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3. Simón Ruiz: A Great Businessman in 16th Century Europe

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Abstract. In 1955 the great master Henri Lapeyre pointed out in his book *Une famille des marchands: les Ruiz* that we are facing a character, Simón Ruiz, who is a magnificent example, representative of many other businessmen of the sixteenth century, who contributed to the integration of Europe and its insertion in a global world. This statement is still valid, since the various investigations that have been carried out since then have come to confirm and reinforce such a judgment. Thus, said merchant, or rather, this family, like the German Függer (Fúcares, in the Spanish of the time), Welser and Hoechstetter; the Genoese Centurione, Spinola, Di Negro, Doria, Vivaldi, Lomellini, Gentile, Pinello, Grimaldi, ...; the Florentines Bonsignori, Acciaiuoli, Bardi, Peruzzi, Medici. Frescobaldi, ...; the luquesas Bonvisi, Michaeli and Arnolfini; the Castilian Bernuy, Salamanca, Gallo, Maluenda, Quintanadueñas, Lerma, Astudillo, Haro, Carrión, Astudillo, Espinosa ... were the aristocrats of commerce and finance of the 16th century.

In 1955, the grand professor Henri Lapeyre stated in his book *Une famille des marchands: les Ruiz* that Simón Ruiz was a magnificent example of a XVI century businessman, and was representative of many others who, like him, contributed towards European integration and helped it to take its place in the world. His claim remains true to this day, as the research carried out since then has served to confirm. Simón Ruiz, or more correctly his family, as did the Germans Függer (Fúcares, in contemporary Spanish), Welser and Hoechstetter; the Genovese Centurione, Spinola, Di Negro, Doria, Vivaldi, Lomellini, Gentile, Pinello, Grimaldi...; the Florentines Bonsignori, Acciaiuoli, Bardi, Peruzzi, Medici. Frescobaldi...; the Lucchesi Bonvisi, Michaeli and Arnolfini; the Castilians Bernuy, Salamanca, Gallo, Maluenda, Quintanadueñas, Lerma, Astudillo, Haro, Carrión, Astudillo, Espinosa... came to be the *aristocrats* of trade and finance in the XVI century.

The Ruiz Embito family's involvement in the world of trade stretched back to the XV century. They hailed from Belorado, a town located on the Camino de Santiago and a meeting

point between the region of La Rioja and the Duero valley. Similar to some other families of traders from Burgos, they were probably converts, very likely since the early XV century, although from that moment on those who lived in Spain as well as abroad, behaved as if they were true Christians and removed all trace of their Jewish past. They even obtained several reports stating that they had cleansed their blood during the XVI century. This long career, and their kinship with other families of merchants from Burgos, such as the San Román, Santo Domingo, Miranda, La Presa, Embito, Sanvitores, etc., explains why their behaviour, their mindset and, what is of interest to us here, how they managed their businesses, was so similar to that of other Castilian merchants.

As is well known, Simón Ruiz's business was based on family alliances and economic interests with his brothers; Andrés and Vítors. Whereas Simón settled in Medina del Campo, his elder brother did so in Nantes, while Vítors made his home in Burgos, even though he spent long periods in the town of Medina del Campo. As did the great Castilian merchants of the time, they married women who were involved in trade in those cities, a policy which was to be repeated by their children and grandchildren. The aim was clear; to gain a foothold in local trade networks in order to further their business prospects and climb the social ladder in each of the cities.

This dispersion throughout Spain and Europe had an underlying business logic; the linen trade in France. Whereas in the mid XVI century, the Castilian drapery industry had boomed and had penetrated all the different market niches (expensive, high quality cloths, – Courtrai cloth, fine cloth, *velartes*, thirties (3,000 threads in the warp), twenty-fours (2,400 threads) and twenty-twos (2,200 threads) from Segovia, Toledo and Cuenca -; those of a medium quality – Perpignan cloth from Cataluña, twenties and eighteens from Cuenca, Segovia, Toledo, Ávila, Piedrahita, Ciudad Real, Aragón, and Logroño –; and the inexpensive cloths – the fourteens, *burriel*, twill, saia d'Irlanda, *palmillas*, coarse woollen fabric, brown cloths, *papales*, friezes and small friezes from Ávila, Palencia, Dueñas, La Nava, Tordesillas, Valladolid, Burgos, Logroño, etc.), the same could not be said of linen, since that which came from Galicia and Portugal was of very poor quality. As a result, there was a need to seek a new market that could offer supplies, particularly if the aim was to provide medium quality linen, since the very expensive kind was still being imported from the Low Countries. What could be better, therefore, than Breton linen, which had improved in quality and which offered a very competitive price! As a result, for many Castilian companies their base for importing was Rouen and, above all, Nantes. The Ruiz family chose the latter, and from there was able to trade with the workshops around Brittany and Normandy and to send shipments to Spain from the port.

In addition, from the end of the Middle Ages, the fairs at Medina del Campo provided the main textile redistribution centre for the whole of Spain, Portugal and, through Seville, Spanish America. In the town's squares and streets could be found all kinds of merchants, ranging from the leading importers who hailed from Burgos, the Basque Country, Italy, and Flanders, to cloth merchant-manufacturers from Cuenca and Segovia, as well as small-scale producers from la Rioja, Andalusia, Ávila, Palencia, and Valladolid, down to the retailers and hawkers, the *regatones*. Together with these, the local shopkeepers traded in streets specially set aside. As a result, the town attracted people to buy and sell from all parts of Spain and Portugal, with Medina acting as a hub for redistributing all kinds of fabrics throughout the Iberian Peninsula and the Americas. This explains why Vítors Ruiz and, later, his brother Simón settled in the town. The former spent only part of his life there, often travelling to Burgos to attend to private as well as family business with the company he ran with Francisco de La Presa, who was from Burgos.

In sum, the trade in Breton linen explains the management structure of the Ruiz family business. Andrés, together with his sons and sons-in-law, who had settled in Nantes, purchased the fabrics. These were shipped to Bilbao, from where the *factor* (mercantile agent) had them

dispatched to Burgos. There they were controlled by Vítores and Francisco de la Presa, who had them sent to be sold in the fairs at Medina del Campo. This was where Simón came in, wholesaling to other merchants who were attending the fairs or to local sellers. Some of the shipments were sent directly to Seville, Oporto, and Lisbon, where the partners and company mercantile agent had them shipped off to the Americas or sold them in the Portuguese market. The network set up by the Ruiz family was similar to that of many other Castilian families and businesses of the period: the Quintanadueñas, who were based in Rouen and Bruges; the Bernuy in Antwerp, London, Lisbon, and Toulouse; the Gallo in Bruges; the Salamanca in Antwerp, Rouen, and Florence; the Astudillo in Mexico, Seville, Burgos, Antwerp, and Florence, and so on. Differences between them were minimal, except for the fact that some had specialised in certain goods (the Bernuy in pastel cloth, the Astudillo in Italian silks and *rajás* and Mexican cochineal, or the Gallo in wool), although they all tended to diversify so as to spread their risk. Despite being rivals, these companies helped one another, since they all formed part of the same great Castilian mercantile network which had spread throughout Europe, and which was controlled by the Burgos Consulate. This meant that the Ruiz family was just one amongst many and was not necessarily the wealthiest. Their virtue lies in having preserved their great archive, which undoubtedly affords one of the best opportunities for studying XVI century Europe. Thanks to the abundant documentation they provide, it is possible to accurately reconstruct the way in which Simón Ruiz ran his business.

It should be remembered that the May and October fairs at Medina del Campo were the great markets for exchanging money throughout the Iberian Peninsula in the XVI century. This meant that credit flowed easily and, as a result, that there were enormous opportunities for engaging in all kinds of business that could provide substantial profit.

The way in which Simón Ruiz's activities evolved may be summed up as follows: from trading goods to high finance, without abandoning trading. As pointed out, in the twenty years after 1551, business revolved around the sale of fabrics, paper, and haberdashery from Brittany to which were added other goods: gold-threaded cloths from Milan, coarse cloth from Italy, tapestries from Flanders, pepper from Lisbon, steel and iron from the Basque Country, ram hides from Cordoba, woollen sacks from Castile, etc. The practice was simple; to acquire the goods from France in order to sell them on in the fairs in Castile and Seville in exchange for shipping products back there from Spain, Portugal, and Italy. The different types of goods traded gradually expanded, particularly after 1568 when the markets of Portugal and the Americas began to grow. In order to conduct all of these transactions, Simón Ruiz resorted to the use of bills of exchange between the fairs of Castile, Lyon, and Antwerp. He conducted most of the transactions on his own behalf although, like certain other Castilian merchants, he did often accept other merchants' money, charging the subsequent commissions and speculating with exchange rates. Hence, the link between trade and finance from those early times, although trade remained the primary activity.

Although Simón Ruiz's business was only small scale in those early days, the skill he showed at the time when handling the most complicated trading techniques was already apparent. First, there was his use of associative practices, setting up various companies at the same time, even though their structure was fairly straightforward. There was one company in which he held a significant share of the capital together with other partners, who were often relatives and close acquaintances, but which also involved others who had deposited a certain amount of capital in exchange for annual interest. At the same time, however, the general company, or indeed he himself, had signed company contracts for a given number of years (3/5 years) and for specific purposes, with other merchants from Castile and Nantes. This was a technique I have seen used by many other leading merchants, such as the Pesquera, Astudillo, Salamanca, and Maluenda of

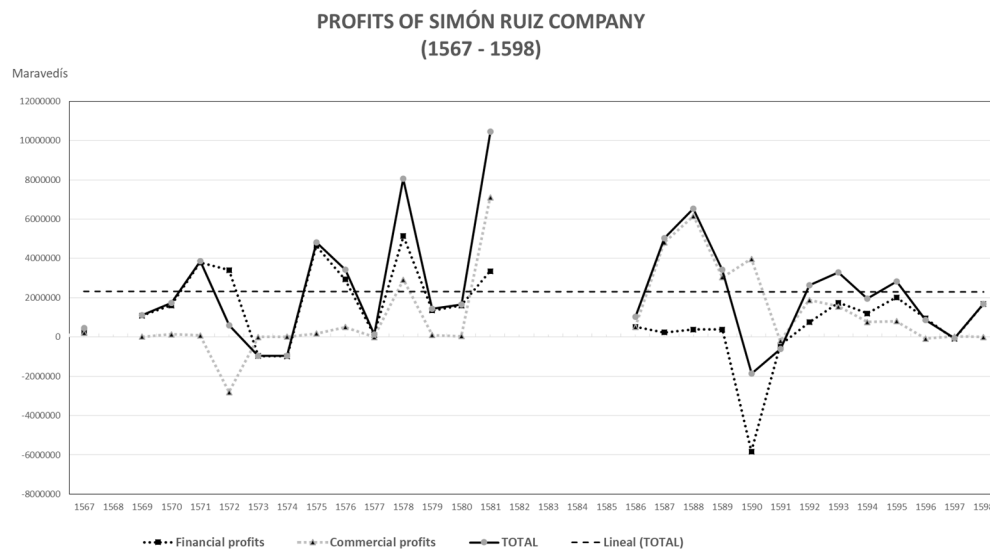
Burgos. The system was based on mutual trust amongst all the partners, but was materialised through the signing of various contracts. Said legal system, which was meticulously reflected through the mercantile accounting, was flexible and efficient, as it allowed a company to have its own business and at the same time to set up other companies with other people –relatives or otherwise– for different purposes and markets. The responsibilities and sharing of losses or profits was thus established in each case, depending on the amount of capital each partner had individually contributed to the parent company and, in turn, depending on what the company had invested in the subsidiary companies. They were thus able to weave an extensive mercantile network composed of a large number of people, partners, mercantile agents, agents, and so on, who, although they mainly came from Castile, might also be local traders. Yet, what is more important is that it enabled them to be present in many markets throughout Europe at the same time and to span different economic activities. Therein lay their success, by being able to take advantage of scale economies and diversification, and so minimise the risks. These continue to be the objectives of the large multinationals today.

In order to control and manage such a multifaceted company, it was necessary to make sure that information flowed fluently. This was the task of mercantile correspondence. Simón Ruiz's archive is the best example of this sound business management practice, since over 70,000 letters have been preserved, although many more were sent and received. This amount is unique in the world in terms of quantity and quality. Together with these, a vast number of other mercantile documents were also sent: accounts, pricelists, *listini* (lists of exchange rates), shipping bills, receipts, payment slips, settlement slips, bonds, promissory notes, powers of attorney, reports, payment and purchase orders, and so on, totalling over 20,000 documents. These entered Medina del Campo and were sent out to all corners of the Earth, from Chile to Vienna, preferably passing through the major business centres of the time; Antwerp, Lyon, Nantes, Rouen, Lisbon, Oporto, Seville, Burgos, Bilbao, Genoa, Florence, and Venice. For any XVI century businessman who wished to succeed in the world of finance, it was necessary to stay well informed, as it is today, and is something which Simón Ruiz was, to perfection.

In order to complete his management, he made extensive use of bills of exchange, an instrument which originated in Italy but which had been well known in Castile since the early XV century. Over 21,000 original bills have survived, together with numerous sheets and copy books of bills of exchange. A recent study by S. M. Pinto and A. M. Ribeiro (Ribeiro, 2015 and Pinto Gomez, 2012) of one part of the documents shows how Simón Ruiz negotiated with bills of exchange from 45 financial markets throughout Europe, although most prominent in terms of number were those from Antwerp, Lyon, Lisbon, Piacenza, Florence, Rome, and Rouen. In fact, it can be said that most of the money transfers bound for or leaving Spain, Portugal and the Americas passed through the fairs at Medina del Campo, where one of the main agents and intermediaries was Simón Ruiz himself. To achieve this, he forged a trusting relationship and cooperated with very well-known bankers such as the Függer, Balbani, Spinola, Bonvisi, Affaitadi, Centurione, Grimaldi, Strozzi, Capponi, Jorge, Baz, Gomes de Elvas, Ximens, Rodrigues de Evora, and so on. He was thus able to make substantial profits by charging the corresponding commissions. Above all, however, this enabled him to speculate with the exchange rates. Having reliable information meant being able to obtain succulent profits. In contrast, Simón Ruiz, was scarcely involved in the world of insurance, which was more in the hands of his fellow countrymen from Burgos.

Such a quantity of documents and data would, however, prove useless vis-à-vis securing sound business management if the information were not treated properly. This is why the double-entry book-keeping system was used. The analysis of the 165 accounting books, in addition to the numerous accounts and balances conserved, show that Simón Ruiz and his cashiers, as has been

studied by R. Rodríguez González (Rodríguez González, 1995), were accomplished masters in accounting. Through the different accounting series, the information flowed so as to join up with the Accounts Books or Major Books, before finally ending up in the Books of Positions (not conserved), where the profits and losses were shared amongst the various partners. By analysing the different steps involved in the accounting in the respective entries, it is possible to trace how the business was progressing at each moment. This provides an insight into the business strategy employed throughout each of the years.



SOURCE: Simón Ruiz's accounting books. Books 51, 52, 53, 54, 55, 62, 63, 74 and 75

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The above graph shows the progression of the trade and financial profits the company obtained from 1569 up until the death of Simón Ruiz in 1597. As can be seen, despite the sharp yearly changes –which were the result of the outdated accounting techniques employed at the time, where the accounts were not closed at the end of the year, but simply noted down randomly at particular moments-, the company returned a profit in most of the years it was in existence.

It comes as no surprise that after 1576, and particularly after the 1580s, Simón Ruiz opted to give a more financial slant to his business, although this did not mean that he completely gave up the world of trade. As well as dealing in bills of exchange, financial speculation or private loans, he became involved in the complicated business of extending credit to the monarch, and became one of Philip II's main suppliers of goods. This allowed him to deal with the leading international financial powers on an equal standing, to gain the respect of the Board of Finances as well as of the monarch himself. He had, therefore, reached the peak of his career. After 1592, he handed over part of the business to his nephew Cosme Ruiz, and concerned himself more with the construction of his hospital than with trade and business affairs.

Yet, in order to reach the top, Simón Ruiz, as I have described, had to engage in skilful business management, without which he could not have been successful. As pointed out by H. Lapeyre, "his career shows a steady rise: he begins by importing fabrics from Brittany, later becomes engaged in trading a wide range of goods, makes huge sums of money by speculating with exchange rates and is involved in a large number of transactions, whether by actually providing capital or by simply making do with a commission. Castile can be proud of having

produced such a notable businessman who can be compared to his Italian or German rivals” (Lapeyre, 1955). These words, written in 1955, today ring even more true in light of the abundant research carried out since then.

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