it is completely safe. Profit is an incentive, encouraging the sale as well as the purchase. The outcome is positive either way. As soon as the trader sees money he craves it, and accepts the terms under which it can be obtained. This “rule” is always followed

unless: the price is inflated (as stated in Canon X, question 2); the commodity in question are playing cards, dice, poisonous substances, etc.; the merchandise is spoiled or broken (as St. Thomas explained in 2.2., question LXXVII); or the commodity was involved in any context relating to oaths, perjury or other inappropriate and shameful activities. This work also stipulates this kind of practice. Therefore, any trader can sell his goods for ready money with a clear conscience if he complies with certain regulations, as listed above. On the other hand, not all commodities can be sold with delayed payment, which will be discussed in the following chapter. This kind of sale is legal, fair and justified, however, under certain circumstances it can be forbidden.

## Chapter VII

### Financing a purchase

After this brief study of selling for ready money, a matter we believe to have been clarified, we will proceed with a discussion on financing a purchase. As this is a more complex matter, we will approach it with more scrutiny and more extensively. The necessity for such an approach arises from the fact that this has been a debatable issue among theologians of both past and modern times. In the context of this chapter, we find the statement above, that financing a purchase was introduced as a solution to money being scarce, to be correct and true. Regardless of the circumstances and disputes, this method of selling proved to be immensely useful and necessary for traders and, the truth is, it would be impossible in our day and age to do anything, and in fact nothing is done, without implementing this method of selling in the cases which allow for delayed payment. In addition, trade as such would no longer be practiced, the profession would be extinguished and the families of former traders, as well as entire states, would suffer devastating consequences. Moreover, all private and public assets would be utterly destroyed because, among other things, trading with the Turks, Tatars, Moors and Berbers is inconceivable and, as a result, all the commodities that are exported from these regions would no longer be available on Christian territories, and that has no good benefit. Another consequence would be that the principal crafts (especially the more established ones and hence more profitable) such as wool and

silk manufacture, spices, etc., would become deficient and this would also lead to the devastation of towns and private assets. It would be wrong to think that money could exert similar effects. This is highly unlikely due to the fact that money is scarce in Christian regions and hence there is an insufficient amount of it for importing commodities from the “barbaric” countries mentioned above. All this supports the claim that financing a purchase as a method of sale evolved as the result of a lack of money. However, it is sensible to conclude that it proved to be so convenient and vital for traders that business could no longer be conducted without this option being available. Further support and additional examples can be provided. Traders who do not have a sufficient amount of ready money to conduct their business, supply themselves with merchandise instead. They opt to finance the purchasing of commodities which they know are deficient in certain countries and then sell those goods in the regions where there is a high demand for them. As the costs of sea transport and the time it takes could ruin not only the profit but also all the principal, the priority was always to sell large rather than small quantities. In the case that they are not so fortunate as to negotiate such a major deal and get the ready money, they are forced to agree to financing purchases in order to avoid losing their profit and principal. Offering a voucher instead of ready money, he is then able to purchase the commodities for which there is a high demand in the region where he is headed. These will be sold again by means of financing a purchase and the profit thus made is then used to cover the debt incurred when the merchandise was initially acquired. In the end, the trader

has nothing to do but close the deal, from which he profited by honorable means. But the fruits of this success are shared among artisans, manual workers, carriers, tenants, ship owners, customs officers and many others as the success of one leads to the success of another. Those who commonly reap the most handsome profit are exactly the traders who are very accomplished at financing a purchase and thus provide others with numerous lucrative possibilities in addition to making an honest living for their families. This favorable state of affairs would otherwise never exist, as it is well known that the rich who abound in ready money are generally not inclined to leave their lands, or expose themselves to the risk of losing their assets at sea. Moreover, it is seemingly inherent in the nature of the people of this breed to avoid any kind of personal ordeal. The issue of this kind of selling with delayed payment is quite sophisticated and for this reason it is not easily comprehensible, even for professional traders, for there are many problems that arise during the practical implementation of this method in everyday trading operations. Due to this, many people, even respectable scholars as well as those still inexperienced and untrained in this trade, have a negative attitude toward this method, regarding it as an utterly forbidden agreement in every respect. Many of us are greatly astonished that the contract, which by its nature is allowed, useful and necessary for the preservation of individuals (households) and cities, is being explicitly condemned by the majority of those very people who wrote anthologies on debatable ethical issues. We intend to bring question, which we highly regard, to light, and this will be done at the proper time, and thus will distinguish between the cases

of where and when something is in fact an illicit agreement on selling with delayed payment. By default, it is never malevolent and as such it is always allowed, beneficial and needed. However, this kind of sale does adhere to certain regulations that must be complied with if it is truly to be positive and purposeful in practice. Namely, there are six factors that need to be taken into account – the merchandise you are offering, the person you are offering it to, the date you agree upon, the quantity, the gain and the method of payment.

First of all, be mindful of the commodity you are selling. It must be carefully selected, appropriate, of quality and hence, not spoiled or broken as is often the case with many traders who agree to delay the payment of goods of the poorest quality possible or those they did not manage to sell for ready money. The situation is that of the glutton and the inn-keeper who do not share the same way of thinking. You believe that the poor fellow got a raw deal, and he, on the other hand, does not intend to pay the debt because his circumstances are reduced, so if he is making a loss, you are to as well. For this reason, a trader should avoid selling on credit to people who will take advantage of this at their own great expense without considering the value of the merchandise. People like this should be guarded against regardless of the great trust they might enjoy for they are either bankrupt or will be soon.

Second, the person you are trading with must have a good reputation, be highly respected and trusted, and known as someone who pays his dues. Therefore, you must be well informed about them and know them well. If this is not the case, consider

several factors. Namely, his physiognomy; the eyes being the primary criterion. Plinius says in one of the volumes of his *Natural History*: “It is beyond doubt that the spirit dwells in the eyes.” Another author wrote: “Appearance is the reflection of the soul.” In Salamon’s words: “Beware of the person with a bodily defect,” such as the lame, the cross-eyed, those with their mouth deformed, red haired, etc., and especially those who turn away from you when they are speaking to you. Beware of the men who ask of you to delay payment and appear at the same time to be afraid, for poverty and impotence make one fearful. Be careful in your responses and decisions because, as Seneca said: “Flush in the cheek is brought to the poor when his indigence forces him to ask for something.” Although shyness is commendable in youth, as Aristotle claims in *Ethics*, it is highly reprehensible in adulthood. Also avoided should be those who carry ugly surnames because, as the philosopher says, “name reflects the real nature of the thing.” That Adam named all objects for their qualities is believed by Augustin and other scholars. I have encountered men who call themselves Peter Filthy, John Stainworld, Anthony Godeceive and similar. Mind you, I have also met and have had experiences with people with some average and seemingly beautiful names which were never given to a worthy man and vice versa. I will refrain from mentioning these to avoid being tedious. As much as some lovely names can be loathed, even more so is true of names which are wicked by their meaning. For this reason, a good name is considered to be one of the gifts a father can leave his son with no costs whatsoever. The second thing a father can grant his son is to have been born and raised

in a decent country, and the third is a good vocation, because it is said that a good vocation ensures a safe living. My advice is, therefore, to engage in business with a man whom nature endowed with a pleasant physique. As nature is committed to creating vital body parts such as the heart and the brain to be functional and proportional, as the doctors claim, I am certain that if these organs are such, so are the other organs and extremities, unless they are broken or damaged due to some mischance. On the other hand, those whose heart is wicked, corrupt or painful also have other parts growing in a corrupt, evil and monstrous manner. Nevertheless, on occasion you can encounter even those who are of a good and balanced frame but, contrary to the rule, such an outside appearance does not correspond with their internal nature. This was a subject of Pitagora's work, who required all his students to be of a pleasant appearance and with a proportional figure, as told by Aolius Gelius in Book One. We must also be aware of the appearances of the people we engage in business with and with whom we agree upon delayed payment, and to observe whether their look is meek, their speech vigorous and cordial, and whether they are emotional when conversing with a friend. Such people are of a good personality and kind nature. Be careful as to whether he looks you in the eye and that his look is honest and mild rather than fierce, for such a look is truthful and open, not deceitful and fake. He must not be secretive. These are the qualities a trustworthy person possesses.

Third, the time limit should be carefully considered and set to be as short as possible.

Furthermore, the date for settling the debt should be within

a good portion of the year and close to the period of some other business, or fairs, departure of ships, buying up the merchandise, etc., or the opposite (i.e. in the winter) if you suspect a plague of some sort is looming. If there is a possibility that this could happen in your country, you must undertake some measures of precaution. If any single omen that a plague could break out the next summer should come to your attention, set the time limit not farther than March, because when the air begins to get warm, diseases gain momentum accordingly. Act in the same manner if you fear a war could break out or some other misfortune because one month can prove to be immensely important. Be cautious and not a fool like those who schedule a payment to be made within 18 months, the period in which four popes could easily pass away.

In case of such a deadline, it is impossible to insure yourself unless an excellent written contract has been signed, and to draw up such a contract which would not be distorted in the long run, is virtually impossible. Even if it were not, long periods are always inherently dangerous.

Fourth, consider the quantity. Try not to grant either larger credits, or smaller ones to a greater number of people. Take into account your financial capacity as well as that of the person you are granting a credit. Do not consent to major credits under any terms.

Fifth, calculate the profit i.e. increase the price of your merchandise fairly and sensibly for if you burden a poor man too heavily, you might lose both capital and profit. Moderation is necessary when you are selling and the mention of this will be

made in the chapter dealing with the question of conscience.

Sixth, pay attention to the method of payment. When you sell your goods on credit, the contract should be drawn up in a clear and official form in an authorized office or by a public notary or in any way that is common and acceptable in the county of your current dwelling because public contracts and private-legal documents are written in accordance with regional customs. If for any reason you cannot take the necessary precautions by means of an official document, find reliable witnesses and rely on them. Do not refrain yourself from requiring a written bond even from friends and relatives, because the closer the relation, the more cautious you need to be. An old saying warns: "Negotiate with the enemy, and guard against your friend."

After all, it is your prerogative to insist on a document when trusting someone with your merchandise.

Remember this as well: if you notice a debtor is poorly running a business, do not impose your demands on him if you think his circumstances might be thus disclosed. If you were to harm his reputation in this way, he would lose his credits and consequently you as well would be in danger of losing the assets he owes you. If need be, you can choose to offer him further support and grant him additional credit; but be warned to take the strongest measures of precaution to avoid inflicting further damage. You will be saved when he once again regains a good reputation as a financially sound trader. Be careful not to grant any credits to students, teachers or soldiers for their understanding of monetary issues and settling payments is inferior. Money is very alluring by nature, and when one abounds in it, it is such a

pleasing situation that it is impossible to give it up freely. Traders would also fall under this spell if they were not receiving and giving it to one another constantly and with no passion whatsoever, which eventually turns into a habit. As the Philosopher put it: "Common things do not generate any passion." The opposite is true for those who are not used to it. If you are asked to grant him a credit for the merchandise he never handled or he is not a trader by vocation nor a man of honor, or you suspect that he intended to resell it recklessly, reject the request of such and similar kinds. If he fails, you fail as well, and to debit the surety after the deadline passes might lead to the loss of a substantial amount of the assets you offered on credit and even your own bankruptcy. In conclusion of this chapter, I advise you to avoid granting credits if at all possible even if the alternative is not feasible. Selling on credit is usually a policy of people who are not accomplished in trading or lack either talent or experience.

## Chapter VIII

### The methods of debt collecting

The trader must make an effort to collect the debt on time before it becomes an old debt, for such a debt is worse the older it is, and that should be avoided. In the trade business, wasting time is equal to wasting money, so learning how to effectively collect your debts is crucial. Knowing how to finance a purchase is not as significant a skill as knowing how to collect debts. This is, without a doubt, one of the essential skills a trader needs to acquire. Make a list of all your debtors and use this as a means of record keeping and a reminder to be referred to on a monthly basis. Urge them, by as many different means as you can think of, to pay the debt on schedule. If nothing else can be done, either write off the debt or negotiate a new agreement with the debtor so even if the debt will be old in your book, it will be new for him.

Update your records and do not allow them to become outdated because you risk becoming a poor man. Occasionally, call on your debtor one, ten or fifteen days before the deadline because it is not a bad idea to remind him: "Your payment is due in a few days but I would appreciate if you paid me now because I have some deadlines to meet myself." Even if he declines, which is usually the case, when the deadline expires you will collect what is rightfully yours more freely and in good spirit for, as Seneca says in his tragedies: "He who asks for something in a fearful manner, risks being declined." I advise and urge traders to

employ young men who are capable and of a suitable disposition for a task like this, because debts are more easily settled if collected by such young men who find nothing discreditable in soliciting and pestering the debtor until he pays what he owes, and who can bring flush to his cheeks a thousand times in the interim. It appears to me that Genovians and Florentines are much more inclined to such methods, be it within their country or abroad.

## Chapter IX

### Methods of paying one's debts

If one aspires to be a good collector of debts and a perfect trader, one must also be reliable as a payer. The following proverb was certainly thought of by a knowledgeable trader: "Good with money, good in everything else." Personally, I find this proverb to be praiseworthy and I indeed approve of the idea expressed. It is also very highly regarded in Catalunya, especially in that glorious city of Barcelona where it is customary to commend the person they intend to elect for town council on account of being a good payer. Hence, everybody is intent on having such a reputation, and as a result, most people do. Many follow the example of our Lord, who warned against withholding your employees' earnings, by which he implied that employees must be paid without unnecessary delay. This is also the thought of St. Augustine when he defined justice as follows: "When justice is served everyone is given what is rightfully his." Remember that paying one's dues regularly earns one a good reputation and trust among friends. A mention of this truth is made in the proverb saying that a good payer is the master of another man's wallet. More than men in any other trade, a trader must aspire to deserve praise of this kind. Moreover, when your payment is due, seek your creditor and pay what you owe him even if he does not press you. Make a record in your book of every payment you make and indicate the creditor.

If you are ever asked to serve as a judge, and if you observe that

it is indicated in the books and records submitted that someone “must pay” (owes), and there is no note that someone “must receive” (outstanding debts), openly proclaim this person as evil, deceitful and mean, and deserving the harshest treatment. You should regard people in this same way if they received money or goods but made no note of this, and if they did, it is contained in letters written by other people who did not testify that they really did write them. Again, you are dealing with treacherous men who undoubtedly intend to deceive someone, to some degree at least. It is better to avoid such people, these disgraceful criminals, no less than you would a plague. They are unworthy of belonging to the society of good, honest and reputable traders, who must not allow any frauds among themselves or even a shred of doubt that such an act could be committed. Make a habit of noting everything you receive from others, issuing receipts and marking each item in order to avoid being tempted to deny that any such dealings took place, or that your successors would have to deal with this in the case you died unexpectedly. If they yield to such temptation, the sin would be on your soul. Always promptly record in your creditor’s book the debtor and the debt he paid. There are some who avoid this practice only to deceive the debtor, in case it proves advantageous. Trust should not be placed in these people, as it is not placed in thieves. Pay the money you owe, and if you are not indebted, offer your apologies because he who is not burdened with a debt, has no debt to settle, unlike the one who in fact did incur it.

## Chapter X

### General rules and turnover

As all things in the world follow a certain natural order, they need to be handled accordingly. This especially concerns the more vital things, such as trade, which is intended for the preservation of human kind, as we already established. Therefore, trade and the trader need to be managed as the natural order demands to meet the aim, i.e. wealth. The way something is managed varies depending on the quantity of the assets and the capital at one's disposal at a given moment. The conduct of a very rich man differs from that of a reasonably rich man or that of a man whose capital is not that great. Some men are capable of handling a large fortune, whereas some can manage only smaller amounts. This is why those who are wealthy and venture into many and large business operations need to employ higher mental capacities and explore ideas of the highest order. It is fair to say then: "The bigger the vessel, the bigger the worries."

One should refrain from venturing into big businesses, relying solely on information conveyed by sailors or passengers or some reckless persons because a sailor's mind is dull and his inclinations are of a lowly nature, so that after a pint in the tavern or if he buys a loaf of bread on the square, he believes you will appreciate the information that it would be a clever idea to trade in wheat and wine in that area. No trader, regardless of the size of his business, should rely on information from such persons or purchase large quantities of either wine or wheat, but should

instead listen to other traders, explore all the possibilities and decide on the matter as his common sense dictates. A wonderful thought by Lactancius should be kept in mind which he wrote it in the second volume of *On Religion*: “Every man needs to rely on himself, especially in those things that give purpose to his life, and to try to employ his senses and his own judgment to explore and understand the truth, instead of to trust other people’s fallacies and thus be mistaken as if not having a mind of his own. God endowed everyone with enough wisdom to explore that which is inconceivable and judge that which can be conceived.”

Each mind has the capacity for common sense that is to be used for exploring the world and ideas. Nonetheless, there are some who refuse to think but rather choose to merely confirm other’s thoughts without critical consideration, and as such are guided by others like sheep. Many claim that “advice is obsolete in trade,” and I consider this to be reality.

Whereas advice is welcome in all other matters, in municipal administration, public life and economy, it is not allowed in trade. For example, let us consider searching for a lucrative opportunity and ordering the merchandise. For one, if you want advice, it should be sought from another trader. You can choose to explain everything about your situation or to withhold some details. If you reveal everything to him, you risk being distracted in some way, but if you share only some details with him, he might advise you poorly. If you ask for advice from a man who is not a trader and who, for the most part, does not understand your principles, which are a result of your talent and experience, he will cast doubt on your plans and visions and you will find

reason to believe it is a reasonable doubt which will eventually result in your idea being utterly stifled. And indeed, a trader needs to have great experience so as to be able to not only reason but also assess. The capacity is evolved from experience, and as a fine soldier can promptly spot the best site for his army to rest as opposed to where they will most likely be attacked and defeated and which direction is best to carry out a successful attack etc., a trader, to whom you outline the situation, can also be able to warn you of potential problems, damage you might suffer, etc. Thus, the trader must plan ahead and neatly put his business operations in order. The money must not be invested in one business only but rather in a few safe ventures. I observed that the Florentines were particularly fond of such a business strategy. Mind you, I speak in general terms because this became a customary practice among others as well.

Hypothetically, let us assume that I am a rich merchant prince in Florence and I decide to merge my business with Altovitis who runs a business in Venice. For investing two thousand of my money in their company, I am entitled to one quarter of the profit, and when the time comes, the capital will be divided according to a majority vote. In addition, I invest a thousand gold coins in a company in Rome, one in Avignon and in a silk manufacturing workshop. Apart from this, in line with the assets I hold, I keep six thousand gold coins for trading operations I will personally conduct where and when I see fit, depending on the opportunities that will arise. In conclusion, when investing in various businesses and operating in a safe and orderly fashion, one cannot fail. Losses in one domain are repaid by victories in

another. If the money was not invested in this way, I would be compelled to exploit every opportunity and as a result I would have a number of inferior debtors or would bow to greed and eventually become corrupt and fail. On the other hand, if my assets are cleverly distributed and invested they are safe because every company has managers who are appointed to oversee this but, nevertheless, they are limited in terms of their authority and the capital at their disposal. The little money they are in charge of, they handle with great care, either because they were not yet given their directions, or because the sum is insufficient. Therefore, this is a reasonable, effective and safe practice for those who are very wealthy.

Those whose assets are mediocre, i.e. around four thousand gold coins, must operate in a different mode. The capital of this value must not be divided, but rather maintained as a whole.

An exception can be made in terms of entering into a limited partnership with four or five hundred gold coins when there is the possibility of withdrawing, frequent auditing and profit distribution, because if the practice is such, the money you invest-ed is back in your possession on a regular basis. Ragusan merchants are very accomplished in this kind of business practice and I would heap praise on them at this point if I did not think it would raise objections and be attributed to my patriotism. They deserve to be commended because the commodities they trade in, such as silver, gold, pewter, copper, wax, crimson cloth, pelt, etc., are very convenient. I would also praise them for their resourcefulness, if it were not for one flaw – as soon as their capital increases, they engage in construction works to build gardens,

vineyards, etc., but outside the town more than within its walls where they erected palaces of breathtaking beauty. Be that as admirable as it indeed is, I must concur with St. Paul: "I sing you praises for everything, but for this I cannot." This is especially intended for those whose income is barely adequate for abundantly providing their family with all they need. I have given them a word of warning, for such rampant buildings are merely a liability in terms of defense. On many occasions in history, towns were yielded to the enemy for plunder and devastation only to preserve the luxuriant palaces. If people were in fear for their peace, as in the time of Augustus, many a city would be fortunate if they enforced the prohibition of any building outside the city walls, with the exception of dwellings made of rushes.

To return to the subject of our discussion, let us turn to the issue of those who have a small sum at their disposal, not exceeding 500 gold coins. Such a sum should neither be invested in limited partnerships nor in different enterprises, but one should rather put strong personal effort into multiplying that amount, otherwise it would eventually be expended. If capital is not being turned over it remains small and limited and hence insufficient.

To those who are destitute, no job should be considered too mean and they must not be ashamed of conforming with the times, as Tragicus warns: "It is only proper to be compliant with the time." In such circumstances, one must not find it humiliating to live in somebody's house and do a servant's job for them, or do any low and insignificant but honest job because, as Seneca claims: "Whatever fate might lay down for a poverty-stricken man, I do not consider shameful." The only aim is to start earning

a decent and honest living. Moreover, we believe that dwelling in somebody else's abode is by no means disgraceful but, on the contrary, very beneficial for a trader. In Italy, people often say that he who is not a good man will not be a good soldier, and that who has not learnt to be a good servant will never become good in commanding. Boetius says as follows: "If someone knows not how to be a student, he can never become a good teacher for he is afraid of learning and not ashamed of ignorance." Many servants have risen to honorable positions, but only a few men have become good teachers despite being inferior as students. In spite of being endowed with an admirable mind as well as strength, Hercules was never ashamed of being a servant to Aeuristeus. Seneca makes a mention of this, in Megara's words addressed to Licus: "If it were not for perilous commands, how would virtue come to the surface?" Even today, the Genovians, Venetians and Florentines still have this practice, and in my childhood years it was customary even in my country. I witnessed many noblemen requiring their own children to serve their servants in order to acquire this skill from an early age, for we craved it much more at that time than today when our earnings are greater and so is our courage. I observed those children being trained by the servants to do such lowly jobs such as tending horses or sweeping floors. Florentines strongly held to the custom of keeping them together. If there are no servants, sons raised in this tradition are not ashamed of any job, no matter how low it might be. I have encountered impoverished mature traders who do not refrain from engaging in carriage rental, acting as a middleman, or inn keeping and other similar jobs, and some of them had succeeded in

restoring their previous status and had ten thousand gold coins at their disposal, but I will mention no names out of politeness and to hinder any vanity or dejection my praise could cause. As it often happens, after misfortune befalls them, poverty-stricken Genovians or Catalonians commit themselves to piracy, whereas Florentines opt for becoming middlemen or artisans and thus earning their living. Nature directs everyone to their natural objective – those of a high spirit, of a low spirit, artisans and manual workers, and so must a poor man do everything to improve his circumstances by honorable means.

In his pursuit of lucrative trading opportunities, a trader must be gifted with strong common sense, for the mind is as brilliant as it is creative and resourceful. In the words of Boetius: “Only a vastly inferior mind employs only that which has already been used, instead of something that still waits to be contrived.” And Aristotle said: “There is nothing sophisticated in supplementing that which has already been discovered.” One should pursue business opportunities which are suitable and profitable in the given area and are befitting one’s personal inclinations, financial assets and are viable.

Traders who take this into account earn great profits and prove to be of sound mind. In a letter to Lucilius, Seneca warns: “The primary evidence of a mind’s serenity is the ability to halt and be alone with oneself,” as well as another point: “It is in the nature of a fastidious stomach to desire a taste of various things.”

It is a mistake to raise queries endlessly because it bears no fruit, but rather the contrary occurs. Firstly, rarely, if ever, do business deals based on such information prove to be successful.

Secondly, if they do succeed, the timing is so inconvenient for the person involved that eventually they fail... Information obtained in this manner is useless for those who query and are in constant pursuit, for their pursuit never ends.

For example, a trader transports wool from Catalunya to Venice. He is experienced and skilful so he does this job with natural ease and enjoys trust and respect. Upon his arrival in Venice, he observes that the middleman sells wool to wool traders allowing for a very extended deadline and he assumes that this is more profitable than wholesale. He decides to do the same and when he realizes that manufacturing woolen cloth is also very lucrative, he ventures into that business as well. This does not satisfy him completely so he makes further enquiries about where that cloth is sold in the East. If he learns that it sells well in Constantinople, this is where he transports it. Thus, he pursues one opportunity for profit after another, first he learns of them and after brief consideration he puts his ideas into practice. Such people are foolish for putting the cart before the horse. I advise you to maintain your thoughts and keep your trading practice focused, and to avoid aspiration to own the world and gain all profits because the market is to be shared. An old popular saying warns: "One who craves all things, dies infuriated" and hence, he who covets all the profit will eventually lose it all. Therefore, it is only proper to be content with the income generated by trading with the merchandise in your possession at the designated location and allow others to have the same opportunity to profit. One drop runs deep and penetrates the stone, but only after they have clashed repeatedly thousands of times. All those whose

endeavor it is to amass a great fortune in the shortest time are in great danger of soon becoming poor. If you desire wealth, live long and acquire assets little by little.

Furthermore, the trader must thoroughly explore what kind of merchandise proves most lucrative for his business. Some are very fortunate in trading in metals, some in food supplies, slaves, petty things, spices, etc. For some, the East is the best choice, for some the West or North, some earn big profits when they invest in limited partnership, some do best on their own. Hence, to each his own. The study of Ptolomeis's calculus in Astrology is proof of this. In terms of our innate abilities, we are inclined to various things, especially in the beginning.

A prudent trader will also be sensitive to whether the time has come to switch to a different enterprise. In case of a manifestly constant decline in profit due to too many traders working with the same commodity, he must know how to remove himself efficiently.

The trader must never avoid being clear and honest when accepting or declining a business deal. One must also desist being covetous and should rather carefully consider the matter before responding to the offer. If you give your word, you must not break that promise because people, and traders in particular, are as good as their word and if they go back on it they do not deserve to be considered honest men, or traders, for that matter. You should be in command of yourself and do not commit yourself to major and numerous business ventures. Do not make continual attempts to seize every bird in the bush for many a man has failed in major enterprises and none in smaller.

Transport by sea or land is always hazardous to a certain degree and therefore should be employed as the means if the value of the merchandise does not exceed five hundred gold coins and one thousand gold coins, respectively, depending on the kind of the ship, i.e. its loading capacity, and regardless of the assets at one's disposal.

The trader should not be bothered with involvement in court practice as well as fill any municipal or administrative posts, for duties of this kind are nothing but baneful for a trader who is then nothing but a mere clerk.

The trader should strive to gain credit as widely as possible, but should not take advantage of it unless absolutely necessary.

When supplying the merchandise, insist on examining it first to be certain you are not purchasing the goods the other party did not manage to sell. When negotiating a deal, make sure you clearly voice your terms and employ reason when making decisions. Do not befriend others for the sake of vanity. Gladly learn what others are engaged in and what business deals are being agreed upon, otherwise you will remain uninformed. Gather news from all around you. Do not be discouraged if misfortune befalls you and do not confide in everybody, especially if they cannot be of any assistance. Fight that mishap and do not be defeated. Remember the words of Virgil: "Fortune always tends to the brave, and ignores the fearful."

Acquire merchandise of good quality and sell it at a fair price. If profit is generated, your prices are appropriate. Do not wait until the final hour in belief that: "It's better to sell than to wait and lament." Do not burden yourself with interests in the hope

of bigger profit, unless you suffered a mischance. If possible, maintain your focus on one venture because, as Croats say: "A rolling stone gathers no moss." Trade in goods that are not perishable, and avoid commodities such as wine, cheese, horses, etc. I say this not on a whim but to urge caution.

If you partner somebody, you must be loyal and honest and treat him with tolerance and respect. Be attentive in everything you do, but do not exaggerate and do not display this quality excessively. There are consistent and clever minded people who operate effortlessly and prudently, at the right time and in an orderly manner, with ease and simplicity, and their results are decent and positive. Some people are frivolous, mindless and unintelligent. They possess no charisma and a character which they compensate with wild gestures, waving and flailing their limbs and head. Doctors and scholars argue that whatever one is deprived of, nature compensates this in some other respect. Therefore, if the speaker has a tendency to such gestures, that is a clear sign of their mind's weakness and nothing more. If done effortlessly, all jobs such as dictating, speaking, trading, playing, serving, dancing, etc., manifest the excellence of one's mind. Those who find it demanding evidently have a muscular and watery brain, and are incompetent and crude. Thus, the trader must be accomplished in writing and trading and everything else, and these skills can be acquired if one adheres to the rules and customs and puts them into practice as discussed in this book.

If a trader is commissioned by another trader, he should not decline the request because no harm will be done and, moreover, each letter of request might contain useful news so the outcome

of such contact could be very beneficial.

As this discussion could continue endlessly, and the laws of trade are not final since they are not enforced as permanent but are altered daily, there is no point in saying: "Last year someone did this with that merchandise and it sold well at this place and I intend to do the same." If the information is not corresponding but is contradictory, the business can only fail. Therefore, the trader must deal with this on a daily basis, with two principles in mind, as already mentioned. Let us now bring to an end the talk on this subject matter as we do not wish this discourse to be long-winded and as it is due time for another topic.

## Chapter XI

### The bill of exchange

Exchange is a most convenient means and can be regarded as not only a basic, but also a principal element of all trading operations. Without it there would be no trading whatsoever.

My primary purpose is to first review the exchange that is carried out by means of the bill of exchange from one location to another because there are also some other, less important methods of exchange, the mention of which is going to be made near the end of the chapter. To support the claim that this bill is essential for trade and that without it trading is not possible, I will supply an argument which you, the traders, who have sufficient insight, are familiar with. Truth be told, one needs to be a trader in order to judge another trader, as far as the issues we are discussing go.

Thus, for the purposes of the discussion, let us assume that it is your plan to deliver Catalonian cloth to the Kingdom of Naples. What needs to be noted down? Your response: "I will need one thousand gold coins in Barcelona." As it is forbidden by law to take money outside the kingdom and since it would be a very risky and dangerous venture considering the distance and safety concerns regardless of the law, you need to find someone who has his money in Barcelona but needs it in Naples. You will say to that man: "Here are one thousand gold coins, and you will give me the equivalent amount, e.g. 15 or 16 of your currency, for each gold coin when I arrive in Barcelona." In case you enter such a deal and after you receive the offer, be sure to do

the calculation and let be this your reasoning: “Assuming that the cloth in Barcelona is worth this amount of lire per bulk, which equals (in our currency) to this amount of minor dinars per bulk. If there are only so many dinars in a groschen, how many groschen will each bulk cost me?” In every calculation, be very mindful of the exchange rate, i.e. how much do you get for each groschen. The same applies if the situation is the other way around. I am stationed in Barcelona and I need to deliver the cloth to Naples. I need to consider how many groschen is a bulk of cloth worth in Naples. I receive 15 groschen and for 16 groschen one gets a certain amount of lire in Barcelona. Taking into account all the expenses, the cost of transport by boat and insurance, I will be able to compare the price per bulk in Naples with that in Barcelona. Therefore, it is now clear in what respect the bill of exchange is the basis and the essence of your deal, as well as that of the trader in Naples.

This sophisticated practice is not that easy to properly apply in practice and thus one is required to be of sound mind and reasoning.

If you intend to deliver the money to a designated location, you first need to enquire what the value of currency is there; otherwise you will lose. For example, October through November is the period when money is, as a rule, scarce in Barcelona due to an increased demand for the saffron that is sold there, and also in May when the demand for wool is very high. In Venice, money is scarce in July and August because this is the period when the galleys depart from the harbor, and it is scarce in December and January which is the time when the navas (merchant ships)

leave for Syria. The same is true for other places because each region and province has such periods. Keeping this in mind, you need to enter into correspondence to receive news on the current monetary status and exchange rate in the particular area of your interest. The most important is to learn the usances of the country where you intend to exchange the money. You must entrust your money to somebody who will deliver it to the place you designated and the only question is that of the time it will take for the payment, as no extra charges are required to be paid on your part. For example, you are stationed in Barcelona and receive information from Valencia on the value of the bill of exchange in Venice, say 18 units of their currency. You authorize the man in Valencia, since it would be 4% less profitable to do this in Barcelona, to issue the bill of exchange for 18 units of their currency per each gold coin, in accordance with “the usances”. This will be done. The next step on your part is to write a note to the man in Venice: “In case a man sends you money from Valencia, you will proceed according to my instructions.” The man in Valencia sends the money to Venice in proportion to the valid exchange rate of 18:1 and charges me 4% in Barcelona. When the due date on the bill of exchange from Valencia comes, I change it in Barcelona and send a requisition to Venice. The amount I gain is 17 solads and 6 (minor) dinars after investing 17. Additionally, I get a substantial percentage, which I send by courier from Valencia to submit to the man in Venice and indicate a 15 day period and usances that are valid in Barcelona. There are many similar practices by which one does not have to make huge investments to eventually gain a profit.

The man who wants to exchange the money should be well regarded in the area designated for the exchange and be familiar with all the usances. For example, the deadline for settling the bill of exchange in Rome is upon submission.

When you are aware of the deadlines, you know how much time it takes for the payment to arrive from one place to the other.

Furthermore, exchange is of such crucial importance because the entire wholesale trade is sustained by this practice. It goes without saying that I do not consider either traders or trade in some obscure countries to be of any relevance for this discussion as opposed to excellent traders and bigger cities and regions. As some mediocre verse-mongers are not ranked as poets, and a similar merit is applied among philosophers and others, neither does the term “a trader” denote those inferior, the so called traders who deal in eel pelt, as the common expression goes. The same applies to market places. Exchange is so vital for trade that without it no trader could sustain his business.

In addition, exchange proved to be very convenient for people who are moving from one place to another and are willing and obliged to exchange their money for the same amount in the currency of the country they arrived in. Such people are prelates, knights, students, soldiers and others of a similar kind for whom it is not possible to transfer money from the Kingdom of Sicily to Bruges in Flanders, so they give the money in one currency for the bill of exchange and will thus receive the same amount in another currency because money cannot be relocated otherwise. As exchange has proven to be such a valuable, beneficial

and important practice, not only for traders but also for gentle folk, clergy, knights and various passengers, we can easily conclude that it is a fundamental element in the field of trade and surely a very beneficial solution for those who first introduced it. We have little doubt that the Florentines were the first who introduced it since they are known to have a strong tradition of trade, they are very orderly in their business operations and, finally, they knew what enormous benefits could be gained from such practice.

Since it is indeed a practice of vital importance for the evolution of human kind, being so needed and advantageous, I am very much surprised by the numerous contemporary as well as old scholars who denounce exchange as a dishonest practice, and more so because it is evidently a sound help, genuine exchange and true agreement by which both interest rates and any major effort are avoided. This is the only kind of fair exchange which does not allow for the possibility of taking anything repeatedly on credit, losing your assets, or that you will lose or gain. Those who thus spoke against this obviously do not have a real understanding of this practice. I myself am a trader and I know my trade well, but I was nevertheless engrossed in this matter for two years before I finally managed to gain true insight and understanding; and I did have a considerable talent, willingness and desire to comprehend it. Admittedly, I am bold to claim that it is fairly impossible for someone to understand this issue by merely listening to others' accounts, and hence one cannot pass any judgment on it, for the same reason a blind man cannot discuss colors.

Let us assume that Peter has one hundred gold coins in his possession in Paris, which he cannot obtain in Venice, where he presently is. He is acquainted with John who has one hundred gold coins at his disposal in Venice, and asks him: "If you could give me the one hundred gold coins you have, I would see that you get the same amount of my money in Paris." John replies: "If you insist, I will do what you ask and agree to this exchange but under the condition that you give me ten percent." It is said that, due to the benefits Peter enjoys and the trouble John is put through, taking the ten percent is a justified and legitimate demand. In my opinion, if it is carried out in an honorable manner and considering its estimation, exchange is by far a more permissible means.

This is an issue for discussion at a particular point and in a particular chapter, so now is the time to mention other types of exchange, such as cases in which different currencies can be directly exchanged one for the other. In Avignon, various currencies are exchanged for francs, charges are paid in scudos, and forints serve as the merit in calculation. 132  $\frac{1}{3}$  Avignon scudos equals 100 francs because 1 forint 7 solads and 9  $\frac{1}{2}$  dinars account for 1 franc. 1 gold coin in circulation in Avignon is worth 30 solads, whereas 10 royal scudos is equivalent to 34 of Avignon's scudos. Each groschen equals 2 solads and 4 francs have the same value as 5 forints.

Exchange can also be carried out so that money is given for money in addition to a certain percentage to cover the difference in the value of the two currencies. When exchanging the currency in Naples for that of Palermo, the latter is by a certain

percentage more valuable than the former. Also, if one wants to exchange Venetian gold coins in Naples, one has to pay so much of a percentage more or less. These terms vary so if you exchange Venetian in Geneva.

As each region maintains its own customs, so are the terms under which exchange can be conducted distinct and various. Such amazing dexterity and discipline was needed to bring it to the level at which it is today.

The bill of exchange can be protested, in which case if a party does not provide the payment and the bill is returned, its value is changed for better or worse, and the one who had requested it and then failed to pay must reimburse the adequate amount, because that money would have, after all, generated some profit. This is precisely the reason why some deplore this kind of agreement, so I cannot remain silent (even if we spoke of another matter) as to what St. Thomas has to say about this in 2.2, question 78: “The lender may stipulate with the borrower without sin for compensation for his loss in being deprived of anything that he ought to have: for this is not to sell the use of the money, but to avoid loss; and it may be that the receiver of the loan escapes a greater loss than the giver incurs: in that case the receiver of the loan compensates the other’s loss with profit to himself.”

St. Thomas also says in 2.2, question 62, that the person who keeps somebody else’s money and fails to pay it in full is clearly impeding any chance of profit and therefore he is expected to offer something to compensate this hindrance in line with the agreement and circumstances. Hostiensis and William concur in this respect. Therefore, I protest your bill because I am unable to

take advantage of a profitable opportunity. You have the obligation to compensate the loss I will thus suffer.

There are other kinds of exchange, namely exchange of one currency for another. When opting for this, it is important to be mindful of any monetary trends in the sense that some currency is scarce at the moment and some is abundant. Banks have a similar practice: “Give me that money, and I will give you that in addition to this percentage.”

Enough said on this.

## Chapter XII

### Deposit and pledge

The person who accepts a deposit must be fair and honest in character because it is common practice to make a deposit without signing any public agreement. He must safeguard it and return it on time, with no delay and without giving rise to suspicion as soon as this is requested. You must enquire as to this man's reputation and virtue, for material greed can have such a powerful grip on human will that it can easily corrupt it and perverse it. With one hundred or five hundred gold coins many have maintained their integrity, but I am uncertain whether that would be so in the case of one or two thousand gold coins. Remember that a deposit must be returned without imposing any repressive measures even if you previously had some other arrangement with the person who made the deposit. Return the deposit that is rightfully his and afterwards demand what is yours. This is the only fair way to proceed in such circumstances. It is a matter of honor and trust because when he trusted you with his possession, he had absolute faith that you would safeguard his asset and return it under the agreed terms. Neither in part nor in full can deposits be paid on the account. However, if ready money is in question, discounting is permitted. Examples of this are provided in the chapter Good faith. Remember also that he who is in charge of safekeeping the deposits has the obligation to replace the deposited asset should any harm be done to it by his fault. For example, if somebody ordered a slave to be tied up, but

nevertheless, you untied him out of your own merciful nature and naturally he escaped, you must provide compensation. If deposited items are lost and yours are still safe, the presumption is that it is you who committed the crime, examples of which can again be found in the chapter Good faith. Moreover, if you are entrusted with a deposit under the condition the item is unused, you are as good as a thief if you breach such an agreement (look at the note on this in The Digest, chapter Circumstances surrounding a theft). On the other hand, if you merely assume that the owner would be less than pleased, you are not obligated. In conclusion, it is highly discreditable for a trader if he does not manage to obstinate from tampering with or using the deposit. The same rule is valid in the case of a pledge given for the sake of the creditor's security, as stated in the Institute, in the chapter Theft.

## Chapter XIII

### Efficient bookkeeping in trade

The pen is a wonderful and noble tool, much needed not only in trade but in every art, be it liberal or mechanical. If a trader finds the pen to be a mere nuisance or he is not very adept at using it, he cannot be considered a trader. In addition to being skilled at using a pen, the trader must also have adequate knowledge of well organized bookkeeping.

The trader must never run his business relying solely on his memory unless he has the capacity of King Kyr who knew each of his soldiers by name. The same ability was an asset of the Romans Lucius Scipio and Kineus, an adviser to Pyrrhus, who knew each senator by name the second day of his stay in Rome. As such natural talent is not very common, it is fortunate that the art of writing is available to the rest of us. The benefit of writing is not only preserving and recording what has been discussed and agreed upon, but it is also an effective way of avoiding arguments, disputes and unnecessary discussions. Moreover, if it were not for the pen, famous authors and their works would not have lived to this day and age since the memory of them is preserved through written documents.

Oh, how beholden we are to Carmela, the mother of Euandrus, who was the first to discover an appropriate use for the quill. We continually strive to reap all the benefits writing offers us, even if it is only the possibility of writing letters or reporting news from one country to another.

To avoid digressing any further, let us move on to our intended point, which is efficient bookkeeping in trade. Books are the record of every venture the trader undertook, of all his creditors and debtors, of prices, profits and losses and anything else that might prove relevant for the trader's business depending on circumstances.

Good and orderly bookkeeping is fundamental for successful negotiating, trading and generating profit. The trader must never have faith in his memory, because this faith is the source of many erroneous assumptions. Averroes comments on this in his criticism of Avicenna who was too confident of his own mind: "Two things are the usual culprits for the mistakes a man makes: relying on one's memory and ignorance of basic logic."

The trader should keep a minimum of three books: a reminder, log and the main book. To proceed in an orderly fashion, we will begin with the main book, which needs to have an alphabetically ordered list of contents so that any record can easily be traced. The main book, first of all, must be labeled. The first one is commonly labeled with letter A, and when all the pages have been filled, the next book is started and labeled B, and so on and so forth in the order of the alphabet. The same letter as on the book must be indicated also on the corresponding log, reminder and alphabetically ordered list of contents. Write the title on the first page and then, while invoking the name of our Lord, write the name of the owner and partners and indicate the manner in which the bookkeeping is conducted, the number of pages it has, etc. The following step is to assess one's estate and list all possessions and assets. This content is to be organized as follows: under

the heading “debtor” list all the goods you own, and under “creditor” indicate the capital at your disposal. For example, you have one hundred bulks of cloth for which you paid one thousand gold coins. This is to be entered in the records as follows: the capital has outstanding debt amounting to one thousand gold coins and it is to be settled on the day of the month as specified. This amount is equal to the value of the cloth I have in my possession, assuming the cloth is estimated at this value. The same record must be re-entered, but with a different emphasis: the cloth is in debt amounting to one thousand gold coins for the one hundred bulks I own. It is assumed that the capital has an outstanding debt equivalent to this amount and with the same due date. Therefore, a record of each item must be made twice; once to enter as the debtor the party owing something, and the second time to enter as the creditor the party who has the outstanding debt. Example: I sold a bulk of cloth for X amount of gold coins which I received as ready money and I put it in the purse. How is this to be entered in the book? As follows: the purse is X amount of gold coins in debt for a bulk of cloth sold to a certain person (on a certain date) and the supply of cloth then has an outstanding debt. On the other hand, the cloth has the outstanding debt of X gold coins for a bulk (on a certain date) (sold) for ready money, assuming it is entered at another point that the purse is in debt. Thus, the purse is the debtor because it receives money, whereas the cloth is the creditor because it brings money in. In addition, each entry must be made on both pages, i.e. the right page is to be used for entering the data referring to the debtor, and the left for the data that refers to the creditor. The information on when,

to whom and how much must also be provided for each entry; in order to indicate the date, the quantity and who the debtor and the creditor are. Furthermore, first the entry must be made and then issued, and before the receipt of something is recorded, it first must be indeed received. As cloth is entered, so must be any other commodity. If you state on the first page of the book that your assets are valued at one thousand gold coins, the purse must be signified as the debtor and the capital as the creditor (and thus the capital is established in full). The relation between the debtors and the merchandise is that of debt and outstanding debt, and this is in fact the foundation of all business. Under the cloth item, i.e. what you expend, outstanding debts of the cloth are to be entered,

## Chapter XIV

### Insurance and insurers

Insurance is beneficial not only for traders who carry insurance but also in broader terms for towns and countries, for which there are two strong reasons.

The first benefit of insurance is that it enables the traders to engage in a wider variety of businesses. If there is no possibility of insurance, the trader will not be willing to risk the amount of money needed to cover the costs of transport by sea, so it is better to not engage in such enterprise at all, considering the chances of loss. On the other hand, if insurance is an option, I would rent the ship, regardless of the size, and undertake any risk I am prepared for, and insurance will cover the rest. The money paid for insurance policies fills the state budget and is also beneficial for individual persons, ships, customs and all classes of citizens.

The second reason is that if the ship befallen by mishap were in the possession of a sole trader, that man would suffer terrible financial consequences or bankruptcy and, consequently, there would be one trader less. However, when more of them agree to share the risk of the same venture, it is not as hazardous since each of the men involved can handle losing one hundred, two hundred or three hundred gold coins. In the case of such circumstances, each underwriter suffers the loss to a certain extent, but none of them is in danger of utterly failing. Thus, providing traders with insurance is an essential and necessary option in every city that wants to be renowned for its trade business.

After outlining all the basic and beneficial features of insurance, we should now make a mention of the provisions referring to the insurers, those who are underwriters and those who are insurance carriers.

Those persons who obtain an insurance policy (carriers) have to be mindful of three things: first, the policy must be formally drawn up so as to include all safety measures and be binding in order to avoid any disputes or ambiguities; safety precautions must be at the highest level and in accordance with the customs of a particular state. In the context of written agreements, I found the customs and priorities adhered to in Barcelona to be the most valid and appropriate. Second, the insurance carrier must carefully consider the character and merit of potential underwriters, who must not only be of good virtue but also reliable and in a good position in order to execute what their duty demands. If only one of them is quarrelsome by nature, this spirit will affect all the others. Third, the insurance premium paid for the policy needs to be carefully considered and one must negotiate the price to be as convenient as possible. The trader must obtain insurance because his risk will thus be considerably lesser. Nobody ever regretted applying for insurance, but many a trader was ruined for not doing so.

Insurers (underwriters) should remember to be very attentive to any news about the sea and always be informed of pirates, unsavory characters, wars, treaties and any oppressive measures, as well as anything else that might affect transport by sea. In their office they should keep a map of the sea routes and be familiar with all the harbors, coastlines and distances between various

destinations. They must take into account the circumstances of the patrons and traders who apply for insurance policies, the state the ships are in and the quality of the merchandise. After considering all this, they must issue insurance policies for every ship and do this continuously, because one vessel compensates for another, and when you enter many deals, the possibility of profiting increases accordingly. Continuity is of the essence because if one is fearful and insures only a single ship, the risk of loss is immense because if the ship suffers any mishap there are no means to cover that loss.

This overview on the subject of insurance will surely suffice.

## Chapter XV

### Jewelers

After mentioning insurers, logical order requires us to speak of some peculiarities of the craft. Although craftsmanship greatly complies with the aforementioned general aspects, it is nevertheless justified to regard jewelers in more detail – as they are peculiar in their own right and their craft is indeed a very elaborate one. Fundamentally, their skill lies in continual work and in being well acquainted with different places. It is important for a jeweler to be raised within the circumstances of his trade and to know the essence of silver as well as gold and other kinds of ore. He must be informed of the prices and be skilled at repairing. Their qualities must include honesty, goodness of heart and conscientiousness, and their appearance should be the reflection of such virtues. The reason for this is the fact that a jeweler communicates with noble folks on a regular basis and needs to build personal credibility. Forgeries are common and the blame can be placed on jewelers who fail in their responsibility to subject each piece of jeweler to close scrutiny to ensure it is not a forgery before they buy it or sell it. Such an act of negligence is harmful for all the people in their trade. The jeweler must be most eloquent and well-mannered in his communication as his clients are generally noblemen, prelates and aristocracy.

And every squire should have knowledge of this.

## Chapter XVI

### Cloth traders and small shopkeepers

Although cloth traders and small shopkeepers cannot be thought of as anything else but traders, their merit is nevertheless at a lower level since they compare with other traders only in terms of the practical aspect of the job. The principal rule they must abide by is to keep only the merchandise that sells well in their shops, to have a wide circle of customers and to maintain a good reputation. The manner in which they approach each customer should be in accordance with their circumstances. Their disposition must be that of a serious, reliable and composed personality. Without much hesitation they must offer their price. Above all, they must be careful not to sell a piece of cloth or any other merchandise under another name, or commit the crime of counterfeiting, for God most arduously punishes such acts, already in this world, as he finds such sins to be the most offensive. According to Augustin (the fourth book of *Sentencia*, paragraph 15), God inflicts suffering on men in this world for five reasons. First, to put the righteous ones through trials to further improve their merit, as in the case of Job's ordeals; second, to preserve virtue and to prevent arrogance from spoiling the man as it happened with Paul; third, to amend the sins that were committed, as Mary's leprosy; fourth, to the glory of God, as in the case of those who are born blind; and fifth, as a means of punishment as it happened to Herodotus who got a taste of hell just to learn in advance what he would suffer in the afterlife. Counterfeiters and

forgers are doomed to suffer in the same way as Herodotus, and hence you will never encounter any such man who did not suffer a major failure before he met his maker.

Following the aforementioned rules, other matters will ensue.

## Chapter XVII

### Wool manufacturers and other traders

Wool manufacturers and traders and artisans who manufacture wool, above all, need to be meticulous and diligent and must participate in the manufacture, despite the fact that they might hire young apprentices. If such a trader displays indolence, you may perceive him to be as good as an utter failure. On the other hand, profit is almost forever secured for the one who is committed to this trade heartily and industriously and enjoys a fine reputation among his colleagues. It is usually said that the craftsman who runs his business in an orderly fashion cannot but succeed. This is why a wool manufacturer must never completely rely on his apprentices, but instead examine the wool himself, fathom by fathom. He needs to see the wool, sort it, touch it with his own fingers, straighten it and categorize it. He must observe and oversee the wool being washed, thrashed, combed, carded and spun, the cloth being produced, woven, cleaned, rolled, knitted, dyed, ironed, clipped and displayed because, as you might know yourself, whether good cloth will look like bad cloth or vice versa is a matter highly dependent on each of these operations. The cloth must also be well known based on the name of the artisan, so that the customers would be willing to purchase it even with their eyes closed when they are told the name of the man who produced it. Such a status is enjoyed by Vendramini's soap and Buonmaestra sugar in Venice. These two traders became immensely rich, mostly on the account of their good names.

Traders must aim to sell and distribute their merchandise in the shortest possible period, be kind and polite and keep themselves occupied. Idle, indolent men should be not only excommunicated from the circle of traders, but also from the country so they are not a bad example for others. The artisan must be organized and regular in settling debts with his creditors, and know how to devise firm plans which must prove successful and timely and should neither be too general in nature nor too perfunctory.

## Chapter XVIII

### What is utterly forbidden if one is a traders

Many a thing tolerated among people of other trades are forbidden for traders because it contradicts the chastity, reliability, resolution and virtue of a proper trader. These qualities must always be not only an inherent part of a trader's personality but also the traits his appearance and manners must constantly display as his business depends on the trust people of all sorts hopefully have in him. Clearly, it could be inferred that traders are a treasure trove of all human virtues. To preserve such a character, they must, and for a good reason, maintain an almost monastic discipline which can indeed be perceived as nothing less if it is truly adhered to and respected. Therefore, it should be no surprise that we require the trader to be honest and moderate and that he is not allowed to do certain things or participate in certain activities that are, in some circumstances, generally tolerated.

First of all, the trader is forbidden to engage in any games in which luck determines the outcome, such as playing card games, gambling, etc. This does not apply to competitions where one's physical might is tried, as in playing ball, throwing a javelin, shooting arrows, running, wrestling, etc., as these activities are aimed at exercising one's body and personal physical strength. It is especially forbidden to grow accustomed to playing such games out of mere avarice. Such a habit would not only be in contradiction to an honest trader's life but, moreover, it is a

mortal sin according to William, who claims such games are the proof of avarice, and avarice is a deadly sin. Moreover, playing such games often involves breaking one's oath, lying, swearing, deceiving, extorting, etc. Since such activities are nothing but a reckless hazard, a wealthy trader might one day wake up as a poor wretch since such games are usually organized in the evenings. A player with a clean conscience has never been found, so do not expect to encounter any of such quality. Do not forget that you are obligated to return whatever it is you gained and to do so taking some differences into consideration, as St. Thomas specifies (2.2, question 32). If you won playing with people such as the reckless, prodigals, people under 25 years of age, protégés, lunatics, the deaf, the blind, the dumb, the chronically ill, slaves, monks, sons not yet emancipated, all those who clearly did not misappropriate the stake and who did not acquire any assets in the military service, or women who do not own any lawful possessions of their own, or managers of church estates, you are obligated to return the winnings, not to them but to their custodians, curators, masters, monasteries and fathers.

If the person who invited you to the game loses, you are also obligated to return the gain, but not to him, for he is unworthy of it, but instead distribute the money to the poor. This law can be found in the Justinian code under the heading "gambling", in *The Digest*, and in the last line of the chapter *Gamblers*. On the other hand, one who willingly engages in a game with such kind must return the gain to his adversary. This is the claim of Raymond and it is said so in *The Digest* and the *Nomocanon*.

Second, a trader must never allow himself to drink or eat in

excess. By this I do not mean those who drink wine without considering the quantity they can handle, as those in the Book of Genesis in the story of Noah, but rather those who enjoy wine immensely due to intemperance and bad habit. This vice is more revolting if indulged in by a trader than somebody else because a trader's persona is more publicly exposed and often he does not have the option of staying at home until he is sober again and in this way avoid any interaction with other people. Other men can discretely withdraw and sleep off their sinful state and nobody will witness their disgraceful condition. The trader is forced to appear before the world on a regular basis to be in the position to seize all the business opportunities he finds interesting.

This is why he is unable to conceal his state, should he find himself in such trouble, and to make matters worse, he is in greater risk of making numerous mistakes with unforeseeable consequences. Thus, excessive drinking must be avoided in order to avoid disgrace, for it is not only potentially damaging for one's reputation, but among other common consequences, a man becomes lazy, spiritually lame, his hands tremble and his head aches, his tongue gets twisted and his speech becomes ungainly, he loses his sight and fertility and becomes prone to various illnesses such as colic, stomach diseases, fevers, aching bones and others causing great discomfort, especially to a trader. This is what Paul speaks of: "Do not drink too much of the unchaste wine."

Mind you, St. Thomas speaks of five kinds of gluttony: first, when one wants to eat before even feeling hungry; second, when one eats one meal after another; third, when one craves expensive

food; fourth, when one desires great quantities of food; and fifth, when one is intemperate in his eating habits and so eats and drinks excessively and in an unordered manner.

Augustin teaches that everything needs to be perceived in its relation to place, time and the person involved, and hence we must not rashly pass judgment. There are wise men who eat expensive food without being gluttonous or greedy, and on the other hand, ignorant people who in the most sinful and passionate greed devour the most meagre morsels of food. It is more proper to have a taste for fish, as our Lord did, than lentil as Ezav, or barley like horses do (paragraph 41, *Everyman*). Therefore, the trader should be moderate in his eating and drinking habits for the above mentioned reasons. Food must be valued and appreciated only as nourishment, as Boetius says: "Nature is gratified with minor and minimal things." He should guard against becoming like those people whose "God is their belly", as St. Paul says.

A trader should not attend too many feasts for feasts can result as the previously described.

Third, a trader is forbidden to serve as somebody's advocate in lawsuits or in seeking rightful cause for the suit. If we already stated that a trader should not be involved in legal matters for his own sake, clearly this more strongly applies if somebody else's affairs are in question.

Fourth, a trader must never be found in the company of criminals and infamous men as such kinds are not only often bad influences that can lead others astray as to become as malicious, but they can also be the cause of other people's misfortune in

many ways.

Fifth, a trader must never commit himself to alchemy. His art is to be based on seeking constant and reliable ventures and information, and ignore those that can inflict harm on both him and his business.

Sixth, a trader is forbidden to take part in chivalrous equestrian games because that would be a reckless act which is financially exhausting and distracts him from his purpose. This can of course be dangerous because a trader's mind must be sober and not contaminated with thoughts of trivial matters that serve him no good.

Seventh, a trader must never be engaged in any activity that involves smuggling, neither in his country nor abroad. Smuggling has caused much evil on many occasions and hence a widespread saying warns that a smuggler can never know whether he wins or loses.

Eighth, a trader must never deceive his customer in terms of the weight and size of the merchandise, as well as sell one commodity as some other because this is no less detestable than stealing.

Ninth, a trader should not have too many shallow or poor acquaintances or, generally those who might do him harm. He should not befriend men to the extent that it would be rude of him to sometimes decline their request for a favor or a service.

Tenth, he must never be improvident. The truth is that thriftiness is more commonly found among noblemen and aristocracy than extravagance is. As the latter is a quality very often attributed to traders, it is even more strongly forbidden than thrift. Thus,

a trader must never be improvident for it is utterly contradictory to his purpose and trade, i.e. amass wealth. Improvidence has devastating effects on a trader and the fortune he is aspiring to make.

We have discussed that which is forbidden to the trader at any time and in any situation. In addition, there are things that occasionally must be avoided but sometimes are allowed. The following matter for discussion is balancing and time.

## Chapter XIX

### Balancing every seven years

Human nature is such that men become weary after putting continuous effort into something without resting. A man becomes stupefied and confused, and as a result the mistakes multiply. That this course of events is only natural can be observed if we consider a quill, for example. Regardless of how perfectly and elaborately sharpened it is, after continuous use the point necessarily becomes blunt. Whatever job is being done, when it becomes tedious, the quality of one's performance deteriorates. The stories of old philosophers describe how they had the habit of going to the coast after their long studies to indulge in simple and trivial pursuits and to play with pebbles to soothe their mind and spirit. The stories of the life of St. Paul also tell how he organized his time carefully and after studying he would occupy himself with making baskets and different trivial objects. All of these earthly instances are utterly obsolete when the all mighty God provided us with a divine example, about which we can read in Genesis: "And on the seventh day God rested from all the work that he had done."

He surely did not have a genuine need for rest, but he intended to afford us an example of what is proper, as in the words of St. Paul: "Whatever is written, it is written for our enlightenment." It follows – to return to the matter of our discussion – when the sixth year comes to its end, a trader should terminate all his operations and rest. No contracts should be concluded this year,

but instead the trader should be committed to balancing all his accounts and settling any debts. If the opportunity for a lucrative agreement should arise, he must decline and remain involved only in activities duly scheduled for this particular year, for this year is a year of rest and reward for all the accomplishments of the previous six-year period and also the time to make plans and a schedule for the following period. To serve this purpose, he needs to enlighten his mind and relax his spirit, and only out of mere necessity settle any remaining debts, because – as Aristotle explained in the eighteenth Problem: “Only the emperor, the orator and the trader are commonly pronounced as harsh.”

A trader should not only do his job with might and main, but have the same verve when it comes to balancing. Those who work but are unable to settle their accounts afterwards are frivolous and are not to be considered as worthy traders. Thus, the seventh year is the year designated for this specific purpose, as did our Maker, which is mentioned in the ensuing lines of Genesis: “So God blessed the seventh day and made it holy, because on it God rested from all his work that he had done in creation.” Aurelius Augustin presents these lines in the Fourth Book of Genesis and elaborates: “God rested the seventh day, i.e. Saturday, so the man would know that this is the day to rest from daily work.” What ensued is the establishment of Saturday as the day of rest, for the etymology of the word itself means “spiritual peace”, according to Isidor’s definition in his *Etymologies*. This explains the suspension of all hard labor. For the same reason, aspiring to be worthy disciples of the highest, the eternal and the undeniable Instructor, we established a traders’ Saturday and the suspension

of all work once in seven years, which is very beneficial, profitable and necessary. Blessed is he who knows not only how to celebrate it but also use its benefits to contemplate the future. This year is not only intended for rest, it is the time for settling all debts and accounts, so one could say: "I have all my business in balance." Those who fail to do this usually end up tied in knots and the books are the only proof of their wealth, as is often the case with pharmacists who have elaborately ornamented signs above their doors but inside their shops is nothing. The trader must amass wealth that is indeed rewarding instead of craving luxury. He must be in the position to say: "This is what I own", for he who feeds on smoke, to the smoke returns.

With these issues now having been discussed, we hereby conclude the first book. If God will allow, we will continue with the subject of religion in the ensuing paragraphs.



