WHEN PROPERTY RIGHTS ARE NOT ENOUGH:

LESSONS FROM RENAISSANCE FLORENCE

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International Macro History Online Seminar Series
28 October 2020

- I) 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

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

FRANCESCO DI FILIPPO NOMI (1484)

Francesco Nomi general partner Labor [+300 fiorini]

Piero de' Medici 5,000 fiorini Limited partner Giovanni Tornabuoni 5,000 fiorini Limited partner

Agostino Biliotti 2,000 fiorini Limited partner

Bur Gefdicte

ber

Sandelsgesellschaften

im

Mittelalter.

Nach fübeuropäischen Quellen.

Bon

Max Beber.

Stuttgart.

Berlag von Ferbinand Ente.

The History
of Commercial
Partnerships in
the Middle Ages

· LEGACIES OF SOCIAL THOUGHT .

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

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 nome proprio, ovvero con altri, ovvero facesse, o esercitasse alcuna, ovvero di alcuna mercanzia, ovvero traffico nella Città, Contado, e Distretto di Finenze, o in qualunque altra parte del Mondo, come è detto, ed avesse per lavorare alcuna quantità di denari

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- No fees mentioned (Low)
- Average number of days between start date and registration: I 18 (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, 10831, 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 [LPI] 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 accommandite] 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 singed 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. Witnsses: Mr. dr. Giuseppe Fabbrini and Giovanni Fineschi

Lorgo exemila ling acento elercitato in Magrio, Shaffeco Mesoa needle apogleria mela liva e soto di wono, come dal le March Inte our die vomi opartig. Ino de lecomandisa il di 18. otto 1248 inquelso 80th vo pro of pristolomes of lovering of orefl cuttadomo froster in floring lendo, ed interiorndo leso la spati li feono local et Francis Spling from tel go bastolomer for stelle resemble Blagione della gresento sisdera deno Megorio più non duri sold will the and anno succession of accoming to staying Party melly relig received to properly theorems coler i Leput nell aucenire come le fato faronon fogo. Li perocofi ed appaisea a qualunque persona ranto Estera Lorenge 27 francos stor from & creft & lorenso & creft Colonday Be nationale I continues di gro corta di ig Fran Viscont gradier 2 movement flores Enquentity of Quanta Seg Propodo Africants paucing tratione recovered in mechanism mela cipta La spegate me Cancell a faine I plesente jegisno es nord in Min gine de legomandira como lo gam atro de duno til alla bisecra et passa effe & privitale to rempo attume dam congo pome formy shodobone and proper as od tel premop for pelenga del Jost Virais Macciani, Sel & Dom Fran Lingith for puch most zglotony the to do past on fettimes mong to Theno conteneraling una Popa primate facta tralono que po prite of Alle (a) 20 The 1751= qualt-effe part fragerisons. Et appro yteporonoisen longo Sonaln avant dime Caredle Tof Ingeard. Ambreand they alone oftrato obligatio of acts the Refacepte perfectly accommendationing (o I altumo of lose of inspirate of Setta Jacobino Siovannoni quale pouesto presento de griego accomants o professione of lowning andreamon intendence not suggested affectioning ne colleges for plants y last appropriate accommentate of polytrologics champage In quaramente im deteuro de da che peso tach conte tompo the & proce conso plus no attender et intento e confebas auce avuro e liceouto in excemandita dal Tredi augumen to di Capitali it tucto Pipono ptestorono i feriono iditi Loronzo midien F. churocaro . refano e riccola e genzo Juercis La Somma e some 2 quanto Fre graftere the como tenun 2 Poucano Let di 12: Maryo quantità di cuoi quamomila cinquecento, dal Jig. Lenc brondo allylogue zimpertanja odlalogge zanformite trondo utylogne zimperano et vollono hetet prit 1755 in 9/10 Magroni dis Visa i cude Dugento e con alni Javi Treconse 0 171 di dero la ful Tiovannoni tanne la Somma in numo di no Speth' alle projecta di Di it Benoth's nel port Ducati Cinquemila & chercitation Hegozo o nafico Mercan vedi disdetta a ight meannelow forefore go with it ale de Tobiero, fanciaio, o finaiolo inquesto Cirà, orta Da Colle della presente Level deman's familio, muches o Mystiso dural work za di Firenzo viceso d'anne allas anaia nella Lagras code Ausmanditas 200 fe na for we of refer licenswin seight di to de uni Soro Momo fuma es amministras de de Sovanne fatta il di 16 drute fuze mandante a contravuenendo criunque nel nis james anuio il no rincipio il de go del Corrento Meses camera Marzo 176 Benoth's Minishi a Congelin entari don. zahamu speantinuare dipor dince to con part de non venent Go, mucho e Lysiso some sopre non en Lisdera La Pagimo. en Meses avante dreimines del refrance & obligate lat. Rof. if Glack dero riennio, Sintinda liconfirmato quin aloro more ma tolo la propietà di quelle o nelli à igto. il denar o non alkimine in alko mado 10 covi, deboa continuare di Unno in stinno fino alla disseron Morefrint wiene firmeto ottobilito nella. la quale Sequendo, como sopras, o sure in honco, como ciale fothe An Digark's de los dofuitos Confacolin lisewaterfeno deti. I Piercis in caso de questo Lenes Apreferess gno whendel al age XV. e probabile motius demo Semole eponice ai got inc delle decomandire por soboino a oucila succederes immedia via dei sari do solo de me felitim of harfur tamente i Mesi de go Shaleis nel qual temps como inato to grafto di led, in file vegli jinglight no dunia Lo. Bagione debow dero, ig Liovannoni questa algipath's condidation continette die wal Menzio o que par grogiona vantagriofo abistenço o go seidende pli hima cofin poli in in reflica, ed a tal e fero non sofa in quiss in A serams. delindueram in alle afair quere de inquelle de apport nuto id alho clamidi lui logoti callioque
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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

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

INVESTOR: each investo	r is linked to a main contract
First name	
Last name	
Father's or mother's	
name	
Grandfather's name	
Nickname	
Woman	y/n
Title	e.g. ser, signor, cavalier, etc
Husband's title	
Father's or mother's	" "
title	
Grandfather's title	" "
Citizen of Florence	y/n
Place of residence	
Place of origin	
Profession	
Widow	y/n
Guardian	y/n
Jewish	y/n
Convert	y/n
Via proxy	y/n
Investment position	General or Limited partner
Joint investment	y/n
(with another LP)	
Investment in cash	amount [if joint, total only once]
Investment in kind	Amount/description

SUBCONTRACT: when available, a subcontract is linked to a main contract		
Archival information		
Registration date	according to Gregorian calendar	
Type of subcontract	Variation/Balance/Renewal/Dissolution	
End date	If a termination and if available	
Firm name	If different from Main Contract	
MEMO	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 un	dated contracts enter 0000-00-00 as the start date	
start date		
end date		
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		
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: qp

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

cuit and perso

Title: signor

Place of residence: Firenze

Citizen of Florence? no

Is widow? no

Is quardian? no

Is Jewish? no

Jewish attributed by database? no

Convert? no

via proxy? yes

& C? yes

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

Investment type: Ip

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



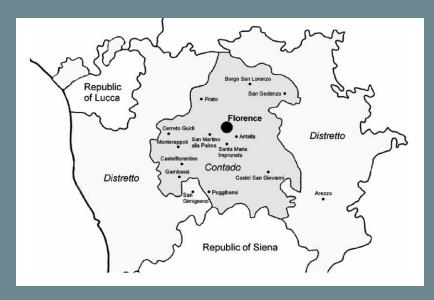
1421 purchase of Livorno1530 Republic of Florencebecomes

1808 Annexed to France

Grand Duchy of Tuscany
1556 Siena and territories
1747-1801 Lorraine-Habsburg Rule
1801-1807 Kingdom of Etruria

Chalenter S. Sofia ! P.dr lada Cortona Bown di Coch F.di Bibbona Convente Lemalinga M. Pulciano Montaleino Campaglia P. di Baratti C.della P Arcidosog Radicofanio Posta Piombino @ Followica Scarling Portoferrajo S. Fiora Batignano Acquapendent GROSSETO Seansano della Percija Sovana S. Rocco I. DELL'ELBA Bolsena Maglinio Formicole di M Manciano L. Boksona 1. Pianosa Orbetello delendo P.S. Stefano VITERBO M. Argentario Formica 1. tiglio A OI Montecristo 1. Giannutri

Republic of Florence (ante 1530)

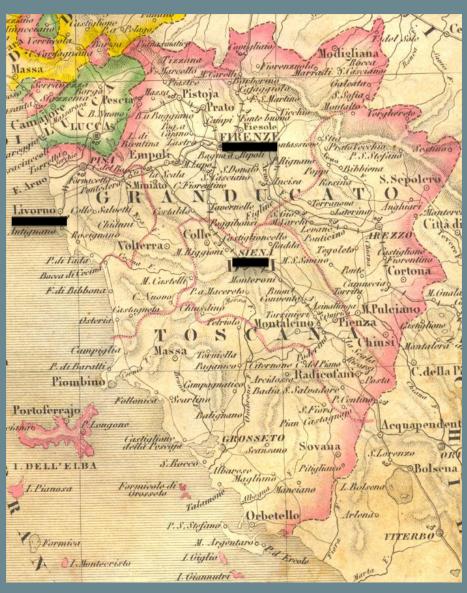


Tot. 4,926 contracts [eventually fewer]
Over 363 years

Tot 728 locations (up to 3 per contracts)

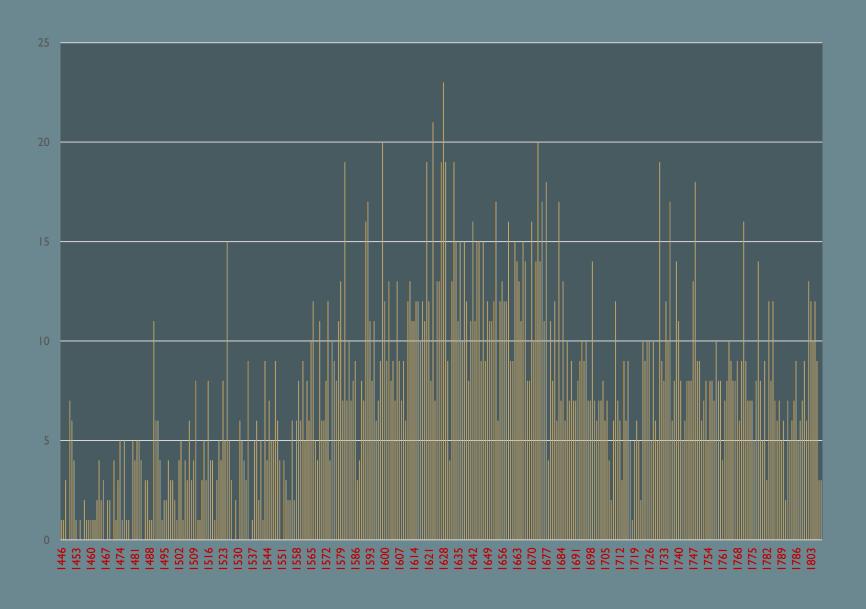
+ 26 contracts with no identifiable locations

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 <u>women;</u> I5 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

Number of GPs per contract		
min	I	
max	12	
average	1.39	
median	I	
modal	1	
stdev	0.678	

Number of LPs per contract		
min	I	
max	27	
average	2.188	
median	2	
modal	I	
stdev	1.738	

Partnership duration

Entire period (1445-1808)			
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)

1445-1499		
No. observatio	ns: 18	
	days	years
Min.	28	
Max.	6,122	16.8
Average	1,179	3.2

1,164 contracts (24%) early dissolution

1500-1599		
No. observati		
	days	years
Min.	6	
Max.	5,750	15.8
Average	1,194	3.3
Mode	1,095	3.0

1600-1699		
No. observati		
	days	years
Min.	3	
Max.	15,496	42.5
Average	1,731	4.7
Mode	1,095	3.0

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

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

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

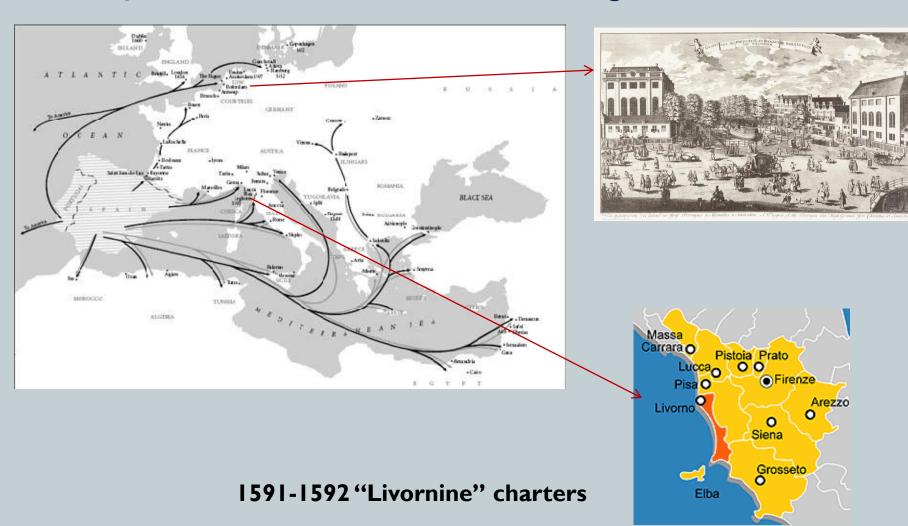
536 contracts (11%) with relatives across GPs and LPs

THE DIVERSITY OF INVESTORS IN THE LIMITED PARTNERSHIPS REGISTERED IN FLORENCE AS AN EXAMPLE OF "FINANCIAL COSMOPOLITISM"

Maurice Carmona, "Aspects du capitalisme toscan aux XVIe et XVIIe siècles: Les sociétés en commandite à Florence et à Lucques." Revue d'histoire moderne et contemporaine 11: (1964): 81-108, at 84.

R. Burr Litchfield, "Les investissements commerciaux des patriciens florentins au XVIIIe 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



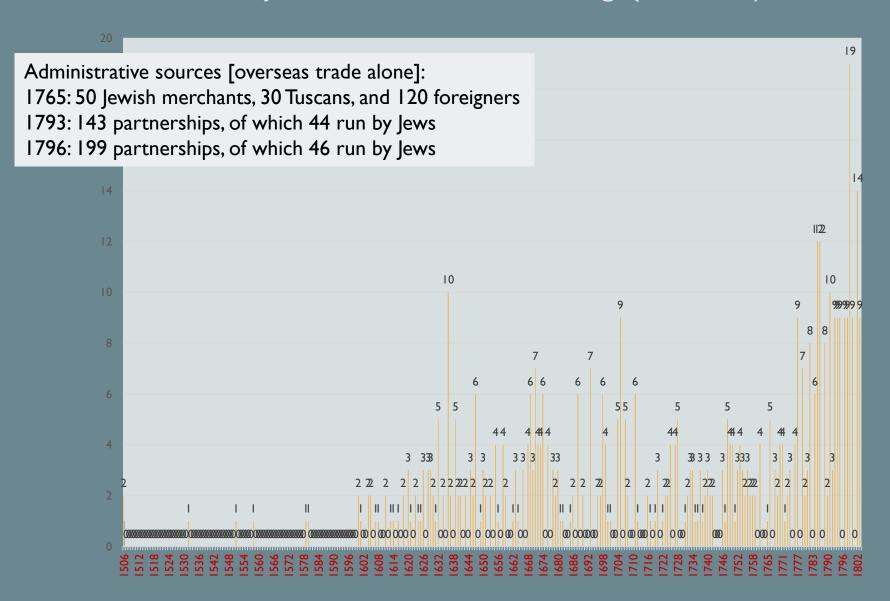


Anonymous Portrait of Jacob Baruch Carvaglio (Venice, circa 1687)

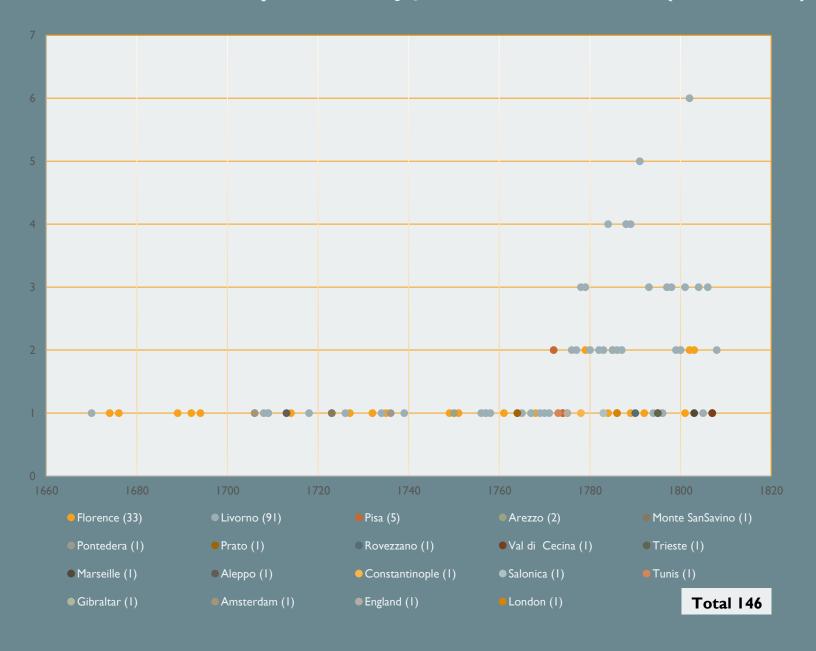
Map of Livorno, 17 century



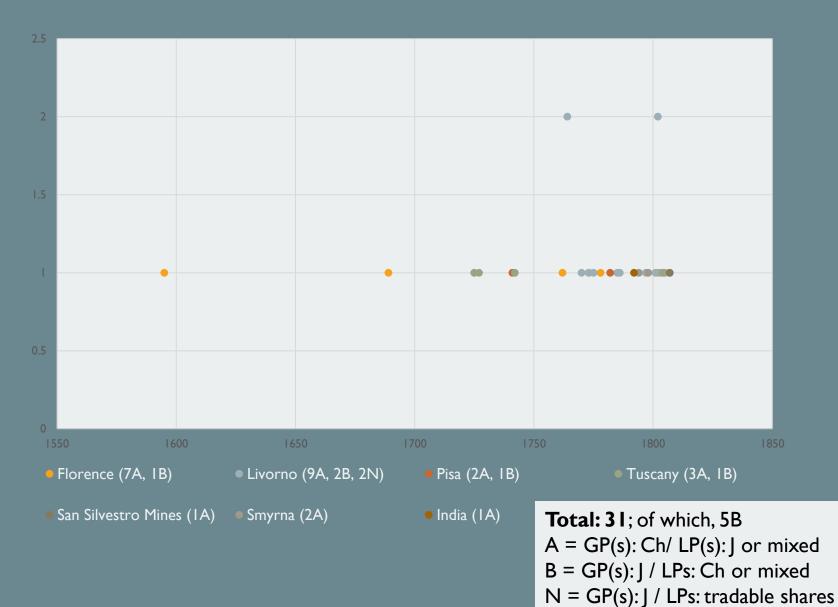
Number of Limited Partnerships Created/Registered per year and operating in the city of Livorno and its surroundings (1506-1808)



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



Limited Partnerships with both Jewish and non-Jewish Investors (1595-1808)



WHY DIDN'T THE DOG BARK?

(I) Advantages of the general partnership

- (I) Advantages of the general partnership
- (2) Lack of public information on personal credit standing

- (I) 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?

- (I) 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