

## Economic and Business History as Cultural History: Pitfalls and Possibilities

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**UNTIL THE 1970s**, economic and business historians were card-carrying members of the Renaissance Studies academic club. Their influence was possibly nowhere greater than among scholars of Renaissance Florence. After all, if Lorenzo de' Medici could patronize painters, sculptors, poets, and musicians, it was thanks to the fortunes accumulated by the family bank founded by his great-grandfather Giovanni di Bicci. Thinking through the complex relationship between economic and cultural development in Renaissance Italy isn't any less relevant today than it was fifty years ago, but in the intervening time, much has happened to account for the marginalization of economic and business history, including the hardening of disciplinary lines (a paradoxical reason why the talk of interdisciplinarity has become louder) and the so-called history wars that, especially in the 1980s and 1990s, pitted social science-inflected historians against the more humanistically minded ones.

As anyone who emerges from a graduate seminar realizes, from the students' vantage point, battles that defined academic trends in the late twentieth century seem like ancient history. In fact, I'd like to suggest that an even more distant past, that of scorching debates over the interplay of cultural and economic phenomena that began 150 years ago, is still with us, with consequences that are not always productive. As a broad, if ill-defined, interest in all things economic, especially among younger scholars, has resurged in the wake of the 2008 global financial recession, we should excavate that distant historiographical past one more time in order to be in a position to choose which lessons to retain from it and which ones to discard. That is why I will devote most of this piece to looking backward instead of forward. In the process, I hope to make clear why such an exercise is not a reactionary or even conservative move but, quite the opposite, a necessary step to foreground new interpretative frameworks.

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One can say that all economic history is also cultural history, if only because a core aim of economic history is to explain why and how institutions, groups, and individuals make certain choices and not others. To be sure, the figure of the *homo economicus* is obviously a cultural phantasy, one in which economic rationality replaces all other decision-making logics. The cultural import of business history is even more self-evident, whether in the glorified portraits of tycoons and humble entrepreneurs it still paints or in more critical approaches to the constraints within which firms and individuals devise their investment strategies. At any rate, there is no doubt that the pride of place that economic and business historians once held among scholars of Renaissance Italy stemmed from their shared commitment to achieving an overall evaluation of that cultural, artistic, and intellectual moment. It is with the premise and the methods underpinning that commitment that we ought to grapple.

A fundamental contradiction lies at the heart of the encounter between economic and business history and Renaissance studies, and it began where all began: with Jakob Burckhardt's 1860 *The Civilization of the Renaissance in Italy*. This seminal "essay" barely mentions the economic conditions of the period. At most, it praises the Italian Renaissance states' increased ability to assess their fiscal capacity and thus links the economic sphere to the new political forms of communal and seignorial regimes. Burckhardt's quintessential *uomo universale*, Leon Battista Alberti, was, among many other things, the author of a treatise that discussed the domestic economy, *I Quattro libri della famiglia* (1433–40), but merchants and bankers are hardly among Burckhardt's heroes. Moreover, as is well known, Burckhardt abhorred modern industrial capitalism and rejected any linear, progressive notion of historical change over time—a methodological stance that set him apart from his former teacher Leopold von Ranke and the most influential historians of the epoch.

His strikingly original but contrarian views relegated Burckhardt to the sidelines during his lifetime. But soon, his views were couched in more palatable terms. His assertion that Renaissance Italy was the birthplace of modernity was inscribed in a familiar origin story—one with an upward trajectory and one including the economy. This reformulation, which I will call Burckhardtism-in-spite-of-Burckhardt, was not faithful to his key points but earned him enormous success. The centrality of individualism to Burckhardt's conception of the Renaissance "civilization" led many to appropriate the concept in the service of then dominant accounts of the birth of capitalism, even if this reading came at the expense of Burckhardt's emphasis on "excessive individualism," the involution by which the search for self-affirmation in the hypercompetitive world of the Italian Renaissance contributed

to the collapse of that same world by the early sixteenth century. In 1935, Jacob Strieder, the eminent author of a book on the origins of European capitalism and another one on the Fugger family, stated plainly that “the history of the European spirit of capitalism is, from its inception, the history of the free development of the individual” and gently reproached Burckhardt for overlooking the fact that not only the modern system of European politics but also “the new economic system, the rational and capitalist system of modern times” had its genesis in Renaissance Italy.<sup>1</sup> A great many historians and sociologists, including Halvdan Koht in Norway, Alfred von Martin in Germany, and H. M. Robertson in the United States, embraced this position. Once embedded in dualist narratives opposing medieval communitarianism to modern individualism, the economic facet of Burckhardtism-in-spite-of-Burckhardt gained traction.

Another factor contributing to the misreading of Burckhardt with regard to processes of economic change was the widespread assumption that the period that the Swiss scholar labeled “the Renaissance,” 1330–1530, must have corresponded to a time of economic boom. Beginning in the second decade of the twentieth century, a number of distinguished medievalists, Henri Pirenne among them, turned this chronology and its implied lines of causation on its head, arguing that Italy’s “commercial revolution” had occurred during the twelfth and thirteenth centuries and that the Black Death sealed the end of an earlier phase of economic expansion. The explicit target of this polemic was Werner Sombart’s view of the medieval economy as precapitalist, but implicitly, it also took aim at Burckhardtism-in-spite-of-Burckhardt because it challenged the presumed simultaneity of the flourishing of Renaissance culture and an ascendant economic trend. For those agreeing with Pirenne, it was no longer possible to assume that business acumen went hand in hand with the many other attributes at which all-sided Renaissance men excelled. In the affluent society of the 1950s, to question this assumption was anathema.

Throughout the second half of the twentieth century, the twin controversies over the convergence (or lack thereof) between economic and cultural individualism and between artistic developments and economic prosperity kept many academics occupied and engendered scholarly and personal rifts that were never mended. In the 1990s, a new version of Burckhardtism-in-spite-of-Burckhardt, inspired by Carlo M. Cipolla and articulated most effectively by Richard Goldthwaite, prevailed over rival interpretations.<sup>2</sup> Goldthwaite and others regard the post-Black Death

1. Jacob Strieder, “Le origini dello spirito capitalistico nell’Italia del Rinascimento,” *Rivista internazionale di scienze sociali* 6, no. 5 (1935): 595 and 599. My translation.

2. This is also the conclusion reached by a state-of-the-field article published in 2005: Franco Franceschi and Luca Molà, “L’economia del Rinascimento: Dalle teorie della crisi alla ‘preistoria del

period as one of economic restructuring rather than decline, insisting that the growth of the silk industry compensated for the downfall of woolen cloth production in Tuscany and that wealth inequality created positive spillovers for society at large. Goldthwaite's 1993 *Wealth and the Demand for Art in Italy, 1300–1600* argues that fifteenth- and sixteenth-century Florence was the cradle of modern consumer culture. In the 1960s, art historians had turned away from formalism and toward the social history of art for the purpose of identifying the influence that socioeconomic structures had on art production and consumption. Goldthwaite pursues a mirror objective, wishing to demonstrate the impact of artworks, capaciously understood, on the economy and society. Sidestepping the moralizing tones often associated with “luxury” and rejecting the divide between “high” and “minor” art, he stresses the economic relevance of the sector at large. For any palazzo that was built, an army of workers had to be employed not only to design and erect its exterior walls but also to fill its many rooms with decorative objects of all kinds, from large paintings to wooden cabinets, ivory statuettes, bedding, and more.<sup>3</sup>

Criticized on both empirical and ideological grounds, *Wealth and the Demand for Art* builds on demand-driven explanations of European economic growth in the preindustrial period that have become more and more influential since the 1980s (in part as a reaction against the Marxist primacy of production). A leading advocate of such demand-driven explanations, Jan de Vries, has long insisted on the need to acquire sound evidence that ample strata of the population increased their purchasing power in order to pursue such an approach. This evidence is hard to assemble for preindustrial Europe, and for Tuscany it remains highly imperfect, although a recent contribution by Paola Malanima, the most quantitative of the economic historians of Renaissance Italy and a specialist of Tuscany, lends credence to Cipolla's thesis, at least for the first century after the Black Death.<sup>4</sup>

The lack of consensus surrounding macroeconomic data is only one reason why many scholars have long taken an alternative path and focused on a single businessman or family firm. The significance of business history in the study of Renaissance Italy is a by-product of practical concerns as much as the legacy of the unresolved tension in Max Weber's theories of modern capitalism between an emphasis on institutional frameworks and on cultural change. Italian scholars of the interwar

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consumismo,” in *Il Rinascimento italiano e l'Europa*, vol. 1, *Storia e storiografia*, ed. Marcello Fantoni (Treviso, 2005), 185–200.

3. Richard A. Goldthwaite, *Wealth and the Demand for Art in Italy, 1300–1600* (Baltimore, 1993).

4. Paola Malanima, “Italy in the Renaissance: A Leading Economy in the European Context, 1350–1550,” *Economic History Review* 71, no. 1 (2018): 3–30. Gloomier estimates are presented in Jan Luiten van Zanden and Emanuele Felice, “Benchmarking the Middle Ages: XV Century Tuscany in European Perspective” (Working Paper 0081, Utrecht University, Centre for Global Economic History, October 2017).

period rejected Weber's views of Protestantism but took for granted the conceptual overlay of institutional and cultural developments that he never fully articulated. Following Weber's early work on the enterprise forms utilized in late medieval Italy, scholars such as Armando Saporì and Federico Melis analyzed the contracts and organizations that buttressed the financial operations of late medieval and Renaissance Italian merchants, especially marine insurance, bills of exchange, partnership agreements, banking, and accounting techniques. In their seemingly technical descriptions, the gap between highlighting the novelty and efficacy of specific instruments and praising the ingenuity and rationality of those who devised, perfected, and utilized them was a small one.

In this strain of Burckhardtism-in-spite-of-Burckhardt nested in business history, the entrepreneur appears at once as the engine of ever more efficient methods of business organization and as the purveyor of a new mentality, capable of harmonizing religion, civic pride, and profit. The greater concentration of business records from the period in Tuscany than in any other region of the peninsula and the more open character of Florentine (in contrast to Venetian) oligarchic republicanism turned the Tuscan capital, once again, into a favorite testing ground for the broader cultural significance of new business techniques. Nowhere is the nexus of institutional and cultural elements in the business history of Renaissance Florence more evident than in studies of Francesco di Marco (ca. 1335–1410), better known as “the merchant of Prato.” We know more about Francesco di Marco than about any other merchant-entrepreneur of the time because of his meticulous record-keeping practices and because, as he neared death, he provided for a building and funds to house his archives. The fact that his life spanned the decades at the heart of the dispute over the fate of the economy after the Black Death, and that his vast correspondence affords a deeper glimpse into his personal character than is normally the case, also means that the documents he left have provoked fierce disagreements: Was he the last medieval or the first Renaissance merchant? Was he driven by a blind search for profit or by a more balanced ethic?

In 1967, an Anglo-American expatriate and independent scholar, Iris Origo, published a remarkable book, titled *The Merchant of Prato*.<sup>5</sup> Divided into two parts—“The Merchant” and “The Householder”—the book conceived the institutional and cultural sides of business history as inseparable. As her narrative sought to humanize this businessman, to understand his relationship to both profit and faith, and to illuminate everyday life in Florence, Origo expressed greater admiration for

5. Iris Origo, *The Merchant of Prato: Francesco di Marco Datini* (London, 1957); translated into Italian by N. Ruffini as *Il mercante di Prato: La vita di Francesco Datini*, with a preface by Luigi Einaudi (Milan, 1958).

how Francesco handled his balance sheets than for how he treated his family. Her book aroused the ire of Melis, who accused Origo not only of overplaying the originality of her research and misunderstanding key technical terms but also of depicting Francesco unjustly as an opportunist and as unkind to his wife.<sup>6</sup> That Origo was a woman (and not an academic) may have contributed to Melis's belligerence (and in this collection of articles entitled "Fields of the Future," I would be remiss if I didn't announce the imminent publication, by Robert Fredona and Sophus Reinert, of a biography of Florence Edler de Roover, an outstanding economic and business historian who lived and published in the shadow of her famous husband, Raymond de Roover). Be that as it may, when no one less than Saporì sided with Origo rather than Melis, he did so, among other things, on the grounds that the study of firms' organizational structures had to be accompanied by a focus on the character of the men in charge of those firms, including their least sympathetic traits.<sup>7</sup> While Melis saw businessmen like Datini as heroes of an untainted epoch, during which business expertise mirrored the humanistic climate of the time, Saporì wanted the Renaissance to be treated as a historical problem rather than put on a pedestal.<sup>8</sup> But both men agreed on the need to pursue the cultural alongside the institutional side of business history.

Two years after the appearance of Origo's book, Wallace Ferguson opened his speech at the annual gathering of the New England Renaissance Society by stating that "in scarcely any other field of study dealing with the Renaissance . . . has there been so much new material brought to light or so much significant reinterpretation as in economic history."<sup>9</sup> Coming from a noted scholar of Renaissance thought and of Erasmus, this was no small praise. It was 1959, and Ferguson closed his historiographical overview with an exhortation to continue to "reassess the possible

6. Federigo Melis, "A proposito di un nuovo volume sul 'mercante di Prato,'" *Economia e storia* 6, no. 4 (1959): 737–63, and "Il problema Datini: Una necessaria messa a punto," *Nuova rivista storica* 59 (1966): 682–709.

7. Armando Saporì, "A proposito del mestiere dello storico: Un tentativo di chiarimento," *Nuova rivista storica* 59 (1966): 710–17.

8. In a particularly hyperbolic sentence, Melis wrote that "la grande forza nel creare istituti (a cominciare dalle forme aziendali) e nell'espansione commerciale (in senso lato) di Firenze risiede massimamente nelle attitudini spiccatissime dei suoi uomini: inizialmente . . . spinti quasi esclusivamente dalla molla del lucro; poi è subentrato un ingentilimento—espresso . . . dalla reciprocità operativa in taluni campi, come in quelli della banca e dell'assicurazione—, che certamente è dovuto al clima umanistico, il quale, fra l'altro, trasformò l'azienda in un centro di studio, ampliandone sempre più la sfera, fino ad investire—si può ben sostenere—l'intero scibile." Federigo Melis, "Industria commercio credito (secoli XIV–XVI)," in *Un'altra Firenze: Riscontri fra cultura e società nella storia fiorentina; L'epoca di Cosimo il Vecchio* (Florence, 1971), 91–109; repr. in Melis, *L'economia fiorentina del Rinascimento*, ed. Bruno Dini (Florence, 1984), 31–186, at 184.

9. Wallace K. Ferguson, "Recent Trends in the Economic Historiography of the Renaissance," *Studies in the Renaissance* 7 (1960): 7.

relation between economic individualism and the culture of the Renaissance.”<sup>10</sup> For the following sixty years, this has been the central and polarizing question in the field.

Those wishing to eschew it altogether have mostly turned away from Florence or to Eric Cochrane’s “forgotten centuries.”<sup>11</sup> In this respect, the centripetal forces and the diversification of personnel that have transformed the academic landscape in recent decades have had some salutary effects on the field. While the countryside, once the site of an important historiography on sharecropping and other labor contracts, has attracted little interest as of late, among scholars of Tuscany many more are drawn to Livorno and the global reach of the grand duchy’s political economy. The Mediterranean, more generally, is now the epicenter of some of the most innovative research, some including works that challenge long-held notions of “decline” in both the economy and economic thought of the peninsula, and others that advance novel readings of the role of religion in cultural and commercial exchanges. Disciplines as diverse as marine archeology and sociolinguistics have made some inroads among the tools of economic and business historians and promise to deliver fresh insights. Meanwhile, the most vexed issue of our times, wealth and income inequality, a concern of earlier generations, has regained momentum among scholars of the Renaissance. Most striking of all is the proliferation of collective projects and digital platforms, some more eclectic than others. And the list of new directions could continue.

At the same time, the battle over Burckhardtism-in-spite-of-Burckhardt dies hard. For good and bad, one can safely assume that this will continue to be the case for the foreseeable future. Goldthwaite’s body of work remains pivotal and inspires both careful studies of individual firms and new work at the crossroads of material culture, art history, and economic history. For some time now, John Padgett and his collaborators have blended archival research with quantitative methods drawn from the social sciences to show that individual entrepreneurship cannot be seen as separate from the networks that shaped Florentine social, economic, and political elites. Individual and community, in this approach, can only be conceived in dialogic relationship with each another. Ultimately, however, as they downplay the role of individualism, even Padgett’s conclusions reaffirm the uniqueness of Renaissance Florence as the result of a conjunction of cultural and economic developments. A forthcoming special issue of the *Business History Review* (Spring 2020),

10. Ferguson, “Recent Trends in the Economic Historiography of the Renaissance,” 25–26.

11. Eric Cochrane, *Florence in the Forgotten Centuries, 1527–1800: A History of Florence and the Florentines in the Age of the Grand Dukes* (Chicago, 1973).

titled “Italy and the Origins of Capitalism,” is less prescriptive in its methodological suggestions and subjects the validity of the notion of “origins” to scrutiny but still invokes all the debates I have discussed here as it seeks to put Renaissance Italy back on the map in the context of the current enthusiasm for “the history of capitalism.” It will be interesting to see the responses that this issue generates.

In the end, as all economic and business historians must do, those working on Renaissance Italy should choose what kind of cultural historians they wish to be. If in this short piece I chose to revisit past scholarly arguments more than I have discussed the latest contributions to the field or forecast its imminent “turns,” it is because I believe that our illustrious and combative predecessors cast a particularly long shadow on all debates about the intersection of economic, business, and cultural history. But I do not mean to convey a sense of determinism. In fact, from working on early modern Tuscany I have learned that as much as it is necessary to reexamine what has been written thus far, we also need to look elsewhere for inspiration, to borrow insights from beyond the field in order to rejuvenate it.