UNIT 9 RISE OF TRADE AND COMMERCE IN ASIA AND EUROPE*

Structure

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9.0 OBJECTIVES

In this Unit an attempt has been made to give you a brief account of the Oceanic Trade in the medieval world. Our discussion includes the period from around the seventh century to the fifteenth century, coinciding with the advent of Islam in Arabia to the end of Middle Ages. The advent of European Voyages of discovery and the economic transformation in the fifteenth and sixteenth centuries onwards have been discussed in our Course **BHIC-106, Units 4 and 5**.

After reading this Unit, you shall be able to:

- understand the nature of economy during the seventh to fifteenth centuries,
- analyze the developments that impacted the economy during this period,
- list the major trading communities,
- trace the important trade routes with markets and fairs, and
- learn the commercial practices in Asia and Europe.

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9.1 INTRODUCTION

To begin with, we will make an analysis of the impact of the rise of Islam and its impact on oceanic trade not only in the Indian Ocean but also in the Mediterranean. During this period the Arabs dominated the oceanic trade which continued for more than three centuries. We will trace the trade of medieval Europe in the next Section, with an emphasis on the role of the Mediterranean in this trade. Here we will also focus on the commodities involved in the export and import trade of medieval Europe. India's maritime trade shall be discussed in **Unit 13, BHIC-107** and later developments in **Unit 8, BHIC-112**).

Advent of the Portuguese in the Indian Ocean has been examined in a separate section. It shows that the Portuguese, though able to make minor changes in the Indian Ocean trade, ultimately failed to bring about any radical alteration in the structure, direction and organization of trade in this region. It appears that the Portuguese presence in the Indian Ocean, though spectacular and significant, had no dominating influence in the region.

This Unit shall provide an overview of commercial transactions during the middle Ages. Here we will acquaint you with the nature of trade in Asia, Africa, Europe and America; emergence of trading nexus through land and sea-routes, markets and fairs; role of merchants in expanding commerce and use of various business practices to facilitate commercial transactions.

By the beginning of the fifth century, Roman Empire was no longer a unified political entity. Its eastern provinces came to constitute the Byzantine Empire. Germanic tribes swayed the western provinces of the Roman Empire. The rulership of Charlemagne (771-814) extended over France, Central Europe, North Italy and a small portion of Spain.

The setting up of dynastic rule in the region followed the rise of Islam in the Arabian Peninsula, during the seventh century. There was spread of Islam in Byzantine, Africa and various parts of Asia. It left its mark on the politics of these regions. The period between tenth and thirteenth centuries in Asia was marked by many changes. The victory march of Mongols was paralleled by the emergence of Sung culture in China, the Koryo in Korea and the Heian in Japan. Thus, these varied political changes led to regional stability. The feudal polity also generated military conflicts. The starting of **crusades** in the eleventh century Europe was an attempt to check the spread of Islam. It opened the Mediterranean to western shipping. In all parts of the world, goods were traded but the pattern of trade and commodities involved were quite varied.

The period 1000-1300 was marked by an expansion of commerce in Europe. In the assessment of Carlo M. Cipolla, this period was one of great expansion, saw urbanization, demographic growth, and usage of new technologies and monetization of economy. The Italian merchants rose as intermediaries in developing trade between the East and the West. The rise of Venice during tenth century indicated that it served as border market between the Byzantine East, the Muslim South and Catholic West. The growth of Genoa, Pisa, Piacenza, Siena, Florence and Milan in the coming years was due to the spread of trading network. During the period from 14th to 17thcenturies European participation in maritime trade increased. A large number of ports and commercial centres developed in the Indian Ocean and Mediterranean. Portuguese emerged as the main trading nation and started dominating trading activities. Large trading companies were established in England, Holland and France.

Here we shall also discuss some of the major business communities in the medieval world. These trading communities in different parts of the Eurasian continuum were the main vehicles through whom the trade of the medieval period was conducted. During this period the trading activities got a big boost with the development in shipping and trade across continents. We notice that apart from individual merchants large trading companies were established to handle growing volumes of commodities and requirement of finances. In spite of these developments the trading world of the medieval period was dominated by numerous business communities, both small and large, in different countries. It is not possible to make a detailed analysis of all of them within a limited space, we intend to take up an in-depth study of the major business communities who were actively engaged in trading in the medieval world. Among the major merchant communities in Eurasian continuum we will discussthe Armenians, the Jews, the Karimis, and the Arabs.

9.2 RISE OF ISLAM AND THE OCEANIC TRADE IN ASIA AND EUROPE

In the medieval world, the rise of Islam was one of the most important developments that had a great impact on oceanic trade. For many centuries, Arab and Muslim merchants played an important role in the development of the vast commercial network. In fact, well before the arrival of the Europeans, the coastal regions of the Indian Ocean between east Africa and the China Sea constituted a zone of intense commercial exchanges, mainly controlled by Muslim seamen and merchants. From the middle of the 7th century to the end of the 15th, the general direction and structure of the Indian Ocean trade are remarkably clear. There was a long line of trans-continental traffic, going all the way from south China to the eastern Mediterranean. The second typology of Indian Ocean trade incorporated shorter voyages and distances.

It seems that up to the beginning of the 10th century or even later, Arab ships and merchants had sailed all the way to China and back, calling at the intermediate ports. As a matter of fact, the commercial expansion of Muslim merchants and traders across the Indian Ocean to South Asia and China, Arab achievements made it possible to unite the two arteries of long-distance trade known in antiquity between the Indian Ocean and the Mediterranean[1]. The twin channels of the trans-continental trade of Asia constituted of the seaborne traffic through the Red Sea and the combined sea, river, and overland journey across the Persian Gulf, Iraq and the Syrian Desert. Both these were brought under the political control of single authorities, at first that of the Umayyad Caliphs and later that of the Abbasids. Even the Mediterranean, divided as it was between a Christian north and a Muslim south, eventually recovered much of its economic unity through the activity of merchants and traders.

Map 9.1: Italy to India Route
Credit: Morn
Source:https://en.wikipedia.org/wiki/File:Italy_to_India_Route.svg

[1] The Trading World of Asia and Arabs have been discussed later in this Course in **Unit 16**.

The medieval trade of Asia was founded on four great products of eastern civilization – silk, porcelain, sandalwood and black pepper which were exchanged for incense, thorough bred horses, ivory, cotton textiles, and metal goods. So far as the trade with China is concerned, the Persian Gulf ships were already sailing to Canton in the late 7th and early 8th centuries to buy, among other things, the silk textiles of China. The lands of the Arabs were regarded in China as the greatest store of precious and varied goods. Java and Sumatra came next. The two areas formed the ancient crossroads of inter-continental trade. As a source of gem stones, pearls, incense, perfume, sandalwood and spices, the three regions – southern Arabia, the Persian Gulf and southeast Asia – remained for more than a millennium the cornerstones of pre-modern long-distance exchange in luxury objects.

After the Mongol conquest of China in 1280, the empire's maritime connections seem to have been strengthened rather than weakened. As we know from Marco Polo (1298) and Ibn Battuta (d. 1377), the two city ports of Hangchow and Zaiton flourished during the period. Zaiton was crowded with ocean-going ships. For every ship laden with pepper which might be sent for trans-shipment to Alexandria and the Christian lands, one hundred came to Zaiton. When Ibn Battuta visited the city in CE 1343-1344, it seemed to him to be the greatest port in the world, its commercial traffic exceeding that of Alexandria, and Quilon and Calicut on the Malabar Coast.

However, there occurred important changes in the direction of Indian Ocean trade from the end of the 10th century to the middle of the 15th. The decline of the Abbasid Caliphate and the rise of the Fatimids in Egypt shifted the routing of long-distance trade away from Baghdad and Damascus to Aden and Fustat. In India, the Turkish Sultans of Delhi conquered Gujarat in CE 1303-1304, and its maritime towns were now within the reach of Islamic social and political influence. At about the same time, the trading ports and coastal kingdoms of the Indonesian **archipelago** began to accept the Islamic faith and the process of conversion continued for the next three centuries.

These new developments in the Indian Ocean ran parallel to the developments taking place in the Christian half of the Mediterranean. The expulsion of the Moorish rulers from Spain and the rise of Venice and Genoa to commercial supremacy signified the symbolic beginnings of a re-alignment in the structure of world economy. At the same time, the shifting of the seat of power by the Fatimids to old Cairo, the economic importance of Alexandria as the terminus of trans-continental trade became even greater. Under the Ayyubid rulers of Egypt (1170-1260), followed by the Mamluks (1260-1517), the strong economic position of Cairo was maintained with intensive development of the Red Sea ports.

However, in China, the economic policies of the Ming dynasty (1368-1644) produced contradictory effects on maritime trade. The third Ming emperor, Yung-lo (1402-24), tried a new experiment in China's economic relations with the trading nations of the Indian Ocean. It took the form of a hugely ambitious series of seaborne expeditions between 1404 and 1433 but these were finally abandoned in 1433 and the future Ming emperors were determined to close China's sea-coasts to foreign visitors. They placed an embargo on the trade of Chinese merchants to overseas destinations. Ming overseas commerce, however, continued in several forms, especially through smuggling voyages to the Philippines, Tong king and Malacca.

9.3 TRADE IN MEDIEVAL EUROPE

The spread of Islam into the basin of the Mediterranean in the 7th century closed that sea to the Christians of the West but not to all the Christians. The south Italian towns such as Naples and Bari in the east continued to recognize the Emperor at Constantinople, and so also did Venice, which at the head of the Adriatic, never had anything seriously to fear from the **Saracen** expansion. Venice, already a great maritime power, by 1100, established her hegemony on the whole of the east coast of that sea, which she considered her domain and which remained hers for centuries. In fact, continental Europe witnessed two great commercial movements which appeared on its borders in the early medieval period, the one in the western Mediterranean and the Adriatic, the other in the Baltic and the North Sea. The latter was dominated by the Scandinavians whose maritime exploits were not directed only to the west. While the Danes and the Norwegians threw themselves on the Carolingian Empire, England, Scotland and Ireland, and their neighbours, the Swedes, turned to Russia. Another important development was the end of Mediterranean domination by Muslims after the Crusades. Now the whole of the Mediterranean was reopened to western navigation. The most lasting and essential result of the Crusades was to give the Italian towns, and in a lesser degree, those of Provence and Catalonia, the mastery of the Mediterranean.

The trade of northern Europe was not greatly concerned with oriental and Mediterranean commodities. At various times, between the 6^{th} and the 10^{th} centuries, traders and warriors brought goods from the extreme north of Europe to Byzantium and reimported Byzantine goods into northern Europe. In later centuries, Italian merchants frequently sailed into the harbors of England and Flanders, bringing with them all the infinite variety of Levantine and oriental products. Still more regularly Italian merchants and the men of the North, Germans, Flemings, English and French, mingled in the great international marts of Central and Northern Europe. Different centres rose to prominence throughout the medieval period: Champagne during the 12^{th} and 13^{th} centuries, in Bruges in the 14^{th} and the early 15^{th} centuries, Genoa, Antwerp in the 15th, century. These merchants from all over Europe exchanged the Italian and Italian-borne products for other goods.

The main currents of trade across northern Europe and between northern Europe and other countries flowed with products of northern hemisphere, cruder, bulkier and altogether more indispensable than the luxuries and the fineries. Even in the South, food-stuffs or raw materials also entered into the trade of the Mediterranean region. What gave the southern trade its peculiar character was not the trade in the bulky essentials, but those luxury trades which were associated with it. By contrast, the trade of northern Europe was almost exclusively devoted to the necessities of life.

Medieval commerce developed in Europe because of the impetus generated by long-distance trade. Spices were the first objects of this trade. They created the wealth of not only Venice but of all the great ports of the western Mediterranean. Syria, to which quantities were brought by caravans coming from Arabia, India and Southeast Asia, was the principal destination of European ships. However, from the beginning of the 13^{th} century, imports into Europe consisted of rice, oranges, apricots, figs, raisins, perfumes, **medicaments** and dye stuffs. To these was added cotton also. Raw silk was also imported from the end of the 12^{th} century. In return for all these imports, the Italians supplied the ports of the Levant with timber and arms, Venice, for at least a certain time, with slaves. But woollen goods soon became the chief export, at first **fustians** woven in Italy, then, from the second half of the 12^{th} century, cloths from Flanders and northern France. English shipping, however, did not advance with her wool exports. These were carried chiefly by continental ships and by the 13^{th} century had become almost the monopoly of the Teutonic Hans. Thus, if we consider the articles which fed the international or oceanic trade in the middle ages, it will be apparent that industrial products were fewer by far than agricultural and food commodities – spices, wine, corn, salt, fish and wools. Only cloth, first of the **Low Countries** and later that of Florence, gave rise to a large export trade.

9.4 TRADING COMMUNITIES

The growth of trade and business transaction gave rise to host of commercial activities and persons associated with it. Merchants and merchant communities were central to all these activities. Apart from buying and selling commodities they also acted as moneylenders, financiers, moneychangers, brokers, bankers, commercial agents etc. Most of the time the big merchants performed many of these functions simultaneously. While a few restricted themselves to their specialized area only, the specialization of this sort emerged gradually towards the later medieval period only. The transactions at the local level were directly in the hands of producers. Thus, monks, fishermen, peasants and landlords acted as 'part-time merchant'. However, as trade grew in volume, it came under the control of enterprising merchants.

9.4.1 Armenians

The observation of the Court of Directors of the English East India Company in 1699 about the Armenians that 'most certainly they are the most ancient merchants of the world' was perhaps no exaggeration. Indeed, from the earliest times to the end of the pre-modern era, the Armenian merchant communities engaged themselves in international and inter-continental trade in the Eurasian continuum. They ventured out of the homeland (Armenia) to different parts of Asia and Europe, and settled themselves not only in important cities, ports and trade marts but also in remote production centres far away from their own country. And thus they created the infrastructure for an efficient and successful long-distance trade and a commercial network with strong link with their main centre at New Julfa. This 'trading diaspora' of the Armenians was a unique feature of the trading world, especially of the seventeenth and eighteenth centuries.

Armenian Trading Network

The emergence of Armenian trading network and diaspora in the seventeenth century was to some extent helped by the historical developments of the preceding century when old Armenia fell a victim to Perso-Ottoman rivalry. In the early seventeenth century, the Persian emperor, Shah Abbas I, forcibly moved the professional Armenian merchants and artisans, and settled them in the new township of New Julfa in the suburb of Isfahan. The emperor's main objective was to utilize the services and expertise of the Armenian entrepreneurs in transforming his newly founded capital city of Isfahan into a major trade centre. The latter did not disappoint him. As they had the necessary capital and commercial network in Asia and Europe, the Armenians were able to develop 'Persia's foreign trade in raw silk, create new markets and products and expand the scope of trade routes'. And they ceaselessly contributed to Persia's economic prosperity under the succeeding Shahs until the invasion of Persia by the Afghans in 1722 which dealt a severe blow to the Armenians of New Julfa, and after which many of the prominent Armenian merchants migrated to other countries.

The Armenian networks extended over vast geographical areas stretching from Bengal to Delhi-Agra, and even to Surat or from Surat to the Red Sea and Persian Gulf ports. It is more or less well known now that the Armenians played a significant role in the commercial and economic life of India. Though it is not possible to indicate as to when the Armenians established their trading networks in India, it can be reasonably assumed that they began their trading activities in India long before the arrival of the Europeans. As an important trading group, their presence was a common feature in all the prominent centres of trade and manufacture, cities and ports. But what was most striking about them was that if there was any possibility of profit in trade, they would even go to remote places and deal in any commodity, unlike many other trading groups.

Needless to say, there were many important Armenian merchants and traders in the flourishing Armenian settlement of Saidabad (a suburb of the capital Murshidabad), Hughli, Calcutta, Kasimbazar, Dhaka and Patna with their own localities and churches. They were also to be found in large numbers in Agra, Delhi, Benaras, Surat, Madras, Masulipatnam, and other important cities and ports in India. What is significant to note here is that the Armenians in Bengal/India were not dissociated from their mainstream in New Julfa. There are several instances that the Armenians in Bengal were in touch with New Julfa and there was regular traffic between Bengal and New Julfa, which only reiterates that cultural and ethnic ties were extremely important in the entrepreneurial networks built by the Armenians.

Success of Armenians

The Armenians often acted as a group rather than individual entrepreneurs because of the pride they took in their identity. That they had one language, one culture and one religion was the most crucial factor, which helped them in developing and extending their networks. The crucial question that remains to be answered, however, is what were the reasons for the fabulous success of the Armenian merchants *vis-à-vis* even the advanced organizational form of the European joint stock companies.

In all probability, the Armenians succeeded because they were able to create networks of trust, shared information and mutual support based upon the fact that they were a distinctive ethnic and religious minority. There is no doubt that some of the other diaspora people like the Jews had all these characteristics but perhaps the Armenians were ahead of the others in these respects and hence their success was more spectacular than that of the others.

However, the Armenian commercial system, based as it was on close family ties, was not something extraordinary. The well-known Italian merchant families are a European example of the same family system. This was a common trading pattern in the early modern period. The Indians, especially the Marwaris and Gujaratis as also the Parsis in India, had the same system of operations. And all of them were quite successful in their enterprises. In fact, one of the main factors that contributed to the fabulous success of the Armenians was their will to better their situation in exile, which gave them their knowledge of languages and customs of other social groups. Their flexibility was an asset. An ability to measure the risks of overland trade and a readiness to vary the size of commercial transactions were the special service which the Armenians brought to the trading world of the Middle East, India and even Europe, and this was one of the secrets of their tremendous success.

9.4.2 Jews

The role played by the Jewish business communities in the field of international trade and finance was almost as important as the one played by the Armenians. In the early centuries of Islamic history, Jewish communities could be found in almost every city and the Jews participated in trade ventures far beyond the frontiers of the Islamic state. Everywhere from North Africa and Egypt to Persia and Khorasan and in India, as far as Malabar, the Jewish communities had originated in antiquity. In fact, on the eve of the Muslim conquests, the Jews of Iraq or Babylonia, appear to have been particularly numerous and here they were second in number only to the Nestorian Christians. In effect, when Baghdad became the capital of Islam and trade surged in the eighth and ninth centuries, the Jews there took an active part in it. In the ninth century, the Indian trade became the backbone of the international economy. This contributed to a tremendous upsurge of internal commerce and subsequently a shift towards a unified bimetallic currency system which encompassed the eastern and western Caliphate.

At this point, the central and hegemonic position of the Babylonian Jewry gave them a headstart not only in the long-distance trade with India but in the organization of finance and also state finance generally. In Baghdad and Isfahan, great finance and banking institutions arose with important and pivotal Jewish connections. Indeed, corporate international finance as it has come to be known today with a clear Jewish preponderance appears to date back to the Abbasid Caliphate of the late ninth and early tenth centuries. During this period, Jewish bankers loomed large in the entourage of the rulers, lending money to the government and consolidating the finance of the state, at the same time becoming involved in the fiscal system and in tax farming. Jewish bankers probably gained control of the Abbasid money market during the early tenth century and became instrumental in the development of sophisticated financial techniques such as the use of bills of exchange (*suftaja*) and cheques (*saak*). The same bankers also operated as traders (*tujjar*) or as financiers of other Jewish as well as Muslim traders. We find them supplying funds for African slave trade, equipping caravans to Central Asia and China, and organizing maritime expeditions in both the Mediterranean and the Indian Ocean.

In Iraq and Persia, the Jews appear to have surpassed the Muslims in importance in the institutions of finance and credit. In Egypt, both the Jews and Christians played roles in the economic and administrative spheres which were out of proportion to their numbers. By the tenth century, Egypt (with North Africa) began to seek an outlet for its increasing strength, and the Fatimids took over an important part of the India trade from their rivals in Iraq. The result was a vast migration of Jews to Cairo. Abbasids began to lose more and more power in the east and in the west from the late tenth century, especially after the Seljuq invasion, and the beginning of the Crusades (1096) and Baghdad declined. This affected trade also and even a larger portion of the India trade was redirected to Egypt. Simultaneously, the volume of transferred goods expanded steadily. In Egypt, the Jews again obtained a disproportionate share in this trade in the eleventh and twelfth centuries when it became one of their main pursuits.

The chance discovery of a large number of papers (Genizah documents) belonging to the Jewish community of North Africa who traded extensively in the eastern Mediterranean in the tenth and eleventh centuries is of great help in reconstructing the trading activities of the community. The geographical dimensions of long-distance trade are clearly visible in the correspondence of these Cairo Genizah merchants.

The members of the community had presence in towns as far apart as Qayrawan in Tunisia, Alexandria and Fustat in Egypt, and Aden at the entrance of the Red Sea. This facilitated the sale of goods by friends and associates resident there on behalf of the distant owners. The Genizah documents reveal that these Jewish merchants were held together in a mutual bond of personal friendship, complete trust and financial interest. In a community of such close-knit ties, the sanction against a defaulting member was the loss of his credit and reputation; a man who was not worthy of trust would quickly exhaust his goodwill.

Moreover, the Genizah documents bring to light in vivid detail the actual conditions under which a community of Mediterranean merchants organized their international business life from North Africa to India. The most interesting revelation of these documents is the activity of Jewish traders from Tunisia, Andalusia, and even Sicily in the trans-oceanic trade. A great number of them were closely involved with western India, moving constantly between the Malabar ports, Aden, and Fustat. The extent to which the Fatimid connections with North Africa had encouraged these merchants to engage in extended commercial transactions is amply clear from the Genizah documents. But it is also true that the shipment of goods from the Indian Ocean to the Mediterranean West did not take place on the basis of direct connections. The commercial dealings of the Genizah merchants between India and the Maghreb relied on intermediaries.

Infact, Jewish trading stations, linked to Egypt and the Red Sea, can be located in over twenty different places on the west coast of India to the south of Broach, and further in Indonesia. But they were no longer as dominant as in the previous period, and the India trade of the tenth to twelfth centuries was carried out and financed to a far greater degree by Muslims based in the Mediterranean area. Still, Cairo became an increasingly important centre of Jewish mercantile and financial activity. Egypt became the new intermediary between the Mediterranean and the Indian Ocean. In the eleventh century, therefore, merchants from Iraq and Persia were found settling in the Mediterranean area but not vice versa. From 1050 onwards, a large number of Jews began to emigrate from Baghdad to Spain. The Mediterranean in the eleventh century was still, despite Italian encroachments, largely in Islamic hands and Arab-speaking Jews participated in the Mediterranean trade as well.

At the time of the expulsion of the Jews from Spain in 1492, a considerable proportion of Spanish Jewry converted at least nominally to Christianity. Hence, as nominal Christians, they had much more freedom than before. Meanwhile, the bulk of those Jews who left Spain in 1492 migrated either to the Ottoman seaports or else to Portugal (where they were forcibly baptized in 1497). There were the two most decisively situated locations from which to respond to the new commercial opportunities and take part in the reshaping of the world's trade routes. Thus nearly all the Jews and **crypto-Jews** in the three key maritime and commercial cross-roads of the early sixteenth century were either connected to Christianity or relocated to Turkish ports. Now they were in a position to participate in long-distance trade and manage it successfully in a new context of freedom.

9.4.3 Karimi Merchants

If the Cairo Genizah papers richly illuminate the multi-faced life of one community of long-distance traders in the eleventh and twelfth centuries, they also cast some light on a baffling economic organization known as the 'Karim'. The Karimi merchants of the Red Sea are mentioned in the Egyptian sources as being actively concerned with the spice trade of the Indian Ocean. However, the word 'Karim' also occurs frequently in the Genizah papers in the context of the India trade. It has been argued most convincingly by S. D. Goitein on the basis of materials in those papers that in the twelfth century, the 'Karim' was neither a guild of merchants nor a particular branch of international trade but some sort of annual convoy or a sea-borne caravan. Though Goitein provides no explanation for this, we can only speculate as to why there should have been such an organization at this time in the history of Indian Ocean trade. There is no doubt that the total volume of Euro-Asian trade had become very considerable between CE 1000 and 1300. This would have made the ships and cargo of individual merchants trading by sea to India very vulnerable to pirates and political taxation. A convoy system organized by wealthy merchants may have been in a position to buy protection from the political rulers of the Middle East and to organize better protection against attacks by the pirates of the Indian Ocean. There is evidence to suggest that Karimi merchants organized their trade from port at Quresia al-Qadim on the Red Sea Coast of Egypt. This trade was frequent with Yemen, South Arabia and India. They dealt in pepper, spices, wheat, rice, sugar, silk and textiles.

9.4.4 Some Other Merchant Groups of Asia and Europe

The brisk trading activities of the medieval world brought into prominence a number of merchant groups and communities other than Armenians and Jews.

Sogdian merchants were one of the dominant groups in the trade of early medieval period. They were people of Iranian origin and inhabitants of Central Asia (more precisely the present regions of Uzbekistan and Western Tajakistan). They were highly skilled in crafts, as interpreters, horse breeders and craftsmen. Sogdians were among the first translators of Buddhist texts into Chinese. They generally followed Zoroastrian beliefs system. Their presence in China is recorded before the beginning of the Christian era. Their colonies were spread in West parts of Central Asia, China, even Ceylon and other places on the maritime trade route between India and China.

Sogdians completely dominated the Silk Road one of the important trade route spacing around 7000 kilometers which developed from China right across Asia to the eastern Roman Empire to the shore of Mediterranean. The Sogdian language was the most spoken language on the route. The trade on the route declined by the end of 9th century and was abandoned by the14th century. The Sogdian dominance was most evident from 4th to 9th century CE. The silk from China was the most important trading commodity traded by Sogdians. The other items of trade by Sogdians were linen, pepper, silver and musk.

The Chinese merchants got involved in the maritime trade in a big way from 10th century onwards. Their knowledge of geography, astronomy, invention of compass and technology of shipbuilding gave them an edge. However, the government in China exercised a lot of control over overseas trade closely monitoring all imports and exports. Song dynasty (960-1279) encouraged trading activities. Their trade relations were with Champa, Khmer empire, port cities of Sumatra and Malay Peninsula. In late 13th century Marco Polo had all praise for Chinese ships. Ibn Battuta (*Travels in Asia and Africa 1325-1354*) describes their ships in details and says, 'There are no people in the World wealthier than the Chinese'. It was, however, during the Ming period (1336-1644) that the big boost was given to Chinese traders. In 1405 Ming emperors founded marine expedition for business as well as collecting tribute. The ships were loaded with silk and porcelain. They visited ports around Indian Ocean. Here Arab and African merchants exchanged spices, ivory, medicines, wood and pearls. Cheng Ho or Zheng He (1371-1433) led the expedition with a fleet of more than 300 ships with around 27800 sailors and soldiers. In all from 1405 to 1433 Cheng Ho made seven such expeditions covering around 50000 kilometers and touched 37 countries through South East Asia, Arabia and Africa. These expeditions helped in forging trading links over a vast region. Such expeditions were in a way an attempt to keep the trade out of private hands. The Chinese government gave freedom to private merchants from China for trading in 16th century only.

In medieval India the trading activities were very well developed and large scale trade was carried both inland and overseas. Highly specialized business communities had emerged. There were different groups of merchants dealing in specific commodities and regions. Baniyas, Bohras and Parsees in Gujarat; Hindu and Jain Marwaris in Rajasthan; Khatris in Punjab and North India; Chettis and Komatis on the east coast; Muslim merchants, probably of foreign origin in Gujarat, Deccan and Bengal were a few such important groups.

The Venetian merchants were also one of the important groups involved in overseas trade. They had their trading ventures from 12th century in Egypt but from13th century onwards they started penetrating into Muslim territories in a big way. The Ayyubid rulers of Egypt granted them trade privileges in Egypt and Syria. Though there was a break in between because of the prohibition on trade with Egypt by the Church (in the wake of Crusades). The Mamluks who replaced Fatimids in the middle of the 13th century granted fresh privileges. In the 14th century the Venetians developed trade with Cyprus, Armenia, Persia and Black Sea region. (In the second half of 14th century the trade got set back with renewed Crusade by the king of Cyprus). The Venetian trade was restricted to the coastal areas from where the Jewish and Muslim traders carried itover land to interior area.

Check Your Progress-1

1) How did rise of Islam affect the oceanic trade till the 10th century?

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2) What was the pattern of European trade between the 11th to 15th centuries?

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3) Give a brief account of the trading network of Armenian merchants. Elaborate the trading practices that accounted for their success.

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4) In what ways did the Jews dominate the business activities in the medieval world?

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5) Write a short note on Karimi merchants.

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9.5 TRADING ROUTES

The flow of goods within regions and to outside areas rested on the extension and use of trading routes. During the middle ages, land and water routes were used. Robert Lopez has highlighted the role of Arab merchants in forging widespread trading links. The trade of central Asia extensively used land routes. The caravan routes linked the Mediterranean world with India, Iran and China. The Muslim traders had trading posts in Sind and Gujarat. In the tenth century, they had an important colony at Saymur, not far from Mumbai.

The travellers on their way to India used the Red Sea ports of Jor and Jidda and Ubullah in the Persian Gulf. As the Chinese vessels did not venture as far as Basra, there was emergence of Siraf as an important port of trade. It became the nodal point of trade between Yemen and the Red Sea. The town of Muscat and the coastal parts of Oman also played an important role in the traffic.

During the ninth century, actions of the Chinese authorities resulted in concentration of trade in Malacca. During Late T'ang and Sung period, eastern and Southern coasts of China were used for foreign trade. In the Late T'ang period, bulk of foreign trade flowed through Canton (Guangzhou). Under the Southern Sung, Chuan-Chou situated near the great tea and porcelain-producing areas in Fukien became the leading port. Korea also had trading links with Japan.

Central Africa had indirect contact with the Indian Ocean before 1100. The 'Age of Discovery' resulted in the forging of more trading links between Africa, Asia, America and Europe. The Mediterranean, Baltic, Atlantic, Indian Ocean and Arabian Sea were extensively used for international trade. Contrary to the Pirenne's thesis, several studies have shown that Arab expansion did not affect Mediterranean shipping.

Pierre Chaunu has listed four major routes, which were used by Italian merchants since Eleventh century across the Mediterranean. There were two overland caravan routes connected with trade in silk and Chinese curios. The first route stretched from China to the Black sea, along the steppes of Southern Siberia. The second route passed through the Turkistan desert and connected Iran. From Iran, this land route was linked to the head of the Persian Gulf. Thus the land and sea routes were inter-connected. The other two sea-routes mentioned by Pierre Chaunu were from the Indian Ocean. One such sea-route from India passed through Malacca and the East Indies. It converged at the Persian Gulf. For reaching the ports of Palestine and Syria, travellers using the above-mentioned sea-route, had to commute through the desert. The sea-route from the Red Sea to the Gulf of Aqaba or Suez considerably reduced the land journey to Alexandria.

Map 9.2: Silk Route in the 1st Century CE
Credits: Runehelmet, January, 2013
Source:https://upload.wikimedia.org/wikipedia/commons/e/ed/Transasia_trade_routes_1stC_CE_gr2.png

Since the eleventh century, Italian and other merchants trading to the south used several routes across England and France. Many routes linked Brabant to France. A network of routes across Northern France converged on Compiegna and Troyes.

During twelfth century, Hellweg bisecting northern Germany from Dortmund in Westphalia was the main link to the Slavonic East but in the coming century four trans-continental routes between Bruges and Baltic were developed. In Southeastern parts of England, it was cheap to use rivers for importing timber from the Baltic and Norway. The use of Dutch rivers and canals, stretching along the east to west resulted in emergence of Holland as a center of **entrepot** trade. Lubeck and Hamburg acted as the main reloading places for the goods of Bruges. In fact most of the great rivers of the Europe – the Rhine, the Weser, the Elbe in Germany, the Loire, the Rhonx, the Garonne in France carried heavy long-distance traffic. In England, the Thames, the Stour, the Avon, the Trent along with several other rivers were used for internal trade.

In Eastern Europe Volga route was extensively used. The trade between Russia and Byzantine was carried from the Baltic either via the Gulf of Finland or via the Gulf of Riga and the Dvina. From the latter goods were carried to the Dnieper and the Black Sea.

In the Ninth Century, Frisian Dorestad, the Danish Haithabu and the Swedish Birka were the main centre of Baltic trade. The link between the Baltic countries and the northwestern Russia was provided by the waterway, which spread, from the Baltic up to Neva into Lake Ladoga and the Volkhov to Novgorod.

The use of above mentioned sea-routes was dependent on the shipping industry. During the middle Ages, most merchant's ships were carvel built (with planks joined) and were light and fast. By 1277 Genoese Galleys began to sail via Cadiz and Seville to France, Flanders and England. In the Mediterranean, the Naves, the slow sailing ships carried the freight. These were low cost ships in comparison with galleys. They could carry more freight.

In China, several improvements were made. During the T'ang and Sung dynastic rule, stern rudder made their appearance. These were more than sixty meters in length, with flat bottoms and thin kneel. These ships having three to a dozen masts were rigged with square sails. They could carry upto thousand persons. The use of marine compass also facilitated navigation. In Baghdad, pontoon bridges were used. These were linked at both ends by iron chains and were attached at each bank to firmly implanted posts. Thus, canals were put to use for local transport.

9.6 CENTRES OF COMMERCIAL ACTIVITY: MARKETS AND FAIRS

The Commercial transaction of commodities was carried through specific centres of exchange and trade. These can be traced in some form or the other to prehistoric times. We have references from ancient times from almost all cultures about the existence of periodic markets at local level. Some of these had specific commodities of trade while others had a range of them. With the development of settled societies regular and fixed centres for trading purposes also emerged side by side with periodic markets.

9.6.1 Markets

The growing commercial activities in the medieval period saw fast growth of markets and towns. Almost all the towns had a market and in case of bigger towns there were more than one market. All the big towns of Europe, London, Paris, Moscow, Barcelona, Venice, Madrid, Lisbon, Bavaria, Cologne, Lyons etc. had big markets often spreading with the growth of towns or in many cases growing markets were expanding the limits of towns. Markets in big towns specialized in certain commodities corn, fish, beef, cloths, livestock (generally on the outskirts), wine, cheese and butter, fruits and vegetables and so on. The regular fairs were in addition to these. The situation was not very different in other countries of Europe.

The craftsmen thronged to urban centres to sell their products (also see **Unit 8, BHIC-104**). The exchange of commodities can be illustrated from the example of Delhi in 14thcentury. The horses reached here from Khurasan via Multan. The city obtained grain from as far as Amroha (in U.P.), wines from Kol (Aligarh) and Meerut, betel leaf from Dhar in Malwa, ordinary cloth from Awadh (Ayodhya), muslin from Devagiri, striped cloth from Bengal and Brocade from as far as Tabriz in Iran (*The Cambridge Economic History of India*, Vol. I, p. 84).

The Arab World was dotted with markets in all big towns. Towns like Aden, Jeddah, Istanbul, Hormuz, Baghdad, Mecca, Basra had markets which attracted traders from far off places. China was no exception having large markets, as almost all towns attracted traders from Central Asia, Africa and India. The special features of Chinese merchants were that they moved from one market to another with their goods. In Egypt Cairo had more than thirty markets. Even Latin America had their own markets, when the European colonizers arrived there in Mexico, Brazil and Argentina. These further grew in size and the commodities they traded in also increased after the arrival of colonizers.

9.6.2 Fairs

To begin with fairs were mainly related to religious and ritual festivals and celebrations. With the expansion of trading activities most of them became centres of commercial activities also. These fairs were of varying sizes attracting people of only particular region, across regions and across countries. The frequency of holding fairs was also not uniform. It could be monthly, once in a few months, twice a year or once a year. In some cases, it could be even once in a few years. Many of these were held in particular seasons or time of the year. As far as the availability of items of trade are concerned, some fairs were known for specific commodities. The range of commodities in periodic markets and fairs was very wide. These included slaves, cattle of all sorts, grains, arms, craft products to precious or luxury goods.

As volume of trade grew and was connected with international trade, relationship between markets and fairs became more explicit. Initially fairs were connected with religious celebrations but gradually they became center of trade. The Lendit fair held in June at St. Denis in eleventh century was a religious fair. It was the abbey of St. Denis, which obtained sanction from the royalty to hold the fair. Between 1109 and 1112, Louis VI instituted another fair in the plains of St. Denis. After 1213, both fairs were merged into a single fair, 'The Lendit of the plain of St Denis'. In the eleventh century, Flanders fairs at Torhout became centre of intensive commercial and industrial activity.

It was the fairs of Champange, which became foci of international trade. The information about these fairs is available from 1114 onwards. It was in the thirteenth century that they assumed the classic form. The six fairs were held in four towns of the countries of Champange and Brie. The merchants of France, Italy, England, Germany, Switzerland and Savoy brought clothes, woollen, silk, leather, fur lines, spices, wax, sugar, grain, wine and horses for sale in the fairs. From 1250 onwards Genoa became the center of trade. The fairs of Troyes, Provins, Lagny and Bar-Sur-Aube also attracted merchants from distant places.

There are claims to the continuity of fairs for centuries. Lendit fair was traced to 9th century, Troyes fairs to Roman times and Lyons fair to 172 CE. 'In Europe Sully-sur-Loire near Orleans, Pontigny in Brittany, Saint-Claira and Beaumont de Laumagne each had eight fairs a year. Lectoure in the *generalite* of Montauban had nine; Auch eleven …' (Braudel 1995, I: 82).

Many of the fairs were linked together and formed specific circuits with merchants moving from one to the other. India had its own fairs. Many of these were religious but trading went side by side. The biggest fair (Kumbh) was held once in 6 and 12 years in different religious cities. Mocha an important port attracted ships laden with commodities from India and other parts of Europe. Egypt, Syria and Arabia were famous for their fairs. The pilgrimage to Mecca was one of the big occasion for traders who reached here from far and wide with every conceivable commodity. Hormuz had her season of trade lasting 3-4 months and was like a fair. Alexandria had great trading activity for two months (September-October) during favourable season for ships to reach. In East Asia Bantam in Jawa was famous for its brisk trading markets and fair. Like India, China had its fairs associated with religious occasions. Here the state closely governed the markets and trade.

What is amazing about these fairs is sheer range of participation. Big merchants, middlemen, small shopkeepers, peddlers and common men they were all there. The transaction of highest order in wholesale trade to individual merchandise took place. Depending on the size and importance of each fair they attracted traders from the distant countries to the regions in the neighbourhood.

9.7 COMMERCIAL PRACTICES

The growth of trading activities and long distance trade over land and seas made the commercial transactions complex. The trading transitions entailed numerous risks. There was fear of sea-pirates and natural disasters at sea. The required capital was to be generated for purchasing of goods. Money was needed for buying commodities in distant places and sale proceeds were also to be carried back. It was difficult to carry huge amount of gold currency to distant areas. As a result, a number of new commercial practices and institutions emerged to take care of the growing trade.

9.7.1 Credit and Moneylending

The system of Credit was widely prevalent in the trading activities. Even at the regional and local levels the wholesalers would give things on credit to retailers and latter in turn to the consumers. In small business the small traders, middlemen and suppliers were always at the brink. If the sum was not paid back it could ruin the creditor. The growth of trade necessitated the funding for large scale commercial transactions. To begin with this funding was provided by big merchants. In due course it emerged as a specialized activity with separate category of money lenders. However, most of big merchants continued to deal in providing money on credit. In case of India the nobles (high officers of the state) also lent money for trading. They dealt in big amounts and gave it to established merchants only. In many parts of Europe also the nobles were involved in providing funding for business.

The practice of granting maritime loan to a shipowner or a merchant was existing in Europe for a long time. Such loan was repaid only after the vessel or Cargo had arrived safely at agreed destination. The maritime loan was of great advantage. It offered credit and insurance to the borrower. But the rate of interest on it was very high. In around 1230, this loan was banned by the church. However, the practice continued by converting it into an exchange contract.

Pierre Chaunu has pointed out several devices used by Italian merchants for generating capital. There was use of ***commenda,*** a periodic partnership for one season. The evidences available from Venice of eleventh century indicate that *commenda* was a 'partnership' concluded between a financer and a merchant. While the former provided the capital, latter undertook journey for conducting trade. There also existed another type of partnership between merchants. It was called *colleganza.* Under this arrangement, one merchant provided only the capital, another merchant, while providing capital was also involved in trade. The massive collection of Genoese notarial documents indicates that the *commenda* declined in Genoa by the latter half of the thirteenth century. The ***compagnia*** or partnership replaced it. Initially such partnership brought together family members having capital but gradually these gave way to ***corpidi:compagnia*** or Capital of the society. These were open to individuals who wished to invest their capital for trading transactions.

The payment of debts was also an integral part of commercial transactions. Often merchants either did not carry cash or were short of resources to purchase commodities. They had to borrow and debts were cleared during the fairs. The available records show that at the fairs, payment was done on the last day. The transactions were recorded. These written writs guaranteed the clearance of debts by merchants who had borrowed money. In this way credit system developed. It was not dependent on the transportation of coins. Henry Pirenne has rightly observed that the fair acted as an embryonic clearing house for the European economy.

Beside currency, several methods were used to facilitate exchange. One such mechanism was the 'fair letter', appearing in the Netherlands. It recorded debt in the presence of several municipal magistrates. It was written in the form of a 'divide letter', two copies being written on the one sheet of Parchment. It was torn into two and was given to Magistrate and Creditor. The fitting together of these two portions authenticated the deed. Thus the 'fair-letter' carried with it the right to exact payment.

A certain interest was charged by the lenders from the debtor. In Europe the Christian Church had prohibited lending money at interest (usury). The church was of the opinion that the only way of making money should be through work and earning profits from money does not have religious sanction. Islam also prohibits charging interest. As a result until 13th century Jews were the main moneylenders. A lot of resentment against Jews and their persecution can be ascribed to their moneylending business. However, the ban by Church succeeded only partially and many Christian groups still followed moneylending and at times camouflaged and circumvented it in various ways (one of the ways was to consider that interest could be charged if lender was running a risk of losing). The instruments of exchange also helped in advancing money with commission built in and escaped the charge of usury.

The rate of interest was around 20% they could settle for upto 10%. In India the interest rates varied from region to region and could be from 9 to 18%. However, the interest rates depended on a number of factors and could be as high as 100%. The factors taken into account were the distance, reliability of the party raising loans, the bargaining capacity of debtor and risks involved in the trading commodity and place.

9.7.2 Instruments of Exchange, Money Changing, Banking and Accounting

The use of currency was integral to trading activities. Several methods were devised to issue required currency by the state in different parts of the world. During the T'ang and Sung period in China, apart from coins, paper money and paper credit was also used. As early as 811, the T'ang was issuing 'flying cash' to pay for goods acquired in distant areas. These money drafts were reimbursable at the capital. Under the Sung many such drafts were issued. These government money drafts were exchanged between merchants who wished to transfer credits. The private bankers also developed another type of paper money. They used certificates of deposit, which could be cashed for a three per cent service charge. Such certificates were circulated freely at face value. Those issued by the bankers of Chengtu in Szechwan were very famous. In 1204, when the government took them over, they became the world's first genuine paper money. These certificates were valid for a period of three years and entailed service charge of three per cent. In Tokugawa Japan, individual daimyo used rice and silver certificates as paper money within their domains. In India merchants used both currency and paper transactions like *Hundi*.

It is important to stress the basis of using currency as the medium of trading transactions during the middle ages. For an understanding of its use, one has to take into consideration, the unit of account and the medium of exchange. The money used in actual payment was first converted into the standard of value and large transactions were always paid by weight. It had direct bearing on the value of a system of coinage. The trading was conducted in different currencies like florins, guilders, ducats, pounds or any other. The specialist moneychangers used to assess the value of the coin by determining how much precious metal it contained. It may be noted that people accepting coins evaluated them not at their face value but according to their metal content. In such a situation coined money could not act as the comprehensive means of payment in the middle Ages. The crucial role of money changers contributed to their controlling large sums of money and effecting the transfer of funds and even extended time loans to merchants and bankers.

Because of varying currencies and their value, role of moneychangers became important. The practice of moneychanging was in vogue in the Western Europe during the ninth century. In the second half of the twelfth century moneychangers were active in Genoa.

They were known as ***bancherii*** (word was derived from the bench on which money lenders handled coins). These moneychangers exchanged coins and accepted deposits from their clients. They were paid small amount for safe keeping of money. These deposits were used for clearing debts in far away places. By the end of twelfth century. The **bill of exchange** also made its appearance. These bills were written by moneychangers and assured the payment abroad in foreign money to merchants. The payment was equivalent of the sum deposited by these merchants with moneychangers.

With the development of semi-permanent money markets, moneychangers started acting as bankers. They not only deposited money but also extended credit to customers and got involved in overseas trade. They formed partnerships, which made it possible to transfer funds even when debtors and creditors had accounts with different establishments. By the middle of fourteenth century non-negotiable bills and notes were widely used.

The institution of Banking on a full-scale with resident banking establishments came into existence in around 13th century. Italy took the lead and cities like Genoa, Lucca, Florence, Tuscany, Rome and Venice became the centres of banking activity. A large number of family firms established banks in Florence. By the last decade of 13th century Bardi and Peruzzi families of Florence established Banks in England also. Peruzzi had branches in Avignon, Bruges, Cyprus, London, Naples, Paris, Pisa, Rhodes, Sicily, Tunis and Venice. By one estimate by the year 1338 around 80 banking houses were operating in Florence with exchanges in every part of Europe. By the end of 14th and early 15thcentury a number of European cities had banks established by business houses. The Medici Bank of Italy was one of the most powerful banks of the 15th century. With its headquarter in Florence it established branches in Rome, Naples, Milan, Pisa, Venice, Geneva, Lyons, Avignon, Bruges, London and many other cities. They even became financial agents of the church, extended credit to kings and facilitated international trade in Europe. Banks participated in trade as well as making loans to traders. In fact in the early phase trading was more important than banking.

Another important institution that emerged in late medieval period was Exchange or Stock Exchange which was central to all trading activity. In 1681 it was described as 'the meeting place of bankers, merchants and businessmen, exchange currency dealers and banker's agents, broker and other persons' (Samuel Ricard cf. Braudel 1995, I: 97).

The recording of commercial transactions was essential for regulating trade. In maritime trade, practice of venture accounting was in vogue in Europe.

Check Your Progress-2

1) Give a brief account of the significant trade routes in Asia and Europe during the medieval period.

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2) Explain the various commercial practices adopted by merchants in medieval Asia and Europe.

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3) How were fairs important for the trade during the period under discussion?

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4) Write a short note on the growth of markets in the medieval period.

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9.8 SUMMARY

Oceanic Trade in the medieval world gave rise to large scale interaction between the Europe and Asia. The trading activities greatly influenced the society, economy and polity in the two regions. After the rise of Islam in Arabian peninsula for almost three hundred years the maritime trade was dominated by Arab seamen and merchants. This trade was mainly responsible for uniting the two arteries of long distance trade between the Indian Ocean and the Mediterranean.

In this Unit you have studied about major communities in medieval period who dominated the trading and business activities. We covered the social organization, business expertise and trading organizations of these business communities.

All the business communities and their diasporas whether the Armenians, Jews, Indians, Greeks, Arabs and the Chinese in the medieval world shared certain key features which explain why they succeeded in such remarkable ways in establishing enduring commercial networks over vast areas in the Eurasian continuum. A high degree of confidence, great trust among the members of the same community and the reduction in transaction costs through a scattered but well-knit international community which possessed a distinctive culture, religious tradition and communal institutions particular to itself was largely shared alike by all these business communities. At the same time there were certain dissimilarities in the trading networks of the various business communities. For example, while the Jewish people concentrated more on the maritime activities, the Armenians were involved mostly in overland trade.

9.9 KEYWORDS

Archipelago	:	Many islands in the sea in a specific region or group of islands.
Bancherii	:	A term used for money changers in Genoa.
Commenda	:	It was a trading partnership between two individuals. Under it, one supplied the capital and another used the capital for trading transactions.
Compagnia	:	A partnership of family members for generating capital.
Corpidi Compagnia	:	These partnerships were formed by individuals having capital and were not based on family or kinship ties.
Crusade	:	Military expeditions by the European Christian countries to recover the Holy land from the Muslims in middle ages.
Crypto Jews	:	Those who had secret allegiance to Jews or Judaism.
Entrepot	:	Commercial centre for import and export and collection and distribution.
Fustians	:	Thick strong cotton cloth.
Low Countries	:	Netherland (Holland), Belgium and Luxembourg.
Medicaments	:	Substances used for medicinal purposes.
Saracen	:	Arab or Muslims during the middle ages.
Bill of Exchange	:	These were written deeds signed by moneychangers/moneylenders/merchants and their customer promising the payment of a sum of money to the bearer at a particular place.

9.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress-1

1) See Section 9.2

2) See Section 9.3

3) See Sub-section 9.4.1

4) See Sub-section 9.4.2

5) See Sub-section 9.4.3

Check Your Progress-2

1) See Section 9.5

2) See Section 9.7

3) See Sub-section 9.6.2

4) See Sub-section 9.6.1

9.11 SUGGESTED READINGS

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9.12 INSTRUCTIONAL VIDEO RECOMMENDATIONS

Indian Ocean Trade
https://study.com/academy/lesson/trade-networks-in-the-middle-ages-empires-routes.html

Indian Ocean Trade: Route, Networks & History
https://study.com/academy/lesson/indian-ocean-trade-route-network-history.html

The Silk Road: Connecting the ancient world through trade
https://www.youtube.com/watch?v=vn3e37VWc0k