
ARTICLES

Real Estate and Rational Investment in Early Modern Venice

Richard T. Rapp

State University of New York at Stony Brook

From about the time that the city of Venice extended her dominion over the mainland territories of the Veneto region in the early fifteenth century, wealthy Venetians began to invest in country land.¹ This activity, which continued in varying degrees of intensity until the last days of the Republic is, of itself, not difficult to understand, for although the profits from agricultural estates were typically lower than those from commerce or banking, there were many advantages. For some the mainland villa was merely a summering spot or a convenient source of fresh food. But more often *terraferma* real estate was a true investment and the mark of a diversified portfolio. Unlike risky wagering on maritime commerce, land-buying offered a headache-free, if low, annual return in the form of cash or saleable crops and the further prospect of capital appreciation, not to mention the subsidiary

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¹ GINO LUZZATTO, "L'economia veneziana dopo l'acquisto della *terraferma*", *Bergomum* 58 (1964) fasc. 2, p. 60.

pleasures of the *casa domenicale*. Additionally, noble families who were concerned that the family name be preserved in good condition by future generations, were encouraged to accumulate wealth in the form of immovable goods by the practice of entail, by which a testator was able to insure that the patrimony in the form of landed estates could not be divided or alienated by irresponsible heirs.²

But in the late sixteenth and early seventeenth centuries, the scale of land-buying increased so greatly that by the 1660's Venetians had come to own a quarter-million hectares in the nearby provinces. Nearly half of this had been acquired within the previous hundred years.³ Indications are that the land-buying spree was most intensive between 1580 and 1630 and that it took place at the expense of alternative placements, notably in commerce, which was the traditional avenue of investment for the Venetian aristocracy. Land-buying in the countryside now competed fully with trade and banking for the financial resources of Venice's investor classes; all evidence points to a massive investment shift from commercial enterprises to the lower-paying livelihood that came from renting land to growers of wheat, grapes, and similar stuff: a crucial juncture in the economic history of the seafaring Republic of Venice.⁴ While historians no longer hold with the notion

² JAMES C. DAVIS, *The Decline of the Venetian Nobility as a Ruling Class* (Baltimore, Johns Hopkins Press, 1962), pp. 68-70, and by the same author *A Venetian Family and its Fortune 1500-1900: The Donà and the Conservation of their Wealth*, *Memoirs of the American Philosophical Society*, vol. 106 (Philadelphia, 1975), pp. 74-83.

³ DANIELE BELTRAMI, *La penetrazione economica dei veneziani in terraferma. Forze di lavoro e proprietà fondiaria nelle campagne venete dei secoli XVII e XVIII* (Venice-Rome, Istituto per la Collaborazione Culturale, 1961), pp. 60-64, 92-100; S.J. WOOLF, "Venice and the Terraferma: Problems of the Change from Commercial to Landed Activities," *Bollettino dell'Istituto di Storia della Società e dello Stato Veneziano*, 4 (1962), 415-441, reprinted in Brian Pullan (ed.), *Crisis and Change in the Venetian Economy in the Sixteenth and Seventeenth Centuries*, (London, Methuen, 1968), pp. 174-203, especially pp. 182, 185.

About 70 percent of these Venetian-owned lands were in the hands of the nobility.

⁴ Venetians, of course, did not abandon commerce altogether. Even as certain great merchants gave themselves over to the rentier life new infusions of mercantile

that the acquisition of agricultural estates by Venetian investors was an intoxicated act or a manifestation of cowardice in the face of commercial threat (as disgruntled Venetian critics sometimes alleged),⁵ the motivation for the shift to landed investment is still far from apparent. In the brief examination of this question that follows, I shall devote my attention to an interpretation of the investment shift set out in recent writings of Peter Burke and Ugo Tucci,⁶ and then offer an alternative explanation based largely on the investment behaviour of a single Venetian businessman (one Alberto Gozzi).

According to Peter Burke, a change in the mentality of Venetian noblemen took place about 1630. It was a new investor psychology that explains the diminished interest in trade and the almost overwhelming urge to buy country estates. Entrepreneurial attitudes, which dispose the wealthy to active financial and commercial management, imagination in business, and economic innovation, were replaced by a passive attitude toward wealth — the rentier mentality.⁷ According to this hypothesis the new passivity caused Venetian nobles to prefer the convenient, steady income that landownership affords to the up and down adventures of the seafaring trade. Ugo Tucci, exploring the investor psychology of the sixteenth century, furthers the case for the “passive mentality” by developing the subtle idea that, while at the level of rhetoric Venetian curmudgeons may have harkened oc-

talent from the ranks of the more modest citizenry replenished the trading community, although their enterprises developed on less grand a scale than those of their predecessors. (See UGO TUCCI, “The Psychology of the Venetian Merchant in the Sixteenth Century,” in J.R. Hale (ed.) *Renaissance Venice* (London, Faber and Faber, 1973), pp. 373-374. In the same volume see BRIAN PULLAN, “The Occupation and Investments of the Venetian Nobility in the Middle and Late Sixteenth Century” pp. 379-408, on the balance between commercial and landed investments.

⁵ PULLAN, *Crisis and Change*, introduction, p. 19; FREDERIC C. LANE, *Venice, A Maritime Republic* (Baltimore, Johns Hopkins Press, 1973), p. 306.

⁶ PETER BURKE, *Venice and Amsterdam: A Study of Seventeenth-Century Elites*, (London, Temple Smith, 1974); TUCCI, “The Psychology of the Venetian Merchant.”

⁷ BURKE, *Venice and Amsterdam*, pp. 61, 104.

asionally to the glories of the maritime life, all the while trade was becoming an indecorous occupation in the public opinion of early modern Venice: "The praises of rural life were sung on every possible occasion, its serenity valued in contrast with the anxieties of trade, as was the sense of security it offered in a changing age which required tremendous efforts of adaptation."⁸

Tucci claims that the new psychology was damaging to Venetian commercial acumen. Merchants saw themselves as everywhere despised and vilified, and while Venice retained command of her advanced commercial technique, men lost control over the daily exigencies of international trade, accepting with passivity, even detachment, the economic challenges which confronted them.⁹ The urge for security and for the relaxation of entrepreneurial tension seemed to overcome the city's wealthy classes.

This is a plausible hypothesis, one very much in tune with contemporary perceptions of those Venetians who regarded the nobility as a group in danger of losing its honour by abandoning the galleys for a life founded on profit from pigs and millet.¹⁰ The difficulty with the new passivity as an explanation of the "flight to the land" is that it begs a prior question, the most basic consideration of investment selection: was the investment shift occasioned by changing rates of return? For if indeed realized rates of return in commercial ventures fell below the rates for agrarian investment, then we do not need a change in mentality to explain the shift in investment priorities; even the flintiest entrepreneur would reasonably have abandoned trade for agriculture. Even if *ex post* returns to commerce remained slightly

⁸ Tucci, "The Psychology of the Venetian Merchant," p. 350.

⁹ *Ibid.*, pp. 351, 356-7.

¹⁰ "The nobility wants no part in trade, everything is spent on lands, dwellings, and the pleasures of the city," bemoans Nicolò Dona in 1610. (DAVIS, *A Venetian Family and its Fortune*, p. 32). Also see the observations of Carleton, the British ambassador to Venice in 1612 quoted by Burke (*Venice and Amsterdam*, p. 103). He says much the same thing.

higher than those on farming, there still may have been sound reasons for preferring land. The rentier mentality, however, implies non-optimizing behaviour of a sort that economists justifiably are inclined to call irrational; passivity in an investor or in a group of them can properly be interpreted as an unwillingness to evaluate and rank investment alternatives and to select the best paying ones. Before we allow that such behaviour became prevalent in early modern Venice, some evaluating of our own is much in order.

The costs and yields of investments are not yet part of the statistical artillery available to historians of Venice, although our understanding of mainland agriculture has been much improved thanks to the efforts of Beltrami and Ventura.¹¹ The business history of Alberto Gozzi which I am about to present can serve only as a test case of an investor who maintained active interests in both trade and realty, but we may not suppose that Gozzi was typical. It will be safer to assume that Gozzi's large gains represent unusual success in an economic atmosphere that was most adverse. The evidence of his career does indicate that his decision-making faculties were sound and that his choices were made out of an "active" spirit of acquisitiveness, not a wish to stand by. By comparing his investment record in commerce and real estate, we may discover how the opportunities for making money compared in these two areas, at least for one who was motivated by the urge to increase his wealth by the best available means.

Alberto Gozzi (1579-1664) was known throughout much of his life as Alberto della Seda (the Silkmaker), and with good reason. He was a wealthy and important silk merchant due to the fortunes of birth. Both his father and mother were scions

¹¹ DANIELE BELTRAMI, *La penetrazione, and Saggio di storia dell'agricoltura nella Repubblica di Venezia durante l'età moderna*; ANGELO VENTURA, "Considerazioni sull'agricoltura veneta e sulla accumulazione originaria del capitale nei secoli XVI e XVII," *Studi Storici*, 9 (1968) 674-722, and "Aspetti storico economici della villa veneta," *Bollettino del Centro Internazionale di studi di architettura Andrea Palladio* 11 (1969), pp. 65-77.

of silkmaking families. In fact Alberto's maternal grandfather and namesake was the first "Alberto della Seda" and young Alberto's uncle on his mother's side, Domenico Tironi, was the mentor and partner of his early years in business. Genealogical records indicate that in the early 1500's the Gozzi family moved to Venice from their native Bergamo, and like many other immigrants from that territory, they became successful silk merchants and were granted native citizen status by the Republic.¹²

From such favourable beginnings Alberto established himself well and made his fortune grow. During the first three decades of the seventeenth century, as junior partner to his uncle, he managed the silk shop known as "Domenico & Alberto della Seda" on the Merceria S. Zulian. The two relatives cooperated as partners in other mercantile and land-buying ventures as well.

In 1638 Alberto was able to purchase, at a cost of over 16,000 ducats, a large and luxurious house near the church of the Gesuiti in the Santi Apostoli parish which became the main residence of the family.¹³ The crowning achievement of Alberto's industrious life — and the ultimate purchase, in a sense — came in 1646 when he was elevated to the nobility of Venice, among the first to be allowed to join this caste which had been almost completely closed since the 1380's. With some apparent strain on his financial resources Alberto disbursed the requisite 100,000 ducats, 60,000 in free gift, 40,000 in interest-free deposit, and was granted a title of nobility by vote of the Great Council, 878 in favour, 63 against, 13 abstaining.¹⁴ After living eighteen years

¹² ARCHIVIO DI STATO DI VENEZIA (henceforth A.S.V.), *Archivio Proprio F. Balbi*, filza 21. On immigrants from Bergamo and the status of *cittadino* class see, TUCCI, "The Psychology of the Venetian Merchant," pp. 360-365.

¹³ A.S.V., *Ospitali e Luoghi Pii Diverse*, b. 546, no. 9, May 31, 1638. This building later came to be known by the name of a later owner as the Palazzo Seriman [EMMANUELE CICOGNA, *Della Inscrizioni Veneziane* (Venice, 1842), vol. V, pp. 360-361].

¹⁴ A.S.V., *Miscellanea Codici*, III, *Cod. Soranzo*, 14, 15; *Cod. I, Storia Veneta*, 43/III and 43/VI. For background on the aggregations to the nobility during the War of Crete see DAVIS, *Decline of the Venetian Nobility*, pp. 105-126.

as a nobleman, Alberto Gozzi died in 1664 at the age of 85. His will, drawn up one year before his death, was a businesslike document which first of all placed a strict limit on expensive funeral arrangements.¹⁵ As one would expect of an aristocrat, even a new one, Alberto's will reflected much concern for the future of the family name and fortune. He left a special annuity from the income of his estate for the upkeep of the family house "in *posto honorevole*." Alberto's son, Prospero, was heir and executor, but the will emphasized the following generation in the person of the minor grandson (diminutively "Albertino") to whom most incomes and properties were to pass upon his majority.

Two of Gozzi's offspring married nobles bearing formidable names: Orsola, Alberto's daughter, married Francesco Mocenigo, and Albertino, the grandson, married Andrianna Donà. Alberto's line died with the death of Albertino, who died childless, in 1698. Andrianna Donà survived her husband by forty years, and, in sad contrast to Alberto's frugal precedent, she devoted much of what remained of the family wealth to payment for thousands of funeral masses and celebrations of a similar sort.¹⁶

Alberto Gozzi was a successful businessman. Despite the crisis of trade confronting Venice in his time, his earnings grew and his holdings increased with few setbacks between 1600 — the time of his first venture — and his death 64 years later. He was

¹⁵ Despite all that has been said about Venetian love of pomp and ceremony, Alberto's funeral arrangements were apparently not unusual in their simplicity, (BURKE, *Venice and Amsterdam*, p. 64), although Davis encourages some scepticism by speaking of deceased noblemen, "dressed with ostentatious humility in the simple robes of a friar..." (*A Venetian Family*, p. 50).

Alberto Gozzi's will is located in A.S.V., *Ospitali*, b. 546, no. 42 and b. 551, fasc. 3. The date of the will is April 18, 1663.

¹⁶ A.S.V., *Ospitali*, b. 551, fasc. 3. The name Gozzi survived honourably in other lines, most notably the branch of Santa Maria Mater Domini which produced the literary personalities of the eighteenth century, Carlo and Gasparo Gozzi.

Andreanna Gozzi made major bequests of property to some of the smaller charitable institutions of Venice, and the family papers and account books were transferred to the archives of these institutions when the line failed. This is how the records came to reside in their present location in the State Archive of Venice.

a typical merchant-entrepreneur, combining the functions of financier, industrialist, wholesaler and retailer. In many of his investment companies, he appears as a silent partner. His balance sheets and business correspondence show long-distance connections, through agents, for the procurement of raw materials and the sale of finished goods.¹⁷ His books show subcontracting accounts with weavers, dyers, and other craftsmen. He maintained a central shop for silkworking, and a store on the Merceria for selling finished cloth.¹⁸ Although Gozzi himself was not a long-distance trader, his operations (or those of companies in which he was a partner) ranged from Venice to Verona, Florence, Piacenza, Vienna, Besançon, Warsaw, Cracow, and Greece.¹⁹ While his principal interest was the silk cloth industry, he invested in a company for the trading of hides, a stationer's shop, and a gold threadmaking enterprise.²⁰

The majority of Alberto Gozzi's commercial activity was conducted with three major companies. The first of these was the silk shop co-founded by Alberto and Domenico Tironi, his uncle. Alberto began in this enterprise as a junior partner with an investment of about 5,000 ducats and was assigned profits in direct proportion to his contribution to the shop's capital. The firm had no other investors besides Gozzi and his uncle; each extracted funds for personal expenses according to no prearranged schedule, and the majority of the profits were ploughed back. The firm prospered — the compound growth rate of capital was a very respectable 10.2 percent per annum. By 1629 Alberto's stake in the enterprise had grown to 129,683 ducats. At the termination of the company in that year Gozzi may actually have received most of the company's net worth of over 285,000 ducats — his

¹⁷ A.S.V., *Ospitali*, 556, 559 contain the company balance sheets that form the basis of this section.

¹⁸ A.S.V., *Dieci Savi Sopra le Decime in Rialto*, b. 222, no. 1383.

¹⁹ A.S.V., *Ospitali*, b. 556, nos. 70, 73. Evidently Alberto's trade was land-based, a steadier and less-risky commerce for Venetians than seafaring trades.

²⁰ *Ibid.*, nos. 33, 36, 84.

TABLE 1

ALBERTO GOZZI'S PRINCIPAL-COMMERCIAL INVESTMENTS

Company Name	(Years)	Total Initial Investment (ducats)	Total Terminal Capital & Profits	Gozzi's Share of Investment/ Profit	CGR ^a
Domenico & Alberto della Seda	(1601-29)	18,906:18	285,898:14	45.4%/45.4%	10.2
Domenico & Alberto with Andrea Fossato	(1653-57) (1659-64)	66,000 100,000	92,376:20	91% /82%	8.8
Federico Dana	(1646-50) (1650-55) (1655-60)	22,000 36,319:18 35,561:33	76,779:14 80,645	45.6%/41.7% 62.5%/66%	36.0 17.2
Samminiati & Guasconi	(1626-28) (1632-35) (1635-39) (1643-50) (1646-51) (1658-63)	34,000 ^b 126,000 150,000 16,000 156,000 156,000	37,231/3/7 ^b	17.7%/13.2% 57% /40% 59% /44.3% 58% /42% 58% /42%	4.6
Pietro Baretta, stationer	(1621-26)	600		100%/100% ^c	
Francesco Rioda, goldbeater	(1645-48)	4,000			
Di Stefano Alberti, silk shop	(1657-64)	19,590:15	26,652:11	72% /50%	4.5

Source: A.S.V., Ospitali, b. 536, 559.

^a compound growth rate; percent per annum.

^b Florentine *scudi*.

^c Shopkeeper contributed no capital and was salaried.

share and his uncle's combined — if, as seems likely, the company ended with the death of Domenico Tironi in the plague year 1630. For 24 years thereafter no records for the silk shop are to be found, so we do not know whether or not the shop continued under Alberto's sole ownership. In 1653 the corporate name of "Domenico and Alberto della Seda" was revived with a new company. Alberto, now the senior partner invested 60,000 ducats and one Andrea Fossato, the working partner, invested only 6,000. Fossato was given 600 ducats a year for expenses and 10 percent of the profits above the share paid to his capital as compensation for managing the firm. These were notably

generous terms for a junior partner, but Fossato earned his keep. Net profits in the first year were 9,694 ducats, 17,441 in the second year, and 26,376 by the third. Profits were reinvested each time, and additional capital was injected into the enterprise by other sleeping partners later on. The renewed company prospered until Alberto's death. In his will Gozzi ordered that the company should be allowed to continue until its contractual termination date at which time the capital and profits were to be extracted and distributed, all debts paid, and the company reopened anew with Prospero, his son and heir, the primary partner.²¹

Alberto's second major commercial relationship of long-standing was with the merchant house of Federico Dana, which Gozzi, it appears, helped found in 1646 with a 10,000 ducat investment. After a spectacular record of profits over the first five-year term (table 1), Alberto reinvested 20,000 ducats in 1655. Dana, the junior partner, was paid 12 percent of the total profit for his services, and the remainder of the annual gains were divided according to the capital shares. Here, as in the partnership with Andrea Fossato, there is clear evidence of the advantages of the classic company contract. Gozzi, as a sleeping partner, saw his money grow at substantial rates, prompting him to reinforce his commitment at the next renewal of the company. Dana, meanwhile, began in the enterprise with a relatively small investment of 2,000 ducats in 1645, and, by dint of good management and ploughing-back, he saw his equity grow to about 23,000 ducats by 1656, the date of the last extant balance sheet for the company.

The third major investment outlet for Alberto Gozzi was the "Compania di Mercatura" of Ascanio Samminiati & Gioacchino Guasconi, one of the biggest commercial firms in seventeenth-century Florence.²² He invested large sums in the firm,

²¹ A.S.V., *Ospitali*, b. 551, fasc. 3, b. 546, no. 42.

²² CARLO M. CIPOLLA, "Crise à Florence, 1629-1630," *Melanges en l'honneur de Fer-*

which conducted every sort of trade in North Italy and Central Europe. The balance sheets for this firm that presently reside in the Gozzi papers do not indicate yearly returns with clarity, so we do not know, by and large, just how successful Gozzi's participation in the firm was from his own standpoint. We must guess, however, that Alberto was satisfied with the arrangement, for it lasted over 30 years, and his son Prospero's testament (1666) indicates that the family retained an interest in the firm after Alberto's death.

Among the smaller enterprises which Alberto occasionally funded there were, at one time or another, a stationer's shop, a goldbeater, and a small silk shop. The last of these was run by Di Stefano Alberti. Because of a contract which was very favourable to the junior partner, Gozzi's capital earned him a meagre 3.8 per annum even though the rate of profit for the firm as a whole was somewhat higher than this.

As table 1 shows there were several occasions when Alberto reduced the overall level of trade investment. In 1629-1631 Gozzi temporarily liquidated commercial assets and, at the same time, began a phase of significant land buying in the plague-flattened real estate market. The years 1632-1640 were marked by a rather conservative stance in commerce, the major commitment being a somewhat remote relationship as an investor in the Florentine mercantile firm of Samminiati and Guasconi. In the early 1640's Alberto again removed funds from trading companies, no doubt to cover the 100,000 ducat fee for his new title of nobility. Soon thereafter, though, he reactivated his partnership with Samminiati and Guasconi and set up the silk shop once under the sign of Domenico and Alberto della Seda with a new junior partner, so that by 1660 Gozzi's investments were at an all time high. Here again, at age 81 he began to reduce his

and Braudel, I, Histoire Economique du monde méditerranéen 1450-1650 (Toulouse, Privat, 1973), pp. 152-153.

commercial participations, perhaps because of incapacity to maintain active participation. At the time of his death, four years later, he was party to only two contracts, and he held commercial assets of less than 100,000 ducats.

How can we summarize this sketchy business portrait? Fragmentary records and unclarities regarding the accounting for profits and capital appreciation make it imperative that we do not create the impression of high precision in evaluating investment performance. The record suggests that with judicious and flexible investment patterns Gozzi achieved rates of capital appreciation that ranged from about 5 percent, a low but respectable rate by comparison with then current interest rates for private lending and government obligations, to very high short-run rates of 17-36 percent which seem closer to the rates of return for trade in Venice's more bountiful days. There were relatively few ventures that resulted in a serious loss.²³ It would be reasonable for us to consider that Alberto's commercial investment fund began with 5,230 ducats around 1600 and to assume that this fund grew to about 200,000 ducats by the end of Gozzi's career, about 60 years later. This gives us the best available summary statement of Gozzi's success in commercial-industrial enterprise — a compound rate of growth over the long run of approximately 6.4 percent.

Between 1620 and 1650 Alberto Gozzi made significant purchases of real property: agricultural holdings on the mainland, vineyards on the lagoon island of San Erasmo, and a variety of houses and shops in the city.²⁴ While it is likely that Alberto inherited some properties from his father, the bulk of his holdings

²³ One such period was in the crisis years of 1620-1622 when the current asset value of the silk shop of Domenico & Alberto della Seda dropped from 205,525 ducats to 203,140 ducats.

²⁴ On some early Gozzi real estate purchases see my *Industry and Economic Decline in Seventeenth-Century Venice*, (Cambridge, Mass. & London, Harvard University Press, 1976), p. 146.

by the end of his life were acquisitions he had made himself. Interestingly, Alberto's earliest purchases were made in partnership with his uncle Domenico Tironi in a manner very like their joint commercial ventures, a fact which is suggestive of the investment character of land-buying at the time. After 1631 Alberto alone continued to augment his estates, first with a spate of acquisitions at public auctions after the plague of 1630-31, later in a series of private deals.

In 1661 Alberto Gozzi, like all other property holders, was obliged to make a declaration of taxable income from real property for the *Dieci Savi sopra le decime in Rialto*. The details of the tax declaration are summarized in tables 2-4. From these we can make the following observations about Gozzi's holdings near the end of his life:

By 1661 Alberto was a moderately large landholder, being in possession of 1,340 campi, or about 1,650 acres. While this does not rank the Gozzi family with such as the Manin or Contarini, who in the XVIIIth century measured their landholdings in many thousands of campi,²⁵ it was a sizeable holding especially in view of the uniformly superior quality of the land. The average price paid by Alberto in the 1620's, 30's and 40's was over 100 ducats per campo including buildings and improvements.²⁶ When the government of Venice sold off unimproved public lands between 1646 and 1727, 350,000 campi were disposed of, yielding the government 3,700,000 ducats or a mere 10.5 per campo.²⁷ Viewed in this light, the Gozzi estates were more valuable by far than acreage alone might suggest.

²⁵ JEAN GEORGELIN, "Une grande propriété en Venetie au XVIIIe siècle: Anguilara," *Annales, Économies, Sociétés, Civilisations*, 3 (1968), p. 483.

²⁶ A.S.V., *Ospitali*, b. 546, no. 9.

²⁷ BELTRAMI, *Saggio*, pp. 48-49. Also see VENTURA, "Considerazioni," pp. 705-706, which wisely compares this price with the 100-120 ducats per campo which was an average sale price for good agricultural land in the 1620's as clear evidence of the fact that the act of improving land was good investment policy.

TABLE 2

ALBERTO GOZZI'S PROPERTY IN VENICE, 1661

Property	Date of Acquisition	Purchase Price (ducats)	Annual Rent, 1661 (ducats)	1661 Rent as % of Purchase
SS. Apostoli palace	1638	16,461	own account	—
Apartment in palace	1638	—	50	—
Apartment in palace	1638	—	60	—
S. Sophia silk office	—	inherited	own account	—
S. Felice houses and oil warehouses	1623	8,000	177	2.2%
S. Marcuola, two boathouses leased to heads of the Hebrew nation	—	—	16	—
S. Lio, 2 houses with warehouses and three selling areas	1627	8,450	362	4.3%
Rialto, gold shop	1626	500	50	10.0%
Shop	1625	2,000	own account	—
Paper shop	1625	600	12	2.0%
Tailor shop	—	—	12	—
"Portion of a house"	1627	468	23	5.0%
S. Apolonial, $\frac{1}{2}$ house	—	—	6	—
S. Basegio, house	—	—	14	—
Apartment	—	—	charity	—
San Erasmo, Casa Domenical and 15 farms totaling approximately 100 campi with gardens and vineyards	1622	15,523	1,314:20 ^a	8.5% ^b
<i>Total</i>			2,096:20	

Source: A.S.V., *Dieta Savi*, b. 222, no. 1383.

^a 1220 ducats were realized as simple cash rent. One farm of 30 campi was leased "a boaria" and paid 30 bushels of wheat, 12 *mastelli* of wine, and 14 bushels of small grains which I have valued at 94 ducats, 20 grossi. Gozzi recorded on the tax form that this farm suffered inundation of seawater and he has had to spend more than 1500 ducats to excavate canals and construct seawalls, with continuing expense for repairs.

^b does not include a rental valuation on the *casa domenicale*.

TABLE 3

ALBERTO GOZZI'S MAINLAND PROPERTY INCOMES, 1661

Province	Dogado	Padovano	Vicentina	Polesine	Trevisana
Size of holdings (campi)	194	634.75	115	384	12
<i>Incomes</i>					
Wheat (stara)	143	570	114	438	—
Maize (stara)	12	75	10	99	—
Millet (stara)	25	83	15	—	—
Sorghum (stara)	9	90	30	42	—
Legumes (sacchi)	3	49	10	30	—
Wine (mastelli)	148	186	25	110	—
Pork (cwt.)	4.5	3	1	3.6	—
Hay (carro)	3	—	—	4.5	—
Cash rent (Lire)	—	3,732/6	—	1,525/4	231
Total income (ducats)	655:23	2,409:17	344:21	1,521	37:6
Average income per campo (ducats)	3:9	3:19	3	3:23	3:3

Total campi - 1339.75

Total income - 4,968 ducats, 19 grossi

Average income per campo - 3:17

Source: A.S.V., *Dieci Savi*, b. 222, no. 1383.

Note: To arrive at a money value for in-kind payments the following prices are used: wheat, 12 lire per *stara*; wine, 12 lire per *mastello*; maize and sorghum, 6 lire per *stara*; millet and legumes, 8 lire per *stara* or *sacco*; pork, 30 lire per hundredweight; hay, 30 lire per *carro* (A.S.V., *Ospitali*, b. 939, fasc. 12, a collection of rent-books from the 1680's). The results must be considered approximate because of a certain degree of non-uniformity from region to region in the size of the measures and the size of a campo of land (which equals .5263 hectares in Venetian measure but .3863 hectares, Paduan measure), and because of variations in the prices of commodities. In addition to agricultural properties, Gozzi owned 5 mills, a house in Mestre, and a tower for which he received rents totaling 260:12. He also had 3016 ducats invested *a livello* at 6 percent and 225 ducats of tax shares which paid 14:5 or 6.3 percent in 1661 (For an explanation of livelli and tax shares see Pullan, "Occupations," 388, 392).

Gozzi mainland holdings in 1661 valued at an estimated 100 ducats per campo were worth 133,975 ducats. Adding to this about 1,500 ducats worth of mainland city properties and mills, the S. Erasmo farms (15,523 ducats), about 20,000 ducats worth

TABLE 4

LAND TENURE ON THE GOZZI MAINLAND ESTATES, 1661

	Fixed Cash Rent	Fixed Rent in Kind	Cash and Kind Rents	Share- cropping	Boaria
Area (campi)	181.25	408	291	147	312.5
% area	13.5	30.5	21.7	11.0	23.3
Income (ducats)	503:18	1,449:5	1,510:12	517:14	987:18
% income	10.1	29.2	30.4	10.4	19.9
Income per Campo	2:19	3:13	5:5	3:13	3:4

Source: A.S.V., *Dieci Savi*, b. 222, no. 1383.

of properties in Venice (excluding the SS. Apostoli palace), and 3,016 ducats invested in *livelli* give us a rough reckoning of Gozzi's real estate investment near the end of his life, about 174,000 ducats. Although we are clearly dealing with orders of magnitude, not precise valuations, it seems safe to conclude that towards the end of his career Alberto committed investment funds to commerce and realty in roughly equal proportions. He was no dabbler in either, and it would be foolish to portray his agricultural interests (which were firmly established decades before the prospect of ennoblement was even so much as a daydream) as either status-seeking, or a "retreat from commerce."

Is the changeover from commercial enterprise to landownership itself indicative of a shift from an active to a passive attitude to wealth, as the very term "absentee landlord" implies?²⁸

²⁸ Neither Burke nor Tucci argue that the investment shift is, of itself, evidence of the passive mentality. But while Burke recognizes that one of his principal sources of information about income, the tax-returns of the *Dieci Savi*, deals only with incomes from real property (on which the decima tax was applied), he often makes it seem as if taxable earnings from real estate were the only source of a noble's income (pp. 22, 102-103, and pp. 60-61 where total wealth is made equal to five times the declared income from land alone). When Burke remarks that Leonardo Donà "declared 326 ducats income in 1582" (p. 22) we must reckon that this was actually less than a fourth of Donà's average annual earnings once sources of income other than real estate are properly taken into account. (See DAVIS, *A Venetian Family*, pp. 40-41). Burke's frequent misidentification of landed income with total income results in an exaggerated portrait of the Venetian noble as passive rentier.

Certainly not. Like the absentee landlord, the wealthy merchant was most often a non-participant. Yet no one would say of an investor in commercial ventures that he was "passive." How much more active is a "sleeping partner" than an "absentee landlord?" Once Alberto Gozzi graduated from junior partner status in the firm of his uncle, almost all of his financial interests in trade and industry were managed by factors or the owners of other firms. Although there is evidence that Alberto paid some direct managerial attention to his silk manufactory, most of the responsibility was vested in a young employee, Andrea Fossato. In most of the other commercial ventures of his mature years Alberto was purely a silent partner. In agriculture, of course, Gozzi's estates must have been managed by a series of bailiffs or stewards. Whether decisions about the mix of crops, tenure arrangements, and techniques of cultivation were determined by the local managers, by Gozzi himself to some degree, or purely by custom we do not know. What is evident is that the Gozzi estates encompass a diversity of geographical locations, a variety of crops, and a broad range of tenurial contracts: it was a diversified agricultural portfolio.²⁹

By converting the in-kind payments listed on Gozzi's tax

²⁹ About two-thirds of Gozzi acreage was farmed under simple rental arrangements, contracts for which management costs were low and in which the risk of poor harvest was borne largely by the tenant. Estates in which both a fixed cash rent and payments in kind were combined were apparently the most productive (from the landlord's standpoint). Twenty-two percent of total acreage was let out in this fashion and these farms produced 30 percent of total agricultural revenue (table 4). Three large estates in the rich territories of Polesine and the Padovano were leased in this fashion. The fixed cash component of rent must have been negotiated as some sort of premium for the especially high quality of the land. On other lands, some 23 percent, the *boaria* was used; a system which involved the hiring of seasonal wageworkers and involved the assumption of risk and management costs by the landlord (VENTURA, "Aspetti storico-economici," p. 72). Cash rents alone were collected from dispersed small holdings, and the yield was comparatively low (table 4). The sharecropping contract, which divided agricultural risk, was used on only 11 percent of Gozzi acreage. The arrangement was that the landlord provided land, dwelling, tools, and seed, receiving two-thirds the wheat and one-third the small grains plus some quantity of wine and pork.

declaration into cash values,³⁰ I have estimated that the total income from mainland estates was 4,968 ducats, 19 grossi. Adding to this the income from livelli (195:5), mills and rental of mainland buildings (260:12), and Venetian realty including S. Erasmo (2,096:20) we arrive at an estimate of annual income from property investment: 7,521 ducats, 8 grossi, or about 4 1/3 percent of estimated value. So as not to create an illusion of high accuracy it would be prudent to say that the overall return on real estate was very probably somewhere between 3.5 percent and 5 percent. Mainland estates alone paid about 3.7 percent of estimated value.³¹

For comparison, an income statement of the banker Andrea Dolfin described by Brian Pullan shows a range of rates of return of 6.8 percent on "government stock" to 3.1 percent on "house property" with other forms of real estate returning 4

³⁰ Table 3. As indicated in the note to the table, I have used the cash values of in-kind rent payments that appear in a rent book for the Gozzi estates in the 1680's. However indefensible the use of prices which come 20 years after the observations may seem to inflation-conscious readers, there are good reasons for this procedure in the absence of rent-books for the 1661 period. For one thing, the seventeenth century was not an age of inflation. The price of 12 lire per staro of wheat which I have used for evaluating the 1661 income statement is an average price in the 1680's rent-books; it corresponds closely to the figure of 2 ducats per staro that Pullan indicated is appropriate for the year 1590 ("Occupations and Investments," p. 390). Secondly, the importance of using the rent-book price, even one twenty years late, is that for any commodity there are several prices that exist at one time (farm price, import price, retail price, etc.). By using a rent-book valuation we can be sure to avoid the mistake of using some figure which may include factoring and distribution costs.

³¹ Gozzi actually paid tax on an income of only 4,967:11, a figure nearly identical to my estimate of income from terraferma estates. It is thus very likely that while Alberto was obliged to *declare* all real property incomes including *case* in Venice and livelli, he was taxed only on mainland property income. Whether Gozzi was a special case in this regard I cannot say, but the discrepancy found here should serve as a caution against too casual use of the "bottom line" income assessment of the *condizioni di decima*.

The warning comes from one who has already fallen into this trap. In a previous, abbreviated discussion of the Gozzi estates I wrote that Alberto's mainland income was "about 3,000 ducats per year." [in my *Industry and Economic Decline*, p. 148]. I arrived at that figure by subtracting rents on Venetian buildings from total taxable income (which probably never included rents from Venetian buildings). To say that Alberto's mainland income was about 5,000 ducats per year would have been nearer the mark.

percent.³² The overall yearly return on capital of 154,090 ducats was 3.94 percent. Dolfin had invested 60 percent of capital in realty and nothing in commercial enterprise.

In the last years of his life, Alberto Gozzi had had approximately 174,000 ducats invested in real estate and 200,000 ducats invested in commercial and industrial companies (table 1). His total income from these two sources was on the order of 20,000 ducats per annum (assuming a 6.4% return from commerce). Even if we admit the danger of overestimation by as great a margin as 25 percent, Alberto Gozzi still emerges an exceedingly wealthy man. Speaking of a somewhat earlier period, Frederic Lane recounts that by the standard of the times a noble was accounted well off with an annual income of 1,000 ducats and really rich with 10,000 per year.³³ Lane remarks that the 100,000 ducat payment associated with aggregation to the nobility (which Gozzi paid in 1646) was "socially comparable to perhaps \$10 million in 1970," an observation which confirms that Alberto Gozzi's position was very near the apex of Venice's pyramid of wealth.³⁴

What conclusions can we draw from our miniature business biography? Alberto Gozzi, a middle-class merchant (before 1646), is a most unlikely specimen of the passive-rentier mentality. His interest in agrarian enterprises began early in his financial career, well before the prospect of ennoblement ever arose, and he maintained active commercial interests at the same time as his investments in real estate grew. How then do we explain Alberto's willingness to move investment funds into mainland realty which yielded a lower return than his commercial investments? The answer lies in the fact that in Alberto's time, an era of commercial crisis for Venice, *ex post* rates of return on commerce

³² BRIAN PULLAN, "The Occupations and Investments of the Venetian Nobility in the Middle and Late Sixteenth Century," in J.R. Hale (ed.) *Renaissance Venice* (London, Faber & Faber, 1973), p. 391.

³³ LANE, *Venice*, p. 333.

³⁴ *Ibid.*, p. 430.

and agriculture had come very close together. While returns to commerce remained somewhat higher than for agriculture, investors evaluated alternative placements by adjusting *ex ante* rates to compensate for the special characteristics of the asset.

In a simplified world of no risk and fully liquid assets the investment decision is simple and determinate: from among the range of opportunities the investor will select the opportunity bearing the highest expected rate of return. If he were completely certain of the future of the asset he would put his entire wealth into it, and if the prevailing rate of interest were lower than the rate of return he would borrow more still to invest in it. The rate of return would be a function of the cost and the productivity of the enterprise.

Relaxing the risk assumption brings us a step closer to reality. Now we must suppose that for each investment alternative under consideration the anticipated rate of return has two components: the simple rate (return over cost), plus some discount which varies positively with the level of risk. That is, if the *ex ante* simple rate were, say, 8 percent on a high-risk placement, the investor might say, "Three percent merely compensates me for my willingness to hazard the principal, so the net rate of return to me is actually equivalent to 5 percent on a riskless investment." The investment will be ranked among other opportunities, similarly evaluated, at the five percent net rate.

Great changes in the yields on Venetian commercial investments and in the risks of such enterprise coincide exactly with the land-buying boom. The decline of the port of Venice as Europe's eastern entrepôt and the industrial competition of Holland, England, and France most certainly resulted in lower returns than those prevailing in the commercially prosperous middle-1500's. The risks of commerce for Venetians in the years between the end of the War of Cyprus and the beginning of the War of Crete increased as a result of piratical assaults on Venetian shipping by the Barbary corsairs, European pirates, and

Uskokos, close to home.³⁵ This means that downward pressure on the returns to trade moved *ex post* rates of return on commercial and agricultural investment closer together while at the same time, increasing commercial risks caused investors in Venice to discount *ex ante* rates to a greater degree than before.

All the while agriculture became increasingly attractive. In general terms, an adjustment for liquidity (or lack of same) may be attached to investment alternatives, depending upon the desire for liquidity and the ease of convertibility of an investment into cash or alternative assets. Consider the case of land: among the Venetian aristocracy, one of the attractions of investment in real estate was the opportunity to subject real property to conditions of inheritance which insured, to some degree, against the profligacy of future generations. This important consideration must have added some premium to the simple rate of return on land in the minds of family-conscious Venetian land-buyers.³⁶ Entails were becoming more common by the early sixteenth century, as Davis has shown, and by 1546 the number of estates passing to heirs under entail was sufficiently large for it to become a matter for government concern.³⁷ The benefit of owning an illiquid asset must have boosted an estate's anticipated worth a point or two above the simple *ex ante* rate of return. This means that even though the realized rate of return may have remained somewhat higher for commerce than for agricultural investment, entrepreneurs, after having discounted commercial rates for risk and after adjusting agricultural rates for illiquidity,

³⁵ See ALBERTO TENENTI, *Piracy and the Decline of Venice, 1580-1615*, trans. by Janet and Brian Pullan (London, Longmans, 1967). On the nature of the commercial rivalry in this period see RICHARD T. RAPP, "The Unmaking of the Mediterranean Trade Hegemony: International Trade Rivalry and the Commercial Revolution," *Journal of Economy History*, 35 (Sept., 1975), pp. 499-525, and *Industry and Economic Decline*.

³⁶ See the remarks of H.J. HABAKKUK, "The English Land Market in the 18th Century" in Bromley and Kossmann (eds.) *Britain and The Netherlands*, Vol. I (St. Martin's Press, 1968).

³⁷ DAVIS, *Decline of the Venetian Nobility*, p. 76.

may have found the adjusted *ex ante* rate of return for farm ownership higher than that of investment in trade without any lapses in managerial acumen or entrepreneurial will. To prove that this was so, and that it was this mechanism which created the land fever of 1580-1630 requires more thorough documentation than I can currently hope to muster. The financial history of a single investor, of course, can prove nothing conclusively. Yet, the close proximity of the rates of return in agriculture and commercial investment realized by Gozzi (3.5 - 5 percent for agricultural investment; 6.4 percent the long term average for commerce) makes a persuasive preliminary case for the hypothesis that *ex ante* rates of return, when adjusted for risk and liquidity, were about equal for agriculture and for commerce, and may very likely have been higher for agricultural investment at the time of the seventeenth-century land buying spree. This leads us to the conclusion — a conclusion that admittedly awaits broader-based confirmation — that the “flight to the land” of Venetian investors was neither irrational nor motivated by a subconscious desire to avoid the challenges of active entrepreneurship. The allocation of investment funds away from trade was an appropriate market response to the externally-caused decrease in productivity of Venetian commercial enterprise relative to agriculture. Venetian trade, of course, was not obliterated and wealthy Venetians, Alberto Gozzi included, did not abandon commerce entirely. But the new diversification, with its emphasis on mainland agriculture, did become the standard pattern for Venetian investors — a pattern fully consistent with economic good sense.

The final inference is that the new pattern of investment with its emphasis on land buying was not a *cause* of commercial decline in Venice, it was a *symptom* of it.