**How far was Venetian prosperity in the fifteenth and sixteenth centuries a product of industry rather than trade?**

On 24 July 1501, news reached Venice that Vasco da Gama had landed in Lisbon loaded with spices, directly from India. Girolamo Priuli estimated that the Portuguese king turned a 100-fold profit for each ducat he invested.[1] Venice was sent into shock. Prices of spices fell as the impossible had taken place. The outcome of this event though, did not cause the collapse of Venetian prosperity as expected. Instead, it signalled that prosperity from trade was further on the decline. In the fifteenth and sixteenth centuries, Venetian prosperity was far more a product of trade rather than industry but shifted towards industry by the end of the sixteenth century. Venice was one of, if not, the most prosperous city in the Mediterranean in the centuries. Boasting the third-largest Mediterranean population of 190,000 by 1600, Venice was the trading hub between Europe and the Levant. Geography positioned Venice favourably between the Levant and Europe and with a hard-to-penetrate landscape. This attracted investors and led to long-lasting family ties and prosperity from trade. With the slow rise of the Ottomans and the navigation around Africa though, Venetian trade became less price competitive and started to fall. Venetian industry largely centred around trade but grew after trade became less competitive, but Venice itself remained prosperous.

Eliyahu Ashtor estimates that the average profits for spice merchants in the fifteenth century were 35-40%. Spices comprised 70% of all goods purchased by Venetians in Egypt in the fifteenth century.[2] All this money, an estimated 1.25 million ducats entering and exiting every year came through Venice. The primary factor for prosperity was trade. Venice was posed in the fifteenth and sixteenth centuries to prosper from trade mainly due to the perfect geography of Venice. Firstly, the lagoon of Venice allowed it to be virtually impossible to invade by sea. Only once in Venetian history, the 1379 War of Chioggia, was Venice successfully invaded by sea. The lagoon, spanning 56 km long created a natural impenetrable wall whilst providing some essential resources such as salt for preserving food. Only once in our period of 1400-1600

[1] J. Kittler, 'Too Big to Fail, The 1499-1500 Banking Crisis in Renaissance Venice', *Journal of Cultural Economy* 5/2 (2012), p. 175.
[2] E. Ashtor, *The Venetian Cotton Trade in Syria in the Later Middle Ages* (Spoleto, 1976), p. 600.

was Venice, the city, even occupied, that during the League of Cambrai which occupied the city from 1509-1516. Genoa in comparison, was invaded multiple times during 1400-1600, several of which were by naval invasion. Comparing this aspect of Venice to its rivals is useful as it sets up the reputation of stability which made Venice prosperous. The narrow Adriatic with Venice at its tip provided an easily fortified and dangerous path. For those wanting to invade, Venetian militias could stay in coves on the east and ambush. Compared to the openly exposed Genoa, this further positioned Venice to be protected from naval invasion. Venice's geographical location meant it was protected from invasions and more stable. Trust is the basis for an economy, and trust in the security of a state makes it more favourable to do business with.

Venice's geography also allowed it to compete on price in trade. The island city with its 100,000 inhabitants (1500) was positioned to dominate the Terraferma, granting Venice agricultural land and a clear path into Northern Europe. More importantly, this gained it access to Germany through the valleys of the Alps, much closer to its rivals such as Genoa. Closer distance meant cheaper goods and better competition on price. Germans also had to come to Venice and set up shops to trade, with each merchant group receiving their own building/quarters. Long-lasting family relationships between families in Germany and Venice allowed for smooth business, spanning generations.[3] Most important though, was its distance to the Levant. Venice is situated 2200km away from Alexandria whereas Languedoc is 2700km. Trading goods from Europe to the Levant was 20% cheaper to do in Venice than in Languedoc.[4] Insurance rates were also cheaper in Venice, partly from the closer distances. They did not exceed 2% in peace times whereas Florance had 7%.[5] The blessed geography led to financial stability, which attracted and built a reputation of prosperity. Prosperity breeds prosperity. Easily accessible markets in Europe and family ties meant Venetian merchants were positioned to gain the most from the trade with the Levant. Venice's geographical blessing was the prerequisite for its comparative advantage over trade and for its prosperity.

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[3] M. Fusaro, 'Cooperating Mercantile Networks in The Early Modern Mediterranean', *The Economic History Review* 65/2 (2012), p. 703.
[4] L. Pezzelo, 'The Venetian Economy' in E. Dursteler (ed.) *A Companion to Venetian History, 1400-1797 Vol. 4* (Boston, 2013), p. 260.
[5] L. Pezzelo, 'The Venetian Economy', p. 260.

As stated, 70% of Venetian purchases in Egypt were spices. In the most demand, pepper yielded 40% returns for those who traded it.[6] Spices were essential for medieval cooking. Food without spices was bland and spices were in high demand. Northern Europe's supply of spices came from Venice which was geographically gifted to prosper from this. Other products such as cotton were essential for trade too. Combined, customs yielded an annual 300,000 to 400,000 ducats from cotton and spices in the fifteenth century.[7] Trade worked both ways through Venice. Goods such as spices and cotton were demanded by Europe. The Levant demanded manufactured goods and mainly precious metals from Europe. Iron production in Europe increased from 25 tons a year to 40 by the end of the fifteenth century.[8] German merchants, who imported silver, represented about 20% of the business done in the Rialto.[9] In the 1490s, precious metals represented an average of 60% of the value of Venetian merchant's loads.[10] The most important factor in the growth of demand was the population growth. The European population was decimated by the black death in the 1340s. The same was true for the Levant. 45-70% of rural villages in Germany were abandoned by the plague. Between 1400 and 1500, Europe's population grew from 42 million to 57 million.[11] Venice's population too grew from 85,000 in 1400 to 190,000 in 1600. More people mean more goods are demanded, such as spices and Venice was in the perfect place to capitalise on this increasing demand. Venice was thus prosperous from its geography and timing in the fifteenth century to capitalise on the spice trade. Of a population of 150,000 in the late sixteenth century, Venice enjoyed a high 50-100 ducats per capita income.[12]

Venetian dominance in the Levant trade fell in the sixteenth century. Specifically due to the rise of the Ottomans and navigation around the Cape of Good Hope. The Ottoman Empire slowly conquered the Levant. Throughout the fifteenth and sixteenth centuries, more territory was gained. The Ottomans encroached on Venetian territory. In 1573 the Ottomans took Cyprus, and Venice

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[6] E. Ashtor, 'Profits from Trade with the Levant in the Fifteenth Century, *Bulletin of the School of Oriental and African Studies* 38/2 (1975), p. 270.
[7] E. Ashtor, 'The Venetian Supremacy in Levantine Trade: Monopoly or Pre-Colonialism?' *Journal of European Economic History* 3/1 (1974), p. 52.
[8] E. Ashtor, 'Levant Trade in The Later Middle Ages', p. 442.
[9] J. Kittler, 'Too Big to Fail', p. 172.
[10] L. Pezzelo, 'Venetian Economy', p. 266.
[11] E. Ashtor, *Levant Trade in The Later Middle Ages* (Princeton, 1983), p. 438.
[12] F. Braudel, *Civilisation and Capitalism, 15$^{th}$-18$^{th}$ Century* (New York, 1985)(Originally 1967), p. 119.

paid 300,000 ducats for 3 years of peace.[13] They slowly surrounded the Venetians, taking up territory in the Adriatic too and threatening the Venetian heartland. More importantly, the Ottomans gained control over trade. Although mutually beneficial, the Ottomans had complete control over the Levant trade and exercised their power. For example, during the 1570-73 Ottoman-Venetian war, the Sultan expelled Venetian merchants from his lands and left 235,000 ducats at port.[14] The Venetians did not suspend trade as they could not afford to. Not only did the Ottomans control trade, but the rise of the Ottomans was also expensive for Venetian merchants. The first Ottoman war in 1436 cost 1.2 million ducats a year to sustain.[15] This heavy tax burden fell on the traders themselves and made trading more expensive. Military expenditure took up 38% of the national budget in 1555. In 1609 it had risen to 63%. The total fiscal expenditure rose by 44% over the same period from 1.7 million to 2.4 million ducats.[16] A higher burden of taxes meant that trade was more expensive and Venetian traded goods were less price competitive. The navigation around the Cape of Africa by the Portuguese led to Northern Europeans trading directly with India and the East. Northern Europeans could now trade directly with India, bypassing the Venetian middlemen for cheaper goods. Simultaneously, Venetian goods became pricier due to the costly wars against the Ottomans. English imports rose from 12,000 pounds a year to 117,000 pounds from 1560 to 1621.[17] Taxes on imports in Venice were lowered by the end of the sixteenth century and by 1579 imports from the Levant were reduced to 6%.[18] In 1661 Venice became a free port, showing their desperation, but this was abolished after just 12 years.[19] Venice's trade had peaked around 1500, demonstrated by the peak in shipbuilding in 1504.[20] But throughout the sixteenth century, trade slowly diminished and Venice's prosperity shifted to industries such as silk to sustain it. Industry slowly replaced trade though, and throughout the centuries industry supported trade.

[13] M. V. Gelder*, Trading places, the Netherlandish Merchants in Early Modern Venice* (Boston, 2009), p. 29.
[14] E. Ashtor, *Levant Trade*, p. 297.
[15] E. Ashtor, *Levant Trade,* p. 447.
[16] J. C. Hocquet, 'Venice' in R. Bonney (ed.), *The Rise of the Fiscal State in Europe c. 1200-1815* (New York, 1999), p. 384.
[17] L. Pezzelo, 'The Venetian Economy', p. 266.
[18] J. C. Hocquet, 'Venice', p. 389.
[19] J. C. Hocquet, 'Venice', p. 389.
[20] F. C. Lane, *Venetian Ships and Shipbuilders of the Renaissance* (London, 1934), p. 137.

Industry was built around trade. 120kg of pepper in Alexandria and Damascus sold for 61 ducats. In Venice, it sold for up to 120 ducats. The markup on this did not go all to merchants' profits though. Expenses on pepper were around 15% and for other goods like cotton were as much as 30-40%.[21] Freighting cost up to 10% to import spices.[22] Shipbuilding was a complex industry which was directly tied to trade and military. Venice needed ships to transport goods to and from the Levant and to protect those goods. The total tonnage of Venetian merchant ships in 1450 is estimated to be 73,500 tons by Fredrick Lane.[23] Wars also required more ships, and the arsenal's tonnage was 7000 tons. The Venetian arsenal was present to convoy ships and was not just a wartime measure. Between 1537-38 200,000 ducats were spent on the navy annually. 60% of that went to raw materials and the rest to wages, all being circulated back into the Venetian economy.[24] Industries such as shipping were built around trade.

Venetian goods were high quality and took advantage of Venice's trading status to access markets. Other industries such as textiles gained greater importance throughout the fifteenth and specifically the sixteenth century. By the end of the sixteenth century, the value of raw silk production had reached 2.5 million ducats.[25] Exported and sold within the empire, the Republic was the most important producer of raw silk in Central and Northan Italy.[26] Silk was in high demand due to its softness compared to wool which was rough to wear. A complex process of weaving and demand meant that the industry flourished and grew, mostly in the sixteenth century. In 1559, the total production of raw silk was 90 tons and rose to 150 tons by 1600. Geography also aided here, with the abundance of water in the Terraferma assisting the water-heavy production process. This demonstrates the shift from trade to industry. In 1543 there were 50 spinning machines and by 1627 there were 194.[27] Each area of the Republic specialised in different production of silk, such as Vicenza in *orsoglio* (high-quality thin warp) or Venice in medium-quality thick thread. This specialization of

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[21] E. Ashtor, 'Profits from Trade with the Levant', p. 268.
[22] E. Ashtor, p. 428.
[23] F. C. Lane, *Venetian Ships and Shipbuilders,* p. 103.
[24] F. C. Lane, *Venetian Ships and Shipbuilders,* p. 103.
[25] L. Mola, *The Silk Industry of Renaissance Venice* (2000), p. 305.
[26] L. Mola, *The Silk Industry*, p. 305.
[27] E. Demo, 'Industry and Production in The Venetian Terraferma (15th-18th Centuries)', in E. Dursteler (ed.) *A Companion to Venetian History, 1400-1797 Vol. 4* (Boston, 2013), p. 306.

production with connected areas of the empire meant a whole system and a vital industry to Venice. This was connected with trade. Venice exported most of its silk outside of Italy to Germany, the Balkans and the Levant.[28] The wool industry was also important for the textile industry. Wool had a complex process involving preparation, spinning, weaving, dyeing and finishing. All of this was coordinated by a single entrepreneur merchant in Venice. Combined, in 1593, silk and wool made up 1 million ducats of 2 million exported goods to Aleppo.[29] Textiles were a vital Venetian industry. Other industries existed within Venice but were not as significant as silk was in the sixteenth century. Glass was a relatively large industry, exporting 182,000 ducats a year in 1590. Printing in Venice was another large industry, with 30 businessmen issuing prints between 1555 and 1600. Venice remained a hub for skilled work which benefitted these industries.[30] Industry largely centred around trade and took advantage of the trading partners and skilled workforce. The shift away from the spice trade throughout the sixteenth century meant that textiles were increasingly relied upon for prosperity, which remained high in the sixteenth century too.

Venice prospered in the fifteenth and sixteenth centuries largely due to trade. The geography of Venice blessed it to be the centre of trade between the Levant and Europe. A naturally fortified city allowed for stability and trust to grow leading to investment and long-lasting family ties. Its closer proximity to Central Europe and the Levant also allowed it to compete better on price than its rivals such as Genoa. Industries supported trade such as shipbuilding. By the end of the sixteenth century though, European nations had begun to trade around the Cape of Good Hope. Combined with the rise of the Ottoman Empire, Venetian traded goods became less price competitive. The Republic adapted and shifted to the producing of textiles, specifically silk. Prosperity continued and trade still dominated as the economy slowly shifted towards industry.

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[28] E. Demo, 'Wool and Silk. The Textile Urban Industry of The Venetian Mainland (15th-17th Centuries)', in P. Lanaro (ed.) *At The Centre of The Old World* (Toronto, 2006), p. 221.
[29] L. Mola, *The Silk Industry of Renaissance Venice* (Baltimore and London, 2000), p. 57.
[30] M. Henninger-Voss, Review: Glassmaking in Renaissance Venice: The Fragile Craft, by W. Patrick McCray *Technology and Culture* 42/4 (2001), p. 795.

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