

The Legacy of 15th Century Dubrovnik Scholars to Economic Thought

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Abstract: The paper reflects upon the early mercantile thought of the intellectuals of the medieval city-state - the Republic of Dubrovnik (*Ragusae*). It provides an insight into the economic thought and practices of the time in scholarly works of Ivan Stojković, Philip Diversis de Quartigianis and Benedikt Kotruljević, all philosophers of 15th century.

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Republic of Dubrovnik, a medieval city-state, like Amalfi, Genova, Venice and others, was under the Venetian rule until 1358 when it became free. In 1808 French conquered it and its independent life ended. Through time, it had steadily extended its territory. In the middle of XV century, it covered almost a thousand sq. km. of territory with a little over one hundred thousand people¹. Maritime and trade with the Balkan hinterland made possible its rise and prosperity during the XV century. The growth was arrested by the Turkish conquest of the countries of Balkan (in 1463 Bosnia fell; Bulgaria and Serbia were already under the Ottoman rule; during XV and XVI centuries; Turks conquer large parts of Croatia and Hungary). Consequently, it had gradually oriented its marine trade from Levant (regions of Eastern

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Mediterranean) towards the Atlantic (from XVI century and further). The population of the Republic of Dubrovnik declined, maritime deteriorated and its fortunes worsened by the earthquake of 1667 destroying most of the city.

On such a small territory there developed a rich intellectual and cultural life. This paper attempts to analyse the contributions of the Dubrovnik intellectuals made to economic thought in the mid XV century. This piece of research is based on archival and other material. The archives of the Republic of Dubrovnik possess a lot of official and business documents. Dubrovnik already had the official notary since 1200 that registered business and other signed contracts. Thanks to well-organised archives, a large number of such documents are still intact. The Statute of the City was drawn in 1272 and in 1277 was enlarged by economic rules in the Book of the Dubrovnik's customs (with further later additions representing a frame document of protectionism that characterised most cities of the Middle ages). On such a background, based on the enacted laws and customary by-laws, the economic life of the Republic flourished, prosperity according contemporary notions scored, and the economic thought thrived.

I

In devising the economic policy of the Republic of Dubrovnik all its citizens, the nobility and the intellectuals (most being of city origin) were active. Such was Ivan Stojković – a notable theologian. The ruling aristocrats used him in furthering their trading interests.

Stojković was born around 1392 in a citizen family². He probably finished the city school in Dubrovnik (which had existed from the first half of XIV century; and where from mid XV century *humaniora studia* had existed – its rector being Philip de Diversis de Quartigianis, to be dealt later). Since, Ivan Stojković showed an exceptional talent during his schooling, the Dominicans accepted him in their ranks. Soon they discovered in him, 'a genius, far beyond the average, a just (person) who had a reliable memory, lively and fertile imagination and an exceptional oratory power'³. People admire him as a speaker and when the Dominicans sent him to Padua for study (where he studied from 1414 till 1417), the city Senate financially supported his studies⁴. From Padua he went to Paris for studies where in 1420 he received his doctoral degree and immediately after he was admitted to professor's corps, which in XV century was supposed to be a great academic feat qualifying him as an exceptional scholar.

By virtue of his being an exceptional expert and orator, the University of Paris elected Stojković as their delegate in the Council of Catholic Church. As such, he came to Rome in 1422 and presented his credentials to the Pope on 7 December 1422. He leaves a lasting impression on the audience. When on 13 April 1423, the Assembly opens in Pavia, Stojković arrives there as the delegate of Pope Martin V, and delivers

an inaugural address, which is a proof of the hypothesis that he had acquired a great prestige in Rome in a very short time. But, due to the plague, the Assembly had to be shifted to Sienna, where Stojković becomes the leader of demands of reforms in the Church. He stresses that the unity and duality of Church sprout from the 'head of the Church', thus both the Council and the Assembly are essential to attain the unity. Stojković stands-up as an uncompromising fighter for the reforms in the Church, thus inviting many troubles.

After the Assembly in Sienna disbands, Stojković comes to Dubrovnik in 1424. In his sermons he pleads for the establishment of a university in Dubrovnik. But he does not stay long there because the Dominican's head names him as general procurator of the file with a seat in Rome where he will remain for seven years (1426-1433). In Rome he tries to win over the Pope for the reforming the Church that could be accomplished (according to his views) in the new Assembly in Basel. On 23 July 1431, in place of Cardinal Cesarini, Stojković inaugurates the new Council. He becomes the General Secretary of the Assembly. In December 1431 the Pope decides to continue the Assembly in Bologna but the assembled bishops in Basel refuse to obey. One month later, the Pope disbands the Council. Cesarini resigns, but the bishops do not disperse from Basel and declare their supremacy over the Pope. The work of the Assembly continues, which the representative of the Orthodox Church from Constantinople comes to attend in 1433.

Stojković travels to Constantinople with the delegation reaching there on 23 September 1435. He wants to score unity among all orthodox churches with the Catholic Church. At first, the Byzantine Emperor, who is endangered by the Turks, supports Stojković (for only after 18 years of his arrival Turks conquer Constantinople) as by Church unity he expects to ensure for himself allies in the West. Finally, the Emperor chooses the Roman Pope (for he had the state and an army!). In 1437 Stojković returns to Basel without finishing the work. Pope Eugene IV with the Bull of 30 December 1437 transfers the seat of Basel Council to Ferrara. The Bishops resent again, as they want to continue their work in free Basel. Ultimately, the abolished Basel Council by the Pope, dethrones him on 25 June 1439 (this, along with another bishop is announced by Stojković, *urbi et urbi*, in front of the Cathedral). On 5 November 1439 the duke of Savoy is elected as the new Pope, Felix V. The new Pope, on 12 October 1440 nominates Stojković as a cardinal. But, since once again, the Assembly does not agree with the new Pope, Felix V retreats to Lausanne, Stojković follows him (and dies there next year). By his testament he leaves his rich library and rare manuscripts which he brought from Constantinople to the seminary of Basel Dominicans.

Intensive life of I. Stojković, as shown above, did not harm his extra-ordinary creative activities. He did write a couple of church-historical and theological discussion papers and books. Known are his reports, speeches and letters. However, a

large part of his works remains unknown as the same was not printed or well preserved. It is only in twentieth century, thanks to Croat and Czech theologians⁶, that much has been written about him, and his works have been published.

Three of his books are frequently mentioned. These being the *Tractatus de Ecclesia* (written during 1433-1439), *Tractatus de auctoritate conciliorum et modo celebrationis eorum* (unpublished manuscript preserved in Basel), and *Concordantiae partium sive dictionum 'indeclinabilium totius bibliae'*. These works place him 'among the greatest theologians of his time' (T. Šagi-Bunić), or 'first Croatian theologian of the middle ages' (M. Vanino). While, S. Krsić considers him as the 'greatest Croatian theologians of all times', I. Golub thinks that his *Tractatus de Ecclesia* is the 'most important ecclesiological work of Middle Ages' and he is 'our greatest ecclesiologist of all times'⁷.

We shall consider here only those of his activities that promoted economic interests of the Republic of Dubrovnik.

We have already mentioned that Dubrovnik helped Stojković with money for his studies in Padua and Paris. Stojković never forgot it; thus he does everything to return the favour to the Republic of Ragusa. As he is convinced that Dubrovnik can not survive without trade, he tries to help in it. In the instructions to the Dubrovnik representatives scheduled to visit the King of Hungary in 1358, it is well stated that we 'can not live if we do not trade'⁸. Accepting the suzerainty relation with Hungarian King Lajoš I, the Republic of Dubrovnik ask permission to allow them undisturbed trading of goods 'as in the Balkans, so with the Venetian Republic'⁹. At that time, the Republic of Dubrovnik paid considerable attention to trade with Levant and it is therefore that they ask for and get permission from the Pope Gregory IX to trade *ad partes Saracenorum*, i.e. they can trade with the Levant lands, with only two ships yearly, which were not allowed to carry arms, iron, and timber (a kind of trade embargo towards Turkey!).

The government of Dubrovnik consistently fights for its position in the Levant and the Ottoman Empire. The government in 1420 establishes a commission to devise legal and other framework for trade in the 'lands of the non-believers' (*partes infidelium*). The 'connections' are looked for all around. The Grand Council of Dubrovnik in 1427 wrote (document still preserved) to the Pope, Martin V, that people of the Republic of Dubrovnik use to travel to Levant, looking for buyers among different faiths. But, now in the Dubrovnik port

'The ships of non-believers and heretics are docked in the port that come to buy. They are at our threshold since they are so powerful now'.

The officials of the Republic were convinced of the benefits of trade, thus did their best that the Pope should extend their concessions to trade with the Ottoman Empire.

In this mission they use the good offices of the Hungarian King Sigismund¹¹, who was to be crowned in Rome by the Pope. At that time Sigismund, read out his speech stating that

‘Dubrovnik live on an angry rock, unproductive land, encircled from all sides by heretics and schisms. They are exposed to all kinds of persecution. In order to survive they are forced to trade with the unfaithfuls. Thus, only trade maintains them. Trade is the condition of survival; it is the belief of the Republic of Dubrovnik. It is essential for them, and they will do all that makes it possible (emphasis by V.S)’.

The Republic of Dubrovnik approached the other side also to obtain the permission to trade by using the offices of their countryman Ivan Stojković. Stojković, being the general secretary of the Council, succeeds in securing permission for Dubrovnik to trade with the lands of the non-believers. On 22 December 1433, the Council decrees that allow Dubrovnik to trade with these countries¹².

Dubrovnik, because of the decree of the Council, was able to increase its trade with the Levant (which was ever increasingly under the rule of Turks) and earn significant profits. Therefore, the Republic of Dubrovnik wanted to use Stojković for the promotion of their trade during his stay in Constantinople. People of Dubrovnik were quite conscious of the deeper penetration of Turkey in their trading zone¹³, and that trade relations should be maintained with Byzantine empire, although the same were being reduced by new conquests of the Turks. The old trading contacts still brought not so small a commission. Such was the basic idea of the Republic of Dubrovnik, which they wanted to attain by the negotiating efforts of I. Stojković. At first, in 1435 in Constantinople Stojković was well received. There the Patriarch was a ‘Bulgarian who speaks my language’ with whom he established close contacts. In lengthy conversations with the Emperor, Ivan Paleolog, and the Patriarch, Josif II, he wants to attain the unification of churches and unite the rulers in Balkans. But all in vein and as the time passes he was increasingly worried. From various letters sent to Basel, it is evident that

‘There flickers between the lines, one tragic recognition of reality of an unchecked decay, in fact demolition of a grand inherited world, an end of selfishness and blindness of those who are supposed to protect, develop further unto the flowering. That grand world is the historical European Christianity’¹⁴.

Such pessimistic attitude of Stojković that Christianity is falling apart before his eyes, is the result of his inability to have proper perspective from a distant Constantinople. His conclusion is gloomy and (as the history shall prove) incorrect. He, then, believed that the Christian Europe in its glorious *corpus christianorum*

politicum is a malign growth: heresy from inside (with Husits, Bogumils and others), and internal wars make defence from external threats impossible (against the advances of Tartars, Mongols, Turks and others). The only bright ray in that titanic seismic quake in Christian civilisation, Stojković sees in the authority of the Council, which, in his view, must stop the moral and otherwise decay.

In his vision of his global world, Stojković does not forget the interest of his native Dubrovnik. He secures a number of privileges for Dubrovnik's trade. He asks Emperor Ivan VIII to grant Dubrovnik preferences in trade with the Byzant. In 1451 Dubrovnik gets these privileges granted by the last Byzantine Emperor – Constantine XI (just two years before the fall of Constantinople to the Turks). Thus the so long fought trading preferences were enjoyed for so short.

This treaty with Byzant was supposed to provide Dubrovnik equal rights which they had won from Turks for their trade in the Balkans (signed in 1447). After the fall of Constantinople the Turks become aggressive and demand from Dubrovnik that it pay annual tribute for the won over preferences. The Republic of Dubrovnik accepts the terms in 1458, as it is only a relatively small sum (in the beginning) – 1.500 ducats, but for the next twenty years they pay ever increasing sums. It is in 1481 that the annual tribute is fixed at 12.500 ducats, which the Republic of Dubrovnik continued to pay it until the year 1808.

II

While, Stojković was engaged in promoting trade for Dubrovnik abroad. Philip de Diversis de Quartigianis studies the economic conditions of Dubrovnik.

The family of de Diversis belongs to Lucca in Italy. The greater part of Philip's life was spent in Venice. The first document of him we find in the Venetian archives of 1421. He is mentioned as *rector scholarum* at the St. Paul church. As he proudly writes himself he possesses a doctoral degree. He works as a teacher in Dubrovnik (receiving an annual salary of 180 ducats and a house allowance of 12 ducats). On his arrival in Dubrovnik in June 1434 he asks for, and receives money to repair the school building. He taught children as well as adults. Since the work was demanding he had been constantly asking for the raise. In the middle of 1441 he resigns and leaves Dubrovnik as his salary was reduced. He goes back to Italy leaves no significant imprint there.

He did write, as we know, only about Dubrovnik, also delivered speeches about famous people that he read in front of people in the Cathedral in Dubrovnik (1438 and 1439). Towards the end of his seven year stay, he completed the manuscript of his book '*Opis položaja zgrade, državnog uređenja i pohvalnih običaja slavnog grada Dubrovnika*' (The Description of the Position, Buildings, Organisation of the State

and Praiseworthy Customs of the Celebrated City of Dubrovnik) prepared for the Dubrovnik Senate.

Diversis' manuscript, however, is an exceptional testament not only of Dubrovnik and its economics, but also about the intellectual atmosphere in which economic life takes place. Philip de Diversis is fascinated by Dubrovnik's economy. He writes (Book 1, Chapter 1)

'Founders and the promoters of the best cities intend that the city enjoy in the endowed location on the continent as well as on the sea. If any of these conditions is not fulfilled, the city suffers with many problems. These two conditions in themselves do bring many advantages: food supplies, merchandise, construction material that are most necessary to every city. In Dubrovnik, everything is easily brought and transported by caravans and ships, from its own or foreign territory or distant countries from all over. Dubrovnik has an exceptionally favourable location, for it lies on the coast, where people from its territories as well foreigners come daily in exceptionally large number. On horses, other animals, or by themselves loaded on their shoulders they bring what is good and useful to the people for life and trade.'

After he has mentioned the advantages of location of Dubrovnik in comparison to the hinterland, Diversis analyses the sea as a factor of location.

'Dubrovnik has an advantageous position also because it is situated on the coast and that way arrive large number of products here. Since, the city has many inhabitants, it can not feed itself on the products grown on its soil alone. Food is deficient. Therefore, every day, the ships bring corn, millet, barley, lentils, oil, smoked meat and fish, olives, nuts, apples, chestnuts, cheese, sugar, spices, manufactured products, medicines, wool, cloth, flax, copper, glass and ceramic utensils, corals, salt as well as numerous other merchandise and large quantities of gold ducats.'

'In Dubrovnik goods arrives from Italy, the most advanced and in all respects the richest country (sic!). The goods are brought from Venice, Marche, Abruzzi, and also from Pesara, Reccanata, Ancona, Rimini. The goods come from Tuscany, mostly from Florence and sold in Dubrovnik. Further, the goods arrive from Manfredonia, Lecce, Vasta, Bari, Barlett, Trani and so from Naples. In Sicily, it comes from Palermo and Panorma, from Syracuse and other Sicilian cities. From the Aragon Kingdom (in Spain n. V.S.) the goods come from Barcelona, Valencia and other cities. In Greece, from Arte and Patras, from Valone (Albania n. V.S) and many other regions timber, beams, stone, bricks, nails, iron, lime, tiles and other building materials are brought.'

'Those who supply Dubrovnik with goods and merchandise for sale from the continental side, from Dubrovnik carry away in large quantities salt, wool, cotton and silk cloth, utensils and other useful products for living and earning. By sea, Dubrovnik

exports gold, silver, lead, wax, fur, pepper, cloth, corals, golden ducats, and other products – everybody, naturally, exports what appears to him useful, safer and best suited.’

‘Thus, in the first place is the fact that Dubrovnik has an excellent position’

The statement by Diversis that Italy is ‘the most advanced and in all respects the richest country’ of the times, is not far from the reality of the then poor Europe. Also, there is no further need to elaborate the words of Philip de Diversis when he emphasises on the excellent location of the city, on the link in between the continental hinterland and the sea, and on its being a window into the then (Mediterranean) world. Dubrovnik, due to this very fact imports and exports metals (gold, silver, lead), imports wool and cloths as well exports the same, skin and fur arrive from the inland, sold, and resold here from. In a way, Dubrovnik traded like Hong Kong, Singapore, Taiwan and some other countries of the late XX century. But it did so some five hundred years before. These countries, as we know, because of their adopted economic policy, became prosperous in second half of twentieth century, which Dubrovnik adopted so long ago, but alas, had to be abandoned later.

For this purpose, special rules were applied in trading. Diversis comments (Book 3, Chapter 5):

‘Among the permanent institutions (of the Republic. V.S.), the first is the one who is responsible to preserve the justice and order among the wholesale and retail merchants, wholesalers, retailers and customers, irrespective whether they are foreigners or citizens of Dubrovnik, but are engaged in trade and sales.’

In the present county building, then existed the grain market where grain and lentils were stored and traded. In a separate office goods was measured and weighted. Custom duty (at time it included import duty and expenditure tax – some sort of turnover tax) was levied according to the ‘customs book’ – rules that were enacted by Dubrovnik as early as 1277.

In Dubrovnik, the merchant nobility,

‘Believes and consider that happiness consists of wealth, it is virtuous to attain and greedily accumulate... It is, therefore, necessary that these people devote themselves to trade, and there fathers to educate the sons in trading business.’

The condition in Dubrovnik, however, is not marvellous. Diversis says very explicitly (Book 3, Chapter 4):

‘Although, the noblemen of Dubrovnik and many merchants - plebeians have a great deal of wealth, but the majority of other people live in sheer poverty’ (emphasis V.S).

Best among the poor are the sailors and peasants, (Book 3, Chapter 1)

‘Who till the land, vineyards, and gardens or are engaged in similar jobs for supplying the city with foodstuffs... I would like it to be known that the countryside of Dubrovnik because its infertility, and also because of its large population, provides so little income that no one can survive upon his estate with his family, if he is not (in terms of land, n. V.S) richer than others’.

The fact that it was not possible to live even modestly upon a small estate in Dubrovnik forced its people to work in various jobs, so to say multiple profession. They were peasants, but sailors and caravan escorts also. Women worked at home, spinning woollen thread and weaving for the manufacturers. Various jobs needed to be performed in order to survive. Among such jobs, it was the handicraft that offered most opportunities. In the Republic of Dubrovnik more than fifty crafts existed, out of which two, cloth manufacturing and coinage, were the most important.

One of the foundations of Dubrovnik’s wealth in XV century was the manufacturing of cloth, which developed from its modest beginnings at the end of XIV century to a profitable business in the XV century. In 1398 the first fabric dye was established in Dubrovnik which provided encouragement to modest traders for the coloured clothes were better sold. The Dubrovnik government follows this development with satisfaction. Following the mercantilist principle, it encouraged this activity and invited foreign skilled master craftsmen (mostly coming from Italy, some being from Cologne, Germany also). They arrive between 1416-1420, and open-up new workshops. In order to help them, the Dubrovnik government erects a building in Pile, and rents it for a big textile workshop (1419). Finest wool in the world (a variety of the present Merino wool) is imported from Catalonia. The textile workshops appear elsewhere also. Many village women spin the wool at home, as such a cheap manner of production favourably suits the manufacturers. Dubrovnik authorities also foresee the dangers of such a swift expansion of the manufacture. Therefore, in 1416 they elect three ‘officials’ for cloth manufacturing to control the quality of the products such that only passed products would be stamped with St. Blasius (the protector of the city of Dubrovnik) seal as a sign of quality. Having attained a reputation in Mediterranean market, the Dubrovnik authorities prohibits the domestic craftsmen to set-up their workshops outside of Dubrovnik (1434 and 1440) so as to prevent the competition to its own goods. The next step in the ‘state economic policy’ originates in 1442 when it is decreed that all cloth must be dyed in state dye

workshops, forbidding the work of private dyers (as they will not be able to ensure required quality of the cloth).

Medieval Europe, according to the analysis of F. Braudel, has suffered from two incurable diseases: flight of precious metals from Europe and pathological hoarding of silver and gold coins not only in individual hands, but also by the states. The flight of capital was the result of the fact that the European world paid for the status symbols in gold and silver, which were purchased in the East (silk, porcelain, rare goods from spices to pearls and precious stones). The cause of second disease was that in insecure times, the future was considered safe only in the treasured wealth. Both extracted from the economic bloodstream the only means of payment i.e. precious metals. Accordingly, Europe suffered from the lack of gold and silver (until after 1550, when the inflow of American gold and silver changes that), what stimulated a feverish search for gold and silver all over Europe.

The rulers in Balkan, brought Germans–Saxons to open gold and silver mines. First important mines opened were in the hinterland of Dubrovnik (Brskovo – present Montenegro – first mentioned in 1254). So does King Stjepan Kotromanić, in Bosnia: there were rich gold and silver mines in XV century Srebrnica, Fojnica, Deževici, Kreševo, Ostružnica, and Dušina. Mining expands. Around 1400 silver and gold are extracted at more than twenty locations in Montenegro, Kosovo, Serbia and Bosnia. The production was considerable, ranging around 10-14 thousand-kg. annually, which is almost one third of the total European output of the time. Approximately, 7 thousand kg. of silver was exported annually via Dubrovnik throughout the first half of XV century.

Dubrovnik traders buy silver from the Saxon miners, supplying them with clothes, salt and many other products manufactured in the Mediterranean. Profits are made in export of silver (for the price of silver in Bosnia is lower than in the Mediterranean, particularly if it is transformed into coins). Dubrovnik makes it obligatory (from 1438) for its merchants that 6 per cent of transported silver must be sold to Dubrovnik mint that makes the silver coins of Dubrovnik¹⁵.

Dubrovnik mints its own coin and it circulates throughout the Balkans. The difference between the price of silver and the minted money belonged to the Republic of Dubrovnik, and was thus an exceptionally profitable activity. Dubrovnik mint used about 500 kg. silver yearly, which might look modest from current proportions, but by medieval standards it was exceptionally large. Let us mention that in XV century the European production of silver was around 45000 kg. per annum,¹⁶ and thus 7000 kg., shared by Dubrovnik was not unimpressive.

Precise books are kept on the finances of Dubrovnik, writes de Diversis. Income and expenditure figures are recorded and summed up annually and are controlled by the authorities. Those who took care of finances were, in principle, elected. The Lower Council¹⁷ determined their salaries. No body was entrusted 'lifelong duties,

except only three officials, who are called treasurers, and whose responsibility is to distribute the trust money to the poor'. (Book 3, Chapter 2). A special service maintained the income and expenditure books of the community. From these books, so relevantly writes Diversis, 'previous events, as well as the paying power can clearly be evident. They (people involved in, n. V.S) are usually called registrars, notary, clerks and accountants' (Book 3, Chapter 9). The accountant in Dubrovnik is a foreigner, he is not supposed to be from Dubrovnik! His job, as Diversis writes, 'is to carefully record commune's incomes and expenditures, in accordance with those whom they may concern, and keep them safe in a determined place'. Accountant, Diversis calls as the 'protector of remembrance of contracts, judgements, and accounts of income and expenditure'.

In the first half of XV century, there is one more professional service that existed in Dubrovnik, which we, the children of the XX century, think of as a creation of our enlightening age. These are the auditors, who were given, by the municipality, as writes Diversis in 1441,

'... The power to supervise and correct the management of communal goods. They are called municipal account-auditors. It is their duty to carefully oversee and with utmost fervour investigate whether revenues of the Republic are collected fully, and if expenditures are viable and in accordance with the law. It is to avoid that the money from the municipal treasury is not spent for unauthorised purposes, and thus to avoid anybody getting rich this way. Lawmakers of Dubrovnik have very wisely founded this very useful service, so that every year five clerks are elected, who are called account auditors. They checked the books of those in charge of revenues and expenditures of the municipal treasury, and even those who have managed the funds before. If they encountered any misuse of the funds for personal benefit, not only that they have to return whatever was taken but also to pay a fine equivalent of a sum of one quarter of the misused funds. If they believed that some funds were not properly used, besides their opinion, the Minor Council was informed, so that it could take measures concerning these expenses.'

As is evident, that Dubrovnik at that time had an established 'public finance' agency with its hierarchy from a clerk handling and collecting certain kinds of taxes to the service which daily received these amounts, entered into the books and 'analysed' the collection. Auditors take care that those officials do not misuse the given trust, since they were nominated! But, it is important to note that according to de Diversis's description, based on records, an eventual blame could be put for the past deeds, implying that eventual misappropriation never gets old!

De Diversis's stress on navigation, trade and crafts, as a source of wealth of the Republic, was in contrast to the traditional scholastic views (by which trade – as so

with Aristotle – is ‘suspicious’ activity). But, he rightly notices economic powers which dynamised economic growth of that time. Thus, Diversis’s ideas gave impetus to a change in the old petrified scholastic economic thought. De Diversis’s book is one of the oldest known book covering at length the economics of Mediterranean trade in the first half of XV century and as such has a specific value.

III

Economic thought of Dubrovnik came to its peak in the mid XV century with Benedict Kotruljević (in Italian, it always appears as Benedetto Cotrugli with mandatory addition Raguseo – of Dubrovnik). He was born in Dubrovnik around 1416 in a rich merchant family. Family, father and uncles were known traders not only in Balkans, but also throughout the Mediterranean. They were wholesalers, as well as retailers, of salt, yarn and skin. They also traded gold, silver, and copper. (They were buying these metals in the Balkans, transported them with caravans to Dubrovnik, and from there ‘re-exported’ to Mediterranean); they had their stores in several Italian cities; as established manufacturers of yarn, sold it everywhere, giving merchandise on credit or loaning the money. Benedict Kotruljević, spending his childhood in his parent’s home, has acquired knowledge not only in trade but also in humanities. He studied law and philosophy in Italy, which (it seems) he never completed, because he took over his father’s business after his death (1436). He extended his father’s business with weaving and painting workshops in Dubrovnik, intensified trade with the Balkan states (Serbia, Bosnia and Bulgaria, and with the Turks, who were already present in the Balkans since the end of XIV century); and Italy. In the Dubrovnik archives, his name often appears as a creditor of Dubrovnik merchants and aristocracy (between 1436-1443), which testifies to his family wealth. Kotruljević traveled a lot, all around the Mediterranean, developing his business and acquiring knowledge of economic situation and opportunities. Around 1444, he started a new big business. He bought (wholesale), at that time, the best wool in the world, from Catalonia and exported it from Barcelona to Italy and Dubrovnik. Thus, he acquired business contacts with businessmen of the Mediterranean, and substantial knowledge of global economy. From 1446 to 1453 headquarters of his business were in Dubrovnik and Naples, as he ran his business from both cities. In January 1453, he moved to Naples, after which he visited Dubrovnik rarely (mostly as a representative of Aragon Kings, who ruled Naples).

Besides trading business, which he led for his own account, B. Kotruljević becomes a public servant in Naples. First he was a judge (*auditore della Ruata*), and than supreme judge (*giudice delle cause*). King Ferdinand appoints him as ‘King’s advisor and commissioner’, by which (it seems) he distances himself from trade. He was the manager of Naples mint (1460-68), and after that Aquila mint (1469). Judging

by the fact that after that his name no longer appears in the documents, it is logical to conclude that he died that year. (Afterwards, his son Giacomo – Ivan, runs the mint of Aquila).

During his residence in Naples (1453-1469) B. Kotruljević writes literary and scientific works, which is very unusual for a tradesman of that time.

He wrote his first book in Latin language under the title *De uxore ducenda* ('On the Choice of a Wife') which he, as is explained in his other book, wrote for his friend from Dubrovnik, nobleman V. Bobaljević (*Messer Volza de Bobali*). This work was lost in subsequent centuries, but the abstract was saved in his, 'Book on the Art of Trading'. In the dust of time, his another book in Italian language of which his biographers speak of, 'Regarding the Nature of Flowers' (*Della natura dei fiori*) also vanished.

Only two books, primarily on economics, were saved. These are the foundation for this article. One is the *Il libro dell'arte di mercatura* ('Book on the Art of Trading') that was completed in 1458, and the other *De navigatione* ('On Navigation'), written in 1463. Since these are extremely valuable books, among the first ones covering economics in emerging capitalist surroundings, we need to say a few words more regarding their making and shape. *Habeant sua fata libelli* (books have their destiny too) – says the Old Latin saying of Terentianus Maurus. Book on trading, which is the foundation of this paper, was completed only because there was plague in Naples and the writer retreated to 'isolation' to the castle Serpito (near Naples) where he managed to complete the manuscript of the book, dating the end on 22 August, 1458.

The book attracted attention. It was circulated among the tradesmen of Dubrovnik and Italy through copying of the manuscript. After 115 years, it was printed in Venice on the basis of a manuscript arriving from Dubrovnik. But, due to the copying so many times, it differed from the original. Printing preparations were made by humanist Franjo Petris (Francesco Patritio) from the island Cres, who gave a very sounding title to the book, *Della Mercatura et dell' Mercante Perfetto* ('On Trade and Perfect Tradesman'). The book was a great success in XVI and XVII century, and was printed in Italian in several editions and in French also. After its Italian edition, the book was translated to Croatian language by. Ž. Muljačić and printed in two editions (HAZU – Zagreb, 1985; Dubrovnik, 1989).

However, Italian scholar, U. Tucci found recently two old transcripts of Kotruljević's book in libraries of Florence (one was dated 1484 and made for merchant Strozzi; the other was without a date, probably made at a later date around 1500). Tucci copied and solved the issue of manuscripts, to form a basis of a new edition (1990). He took the oldest known script (from 1484), and beside it, in footnotes, printed differences from the later transcripts, and especially from printed issues. He points to major changes in the edition, prepared and printed by F. Petris. He explains it by stating that it was the intention of the editor (Petris) to transform the

book of tradesman Kotruljević into humanistic treatise. In 1573 printed issue, there were, according to U. Tucci, some 'corrections' of Kotruljević's text, in which the author was 'heavily mutilated', and many parts were 'left unexplained'. Editors' interventions were hasty. The work, which was known to economics readers, according to 1573 edition, 'was not in accordance with the original'; 'printed text is confused and spoiled'; 'burdened with heavy errors' and 'founded on great misconceptions' of the editor, which makes Kotruljević's work 'funny, and in some places absolutely indigestible'¹⁸. Recently, Ž. Muljačić in National Library of Malta has found the oldest known copy of the script of Kotruljević's book, dated 1475, transcribed by Marin Rafović from Dubrovnik (Marino Raphaeli de Ragusa).¹⁹ This is why, a full and fair edition of this most valuable work of B. Kotruljević, is due in immediate future.

What is the real significance and contribution of B. Kotruljević books to the history of economic thought? In fact, Kotruljević is a herald of the mercantile society: his is the first theoretical treatise ever written on commercial activity and about its rules, which a successful merchant ought to follow so as to enrich himself. He writes an apotheosis of trade, glorifying it as an activity and merchant as entrepreneur. He defends the trading activity from attacks coming from the then dominant scholastic economics, as well from the nobility, who were jealous of the *nouveau riches* in merchant class.

Both books speak of trade and navigation in Mediterranean in mid XV century arts that were represented what we now call 'global economy'. The whole region has almost identical common business law, notary of public documents, and so on. Bills of Exchange from Barcelona were valid in Venice and Dubrovnik, and *vice versa*. Documents from one city were accepted for unpaid dues in other cities; quotations were massively used and traded (wool and skin to yarn and jewellery). Transactions were performed in national currencies, but the risk of interchange rate is borne by the buyers (!). The goods were purchased and sold in exchange for money or on credit. Credit was ensured by mortgaging the assets, and the mortgage right was registered in the notary books. Ships that floated under different flags transported goods. Shipping rates were stable on certain routes. Trade developed; position of the trading class strengthened; trading cities-republics (from Venice, Dubrovnik to Amalfi and Genoa) become so strong that they were independent of political power of the neighbouring kingdoms.

All these activities were not only presented in Kotruljević's works, but also analyzed and explained to the merchants how to deal with them. He describes the trade of that time, referred to good examples, and with their vision provided direction to the capitalist development of a new emerging society. While Kotruljević was writing the book, sale on credit was becoming popular. He stresses that although 'it is better to sell for cash rather than on credit', but emphasises that 'forward trading is

introduced due to the lack of money'. According to him 'without the sales on credit nothing could be done, as even the art of trading would soon die away', 'major handicrafts would run dry', and particularly would come to a 'crumbling of public and private entrepreneurship'²⁰.

How was this trade being done in the first half of the XV century? Kotruljević quotes that the entrepreneurs–sailors bought the goods on credit, where it was abundant and carried to the countries where it was in short supply. Coming to the land of buying, sailor–entrepreneur was not supposed to trade in retail, but sell in bulk, that too on credit. With the Bill of Exchange, regularly insured by mortgage, he bought from other trader, the surplus goods, which is in shortage in his country. Thus, the trade took place through letters of credit, in which the biggest risk was borne by the entrepreneurs–sailors. These were the people, who have yet to establish themselves as traders, since

'Rich people, who usually hold cash, are neither accustomed to go out of their country, nor are they used to bear risk of sailing that threatens their property and them personally'²¹.

While making such a statement he takes note of the cases well known to him, and therefore claims that

'The rich men gladly avoid strain and suffering. Entrepreneur, who travels because of work and profit, faces exertion, but that is his ideal, desirable for every trader–entrepreneur'²².

Kotruljević points out that he is opposed to views of many scholars of that time, who condemn selling on credit on moral and other grounds. Defending, the forward trading, he points out that it could be used 'if the goods can't be sold otherwise'²³. Even then, it should be sold only to the 'respectable and conscious persons, good payers, but then too the credit should be short term'. He teaches the traders

'Not to behave as other fools do, who grant repayment period of 18 months, because during that period four Popes could die'.

He is opposed to loans given to 'gentlemen, priests, students, professors, and soldiers', because 'they do not know how to deal with money'. It follows that Kotruljević granted short term loans only to traders, but than too he does not advise that too much goods is given in good faith, because 'one must consider ones own capacity and strength of property, and that to whom the goods on credit is given'. He is determined in this matter and, therefore, says, 'I do not approve of having too much

faith in any circumstance²⁵. Thus, Kotruljević defends credit, an institution that was created and developed, under the nose of its critics, who were mostly scholastic in approach. Because, credit always included the bonds (which he discusses in a separate chapter) and interest, subject to the period of repayment and rating of the buyer. Both these could, however, be disputed from the point of view of the Canon Law.

Kotruljević, is definitely the first economic writer in the world, who deals with double entry accounting system, synthesising in his book, manner and procedures, as used in Florence and Dubrovnik. At the same time, he is a gifted analyst of the Mediterranean economy, which was struggling in chains that were tightening the trade. This particularly refers to his affirmation of trade as an economic activity, his fight against condemnation of interest (as activities against the God, which was proscribed by the theologians of the time). He defends interest as a price of capital, thus he is a full century ahead of economists and theologians, who led by its spread and accruing benefits for cities and countries, started to think in a positive way about the matter. (e.g. Calvin and others). He introduced in his book the double entry system of book keeping forty years before Lucca Pacioli²⁶.

In his book, Kotruljević, presents himself not only as an outstanding witness of the events taking place in the economy of the time, but also as an analyst, who teaches in the best medieval manner, all those who will succeed and continue on the paved way of pioneers of Mediterranean trade – the first modern entrepreneurs of our time.

He is a representative of a rising trade and financial bourgeoisie that changed not only the structure of European economy, at that time mostly an agricultural and peasant society, but also radically, the spirit and civilisation. It collected strength and made efforts to impose its trade interests on the dominant structures (Kotruljević himself is connected with Aragon kings in Naples). But in the first place, there are the business interests. Kotruljević, as a businessman and entrepreneur of mid XV century, offers in his books his personal experience and wisdom, his worldly views. Special analytic needs, which were imposed by the work on business premises, demanded (from him and other entrepreneurs) the sorting out of facts and finding a balance in business (book-keeping, and collecting information being the first analytic step in double entry accounting of which Kotruljević was a protagonist, is a step forward in making the balance-sheets in business operations). Knowledge, obtained by the traders is used in their desire to maximise profit. To attain monetary wealth is not a sin for these entrepreneurs but already a virtue that is worth effort. Money is a measure of wealth and is not a curse; it facilitates noble acts and philanthropy, and above all increases the prosperity of individuals and society. These ideas of entrepreneurs were spreading like high tide, in different classes, spheres of human thought and activities.

Further, Kotruljević is a predecessor of the universal secular intellectual and a protagonist of universal science. Along with physicians, lawyers, artists and craftsman, who were already worldly people (outside the Church's jurisdiction)

traders - entrepreneurs appear as a class of layman²⁸, who were faced with the practical problems and needs, developed economic thought independent of the scholastic body of doctrine. Capitalist enterprises on the Mediterranean started appearing in XIII century and during the following two centuries they became much stronger. In writings of B. Kotruljević, we find a serious author who started working out details of a new economic system – capitalism - that had started emerging. By the middle of XV century, when Kotruljević wrote his treatise on the art of trading, there already existed big enterprises and entrepreneurs, capital and speculations in commodities, high finances with exchange rate differences, insurance, and related matters discussed by our author²⁹. The significance of his work is much bigger when we realise the fact that in trade analysis of his time, he is without a predecessor in the world of economic thought. Scholastic philosophy did little to deal with the practical trade activity, because it developed behind the back of the Church's teaching (e.g. the interest as such and the prevailing interest rates in business world). In his book, Kotruljević on many places quotes church authorities; he gives them due respect, but implicitly says that real life is totally different³⁰.

In addition, Kotruljević, stood for the 'trade laws', better say, common law of the Mediterranean trade, which was in conflict with the existing legal standards of the time. He does not want the trade disputes to 'become sophisticated quibble, or even twisting the truth'. He demands that the trade rules that deviate from 'strict legal regulations', which are 'not a minor hindrance', are respected. His apodictic demand for short, just, and quick court decisions, in essence, is a call for radical change in practice of the past period. Kotruljević 'elegantly' avoids conflict with the teachings of the scholastic lawyers. He points out that 'many trade matters are in contradiction to the existing laws, not so because they are not holly and appropriate in themselves, but because they are twisted due to vices and greed of many contemporaries'. Thus, the laws are reduced to 'craftiness and quibbles'.

In the new emerging society, Kotruljević, offered a new powerful tool of economic analysis - double-entry bookkeeping and company balance sheet, for which world economic thought owe him a great debt. The new edition of the book of Benedict Kotruljević discovers to us not just an excellent trader – chronicle of his time – but also an entrepreneur, who broke through his way in practice and theory of the new capitalist society.

Finally, we should add to this plaid of Dubrovnik contributors to economics from XV century, the author of the world's oldest testimony of lessons in bookkeeping, a booklet by Marina de Raphaeli de Ragusa (Dubrovnik), titled *La Riegola de Libro*. It was written in Naples in 1475 and is preserved in the National Library of Malta. So far, the book is unedited, but accountancy historians are now of the opinion that it is the oldest didactic text on double entry bookkeeping, written almost 50 years before L. Pacioli (who published his work in 1494 in Italy). In this book Marina de Raphaeli

gave hundreds of examples as how the bookkeeping should be done in different mercantile operations, especially with journal entries. The discovery of this old manuscript by A. van der Helm and J. Postma³¹ has now changed the history of accounting placing the two Dubrovnik authors as the oldest known persons who developed theory and practice of double entry bookkeeping.

IV

On the Mediterranean shores begins the entrepreneurship, trading class and capitalism emerges in XIV and XV century. If this is true then the hypothesis posed by M. Weber, according to which, the beginning of entrepreneurship and 'capitalist spirit' must be traced in Protestant ethics³² is no more true and valid. But it can not be denied that such ethics did speed up the development of capitalism in Protestant countries. However, the origins of entrepreneurship must be traced before the rise of Protestantism, in the Mediterranean Europe, and in Italy in the first place. The work of B. Kotruljević is another proof of the fact.

Werner Sombart (1863-1941), a well-known representative of the German historical school in his *Das moderne Kapitalismus* (Vol. 3, 1916/17), stresses that 'progress of scientific spirit and rationalism', created modern capitalism. As a significant and single contribution in creation of scientific spirit and rationality Sombart highlights the double entry bookkeeping. The first text on the issue, known to him, is that of B. Kotruljević, who wrote about it cca 40 years before Lucca Pacioli. Sombart writes,

'Very simply - capitalism can not be thought of without double bookkeeping, the relation between one and the other is like that of form and content. Double entry bookkeeping has come out of the same spirit (to Sombart's emphasis, we would add: rational spirit, V.S) from which emerged Galileo's and Newton's system and the study of modern physics and chemistry...and not even looking closely, or sharpening the picture, in the double entry bookkeeping can be seen the ideas that lean on the laws, circulation of blood and preserve energy.³³

Followers of Sombart (who influenced a whole generation of experts, not only the German) go far beyond in the praise of double entry bookkeeping and entrepreneurship. Oswald Spengler, author of the remarkable, *The Decline of the West*, Lucca Pacioli (whom he wrongly considers as the first inventor of the double entry bookkeeping) equates in significance for the then world with Christopher Columbus and Copernicus³⁴. L. Walter Eucken, in 1950, argues that the lagging behind of the German Hansa-cities, during XV and XVI centuries³⁵, originates from non-implementation of double entry accounting, which was used in the

Mediterranean. Although, it is likely that W. Sombart and O. Spengler have overemphasised the role of double entry accounting for the development of capitalism, but it is indisputable that double entry accounting had had a great influence on the improvement of trade in countries that had started using it. B. Kotruljević, first among all, did scientifically embrace this approach in his book.

New condensed works, especially by Fernando Braudel³⁶ implies that the beginning of capitalism should be searched precisely in XV century among the Mediterranean traders. B. Kotruljević leaves rich evidence to this effect. Braudel, mentions our writer, but, unfortunately, by using his old printed edition of 1573. Thus, he too was not able to evaluate him completely.

Florence, according to Braudel, was from XIV century the first major modern capitalist city, where along with economic development, there also took place the cultural reformation and renaissance³⁷. Naples and Venice and many other cities including Dubrovnik followed Florence. Benedict Kotruljević was a unique witness of the rise of Mediterranean economy, a kind of chronicle and analyst. It is not by chance that his, 'Book on the Art of Trading', includes so many instructions about moral and ethical questions, as well as about family life, almost repeating Alberti's dogmas and principles, but it speaks about money 'as a root of all things'. Instead of the earlier dogmatic view, that wealth is almost an obstacle to salvation (because 'sooner will camel pass through the eye of a needle, than the rich in the kingdom of heaven'). Alberti and so does Kotruljević, consider wealth as a fact, which facilitates life and makes it acceptable.

'With money, it is possible to own a house in the city and a villa, and all the crafts circle around one who has the money. He, who does not have it, misses everything, because for everything money is needed'.

Alberti writes this in true spirit of an emerging new capitalist society. However, Alberti also emphasises that one should not dissipate with luxury, because 'my children, let your expenses never exceed your revenues'. Similarly, another Florence trader of that time, Paul Certaldi, also speaks in the same terms. He writes,

'If you have money, do not stop, do not keep it dead at home. It is worth working tirelessly rather than to take rest uselessly, because while working if you do not earn anything, at least you do not lose the habit to work'.

At another place, he writes,

'It is very important to know as how to make money, but it is still more important to know as to how to spend the money modestly'.

Kotruljević writes in the same spirit a whole chapter on the 'Trader's Reasonableness'. He is inclined to modesty, therefore, writes that 'traders who dress so glamorously as befits a count or king are for contempt'. The main objective of a trader is to earn wealth, because 'a trader is worthless, if he does not have a property or trading capital'.

NOTES

¹ in 1498 according to the estimates of N. Vekarić.

² I shall follow the idea developed by I. Tomljenović in his 'Prilozi za biografiju Ivana Stojkovića', in collected works F. Sanjek (ed.), (1986) *Misao i djelo Ivan Stojkovića*, (The Works and Ideas of Ivan Stojković) (Zagreb: Kršćanska sadašnjost) further cited as MDIS p. 111-12. B. Krekić, an expert on Dubrovnik's history, states that Stojković's father was a 'poor cobbler' (V.B. Krekić, (1972), *Dubrovnik in the 14th and 15th Century: A City Between East and West*, (University of Oklahoma Press: Norman), p. 123.

³ J. Kubalik, (1967), 'Jean de Raguse', *Revue des sciences religieuses*, (XLI),2, p. 150.

⁴ at the time of his departure for studies, Dubrovnik gave him 50 ducats; when he proceeded to Paris he received another 60 ducats; and for his doctoral degree he was awarded 100 gold crowns. His seminary in Dubrovnik provided 62 gold crowns for his studies. The amounts that Stojković received speak not only for the prestige that Dubrovnik had enjoyed, but also for the wisdom of the city authorities who did never regret the sums spent for its sons to achieve high honors that will be of use for Dubrovnik in the future.

⁵ Study published by Bonaventura Duda, (1958), *Joannis Stojković de Ragusio O.P. (1443) doctrina de cognoscibilitate Ecclesiae*, (Roma: Studia Antoniana); also A. Krichnak, (1960), *De vita et operibus Ioannis de Ragusio*, Roma. In 1983, *Hrvatska dominikanska provincija* and *Kršćanska sadašnjost* published in Zagreb, Stojković's magnum opus *Tractatus de Ecclesia* (with the comments of A. Krisnjak, F. Sanjek and M. Biskupa, the editorship of F. Sanjek and an introduction by Bonaventura Duda, Tomislav Janko Šagi Bunić and Franjo Sanjek). The same year (1986) the proceedings of an international symposium organised in Dubrovnik on *Misao i djelo Ivana Stojkovića* is published by *Kršćanska sadašnjost*. These new works have filled many gaps and changed the assessment of his works.

⁶ All citations are as per A. Bilokapić, *Hrvati o Ivanu Stojkoviću*, MDIS, p. 163-169.

⁷ J. Tadić, (1935), *Pisma i uputstva Dubrovačke republike*, Beograd, p. 24.

⁸ Gelcich-Thalloszy, (1887), *Diplomatorium Ragusanum*, Budapest, p. 7.

⁹ For illustration sake, let us remind that Sigismund accepted to support the cause of Dubrovnik only when Dubrovnik paid its tribute for the years 1429-1436, a sum of 4000 ducats (500 ducats per annum). Republic of Dubrovnik paid this money to Sigismund, who was in Italy through Jakša, the father of Benedict Kotruljević. (See J. Božić, (1952), *Dubrovnik i Turska u XIV. i XV. veku*, Beograd, p.58-59.

¹⁰ Republic of Dubrovnik knew that many decisions are made not in Council but in rich luncheons. Therefore, to Stojković 'for lobbying' sent 200 ducats in 1433, and after the Council has made the

decision for Dubrovnik to freely trade with the lands of non-believers, next year sent another 100 ducats (Lett. Levantina, in Dubrovnik archives 11,178,178-179); J. Božić, op. cit: D. Krekić, (1956) *Dubrovnik i Levant (1280-1460)*. In his lobbying Stojković uses his Slavic origin. In the Council he addresses the Czechs as his fellow countrymen saying, '*conterraneus vektor sum, lingua et natione*'. In essence Stojković represents predecessors of those who in Slavic solidarity saw the defense from Turkish penetration (from M. Orbinij and M. Marulić to J. Križanić). But at the same time, he changed the course of Dubrovnik's policy towards the East.

¹¹ Turks conquer the Bulgarians in 1371 in the battle on the river Marica: Turks penetrate in Hum and come all the way to the river Neretva. In 1389 after the battle of Kosovo the Republic of Dubrovnik was faced with the new reality but was reluctant to abandon its trading interests. In 1396-1399, it succeeded in securing a Turkish guarantee letter allowing it to trade in newly won areas. Sultan Bajazit (1389-1402) confirms the free trading rights in Balkans (1396). Basel edict removes the stumbling blocks from the Christian side.

¹² Remarks by J. Turčinović, in MDIS, p.254.

¹³ on that very silver the Kotruljevićs build their business. Jakša Kotruljević was a buying agent of the mint for the Napolitan kingdom (for which, no doubt, he himself bought the Balkanic silver, and so did from other Dubrovnik traders). His son, Benedict, towards the end of his life, too becomes the manager of the mint in Aquila, and is followed by his son in this business.

¹⁴ W. Sombart, (1924), *Der Moderne Kapitalismus* (Munchen-Leipzig), Vol.1.

¹⁵ it is perhaps interesting to note that the decision concerning appointment and salary was made by majority vote of that present. So as to reduce the opportunism, which is usual in small communities, every abstention or a no vote was counted as double vote. When a decision on pay rise of existing officials was made, the '(voting) balls of those who oppose the proposition is three times heavier than of those who support it' (Book 3, Chapter 2).

¹⁶ All quotations are from the Tucci's follow-up text in the new edition of the book (1990), *Benedetto Cotrugli Raguseo: Il Libro dell Arte di Mercatura, a cura di Ugo Tucci, Venezia*.

¹⁷ On this recent issue see: *Franjo Petris kao izdavač traktata o trgovini Dubrovčanina Bena Kotruljevića*, Zbornik Dani Frane Petriša, Cres, 1994.

¹⁸ Book I, Chapter VII.

¹⁹ *ibid.*

²⁰ *ibid.*

²¹ Book I, Chapter X.

²² *ibid.*

²³ long ago, it was believed that L. Pacioli knew about the work of B. Kotruljević. Finally we have got a definite proof of it. In their study, *La Riegola de Libro*, Bookkeeping Instructions from the Mid Fifteenth Century (in *Accounting and History*, Caja, Madrid, 2000), Anne J. van der Helm, and Johanna Postma,

have found that in L. Pacioli's work, *Tractatus mathematicus ad discipulos perusicos* (dated Perugia 1478), very first chapter about 'tariffa mercantesca', is identical with Cotrugli's Book I. Chapter I (where it is called 'de cambi'). This is the final proof that Pacioli had at his disposal an older manuscript edition of Cotrugli from which he borrowed heavily.

²⁴ The term 'layman' and 'as a layman' is used in Shumpeter's interpretation of the word – to mark the people, who work out of the priest's order, although they then formed within the education system of Catholic Church. They mostly retained habits and views of the intellectuals in the order of priests. Perhaps, the classical case of such laymen intellectuals is Erasmus of Rotterdam (1467-1536), where the conflict between scholastic and empirical scientific thought is brought to light.

²⁵ Development of practice of law of securities, bills of exchange (Kotruljević writes a whole chapter on the subject) and deposits are to some extent indicators of penetration of capitalism in until than dominated feudal Mediterranean Europe. Practice and legal interpretation of such monetary instruments had started in XIV century. B. Kotruljević writes about it in the XV century, but the complete endorsement of the bills of exchange and other securities was not in life until the beginning of XVI century (see A. P. Usher, (1943), *The Early History of Deposit Banking in Mediterranean Europe*, London.

²⁶ Maybe, it is a classical case, how Kotruljević treats interest in his book. He quotes Saint Thomas to support his view that 'usury gain, that you have from the money lent, can still be tolerated'. Kotruljević writes, 'if you lent it to your friend, such that he after repaying of the money presents you with something, is not an evil intention or sin' (Book 2, Chapter II). But, few pages later he says, 'It is about usury, when the buyer purchases other's debt and charges an 'interest of 5-6 per cent monthly'. Implicitly, it is said that at this margin of 5-6% monthly, usury starts, and is not graceful. Difference between Thomas Aquina's attitude and practical case, quoted by Kotruljević, is such that it leaves a wide area for real trade transactions of that time.

²⁷ Anne J. van der Helm and Johanna Postma, (2000), *La Riegola de Libro* (Bookkeeping Instructions from the Mid Fifteenth Century, Caja, Madrid, pp. 147-178.

²⁸ M. Weber, (1968), *Protestantska etika i duh kapitalizma* (Translation), Sarajevo; also R. W. Tawney, (1926), *Religion and the Rise of Capitalism*, London.

²⁹ W. Sombart, *Das Moderne Kapitalismus*, Vol. II, p. 129.

³⁰ O. Spengler, (1950), *The Decline of the West: Perspectives of World History*, Vol. II. (New York: Knopf), p. 490.

³¹ B. S. Yamey, (1962), 'Accounting and the Rise of Capitalism', *Melanges Fanfani*, VI, pp. 883-884.

³² B. S. Yamey, the cited historian of double entry accounting, claims this.

³³ We particularly stress his, *Material Civilisation, Economy and Capitalism from XV to XVIII Century*, written in three volumes (original appeared in 1979, our translation in A. Cesarec 1992).