1.

PERIOD OF THE PIASTS AND THE JAGIELLONS

Poland and Lithuania, under the reign of Sigismund the Elder and his son Sigismund Augustus, became one of the greatest European exporters of food and raw materials and maintained a positive balance in foreign trade.

SALT, GRAIN AND HUMAN CAPITAL
How Poland made a fortune in the period of the Piasts and the Jagiellons

I.

In the first centuries of its existence, from a distance, Poland presented itself quite attractively. Around 1154, Muhammad al-Idrisi described it in the pages of his Tabula Rogeriana as 'a country of beautiful lands, fertile and rich in springs and rivers, with unending provinces and large towns, and an abundance of villages and dwellings'. The problem was that the secretary to King Roger II of Sicily had never set off from Palermo to the land on the banks of the Vistula river. He based his descriptions on the stories he had heard. They were very different from what was recorded ten years later in the chronicles drafted by the monks of the Cistercian monastery in Lubiąż, who were invited from Western Europe to Silesia by Bolesław I Wysoki (*Boleslaus the Tall*). On arriving, they saw a land covered by an infinite primeval forest. Rarely did they encounter any small settlements, cultivated land or populated towns. Cistercians, somewhat horrified at the low level of advancement of their hosts, recorded that the local population did not have 'either salt, iron, coins, or bullion or even decent clothing or footwear'. Professor Henryk Łowmiański, a historian

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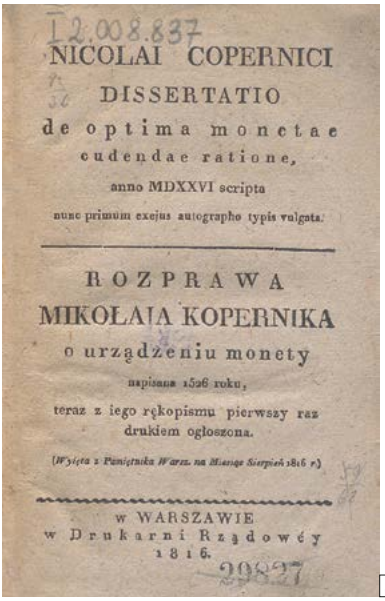

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1. (on page 9): **King Aleksander Jagiellończyk approves of *Łaski's Statutes*. Illustration by Aleksander Lesser made in 1830-1884 according to *Commune Incliti Poloniae Regni Privilegium* (the so called *Łaski's Statutes*), Cracow 1506**

2. Cobblers, i.e. shoemakers, an illustration from the Balthasar Behem Codex, Cracow 1505

3. The title page of a treatise by Nicholas Copernicus entitled *On the Minting of Coin*, edited in Cracow 1526, the card comes from a document published in Warsaw in 1816

4. Archers, an illustration from the Balthasar Behem Codex, Cracow 1505

specializing in the Middle Ages, estimated that the Polish lands were at that time inhabited by as few as one million people. The entire economy was based on land cultivation and animal husbandry.

Imperial aspirations of the Piast dynasty were painfully verified by the country's actual potential. What was conquered by the momentum built in the times of Prince Mieszko I and Bolesław Chrobry, was gradually lost to the neighbouring countries by the subsequent rulers. Feudal fragmentation accelerated this process. Poor and sparsely populated provinces waging fratricidal wars were not capable of successfully facing external invasions. Meanwhile, they were regularly invaded by margraves from the German borderlands, Czech kings, Ruthenian and Lithuanian princes, and later also by Tatars and the Teutonic Knights.

Such a neighbourhood quickly rendered the Polish lands depopulated and poorer. To break this trend, the most ambitious of rulers of the fragmented provinces started inviting immigrants from the West. Silesian prince Boleslaus the Tall was a pioneer, and he offered the settlers from the German Empire many privileges, including their own local government and judiciary. His son Henry the Bearded (*Henryk Brodaty*) sent recruiters to Germany, who managed to bring more than 10 thousand families to Silesia. People familiar with modern farming methods, craftsmen and miners were targeted.

Soon princes from other provinces started to follow the example set by Henry the Bearded. As a result, approximately 500 towns were established which were set 'under German law'. This solution was applied even to Cracow in order to populate it with immigrants.

This huge, for those times, re-settlement action had its advantages and disadvantages. On the plus side, it contributed to a civilisational and economic leap in the lands located east of the Oder river. The Piast princes gained tax payers, and without money they could not even dream of financing numerous troops and conducting politics to match their royal ambitions. On the other hand, the whole of Silesia underwent rapid Germanisation. Towns in Wielkopolska (*Greater Poland*) and Małopolska (*Lesser Poland*) were not in much of a better situation. Władysław Łokietek (*Ladislaus I the Elbow-High*) learnt a painful lesson about this risk when he was fighting for the unification of the Polish lands. The inhabitants of Cracow preferred to live under the reign of John of Luxembourg, king of Bohemia and son of the German Emperor, rather than someone from the Piast dynasty. A rebellion in 1311 met a bloody end at the hands of Łokietek. The Annals of the Krasińskis reported that 'those who could not pronounce words such as: *soczewica, koło, miele młyn*, were beheaded'.

The future king of Poland effected an ethnic cleansing and eliminated those ancestors of immigrants who had not assimilated. However, in

the long run the settlers from the West turned out to be a formidable investment, although it took them a very long time to assimilate. As late as the middle of the 16th century, papal nuncio Fulvio Ruggieri reported to the Holy See that 'Most of the Polish people benefit from the work of German craftsmen, who came in such a number that in many places you would not hear any other language but German, and all the tools have German names'. However, the strengthening of the state structures by Łokietek and his successors prevented the loss of further provinces, save for Silesia and Pomerania.

II.

King Casimir the Great was also aware of a great need for valuable immigrants in Poland, a country on the periphery of Europe. So he did not hesitate when Jews were expelled from England and, later, from Portugal and Spain. In an effort to make them come to a distant country at the Vistula river, in 1334 he reactivated the Statute of Kalisz issued earlier by Boleslaus the Pious (*Bolesław Pobożny*). The statute guaranteed the Jewish communities religious freedoms, self-governance and freedom to do business.

The main driving force of the Polish economy was the human capital attracted from the West.

Soon after eighteen thousand Israelites settled in Poland. It was they who created modern banking and established a trade exchange with distant countries. Their dealing with usury did not endear the newcomers to the local population, nor did their exotic customs, clothing, language and religion, but when ethnic conflicts broke out, the rulers intervened. Subsequent kings ensured protection for the Jewish Diaspora in exchange for taxes and access to the loans necessary for every head of state. 'They own land, deal with trade, study medicine and astronomy. They have great riches and are regarded not only as decent people, but sometimes hold a post higher than expected. They do not wear any distinguishing marks and they are permitted to carry a weapon. In short, they are benefiting from all their rights as citizens' – wrote papal legate Giovanni Francesco Commendone in 1565 without concealing his amazement.

The Jewish people in Western Europe could only dream of this level of equal treatment. So they made the most of the fact that people attracted from the West were the main driving force of the Polish economy. When we look at the names of the people who at that time achieved the greatest

financial successes and their countries of origin, it is easy to notice that the Polish wealth was to a great extent built by families coming from Germany, Italy, the Netherlands, etc.

Having said that, King Casimir the Great had already tried to diversify the sources of the royal wealth. He did this through his Statute of 1368, which reformed the method of management of the royal Salt mines in Wieliczka and Bochnia.

At that time salt was not only the most popular seasoning, but also the main food preservative. Salt deposits guaranteed revenues not much less than those earned from the gold mines. The last Piasts and the first Jagiellons derived around 30 percent of the royal treasury revenues from the salt mines. It is thanks to the sale of salt that Casimir the Great would build subsequent fortified castles and found the first university in the country – the Cracow Academy. Through the following centuries it was this university, which was the main natural resource of Poland.

Two hundred years after Casimir the Great's Statute, papal nuncio Fulvio Ruggieri came to visit Wieliczka. He found there a huge, formidably organized undertaking employing nearly two thousand people. 'For this mine is inexhaustible and endless, there are streets several miles long, there are vast caves more like the highest of churches than typical dwellings' – he described with delight.

III.

However, Poland's power status could not be based on two salt mines alone. The trade turned out to provide a much more prospective investment. 'The fact that the axis of the unified Kingdom of Poland in the middle of the 14th century was the route linking the Baltic sea and the Black sea deserves our attention. Goods from Asia were carried through Poland to Flanders along the route on which Lwów and Poznań, Thorn and other towns developed' – described Maria Bogucka and Henryk Samsonowicz in *Dzieje miast i mieszczaństwa w Polsce przedrozbiorowej*.

The geographical location itself presented some development opportunities, but it alone did not guarantee success. 'We have encountered many castles and fortified settlements, but splendid cities are nowhere to be seen' – reported the Venetian diplomat Ambrogio Contarini in 1472. However, this state of affairs was soon to change.

In the north of the country the war with the Teutonic Knights had ended six years earlier. Under the peace Treaty of Thorn, Poland recovered Pomerania including the city of Gdańsk. Two decades later, Christopher Columbus reached the coasts of America and soon an unending stream of precious metals started to flow to Europe. Due to the absence of

sufficient resources of silver and gold, the Old Continent's economy had for a long time been suffering from deflation. The high price of metals from which coins were minted limited the amount of money in circulation. Gold from America fuelled inflation and price increases and at the same time rapidly increased the purchasing power of people living in Spain, Portugal, England, France, the Netherlands, and Italy.

As soon as people could buy more, they did so. When the West got richer, it needed more grain, fur, wood, iron and lead. All this was in abundance in the territories of Poland and Lithuania ruled by the Jagiellons.

The volume of trade with the countries of Western Europe started to grow year by year. In 1490, ships left the port of Gdańsk with 9.5 thousand Polish lasts (*łaszt*) (around 20 thousand tons) of grain. By the middle of the next century, grain export reached as much as 40.5 thousand lasts (around 85 thousand tons) annually. Western recipients paid for it in bullion coins. 'A stream of gold started to flow through Gdańsk and Silesia to the vast territories of Poland, stuffing the pockets of magnates, noblemen and, still to a considerable degree, townspeople' – described Maria Bogucka and Henryk Samsonowicz.

The last Piasts and the first Jagiellons derived around 30 percent of the royal treasury revenues from the salt mines.

Poland and Lithuania under the reign of Sigismund the Old and his son Sigismund Augustus became together one of the greatest European exporters of food and raw materials, consistently maintaining a positive balance in foreign trade. Nuncio Fulvio Ruggieri in his report to the Vatican wrote in 1565 that 'Polish grain feeds almost the entire Netherlands of King Philip, even Portuguese and other foreign ships come to Gdańsk for Polish grain'. 'Apart from grain, Poland provides other countries with flax, hemp, ox hides, honey, wax, tar, potash, amber, timber to build ships, wool, cattle, horses, sheep, beer and a certain herb for dyeing' – he listed. Other than agricultural products, more than two thousand ships that each year came to the port of Gdańsk also took sought-after raw materials, such as lead and silver from the mines in the Olkusz area and copper from the mines in around Kielce.

To shift the country's economy to focus on export required unobstructed communication routes. This function was fulfilled by rivers instead of roads. From the middle of the 15th century, care about the state of the rivers became one of the major concerns of both the royals and noblemen. The rivers were regulated; weirs and dams were constructed

on a massive scale, and in the towns on the river banks, harbours and granaries were erected. The Vistula as well as smaller rivers such as the Neman, the Bug, the San and the Wieprz became key arteries. They ran not only to Gdańsk, but also to Elbląg and Riga.

The last step towards a faster and faster increase in wealth was the intensification of agricultural production. Large manor farms, called *folwarks*, were owned by rich knights who within just one generation turned into staid landowners rather shy of soldiering.

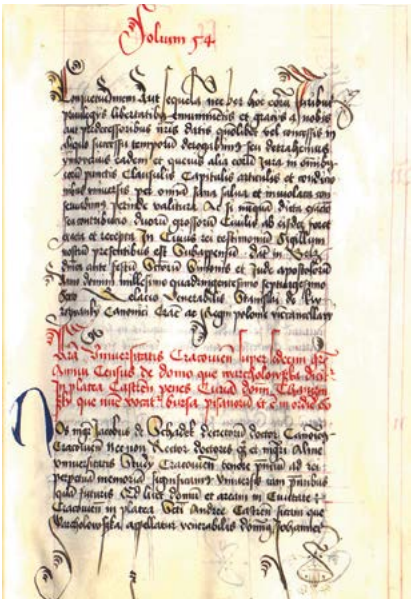
The unlimited opportunity for exporting food pushed the owners of large farms and villages to maximize crops, preferably, without increasing the costs. Then, a certain anachronistic custom was recalled. An obligation to work for knights in exchange for military protection survived to the 16th century in the form of a rather non strenuous practice. It boiled down to a duty for more affluent farmers to work on the farmyard owned by the manor for just a few days each year. At the beginning of the reign of Sigismund the Elder peasants in Poland still enjoyed the legal protection of the royal courts and the possibility of developing their own farms. Nonetheless, during a further war against the Teutonic Order, the nobility, having referred to the old tradition, in January 1520 forced the king to announce new privileges in Thorn. The Statute of Thorn imposed upon all peasants the obligation to devote one day a week for work for their feudal lords. The serfdom permitted an increase in agricultural production at large farms without the need of engaging additional paid workers (the so-called *czeladź*). This way of increasing profits was to become one of the economic foundations of Poland and to have a great impact on its future.

During the reign of the last Jagiellons the advantages of this model still prevailed over its disadvantages. Thanks to the excellent economic prosperity in Western Europe, Poland developed rapidly and became one of the most powerful superpowers in the continent. 'I have seen so many jewels that I did not expect to see collected at one single place, with which the Venetian and Papal gems – which I have also seen – simply cannot be compared' – marvelled papal nuncio Bernard Bongiovanni in 1560 when Sigismund Augustus invited him to his treasury. According to Bongiovanni, the wealth of the last of the Jagiellons was truly unparalleled.

The fact that Poland and Lithuania were populated by 7.5 million people, also generated respect. However, the weaknesses arising from the fact that the economy became dependant on the exports of food and raw materials, and that the country's gate to the world was provided by only one port, were brushed aside. As long as the state was functioning smoothly, all this seemed not to have any importance.

BALTAZAR BEHEM
(CA. 1450?-1508)

A MINIATURE PORTRAIT OF CRACOW ENTREPRENEURS



5. **page from the Balthasar Behem Codex, Cracow 1505**

Amid the bishops, magnates, and great bankers of the Jagiellonian era, Baltazar Behem looks somewhat unassuming. He was not making decisions in the Treasury, he was not a rich merchant or land owner. Yet he needs to be included amongst the personalities important for the Polish economy of the era of the Piasts and the Jagiellons. This is for just one, but important reason: his magnum opus constitutes a formidable source of knowledge about our economic and legal history and, directly, about everyday life at the turn of the 15th and the 16th century.

Behem's date of birth remains unknown, but it falls sometime around the middle of the 15th century. His father Wawrzyniec Behem adopted Cracow's municipal laws in 1451 and, probably in Cracow, his son was born. Baltazar was well educated – in 1478 he completed his five-year studies at the University of Cracow and he received the title of bachelor in liberal arts. Historians speculate that, initially, he was going to follow an ecclesiastical career path, but the documents imply that in 1488 he married Dorota Krystanówna and they had several children.

Finally, instead of becoming a priest he became a notary of the municipal chancellery and in 1490 he took the office of the Chancellor. He was supposedly generally trusted and enjoyed an unblemished reputation. The position of notary earned him a fair income so much so that Behem became a well off man, owned at least one town house, and also shared in profitable ventures, mainly bookshops and paper mills. We will talk about Behem's love for books later on. He even married his son Hyeronimus off to a daughter of the printer Mark Szarfenberg, hailing from Silesia, founder of the Cracow branch of his family who rendered great service to the development of Polish books.

Baltazar Behem died suddenly in the summer of 1508. The last years of his life were devoted to his unique work – a collection of the privileges and statutes of the capital royal city of Cracow, also including the bylaws of Cracow's guilds (statutes and wordings of oaths). His labours on the codes started possibly in 1502, and in 1505 the book was submitted to the municipal councillors. This is the very document to which Behem's name has been linked since.

The Balthasar Behem Codex is a beautifully illuminated book composed of 372 large format cards. The book was supposed to 'combine charm with benefit', to use the words of Bishop Krasicki. Behem himself wrote that he was drawing up this compilation so that the originals of privileges would not get damaged, and the municipal councillors would have close at hand a decent collection of the most important documents. At the same time, the codex is a masterpiece of calligraphy and illumination. What is interesting, its major part was written personally by the notary – as you can see, calligraphic skills were at that time an inseparable element of this profession. Death did not permit Behem the completion of his oeuvre and the author of the last 130 cards remains unknown.

The Balthasar Behem Codex is an important source of information on the history of the economy in Cracow at the turn of two epochs – the Middle Ages and the Renaissance. The wordings of oaths and the statutes of guilds show how municipal crafts were organised. The book, thanks to its 27 miniature illustrations, also provides information on the daily lives of merchants, craftsmen and traders. They show, amongst others, the interiors of their workshops, actions performed by craftsmen, and the transactions of bankers and financiers. For example, there are illustrations of a merchant's stall, a carpenter's workshop, a bell maker's and sword smith's foundry. The artistic level of the miniatures made by various artists is uneven. Nevertheless, even those illustrations that cannot be counted amongst masterpieces make an important contribution to the history of the economy at that time.

During World War II the Germans took the Codex to Berlin, where it was ripped from its cover. The Governor General Frank who was jealously guarding his prerogatives, brought it back to Cracow. In 1944, the Codex was taken to Frank's Bavarian estate, where it was found by the Americans. In 1946 it returned to the Jagiellonian Library.

JAN BONER
(?-1523)

A FINANCIER TO THREE KINGS

6. Jan Boner, a postage stamp issued by the General Government, 1944

The list of patrician families, especially in Cracow, which thanks to building their financial power and political influence advanced and entered the ranks of nobility, is not particularly short. This phenomenon was exceptionally frequent at the period of the last Jagiellons, before ennoblement became in the Republic extremely difficult. It is not a coincidence that the Prince of Ligne (seeking to obtain the *indygenat*, i.e. the recognition of his foreign nobility by the Sejm) was to say that it is easier to obtain sovereignty in Germany than nobility in Poland.

Many of these families have died out, the glory of many of them lasted two to three generations, others (like the Morsztyns or the Wodzickis ennobled in the 17th century) made Polish history. The history of the Boner family is a textbook example of a patrician career, a successful financial activity crowned by ennoblement and even a progression to the position of senator.