



Holiday Book Review: 'The Verge: Reformation, Renaissance and Forty Years that Shook the World, 1490-1530,' by Patrick Wyman

Greg Baer | Nov. 29, 2021

One of the great wonders of human history is how human knowledge in the Western Hemisphere failed to advance over a 1,000-year period from the fall of Rome, circa 476 A.D., until the Renaissance. (To understand how stunning that fact is: imagine a world where in the year 3021, our descendants know no more than we do now.)

This subject was examined in the classic work *The Swerve* by Stephen Greenblatt, which documents in fascinating detail how for centuries knowledge was suppressed and the great works of Greek and Roman scientists and philosophers were lost to history. (Spoiler alert: not the best millennium for those who believe in the virtue of the Catholic Church.) At the end of that period, Europe trailed China and the Ottoman Empire in knowledge, and its prospects appeared bleak. Greenblatt's theory for why history swerved, with knowledge reborn, focused on Europe's rediscovery of those ancient works and how they catalyzed a broader search for knowledge.

Still, turning around a thousand-year trend is no small thing, so I finished the book captivated by its story of the decline but unconvinced by the explanation for the rise. A new book, *The Verge: Reformation, Renaissance and Forty Years that Shook the World, 1490-1530*, by historian Patrick Wyman, promised a more complete answer. And that answer was quite a surprise.

Wyman notes a wide range of major developments at the cusp of the 16th century – endless wars featuring more modern and lethal technology, global exploration, the Reformation, and the same spread of knowledge described in *The Swerve*. He also describes a common theme, or catalyst: "What brought these disparate trends – things as varied as the spread of printing presses and the use of mercenary armies – together was a particular set of attitudes towards credit, debt, loans, and investment. These attitudes governed how Europeans employed *capital*...." Thus, the pressing, even desperate need, for financing forced Europe to develop capital markets that fueled its growth for the next half-millennium.

So, too, did a shortage of gold and silver coins, which had previously been the means of exchange for trade. While the Great Bullion Famine constricted access to credit in the 14th and 15th centuries, Europeans benefited in the long run because they developed a sophisticated understanding of money and credit. By the middle of the 16th century, Wyman writes, "Everybody, from the humblest day laborer to the king himself, employed credit and did so on a regular basis." Local bankers served local customers; bankers like the Medicis and Fuggers funded global trade.

The Verge brings history to life by telling the tales of the key (and fascinating) figures of this period, and how they financed their various enterprises.

Johannes Gutenberg's invention of a moveable-type printing press was the major catalyst for the information revolution that became the Renaissance. As Wyman describes:

More than ten million books, comprised [sic] of forty thousand different editions, rolled off the presses between 1450 and 1500. Another fifty million – some hundred thousand editions – followed in the first half of the sixteenth century. Even that first number, ten million, was probably more books than had been produced in the entire millennium prior to the invention of the printing press. Print was a genuine agent of change, disseminating everything from the ancient classics to basic grammar to new languages to the wit of Erasmus to an increasingly vibrant and hungry reading public.

Of course noting the importance of the printing press is hardly new, but Wyman's book describes what it took to manufacture and distribute those 10 million books. The business of printing involved very high up-front fixed costs and high labor costs; furthermore, revenues were difficult to project, as it was very difficult to anticipate customer preferences outside of a printer's own town. Thus, as he notes:

Printing itself was a cutthroat industry. Most early printers, Gutenberg included, would end up bankrupt or worse.... Far too often, printers flooded the market with more books than it could possibly absorb. But investors kept pouring money into print shops everywhere from Westminster to Prague, and slowly but surely, printing established itself as a viable business.

Venice became the European center of printing not because Venetians were avid readers but because Venice was a commercial center with capital available to fund risky startups – the Silicon Valley of the 15th century.

The growth of a printing industry had other ramifications. Most people know one thing about Martin Luther: that on Oct. 31, 1517, he nailed to the wall of the All Saints Church in Wittenberg, Germany, his *Ninety-Five Theses*, and walked away, triggering the Reformation. The best part of *The Verge* is learning that doing so was only the first scene in Luther's extraordinary drama. To fuel the Reformation, and in particular to campaign against the system of indulgences administered by the Catholic Church, Martin Luther became one of the great booksellers of all time, in large part because he was one of the great marketers of all time. He published hundreds of works, and not just in Latin (the language of the church) but also in German (the language of the people); he even added illustrations. Wyman estimates that Luther sold half a million copies of his various texts over a three-year period — an astounding number given the relatively small population of Europe at the time. While he began as an ascetic monk, Luther became a combination of Thomas Paine, Elon Musk and J.K. Rowling.

And then there was exploration. We receive a detailed look at Christopher Columbus, who was a terrible person, an experienced and competent but not exceptional sailor — but an extraordinary fundraiser. Of course we all know the story of how his angel investors Ferdinand and Isabella (also profiled in *The Verge*) provided key funding. But, Wyman notes, "It is easy to tell the story of Atlantic expansion and exploration as one of royal initiative where the actions of figures like Vasco da Gama, Columbus, and their successors became stand-ins for royal actions.... For the Spanish, however, it is completely misleading. The voyages were almost entirely privately financed, and the majority of the profits were pulled into the purses of the investors...." Columbus initially traveled the world in search not of new trade routes and lands but of financing — from potentates, bankers, and wealthy people. He would have understood Elizabeth Holmes.

And he needed to raise large sums because financing an overseas voyage came with extraordinary risk. The ships could be lost or the voyage unproductive in generating profits (which in many cases meant enslaving people in the new lands and returning them to Europe). Furthermore, the costs of financing a multi-month or multi-year voyage were extremely high and front-loaded. As Wyman describes: "In the end, the success of Columbus's expedition came down to pens scratching figures in account books and shouted orders to clerks in cramped counting houses. Commercial contracts and loan papers, handwritten bills of credit and indulgence letters rolling off printing presses by the thousands, conversations between powerful and wealthy people in the back rooms of palaces and richly appointed merchants' houses."

So, how did the development of gunpowder warfare foster the development of robust capital markets (and vice versa)? As Wyman describes, rulers of the 15th and 16th centuries were expected to fight wars, and the carnage was awful. New weaponry and tactics “drove a massive, rapid increase in the scale, intensity, and cost of war,” as did increasing reliance on mercenaries as opposed to standing armies. As a result, “[i]ncessant battlefield slaughter and grinding sieges created fertile ground for military entrepreneurship and innovation. The riches of kings, emperors, and princes flowed into the pockets of recruiting captains, mercenary soldiers, cannon founders, armorers, suppliers, and the bankers who transferred the funds.”

The Ottoman Empire, in contrast to Europe, had an extraordinarily efficient system of taxation which funded its public sector, including its wars. In the long run, though, “the fact that the Christian rulers of Western Europe had to scrape the bottom of the barrel for available funds gave them — and importantly their bankers — an increasingly sophisticated set of financial tools with which to operate. By virtue of their sheer wealth and power, and their tendency to run surpluses, the Ottomans did not have to develop a permanent, interest-bearing state debt of the kind that revolutionized state finance in western Europe.”

We also learn about the Catholic Church’s system of selling indulgences — payment for the forgiveness of sin and admittance to heaven. Its elimination was the exclusive focus of Luther’s early reform efforts. But the indulgence system was not a hobby the Catholic Church could abandon under pressure; it was a huge cash engine used to fund the Church’s wars and exploration. For an entity that couldn’t levy taxes, they were a necessary substitute.

In sum, *The Verge* is a fascinating look at the major developments and individuals that changed the course of European and therefore world history in the 16th century, and the role that capitalism and finance played in all those changes. Today, at a time when the world is retreating from globalism, banking and finance are perceived by many as innately wrong and unproductive endeavors, and Europe is bemoaning its dearth of capital markets, *The Verge* also reads as a cautionary tale.

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