

## A political economy?

Some preliminary thoughts on economic privileges  
in early modern Venice<sup>1</sup>

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### Introduction

Over the last few decades, institutions have been the subject of great attention among economists and economic historians. Different economic developments in countries with quite similar resource and technology assets have led scholars to investigate more deeply the role and effects of institutional, political and social elements in the economic system. Research has normally focused on the guarantee of property rights, the »efficiency« of the economic system, the redistribution of resources among groups, as well as the processes of inclusion in and exclusion from the use of resources.<sup>2</sup>

This debate has encouraged historical investigations in many areas of economic history, reviving earlier debates on agricultural development, guilds and technological innovation, the role of the state in manufacturing and proto-industries, the commercial revolution and early-modern merchant networks.<sup>3</sup> As far as the role of the state in

<sup>1</sup> Although the article is a joint reflection, the first chapter was written by Paola Lanaro, the second by Andrea Caracausi and the third by Giovanni Favero.

<sup>2</sup> DOUGLASS C. NORTH, *Institutions, Institutional change and Economic Performance*, Cambridge 1990; AVNER GREIF, *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*, Cambridge 2006; SHEILAGH OGILVIE, *State Corporatism and Proto-Industry: The Württemberg Black Forest 1580–1797*, Cambridge 1997; DARON ACEMOGLU and JAMES A. ROBINSON, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, London 2012.

<sup>3</sup> See, for instance: DOUGLASS C. NORTH and ROBERT PAUL THOMAS, *The Rise of the Western World: A New Economic History*, Cambridge 1973; STEPHAN R. EPSTEIN and MAARTEN PRAK (ed.), *Guilds, Innovation, and the European Economy*,

manufacturing and proto-industries is concerned, the debate on the role of state economic policies during the early modern age was characterised by two distinct views. Somehow confirming the opinion on the matter of the »physiocrats« and classical economists, some authors have reinterpreted mercantilism as a sanction granted by the state (through monopolies designed to increase tax revenues) to the rent positions of some very influential groups. Recently, the success of these policies has been linked to the emergence of very different institutional structures in each national context.<sup>4</sup>

Other authors have instead investigated the broader character of the mercantilist grants (i. e. the privileges). As some studies on north-western European manufacturing claim, these grants were based on the very pragmatic character of mercantilist policies. Further studies on southern and central Europe have indeed emphasized two aspects. First, privileges do not always mean monopoly. Secondly, they had a positive role in promoting technological innovations inside the guild systems and in protecting the inventors.<sup>5</sup> Other scholars have argued that »privileges« must be inserted in the legal and institutional context of the *ancien régime*. Mercantilist policies can be considered in this perspective as the tool to build an institutional system protecting intellectual property rights in the manufacturing sector.<sup>6</sup> States aim to limit the number of producers, establishing monopolies, but also by means of tax exemptions and constraints on the

1400–1800, Cambridge 2008; SHEILAGH OGILVIE, *Institutions and European Trade merchant guilds, 1000–1800*, Cambridge 2011. See also the debate in FRANCESCA TRIVELLATO, *The familiarity of strangers: the Sephardic diaspora, Livorno and cross-cultural trade in the early modern period*, New Haven/London 2009, Introduction and Chapter 6.

<sup>4</sup> ROBERT EKELUND and ROBERT TOLLISON, *Mercantilism as a Rent-Seeking Society: Economic Regulation in Historical Perspective*, College station (Texas) 1981; EIDEM, *Politicized Economies: Monarchy, Monopoly, and Mercantilism*, College Station (Texas) 1997.

<sup>5</sup> LUCA MOLÀ, *The Silk Industry of Renaissance Venice*, Baltimore/London 2000; LILIANE HILAIRE-PÉREZ, *L'invention technique au siècle des Lumières*, Paris 2000; CARLO BELFANTI, Guilds, Patents, and the Circulation of Technical Knowledge: Northern Italy during the Early Modern Age, in: *Technology and Culture* 45 (2004), pp. 569–589.

<sup>6</sup> CARLO BELFANTI, Between mercantilism and market: privileges for invention in early modern Europe, in: *Journal of Institutional Economics* 2 (2006), pp. 319–338.

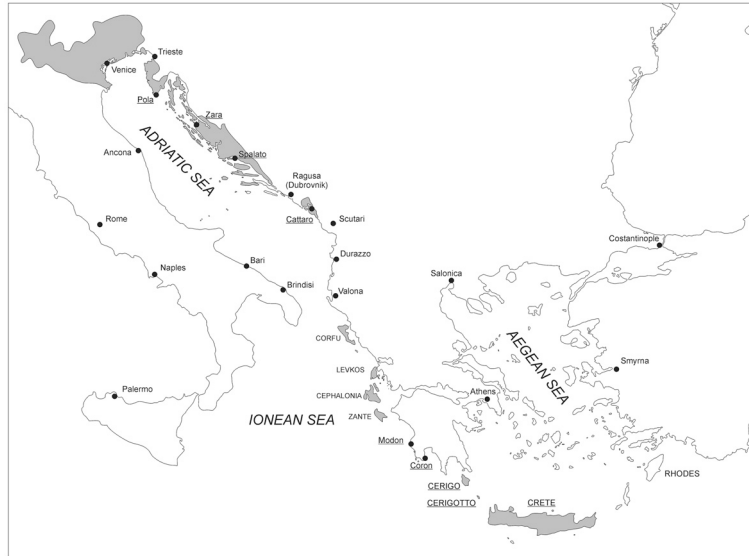
circulation of labour. Their main purpose was to build a market that could guarantee the quality and quantity of the output. The function of privileges depends on the more general economic policy of the time, which was strictly connected to a variable institutional and economic context.

This chapter as a whole aims to provide some preliminary insight into the economic role of privileges in the early-modern Republic of Venice with a focus on markets and manufactures. Recent historiography has largely confuted the supposed decline of the urban economy since the seventeenth century. Processes of reconversion and adaptation to the new global challenges between the seventeenth and the eighteenth centuries allowed the Republic to maintain an important position in the Euro-Mediterranean scenario right up until the end of the *ancien régime*.<sup>7</sup> In order to show how the ruling class was able to adapt its policy towards markets and manufactures in these changing situations, the first of the following sections will start from an analysis of the structure of fairs and markets on the Venetian Mainland, especially after the conquest of the *Terraferma* in the fifteenth century. The second section analyses the role of commercial privileges, focusing mainly on long-distance trade between the late sixteenth and early seventeenth centuries. After a general overview of Venetian trade in this period, which will be useful to underline the general reconfiguration of trade structure, the focus will be both on the individual and collective privileges granted to foreign merchants or communities as well as on the exemptions granted to single products or to a group of products. The aim of these privileges was twofold. On the one hand, they ensured that the State had control over tax revenues, duties, monopolies and commercial routes. On the other hand, and paradoxically, they sustained market integration at a global level, by allowing other members to enter a particular segment of trade, whilst not precluding the general monopoly accorded to the Venetian State. The final section will discuss the impact of manufacturing privileges on the entrepreneurial organization of production, using the results of some case studies as a starting point to put forward more general hypotheses.

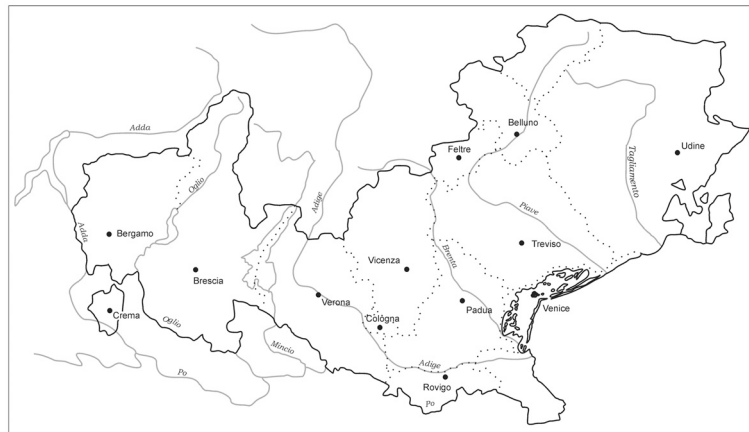
<sup>7</sup> See especially PAOLA LANARO (ed.), *At the centre of the old world: trade and manufacturing in Venice and the Venetian mainland, 1400–1800*, Toronto 2006.



1) Italy in 1454



■■■2) The Venetian Colonies in the Mediterranean Sea (Stato da Mar)



■■■3) The Venetian Territory in Italy (Stato da Terra)

I. Fairs and markets in the Venetian Republic considered as a privileged space

This section aims to summarize on the one hand the most recent historiographical findings relating to the role of economic privileges granted to local communities and to subject cities in the Venetian political economy; on the other to build a more complex approach to the argument. The particular constitution of the Republic and the peculiar integration (or lack of integration) with the Mainland (the *Terraferma*) lends a certain uniqueness to the political economy of the State; for that reason, studying the Republic can provide a new discussion of the frequently-studied issues concerning the idea of mercantilism. This section deals with the role of the economic privileges connected to fairs in the Venetian region. In particular, it attempts to understand the role of fairs in the economic strategy of the Venetian elite between the fifteenth and eighteenth centuries and analyse the privileges as supporters of those strategies.<sup>8</sup> It is well known that from a political point of view the conquest by Venice of the mainland did not provoke an integration of the elites of the Mainland (the elites of Verona, Vicenza, Padua, Treviso, Bergamo, Brescia, Crema were usually noblemen linked to the old Medieval seigniorial regimes, such as the Scaligeri, Carraresi, Visconti, etc.). The choice not to integrate these elites was confirmed up to the end of the Republic, and therefore the Venetian elite governed alone the Venetian state, whilst the noblemen of the Mainland were engaged only in the administrative affairs of their respective cities. Nevertheless, a strong debate about this argument was started during the

<sup>8</sup> This section is based on PAOLA LANARO, I rapporti commerciali tra Verona e la Marca Anconetana tra basso medioevo ed età moderna, in: *Studi Storici Luigi Simeoni XLV* (1995), pp. 9–25; IDEM, *I mercati nella Repubblica veneta. Economie cittadine e stato territoriale (secoli XV–XVIII)*, Venedig 1999; IDEM, *Periferie senza centro. Reti fieristiche nello spazio geografico della terraferma veneta in età moderna*, in: *La pratica dello scambio. Sistemi di fiere, mercanti e città in Europa (1400–1700)*, ed. by PAOLA LANARO, Venedig 2003, pp. 21–51; IDEM, *Economic Space and Urban Policies. Fairs and Markets in the Italy of the Early Modern Age*, in: *Journal of Urban History* 30–1 (2003), pp. 37–49. See also the article written by Christof Jeggle concerning Bolzano fairs. In general the text of reference for comparative analysis is STEPHAN R. EPSTEIN, *Freedom and growth. The rise of states and markets in Europe, 1300–1750*, London/New York 2000.

eighteenth century with the publication of the »Consiglio politico alla Repubblica veneta« written by the Veronese Scipione Maffei, a well-known European intellectual of the time.

It is clear that the behaviour of the Mainland elites was not homogeneous. The proximity of the cities to Venice, the different political role developed by these elites inside a different political organization before the Venetian dominion and the evolution in the peninsula of the seigniorial regime towards the organization of the regional state during the fifteenth century gave a different power and a different force to the old urban patrician elite.

The elite governing the city of Verona was the strongest and therefore had greater bargaining power than, for example, the elite governing Vicenza. As frequently happened in the north and in the centre of the peninsula, these elites were represented by merchants and merchant-entrepreneurs, whose wealth could influence the choices of the Venetian ruling class.

The monopoly of political power was counterbalanced by a certain number of privileges, above all of an economic nature. Apart from the primacy of maritime commerce, which was always the exclusive province of the »Venetian« merchants, as explained by the historian Alberto Tenenti, Venice was always linked to the sea despite the conquest of the mainland,<sup>9</sup> the Venetian elite was very generous in giving autonomy to the merchants of the *Terraferma*. This strategy favoured overland trade. Both within and outside the boundaries of the Republic, the networks of merchants (Venetians, but also »Italians« and non-Italians: Greeks, Germans, Turks or merchants from Eastern Europe) benefited from the Venetian economic attitude which gave them the greatest freedom as the Venetian elite was interested essentially in tax revenues. The strong defence of the monopoly over maritime trade for the members of the Venetian elite and, above all, for the *cives originari*, had as consequence a traditional laissez-faire culture towards the merchants of the »Mainland« who, though excluded from international maritime trade, were favoured

<sup>9</sup> ALBERTO TENENTI, Il senso del mare, in: *Storia di Venezia. Dalle origini alla caduta della Serenissima*, vol XII, *Il mare*, ed. by ALBERTO TENENTI and UGO TUCCI, Rom 1991.

with reference to overland trade simply through the ambiguous interplay of privileges.

The right of the *cittadini originari* who had the monopoly of maritime trade in the Levantine regions was never under discussion for the entire duration of the Republic. However, after the conquest of the Mainland, the merchants of the conquered cities had the right to trade in Venice (*de mercari Venetiis*) as *cives de intus tantum*: this privilege gave a sort of equilibrium to the social and economic dynamics of the Venetian world.<sup>10</sup> Nevertheless, the Venetian elite was constituted only and always by the patrician families of Venice, who were defined as such as a result of a long process started at the end of the thirteenth century and closed in the fourteenth century. A further enlargement of the elite was possible only in the first half of the seventeenth century during the war of Candia, when Venice started selling the title of *patrizio Veneto* (Venetian patrician) for 100,000 ducats in order to raise the necessary money for organizing fleet and armies. This title was indeed acquired by the rich families of the Mainland elites or merchants; however, only in a few cases were the new patricians considered, formally and informally, full members of the ruling class.

With the conquest of the Mainland, it may be supposed that the Venetian ruling class considered it important and necessary to grant a certain number of privileges concerning overland commerce to the mainland merchants, the core of the elite of the conquered cities.

The *senso del mare* (sense of the sea), as illustrated by Alberto Tenenti, is an expression of the peculiarity of Renaissance Venice to be the only state in the peninsula and perhaps on the continent to govern a commercial empire linked to the maritime trade of that time.<sup>11</sup> This makes Venice a unique example in the history of the pre-

<sup>10</sup> REINHOLD MUELLER, *Immigrazione e cittadinanza nella Venezia medievale*, Venedig/Rom 2010; ANNA BELLAVITIS, *Identité, mariage, mobilité sociale. Citoyennes et citoyens à Venise au XVI<sup>e</sup> siècle*, Rom 2001; IDEM, »Per cittadini metterete ...« La stratificazione della società veneziana cinquecentesca tra norma giuridica e riconoscimento sociale, in: *Quaderni Storici* XXXII (1995), pp. 359–383; see also in general PAOLA LANARO, Corporations et confréries: les étrangers et le marché du travail à Venise (XV<sup>e</sup>–XVIII<sup>e</sup> siècles), in: *Histoire Urbaine* 21 (2008), pp. 31–49.

<sup>11</sup> ALBERTO TENENTI, *Venezia e il senso del mare: storia di un prisma culturale dal XIII al XVIII secolo*, Neapel 1999.



modern states of the Italian peninsula and helps us to understand the particular form of mercantilism followed by the Venetian merchants also with reference to different political arenas: the capital, Venice, at the centre of the system of commercial networks; and the mainland, whose attracting force became increasingly important after the sixteenth century.

With the slow but significant loss of the maritime empire and the scaling-down of the dominion of the *grande mercatura* (the maritime commerce with the Near and Far East) in the international landscape – as will be discussed in detail below – and in the effort not to touch the privileges of the elite and of the *cittadini originari*, the economic integration of the conquered area in the north of Italy, never really attained, was pursued also by granting mercantile privileges to the different merchant elites, who governed the conquered Venetian and Lombard cities. The grant of privileges usually concerned the economic activities, in particular production and commerce, and in general it affirmed the principle that, for fiscal reasons, both the goods coming into and the goods going out of the Venetian Republic should pass through the market of Rialto. Obviously, not every city obtained the grant of the same privileges. The patrician elite of Padua, for instance, showed in different moments of its history its opposition to the Venetian dominion and was ultimately to be dramatically cancelled as a political group. As a consequence, it could not obtain anything in the political negotiations preceding the military occupation in 1405. Other cities, in particular Verona and Brescia, even if under the siege of the victorious Venetian troops, obtained instead significant economic privileges, such as a derogation to the ancient and never forgotten rule of the *comune veneciarum*, which placed the Rialto market at the core of the Venetian trade system. The rich and strong Veronese elite under the dominion of the Scaligeri had indeed experienced with success the role of the ruling class of an independent state whose boundaries arrived in the fourteenth century with Cangrande della Scala up to include the city of Lucca. The privileges Verona was granted after the Venetian conquest were probably the largest and most important from an economic point of view, not only in terms of the political role of the Veronese families but probably also in terms of the importance of their status as merchants.

In the example of Verona, the merchants were not only controlling international trade networks, even outside the Italian peninsula, but were at the same time merchant entrepreneurs. The textile industry had been well-developed in Verona since the thirteenth century: in particular, the wool trade and, after the sixteenth century, the silk industry. Glass manufacturing, the leather industry and, later on, the production of knitted caps were also well-developed in Verona. The Veronese merchants were both merchants and merchant-entrepreneurs and as such they could only partially go against the interests of the Venetian merchants, who were above all capitalist merchants in the commerce between East and West (the so-called *commercio di transito*). Only rarely were the important merchants of Venice merchant-entrepreneurs, even during the sixteenth century, when, according to Fernand Braudel, Venice was probably the most industrialized city of Europe.<sup>12</sup> In this case the contribution of foreigners as workmen and artisans but also as merchant-entrepreneurs was essential, in particular the role of the merchant-entrepreneurs coming from the mainland was extraordinary; nevertheless, the role of the Venetian noblemen usually went no further than financing the enterprises.<sup>13</sup>

The long history of Verona as a political capital in the peninsula and its important economic role as one of the most industrial cities in medieval Europe and also one of the most densely inhabited – Verona in 1300 was one of the first ten cities with more than 15,000 inhabitants in the centre and north of the peninsula – are the reasons that prompted Venice to accept the submission (*dedizione*) of the city in 1405, in order to avoid having to use assault troops. In this way, the Veronese elite was able to obtain two important commercial priv-

<sup>12</sup> FERNAND BRAUDEL, *Civilisation matérielle, économie et capitalisme, XV<sup>e</sup>–XVIII<sup>e</sup> siècle*, Paris 1979, vol. 3, *Le temps du monde*, p. 157; LANARO, At the Centre of the Old World (n. 7), part 1, »Venice« (essays by Andrea Mozzato, Marcello Della Valentina, Francesca Trivellato, Walter Panciera); FREDERIC C. LANE, *Storia di Venezia*, Turin 1978, pp. 355–371; GINO LUZZATTO, *Storia economica di Venezia dall'XI al XVI secolo*, Venedig 1995, pp. 163–214, but see also the »Introduction« by MARINO BERENGO.

<sup>13</sup> PAOLA LANARO, Les investissements du patriciat de Venise et de la Terre Ferme aux XV<sup>e</sup>–XVIII<sup>e</sup> siècles, in: *Revue d'histoire moderne & contemporaine* 59,1 (2012), pp. 62–82.

ileges that did not fit the traditional Venetian idea of the centrality of Rialto.

The first privilege – usually granted to every city on the mainland, even the less important ones – concerned the location of an annual fair, almost usually a *fiere franca* for one or two weeks, where merchandise could be bought and sold without paying custom duties (it should be said that there were no fairs in Venice, as the *fiere della Sensa* (Ascension) was not exactly a real fair, but rather an urban commercial meeting linked to a religious feast. The second privilege concerned only Verona and granted the local merchant elite the right to export their goods *Sottovento* without moving them through the Venetian port of Rialto (this exception concerned both raw materials and the goods coming in and going out of the Venetian Republic) choosing the way they preferred. For example, the Veronese merchants for their trade with the centre and south of the peninsula preferred to follow the River Po to reach Ravenna, at that time a harbour of the Adriatic sea and then to reach the numerous little fairs of the centre-south of the Italian coast – such as Rimini, Senigallia, Recanati, Fano, Trani, etc. – where they could export their goods to the Near East and to the Muslim Mediterranean area. This privilege made it possible to avoid paying duty at Rialto and to choose non-Venetian ships («galere» o «navigli») in Ravenna. Later on, at the moment of her submission in 1427, Brescia also obtained a similar privilege but this was limited only to the trade with the German area, presumably because of the importance of the trade in iron goods.

The first grant was never questioned, and because of this the number of fairs, big and little, multiplied between the seventeenth and eighteenth centuries, even though in the meantime in Western Europe their number had diminished impressively.

A few years later, however, the second grant became the subject of a dramatic dispute between the Venetian authorities, who tried to revoke it, and the Veronese elite, who fought to maintain it. The dispute ended in 1581, when Venice approved a new general law that abolished all the ancient particular privileges. Only the area of the boundary line could maintain the old privileges: in this way, the substantial expenses sustained by local authorities for controlling the boundaries were compensated by commercial exemptions. But, despite the new general law, the merchants of the mainland (and not

only the Veronese merchants) went on to trade following the ancient route in order to escape the payment of custom duties at Rialto and this with the tacit assent of the Venetian authorities. Otherwise, the principal reason for granting privileges in the fifteenth century to the richest cities of the mainland was based either on the force of the older urban economies and of their *hommes d'affaires* or on the desire not to depress with a high central fiscal pressure the activities of the manufacturers in the mainland who were at the same time a rich source of revenue for the Treasury. The archive sources explain clearly that the obligation to go through Rialto made the trade in the woollen goods produced in Verona more expensive, pushing the merchants to prefer to buy the woollen goods produced and sold at a lower price in Mantua.

The Venetian political choice not to depress the old urban economies favoured the emergence inside the Venetian state of various partially autonomous districts that prevented the development of an economic region together with the constitution of the Venetian regional state.

Once again the uniqueness of Venice confirms in its anomaly that mercantilism must be conceived as an ideal type rather than a well-defined economic policy.<sup>14</sup>

## II. Commercial privileges and market policy

Whilst during the fifteenth and sixteenth centuries the Venetian elite reconfigured the structure of their privileged spaces within the Mainland, between the late sixteenth and the seventeenth centuries, the ruling class started to reorganize its market policy towards international, mainly maritime, trade. At the end of the sixteenth century, Venice was still an important gateway between East and West, between Europe and Asia. However, during this period the Venetian economic structure changed rapidly, although old and new manufacturing sectors attracted foreign labour and investments, new commercial routes were opened and a diversification of financial

<sup>14</sup> See MORITZ ISENMANN (ed.), *Merkantilismus. Wiederaufnahme einer Debatte*, München 2014.

centres fostered a general reconfiguration of the urban and regional economy. The consequences were important: whilst ancient manufactures, such as glass and silk, maintained their leading position, other sectors, such as the printing and wool industries, saw impressive growth followed by dramatic decline.<sup>15</sup> Furthermore, the foundation of the »Banco della Piazza di Rialto« and, later, of the »Banco Giro«, which had the functions previously held by private banks, restored trust in financial transactions.<sup>16</sup> In the early years of the seventeenth century, many merchants appreciated Venice as the place where »it [is] possible find money and pay the bills of exchange from any part of the world«.<sup>17</sup>

The »revival« of the ancient silk routes sustained the import and export of Venetian manufactures and raw materials through the port of Rialto. Coming from the eastern Mediterranean gateways (Alessandria, Aleppo, Izmir), products such as silk, cotton, diamonds and spices, were consumed in Venice or sent on to the German and Flemish lands; wine, oil, raisins, *zambellotti* (oriental clothes) were re-exported to Spain, France, and England; wine and oil were also sent to South America in order to acquire cinnamon and sugar. On the other hand, Venice exported woollen and silk clothes, glass items and – last but not least – silver coins to the Near East. During the last three decades of the sixteenth century, the production of woollen goods sustained the export of Venetian manufactures. In order to produce these clothes, imports of Spanish wool and dyeing materials (*grana*), alum from Rome and oil from Apulia were necessary.

The commercial intermediation between East and West was ensured also through the trading routes through Antwerp, Cologne, Augsburg, Nuremberg and the routes through the Brenner or Tar-

<sup>15</sup> DOMENICO SELLA, L'economia, in: *Storia di Venezia*, vol. VI, *Dal Rinascimento al Barocco*, ed. by GAETANO COZZI and PAOLO PRODI, Rom 1994, pp. 651–712, p. 653; IDEM, *Commerci e industrie a Venezia nel secolo XVII*, Venedig/Rom 1961.

<sup>16</sup> UGO TUCCI, Monete e banche nel secolo del ducato d'oro, in: *Storia di Venezia*, vol. V, *Il Rinascimento. Società ed economia*, ed. by GAETANO COZZI and PAOLO PRODI, Rom 1996, pp. 753–806; LUCCIANO PEZZOLO, La finanza pubblica, in: COZZI and PRODI, *Storia di Venezia* (n. 15), vol. VI, pp. 713–773.

<sup>17</sup> UGO TUCCI, Il Banco di Piazza di Rialto, prima banca pubblica veneziana, in: IDEM, *Mercanti, navi e monete nel Cinquecento veneziano*, Bologna 1981, p. 248.

visio passes, as well as through the Mediterranean Sea, thanks to routes ensured by the galleys of Flanders. After the Battle of Lepanto, the favourable diplomatic situation and the relative demographic growth after the plague of 1576 sustained for the period 1582–1602 the increase in import-export revenues.<sup>18</sup>

The commercial flow had a great impact on local manufacturing, the aim of which was to counter-balance the payments to the foreign countries. Goods such as silk or cotton, which always came from other eastern Mediterranean ports (Syria, Turkey, Cyprus), stimulated the development of Venetian, but also of other European manufactures. The growth of local manufacturing was so great that many scholars claim that Venice in the sixteenth century was an »industrial city«. <sup>19</sup> Glass-making became world famous, thanks to a mix of luxury and non-luxury products. In turn, these items also stimulated the import of raw materials such as wood and ash.<sup>20</sup> During the second half of the sixteenth century, the printing industry also grew rapidly. From a quantitative point of view, the number of firms increased and their commercial network included Italy and other parts of Europe.<sup>21</sup> The growth in manufacturing involved many other sectors, such as soap and leather processing, but it was spectacular in the silk and wool industries. In the silk industry the merchants and merchant-manufacturers started to diversify their production to include a great variety of low- as well as high-quality clothes. This change engaged the local population in the various stages of production both within and outside the guild system. On the Mainland, mulberry cultivation and spinning increased rapidly.<sup>22</sup>

<sup>18</sup> DOMENICO SELLA, *Commerci e industrie a Venezia nel secolo XVII*, Rom 1961, pp. 2–16.

<sup>19</sup> UGO TUCCI, Venezia nel Cinquecento: una città industriale?, in: *Crisi e rinnovamenti nell'autunno del Rinascimento a Venezia*, ed. by VITTORE BRANCA and CARLO OSSOLA, Florenz 1991, pp. 61–83, pp. 70–71.

<sup>20</sup> SELLA, *L'economia* (n. 15), p. 653.

<sup>21</sup> IVO MATTOZZI, »Mondo del libro« e decadenza a Venezia (1570–1730), in: *Quaderni Storici* LXXII (1989), pp. 743–786; ALBERTO TENENTI, Luc'Antonio Giunti il giovane, stampatore e mercante, in: *Studi in onore di Armando Sapori*, vol. II, Mailand 1957, pp. 1021–1060.

<sup>22</sup> LUCA MOLÀ, *The Silk Industry of Renaissance Venice*, Baltimore / London 2000; EDOARDO DEMO, *L'»anima della città«. L'industria tessile a Verona e Vicenza (1400–1550)*, Mailand 2001; FRANCESCO VIANELLO, *Seta fine e panni grossi*.

The wool industry's production rose from 10,000 to 24,000 pieces annually. The increase in the wool industry is interesting because of the comparison with other Italian cities. While many Italian urban economies reconverted their production from wool to silk, in Venice some processes of imitation and innovation allowed local drapers to compete with the emerging North-Western manufacturers. This strategy was based on simple »new light draperies«, called *saglie* or *rascie*, with the use of high- and low-quality Spanish wools and *grana* (garnet) for the red colour.<sup>23</sup>

The increase in maritime trade, the growth of ancient and new manufacturing sectors, the intensification of banking and insurance activities involved a very heterogeneous mercantile group. Whereas the Venetian merchant class shifted generally from trade to agriculture and financial investments,<sup>24</sup> foreign groups played an important role. Recent studies have underlined the key role of some foreign communities (Portuguese, Jews, Flemish, Dutch, English as well as Italians from Genoa, Florence and Milan) and of merchants from the Mainland (the *Veneti*) in connecting the Eastern Mediterranean ports to the North Sea.<sup>25</sup>

This commercial system (i. e. the import/export trade between East and West) was closely interconnected. However, the Venetian – traditionally mercantilist – trade policies divided the two areas into *Ponentine* (»western«) and *Levantine* (»eastern«) routes, excluding foreign and non-Venetian merchants from the Levantine trade, and favouring Venetian merchants and ships in the western trade. This

Manifatture e commerci nel Vicentino 1570–1700, Mailand 2004; ANDREA CARACAUSSI, *Nastri, nastrini, cordelle. L'industria serica nel Padovano, secc. XVII–XIX*, Padua 2004.

<sup>23</sup> WALTER PANCIERA, *L'arte matrice. I lanifici nella Repubblica di Venezia nei secoli XVII e XVIII*, Treviso 1996.

<sup>24</sup> GIUSEPPE GULLINO, I patrizi veneziani e la mercatura negli ultimi tre secoli della Repubblica, in: *Mercanti e vita economica nella Repubblica veneta (secoli XIII–XVIII)*, ed. by GIORGIO BORELLI, Verona 1985, pp. 403–451.

<sup>25</sup> WILFRID BRULEZ, GRETA DAVOS, *Marchands flamands à Venise*, vol. II, Brüssel/Rom 1986; BENJAMIN ARBEL, *Trading Nations: Jews and Venetians in the Early Modern Eastern Mediterranean*, Leiden 1995; MAARTJE VAN GELDER, *Trading Places: The Netherlandish Merchants in Early Modern Venice*, Leiden/Boston 2009; FEDERICA RUSPIO, *La nazione portoghese. Ebrei ponentini e nuovi cristiani a Venezia*, Turin 2007.

formal protectionism was confirmed during the early years of the seventeenth century. Paolo Santorini – a Venetian jurist – proposed the opening of the Venetian port to foreign ships in order to expand its trade volume. After lengthy discussions between the different magistracies and within the Senate, the proposal was rejected.<sup>26</sup>

The volume of trade between 1570 and 1610 was constantly growing and despite the troubles of the period 1620–1640, the Venetian port never lost its importance in the intermediation of goods, whereas during the eighteenth century it was focused more on northern Europe and on the interregional market. But the growth in the late sixteenth century was remarkable if we consider on the one hand the withdrawal of the Venetian patricians from maritime trade, and, on the other, the growing role of foreign communities in the Venetian economy. How was it possible for Venetian trade to combine its traditional protectionism with openness to foreign merchants? What was the consequence for the broader Venetian economy?

As we have seen in the first section of this chapter, the Venetian trade was organized as a complex system of tax exemptions, exceptions and privileges. We will now analyze those privileges connected to international trade in order to understand their role with respect to the Venetian market policy. The institutional framework of privileges included both individual and collective privileges granted to merchants and/or to single goods or market areas.

The first – and main – commercial privilege that was granted to foreign merchants (including those coming from outside the city, i. e. from the Mainland) was the »privileged citizenship«.<sup>27</sup> This citizenship was divided in *de intus* and *de intus et extra*. The first was granted to people who had lived in the city for 15 years, paying the necessary taxes and allowed them to trade within Venice using the same facilities as the Venetian merchants. Instead, the citizenship *de intus et extra* was granted only after 25 years of residence, and allowed the use

<sup>26</sup> GAETANO COZZI, *Il doge Nicolò Contarini. Ricerche sul patriziato veneziano agli inizi del Seicento*, Venedig/Rom 1958, pp. 139–140; SELLA, *Commerci e industrie* (n. 15), pp. 38–39; VAN GELDER, *Trading Places* (n. 25), pp. 149–151.

<sup>27</sup> MUELLER, *Immigrazione* (n. 10); BELLAVITIS, *Identité* (n. 10); see also ISABELLA CECCHINI and LUCIANO PEZZOLO, *Merchants and institutions in early modern Venice*, in: *Journal of European Economic History* 41,2 (2012), pp. 89–114.



of the same tax exemptions as the Venetian merchants, especially to trade with the Levantine ports. However, they were bound to define themselves as »Venetian« in those ports.

Between the sixteenth and the early seventeenth centuries, there were many foreign merchants amongst the »new« citizens. Sometimes the merchants did not have the necessary requirements for citizenship, but the Venetian authorities granted it nonetheless. Two reasons lay behind this choice: the first concerns their »usefulness« for the Venetian economy; the second, the fact that the merchants were active in some commercial networks of strategic importance for Venice.

Two interesting cases allow a better understanding of these points. The first case refers to some Genoese merchants; the second, to the Melchiorri family, who came from the Mainland and were granted citizenship in 1590 and 1610.

Pasquale Spinola was a Genoese merchant involved in a wide range of commercial activities, but especially in the wool, coral and grain trade between Spain, Sicily and Venice. In 1583 Pasquale asked for citizenship, but he did not possess the necessary requirements. He had lived in Venice for only 23 years and he had not paid all the local taxes. However, his request was accepted because on the one hand he was »an honourable nobleman merchant that has great trade in this city with great benefit for our duties«; on the other, during a time of economic crisis he was able to manage and organize a Florentine galleon which imported grain from Sicily, supplying the *Serenissima*. The Senate then recognized the role of Pasquale Spinola for the Venetian economy and in the following years Pasquale himself started a constant trade of wine and coral from Dalmatia and the Venetian Stato da Mar to Venice and the European markets. Like Pasquale Spinola, Simone Chiavari also asked for citizenship *de intus* without the necessary requirements. However, the *Cinque Savi alla Mercanzia* recognized that he had imported a large amount of Spanish wool, which had made an important contribution to local custom duties, but – especially – to local manufacturers. Finally, Francesco and Ambrogio Marini asked to become citizens *de intus*, emphasising the »great trade that their family always did in Venice« for 70 years and how they would enlarge their business thanks to the privilege granted by the Republic. The Venetian *Cinque Savi alla*

*Mercanzia* were favourable especially because Francesco and Ambrogio Marini were »honoured merchants amongst the main merchants of the city, having great trade with great benefit to the Venetian duties«. The Venetian Senate recognized Simone Chiavari, and Francesco and Ambrogio Marini as citizens and they started further complex trading activities between the Eastern Mediterranean, the North Sea and the Atlantic.<sup>28</sup>

Merchants from the Venetian Mainland, who were active in long-distance trade, obtained citizenship. The best example is that of the Melchiorri family, who were originally from Conegliano, a small city near Treviso. In 1582 Giacomo Melchiorri was granted the citizenship *de intus* without having the necessary requirements, because his trade made an important contribution to custom duties. The Melchiorri partnership was indeed particularly active in the »Ponentine« trade, where the Venetians suffered the competition especially in the port of the city of Lisbon. In the following years Giacomo started an intensive trade in the Levantine routes, with imports from and export to the Indian markets, thanks to the Venetian agent Alessandro Studentoli.<sup>29</sup> More than 20 years later, in 1612, Giacomo's nephew Giulio, obtained the same privilege of citizen »because of the trade that the Melchiorri partnership carried out in Lisbon, India and the Levant«. In both cases, Venetian citizenship was granted to merchants that were able to open new markets and they made new connections where the Venetian presence was numerically inferior or less competitive.<sup>30</sup> It is necessary to recognize how this type of privilege, which was very closely linked to commercial activities, was also granted to many other foreign merchants, such as the Florentine, Milanese, and Dutch merchants.<sup>31</sup>

<sup>28</sup> Archivio di Stato di Venezia (henceforth ASV), Cinque savi alla mercanzia, b. 138, I serie, c. 108r, 22 March 1590, c. 124v, 20 August 1590. See also BELLAVITIS, *Stratificazione* (n. 10); IDEM, *Ars mechanica e gerarchie sociali a Venezia tra XVI e XVII secolo*, in: *Le technicien dans la cité en Europe occidentale (1250–1650)*, ed. by MATTHIEU ARNOUX and PIERRE MONNET, Rom 2004, pp. 161–179.

<sup>29</sup> ASV, Cinque savi alla mercanzia, b. 137, I serie, c. 77r, 24 January 1582.

<sup>30</sup> ASV, Cinque savi alla mercanzia, b. 143, I serie, c. 159r, 20 August 1613.

<sup>31</sup> See BELLAVITIS, *Identité* (n. 10); RUSPIO, *Nazione portoghese* (n. 25), pp. 72–73; VAN GELDER, *Trading Places* (n. 25), pp. 132–139.

In addition to the individual privileges, which were accorded to non-Venetian merchants through »citizenship«, there was another type of commercial privilege which was represented by the collective privileges, i. e. those accorded to entire foreign trading »communities«. One interesting case is the case of the Flemish merchants who had been exempted for the import of Spanish wool in Venice since 1598. This privilege was renewed at least until 1623 in order to sustain the wool industry, which suffered from a lack of raw material.<sup>32</sup> In 1614, they also obtained the privilege to export raw silk from Venice to northern Europe, exploiting the overland trade and this privilege was renewed until 1640.<sup>33</sup>

The commercial privileges also included single products and/or single market areas. Venetian economic policy generally restricted to »Venetian« ships the privilege to import and export through Venice and the other ports. With this policy, foreign merchants used other Italian ports (such as Leghorn or Ancona) in their trade with the Eastern Mediterranean ports. However, in the late sixteenth century, private shipbuilding in Venice went through a period of crisis and the Venetian Senate started a policy of »openness« to foreign ships. Some foreign ships obtained special privileges to be considered as »Venetian«, with a conspicuous reduction in fees and taxes. Given the »difficult situation in the shipbuilding sector« – as the Senate literally recorded – many exceptions were accorded to ships that did not have the necessary requirements.<sup>34</sup>

However, the Senate also tried to overcome matters in the commercial privileges over a single range of products, as we have seen in the case of wool. Moreover, between the end of the sixteenth century and the early years of the seventeenth century, the Dutch merchant Marco Manart was granted the privilege to import salted fish and *salumi*, whilst the Dutch merchants Francesco Vrins and Giacomo van Lemens were guaranteed the import of Russian hemp for the Arsenale.<sup>35</sup>

<sup>32</sup> On this point see ASV, Cinque savi alla mercanzia, I serie, b. 143, c. 162v, 31 August 1613, b. 146, c. 17v, 4 May 1623.

<sup>33</sup> See VAN GELDER, *Trading Places* (n. 25), pp. 151–152.

<sup>34</sup> See, for instance, ASV, Cinque savi alla mercanzia, b. 139, c. 5v, 30 April 1593; see also ASV Senato Mar. reg. 42, cc. 7r, 84r, 86r, 98r, 159r.

<sup>35</sup> See VAN GELDER, *Trading Places* (n. 25), pp. 72–73.

When they accorded these privileges, the *Cinque Savi alla Mercanzia* in particular were careful that those grants did not limit competition among merchants; rather, they focused on the »usefulness« of these products for local manufacturers, who sometimes combined together in their production different »privileged« imported products. Following a clear mercantilist policy, the case of the wool – and later, of the silk – sector is exemplary. In order to sustain domestic production, during the first years of the seventeenth century, the *Cinque Savi alla Mercanzia* expressed a positive opinion in granting merchants privileges for the distribution of ash and alum, as well as wool. The privileges were normally limited to a period of 10–25 years.<sup>36</sup>

What was the impact of these privileges for the Venetian economy, and especially for international trade? It is hard to give a definite answer on this point. Further research, also from a quantitative point of view, seems to be necessary; however, it is possible to advance some preliminary considerations. Given the troubles of the local merchant class in Levantine trade, especially in the first part of seventeenth century, an important role was played by the commercial privileges granted to foreign and local merchants. In various ways, commercial privileges were used to overcome the traditional protectionism and restrictions to Venetian trade; they were also used to enlarge markets and allow business cooperation, especially among Italian merchants. Finally, an important role of commercial privileges was in connection with the local manufacturing: that is, the commercial privileges were the first stage in the development of new manufacturing activities, as the following section will show. However, at the same time the persistence of the privileges reinforced the control of the State over the market, influencing the commercial trends, allowing some groups to enter, but excluding others from the profits of trade. Although there was »openness« to some groups, merchants or products, it is undeniable that privileges took a long time to be granted, specific requirements were asked, entry in the market was always limited and restricted under the control of the Senate and its powerful patrician members. Though a nuanced vision of privileges

<sup>36</sup> See ASV, Cinque savi alla mercanzia, I serie, b. 139, c. 25v, 23 September 1598; b. 143, c. 81v, 31 March 1612.

seems necessary to reconsider »Venetian« mercantilism, and mercantilism as such, the strong limits imposed by the Senate on a market-intended policy should not be forgotten.

### III. Industrial privileges in the Venetian Republic

This last section offers some general considerations on the complex and evolving configuration of the institutional framework regulating industrial activities in the Venetian Republic from 1500 to 1800, derived from a detailed inquiry of some ceramics manufacturing enterprises.<sup>37</sup> The ceramics industry was chosen as a test case as it involved highly technical skills and had experienced an early shift from craft-guild production to the factory system, which was favoured by the granting of manufacturing privileges to private entrepreneurs.

Craft guilds, merchant entrepreneurs, privileged manufacturers and industrial entrepreneurs organized production in different forms in a context that was strongly conditioned by formal and informal rules. The shift from one form of production to another was paralleled by a change in regulation, but had different timing in various industries, depending on the strategic nature of their products for military power of the State and for the balance of payments, on their competitiveness and success in the international and domestic markets and on the connections with and interference from other activities, from agriculture to urban health, safety and aesthetics.

What considerations can be drawn from an industry study to develop an interpretive framework to be used as a starting point for a more general inquiry into Venetian industrial policy?

Even if some continuity could be seen in the logic of industrial regulation, an exploratory division into periods emphasizes the discontinuities related: to the extension of mercantilist logic from commerce to production after the sixteenth century; to the weakening ability to enforce guild and fiscal rules in the seventeenth century, with the multiplication of ad hoc exceptions and privileges; and to

<sup>37</sup> GIOVANNI FAVERO, Old and New Ceramics: Manufacturers, Products and Markets in the Venetian Republic in the 17th and 18th Centuries, in: LANARO, *At the Centre of the Old World* (n. 7), pp. 271–315; GIOVANNI FAVERO, Privilegi d'industria e diritti di proprietà nelle manifatture di ceramica della Repubblica di Venezia (XVII–XVIII secolo), in: *Quaderni Storici* XLVI (2011), pp. 185–220.

the changing features of these privileges during the eighteenth century, with a gradual shift from monopoly to tax and customs exemptions as a tool to regulate industrial supply.

In a tentative generalisation, it could be said that the structure of the markets for factors involved in industrial production emerged as the result of a series of experiments in the construction of rules and incentive mechanisms, designed in an attempt to reconcile the interests of the State (and of its ruling elites) and the changing attitudes and nature of producers. In this context, rent-seeking activities and fiscal purposes are only some of the elements in the complex evolutionary pattern of Venetian industrial mercantilism, together with a concept of equity based on hierarchy and status, and with a privileged focus on social and political stability implying an explicit aversion toward innovation when it entailed processes of creative destruction.<sup>38</sup>

A crucial issue for the historian is the dynamic interaction between the different values and preferences of the actors that frame their perception of rules, stakes and conflicts. Using this analytical approach, we will show here what emerges from an inquiry into the specific evolution of direct and indirect rules applied to the transfers of items and raw materials, to the use of means of production, and to the mobility of the labour force in a specific industry.

Access to the domestic market in the Republic of Venice was hampered by a number of barriers and local duties, introduced during the fifteenth and sixteenth centuries in order to attract trade flows to the port of Venice and to increase the tax revenue of the State. Exemptions had been granted, however, since the fifteenth century to mainland cities and communities, and immunities were allowed to foreign citizens and to individual merchants. The very nature of these privileges was ambiguous, hovering between the recognition of a virtual autonomy that the State had no power to question, and the delegation of specific powers and functions by the State itself with the creation of exceptions to general rules.<sup>39</sup>

<sup>38</sup> For the debate about mercantilism, see EKELUND and TOLLISON, *Mercantilism* (n. 4); EIDEM, *Politicized Economics* (n. 4); JEAN-LAURENT ROSENTHAL, *The Political Economy of Absolutism Reconsidered*, in: *Analytic Narratives*, ed. by ROBERT H. BATES, AVNER GREIF, MARGARET LEVI, JEAN-LAURENT ROSENTHAL and BARRY WEINGAST, Princeton (NJ.) 1998, pp. 64–108.

<sup>39</sup> On this issue, see the first section, and PAOLA LANARO, *I mercati della Repubblica veneta: economie cittadine e stato territoriale (secoli XV–XVIII)*, Venedig

The case study of the ceramics industry shows one of many similar successions of events that also in other sectors finally led the Venetian authorities to shift from granting exclusive monopolies to those manufacturers who could substitute imports to a preference for other forms of incentive, first and foremost tax exemptions.

The first industrial privileges granted since the seventeenth century to private manufacturers, outside the guild framework, were indeed monopolies on the access to market, namely the exclusive right to sell a specific type of good within the boundaries of the Republic. In the eighteenth century, however, the inability of some monopolists to face the competition of imported goods became evident in many industries.<sup>40</sup>

At the beginning of the third decade of the eighteenth century, the Venetian production of fine ceramics appeared in fact inadequate to face the challenge not only from Dutch majolica, but also from Asian porcelain, which had recently been imitated in Europe by Saxon and Viennese china. This situation drove the political authorities to issue a proclamation in 1728 granting tax exemptions to any manufacturer who applied for them and showed his ability to start production of fine pottery and porcelain, as well as improving the production of majolica. The Venetian authorities chose then to stimulate import-substituting initiatives by granting immunity from internal duties rather than monopoly rights to the producers, in order to encourage a wider dissemination of technical knowledge and its updating in an industry in which innovation was very fast. As explicitly argued in some judgements of the *Cinque Savi alla Mercanzia*, only competition

1999, pp. 86–120. We apply here the distinctions between rights (implying others' duties) and privileges (exemptions from existing duties), and between the power to modify existing rights and the immunity from this power, as proposed by WESLEY NEWCOMB HOHFELD, Some Fundamental Legal Conceptions as Applied in Judicial Reasoning, in: *Yale Law Journal* 23,1 (1913), pp. 16–59, and applied to the historical study of the evolution of property rights by JOSHUA GETZLER, Theories of Property and Economic Development, in: *The Journal of Interdisciplinary History* 24,4 (1996), pp. 639–669.

<sup>40</sup> Apart from the case of ceramics, see the case of other activities located in Venice as described in WALTER PANCIERA, The Industries of Venice in the 17th and 18th Centuries, in: LANARO, *At the Centre of the Old World* (n. 7), pp. 185–214. For the historical debate on the nature of monopolies, see also BELFANTI, *Between Mercantilism* (n. 6).

among different manufacturers could in fact encourage a constant improvement in production techniques. In contrast, the granting of an exclusive monopoly, however temporary, would leave the fate of national industries at the mercy of the personal and family fortunes of the privileged manufacturers, who could transform their privilege into a rent.<sup>41</sup>

The abolition of the monopolies was, however, a slow process, hampered by the need for the Republic to offer substantial incentives to those who were able to substitute imported goods. Still, the new approach adopted in granting industrial privileges implied at least the possibility to terminate their validity in advance, in cases where the beneficiary failed to produce the expected benefits for the balance of trade and where there were other manufacturers asking for authorization to pursue the same activity.

The reaction of the Venetian authorities to the evolving situation of the ceramics industry shows that favouring competition as a stimulus to improve production did not reflect at all the idea to grant unrestricted access to market for all possible producers. When, for instance, in 1781 the authorities decided to ban the setting-up of new china factories for ten years, an exclusive right was virtually granted not for the benefit of a single monopolist, but to all (the three) existing manufacturers.<sup>42</sup>

Since 1762 monopolies for the entire State were no longer granted to single ceramics manufacturers, although some of them were able to obtain exclusive rights for a more limited territory. It should be stressed, however, that this kind of protection did not prevent the sale of similar products within the exclusive area, but only the establishment of similar types of manufacturing. The explicit purpose of these measures was in fact to protect the manufacturers against direct imitation by potential competitors who might be able to »steal« the secrets of production because of their proximity to an existing factory: in fact, what mattered was control over the circulation of technical knowledge and not the access to markets. On the other

<sup>41</sup> See, for an example of this kind of statement, ASV, Cinque Savi alla Mercanzia (henceforth VSM), b. 463, Salmazzo, 15 May 1752.

<sup>42</sup> On this case, the text of the Senate decision is particularly interesting: ASV, Senato Terra (henceforth ST), filza 2749.



hand, transport costs could be favourable to the manufacturer who had exclusive territorial rights provided the range was wide enough: these kinds of exclusive rights enhanced the territorial fragmentation of the domestic market created by the presence of domestic duties.

The segmentation of markets was, however, not only a matter of territorial barriers: fiscal measures that exempted some items from the payment of domestic duties had the effect of segmenting the market also in terms of product quality. In fact, a basic distinction emerged in the late seventeenth century between popular and fine wares. The former, cheaper wares were by tradition produced locally, and were in any case subject to the payment of internal duties, which indeed prevented any possible advantage deriving from their production on a larger scale. The latter were instead usually exempted from duties under the privileges granted to their manufacturers precisely because of their ability to substitute imported products.

One might wonder if that policy was really intended to build a unified domestic market in which single manufacturers could compete with each other. The access to tax and customs exemptions was indeed limited to higher-quality manufactures and was subject to prior approval by the *Cinque Savi alla Mercanzia*, who granted exemptions only after careful consideration of the quality of production and of the potential conflicts that could arise between different producers.

An analysis of the arguments advanced in support of granting or refusing to grant these privileges also brings to light frequent references to the temporary nature of the individual privileges provided by traditional guild regulation, which evidently remained a model also for an industry where the guilds no longer played any role. The transition to non-exclusive privileges should then not be interpreted as the direct effect of progressive ideas, although physiocratic texts were circulating among patricians during the second half of the eighteenth century. These ideas probably had some effect since they found expression in the forms of traditional corporative discourse.<sup>43</sup>

<sup>43</sup> See BELFANTI, *Guilds* (n. 5). On the physiocratic debate in Venice, it is still interesting the reconstruction proposed by GIOVANNI TABACCO, *Andrea Tron e la crisi dell'aristocrazia senatoria a Venezia*, Udine 1980.

In this perspective, the competition between manufacturers could become a tool to foster the development of industrial activities, but had to be carefully regulated not only in order to maintain tax revenues, but also to avoid any threat to the stability of social hierarchies. The very idea of a self-regulating market seemed to be beyond the conceptual horizon of the Venetian ruling class, who would consider it unworkable in the presence of structural inequalities in power and status.<sup>44</sup> However, the gradual abolition of monopolies ultimately led to the emergence of the idea of a market in which all manufacturers could compete with each other, an idea that found full expression in the general reform of 1794 which abolished industrial privileges and domestic customs altogether.

The presence of monopolies, tax exemptions, local exclusive rights and other industrial privileges implied a clear distinction between the ownership of the means of production, and the actual possibility to use them to produce manufactured goods that could be sold only within the constraints imposed by a complex set of rules and exceptions. As seen above, the interplay of trade barriers and tax exemptions created a strong differentiation among manufacturers depending both on their location and on their products.

In particular, a clear distinction existed between the manufactures of Venice and those in the Mainland (*Stato da Terra*). The latter were in fact at disadvantage if compared with the former because of the transport costs and duties that they were in any case bound to pay for raw materials imported through the port of Venice, and to send their final products back to Venice, which was the main market for luxury and high-quality goods. On the other hand, in the Mainland access to local raw materials (clay for ceramics) and to water power was much easier.<sup>45</sup> Institutional and geographical factors then heavily influenced the productive choices of manufacturers, in particular their decisions whether to buy the materials they needed on the market or to get the ownership of the means to produce them on their own.

In this perspective, the case of water mills could be used as a good example of the peculiar status of means of production in that context.

<sup>44</sup> GIOVANNI LEVI, *Aequitas vs. fairness: reciprocità e equità fra età moderna e età contemporanea*, in: *Rivista di Storia Economica* 19,2 (2003), pp. 195–204.

<sup>45</sup> See some claims from both parties in ASV, VSM, b. 455.

The ownership of a mill did not mean at all that it could be used for every possible production: property rights on the mill as an object did not imply the right to exploit and use it at best, as monopolies or exclusive rights granted to other manufacturers could prevent this. This situation was further complicated by the need to obtain also the right to exploit water power, traditionally exercised either by noble landowners or ecclesiastical institutions. Manufacturers could in fact get the ownership of the mills only where new channels were dug or in new territories. In ancient urban centres, the manufacturers usually had to pay to use the mills, or had to rent them from the nobles. In any case, having direct access to the mills made it possible for manufacturers to save a lot of money as they did not have to purchase ground materials, as was the case for the ceramics manufacturers in Venice.

The situation of the manufacturers in Venice was even more problematic where the supply of raw materials was concerned. In fact, as the ability to extract and process raw materials was crucial for cost reduction, the logistics of supply and distribution (i. e. the management of the working capital) was equally important. In this matter, the function performed by the agents operating in Venice on behalf of the manufacturers of the Mainland was decisive: they allowed producers to minimize cash payments and current liabilities by offsetting the expenses for the purchase of imported raw materials with the revenues from the items sold on their behalf in Venice. In this way also the river transport costs could be reduced by using the same full-loaded boat there and back. This explains the manufacturers' efforts to obtain permission to open one or more shops in Venice, the city being a favourite outlet not only because of the demand of its aristocracy for luxuries, but also because of the institutional constraints imposing the transit at Rialto to the goods imported by sea.

For the manufacturers in Venice it was impossible to apply the same offsetting strategy to the supply of materials from the Mainland: contracts with suppliers had to be regularly settled in cash, as the final products were sold for cash in the Mainland at fairs and by pedlars. Here is another element explaining the financial difficulties of Venetian manufacturers, who usually asked the Venetian authorities for subsidies in compensation for their investments, sometimes

justifying this request with the impossibility to exploit the customs exemptions on imported materials, because of the need not to make their ingredients common knowledge.<sup>46</sup>

This last point gives a clear indication of the possible trade-off between the public nature of the privileges granted by the State and the need to keep the techniques and materials in use confidential. This need became all the more pressing as the Venetian authorities started rejecting any demand for monopoly rights, allowing only limited territorial privileges. In this situation, access to market and control over the means of production were no longer enough to achieve a stable position without the ability to obtain and protect technical knowledge.

As the grant of monopolies became rare, in the petitions asking for industrial privileges in the ceramics industry it became usual to ask for official approval of the internal regulations on labour.<sup>47</sup> The explicit purpose of those norms was primarily to prevent the mobility of the workforce, as the training costs borne by privileged manufacturers could end up by favouring their competitors.

The link established between labour discipline and the control over the circulation of technical knowledge, which in some industries was the main asset at stake, however, posed some problems. The discrepancy between the object and the purpose of the regulations made it impossible to sanction those manufacturers who eventually succeeded in imitating the products of their competitors by attracting their workers: in fact they could rightfully ask for the same privileges, which they were almost always granted.

By granting its official approval to the regulations on labour, the state invested the manufacturers with a power of control over their workforce they had not exercised before. The imposition of an »internal and external« discipline undermined, at least in principle, the high mobility that free labour enjoyed in early-modern times.<sup>48</sup>

<sup>46</sup> See for an example the petition in ASV, ST, filza 2418, Cozzi.

<sup>47</sup> The first labour regulation officially granted to a ceramics manufacturer is in ASV, VSM, *Diversorum*, b. 463, Antonibon, 8 April 1732. See in the same box the details of a trial started in the failed attempt to enforce these regulations in the 1760s.

<sup>48</sup> On this point, see ANDREA CARACAUSI, *Dentro la bottega: culture del lavoro in una città d'età moderna*, Venedig 2008.

Perhaps it was precisely because these regulations contrasted with tradition, that their enforcement proved quite impervious where the parties had recourse to legal proceedings. Rather, they performed a dissuasive function, at least until the outcome of the few actions brought against the workers infringing them showed that it was in fact still possible for those who acquired precious skills to move from one factory to another in pursuit of higher wages or even to start to manufacture on their own.

In the final decades of the eighteenth century, the attitude of the Venetian authorities became increasingly favourable to a multiplication of competing manufacturers: in renewing privileges granted in the ceramics industry, the clauses providing for exclusive territorial rights were abolished in most cases, except for new or peculiar typologies.

The use some ceramics manufacturers were able to make in this context of the lease contract as a tool to prevent possible imitators from using existing kilns is particularly interesting. By accepting the inclusion in the contract of clauses limiting the use of the kilns, their owners waived their right to start a manufacture or rent it to other entrepreneurs who were able to do so.<sup>49</sup> The rent could then be interpreted as the price they were paid for this waiver. If signing the lease contract meant accepting its constraints, it is possible to understand the paradox in which the owners themselves were sometimes members of the same partnership who rented the kilns: the actual purpose of the contract was indeed to inhibit competition.

If the lease contract was used as a tool to bind the means of production against the payment of a rent to the owner, the partnership was instead the favourite means to prevent potential competitors from starting an independent activity, allowing them to get involved in the management of existing manufactures and offering in exchange a share in the profits. It performed the function of allowing the participation of the holders of entrepreneurial and technical skills, capital, or special relationships with the political authorities or the ruling elite.

<sup>49</sup> For an example, see the documents from a private archive cited in: GIULIANA ERICANI, PAOLA MARINI and NADIR STRINGA (ed.), *La ceramica degli Antonibon*, Mailand 1990, p. 34.

### Conclusion

In conclusion of this short overview of the formal and informal rules governing ceramics manufacturing production in early-modern Venice, it is worth drawing some general considerations.

The first is that the very concept of innovation takes on a special meaning in the context described here, as it was in fact a tool to get access to the privileges granted by the mercantilist state to innovators. The competitive advantages deriving from the introduction of an innovation are therefore not immediately distinguishable from those deriving from the related privileges. On the other hand, the mercantilist definition of innovator for the sake of privilege granting was generally limited to import-substitution or (rarely) to export-intended »innovations«: it favoured the imitation of imported products rather than radical innovations, whose commercial success was not guaranteed.

Secondly, the privileges granted to innovators included rights and exemptions that protected them only indirectly from the emergence of competitors and imitators. In the traditional regime based on Roman law, no kind of formal intellectual property rights existed, since it was not possible to claim rights over ideas.<sup>50</sup> In this situation, the manufacturers resorted to a variety of tools to prevent others from benefiting from the technical knowledge they had acquired and exploited, or to maintain a virtual, if not a legal monopoly on an originally »innovative« production.

It is therefore possible to interpret exclusive rights on the exploitation of some techniques as »patents« only metaphorically.<sup>51</sup> The best example is perhaps provided by labour regulations that indirectly affected the circulation of technical skills, but the same monopolies

<sup>50</sup> The concept of property on discoveries (with temporary monopoly on their exploitation) was introduced in continental Europe with the French Revolution and in England during a conflict between the Parliament and the Crown on monopoly privileges, in a context very similar to the one studied in this paragraph: see Adam Mossoff, Rethinking the Development of Patents: An Intellectual History, 1550–1800, in: *Hastings Law Journal* 52 (2001), pp. 1255–1322.

<sup>51</sup> On this issue, an assessment of the debate was proposed by STEPHAN R. EPSTEIN, Property Rights to Technical Knowledge in Premodern Europe, 1300–1800, in: *American Economic Review* 94,2 (2004), pp. 382–387.

granted to manufacturers concerned their exclusive access to the domestic market, and not the innovation in itself. Such an »indirect« regulation actually proved ineffective to block the circulation of technical knowledge.

But interpreting this situation as the simple result of the absence of appropriate institutions protecting intellectual property rights prevents us from understanding the same logic of an institutional system that was radically different from the modern one. The very absence of intellectual property makes of mercantilism a privileged laboratory to study the wide range of institutional solutions adopted in the attempt to resolve the trade-off between the need to reward and protect innovators, and to avoid the creation of rent positions blocking innovation.

This paradox was usually (and still is) solved by granting temporary rights to the exclusive exploitation of innovation. The case studied here, however, shows that where this solution proved not effective, the public authority could opt for incentives other than monopoly granting. The very fact that the essential link between innovation and monopoly was explicitly put into question casts some doubts on the general interpretation of mercantilist policies as the creation of rent positions in order to increase tax revenues. Mercantilism should rather be interpreted as a series of empirical measures adopted in order to promote a surplus in trade balance and ensure the sustainability of supply, in some cases by hampering market competition and in other ones by encouraging it. In this oscillation it is, however, possible to observe a progressive shift towards a competition freely limited by means of private agreements. The increased use of lease and partnership contracts as a tool to bind competition without resorting to the State authority in the late eighteenth century makes evident a change that would find full expression in the reform of 1794, which finally abolished all industrial privileges together with domestic duties.