Introduction

For centuries, the Lion of Saint Mark, the symbol of Venice, was encountered in all corners of the Mediterranean and beyond, fluttering on the flags of one of the largest merchant fleets of the Old World as well as marking the boundaries of a powerful maritime empire. Born out of a scatter of islands in a well-protected lagoon during the early Middle Ages, Venice came to be the main protagonist in one of the most stunning histories of Western civilization. As such, it has been the object of an enormous number of studies, some of which remain classic examples of scholarship, inspiring generations of historians of all kinds.

But the city of Venice was not alone in this history, and indeed it is not the main character in this book, and it is not our aim to provide a general account of her fascinating history – nor yet an account focusing primarily on Venice's maritime endeavours, which are still the better known to international historians. Instead, we focus on some specific aspects of Venetian history, some of which have been hitherto neglected – distribution and inequality – or have been studied from perspectives different from ours – poverty – or have never been connected to the kind of issues that we intend to explore – the fiscal state. And we develop our analyses mostly on the relatively vast domains of Venice in the Italian mainland, the *Terraferma*, although always in close connection with developments in the central institutions of the state, particularly regarding taxation. The Lion of Venice extracted tributes in the *Terraferma*, but lions of another kind also prowl this book: the economic elites which during the Middle Ages and the early modern period, until the very end of the Republic in 1797, never ceased to increase their share of the overall wealth, also profiting from what were – if seen from our modern perspective, but maybe *not* from that of the contemporaries – the iniquities of the fiscal system.

By placing distribution at the centre of the analysis, we aim to integrate and to enrich our understanding not only of Venetian history, but of European history more generally. Indeed, what we propose here is the most thorough attempt ever made to measure inequality and the prevalence of both poverty and wealth in a preindustrial society, as well as to explore the inner workings of distributional change, from ca. 1400 and throughout the entire early modern period. As such, this book helps to fill in a gap in our knowledge of topics which are crucial to many current debates, not only in social and economic history but also more generally in the social sciences. Indeed, we set for ourselves the ambitious task of identifying the main factors explaining long-term inequality change in preindustrial times – and possibly even later.

The Changing Fortunes of a Composite State: An Overview

If seen from the year 1600, in the exact middle of the time period we cover, the Venetian state had three main components: the capital city of Venice itself with the *Dogado* (i.e. the lagoon area plus a strip of coastal lands nearby); the *Stato da Terra* (which we will usually refer to as the *Terraferma*), that included the territories ruled by Venice in Italy, from the city of Bergamo in the West to the boundary at the Isonzo River in the East, and finally the *Stato da Mar*. The latter included mostly Istria and Dalmatia, the Ionian Islands, Crete and many smaller Aegean islands. Cyprus had been conquered by the Ottomans in 1571, but more generally, the extent and the composition of the *Stato da Mar* changed significantly during the time period considered here. For example, Crete was lost to the Ottomans in 1669, while Morea (the Peloponnese peninsula in Greece) was conquered in 1685, albeit only temporarily as the Ottomans recovered it in 1715 (Lane 1973a; Cozzi 1995; Scarabello 1995; Arbel 2013; Fusaro 2015).

The vicissitudes of the *Stato da Mar* are relevant to our study only in the measure in which they affected fiscal developments (for example, by leading to changes in the fiscal burden) and the composition of public expenditure, which in turn helped to shape wealth distribution in the *Terraferma* and promoted inequality growth, as is demonstrated in Chapter 4. From this perspective, the War of Candia (1645–69) is particularly important, not only because it led to a very significant and lasting increase in the public debt, but also because it can be considered a turning point in the economic fortunes of the Republic of Venice, as discussed in the text that follows. More relevant to our study are changes in the composition of the *Stato da Terra*, which however, in the time period that we work on, are very limited. The expansion of Venice towards the rich and fertile Po plain began in 1338, with the annexation of Treviso. But the quickest and most successful phase of expansion occurred during

1404–06, when the large cities of Padua, Verona and Vicenza were acquired. Important acquisitions were made in the following twenty years, both to the north (Belluno and Friuli) and to the west (southern Trentino and eastern Lombardy). Expansion westwards was completed in 1449, with the incorporation of Crema (Lane 1973a; Knapton 2012; 2013). At the onset of the Italian Wars (1494–1559), Venice aspired to acquire further territories and indeed, some other areas in Lombardy fell temporarily under its rule (Cremona and the Geradadda), but all this came to an end with the catastrophic defeat at the battle of Agnadello (1509) by the League of Cambrai, an alliance temporarily uniting against Venice the Kingdom of France, the Empire and some of the main Italian states. In the aftermath of Agnadello, Venice lost almost all the *Terraferma*, but in the following years, through astute diplomacy and a substantial military effort, it managed to recover all but the most recent acquisitions (Mallett and Hale 1984; Knapton 2012; Alfani 2013a). Thereafter, and until the end of the Republic, the boundaries of the *Terraferma* remained basically unchanged.

The Venetian state was a ‘composite’ state not only because of the aforementioned distinction between *Dogado, Stato da Terra* and *Stato da Mar*, but also because the *Terraferma* (similarly to the *Stato da Mar*) was far from constituting a homogeneous whole. Instead, the very procedure through which it was pieced together, which built upon agreements with the local communities and territories and involved at least some elements of ‘voluntary choice’ (Knapton 2013, 86),[1] led to a complex territorial and administrative structure. To some degree at least, this complex structure managed to resist attempts at rationalization and uniformity promoted by the central state throughout the early modern period. This is clearly visible, for example, in differences between local fiscal systems and in the type of relationship entertained by various kinds of territories with the central fiscal authorities, as discussed in detail in Chapter 1. This is also why, as Marino Berengo (1999, 3–4) had suggested, it might be better to use the definition of *Dominante* (‘dominant city’) for Venice, instead of that of ‘capital city’, as the latter tends to imply a higher degree of administrative and political centralization than that found in the Venetian state. Surely, in many instances this allowed for a useful flexibility, especially regarding the management of the *Stato da Mar* (Fusaro

[1] Voluntary, of course, up to a point and to different degrees according to each territory. So, for example, the first territory acquired, Treviso, as well as Padua which was conquered after a bitter war against the earlier rulers (the Carrara family), enjoyed less autonomy and experienced a somewhat disadvantaged situation compared to, say, the big cities of eastern Lombardy (Bergamo and Brescia), at the boundary with the State of Milan (about this, see Knapton 2013, 88).

2015) – but in the *Terraferma*, it also betrayed, in Michael Knapton's (2013, 86) words, the 'adaptation of a city-state mentality to the regional state', which might also have imposed certain limits to long-term development.

Indeed, even the way in which we refer to the political entity subject to the dominion of Venice is somewhat controversial. Recently, Maria Fusaro has advocated the use of the word 'empire' to qualify Venice's way of governing the subject territories – as indeed they were subjects of the *Dominante*: 'the hierarchy of government was very clear, as all these disparate territories were ultimately ruled by the same governing body, the *Senato* (. . .). And the ultimate authority of Venice was unquestioned in three fundamental political spheres: foreign and defence policy; state finance, on which defence is utterly dependent; and the administration of justice' (Fusaro 2015, 5). However, this definition seems to be more proper to the *Stato da Mar* than to the *Stato da Terra*. On the mainland, Venice's way of exerting dominion does not seem to be all that different from what was found in other Italian regional states which had grown from a powerful city-state – think, for example, of the Florentine State and of its administrative and fiscal division between the *contado* and the much more independent and varied *distretto*, a division maintained until the end of the eighteenth century (Cohn 1999; Tanzini 2012; Alfani and Ammannati 2017).[2] So we could simply refer to this political entity as 'the Venetian State', similarly to what studies of other composite Italian political entities, like the 'Sabaudian State' or again, the 'Florentine State' have done recently. However, it seems necessary to recognize that there is also an element of uniqueness in this specific state – after all, as rightly underlined again by Fusaro, this was 'the longest-lived and most stable republic and was also the only one of all the Italian regional states to hold possessions outside of Italy for centuries' (Fusaro 2015, 22). Hence we will resort to a classic definition, which was also that used by contemporaries to define this state: Republic of Venice. But it will be clear throughout the discussion that this is a book primarily about the *Terraferma*, and also that the 'republican' character of the state, if it has any meaning at all, certainly does not exert any visible influence on the way in which concentration of wealth and resources developed in time and in comparison with other Italian or European areas.

Another aspect worth clarifying is that in the period covered by this study the Republic of Venice went through phases of expansion and of decline. We have already mentioned the dynamic period when the

[2] More generally about the prevalence of 'composite states' across Europe, see Elliott (1992).

Terraferma was acquired. Although territorial expansion in Italy had ended after Agnadello in 1509, in the following two centuries Venice was anything but blessed by enduring peace – but it was mostly on the defensive, in attempts to protect its *Stato da Mar* from the aggressive expansion of the Ottoman Empire. From the beginning of the sixteenth to the early eighteenth centuries, the Republic fought no fewer than five large-scale wars with the Ottomans who, after the conquest of Constantinople in 1453, were pressing westwards, from the Balkans to Egypt and across the eastern Mediterranean. The first of such wars occurred in 1537–40, and cost Venice some important bases in Greece, particularly Nauplion. The second, in 1570–73, led to the loss of Cyprus, notwithstanding the great naval victory of Lepanto in 1571. More than seventy years passed before the long and harsh War of Candia (1645–69), when Venice ultimately lost the island (nowadays Crete) but increased its domains in Dalmatia and Albania. Shortly afterwards, Venice went on the offensive, conquering Morea and strengthening further her control over Dalmatia (1684–99). But Morea was lost in a final war against the Ottomans (1714–18). After this second 'Morean War', the Republic of Venice set out to pursue neutrality and was never again involved in major international conflicts, until the coming of Napoleon and the final dissolution of this proud and ancient state in 1797 (Lane 1973a; Cozzi 1995; Scarabello 1995; Arbel 2013).

Of all the conflicts against the Ottomans, the War of Candia has particular importance, as it seems to mark a turning point not so much in the military fortunes of the Republic (given the success of the First Morean War), as in economic potential and social and institutional dynamism. From the point of view of the central administration of the state, the war favoured a large increase in the per capita fiscal pressure but an even more marked, and ultimately more important, increase in the public debt – which proved to be very difficult to repay quickly, also due to the huge expenditures sustained for the two subsequent Morean Wars. In other words, as clearly shown by Luciano Pezzolo (2006a, 2007), the War of Candia was ruinous for public finances and imposed enduring limits to the destination of the growing public expenditure – as in the post-war decades, interest payments on the public debt accounted for 35–40% of the central budget of the Republic, subtracting resources from alternative uses. This was not without distributive consequences of its own, given the high concentration of the shares of the public debt, mostly owned by the economic elites of Venice and of the *Terraferma*, as discussed in Chapter 4.

The War of Candia also helped to establish the process of relative decline of the Republic. This requires further and more general discussion as indeed, the timing and the causes of the decline not only of Venice, but of all or almost all the main Italian states is the subject of debate. According to the classic reconstruction of Fernand Braudel (1984), Venice had been the (almost) undisputed centre of the European and Mediterranean 'world-economy' since at least the Black Death of 1348 and up to the opening of the main Atlantic trade routes from the late fifteenth to the early sixteenth century. The situation, however, would have been aggravated by the arrest of the expansion on the Italian mainland after Agnadello, as well as by the growing hostility of the Ottoman Empire in the Mediterranean and the Levant. Consequently, after a temporary displacement westwards, from which Genoa profited thanks to its means and financial skills and its privileged relationship with the Spanish crown, during the seventeenth century the centre of the European economy became solidly placed in the North, in the Low Countries and especially the city of Amsterdam. This is the process which recent literature refers to as the 'Little Divergence' (Van Zanden 2009; Alfani and Ryckbosch 2016), to distinguish it from the 'Great Divergence' of Western Europe from East Asia (and all the rest) (Pomeranz 2002; Acemoglu et al. 2005). However, although there is no doubt that in the seventeenth century Venice did not enjoy the same position of economic centrality as it had two or three centuries earlier, the situation is much more nuanced than this simple story suggests.

Many historians – mostly Italian – have elaborated the notion of 'relative decline' to describe the fortunes of Italy during the seventeenth century (Sella 1997; D'Amico 2004; Lanaro 2006).[3] According to Paolo Malanima (2006), the century when Italy as a whole faced its deepest crisis was not the seventeenth, as held by earlier scholarship, but the eighteenth. This, however, leads to another question: when exactly did the relative decline of the main Italian economies begin? Indeed, it has been argued that by the late sixteenth to early seventeenth century, these economies were still very strong and competitive (Alfani 2013a). It has also been argued that the devastating plague of 1630, which killed about 35% of the population of the affected areas and possibly as much as 40% in the *Terraferma* (see discussion in Chapter 3, as well as Fornasin and Zannini 1999; Zannini 2010, 152), was hugely instrumental in precipitating the situation. It affected central-northern Italy (a similarly severe plague affected the rest of Italy in 1656–57) and some other Southern European areas far more heavily than any mortality crisis experienced by Northern Europe during the seventeenth century. And it

[3] For the Republic of Venice, some of these views had already been expressed by Luzzatto (1967) and Rapp (1976).

did so at the worst possible moment, when competition in trade and manufacture from the most economically dynamic areas of Northern Europe had become particularly acute (Alfani 2013b). A recent quantitative study provided further proof of this, focusing on urban economies (Alfani and Percoco 2018).

In the case of the Republic of Venice, an indisputable merit of the scholarship of the last few decades has been to demonstrate how the conquest of the *Terraferma* became a great opportunity for development, for the *Dominante* itself and also for the subject cities and territories, and not only to replace declining international trade across the Mediterranean, but also in a much more positive and innovatory way (see, for example, Zannini 2010, 167–71; Demo 2013). These opportunities started to become apparent from the sixteenth century, when investment in waterworks and in land drainage allowed for the expansion of rice in the western part of the *Terraferma*, and more generally helped to trigger a long phase of agrarian innovation (think, for example, not only of the expansion of the mulberry tree and the subsequent cultivation of silkworms but also, from the seventeenth century, the spread of maize) which led to increases in land productivity and revenues (Ciriacono 1994; Knapton 1995, 429–47; Zannini 1999, 2010). But the new opportunities went much beyond land investment. As argued by Paola Lanaro (2006, 20–21), 'recent historical research has tried to highlight the ability of merchants and merchant entrepreneurs from Venice and from the mainland to react to the restructuring of the [European] economy . . . these studies have brought to light Venetian businessmen's innovative ability to look for new products, new technologies, new professionally organized systems, and new markets'. This is clear from looking at textile manufactures, a sector revolutionized by the introduction of silk during the sixteenth century (Molà 2000) but where also the somewhat more traditional woollen productions remained strong (Demo 2013, 300–01) – at least until the 1630 plague.

The catastrophic plague brought about the complete disappearance of the production of woollen cloth in Verona and caused lasting damage to that of Treviso and Bassano. In Venice, the average yearly production of woollen cloth in 1645–49 was still 45% lower than in 1625–29 (Panciera 1996, 15, 22, 42–43). Even silk suffered as in Venice this sector, which had been booming in the pre-plague years, had to face its first crisis ever (Panciera 2006, 191). True, part of the production of woollen cloth had moved from the city to the country, especially towards the hilly areas close to the Alps (Demo 2013, 302), a process which the plague had only accelerated, while in the case of silk the sector resumed growing from the second half of the seventeenth century, especially in the western

Terraferma (Bergamo and Brescia: see Mocarelli 2006, 323–24).[4] And it is also true that growth in other sectors compensated at least partly for the decline in textile production and export. This is the case, for example, of Venice's glass beads (Trivellato 2006). Nevertheless, '[After the plague] the deconstructing of urban industry was an obstacle to recovery' (Lanaro 2006, 49) and the plague-induced damage suffered by the urban economies was not without enduring consequences for the whole system, as argued by Alfani and Percoco (2018). Indeed, beyond manufacture, also the agrarian sector seems to have been stagnating overall in the post-plague decades (Knapton 1995, 429).

As already discussed, the 1630 plague also wrecked other Italian economies. Unique to the Republic of Venice, however, is the fact that it was shortly followed by the War of Candia. This war, which it seemed in certain phases that Venice could actually win, is a clear testament to the Republic's enduring wealth and ability both to concentrate sizeable resources and to project military power across the sea – but because in the end Venice lost and had to give up Crete, it was ultimately an enormous waste of money, which badly damaged state finances in a period when the economy was still suffering from the plague. Additionally, the loss of many commercial bases as well as the hostility of the Ottomans, which continued well beyond the end of the war, affected negatively Venetian trade in the eastern Mediterranean area (Sella 1968; Fusaro 2012). This is why in the case of the Republic of Venice, the War of Candia can be assumed together with the plague to be the turning point in a process which, from then on, would lead the economic fortunes of the *Terraferma* as a whole (and allowing for some locally diverging tendencies) towards relative decline.[5] This path is reflected in urbanization rates (a popular rough indicator of economic development). Beginning from a very high level of 21–23% of the population living in cities with at least 5,000 inhabitants in the sixteenth and early seventeenth centuries, urbanization rates dropped to 15% in the aftermath of the 1630 plague, then slowly recovered to little over 18% by 1700, stagnating thereafter (Zannini 2010; Alfani and Percoco 2018). In relative terms, the *Terraferma* moved from being one of the most urbanized areas of Europe, to a condition of relative disadvantage compared not only to the most advanced northern European countries, but also to some other northern Italian areas (see Chapter 4 for a more detailed discussion, and particularly Table 4.1).

[4] About the long-term consequences of the relocation towards the foothills of Veneto of the textile industries, see Zalin (1987) and Fontana and Gayot (2004).

[5] About the economic difficulties of Venice and the *Terraferma* during the eighteenth century, see Zannini (2010), 161–67.

Inequality in Preindustrial Europe: An Expanding Research Field

Until recently, economic inequality has been a topic seriously under-researched by social and economic historians and economists alike. Although many classical economists, from Ricardo to Marx, put distribution at the centre of their analyses, modern economists have tended to view inequality as 'an inevitable outcome of the market as a coordinating mechanism, and a necessary outcome for the market to function as an incentive mechanism' (Wade 2014, 118). Famously, Nobel Prize economist Robert Lucas (2004) went as far as to claim that 'Of the tendencies that are harmful to sound economics, the most seductive, and in my opinion the most poisonous, is to focus on questions of distribution.' However, the Great Recession, beginning in 2008, and subsequent events, helped to heighten the perception of inequality, and in many countries throughout the world it became a prime topic in political debates. Inequality has also become a matter of debate among economists, largely as a consequence of Thomas Piketty's efforts to '[place] study of distribution and of the long-run back at the center of economic thinking' (Piketty 2015, 68).

Knowledge of long-run dynamics has long been a feature of research on inequality, due to Simon Kuznets' (1955) seminal article, in which he argued that income inequality followed an inverted-U path through the industrialization process (the so-called 'Kuznets curve'), with a rising phase at the beginning of industrialization. This path would be the consequence of economic development, and particularly of the transfer of workforce from a traditional (agrarian) sector to an advanced (industrial) one. This approach generated a sizeable amount of research on historical inequality, which, however, covered mostly the nineteenth and twentieth centuries: the period during which the Kuznets curve was expected to manifest itself. These studies usually found some evidence of rising inequality during the nineteenth century followed by decline in the early decades of the twentieth century (see Williamson 1985 for Britain; Piketty, Postel-Vinay and Rosenthal 2006, 2014 for France; Rossi, Toniolo and Vecchi 2001 for Italy; Prados de la Escosura 2008 for Spain; Williamson and Lindert 1980 for the United States). Earlier periods were not covered by these studies and indeed, in his 1955 article Kuznets seemed to imply that before ca. 1800 or 1750 at the earliest, income inequality was relatively low and stable over time.

This implication, however, was wrong. A seminal article by Jan Luiten Van Zanden published in 1995 (forty years after Kuznets'!) was for a long time the only attempt to reconstruct inequality change for a large area (the province of Holland in the Netherlands) throughout the early modern period.[6] Van Zanden found that inequality had started to increase from the sixteenth century – much earlier than the industrial revolution. However, it seemed possible to explain Holland's case with arguments that were 'kuznetsian' in nature, notably as the outcome of long-term economic growth (Van Zanden 1995; Soltow and Van Zanden 1998) – after all, during the early modern period the Dutch Republic went through its Golden Age. Van Zanden postulated the existence of a 'super-Kuznets curve' spanning many centuries, with a long phase of inequality growth followed by inequality decline only during the twentieth century (Van Zanden 1995, 662). In the following years, very few studies of tendencies in preindustrial inequality appeared, the main exception being the attempt of Phil Hoffman et al. (2002) to estimate 'real' inequality from data on prices and consumption. Indeed, from 1995, fifteen years would pass before a new study of preindustrial economic inequality measured from wealth or income distributions reconstructed from archival data was published by an international journal. In 2010, inspired by Van Zanden's work, one of the authors of this book demonstrated that in the district of Ivrea in the Sabaudian State (north-western Italy), wealth inequality had been growing throughout the early modern period – but this area mostly faced economic stagnation, not growth, during the sixteenth and the seventeenth centuries (Alfani 2010a). This led us to question the relationship between inequality and economic growth in the long run, as well as to start looking in different directions to find possible drivers of change in preindustrial inequality. This constituted the main research question of the project *EINITE – Economic Inequality across Italy and Europe 1300–1800*,[7] which thanks to the generous funding of the European Research Council was able to launch a vast campaign of archival research during 2012–16. This book is also an outcome of EINITE.

It seems fair to state that the project EINITE, whose activities began in a period when inequality was, as seen earlier, still far from becoming a fashionable topic in the social sciences, has played an important role in promoting the study of this aspect of human societies among historians specializing in the preindustrial period. Indeed, since 2010 the studies providing new quantitative information, laboriously collected from the archives, about preindustrial inequality have multiplied and many of them involved a member of the EINITE team or one of the project's close associates. These works covered many areas of Europe, from the

[6] Before 1995, only local studies for single years of very short periods were available – see, for example, the classic works by David Herlihy: Herlihy (1978) and Herlihy and Klapisch-Zuber (1985).
[7] www.dondena.unibocconi.it/EINITE