

# WHEN PROPERTY RIGHTS ARE NOT ENOUGH:

LESSONS FROM RENAISSANCE FLORENCE

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International Macro History Online Seminar Series

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1) SECURE PROPERTY RIGHTS ARE INDISPENSABLE TO ECONOMIC GROWTH;

2) PUBLIC-ORDER INSTITUTIONS ARE GENERALLY BETTER SUITED THAN PRIVATE-ORDER INSTITUTIONS TO PROTECT PROPERTY RIGHTS;

3) PROPERTY RIGHTS, ESPECIALLY AFTER THE SIXTEENTH CENTURY, WERE MORE SECURE IN PARTS OF NORTHWESTERN EUROPE THAN IN SOUTHERN EUROPE;

4) SUPERIORITY OF CERTAIN CONTRACTING INSTIUTIONS, NOTABLY LIMITED PARTNERSHIPS AND CORPORATIONS IN LONG-DISTANCE TRADE.

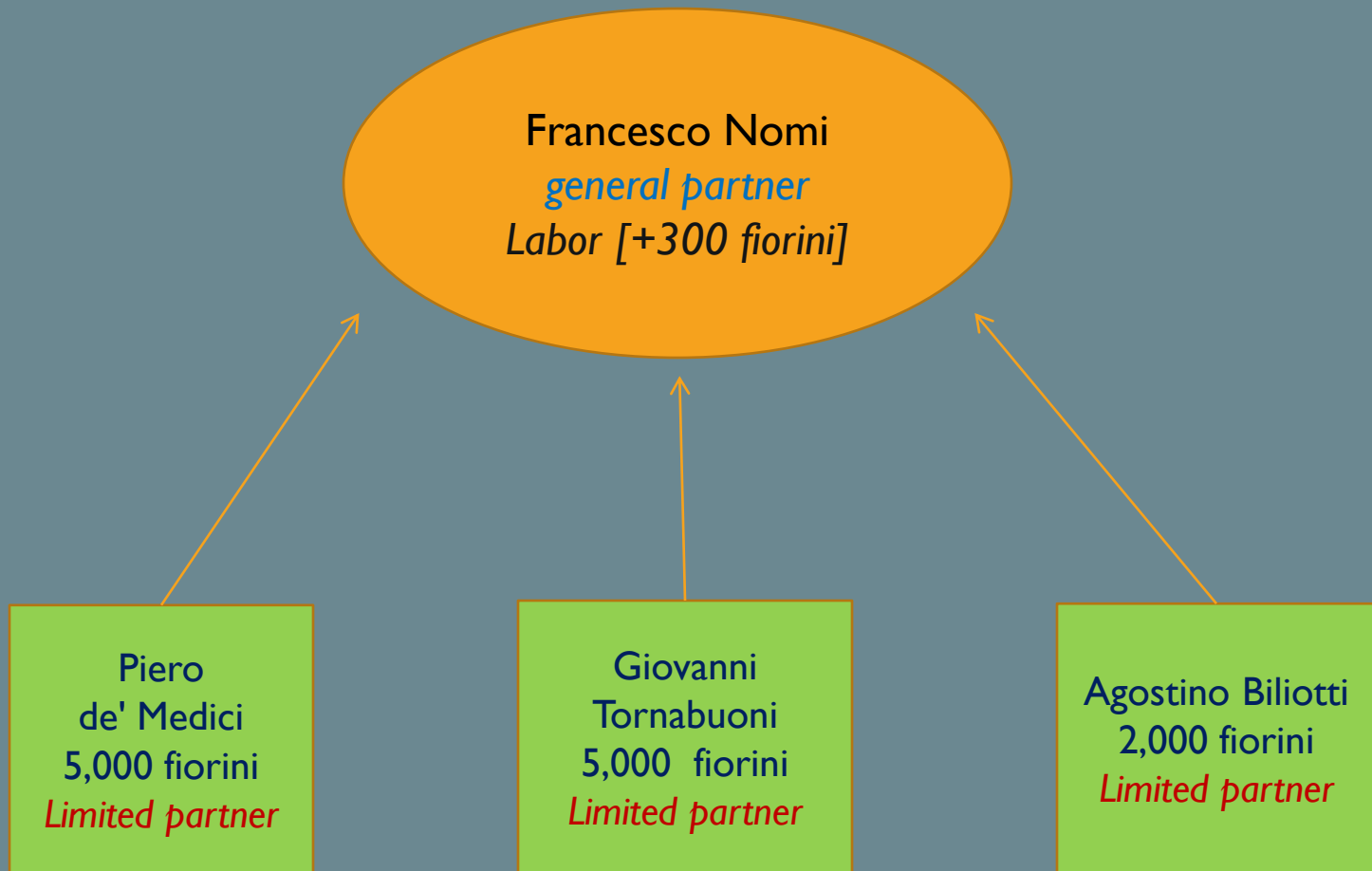
**Douglass C. North, *Institutions, Institutional Change, and Economic Performance* (Cambridge, Cambridge University Press, 1990), 127.**

...THE COMMENDA ITSELF, FROM ITS JEWISH, BYZANTINE, AND MUSLIM ORIGINS (...) THROUGH ITS EVOLUTION AT THE HANDS OF ITALIANS TO THE ENGLISH REGULATED COMPANY AND FINALLY THE JOINT STOCK COMPANY, PROVIDES AN EVOLUTIONARY STORY OF THE INSTITUTIONALIZATION ... AND THE TRANSFORMATION OF UNCERTAINTY INTO RISK.

**COMMENDA /  
 ACCOMANDITA /  
 LIMITED PARTNERSHIP /  
 SOCIÉTÉ EN COMMANDITE**

<b>Antecedents</b>	<b>Diffusion</b>
Byzantium?	1408 Florence
<i>Mudaraba</i> or <i>qirad</i> (Arabic)	1673 France ( <i>société en commandite</i> ) 1807 Netherlands via Napoleon
<i>Commenda</i> (Venice, Ge, Pisa)	1822 NY State (US)
	1907 United Kingdom
	1910 China

# FRANCESCO DI FILIPPO NOMI (1484)



Zur Geschichte  
der  
**Handelsgesellschaften**  
im  
**Mittelalter.**

Nach südeuropäischen Quellen.

Von

**Max Weber.**

Stuttgart.

Verlag von Ferdinand Enke.  
1889.

• LEGACIES OF SOCIAL THOUGHT •

The History  
of Commercial  
Partnerships in  
the Middle Ages

The first complete  
English edition of  
Weber's prelude to  
*The Protestant Ethic  
and the Spirit of Capitalism*  
and *Economy and Society*



MAX WEBER

Translated and introduced by Lutz Kaelber

2003

# 1408 DECREE

RENEWED 1495, 1577, 1713

## Official reason:

- to encourage investments of those who fear entering into general partnerships
- to adopt a best practice that exists elsewhere

## ORDER:

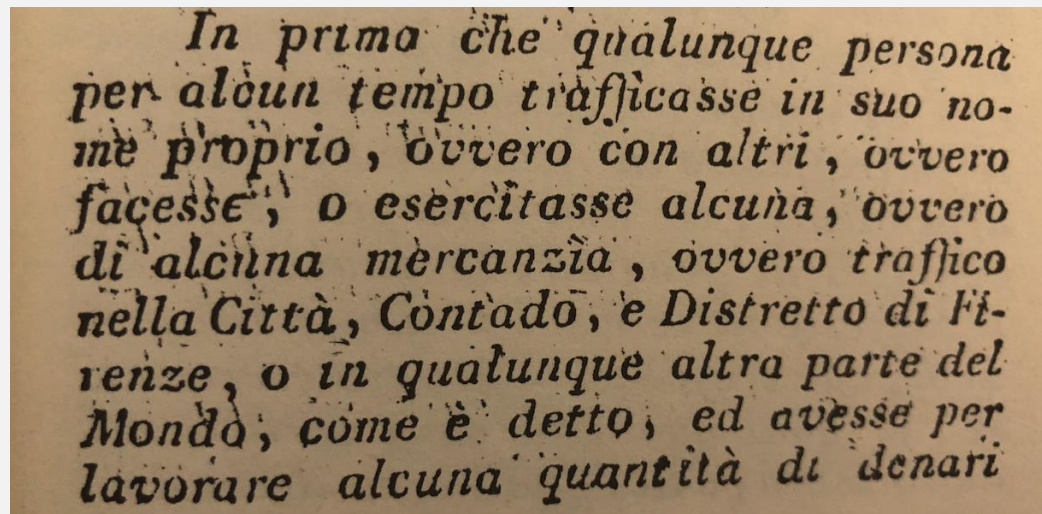
Any limited partnership

For any sum and

Operating in any place in the world

Must be **registered** in an appropriate

Book in the MERCANZIA (Florence merchants' tribunal)



*In prima che qualunque persona  
per alcun tempo trafficasse in suo no-  
me proprio, ovvero con altri, ovvero  
facesse, o esercitasse alcuna, ovvero  
di alcuna mercanzia, ovvero traffico  
nella Città, Contado, e Distretto di Fi-  
renze, o in qualunque altra parte del  
Mondo, come è detto, ed avesse per  
lavorare alcuna quantità di denari*

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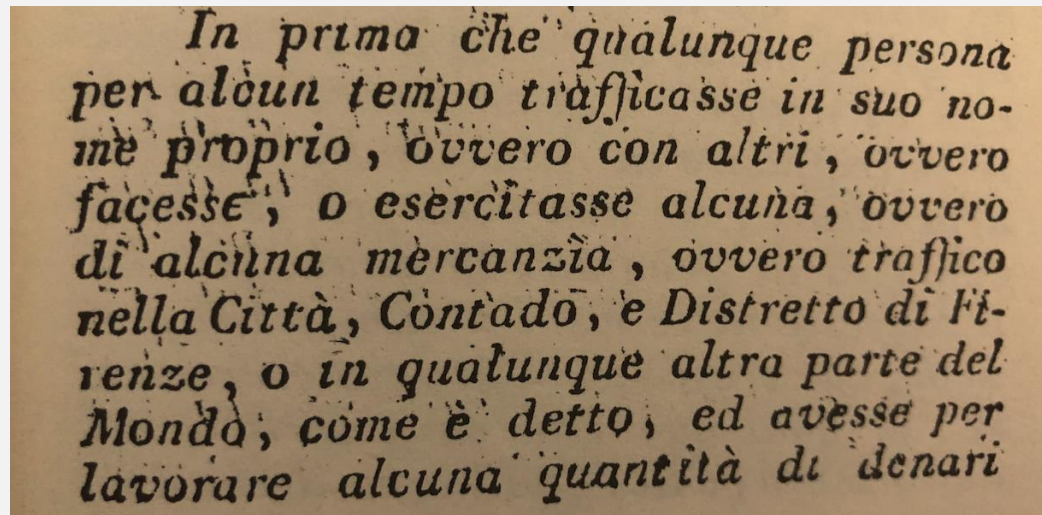
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- No fees mentioned (Low)
- Average number of days between start date and registration: 118 (less than 4 months)
- 28% of investors mentioned in contracts appear via a delegated proxy



## **STATE ARCHIVES, FLORENCE:**

\* TOT. 46 REGISTERS (1445-1808):  
FIRST ONE LOST, SOME IN DUPLICATE COPIES

\* 20 REGISTERS SELECTED FOR DATA  
COLLECTION

Archivio di Stato, Firenze, *Mercanzia*, 1083 I, fol. 7v:

17 August 1445

Jacopo son of Lorenzo son of Mr. Jacopo del Biada [GP], citizen of Florence, confesses and recognizes that today he received *in accomandita* from noble and prudent men Antonio son of Bartolomeo Corbinelli [LP1] and Antonio son of Lorenzo son of Piero Lenzi [LP2], citizens of Florence and merchants in Florence and members of the woollen guild in Florence, 1,500 golden florins [\$] in order to trade in the city of Trani and/or Barletta [Location], both in the kingdom of the Puglie, and elsewhere in that kingdom, in whatever goods [Econ Activity, discretion] and in whatever ways that Jacopo will choose for the next three years [duration] starting on September 15 [1445] [Start date]. And following the terms set in a private agreement signed by these three parties on July 5th. [Formula from the Statutes of the Marcanzia governing all *accomandite*]  
Witnesses: Bartolomeo son of Jacopo son of Giannotto, guardians of the said guild, and Cristiano son of Pietro, young man in the said guild.

ASF, *Mercanzia*, 10859, fol. 185r:

4 December 1775

Mr. Antonio Olmi [**proxyGPI**], representative of Paltiel, Semach, & Co. [**GPI**], and Vita Funaro [**GP2**], declares that he received *in accomandita* from Paltiel, Semach & Co. [**LP**] 4.000 pieces of eight [**LP\$**], which, with an additional 1,800 pieces [**GP\$**] of the said Funaro amount to 5,800 pieces [**Total\$**], in order to run a mercer shop [**Econ activity**] in Livorno [**Location**] under the name of “Vita Funaro and company” [**Firm name**].

The contract will begin on 28 November 1775 [**Start date**] and will last for 2 years [**Duration**]. Unless it is rescinded six months prior to its expiration, the contract will be automatically renewed for 2 more years, and to on at every time [**Automatic renewal**]. All according to the private contract signed on 28 November 1775.

[Formula from the Statutes of the Marcanzia governing all *accomandite*]

Witnesses: Mr. Giuseppe Rossi and Giovanni Fineschi

ASF, *Dipartimento esecutivo della Camera di Commercio*, 1262, fol. 12r:

25 June 1778

Mr Olmi of Florence, authorized by Paltiel, Semach, & Co., and Mr. Vita Funaro, representative of the firm of Livorno called “Vita Funaro & Co.”, declares that by mutual consent of all the parties involved, the contract signed on 28 November 1775 and registered on 4 December 1775 is rescinded [**TERMINATION**] as per the agreement signed on 23 June 1778 and shown in the chancery today.

Witnesses: Mr. dr. Giuseppe Fabbrini and Giovanni Fineschi



**Table 1: Capital raised via accomandite per economic sector**

	<u>1620-29</u>	%	<u>1670-79</u>	%	<u>1720-29</u>	%
Woolen industry	20,250	7	13,480	4	5,720	3
Silk industry	55,250	21	98,281	28	66,020	39
Trade	164,789	62	209,826	61	78,394	47
Other	25,734	10	24,986	7	18,822	11

Source: Malanima 1982: 143. The monetary units are Florentine scudi.

## (Basic) Structure of the relational DB

<b>MAIN CONTRACT: One per each new Limited Partnership</b>	
<b>Archival information</b>	
<b>Registration date</b>	according to Gregorian calendar
<b>Firm name</b>	
<b>Place(s) of activity</b>	Up to three
<b>Specific address</b>	within one place (e.g. street in Florence)
<b>Discretion over place of activity</b>	y/n
<b>Economic activity</b>	as reported in the document
<b>Start date</b>	
<b>Duration</b>	in months
<b>Automatic renewal</b>	y/n
<b>Length of automatic renewal</b>	In months
<b>Clauses</b>	y/n
<b>Administrator</b>	y/n (if different from General Partner)
<b>Currency</b>	
<b>Total investment</b>	without sub-multiples
<b>Numerical discrepancy</b>	between partial and total investments
<b>MEMO</b>	Full text of the contract

## **INVESTOR: each investor is linked to a main contract**

<b>First name</b>	
<b>Last name</b>	
<b>Father's or mother's name</b>	
<b>Grandfather's name</b>	
<b>Nickname</b>	
<b>Woman</b>	y/n
<b>Title</b>	e.g. ser, signor, cavalier, etc
<b>Husband's title</b>	“ “
<b>Father's or mother's title</b>	“ “
<b>Grandfather's title</b>	“ “
<b>Citizen of Florence</b>	y/n
<b>Place of residence</b>	
<b>Place of origin</b>	
<b>Profession</b>	
<b>Widow</b>	y/n
<b>Guardian</b>	y/n
<b>Jewish</b>	y/n
<b>Convert</b>	y/n
<b>Via proxy</b>	y/n
<b>Investment position</b>	General or Limited partner
<b>Joint investment (with another LP)</b>	y/n
<b>Investment in cash</b>	amount [if joint, total only once]
<b>Investment in kind</b>	Amount/description

## **SUBCONTRACT: when available, a subcontract is linked to a main contract**

<b>Archival information</b>	
<b>Registration date</b>	according to Gregorian calendar
<b>Type of subcontract</b>	Variation/Balance/Renewal/Dissolution
<b>End date</b>	If a termination and if available
<b>Firm name</b>	If different from Main Contract
<b>MEMO</b>	Full text of the contract

# DB login page, currently password protected



## Accomandite Toscana

enter a new contract

find a contract

add a termination, variation, balance or renewal

add an investor/investment to an existing contract

save an existing contract

add a new place

add a new economic activity

add a new title

add a new currency

check database

WELCOME!

This website hosts a relational database that stores what is likely the longest and most homogenous archival series of business contracts from pre-industrial Europe. In 1408, the city-state of Florence recognized the legal validity of a contract called accomandita (pl. accomandite), known in English as limited partnership. Soon after, Florence mandated the central registration of all such contracts signed in the territories subjected to its jurisdiction, regardless of the location where the firm was to operate. Those central registers are now preserved starting from 1445 (the first register is lost) and until the abolition of that system of registration in 1808.

A limited partnership involves two sets of partners: (a) one or more general partner(s) who manage the firm, invest their labor and/or capital, and are liable for all its debt, including with their family assets, and (b) one or more external investors who invest a specific sum for a set period of time (usually 3 to 5 years), can only lose as much as they invest, and are not allowed to interfere with the firm's management. Then as today, limited partnerships operate under a collective firm's name and establish a separate fund for their operations with clearly defined rules for the sharing of profits and losses among investors.

# current (basic) search engine



## Accomandite Toscana

enter a new contract

find a contract

add a termination, variation, balance or renewal

add an investor/investment to an existing contract

save an existing contract

add a new place

add a new economic activity

### CHOOSE A DATE RANGE TO SEE A LIST OF CONTRACTS IN THE DATABASE

To show all dated contracts, do not select any dates. To include undated contracts enter 0000-00-00 as the start date

start date	<input type="text"/>
end date	<input type="text"/>
list by GP name	No ▾
list by contract number	No ▾
only show those not yet committed	No ▾
show only undated contracts	No ▾
show contract number	<input type="text"/>
show contract with start date but no duration	No ▾



**MAIN CONTRACT 3243: ASF MERCANZIA 10843 16V-17R**

Registration date: 25 Gen 1642

Firm name: Piero Ardinghelli e compagni

Places of activity: Livorno

Place of activity attributed by database? no

Discretion over place? no

Economic activity: negotii di cambi e mercatura

Economic activity attributed by database? no

Discretion over economic activity? no

Start date: 01 Dic 1641

Duration in months: 36

Automatic renewal? yes number of months: 12

Clauses? no

Administrator(s)? no

Currency: ducati di lire 7 di moneta di Livorno Total investment: 11000

Numerical discrepancy? yes

[edit this contract](#)**SUBCONTRACT 3500: ASF MERCANZIA 10845 142R-142V**

Registration date of sub contract: 07 Nov 1658

End date:

Subcontract type: termination

[edit this sub contract](#)**PERSON 5916 INVESTOR 10393**

Name: Piero Ardinghelli

Is woman? no

[edit this person](#)

Title: signor

Citizen of Florence? no

Is widow? no

Is guardian? no

Is Jewish? no

Jewish attributed by database? no

Convert? no

Via proxy? no

Investment type: gp

Investment in cash (NULL is unspecified, zero is none): NULL

[edit this investor and investment](#)**PERSON 12305 INVESTOR 10394**

Name: Alessandro Guadagni

Father/mother: Francesco

Is woman? no

[edit this person](#)

Title: signor

Place of residence: Firenze

Citizen of Florence? no

Is widow? no

Is guardian? no

Is Jewish? no

Jewish attributed by database? no

Convert? no

via proxy? yes

&amp; C? yes

Investment 9185 is a joint contract; the investment is counted only once

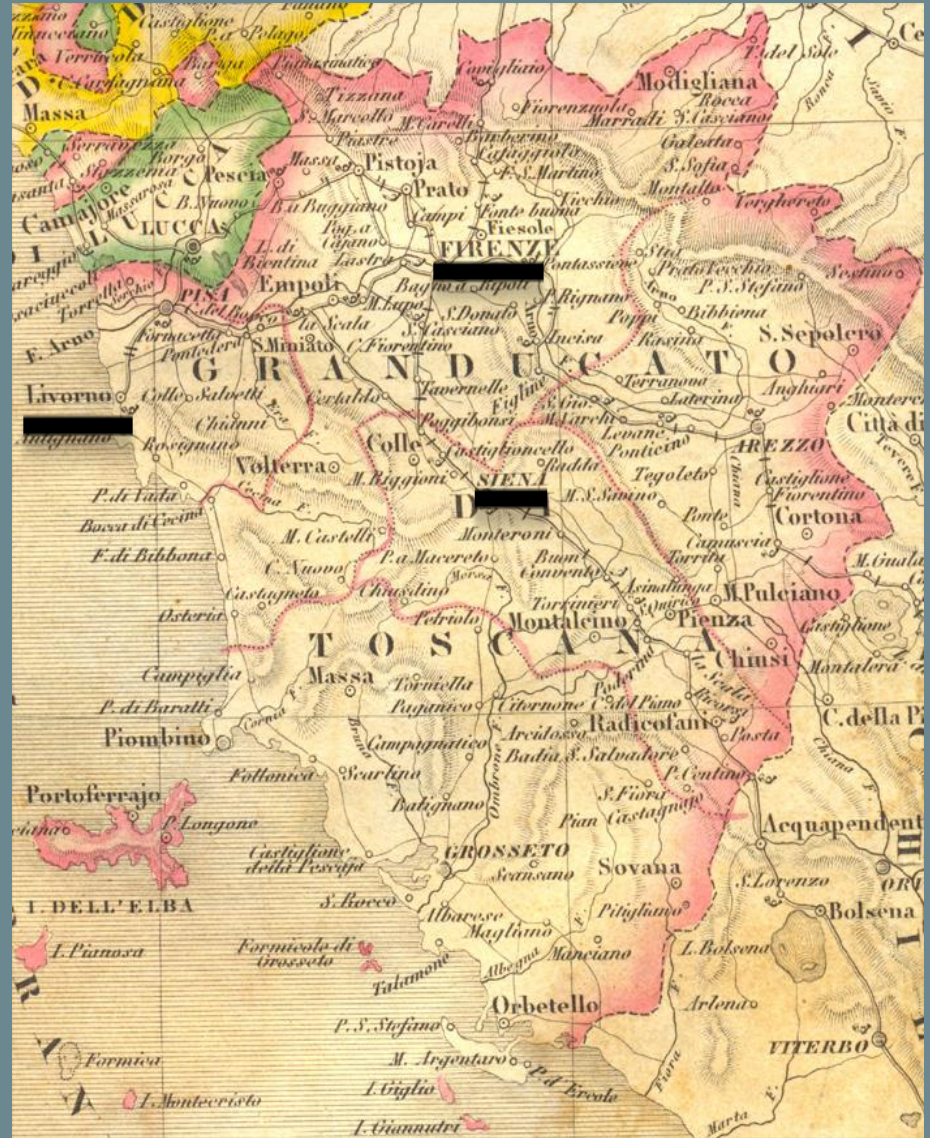
Investment type: lp

Partnership name: Jacopo, Alessandro e Pier Antonio Guadagni e compagni di banco

Investment in cash (NULL is unspecified, zero is none): 0

Investment non cash: 11000 da cavarsi dagl'effetti della ragione che cantò in Lorenzo da Diacceto e Piero Ardinghelli e compagni di Livorno

[edit this investor and investment](#)



1421 purchase of Livorno

1530 Republic of Florence

becomes

Grand Duchy of Tuscany

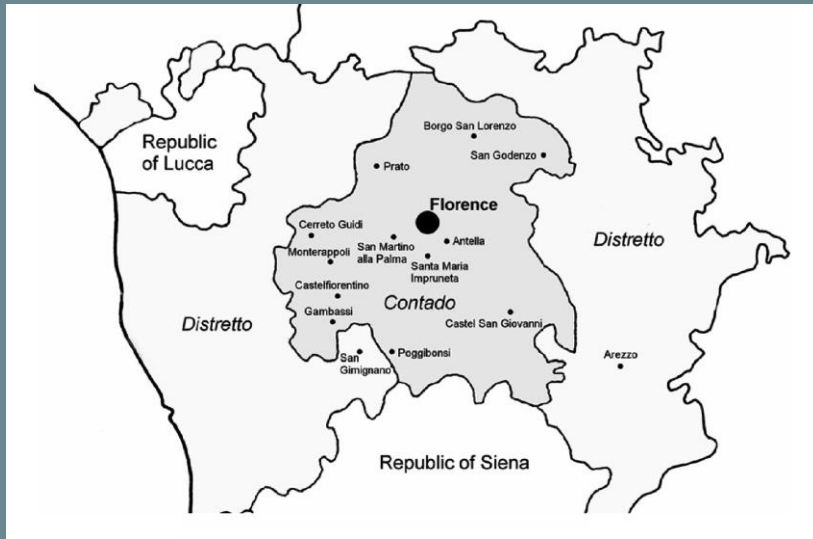
1556 Siena and territories

1747-1801 Lorraine-Habsburg Rule

1801-1807 Kingdom of Etruria

1808 Annexed to France

## Republic of Florence (ante 1530)

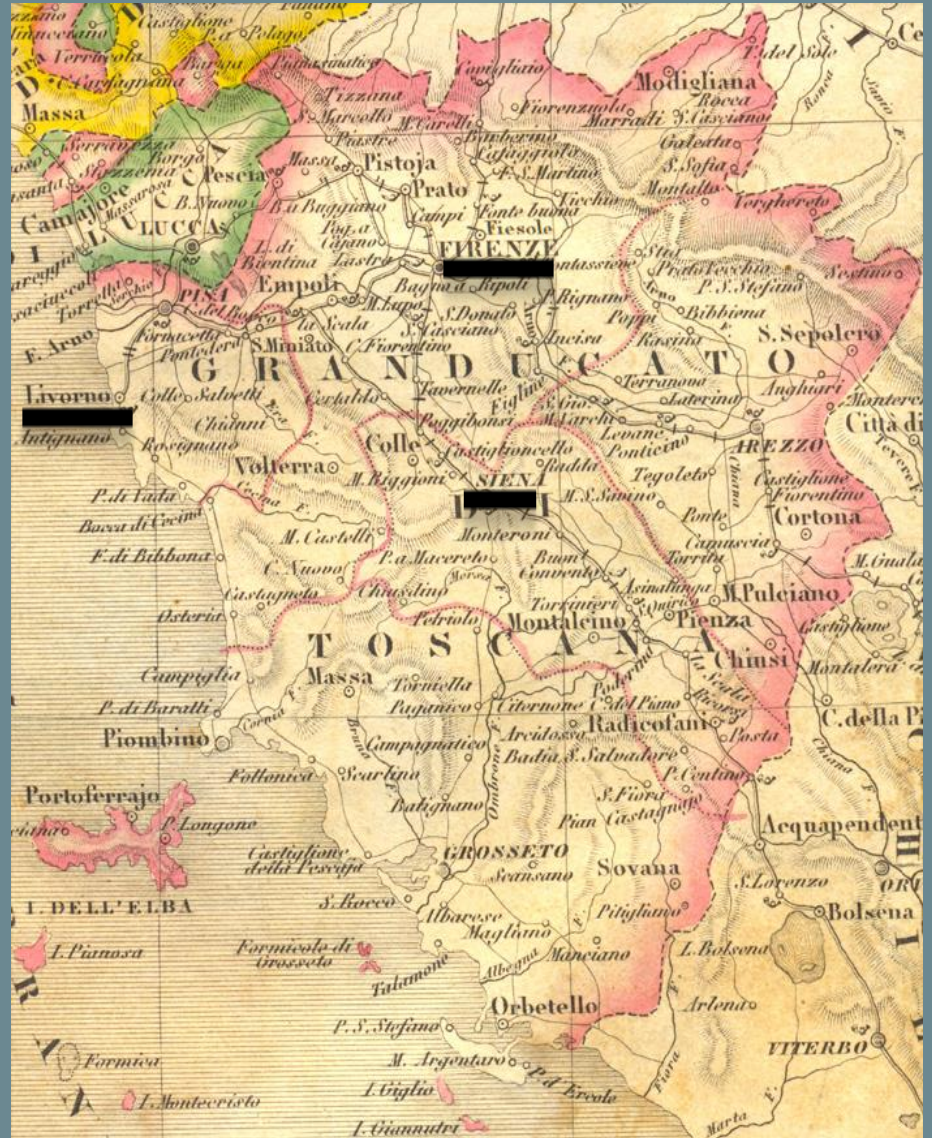


Tot. 4,926 contracts  
[eventually fewer]  
Over 363 years

Tot 728 locations  
(up to 3 per contracts)

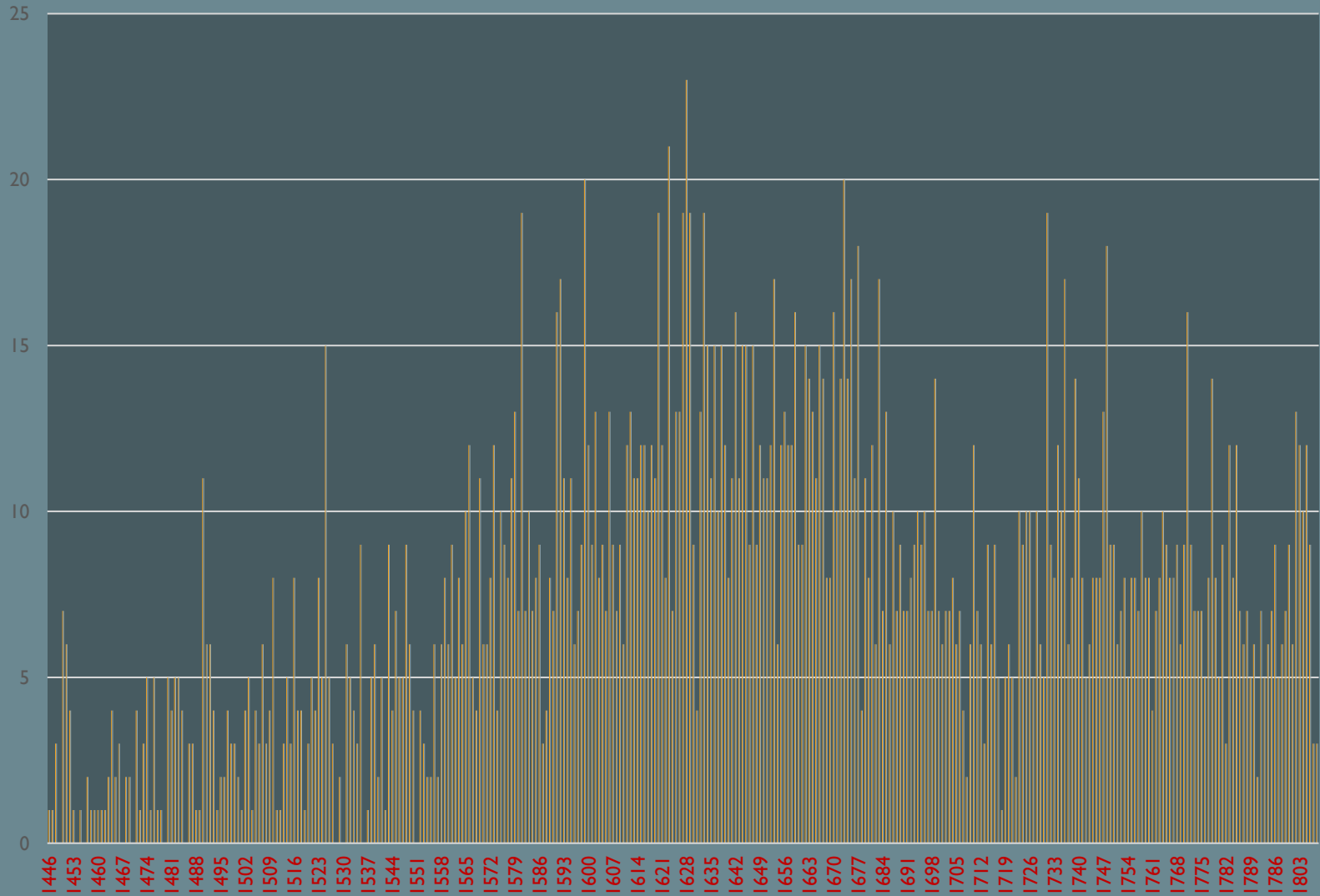
+ 26 contracts  
with no identifiable locations

## Grand Duchy of Florence (post 1530)



2,799	56.82	Firenze	20		Cadice
586	11.90	Livorno	20	0.41	distretto di Firenze
191	3.88	Pisa	18	0.37	contado di Firenze
177	3.59	Roma	17		Siviglia
97	1.97	Napoli	14	0.28	fiere di Piacenza
67	1.36	Venezia	13		Fiandre
61	1.24	Messina	12		Prato
48	0.97	Palermo	11	0.22	fiere di Besançon
46	0.93	Regno di Napoli	11		San Casciano
43	0.87	Lisbona	11		terra di Prato
32		Anversa	11		Marsiglia
32		Bari	10		Abruzzo
31		Lione	19		Spagna
29		Ancona	10	0.20	Amsterdam
28		Empoli	10		Borgo San Lorenzo in Mugello
27		Sicilia	9		Bologna
24		L'Aquila	9	0.18	Inghilterra
24		Madrid	9		Ferrara
23		Londra	9		Valencia
20		Lecce	8		Brabante

# Number of Limited Partnerships created per year and operating in the city of Florence and its surroundings (1446-1808)



# MENU OF ENTERPRISE FORMS

Form of enterprise	Liability	Formality required
Sole proprietorship	full	none
General partnership	full	none
Limited partnership	GP: full/ LP: limited	Mandated central registration [voluntary: notary]
Ad-hoc partnership (including Holding companies such as Medici Bank)	variable	none/notary

Tot 11,268 individuals (definition in flux; different from investment.)

\* some repeated investors, some one-time investors

\* 679 (6%) appears as both GP and LP in different contracts

\* 247 (2%) are women; 15 as GP; 232 as LPs

of the 232 women LP, 60 (25.6%) are guardians of minor children

Tot 6,733 GP investments by single individuals (sometimes as head of a partnership) or, less frequently, institutions

Tot 8,602 LP investments by single individuals (sometimes as head of a partnership) or, less frequently, institutions

<b>Number of GPs per contract</b>	
min	1
max	12
average	1.39
median	1
modal	1
stdev	0.678

<b>Number of LPs per contract</b>	
min	1
max	27
average	2.188
median	2
modal	1
stdev	1.738

## Partnership duration

<b>Entire period (1445-1808)</b>		
No. observations: 2,233 (45% tot)		
	days	years
Min.	0	
Max.	18,016	49.4
Average	1,704	4.7
Mode	1,095	3.0

(based on start/registration date)

<b>1445-1499</b>		
No. observations: 18		
	days	years
Min.	28	
Max.	6,122	16.8
Average	1,179	3.2

<b>1500-1599</b>		
No. observations: 531		
	days	years
Min.	6	
Max.	5,750	15.8
Average	1,194	3.3
Mode	1,095	3.0

<b>1600-1699</b>		
No. observations: 1005		
	days	years
Min.	3	
Max.	15,496	42.5
Average	1,731	4.7
Mode	1,095	3.0

<b>1700-1808</b>		
No. observations: 679		
	days	years
Min.	0	
Max.	18,016	49.4
Average	2,075	5.7
Mode	1,095	3.0

*1,164 contracts (24%) early dissolution*



**RELATIVES =** AT LEAST TWO INDIVIDUALS WITH THE SAME **LAST NAME**  
AND/OR **FATHER/SON** AND/OR **BROTHERS** AND/OR  
**HUSBAND/WIFE**

1,735 contracts (35%)  
with relatives among investors

536 contracts (11%)  
with relatives across GPs and LPs

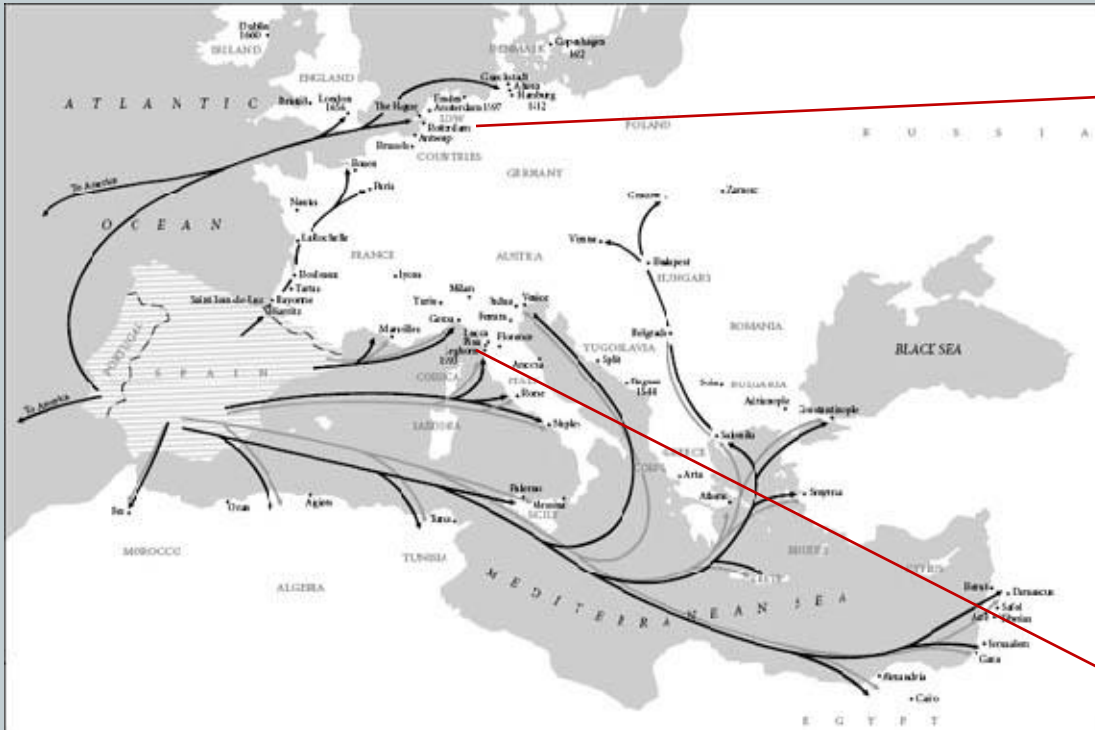
# THE DIVERSITY OF INVESTORS IN THE LIMITED PARTNERSHIPS REGISTERED IN FLORENCE AS AN EXAMPLE OF “FINANCIAL COSMOPOLITISM”

Maurice Carmona, “Aspects du capitalisme toscan aux XVI<sup>e</sup> et XVII<sup>e</sup> siècles: Les sociétés en commandite à Florence et à Lucques.” *Revue d’histoire moderne et contemporaine* 11: (1964): 81-108, at 84.

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R. Burr Litchfield, “Les investissements commerciaux des patriciens florentins au XVIII<sup>e</sup> siècle.” *Annales ESC* 24: (1969): 685-721

# Waves of Sephardic emigration after the expulsion from Spain in 1492 and the forced conversion to Catholicism in Portugal in 1497



1591-1592 "Livornine" charters



Anonymous  
 Portrait of Jacob Baruch Carvaglio  
 (Venice, circa 1687)

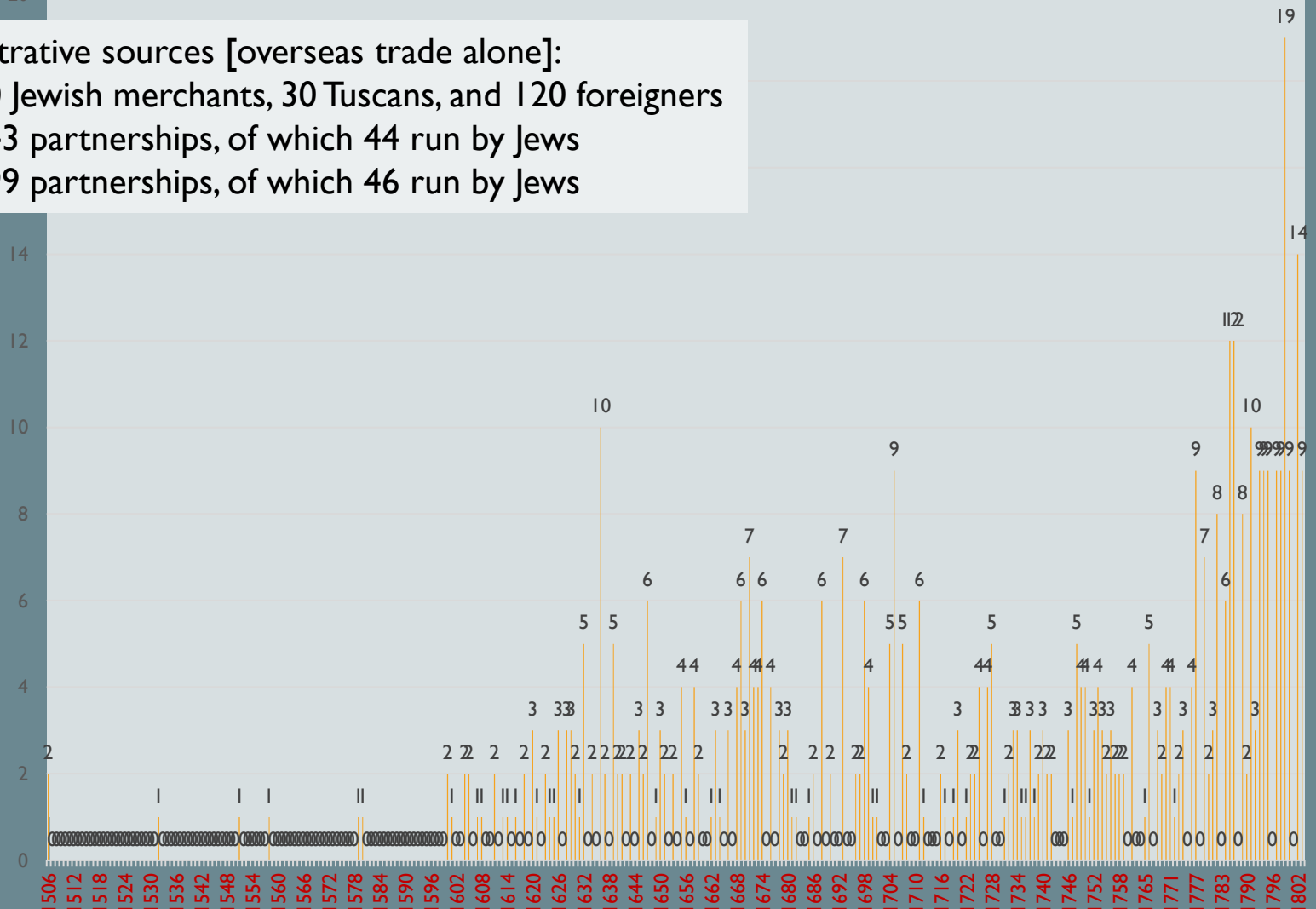
Map of Livorno, 17 century



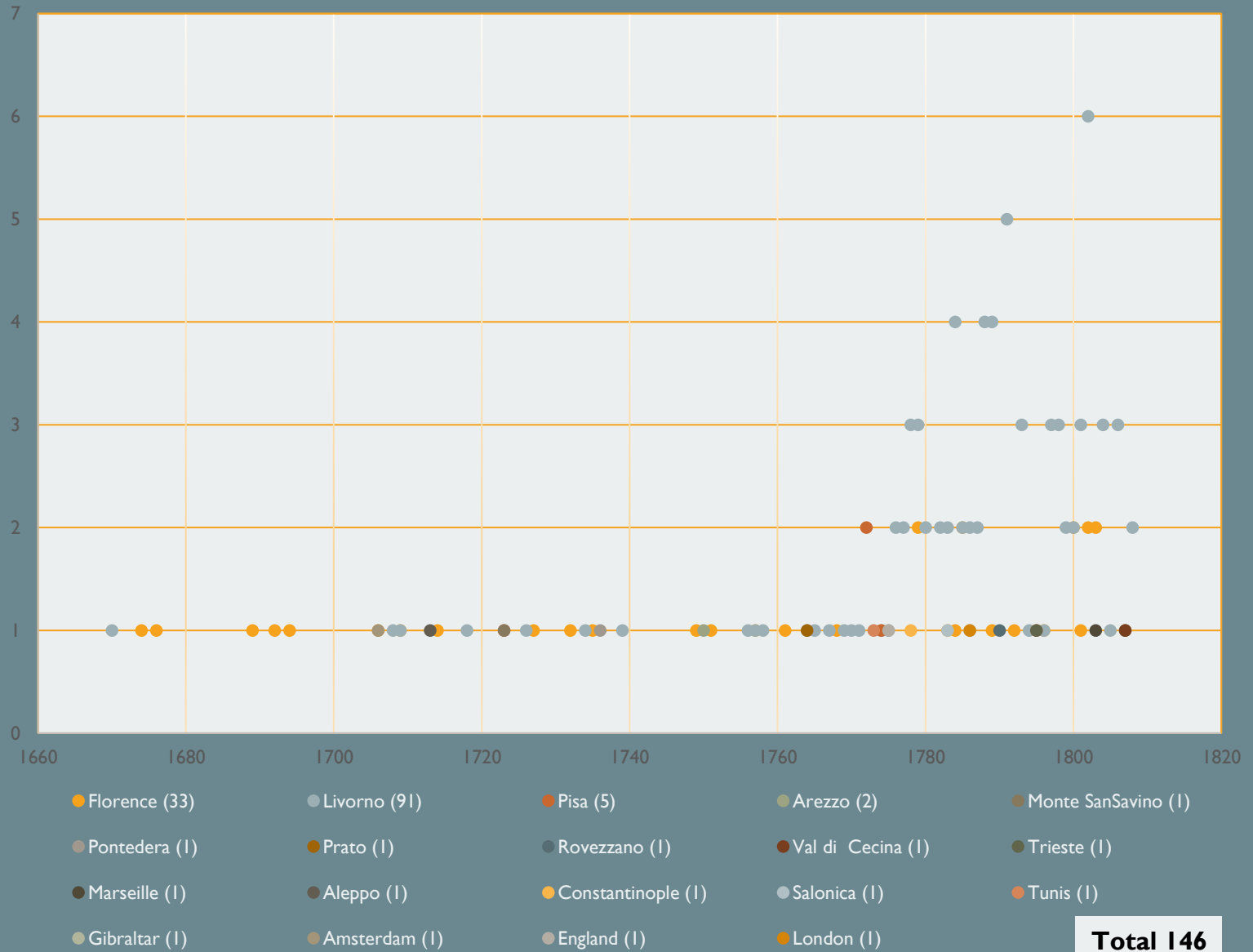
# Number of Limited Partnerships Created/Registered per year and operating in the city of Livorno and its surroundings (1506-1808)

20

Administrative sources [overseas trade alone]:  
 1765: 50 Jewish merchants, 30 Tuscans, and 120 foreigners  
 1793: 143 partnerships, of which 44 run by Jews  
 1796: 199 partnerships, of which 46 run by Jews



# Limited Partnerships with only Jewish GPs and LPs (1670-1808)





CONCLUSION:

WHY DIDN'T THE DOG BARK?



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(I) Advantages of the general partnership

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CONCLUSION:  
WHY DIDN'T THE DOG BARK?

- (1) Advantages of the general partnership
- (2) Lack of public information on personal credit standing
- (3) Where some individuals better placed to captures the advantages of LPs than others?
- (4) Alternative investment opportunities

## MENU OF INVESTMENT OPPORTUNITIES

Sector	Contract	Risk Factor	Rate of return
Commerce	Marine insurance	medium	medium
	Sea loans (bottomry)	high	high
	Bills of exchange	medium	medium
	Foreign investments (VOC, EIC, ...)	medium	medium
	Limited partnership	low	low
Public debt		low	low
Land/real estate		low	low