Banking in Florence at the End of the Sixteenth Century

Richard A. Goldthwaite

The Johns Hopkins University

Introduction

According to the generally held view, Italian deposit banking went into decline at the end of the fifteenth century, not to be revived until around 1575 with the creation of public banks in most major cities. Raymond de Roover shaped this view a generation ago in his study of the Medici bank; and it has received the stamp of orthodoxy in the historiography of both the economy of Florence and banking in general without challenge by any subsequent research, probably because the thesis on the decline of the Medici bank accorded well with notions about where Florence and Italy were headed at the end of the fifteenth century, with the expulsion of the Medici, the French invasions, and the general decline of Italy.

De Roover's earlier conclusions about the decline of local banking in late medieval Bruges, based on a much more comprehensive study, undoubtedly pre-disposed him to advance a generalization about banking also in Florence - and in all Italy - from his study of just one bank, albeit the most famous firm of its times. In the end, however, De Roover's true instincts as a historian led him to conclude that general economic conditions must also have impinged on the Medici's failure; and so, appropriating one of the most persistent myths in the historiography of Renaissance Italy, he fixed the notion of decline of deposit banking in the subsequent literature. The nature of the "crisis" that "nearly destroyed" deposit banking for a century,

however, remained a "mystery" to him.[1] Nor is it very clear what happened a century later, when public banks sprung up throughout Italy, for Florence, arguably the greatest banking centre in the rise of the Western economy, is conspicuously absent from the list of these places historians generally trot out to document the phenomenon.

It is not the intention here to review the problems inherent in de Roover's interpretation - the virtual lack of internal documents of the Medici firm over the last decades of its activity, the weak supporting evidence from guild records as a result of the general disarray into which guild affairs fell at the end of the century, the failure to define the role of the Medici firm in the larger banking system, not to mention the historiography of economic decline. Whatever one might think of de Roover's assessment of what happened in Florence, it must be recognized that he was working valiantly in a virtual historiographical void, without access to monographic studies on any aspect of banking either during the Medici period or over the next century down to the new era of public banks. And since he wrote a generation ago few studies have appeared to fill that void: I have studied one small local banker active around 1475; Reinhold Mueller, Florentine bankers in Venice through the later fourteenth and fifteenth centuries; Mario Del Treppo, Filippo Strozzi's banking activity in Naples; Melissa Bullard, the involvement of Strozzi's son in papal finances during the Medici pontificates; Michele Cassandro, Florentine bankers in Geneva in the mid-fifteenth century and in Lyons around the middle of the sixteenth century; and Carol Menning, the Monte di Pietà through

[1] Raymond de Roover, "New Interpretations of the History of Banking," in *Business, Banking and Economic Thought in Late Medieval and Early Modern Europe. Selected Studies of Raymond de Roover*, ed. J. Kirshner (Chicago, 1974), p. 219 (reprinted from the *Journal of World History*, II [1954], 38-76). The quotes are from de Roover's *The Rise and Decline of the Medici Bank*, 1397-1494 (Cambridge, Mass., 1963), p. 16. See also Herman van der Wee "Monetary, Credit and Banking Systems," in *Cambridge Economic History of Europe*, V (Cambridge, UK, 1977), 312; and "La banque européenne au Moyen Age et pendant les temps modernes (476-1789)," in *idem*, ed., *La banque en occident* (Antwerp, 1991), pp. 87-88.

the period of Cosimo I.[2] Moreover, our knowledge will soon be substantially enlarged by three research projects currently in progress: Sergio Tognetti's on the large local banking operations of the Cambini merchant-banking firm in the third quarter of the fifteenth century, John Padgett's on the changing constellation of local banking firms across the fourteenth and fifteenth centuries, and Francesco Guidi Bruscoli's on the Olivieri bank in Rome during the pontificate of Paul III Farnese. Still, much archival research remains to be undertaken before we will be able to chart trends in the history of Florentine banking over the fifteenth and sixteenth centuries.

This article does not aim to fill in the historiographical void with another monographic study. Rather, it follows a different strategy. I propose to span the void by jumping ahead to view the banking scene in Florence in the 1580s and then, while surveying that scene, to look back a century, to the 1480s, for comparative purposes, the objective being to sketch out the parameters of the history of banking over the intervening period, from the time of the Medici to the new era of public deposit banks. The decade of the eighties in both centuries seems to have been a relatively tranquil moment in the economic and political life of the city. The 1480s corresponds to the last phase of informal Medici rule, a moment of calm extending from the aftermath of the Pazzi conspiracy to the French invasions when there were no particularly

[2] Richard A. Goldthwaite, "Local Banking in Renaissance Florence," *The Journal of European Economic History*, XIV (1985), 5-55 (reprinted in *Banks, Palaces and Entrepreneurs in Renaissance Florence* [Variorum, 1995]; Reinhold C. Mueller, *The Venetian Money Market: Banks, Panics, and the Public Debt, 1200-1500* (Baltimore, 1997), ch. 7; Melissa Bullard, *Filippo Strozzi and the Medici: Favour and Finance in Sixteenth-century Florence and Rome* (Cambridge, UK, 1980), with further bibliography; for the work of Michele Cassandro see the references in his "Strategia degli affari dei mercanti-banchieri italiani alle fiere internazionali d'oltralpe (secoli XIV-XVI), " in *Aspetti della vita economica medievale* (Florence, 1985), pp. 140-50. See below note 6 for Del Treppo's articles and note 31 for Menning's book. For a recent bibliography of studies on the Medici bank since de Roover, see my "The Medici Bank and the World of Florentine Capitalism," *Past & Present*, no. 114 (1987), p. 4 note (reprinted in *Banks, Palaces and Entrepreneurs*, where, on p. viii, other items are mentioned).

negative economic indicators; the 1580s, by which time the Medici Grand Dukes had fully consolidated their rule over Tuscany following the conquest of Siena, fall in a period of investor confidence in general (reflected in *accomandita* contracts), when performance by the textile industries, both wool and silk, was strong and the international financial markets centring on Lyons and Besançon were enjoying a relative calm between the disruptions brought about by the bankruptcies of the Spanish king in 1575 and 1596.

This article, then, will survey the banking scene in the 1580s by focusing on specific banks representative of the different sectors of the industry: first, the merchant bank of Simone and Heirs of Giovanni Corsi & Company, then the local bank of Luigi Calderini and Giuliano Guiducci & Company, and finally the Monte di Pietà, which by this time was functioning as both a pawn and public deposit bank. The discussion will be informed by an historical perspective on these kinds of banking going back to the fourteenth and fifteenth centuries; and it will be open-ended in the sense that the objective of the enterprise, rather than to present definitive monographic studies, is to raise a number of questions along the way that might stimulate further research into the history of banking in Renaissance Florence and further thinking about banking in the wider context of the economy as a whole.

The monies of account used in the 1580s were the scudo, with a price of £ 7 ½, the ducat, with a price of £ 7, and the florin of £ 7. The criteria used for comparisons of the real value of these monies with the earlier florin are laid out in Table 5.

A. International merchant-banking: the Corsi firm

The sample selected for study of merchant banking in the 1580s is the firm of the four sons of Iacopo di Simone Corsi, who were active from 1534, when their father died, to 1588, when the last brother died and their heirs dissolved their common business interests.

The series of ledgers *(mastri)* along with the accompanying set

of secondary books *(libri di analisi)* is fairly complete; but missing are the articles of association for the successive partnerships and the "secret books" *(libri segreti)*, which contained capital accounts and records for division of profits (they are referred to in other accounts).[3] In the 1580s the Corsi company was large but presumably not among the very largest, although in the next generation - from the 1590s through the first decades of the next century - it may have reached that status. The contemporary chroniclers, Bastiano Arditi and Giuliano de' Ricci, both observers of the local banking scene at the time, do not mention the Corsi; nor do they show up in Carlo Cipolla's recent study of monetary problems, the mint and banking in the 1570s.[4]

The city's most important banking firms mentioned by these authors were Federigo di Roberto de' Ricci & Co., Zanobi Carnesecchi and Alessandro Strozzi & Co., Giovambattista de' Servi & Co., Averardo and Antonio Salviati & Co., Luigi and Alessandro Capponi & Co., and Niccolò and Francesco Capponi & Co. (the Salviati and Capponi along with the Corsi have left behind impressive business archives as yet largely untouched by scholarship).[5]

The point of reference in the earlier period for a comparison of banking at the time of the Corsi will be the firm of Filippo di Matteo Strozzi, for which three ledgers survive from the 1480s, exactly a century earlier. By this time Strozzi, who first entered the business world orphaned and in exile, was at the height of his career, with major branch companies also in Naples and Rome; and he is

[3] The Corsi business records are preserved in the Archivio di Stato di Firenze (henceforth: ASF) in the fondo Guicciardini Corsi Salviati (henceforth: GCS); they are summarily described in Appendix A below.

[4] Bastiano Arditi, *Diario di Firenze e di altre parti della cristianità (1574-1579)*, ed. R. Cantagalli (Florence, 1970); Giuliano de' Ricci, *Cronaca (1532-1606)*, ed. Giuliana Sapori (Milan-Naples, 1972), pp. 255-58 (with long biographical note on p. 258); Carlo M. Cipolla, *Money in Sixteenth-Century Florence* (Berkeley, 1989).

[5] The Salviati archives are now located in the Scuola Normale di Pisa; Capponi business documents are scattered in the Archivio di Stato, the Biblioteca Nazionale and the archives of the Ospedale degli Innocenti, all in Florence.

generally reputed to have been one of the wealthiest men in the city by the time of his death in 1491.[6]

The Corsi portfolio of business investments

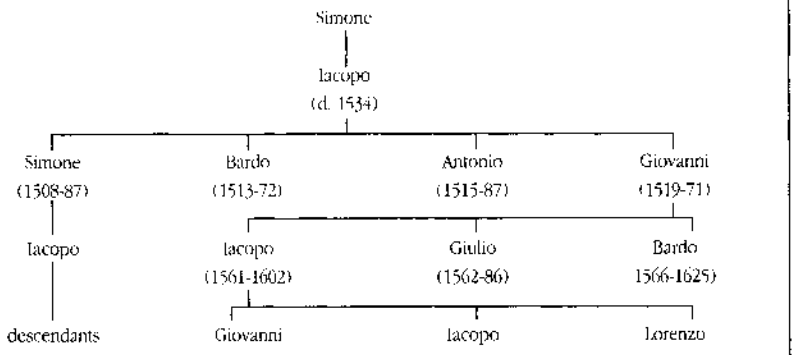
Since this study was not designed as a full history of the family business, the following background sketch is based chiefly on the archival inventory of accounts and other business papers rather than on the usual - and extensive - sources for Florentine family history. In the fourteenth century the Corsi were modest kiln operators. By 1400, however, they had a partnership for the production of silk cloth, the new growth industry at the time; and their continued activity in this sector throughout the rest of the century - one was briefly a partner of the Medici - laid the solid foundation of the family's wealth.[7] At some point the family established an international merchant-banking company. The firm examined here, belonging to the four sons - Simone, Bardo, Antonio, Giovanni - of Iacopo di Simone (d. 1534),

[6] For a general overview of Strozzi's rise to great wealth, see Richard A. Goldthwaite, *Private Wealth in Renaissance Florence: a Study of Four Families* (Princeton, 1968), pp. 52-73 (with a list of surviving account books on pp. 280-81); further biographical information as well as updated bibliography can be found in the volume of conference papers edited by Daniela Lamberini, *Palazzo Strozzi: metà millennio 1489-1989* (Rome, 1991). Strozzi's business activities have yet to be studied fully, despite the survival of a notable number of account books. Only the ledgers from his operations in Naples have been thoroughly studied. Alfonso Leone published one of these journals: *Il giornale del banco Strozzi di Napoli (1473)* (Naples, 1981); see also his *Mezzogiorno e Mediterraneo: credito e mercato internazionale nel secolo XV* (Naples, 1988). The major studies of Strozzi in Naples, however, are by Mario Del Treppo: "Aspetti dell'attività bancaria a Napoli nel '400" in *Aspetti della vita economica medievale* (Florence, 1985), pp. 557-601; and "Il re e il banchiere: strumenti e processi di razionalizzazione dello stato aragonese di Napoli," in G. Rossetti (ed.) *Spazio, società, potere nell'Italia dei Comuni* (Naples, 1986), pp. 229-304.

[7] The early history of the family has been sketched by Brenda Preyer, *Il Palazzo Corsi-Horne: dal diario di restauro* di H.P. Horne (Rome, 1993), pp. 31-46. No fifteenth-century business accounts for the family have survived, but there are several partnership contracts for silk shops from the fifteenth and early sixteenth centuries: ASF, GCS, Filza 1, nos. 1-3, and Filza 5, nos. 1-4. The earliest reference I have found for the existence of a silk company is an account opened in 1400 in the name of Domenico di Francesco Corsi e compagni setaiuoli in a ledger of Niccolò di Buono di Bese Busini: ASF, Carte strozziane, ser. IV, 563, fol. 16. For Piero di Antonio Corsi's partnership with Cosimo de' Medici from 1433 to 1438 see de Roover, *The Rise and Decline of the Medici Bank*, p. 168.

must have been operating for about twenty years by the time it opened its ledger identified with the letter I in 1566, the earliest to survive and

Selective Genealogy of the Corsi Family



presumably the eighth in a series going back to the foundation of the company. With ledger I, opened from 1566 to 1569, the records, including the accompanying subordinate account books, are complete through to the set of books lettered P, the last before the reorganization of the company on passing to the next generation in 1587-88 (Appendix A).

In 1566 the company was called Simone and Giovanni Corsi & Co. del Banco; and after Giovanni's death in 1571 and Bardo's the next year (the latter without issue), it operated under the name of the two surviving brothers as Simone and Antonio Corsi & Co. Antonio acted as trustee for Giovanni's sons until the eldest, Iacopo, came of age in 1582, when he turned their patrimony over to his nephews. Antonio withdrew from the firm at this time, presumably ceding his place to his nephew Iacopo; and the company was renamed Simone and Heirs of Giovanni Corsi & Co. Finally, with the death of both surviving brothers, Simone and Antonio, in 1587 (and the death also of Francesco Martelli, a relative who had been the bank manager as well as a partner), the sons of Simone and Giovanni - the only two brothers with sons - dissolved the company and made a final division of the entire patrimony that had been built up by their grandfather,

Iacopo di Simone, and his four sons.[8] The inheritance of Simone's sons (including the accumulated value of income therefrom since Giovanni's death in 1571) was around 250,000 ducats.[9] The eldest of Giovanni's sons, Iacopo, who had been managing his brothers' share of the patrimony since 1582, took the lead in setting up a new bank with his brother alone in 1588; in entitling its first ledger *libro Q*, however, the new independent company of the brothers did not break with the sequential identification of company books that by now went back over a half century.

The bank of Iacopo di Giovanni and his brother prospered, possibly becoming one of the largest in Florence and certainly making the family one of the wealthiest in the city in the seventeenth century; and economic historians have consulted its records.[10] This subsequent upward trajectory of the Corsi closely paralleled that of another famous (and equally well-documented) banking family, the Riccardi: with a portfolio that at the end of the 1580s looked very much like that of the Corsi with respect to both distribution of investments and total value, the Riccardi too were poised for the final step in their ascent into the uppermost ranks of the city's wealthiest banking families in the seventeenth century.[11] With wealth came political and social status: Giovanni di Iacopo Corsi had been named to the Senate and his brother Bardo had obtained the title of Marchese di Caiazzo. Iacopo di Giovanni's role as a notable figure in the city's lively musical life at the end of the sixteenth century has recently been studied by the music historian Tim Carter (who has reconstructed the family's history during this generation)[12]

[8] ASF, GCS, Filza 1 #11 (the formal act of withdrawal by Simone's sons).

[9] ASF, GCS, Filza 1 #1.

[10] See Jordan Goodman, "The Florentine Silk Industry in the Seventeenth Century" (Ph. D. diss., London School of Economics, 1977; a copy is deposited at the library of Villa I Tatti in Florence); and also Hidetoshi Hoshino, "Messina e l'arte della lana fiorentina nei secoli XVI-XVII," in G. Motta (ed.) *Studi dedicati a Carmelo Trasselli* (Soveria Mannelli [CZ], 1983), 427-46

[11] Paolo Malanima, *I Riccardi di Firenze: una famiglia e un patrimonio nella Toscana dei Medici* (Florence, 1977), pp. 59-76

[12] Tim Carter, "Music and Patronage in Late Sixteenth-Century Florence – The Case of Jacopo Corsi (1561-1602)," *I Tatti Studies*, I (1985), 57-104.

For lack of the *libro segreto* not one of the surviving Corsi ledgers gives us an overall picture of the business portfolio of the Corsi brothers, but it can be pieced together from references in both the bank ledgers and the personal accounts of Antonio and the heirs of

TABLE 1 - Business Portfolio of the Sons of Giovanni Corsi, 1587

Simone e rede di Giovanni Corsi e compagni[a]	du. 25,000
Raffaele di Vincenzo Fiorini e compagni, lanaiuoli	9,000
Alessandro di Vincenzo Fiorini e compagni, lanaiuoli[b]	9,300
Vincenzo di Giovanni Fabrizzi e compagni, setaiuoli	7,293
Vincenzo di Giorgio Brandolini e compagni, Messina[c]	6,301
Lorenzo di Giorgio Brandolini e Iacopo di Niccolò Giunta e compagni, Naples[d]	3,074
Total	**du. 59,968**

Source: ASF, GCS 415 (ledger E of heirs of Giovanni), fol. 180 (balance of 1587 for transfer to new ledger). For investment with Brandolini e Giunta & Co., see note below.

Notes:

[a] The shares of this company were divided as follows (ASF, GCS 72, fol. 33; 109, fol. 606; fractions as in documents):

	scudi	ducats	share in s.d. per £
heirs of Giovanni Corsi	23,333. 6. 8	25,000	8. 3[11]
Simone Corsi	24,354. 6. 8	25,000	8. 3[11]
Francesco Martelli	3,616.13. 4	3,875	3. 4[11]
Total	**50,283. 6. 8**	**53, 875**	**20. -**

[b] This company had a capital of 15,000 ducats: 9,300 ducats *in accomandita* from the Corsi and 5,700 ducats from Fiorini. ASF, GCS, Filza 1, #9 (contract of 1584).

[c] In 1583 the Corsi renewed their investment *in accomandita* in this company as follows (ASF, GCS 405, fol. 90):

the three sons of Giovanni Corsi	du. 6,301
Simone Corsi	6,301
Francesco Martelli	2,711
Total:	**du. 13,013**

Neither the ledger of the estate of the three sons of Giovanni (ASF, GCS 415) nor that of the bank for the period 1582-88 (ASF, GCS 109) lists profits from this investment, but the capital was still carried on the books of the estate and the bank ledger has many active accounts with this firm throughout the period. I do not know why no profits were explicitly declared.

[d] This Brandolini company was organized in 1583; the Corsi made their investment *in accomandita* for four years, renewable thereafter on a yearly basis: ASF, GCS Filza 1, #8 (contract). The investment of the Corsi, to earn 34% of the profits, consisted of (fractions as in document):

	ducati di Firenze	ducati di carlini	share in profits at s. d. per £
the Corsi bank	7,026	8,000	3. 7[10]
the sons of Giovanni Corsi	3,074	3,500	1. 7[10]
Simone Corsi	3,074	3,500	1. 7[10]
Total	**13,174**	**15,000**	**6. 9[10]**

After the death of Simone in 1587 the total capital of this company was 30,000 ducati di carlini, of which the above participation by the Corsi had not changed. In that year Iacopo di Giovanni and his brothers bought out the interest of Simone's sons, both in the bank and in this company. ASF, GCS, Filza 1, #10-11; 72 (spoglio of libro P), fol. 34; 109 (libro P), fol. 607; 405 (giornale E), fols 98-99.

Giovanni. Table 1 summarizes the portfolio of the sons of Giovanni after the death of their uncle Antonio and just before they completely severed their investment interests from those of their cousins, the sons of Simone.

Here we are concerned with the last phase of the brothers' company, from 1581 to 1588, before its dissolution brought on by the final division of their shared patrimony. This company had the characteristics of a traditional Florentine firm: the principal partners were brothers, and the articles of association were periodically renewed (sometimes with slight adjustments in the division of the capital and with a change of name to reflect a death). In the 1570s and 1580s the capital of the Corsi bank, calculated from the shares of Antonio and his nephew Iacopo, varied from 50,000 to 60,000 ducats (Table 2). The partners were the Corsi themselves, with a small share belonging to

TABLE 2 - Capital of the Corsi Bank, 1581-1588

Year	Name of firm	Capital
1571	Simone e Giovanni Corsi e compagni del banco[a]	du. 57,034
1573	Simone e Antonio Corsi e compagni del banco[b]	51,994
1576	Simone e Antonio Corsi e compagni del banco[c]	53,996
1582	Simone e rede di Giovanni Corsi e compagni del banco[d]	60,125
1588	Simone e rede di Giovanni Corsi e compagni del banco[e]	53,875

Notes:

[a] In 1571 Antonio di Iacopo recorded a credit in the capital of the company of 1500 ducats, worth 1.5/57 (2.63%) of total; his share of profits was 1.5/60. ASF, GCS 397 (ledger A, of Antonio di Iacopo Corsi), fol. 80.

[b] After the death of Giovanni Antonio recorded his share in the capital of the company as 20,000 ducats, worth 7s 10 [illegible]d per lira (39.22%): ASF, GCS 397, fol. 98. In Antonio's ledger the company is referred to as Simone and Antonio Corsi & Co.

Antonio's share at the time of the renewed contract was still 20,000 ducats, but it was worth 7s 4[illegible]d per lira (37.04%); ASF, GCS 397, fol. 100.

[d] In this year the investment of the heirs of Giovanni increased from 20,000 to 25,000 ducats, making their share worth 8s 3[illegible]d per lira (41.58%); ASF, GCS 415, fol. 141.

[e] ASF, GCS 72 (spoglio di libro P), fol. 33.

their manager, Francesco Martelli, who was probably a relative (their sister had married into this family). The family capital was divided more-or-less equally among the four brothers and subsequently among the sons of Simone and Giovanni (Bardo and Antonio had no sons); and when the company was dissolved in 1588, by which time the last

brother as well as Martelli had died, the capital (less Martelli's share of 3,875 ducats) was divided equally - 25,000 ducats each - between the sons of Simone and Giovanni (Table 1, note a).

The Corsi company followed the traditional practice of augmenting its working capital beyond the partners' investments (*sopraccorpo*) by accepting deposits; in 1552 these totalled 72,442 scudi (Table 3, below), about 50% more than the firm's capital, almost all of it coming from a few relatives within the immediate family of the partners, including in-laws. The heirs of Giovanni alone had two accounts totalling 52,131 scudi. During the period when it was open ledger P registered only 14 deposits from people outside the immediate family: 7 at the opening and 10 on its closing, with only 5 accounts open throughout the entire period. These outsiders made relatively small deposits, ranging from 80 to 3,300 scudi; they included two family servants, a priest from Sesto (where the Corsi had a villa), a Servite friar, a knight of Santo Stefano and conte Ugo Della Gherardesca (into whose family Giovanni Corsi had married) - all persons who hardly represented either the business community or the general public and who probably had special personal relations with the Corsi.

Besides the bank Antonio and the sons of Giovanni (but without Simone) shared investments in two wool shops and a silk shop. In typical fashion the Corsi were the predominant, if not the exclusive investors, although (in contrast to earlier practice) the firms bore not their names but those of the managing partners. The managers participated in the profits of the enterprise according to a pre-arranged percentage share (defined as so many soldi and denari per lira) in the same way that in the articles of organization of fourteenth and fifteenth century partnerships active management (*persona*) of the firm was capitalized for purposes of determining a manager's share of the profits as a partner.

The Corsi concentrated their foreign investments in the Kingdom of Naples. Surviving accounts testify to the earlier business activity of three of the brothers in south Italy: Bardo had a company with Antonfrancesco Scali in Messina from 1537 onwards and another with Francesco di Domenico Martelli (probably a cousin) in Messina and

then in Naples from 1565 until his death in 1572; in 1542 Giovanni had a company with Francesco Bruni in Calabria then in Palermo; and in 1545 Simone joined Bardo's company with Scali. In 1565 the Corsi transformed their share in the south-Italian partnership into an investment *in accomandita* with Vincenzo di Giorgio Brandolini & Co. in Messina; and in 1583 they invested heavily in another *accomandita* with Lorenzo di Vincenzo Brandolini e Iacopo Giunta & Co. in Naples. In this latter *accomandita* the Corsi investors were Simone, the sons of Giovanni and the family bank, each acting as a separate party.[13]

Taken all together these investments constituted a traditional "family" portfolio. The Corsi bank was part of what Federigo Melis called a "sistema di aziende", i.e. a collection of legally separate firms bound together by the common majority ownership of each of them by a single investor or a group of relatives, whose individual shares could vary. The Corsi "system" was patrimonial not in the sense that the Corsi patrimony was a single entity but in the sense that the four brothers (or their heirs), each with his own independent estate, shared investments independently and in different degrees (the complexity of the fractional divisions of different shares can be observed in the notes to Table 1); and typically their investments were divided between commerce abroad and the cloth industry in Florence.

Just as traditional was the "family" history of the Corsi company in its conformity to a pattern going back to the fourteenth century. Despite partible inheritance patrimonies in practice often remained intact after the death of a father so that, with sons sharing business investments, a company continued into the second generation and then into the third generation so long as sons of the founder were still alive; but with the death of sons and the extinction of the second generation of males, common patrimonial interests, like those of the

[13] For details, see the notes in Table 1. On the activity of these Corsi and of Jacopo di Giovanni in Sicily, especially with respect to their sales of Florentine wool cloth, see Hidetoshi Hoshino, "Messina e l'arte della lana fiorentina." Further documentation can be found in ASF, Mercanzia 10832, fols. 70v, 125v, 148, 208; 10833, fols. 1, 59, 71, 136 (accomandita contracts).

sons of Simone and Giovanni Corsi, were dissolved and partnerships reorganized to exclude cousins. This three-generation cyclical pattern in the history of a "family" business is still discernible at a time, the end of the sixteenth century, when rich men were increasingly keen to keep patrimonies intact for dynastic purposes.

In all these respects the larger patrimonial structure in which a Florentine merchant-banking firm like that the Corsi operated at the end of the sixteenth century had not changed over the preceding two centuries.

The business

Management. In its internal organization the Corsi bank was not much different from a typical fifteenth-century firm. It rented its quarters - presumably in the *Mercato Nuovo*, the traditional banking centre of the city - from the *Arte del Cambio* for the modest sum of 29 ducats. Martelli, the manager, had a staff consisting of a cashier, whose salary went up from 70 to 72 ducats in the 1580s, and one or sometimes two *giovani*, one earning 100 ducats and the other 150 ducats. Besides rent and salaries the bank's chief operating expense went for the fees of exchange brokers; a very modest contribution was made to charity. The total cost of this home office was negligible (see Table 4 below). The notable difference between the staffs of the Corsi company and that of the Strozzi a century earlier was the appreciably higher level of salaries in the later sixteenth century. The salaries Strozzi paid his *fanciullo*, *garzone* and *giovane* (which fell entirely within the range of other fifteenth-century companies that have been studied, for instance the Medici) started at about *f* 12 and went to *f* 50, with only a manager who might eventually become a partner earning more; whereas the range of the Corsi staff-salaries - considering the real value of the 1580s ducat as two-thirds that of the 1480 florin - started at this top level.

The bank's accounting system, too, was entirely traditional - and indeed it could hardly have been otherwise given the high level of refinement of accounting practice Florentines had long since

achieved by the fifteenth century. A ledger yields a general overview of all activity and is complemented by a set of the standard *libri di analisi* - a journal, a cash book, an income-expenditures book, a record book and other scrapbooks - each set identified consecutively with letters (see Appendix A). Accounts in the ledger are kept in double-entry, complete with a cash account (often missing in earlier ledgers) and a profit-loss account. The Corsi bank also had a *libro segreto* (unfortunately not extant), the ledger of highest synthesis containing accounts for the capital investment and profits of the partners.

If anything, the Corsi accounts are strictly limited to business acitivites in contrast to most earlier banker's accounts, certainly more so than those for Filippo Strozzi's bank. The latter's ledger, like those of so many of his contemporaries, records general patrimonial matters as well as business affairs so that, in the absence of the *libro segreto*, it is often difficult to separate the two. Moreover, Strozzi's business ledger includes accounts for all those kinds of personal expenditures - ranging from general categories such as servants, clothes, furnishings, general living expenses, funerals and construction work to such particular items as "asse d'albero," "bestie da chavalchare," "due chatene dorate," "una ronzone," "una mula," "una finestra" (at Santa Maria Novella) - that chronicle his personal activities in the marketplace; and many of these early ledgers are, in fact, rich mines also for the materials of social history. The Corsi ledger, instead, has no general patrimonial accounts; and even though the partners had current accounts, debits on these accounts document only cash withdrawals and transfers, with little description of how funds were used of the kind that one is likely to find in even the most formal of the earlier ledgers.

The material that provides the basis for the following analysis of the activities of the Corsi company comes primarily from ledger P, open from 1582 to 1588, and is summarized in Table 3, a synthesis of all open accounts as of 4 August 1582, when the ledger was opened, and Table 4, a summary of all activity on the profit-loss account for the entire period the ledger was open.

TABLE 3 - Simone and Heirs of Giovanni Corsi & Co.: Summary Balance, 4 August 1582 (in scudi d'oro)

Assets:		*Liabilities:*	
debtors (85)	sc. 100,474	depositors (13)	sc. 72,442
bills of exchange	53,673	creditors (34)	11,535
Corsi company in Messina	1,556	bills of exchange	20,597
merchandise accounts	10,432	companies abroad in which	
current account in bank	10,091	Corsi invested	6,414
cash	1,854	debits for merchandise	281
miscellaneous	294	current account in bank	140
		partners' current accounts	15,935
		Balance:	
		partners' equity	50,001
		undivided profits	1,029
Total	**sc. 178,374**	**Total**	**sc. 178,374**

Source: See Appendix C, where the full balance of all open accounts is reported.

TABLE 4 - Simone and Heirs of Giovanni Corsi & Co.: Profit-Loss Account, 4 August 1582- 23 January 1588

Profits from:			%
international exchange fairs		sc. 24,923	55.4
bankers' accounts	14,566		
acounts of draft and remittances	5,050		
commission fees	5,307		
merchandise		16,502	36.7
accomandita in Naples		2,583	5.7
miscellaneous sources		968	2.2
Gross profits		**sc. 44,976**	**100.0**
Deduct			
payments to depositors	18,315		66.2
staff, office, charity	3,485		12.6
losses on accounts with operators elsewhere in Italy	2,479		9.0
miscellaneous losses	2,370		8.6
adjustment to cash account	1,005		3.6
Losses and expenses		**27,654**	**100.0**
Net profit		**sc. 17,322**	
Annual average, 5½ years		sc. 3,149	

Source: See Appendix D, where the uncdit balance is presented.

Note:
Over the eleven years ledgers M, O, and P were open, the profit-loss accounts show sc. 24,000 transferred to the *libro segreto*, leaving a credit balance (undivided profits) of sc. 10,331 transferred to the new account in ledger Q. This translates into profits averaging sc. 3,666 per year.

Commercial and banking activities. The balance and profit-loss sheets for ledger P (Tables 3 and 4) show that the Corsi company operated largely as a traditional merchant-banking firm: commercial interests were still dominated by cloth, and banking activity took place largely through international exchange. Moreover, that world was still marked by an extraordinary fluidity within the constellation of client firms with which the Corsi, like the Strozzi, did business. Few companies with open accounts in ledger P (1582-88) - 5 of the 22 companies in Florence and 15 of the 87 companies abroad - had also had accounts open in ledger M (1576-78) a decade earlier, a rate of turnover not much different among the companies with open accounts in ledger I (1487-89) of the Strozzi company: only 3 of the 9 local companies, 10 of the 16 companies abroad, and 7 of the 28 textile shops had accounts five years earlier in ledger F (1480-83). This apparent lack of durable ties of clientage among firms is a characteristic of the Florentine business world scarcely noted in the scholarly literature.

In the 1580s as in the 1480s international merchant bankers still organized their trade abroad principally around the local cloth industry. During the 5 ½ year period spanned by the Corsi ledger accounts were opened for 46 silk firms and 2 wool firms, whereas the numbers are 21 and 39 respectively in the 6 ¾ years covered by Strozzi's ledgers F and I (it would be hazardous to generalize about the relative importance of these industries within the overall economy at these specific moments since the Corsi's earlier ledger M, open from 1576 to 1578, has accounts for 15 wool firms as compared to only 7 silk firms). Both firms imported raw silk and exported finished products, the most notable difference in the silk trade of these two companies being the market outlet for silk cloth: for Strozzi Naples was virtually the only market, perhaps because he had his own company there, whereas the Corsi sent cloths to Lyons and Augsburg (the receiving merchant in the German city, the company of the heirs of Leonardo Buroner, from a prominent family of cloth merchants, having the only account in the Corsi ledger opened explicitly for the sale of *drappi*). Both the Strozzi and the Corsi firms had an occasional but significant

secondary interest in grain imports from the south of Italy; and the miscellany of other products that show up on the books of these firms - saffron and cochineal for the Strozzi, spices and coral from the East for the Corsi - counted for little in total operations.

As a bank the Corsi, like Strozzi, did not have a local *tavola* that dealt directly with the Florentine public at large in accepting deposits, opening current accounts and extending loans for securities: it was not, in short, a local deposit bank *(banco a minuto)* of the type that will be discussed in the following section of this article. As already observed, the Corsi, like merchant-banks of the earlier period, enlarged their working capital beyond the investment of the partners *(sopraccorpo)* by accepting conditioned time deposits paying interest; but these were relatively few (only thirteen on the 1582 balance sheet), they did not entail the opening of active current accounts, and most if not all came from relatives or persons intimate with the family.

As a traditional exchange bank the company effected international transfers of funds and the extension of credit through the bill of exchange. Most of the activity of the Corsi company was concentrated in the great quarterly clearance fairs of Lyons and Besançon. Lyons, primarily as a result of royal policy, had emerged as the major market for Florentine merchants in northern Europe in the second half of the fifteenth century; and the introduction of regularity in clearance through the organization of international exchange around the four annual fairs at Lyons marked the final stage in the development of international banking before the rise of the central banks of Amsterdam and London in the seventeenth century. The Besançon fairs arose in the second quarter of the sixteenth century when, as a consequence of the tense political relations between the French king and Charles V, the Genoese, who were emerging as major international bankers through their operations in Hapsburg Spain, were forced to set up an alternative fair mechanism in imperial territory. These new fairs, not being linked to a commercial marketplace, flourished only because of the growing strength of Genoese banks at the time; and the Genoese often shifted the actual place of the fairs according to their convenience but without the fairs' loss of their nominal identity with Besançon.

During the 1580s these fairs were usually held in Piacenza, but references in the Corsi ledger always specify the fair at Besançon, often with the additional phrase "or wherever it will be held" (without the real place ever being mentioned).

The Corsi bank did not have a branch at either of the fairs; it operated through 17 correspondent banks at Besançon (mostly not Florentine), 14 at Lyons and 4 at both fairs, although just 6 Florentine firms provided two-thirds of its profits from exchange transactions, the largest amount (24% of the total) coming from Luigi and Francesco Capponi & Co. of both Lyons and Besançon. The bank utilized the bill of exchange in the traditional way (1) to effect international exchange, (2) to provide a mechanism for fixing the duration (usance) and interest rates (the difference between exchange rates of the initial draft and the return remittance) on loans extended by the bank in Florence and (3) to speculate in the international financial market at the fairs. The bank engaged in exchange in five specific kinds of activities:

(1) It transferred funds from one place to another. This was the classic use of the bill of exchange, and most of these transactions were related to the Corsi's commercial interests in various places throughout Italy.

(2) It speculated on the exchange by purchasing drafts from other parties and by selling its own drafts. These were direct purchase-sale transactions, usually effected through the Corsi's current account with the Ricci bank.

(3) It wrote drafts and made remittances for third parties.

(4) It made direct loans, putting the credit on the exchange for purposes of calculating the interest charge. This operation utilized the contract *di ricorsa* (this term, however, does not appear in the Corsi ledger), a form of dry exchange with bills going back and forth recurrently for the duration of the loan.

(5) It borrowed in the form of deposits made by other parties, putting the debit on the exchange for purposes of calculating the interest charge without, however, actually drawing up a bill (i.e. fictitious exchange).

Profits on these activities derived from differences in exchange rates and also - for items (3), (4) and (5) - from commission fees.

The Corsi banking operations were confined entirely to the international traffic in bills of exchange; and its direct borrowing and lending were also tied into this traffic for the purpose of calculating interest rates. Direct loans and acceptance of deposits, however, figured relatively little in the overall activity of the bank, although the total value of the latter was enormous. At the time of the 1582 balance the ledger had only 21 debit accounts in the name of direct borrowers, whose total indebtedness amounted to no more than sc.4,420, while virtually all the 13 time-deposit accounts were opened in the name of relatives or close associates of the Corsi family. Moreover, the firm's function as a transfer bank did not extend into the local market much beyond the sphere of its major business clients: accounts of depositors and lenders on its books were too few and too seldom utilized as current accounts for the clearance of petty debits and credits. Only the partners had active current accounts through which they continually drew on current and future profits for the payment of all kinds of personal expenses.

One area of banking the Corsi, in contrast to the Strozzi, did not enter was court finance abroad: whereas the latter had close ties to the king of Naples, and probably to the papal curia in Rome as well, the Corsi seemed to have confined their business exclusively to the private sector. Otherwise, the striking difference in exchange banking at the end of the sixteenth century from what it had been in the fifteenth century, as exemplified in the Corsi and Strozzi comparison, was in the enormous increase in the scale of operations, so enormous as to require separate discussion below.

Geography of operations. Strozzi, with branches in Rome and Naples and clients in Lyons, Aragon, Valencia, Bruges and London, operated in a business world with a wide geographical horizon across western Europe; but in the course of the sixteenth century Florentines retrenched on their business outside of Italy in face of competition from the south German bankers, who moved into the widening orbit of the Hapsburg Emperor, and then from the Genoese, whose

influence in Spain put them at the very centre of the European financial system. At the end of the century the Corsi, like most of their compatriots, concentrated their activities outside of Italy exclusively on Lyons, where Florentines were still the single most important "nation" of foreigners. A single merchant in Augsburg was the only other client the Corsi had outside of Italy; but his presence in the Corsi ledger is indicative of the new markets for Florentine silks that had opened up in Germany and eastern Europe in the sixteenth century, an area that for the first time was attracting many Florentine merchants. Otherwise, by this time, with the decline of Antwerp and the expansion of Dutch and English commerce, the Italian economic system in general had largely contracted to the Mediterranean area; and even within this area the Florentines had largely lost out to the Genoese in Spain and faced their keen competition both in Rome and the Kingdom of Naples.

Apart from the larger structural changes in the European economy, the shifts this orientation of Florentine interest had undergone in the course of the preceding century can be attributed to two developments of general importance within the economy of the Italian cities. First, the silk industry emerged as the forward sector of the local economy, complete with backward linkages to supply in south Italy and forward linkages to northern European markets, above all through Lyons but also in central Europe. Second, the great exchange fairs at Lyons in the second half of the fifteenth century - and the sixteenth-century offshoot at the so-called fairs of Besançon - brought much merchant banking into a central international system. Along with these developments in the industrial and banking sectors, another major phenomenon in the western Mediterranean economy was the enormous increase in the wealth of Spain in the sixteenth century; but despite the long history of commercial colonization of the Iberian peninsula, Florentines lost out to the Genoese in exploiting the new financial market that opened up to serve the complex needs of the greatly enriched crown.

The geographical contraction on the international scene reflected in the Corsi accounts is complemented by the firm's more extensive

network of clients within Italy itself. Whereas Strozzi's ledgers F and I have accounts, respectively, for only 10 and 6 client firms within Italy, the Corsi had accounts open for 54 firms widely scattered throughout the peninsula: Genoa (1), Milan (2) and Venice (13) in the north; Pisa (4), Lucca (8), and Siena (1) in Tuscany; Rome (13), L'Aquila (1) and Ancona (1) in the Papal States; and, in the south, Naples (8) and Sicily (2). A comparison of the accounts open at the time of the balances reported in Appendices C and E reveals the same difference: the much denser network abroad through which the Corsi operated, albeit a network more confined to Italy itself.

Scale of operations

In many respects the Corsi firm lies solidly within the merchant-banking traditions of Florence going back to the fourteenth century: the familial nature of its capital formation, its organization and the kinds of activities it engaged in were all features of the business world that had not changed from the time of Filippo Strozzi a century earlier. For all the structural similarities, however, one major difference strikes anyone familiar with fifteenth-century business history immediately on confronting ledgers so enormous that they require a cart to get them to your desk and so unwieldy that they cannot be mounted on a reading stand: the scale of operations. And to open one of these ledgers and come to grips with the mass of data in the accounts is to enter into a business world that has far surpassed the scale of operations of fifteenth-century firms.

Table 5 demonstrates this notable difference in bringing together the balance sheets of the Corsi firm along with those of some fifteenth-century firms for which we have such information, including the Strozzi, and measures them according to a single monetary value. In 1582, when ledger P was opened, total assets under management by the Corsi - by no means the largest firm at the time - far exceeded those of any of these fifteenth-century firms, including even the Medici branches in Florence and Rome. This evidence accords with one of the little-noted findings resulting from Maurice Carmona's analysis of *accomandita* contracts from the mid-sixteenth to the mid-seventeenth centuries: the sharp rise

TABLE 5 - Comparison of Assets under Management of Selected Florentine Firms, 1432-1582

firm	year	gross assets			basis of calculations		
		monetary unit	value	value in 1427 florin	price of £sc. (s. picc.)	labourer's daily wage (s. picc.)	value of assets as number of labourer work days
Lorenzo Strozzi, Orsino Lanfredini & Co.[a]	1423	*f* di suggello	65,249	63,677	81	10	528,517
Giovanni di Bicci de' Medici & Co.[b]	1427	*f* di suggello	100,047	100,047	83	10	830,390
Giovanni di Bicci de' Medici & Co., Rome[c]	1427	*f* di camera (= 23s aff.)	158,443	125,662	83	10	1,042,995
Antonio Della Casa, Simone Guadagni & Co., Geneva[d]	1454	sc. di marco (=*f* 1.176)	17,024	20,503	85	10	170,172
Filippo Strozzi & Co.[e]	1484	*f* largo d'oro	57,965	85,900	123	10	712,970
Simone e rede di Giovanni Corsi & Co.[f]	1582	sc. d'oro	178,374	189,625	150	17	1,573,888

Source:
[a] ASF, Carte strozz. III, 288, fol. 254.
[b] de Roover, *The Rise and Decline of the Medici Bank*, p. 266.
[c] *Ibid*., p. 206.
[d] Cassandro, *Il libro giallo di Ginevra*, p. 46.
[e] ASF, Carte strozz. V, 56 (opening balance reconstructed).
[f] see Table 3.

Note:
Assets under management is the total of all open debit accounts at the time of the balance. The basis for the calculations in 1427 florins is the purchase power of the florin in terms of the daily wage of an unskilled labourer as quoted in soldi di piccioli. Calculations are made as follows: the value of assets (exchanged into florins if necessary) times the price of the florin divided by the wage, the result (equals total work-days) is divided into 830,390 (for 1427) and then multiplied by *f* 100,047 (the 1427 value).

For the price of the florin and scudo in piccioli, see Richard A. Goldthwaite and Giulio Mandich, *Studi sulla moneta fiorentina (secoli XIII-XVI)* (Florence, 1994), pp. 87-105, and for the price of labour see Richard A. Goldthwaite, *The Building of Renaissance Florence: An Economic and Social History* (Baltimore, 1980), App. 5.

by a factor of no less than six to seven - in the average outside investment in banking firms through these limited liability contracts.[14] Clearly something had changed on the merchant-banking scene in Florence in the course of the century separating the Strozzi and Corsi firms.

[14] Maurice Carmona, "Aspects du capitalisme toscan aux XVIe et XVIIe siècles: les sociétés en commandite à Florence et à Lucques," *Revue d'histoire moderne et contemporaine*, XI (1964), p. 104.

International exchange fairs. The separate listing in the Corsi balance for traffic in bills of exchange, which is not an identifiable category in the Strozzi balance, points to the principal reason for this increase in scale. Bills account for no less than 30% of the assets on the Corsi balance (Table 3) and 55% of their gross profits (Appendix D). The Corsi profit-loss account registers dealings with 35 companies at the fairs - 17 at Besançon, 14 at Lyons, 4 at both places - with the bulk of their business going to 6 Florentine firms; by contrast the Strozzi profit-loss account records business with only 3 Florentine firms (one of which was a successor to one of the others) in Lyons during the nearly seven years ledgers F and I were open.

This increased traffic in bills of exchange reflects the development of the great international exchange fairs in the meantime, one at the fixed site of Lyons, a commercial and industrial centre, and the other identified as at Besançon but, in fact, held wherever international bankers agreed to meet for their quarterly clearance-meetings. The bill of exchange had been perfected as a financial instrument in the fourteenth century; and the centralization and regular periodization of clearance dates to the establishment of the fairs of Lyons in 1462, which eventually led also to the stabilization of an international money of account fully integrated into local bi-metallic monetary systems. As de Roover observed in his fundamental book on the bill of exchange, the emergence of the great fairs in the sixteenth century represented not technical improvement in the basic ways the bill had been variously utilized by Italians as a credit instrument over the preceding two centuries (endorsement and discounting arising as general practice only toward the end of the sixteenth century) but greater efficiency in international clearance for whatever purpose it might be effected - exchange, credit or speculation - all functions associated with the bill as far back as the early fourteenth century. The basic techniques of this financial mechanism were therefore well in place by the time the Strozzi bank was operating. The fairs at Besançon, which besides being mobile, thus avoiding temporary disruptions at a local level, limited bankers to a manageable number who could operate on mutual agreements, represented one further efficiency in dealing with

increased volume; but otherwise what changed over the century between the Strozzi and Corsi firms was the sheer volume of traffic in bills of exchange.

Traffic in bills approached the point where bills apparently came close to being something like negotiable instruments. The account of "remittances and drafts" includes many entries for the direct purchase and sale of bills that have cross-entries on the Corsi's current account with the Ricci bank, through which such transactions were effected; and since these transactions were not recorded elsewhere, the client loses any further identity as either a creditor or debtor on the Corsi books (see Appendix B for further details). The Corsi ledger and accompanying journals provide no evidence, however, for either endorsement or discounting, which, in fact, did not become common practice until the seventeenth century.

Increased activity in this market induced some efficiencies also in the operation of banks like the Corsi, and in fact behind the separate itemization of bills in the Corsi balance, in contrast to their absence in the balances of earlier firms,[15] is the adjustment that had been made in accounting practice to accommodate the greater traffic in bills. The refinement consisted not in elaboration of basic accounting principles but, more simply, in the organization of the enlarged mass of accounting data into more specific kinds of accounts, with the result that the ledger is a more easily readable document of the bank's activities. The Corsi accountant opened two separate accounts for "remittances and drafts" for each fair in each of the two places, Lyons and Besançon, one account for general commercial and financial activity *(rimesse e tratte che si fanno a Lione [Bisansone] in fiera prossima...)*, and one for loans *(rimesse e tratte ....per conto a parte)*; and likewise he opened separate accounts for each of the banks with which the company did business at each fair. As a result,

[15] Besides the Strozzi balances, see, for example, the balances of the various Medici firms published by de Roover, *The Rise and Decline of the Medici Bank*, and also that for the Della Casa firm in Geneva in Michele Cassandro, *Il libro giallo di Ginevra della compagnia fiorentina di Antonio Della Casa e Simone Guadagni, 1453-54* (Prato, 1976), p. 46.

the profit-loss account itemizes, fair by fair, (1) profits from accounts with each of its correspondent banks there, (2) profits from non-speculative exchange transactions, and (3) profits from the lending of money put on the exchange. Losses from fictitious exchange, utilized for the calculation of interest on time deposits with the bank, show up on the profit-loss account, also fair by fair, in entries for each depositor. Finally, all commission charges on exchange transactions are sent to a separate account, and profits from this service also appear as a separate item on the profit-loss account. These accounting procedures - the details of which have been relegated to Appendix B - made it possible for the accountant to produce a profit-loss account with all exchange activity broken down into the categories that most interested him, a refinement lacking in the accountancy of the preceding period.

Along with the increase in traffic the banker's service fee had more than doubled in the course of the sixteenth-century: whereas Strozzi charged a rate of 1 ½ per 1,000 (0.15%), the Corsi quoted their charges as 1/3 per 100 (0.33%) on outgoing bills and as 3 ½ per 1,000 (0.35%) on incoming bills. The rate applied to bills for a quarterly fair; and although on the surface it may seem a minuscule item, the traffic in bills was such that these handling charges became a significant source of the firm's profits. Income from commission charges in general account for 10% of total gross profits registered by the bank (Appendix D); and although the account includes also fees for commercial transactions, most entries record charges for drafts and remittances.

The importance of these handling charges as a profit item was not just a matter of increased traffic in bills. They effectively increased the interest paid by clients who borrowed on the exchange, that increase being inversely related to the general level of interest rates derived from exchange operations: i.e. a rise in the fee-rate at a time when the general annualized interest rate in the exchange market fell from a range of 8 to 20 per cent and higher in the fifteenth century to a range that rarely exceeded 10% at the end of the sixteenth century and usually averaged under 8% meant that the banker earned a larger

percentage return on this traffic.[16] Moreover, the rates could be manipulated to increase the banker's advantage even beyond the mathematics of these two trends. On the accounts of time deposits, for example, the banker collected the commission fee twice - for a total of 0.68% - on each trip for money deposited with him on fictitious

TABLE 6 - Interest Rates as Determined by the Value of the Florentine Scudo at the Fairs of Besançon and Lyons, 1582-87

	rate fair by fair		annual rate (compounded)	
year	Besançon	Lyons	Besançon	Lyons
1582	2.25	1.25		
	2.50	1.83		
1583	2.00	1.13	6.25	5.18
	-1.20	-1.67		
	2.62	2.94		
	2.74	2.75		
1584	1.75	1.96	8.31	7.51
	0.30	0.92		
	3.37	1.55		
	2.67	2.89		
1585	0.87	1.30	5.18	9.41
	1.50	2.57		
	2.17	2.40		
	0.55	2.83		
1586	3.00	2.13	10.88	9.19
	1.62	1.40		
	2.60	2.37		
	3.25	3.00		
1587	2.25	1.35	9.34	-
	2.00	1.85		
	1.62	2.62		
	3.17	-		

Source: ASF, GCS 109, fols. 25, 118, 420, 550 (the deposit account of Rede di Giovanni Corsi); see note 17.

Notes: Rates are those charged on fictitious exchange between the Florentine scudo and the scudo di marco at Besançon and the scudo di sole at Lyons.

[16] The average of the annual rates from 1583 to 1587 on Table 6 is 7.92%. The average of the rates of return on capital invested in the exchange at Milan on the fairs of Besançon from 1587 to 1616 was 7.76%, with rates after 1600 never going above the level they were before; Aldo De Maddalena, "Operatori lombardi sulle fiere dei 'cambi' di Piacenza: i Lucini," in *idem* and H. Kellenbenz (eds.), *La repubblica internazionale del denaro* (Bologna, 1986), p. 120.

exchange, and this translates into a significant reduction of the effective interest rate he paid when the difference in the exchange rates on one round trip was as low 2%, as it often was in the 1580s.

In this light the rates of fictitious exchange used to calculate the interest on the deposit account presented in Table 6 call for comment. The rates for two Besançon fairs - the second in 1584 (0.30%) and the fourth in 1585 (0.55%) were so low that, with the banker's addition of his commission fees, the depositor suffered a loss. In this deposit account over the period of three years and nine months, when no withdrawals were made (from the beginning of 1583 to the end of 1586), the actual balance grew by 27%, whereas at the nominal exchange rates, before fees, the rate of growth would have been 30% at the Besançon rates and 31% at the Lyons rates - a difference of over 10%.[17] Further details on how the commission fee was worked into calculations have been relegated to Appendix B.

The greater orientation of the local financial market to the international exchange fairs is also evidenced in the practice of tying interest rates for long-term loans to the foreign exchange market. In the fifteenth century businesses attracted additional capital through time deposits called *a discrezione*, so-called because in theory the interest rate was at the discretion of the borrower who thereby allowed the depositor-lender to circumvent the usury restriction (although in fact the rate was almost always explicit at the outset); but this instrument seems to have been abandoned in the course of the sixteenth century. The additional capital raised by the Corsi through time deposits was instead put on the exchange *(stare sui cambi)* at a fluctuating rate (that is, the loan represented by the deposit was automatically renewed for each of the four annual fairs). Although use of the bill of exchange as a credit instrument based on fictitious exchange *(cambio fittizio)* and recurrent redrafts *(patto di ricorsa)* can be documented as far back as the first half of the fourteenth

[17] The balance on this account (of a deposit in the name of the heirs of Giovanni Corsi) at the beginning of 1583, after the posting of returns from the Tutti Santi fairs of 1582, was 53,352 scudi; when the first withdrawals were made in November 1586, the balance was 67,780 scudi.

century, bankers rarely had recourse to it for calculating interest on their *sopraccorpo*. By the end of the sixteenth century, however, the deposit putting money on the exchange was an instrument in general use; even the Monte di Pietà, as we shall see, had over 10% of its assets in such exchange deposits (see Table 10 below).

This shift from one instrument to another to attract additional capital - from a time deposit to one tied to the exchange market - cannot be easily read as a recourse to a more secure subterfuge against usury in the aftermath of the Council of Trent. As a result of the accounting procedures employed by the Corsi the profit-loss account isolates - and hence identifies - profits (or losses) both from direct loans based on recurrent bills *(di ricorsa)* and losses (or profits) resulting from fictitious exchange effected for depositors who kept their money on the exchange. These interest charges, sometimes attacked as usurious, were thus clearly identifiable on the banker's books in a way they had not been a century earlier. The vigorous debate on usury that mounted in the course of the sixteenth century, therefore, may have been a response not so much to the manifest use of it by bankers for borrowing and lending - Florentines had been doing this for over two centuries - as to the greatly increased recourse to the exchange market by people outside business circles with more disposable wealth to invest and a greater propensity to speculate on the money market. For example, in an early seventeenth-century document cited by Paolo Malanima, the archbishop of Pisa, anxious to protect himself from any suspicion of usury that might arise from a large deposit he put with the Riccardi bank, which the bank fully intended to put on the exchange, stoutly asserts his indifference to any profits that might accrue to him therefrom, whatever the bank might do.[18]

Giulio Mandich, seeking a more strictly economic explanation for the greater recourse to the bill of exchange as a credit instrument, suggested that in a period when the expanding internationalization of the economy was characterized also by general inflation and local monetary confusion, the exchange fairs, operating in an international

[18] Malanima, *I Riccardi di Firenze*, pp. 67-68.

money market where these forces were at play, may in the long run have offered a certain degree of stability for the determination of interest rates. In other words, given the greater uncertainties in money markets of the later sixteenth century, it might have been entirely reasonable to peg local interest rates to the periodic international exchange fairs. In any case, such deposits were facilitated by the concentration and regularization of exchange at the fairs of Lyons and Besançon that had greatly enlarged the scope of the international financial market and refined its mechanisms since the time of Filippo Strozzi. Mandich also suggested that, inasmuch as the sale of a bill (borrowing) had the effect of a short-term time deposit in allowing the banker to utilize the capital immediately to buy a bill (lending), this traffic performed a basic banking function in enlarging the supply of money (on a minimum reserve); and at the same time it increased the banker's profits from commission fees.[19]

These matters raised by Mandich about the wider economic implications of the increased traffic in bills in effect shift the focus of enquiry into the international exchange market away from the macro-economic scene of the fairs themselves; but unfortunately the lively interest in the history of banking set off by the publication in 1949 of Fernand Braudel's great study of the Mediterranean exhausted itself by the early 1970s without ever breaking the spell of his magisterial view of the pan-European movement of money and credit activated by Spanish bullion imports and financial policies. Hence, a micro-economic approach to the larger phenomenon has been largely lacking. Yet, places like Florence plugged into this international market in part at least because of local economic interests, and greater efficiency in the exchange market must therefore have been a response to a rise in the scale of local operations, that is a rise in the levels of supply and demand in local capital markets. This is an aspect of international banking in the sixteenth century that remains to be explored[20]

[19] Giulio Mandich, *Le pacte de ricorsa et le marché italien des changes au XVIIe siècle* (Paris, 1953), pp. 104, 175-79.

[20] For Milan see now Giuseppe De Luca, *Commercio del denaro e crescita economica a Milano tra Cinquecento e Seicento* (Milan, 1996).

A central clearing bank? In the Corsi ledger one account stands out above all the others for the scale of activity in it: the Corsi's current account with the bank of the Heirs of Federigo de' Ricci & Co., running over 49 folios and averaging almost 1,000 entries per year. In contrast, the most active account in ledger I of the Strozzi company (not, however, a current account) has less than half as many entries and the average annual turnover in the account (the total of all debit and credit entries) was only one-sixth that in the Corsi's account with the Ricci (Table 7). The extraordinary activity

TABLE 7 - Comparision of the Most Active Account in Ledgers M and P of the Corsi Bank and Ledger I of the Strozzi Bank

		entries		*value*		
ledger	account		annual		annual	average
		total	average	total	average	per entry
Strozzi I, 1487-89 (66 months)	Francesco di Zanobi	1,392	980	sc. 4,109,769	sc. 747,230	sc. 762

Source: ASF, Carte strozz., ser. V, 44, fols. 33 et seq.; ASF, GCS 106, fols. 45 et seq.; 109, fols. 36 et seq.

in this current account of the Corsi with the Ricci bank is put into further relief by the relatively low level of activity in the cash account (Table 8), which averaged slightly more than one-fourth as many transactions (274) per year for an average annual turnover of less than one-twentieth the value (sc. 34,964). Moreover, cash transactions account for only 1½% of the activity in the Corsi's current account with the Ricci bank. On its 1582 balance sheet (Table 8) the

TABLE 8 - Comparison of Activity in Cash Account of Corsi Bank and in its Current Account with Ricci Bank, 1582-88 (annual averages)

	current account with Ricci bank	cash account	total
total number of transactions	980	274	1,254
total value of transactions	sc. 747,230	sc. 34,964	sc. 782,194
value of cash transactions	sc. 11,612	sc. 34,964	sc. 46,576

percentage of total assets under management constituted by cash-on-hand was far less than for the normal fifteenth-century company. Moreover, the total turnover recorded in the income-expenditures journal *(entrata e uscita)* tied to the cash book *(quaderno di cassa)* averaged only sc.5,372 annually, a mere fraction of the turnover recorded in the comparable accounts of any number of fifteenth-century firms[21]: clearly, the Corsi bank made few petty cash transactions in the local market.

The extraordinary activity on the Corsi's current account with another bank invites speculation on the function of this second bank. In fact, the prominence of the Ricci bank on the books of the Corsi can be replicated in the ledgers of many other firms in the 1580s: wherever one moves about in the business world of the time the presence of the Ricci is striking (and we shall encounter it again below, in the accounts of both a local bank and the Monte di Pietà).

Unfortunately, no records of the Ricci bank are known to have survived. The bank rose to a particular importance in the state as a result of making loans to the duke during the war against Siena. Up to this crisis Cosimo's great personal wealth had protected him from recourse either to burdensome taxation or loans from private bankers.[22] In his study of mint policy Carlo Cipolla noted the central role of the Ricci bank from 1552 onward, citing the chronicler Giuliano de' Ricci[23]:

> The bank of Federigo di Ruberto de' Ricci, managed by his son-in-law Marcello di Giovanni Acciaiuoli, earned itself a good reputation for both its good management and the size of its operations: it had such a good name that both public and private money flowed into that bank and it was really everyone's cashier; it expanded and restricted the market at will, and one can venture to say that there were no other banks that moved cash around except the Ricci's.

[21] ASF, GCS 117 (entrata e uscita del quaderno di cassa P. 1582-87), fol. 10v, where the final balance of entries, recording lire di piccioli, is struck.

[22] Anna Teicher, "Politics and Finance in the Age of Cosimo I: The Public and Private Face of Credit," in *Firenze e la Toscana dei Medici nell'Europa del '500*, I (Florence, 1983), 357-58.

[23] For what follows see Cipolla, *Money in Sixteenth-Century Florence*, pp. 101-13.

Cipolla's study of the mint in the second half of the sixteenth century confirmed this judgement: in the early 1560s the Ricci became such an important supplier of silver to the mint that eventually the mint was working almost exclusively for this bank alone; and consequently, as the chronicler Ricci observed, it controlled the money supply. The chronicler attributed this success of the Ricci bank to the ability of its manager, but Cipolla documented the importance of the bank's close relations to the Duke and its role in the management of the ducal treasury (although Ricci never became the head of the ducal *Depositeria*). The Ricci bank, in fact, became a central bank in practice if not in name, with the growing mass of money flowing through its books - on its way to and from the mint, the state treasury and other banks - increasingly taking the form of credit transfers (through *polizze*). In their dealings with the public these other banks in turn resorted so often to "payments in ink" (as the chronicler Bastiano Arditi put it) that a premium *(aggio)* was put on cash payments, and eventually the resulting inconvenience to the public led the state to attempt regulation of the situation through legislation.

Cipolla has shown how this system broke down in the 1570s. On the one hand the Ricci bank was weakened by the deaths first of Federigo Ricci in 1573 and then of Marcello Acciaiuoli, his son-in-law and manager of the firm, in 1575; and on the other hand, following the appointment in 1573 of Napoleone Cambi, manager of the rival bank of Carnesecchi and Strozzi & Co., as head of the *Depositeria Generale*, the government took measures to shift public funds from the Ricci bank to the *Depositeria*. Cipolla ends his account of ducal monetary policy at this point in the 1570s on a gloomy note, emphasizing how an ensuing liquidity crisis and shortages of credit and bullion led to inflation and other economic problems, notwithstanding - or rather despite - the most rigorous mint policy of any Italian state.

The subsequent history of the Ricci bank - and the banking scene in general - is known only through the scattered comments in the contemporary chronicles of Bastiano Arditi (to 1579) and Giuliano de' Ricci (to 1606). Despite the withdrawal of state funds - that is,

funds of the various government organs - from the Ricci and the assignment of them to the *Depositeria* (and subsequently to the *Monte di Pietà*, as we shall see), the Ricci bank apparently continued to play a central role at least within the private banking sector. Both the chroniclers Arditi and Ricci decry the mounting problem of liquidity, due partly to the Grand Duke's hoarding (in the colourful metaphor of Arditi, he used his "sponge to soak up water everywhere and then squeeze it into his own pitcher, leaving the ground dry and arid") and partly to repeated crises in international banking resulting from the financial instability of the Spanish throne, around which the international exchange market was organized. Commenting on the situation in 1587 the chronicler Ricci asserted that "just one bank, that of the Heirs of Federigo de' Ricci & Compagni, recycled all cash and credit transactions and consequently all debts were loaded onto it."[24] The burden was too much, however, and the bank - at the time also facing problems internal to the Ricci family itself - was soon headed toward bankruptcy. The Grand Duke was clearly interested in keeping the bank afloat: he tried to shore it up with a mint contract in 1591; and when the bank failed in 1594, he immediately advanced an interest-free, unsecured loan of 100,000 scudi for its reorganization.[25]

The history of the Ricci bank, now known chiefly from these fragments of information from chroniclers, the most obvious of contemporary sources, merits further study. No one firm emerges from fifteenth-century business records as playing such a pivotal role on the local banking scene, with so many other banks as well as state institutions plugged into it that it could influence the local money market. Even the Medici bank is totally absent from most of the extant ledgers of the period and only marginally present in others; and the fact that its decline toward the end of Lorenzo's life and the expulsion of the family two years after his death had hardly any repercussions throughout the business world can be taken as a mark of how far the

[24] Ricci, *Cronaca*, p. 502.

[25] This information comes from the tesi di dottorato of Giuseppe Parigino, "Il patrimonio della famiglia Medici nel Cinquecento" (Università degli Studi di Bari, 1997), pp. 296-97.

bank was from being central to the banking system as a whole. The commanding presence of the Ricci in the business records a century later raises the suspicion that the banking system had undergone some kind of structural change in the meantime. Symptomatic of this change is the very fact that the chroniclers Arditi and Ricci comment on banks at all (and Agostino Lapini also noted the failure of the Ricci bank), for in the uniquely rich Florentine tradition of historians, chroniclers and diarists (some of them bankers themselves) going back to the very origins of the city's banking empire, these are the first voices we hear - after Villani's comment on the great banking crisis of the 1340s - who have anything at all to say about problems of money and banking in the local market. Perhaps from the sidelines they were experiencing the growing pains of the first informal central clearing agency within the Florentine banking system.

B. Local banks: the Calderini firm

Alongside the international merchant-banking firms on the Florentine banking scene in the fourteenth and fifteenth centuries were the local banks. Whereas the former historically developed as banks by grafting banking functions - foreign transfers and the extension of credit through the bill of exchange - onto international commerce, local banks engaged in manual exchange, operated as deposit and transfer banks, and extended credit in return for securities ranging from pawns to promissory notes. Some but by no means all international merchant-banking firms opened local banks (the Medici and the famous merchant of Prato Francesco Datini, for instance, but not Filippo Strozzi); but unlike the international merchant-bankers local bankers had a distinct corporate identity in the *Arte del Cambio*.

Although local banks could in theory perform all the essential functions of a fully developed bank, the state of research on them hardly permits an assessment of the extent of their business and therefore of their importance in the economy as a whole through the fourteenth and fifteenth centuries. One of the two that have been studied performed all the basic functions but in fact was a minuscule

one-man operation (although formally identified as a partnership, i.e. *compagnia),* and the other was apparently little more than a high-level pawn bank more oriented to the jewelry trade than to banking in a strict sense.[26] We shall certainly learn much more about them from two distinctly different and entirely original research projects currently underway: Sergio Tognetti's in-depth analysis of one large firm (the Cambini) and John Padgett's macro-analysis of the guild roster of firms through the fourteenth and fifteenth centuries. What is certainly clear, however, is that collectively as deposit and transfer institutions local banks handled much less capital than the Rialto banks in Venice and as lending institutions they extended relatively little credit either to the government or to operators in the major productive sectors of the economy. The larger local banks seem to have been set up by international merchant-bankers primarily to raise capital for their own enterprise.

The course of local banking in the sixteenth century, however, is completely uncharted territory. For this study of the larger banking scene in the 1580s the accounts of only one local bank have been turned up: that of Luigi di Lorenzo Calderini.[27] Surviving ledgers document Calderini's career as a banker from 1565 to the end of the century. On 9 September 1580 he opened a new ledger in the name of Luigi Calderini and Giuliano Guiducci & Co. del Banco. Table 9 lays out the essential information about this enterprise. The capital was *f*5,000. The company paid *f*20 for the annual rent of its quarters and employed Calderini's son Lorenzo, whose salary rose from *f*12 to *f*60 in annual stages during which he took over the cash box (or rather the *tasca del banco*). For the first three years while Lorenzo

[26] The only study of a local bank is Goldthwaite, "Local Banking in Renaissance Florence"; de Roover reports briefly on the activities of another in his *The Rise and Decline of the Medici Bank,* pp. 15-16.

[27] ASF, Riccardi, 727ff (Fondo Calderini Pecori). The bank accounts are fairly complete from 1564 to the end of the century: they include the sequence of ledgers, each with its accompanying income-expenditure journal and combination day– and record-book (there are references also to scrapbooks that no longer survive). The accounts for the company analyzed here are ledger A, 1580-87 (no. 750) and its accompanying giornale e ricordi (no. 751) and entrata e uscita (nos. 749 and 752).

TABLE 9 - Calderini and Guiducci & Co. del Banco, 1580-87

partners	investment Sept. 1580	share of profits	distribution of profits, May 1587
Alessandro di Giovanni Neroni	*f*3,000	37.5%	*f*2,237
Luigi di Lorenzo Calderini	1,000	37.5%	2,237
Giuliano di Simone Guiducci	1,000	25.0%	1,491
Total	***f*5,000**	**100.0%**	***f*5,965**

Balance 17 January 1587 (after division of profits)

assets:		*liabilities:*	
gold and other valuables	*f*3,580	creditors	*f*2,800
cash	2,292	debits on internal accounts	395
credits with individuals	1,346		
current account in bank	602		
credits on internal account	282	*capital*	5,000
Subtotal	***f*8,102**		
debit balance on profit-loss account	963		
Total	***f*9,065**	**Total**	***f*8,195**
		discrepancy	**870**

Net assets after division of profits, May 1587

gold and other valuables	*f*2,449
cash on hand	2,929
credits on books	387
Total	***f*5,128**

Source: ASF, Riccardi 750 (ledger A), fols. 11, 13, 14, 156; 751 (journal and record book A), fol. 40v.

Note: A sheet inserted in the ledger contains an incomplete balance for 17 January 1587; it includes most of the open accounts but not all the figures were entered; here the missing data has been filled in by an audit of the ledger. the discrepancy can be accounted for by the balance of debits and credits on internal accounts along with the debit balance on the profit-loss account, which remained after the division of profits. The inadequacy of an audit of the ledger while it was still open results from the very infrequent posting of the inventory of the cash box, where much activity remained unrecorded. See text.

The dissolution of the partnership may have been occasioned by Neroni's death on 21 March 1587.

was presumably growing into the job, another youth, identified alternatively as *fattore* and *giovane,* was employed at a salary that grew from *f*12 to *f*16; but thereafter Lorenzo was the sole salaried employee, although the firm also made occasional use of brokers. An audit made in May 1587, when the partnership went into liquidation, perhaps as a result of the death of one of the partners, reveals that

*f*5,965 had been distributed in profits (an annual return of about 18%). During this period, in 1582, Calderini served as consul of the *Arte del Cambio.*

The ledger and the accompanying journals record principally the buying and selling of gold, silver and jewelry. The ledger has separate accounts opened for gold work of various kinds *(orure di più sorte)*, gold ingots, gold rings, miscellaneous silverware, broken silver objects, small pieces of silver, pearls, jewels, and coral. In fact, the share of the capital put into the firm by Guiducci consisted entirely of valuables of this kind; and inventory of such things constituted almost half of the firm's assets at the time of its dissolution. Within this range of valuables gold occupied the principal post by far, with accounts opened for gold and goldsmiths taking up perhaps one-fourth of the ledger. In the course of six-and-one-half years the account for gold work records the purchase of 248 florentine pounds (84 kilograms) of gold for a value of *f*26,514. The firm bought and sold used gold jewelry, paying goldsmiths for repairs and other work on it; it also bought gold bullion (*verghe e vergucci di ori fonduti*) and consigned it to goldsmiths for the production of various items (mostly chains and buttons). Payments for these valuables were entered in either the cash account or the firm's current account with the Heirs of Federigo de' Ricci & Co. del Banco, the two most active accounts in the ledger. This latter, which records an annual average of 95 transactions for a turnover of *f*19,078, was the only account the Calderini bank had with another bank - further evidence for the centrality of the Ricci bank within the Florentine banking system.

This traffic in valuables was a natural extension of the principal activity of local banks: manual exchange and lending for pawns. The Calderini company books, however, do not record either manual exchange or pawn lending, since these were across-the-counter transactions. Only inventories of the cash box itself - and not the cash accounts in the ledger and the income-expenditure journal - revealed profits from manual exchange and lending for pawns as well as from petty trade in jewelry; and the results of such inventories were only occasionally posted to the ledger. In fact, for several years the cash

account in the ledger was actually in deficit. When it was brought up-to-date for the balance struck on 17 January 1587, no less the *f*2,292 was entered "per tanti danari contanti e pegni trovati questo dì al rivedimento de' conti"; and only then could a corresponding profit entry be made "per tanti n'avanza la cassa per il cambio minuto e orure e altro venduti e non messi a entrata."

Because of the nature of their traffic in valuables local banks were in a position to accept cash deposits for safekeeping in exchange for which a current account was opened in the depositor's name that he could use for both withdrawals and further deposits. Only a few accounts of this kind, however, are found in the Calderini ledger. The opening registration on these accounts sometimes specifies that the deposit was subject to withdrawals on demand ("per pagarliene a suo piacere," "per renderne a suo piacere"), and most accounts record small deposits followed by cash withdrawals soon thereafter. Of the *f*2,270 in claims held by the bank's creditors on the balance in Table 9, *f*1,017 was owed to the only depositor whose account is active for the duration of the company, Messer Giovanni Acciaiuoli; the total of the other half-dozen-or-so accounts that might represent deposits (the precise nature of an account is not always clear) amounts to no more that *f*200. If Calderini and Guiducci & Co. was a typical enterprise of its time, at the end of the sixteenth century, one would have to conclude that local banking in Florence failed to realize its potential for development into large-scale deposit and transfer banking that it seemed to be following in the fifteenth century; instead, these banks increasingly restricted themselves to their original function of manual exchange and the related traffic in valuables, in effect - as de Roover suspected (talking only of the earlier companies, however) - ending up as a branch of the jewelry business.

It will take further study of the banking sector, as stated at the outset of this article, to explain why this happened. One might argue that Florentine local banks, unlike banks in some other places, never secured their position by tying their banking functions to the state fiscal system. Yet, the state was not necessarily a guarantor of stability: Florentine banks avoided the bankruptcies that long plagued banks

both in Venice, notwithstanding measures taken by the government to regulate the Rialto banks, and in Naples, where investment in the state debt exposed private deposit banks to the disastrous perils of fiscal policy in the second half of the sixteenth century.[28] Perhaps Florentine local banks simply lost out to new players in the market competition for capital who appeared on the banking scene already in the fifteenth century: pious institutions seeking deposits, a development that culminated a century later - as elsewhere throughout Italy - in the transformation of the *Monte di Pietà* into a public deposit bank. This picture of local banking, however, might be substantially changed if we could study a local bank operated by an international merchant-banker as part of a larger business (like those of Datini, the Medici or the Cambini in the fifteenth century); but for the moment documents for this kind of banking enterprise have not been found.

C. The Monte di Pietà

Pawn banking

Alongside international merchant-banking firms and local banks in fifteenth-century Florence were the Jewish pawn banks. These banks extended small - what might be called distress - loans to poorer people in return for pawns; and by the fifteenth century communal governments everywhere in Italy legitimized this usurious activity in recognition of the importance of their function in assuring liquidity in the local mass-market. The rapid growth throughout Italy of Jewish pawn banks, however, aroused considerable anti-Jewish sentiment and led some churchman - especially Franciscans - to think about possibilities for generating what Herman van der Wee has called a more socially responsible consumer credit[29]; and this movement culminated in the foundation of the *Monti di Pietà* as public pawn

[28] Bankruptcies in Venice are surveyed by Mueller, *The Venetian Money Market*, pt. II; for Naples see Luigi De Rosa, "The Price Revolution, Wars and Public Banks in Naples," in *Histoire économique du monde méditerranéen, 1450-1650: mélanges en l'honneur de Fernand Braudel* (Toulouse, 1973), p. 169.

[29] Herman van der Wee, *The Low Countries in the Early Modern World* (Aldershot, 1993), p. 184.

banks in substitution of the Jewish banks. Perugia established a Monte dei Poveri in1462, and most other towns in northern and central Italy quickly followed suit.[30]

Florence approved a Monte in principle in 1473 but enacting legislation was not finally put into effect until 1495 (one was set up in Pistoia, however, in 1474).[31] By the early sixteenth century the Monte was operating as a pawn bank out of three branches *(presti)*: in the city centre at the Canto de' Pazzi, near the Arno in the borgo Ss. Apostoli, and on the other side of the river in the piazza Santa Felice. Menning has documented the growth of the pawn business: over the period 1531-33 5,500 pawns were taken in; by the mid-1540s each branch had around 16,000 pawns in storage, with the branch at Ss. Apostoli processing around 75 every day; and twenty years later, over the period 1567-69, 170,899 pawns were deposited at the three branches, for which *f* 370,150 had been loaned out.[32] At the moment of the balance struck on 1 January 1582 - during the period studied here the Monte had 88,293 pawns on hand all together, representing the extension of *f* 250,809 in credit (see Table 10 below). Originally

[30] The Monte di Pietà in Italy is a subject currently being much studied; for a good recent historiographical-bibliographical survey, see Massimo Fornasari, "Economia e credito a Bologna nel Quattrocento: la fondazione del Monte di Pietà," *Società e storia*, XVI (1993), 475-502. Most of the current interest in these institutions, however, focuses on social and political-fiscal aspects of their operations. The classic study of the importance of the Monti for the diffusion of the practice of deposit institutions throughout the wider population is Giuseppe Garrani, *Il carattere bancario e l'evoluzione strutturale di primigenii Monti di Pietà: riflessi della tecnica bancaria antica su quella moderna* (Milan, 1957), based on both a study of statues and a knowledge of banking practice.

[31] For the background of the approval by Florence in 1473, and for the relevant bibliography, see Riccardo Fubini, "Prestito ebraico e Monte di Pietà a Firenze (1471-1473)," in his *Quattrocento fiorentino: politica diplomazia cultura* (Florence, 1996), pp. 159-216. For the foundation and early institutional history of the Monte, see Carol Bresnahan Menning, *Charity and State in Late Renaissance Italy: The Monte di Pietà of Florence* (Ithaca, 1993); for its subsequent history, see Guido Pampaloni, "Cenni storici sul Monte di Pietà di Firenze," in *Archivi storici delle aziende di credito* (2 vols.; Rome, 1956), I, 525-560. Menning's study emphasizes almost exclusively the importance of the Monte for ducal finances, but her book provides the information necessary for the reconstruction of its evolution as a banking institution. The Monte documents are in two collections: ASF, Monte di Pietà and Monte di Pietà nel Bigallo.

[32] Menning, *Charity and State in Late Renaissance Italy*, pp. 139, 165-66, 173; on patterns of pawning and redemption, see pp. 176-80.

loans were to be limited to *f*25 - equivalent to the earnings of an unskilled labourer for fifty working days or about 10 weeks - with a year allowed for redemption at a charge of 5%; but by the 1580s the maximum for loans at this rate had been raised to *f*40 - equivalent to well over a year's earnings of an unskilled labourer.[33] Such a maximum was clearly higher than the usual kind of distress loan associated with the early Jewish pawn banks.

By this time, in short, the Monte di Pietà was performing a major function in the local economy by assuring a high degree of liquidity at the lower end of the market, and this market was probably more extensive than that served by Jewish pawnshops a century earlier. The Florentine Monte put more than twice as much capital in this market than the several Monti of Bologna, a city of comparable population[34]; and this capital was being utilized for more than distress consumption. Moreover, any inclination to find a correlation between the traffic in pawns and the extent of poverty at the time should be tempered by the fact that, at least during the period 1567-69, no less than 89.6% of the 170,899 pawns taken in by the Monte were redeemed.[35]

Deposit banking

The capital for the Monte's pawn business came from deposits. The founders of Monti hoped that charity alone would induce people to make deposits so that their savings could be used for good works without expectation of interest. Indeed, in the period from 1496-99 42 Florentines made deposits with the Monte ranging from *f*1 to over

[33] Based on a daily wage of s. 17 di piccioli, the price of a florin being s. 140, and assuming a work-year of about 250-270 days.

[34] From 1590 to 1600 the assets of the several Bolognese Monti in credits out on pawns went from 111,879 to 158,779 ducats; Massimo Fornasari, *Il "thesoro" della città: il Monte di pietà e l'economia bolognese nei secoli XV e XVI* (Bologna, 1993), p. 258; Bologna at the time had a population of just around 70,000.

[35] Menning, *Charity and State in Late Renaissance Italy*, p. 173. Fornasari, for example, interprets the rapid growth of Jewish pawn banks in the fifteenth century as indicative of the "diffusione del pauperismo alimentato dall'incremento demografico e dall'immigrazione rurale in città"; "Economia e credito a Bologna," p. 482.

*f*1,000 for a total of *f*6,679, and corporations and the state also made contributions.[36] Official papal approval, in 1515, for payment of interest on such deposits strengthened the ability of Monti di Pietà everywhere to attract capital: in Florence, accordingly, reforms to this effect were introduced in 1533, and by the 1540s the local institution was following the course of many of the others toward becoming a major public deposit bank.

In travelling this course in Florence the Monte di Pietà entered a field of banking where there were other players. From the private sector local banks, presumably never very strong collectively, offered little competition in the market for savings; and if the Calderini bank is at all typical, as we have seen, they eventually left the field. In the public sector, however, the Monte di Pietà found itself facing competition from other pious institutions that were contemporaneously increasing their efforts to attract funds. In fact, the evolution of the Monte into a public deposit bank was in a certain sense the logical outgrowth of a development that has nothing to do with the reaction to Jewish pawn banking and that has been largely overlooked in the literature on the subject: the emergence, already in the fifteenth century, of pious foundations as formal deposit institutions, seeking funds to finance their own social welfare programmes.

Rich Florentines, like rich Europeans in general, had probably long used the city's major pious institutions as depositories, both for valuables when they left the city for periods of time and for cash they wanted to keep in a secure place; and by the fifteenth century even men of middling status made use of this service.[37] In 1464 the hospital of Santa Maria Nuova, the city's largest pious institution and a preferred place of deposit for safekeeping, separated out its activity as a depository by opening its first ledger for this purpose *(libro di depositi A)*. The documents of the hospital's ensuing activity as a deposit institution survive; and although they have not been comprehensively studied, we know something about how the operation functioned

[36] Menning, *Charity and State in Late Renaissance Italy*, pp. 73ff.
[37] Goldthwaite, "Local Banking in Renaissance Florence," pp. 44-45.

from the individual accounts of some prominent artists that have been consulted. Botticelli deposited *f*153 in 1492-93, Leonardo da Vinci *f*600 in 1499 and *f*289 in 1513, and Michelangelo had an active account of deposits and withdrawals through which passed a total of *f*11,252 over a period of seventeen years, from 1505 to 1522. The hospital paid 5% interest on some deposits, but this does not seem to have been general practice until the sixteenth century. In 1527, according to the contemporary historian Giovanni Cambi, the hospital made loans to the Commune at 12 and 14 per cent while paying 5 and 8 per cent on deposits. The ledgers of deposit accounts do not survive after 1549, and the operation was closed down in 1553 (to be reopened in 1666). In 1590 (as we shall see below) the government required that any cash the hospital had beyond its immediate needs be placed with the Monte di Pietà.[38]

The city's orphanage, the *Ospedale degli Innocenti*, also began accepting deposits sometime in the later fifteenth century, if we can assume that the surviving "secret book of deposits" opened in 1509 and identified as book "D" was the fourth in a series. The fact that this ledger was kept open until 1545 indicates how modest the operation was. As of 1543, however, accounts in this book record payments *(emolumenti)* of 5% on some deposits; and this may explain why thereafter business picked up considerably. In 1564 there were 293 deposit accounts on the books totalling *f*45,010. In that year the new director of the Innocenti, Vincenzo Borghini, anxious to find funds in his attempt to bring some order to the institution's confused finances at the time, reformed the "banco"; and in expectation of growth he opened a new series of deposit ledgers, now in the large format of the *reale*. Fifteen years later, in

[38] The series of nine ledgers goes from 1464 to 1549: ASF, Ospedale di S. Maria Nuova, 5635-43. The only comment on this activity by Santa Maria Nuova is Luigi Passerini, *Storia degli stabilimenti di beneficenza e d'istruzione elementare gratuita della città di Firenze*, (Florence, 1853), p. 335. For the artists' deposits see: Andrew C. Blume, "Botticelli's Family and Finances in the 1490s: Santa Maria Nuova and the San Marco Altarpiece," *Mitteilungen des Kunsthistorisches Institutes in Florenz*, XXXVIII (1994), pp. 154-64 (with publication of some of the documents). Michelangelo's account will be published in a forthcoming study of his economic activity by Rab Hatfield.

1579, the bank had tripled the number of deposit accounts (to 1,013) and doubled its capital (to 97,755 scudi). Deposits earned 5% interest, and most of them were demand deposits - that is, withdrawals could be made at will, allowing for some advance notice (usually two months). Borghini managed the capital so badly, however, that the growing burden of interest payments only compounded the institution's financial difficulties he had set out to resolve. The diarist Lapini reported that the Innocenti went bankrupt in April 1579 with debts amounting to perhaps 100,000 ducats; and in fact that month the state appointed an investigating committee to take things in hand. These men began to sell off much of the orphanage's real estate to pay creditors; and within a year so many of the bank's accounts had been closed that, thereafter, the then-current ledger of deposits sufficed to handle the winding down of all activity over the next forty-five years.[39]

When in the 1540s the Monte di Pietà in Florence began attracting interest-bearing deposits on a large scale, it moved into an area of financial activity already being developed by at least two other pious

[39] The classic study of the Innocenti by Gaetano Bruscoli, *Lo spedale di Santa Maria degli Innocenti di Firenze dalla sua fondazione ai giorni nostri* (Florence, 1900), has little to say about Borghini' enterprise (pp. 63, 72) but publishes the text of the 1579 report (pp. 268-70); and nothing more is said about it by Philip Gavitt, "Charity and State Building in Cinquecento Florence: Vincenzio Borghini as Administrator of the Ospedale degli Innocenti," *Journal of Modern History*, LXIX (1997), pp. 230-70, who however attempts to rescue Borghini's reputation as an administrator.

The "libro segreto di dipositi e altri denari..., D,"1509-15, survives in the Archive of the Ospedale degli Innocenti, Florence, ser. XII, 6; accounts with interest payments are found on fols. 77-99. Borghini's new series of "libri di dipositi" are found in Ibid, ser. LXXIX, 1-2. The first ledger runs from 1561 to 1574; the second from 1574 to 1624. The opening account in Libro B transferring accounts from Libro A confirms the 1579 report on the level of the operation; and the account of "Dipositi del nostro spedale..." documents the "run" in the annual transfers from the cash account, which pass from the debit (income) to the credit (expense) side in 1578 reaching *f* 39,473 in 1579, then declining to *f* 11,624 the next year and further thereafter but still on the credit side of the account.

In 1564 Giorgio Vasari deposited 1.000 scudi in the "banco degli Innocenti"; *Il libro delle ricordanze di Giorgio Vasari*, ed. Alessandro del Vita (Arezzo, 1938), pp. 91. The account of one depositor, the sculptor Tadda, is published by Suzanne Butters, *Triumph of Vulcan: Sculptors' Tools, Porphyry, and the Prince in Ducal Florence* (2 vols., Florence, 1996), I, 350-51, and II, 414-16. The bank's failure was noted by Agostino Lapini, *Diario fiorentino* (Florence, 1900), p. 200.

institutions, neither of which, however, sought deposits to operate as banks by lending out their capital. The necessary economic preconditions for this recourse to the credit market, for whatever reason, were two: on the one hand, a growing accumulation of capital seeking some kind of outlet - much of it, to judge from the depositors in the surviving books of all these institutions, in the hands of men in the middling ranks of society, such as the artists mentioned above - and, on the other hand, the failure of traditional private local banks to attract this wealth. Both of these phenomena, often overlooked in the literature on the rise of the *Monti di Pietà* throughout Italy in the sixteenth century, remain unstudied; and any investigation into them will have important implications for our understanding of a major transformation undergone by the Florentine economy over the fifteenth and sixteenth centuries.

In any event, by the 1580s, with the Innocenti deposit operation virtually in receivership and that of Santa Maria Nuova closed down and with private local banks presumably having abandoned this kind of activity, the Monte di Pietà had become an enormous operation dominating - if not, indeed, monopolizing - the market as something like a public deposit bank. Its essential structure as such was defined by a major reform in 1574, which marked its transformation from its original function as a pawn bank working with capital raised on the appeal of charity. This process of institutional centralization so characteristic of ducal Florence, incidentally, contrasts with the contemporaneous proliferation of *Monti di Pietà* and other deposit institutions elsewhere, for example in Bologna and in Naples. Already in fifteenth-century Naples, long before the foundation of the local *Monte di Pietà* (in 1540), the *Casa Santa dell'Annunziata*, a hospital and orphanage, had a highly developed deposit operation, including even the issuing of deposit certificates *(fedi di credito)*, a practice that is not reflected in what we know about the Florentine institutions. The Casa was strong enough to vigorously oppose the efforts of the Monte di Pietà, toward 1580, to monopolize the sector; and in 1587 it succeeded in transforming its operation into a true deposit bank. Furthermore, over the next decade no fewer than four more pious

institutions in Naples set up their own deposit banks, all also competing in the same market with the *Monte di Pietà*.[40]

The focus for the ensuing description of the activities of the *Monte di Pietà* of Florence is the balance on 1 January 1582 presented in Table 10. In that year the Monte had assets of just over one million florins

TABLE 10 - Balance of the Monte di Pietà, 1 January 1582 (in fiorini di £7)

Assets:			*Liabilities:*		
88,293 loans on books of the 3 branch pawn-banks		*f* 280,809	1,037 conditioned deposits carried over from libro P		*f* 229,952
775 loans carried over from ledger G[1]		344,695	1,747 unconditioned deposits transferred from libro H		694,104
107 loans transferred from libro H		285,187	Depositario	50,878	
the Grand Duke[2]	209,080		105 over *f* 1,000[3]	374,632	
8 over *f* 1,000	65,735		1,641 under *f* 1,000	268,594	
98 under *f* 1,000	10,372		*Balance:*		
Invested on the exchange[4]		123,058	Credit balances on internal accounts[5]		94,307
Current accounts in bank[6]		19,696	General Treasure	64,238	
			branch pawn banks	30,129	
			Profits, 1572-81[7]		35,022
Total		***f*1,053,445**	**Total**		***f*1,053,445**

Source: ASF, Monte di Pietà 787 (libro I di depositi liberi, 1582-84), fols. 1-21; opening balance taken from ledger H. Because of the operation explained below in notes h and i, the total on the table is somewhat less than the total of all entries on this opening account. In determining the number of "loans" and "deposits" in this table I have simply added the total number of debit and credit entries on transfer accounts, a few of which may be for other activities. Accounts in the ledger are kept in fiorini subdivided in lire, and in the calculation made for the table figures have been rounded to the nearest florin.

Notes:

[1] Entries on the account of the *massaio* of each branch are made only periodically and the account includes a separate column for the number of pawns redeemed or received during the period covered by entry. The opening debit entries for the branches are: 1st branch: *f* 51,962 on 25,373 pawns; 2nd branch: *f* 138,317 on 30,517 pawns; 3rd branch, *f* 90,530 on 34,403 pawns.

[2] Of these loans 67 were over *f* 1,000, the largest being *f* 24,274 to Cardinal Ferdinando de' Medici. The information on these loans comes from ASF, Monte di Pietà nel Bigallo 168 (libro I dei danari prestati, 1582-84), fols. 1-11 (transfer account from libro G).

[3] This was the balance due on a loan of sc. 250,000 made on 25 June 1580, the interest was set at 6% p.a. payable every six months, and the principal was to be repaid in two years. Repayment was made mostly through Zanobi Carnesecchi, Alessandro Strozzi & Co. di banco, with the last payment on 7 April 1582.

[4] *f* 106,892 was invested with Zanobi Carnesecchi, Alessandro Strozzi & Co. di banco and *f* 16,250 with Rede di Federigo de Ricci & Co. di banco; a separate account was open for profits and losses on these deposits.

[5] The balances were: *f* 16,934 with Rede di Federigo de' Ricci & Co., *f* 1,575 with Averardo e Antonio Salviati & Co., and *f* 1,187 with Zanobi Carnesecchi, Alessandro Strozzi & Co.

[6] These depositors are listed in ASF, Monte di Pietà 1366 (libro I di depositi condizionati), fols. 1-10; the largest deposit was *f* 10,353 in the name of the Cavalieri di Santo Stefano.

[7] These included the Grand Duke (*f* 19,775) and two other children of Cosimo I, Giovanni (*f* 51,891) and Virginia (*f* 36,714).

These credit balances with the Monte's own officials are probably in large part cash balances, since the ledgers do not record activity in the cash accounts. Note the lack of cash on the asset side.

This is the balance of entries for interest collected from loans (*f* 68,892, from 1572) and interest paid on deposits (*f* 33,870, from 1547).

[40] De Rosa, "The Price Revolution, Wars and Public Banks in Naples," pp. 159-75. For the several *Monti* in Bologna, see Fornasari, *Il "thesoro" della città*.

under management, mostly in credits on loans it had made. Its capital came from 2,764 deposits: 1,037 "conditioned" by withdrawal restrictions related to dowries, estates of minors or other stated reasons; and the rest "free", that is subject to withdrawal on demand. Many of these deposits represented savings of artisans, shopkeepers, widows, minors and others far down in the social order and outside the major sectors of the economy; and some of these people, moreover, lived in the countryside. Besides deposits of private persons, the *Monte* held funds as a mandatory depository for some public institutions, including the guilds and the *Opera del Duomo*, which were required to deposit any funds they had in excess of certain amounts (in 1590 the hospital of Santa Maria Nuova was added to this list), and for some state agencies that made profits on their activities, such as the commission that oversaw bankruptcies. In 1582 the Grand-ducal *Depositeria* had *f* 50,000 of its funds on deposit in the *Monte*, and other larger depositors included members of the Medici family. On these deposits the *Monte* paid 5% interest (*meriti* is the standard term, but *emolumenti* and *alimenti* are also used). With this capital the *Monte* was operating well beyond its original confines as a pawn bank. Only just over a quarter (27%) was put out in 88,293 petty loans at the three branch pawn-banks; well over twice that amount (60%) was lent out in larger amounts, and under varying arrangements, to 882 parties; and the remaining capital, presumably also available for loans, was deposited with bankers - either put on the exchange or left in current accounts (the *Monte*'s largest current account by far and its second largest deposit on the exchange, it is to be noted, being with the Ricci bank). As a business operation the *Monte*'s margin of profit was determined by: (1) a small surcharge it applied to all loans (ranging upward from one *quattrino* for handling pawns, according to a graduated scale of loans), (2) the difference in the 5% interest it paid on deposits and the rates it collected from loans, which went as high as 6 ½% according to a schedule relative to the size of the loan, and (3) earnings made from money put on the exchange.

The bank had a large bureaucracy. The overseeing agency was a board of eight officials called the Protectors, one of whom was the

Superintendent (at the time of the 1582 balance this was Tommaso di Iacopo de' Medici, knight of the Order of Jesus Christ); and the administrative staff consisted of 42 persons - 15 in the central office and 9 in each of the three branches. Central management was shared by a director *(provveditore)* with an assistant, a notary *(cancelliere)* and the general treasurer *(camerlingo generale)*; and their staff consisted of a head scribe *(scrivano)* with an assistant and three other scribes, an accountant, an officer charged with sales of pawns, three collectors, and a clerk *(tavolaccino)*. Each branch had its manager *(massaio)* with his own staff of a cashier, two scribes, two assessors and three clerks *(garzoni)*. The general treasurer earned the top salary of *f* 144, and this was followed by the *f* 120 paid to the director, the head scribe and the branch managers; the scale then descended down to the *f* 45 and *f* 17 earned by the *garzoni* and the *tavolaccino* respectively.[41] The comprehensive set of accounts consisted of separate ledgers (some with related income-expenditure journals) for each of its activities - general administration *(quaderni di cassa)*, demand deposits, conditioned deposits, loans - all unified by being identified with the same sequence of letters *(libro A, B* etc.) and fully integrated through double entry, with additional cross-references also from one ledger to another. The central ledger was the *libro grande di depositi liberi;* the one opened on 1 January 1582 utilized for Table 10 has over 1,000 densely written folios recording only three years of activity.

By the 1580s the *Monte di Pietà* had emerged as a major public bank performing the following economic functions:

(1) For the first time Florentines outside the business class and residents in the countryside, including low-skilled artisans, shopkeepers and even servants at the lower end of the social scale, had an easily accessible outlet for savings. On the 1582 balance the average of the 1,747 deposits under *f* 1,000 was only 163 florins, and over half of these were under *f* 100 (42 depositors, including women

[41] ASF, Monte di Pietà 789 (quaderno di cassa I), fols 158-61 (salary account for December 1584).

servants and a *contadino*, had less than *f* 10 in their account, equivalent to what an unskilled labourer might earn in eighty days, or four months, of work). The *Monte* therefore performed an important function lacking in the economy of a century earlier, when investment opportunities were largely limited to real estate and to time deposits in a relatively few businesses, both requiring a minimum investment beyond the possibilities of many Florentines (not to mention the social difficulties that blocked access to the latter of these outlets).

(2) Capital was put to uses of varying economic importance. As a pawn bank the *Monte* provided distress loans and therefore assured liquidity at the lower end of the market, and many of the direct loans to richer people probably had the same limited function. The *Monte* invested in the banking sector, putting money on the exchange and into its current accounts[12]; but it is impossible to know to what extent loans to private persons went toward investment in other more productive sectors of the economy (and, as already remarked, many loans on collateral were large enough to have constituted investment capital for artisans and shopkeepers). The *Monte* seems not to have invested in real estate, however, as had the pious institutions that earlier accepted deposits.

(3) In her study of the *Monte* Menning has shown how the *Monte* became integrated into the machinery of ducal finance (although she tends to personalize this relationship in the grand duke rather than regard his activities as a legitimate function of the princely state). Recourse to the Monte for short-term loans, therefore, allowed a more rational handling of the floating debt than had been possible earlier under the Republic[13]; and in addition the *Monte* had loans out to any number of communes in the Florentine territorial state. The grand duke along with a number of state and other public and pious

[12] In the early seventeenth century both the Banco di Sant'Ambrogio in Milan and the *Banco di San Giorgio* of Genoa put money on the exchange; Mandich, *Le pacte de ricorsa*, pp. 104-5.

[13] For the literature on this subject see Richard A. Goldthwaite, "Lorenzo Morelli, Ufficiale del Monte, 1484-88: interessi privati e cariche pubbliche nella Firenze laurenziana," in *Archivio storico italiano*, CLIV (1996), pp. 605-33.

institutions kept surplus cash on deposit with the *Monte*, where it earned some interest. Moreover, the grand duke used his deposits as current accounts for the ordinary transactions of state business. The preoccupation in the historiography with the prince's, or state's, "exploitation" of the *Monte di Pietà* for ready credit has somewhat obscured the ways the institution permitted a more orderly management of fiscal affairs of the state. In any event, the ledger analyzed for the construction of Table 10 shows that the *Monte* regularly collected interest and repayments of principal on its loans to the grand duke and his relatives, and we can infer from this that - at least for the duration of the ledger analyzed here - no special consideration was conceded to him in any way that compromised the normal conduct of the *Monte*'s business.

(4) To the extent that the *Monte* operated on fractional reserves, it increased the money supply. Note on Table 10, however, the lack of an item for cash-on-hand among assets. The ledger does not have a cash account, and the accounts of the general cashier as well as the cashier of the second branch pawn-bank open with credit balances (these are reflected in the last two items among the liabilities). Throughout the ledger these branch-cashiers' accounts functioned as cash accounts for the central office; activity in the cash boxes, and the accounting for this activity, must have been left to the cashiers. What the cashiers' accounts represent, therefore, are orders to the cashier for cash payments and assignments of credit to him, not actual movement in the cash box. It is difficult to know what the balance would look like had the branches submitted cash inventories; it will be recalled that the Calderini bank could draw up a true balance only after taking an inventory of the cash box.

For all the economic functions performed by the *Monte di Pietà*, it was not yet a fully operative deposit and transfer bank. Depositors were in theory permitted to order payment out of their accounts to third parties, and some accounts record activity of this kind. One depositor's written order of payment survives tucked away between the folios of ledger I, and the modest amount - 21 lire - along with the specification that payment was for a mattress indicates something

about how widely diffused throughout Florentine society familiarity with this instrument was.[44] Nevertheless, little such activity was anticipated on depositors' accounts, to judge from the small space appropriated in the ledger for individual accounts: on transferring all open accounts from an old ledger of demand deposits (*depositi liberi*) to a new one, the accountant opened three accounts on each folio, presumably anticipating that this space sufficed for the three-year life of the ledger. Ever since the fourteenth-century Florentines, even those far down into the ranks of artisans and shopkeepers, utilized written orders to offset debits and credits on their private accounts with one another and to make payments out of those accounts;[45] and yet this important economic practice was not institutionalized by the first public bank of deposit. Facilitation of an increased velocity of money through bank transfer on current accounts was not yet, in the 1580s, a major banking function of the Monte di Pietà.

This moment - the 1580s - in the transformation of the Monte di Pietà into a public deposit bank coincides with the appearance of such banks throughout Italy: in 1586 the *Casa di San Giorgio* in Genoa was reopened as a public bank, the next year the *Banco della Piazza di Rialto* opened in Venice, and over the following decade five pious institutions, as we have seen, opened such banks in Naples. The subsequent history of the Florentine *Monte di Pietà*, however, is known only in the broad sweep of its history as written by Guido Pampaloni. In the course of a generation, down to 1620, it tripled its assets under management, which then totalled three million ducats. By this time it was the depository for much of the state's revenues, it was making loans to foreign princes, and it was in effect offering

[44] The order, dated 13 September but with no year, reads, "Umberto carissimo [the cashier Umberto di Benedetto Adimari] pagate al presente latore, Guaspare di Marco, lire ventuna per una materassa auta da lui et mettete a mio conto; [signed:] Giovanni Bizeri"; ASF, Monte di Pietà 787. Bizeri has an account in this ledger on fol. 650 but it has no debit entry corresponding to this order.

[45] See my various comments on the subject: *The Building of Renaissance Florence: an Economic and Social History* (Baltimore, 1984), pp. 312-14; "Local Banking," pp. 19-21; "L'arte e l'artista nei documenti contabili dei privati (sec. XV)," in *Gli innocenti e Firenze nei secoli: un ospedale, un archivio, una città*, ed. L. Sandri (Florence, 1996), pp. 181-85.

perpetual rents by issuing printed shares - *luoghi di monte* (illustrated on the dust jacket of Menning's book) - of 100 scudi each, which paid 5% interest and circulated in a secondary market. The current state of research does not allow us to assess the extent to which the *Monte di Pietà* at Florence had by this time become a full-scale public deposit and transfer bank like those in contemporary Naples, which, with their considerable traffic both in the written orders of payment clients made against deposits and in the negotiable certificates of deposit the banks issued to clients, became also notable suppliers of money *sub specie cartacea*.

Strangely enough, finally, the *Monte di Pietà* of Florence - of all places - never assumed the notable architectural presence on the urban scene it did in so many other cities - and even small towns - of Italy: and it remains just as obscure in the historiography of the city's banking institutions.

Conclusion

In the 1580s the banking scene in Florence was in some important respects quite different from what it had been a century earlier, in the period of the final years of the famous Medici bank. First, the institutional organization of banking activities had undergone some change. Jewish pawn banks had lost much if not all of the market for distress loans to the *Monte di Pietà*; local banks seem to have pulled back their operations to within the confines of the local bullion and jewelry market; the pious deposit institutions that were just coming into their own in the second half of the fifteenth century had been overtaken and absorbed by the *Monte di Pietà*; only the international merchant banks were still functioning essentially as they always had.

Second, within this institutional framework strong centralizing structures had emerged. In the fifteenth century one can hardly speak of a banking system at Florence: banking functions were performed by several different kinds of businesses, book clearance through current accounts was widely practised but largely by private persons rather than banks, firms were not tied together among themselves or

in a larger institutional structure, interbank exchanges lacked any central mechanism, and the state played hardly any role at all.[46] At the end of the sixteenth century, however, a system had clearly emerged. Abroad, on the one hand, merchant-banks were tied into a more efficient and vastly expanded international network centring on the great fairs of Lyons and Besançon; and traffic in bills of exchange to attract capital and extend credit reached heights that surpassed the imagination of earlier bankers. Within Florence, on the other hand, one bank (for a considerable time, at least, the Ricci bank) - perhaps along with one or two others - functioned as something of a central clearance bank, and in addition its ties to the mint and the ducal treasury gave it considerable power over the money supply. Looming over the local scene, moreover, was a public deposit bank, the Monte di Pietà, which utilized its capital to engage in a range of activities extending from petty pawn loans to fiscal functions.

Together exchange banks, now plugged into an efficient international clearing system, and the *Monte di Pietà* consolidated and refined the mechanisms of the local capital and credit markets. What remains to be investigated is the extent to which the system was centralized around one institution such as the Ricci bank or the state itself, and the extent to which the general public, in the conduct of daily life, was tied into the system through utilization of current accounts for payment and transfer. The ledgers examined for this study - those of one local bank, one merchant bank and the Monte di Pietà, all for the 1580s, record little activity in current accounts of the kind that led to the founding of the *Banco di Rialto* in Venice and that have been well documented for the banks in Naples. The modality of payment and transfer in Florence remains to be studied.

A third change on the banking scene over the century was the notable increase in the complementary forces that largely drove these institutional changes: namely, deposit banking and lending,

[46] Goldthwaite, "Local Banking in Renaissance Florence," pp. 41-50; see also *idem*, "The Medici Bank."

or demand and supply in the credit market. These basic market forces have been somewhat overlooked in the explanations for the rise of public banks throughout Italy at this time, which instead put the emphasis on the lack of coin and demand for liquidity or on the efforts of states to tap wealth in ways other than through taxation. Yet, the scale on which exchange banks such as the Corsi and the Monte di Pietà operated relative to private fifteenth-century firms reflects the enormous growth in the supply of disposable wealth that had accumulated in Florence in the meantime. In the private sector the Corsi bank alone, by no means the largest, worked with a capital of sc.50,000 plus deposits (mostly from only family members) totalling sc.72,000 (and probably much more if short-term deposits by outsiders who invested in bills of exchange were to be considered). At just over one million florins the total gross assets of the Monte di Pietà in 1582 alone were equivalent to about one-third the total gross moveable wealth in Florence recorded in the 1427 Catasto. Moreover, in these very same years, as we know from Carmona's study of *accomandita* registers, almost another million was flowing directly into the business sector through limited-liability contracts, which offered an alternative outlet to the passive investor.[47] The dramatic tripling of these figures for both Monte assets and *accomandita* investments over the next generation is a significant comment on the extent to which the liquid wealth of Florence was still growing at the end of the sixteenth century, leaving the level recorded in the 1427 Catasto farther and farther behind. In this light the famous personal treasure amassed by Grand Duke Francesco I (1574-87) during the very years under study here appears not so much the fruits of personal exploitation by the prince as a reflection of a general economic phenomenon that historians have hardly come to terms with, except to note how much richer

[47] The estimate for 1427 comes from David Herlihy and Christiane Klapisch-Zuber, *Les toscans et leurs familles: une étude du catasto de 1427* (Paris, 1978), p. 243; it does not include credits in the public debt. The level of investment in the accomandita contracts in the 1580s has been read off the graph in Carmona, "Aspects du capitalisme toscan," p. 103, and the author did not otherwise publish the data (so far as I know).

the rich - like the Corsi - became in the course of the sixteenth century.[48]

The enormous accumulation of capital that took place in the sixteenth century was complemented by the rise also in the demand for it: hence the greater capital of the Corsi bank, the institutionalization of lending at all levels by the *Monte di Pietà*, the regularization of the traffic in bills of exchange, the relatively recent appeal of the *accomandita* contract (the enabling legislation for which, in fact, dated from 1408). The balancing of supply and demand resulted in some fall in the general interest rate. Through the later fourteenth and the fifteenth centuries the standard rate for business loans through the time deposit *(depositi a discrezione)* ranged from 7 to 10 per cent, and the rate on loans effected through bills of exchange normally went as high as 20% and higher; whereas in the 1580s the *Monte di Pietà* paid 5% on deposits and charged up to 6 ½% on loans, and the cost of credit in the exchange market was on the average somewhat less than 8%. It remains to be seen, in conclusion, how this lowering of the interest rate plays out in the final balance of the supply and demand for capital and to what extent the enormous increase in the scale of banking that occurred over the sixteenth century represented, on the one hand, the generation of more wealth by the economy and, on the other, a re-channelling of this wealth as capital into the more productive sectors of the economy, one of the essential functions of a modern banking system.

[48] The Venetian ambassador remarked the enormous savings of Grand Duke Francesco: Arnaldo Segarizzi, ed., *Relazioni degli ambasciatori veneti al Senato*, III: Firenze (Bari, 1968), p. 129. In 1609 another ambassador reported that according to popular belief Grand Dukes Francesco and Ferdinando accumulated between them a treasury of around 8 million scudi d'oro; *ibid.*, p. 158 (also p. 161). Cipolla also emphasizes the hoarding of Grand Duke Francesco: *Money in Sixteenth-Century Florence*. On the rich getting richer, see Richard A. Goldthwaite, *Wealth and the Demand for Art in Renaissance Italy* (Baltimore, 1993), pp. 55-62.

APPENDICES

Appendix A
Account Books of the Sons of Iacopo Di Simone Corsi

All the following items are located in the Archivio di Stato di Firenze, in the fondo Guicciardini Corsi Salviati (=GCS).

Bardo's company in Messina (with Antonfrancesco Scali) and then in Naples (with Francesco Martelli), 1537-72: GCS 1-32, 60-64. His estate accounts: GCS 431.

Giovanni's company in Calabria, then Palermo, 1542-59: GCS 33-59. His personal and estate accounts: GCS 401 et seq.

Simone and Antonio Corsi & Co. (1566-82), then Simone and Heirs of Giovanni Corsi & Co. (1582-87): GCS 103-30 (ledgers I to P, most accompanied by the usual journals - entrata-uscita and quaderno di cassa, giornale, quaderno di cambi, quaderno di bilanci); GCS 72 is a sequel to ledger P, related to the dissolution of the company.

Iacopo and Bardo di Giovanni di Iacopo Corsi & Co. (1587-1641): GCS 73-102.

Appendix B
Accounting Practices of the Corsi

Exchange transactions

In the text it was noted that the increase in exchange operations in the course of the sixteenth century led to a refinement of accounting procedures for keeping track of this activity. In the fifteenth century the banker generally found it sufficient to open accounts for those bankers at the fair with whom he dealt and possibly accounts in the name of his clients, and his profit-loss account seldom reveals a clear record of the results of his exchange operations. The Corsi accountant instead, confronted with much more data to organize, isolated the several kinds of exchange operations on three different accounts:

(1) an account of "remittances and drafts" *(rimesse e tratte che si fanno)*, opened for each fair at each place, has entries for:

(a) bills purchased or sold directly. These were simple market transactions with cross-entries on Corsi's current account with the Ricci bank, through which payment was made; and the accountant had no need to keep any further record of the sellers and buyers.

(b) drafts written by the Corsi for clients who were borrowers (takers) but left the actual writing of the draft to the Corsi (deliverers/remitters, i.e. lenders), and drafts made by the Corsi (takers, i.e. borrowers) for other parties (deliverers/remitters, i.e. lenders). Cross-entries for both operations are on individual accounts of the clients, where commission fees are recorded.

(c) orders of payments transmitted to the fairs on behalf of Corsi's agents in other cities in Italy.

(d) transfers, in collective entries, of some of the operations in (b) and (c) above to the accounts of the several bankers at the fairs through whom the Corsi conducted their business. Profits from the operations so transferred are thereby removed from this general

account of "remittances and drafts" and show up on the general profit-loss account as cross-entries from the various bankers' accounts (which also are opened separately for each fair at each place).

(e) the balancing entry is a profit (or loss) on the operations not included in (d) above, and its cross-entry is in the general profit-loss account.

(2) a second account also entitled "remittances and drafts" but qualified as "an account apart" *(rimesse e tratte... per conto a parte)* was opened, also for each fair at each place, for the express purpose of isolating all those bills executed as a result of direct loans made, and kept, on the exchange, i.e. loans made for longer than one-round trip, with interest calculated on the basis of recurrent bills going back and forth. The cross-references on this account are to the separate accounts opened for each borrower, and the balancing entry has its cross-entry on the general profit-loss account. The accountant thus, on the one hand, isolates profits from these long-term loans from general speculative and legitimate exchange at the fairs and, on the other, avoids cluttering his profit-loss account with results of such individual operations.

For each of these borrowers from the bank the accountant opened two accounts: a current account, opened with a debit entry for the amount of the loan *(per rihaverli ad ogni nostro piacimento per tenerli in su cambi di Lione e Bisanson)*, and a second account *(un conto di cambi)* recording the recurrent drafts and remittances effected over the duration of the time the borrower's debt remained on the exchange (i.e. the duration of the loan). This second account is credited for drafts and debited for remittances (with cross-entries on the general account of such activities discussed above); it obviously does not have *nostro* and *vostro* columns. At the end of each return trip (remittance) the bank's commission fee *(provvisione)* of 2 per 1000 (0.2%) is added to the debit side and the account is temporarily balanced (but not closed if the funds remained on the exchange) by a credit entry representing the banker's profit at the end of the first round-trip of the bill, with its cross-entry on the debit side of the borrower's current account, as an interest charge on his loan. In other words, the accountant channels the banker's profits on these loans into two accounts, the account of *provvisione* and the account of *rimesse e tratte ... per conto aparte*, with the result that the borrower loses his identity on the general profit-loss account.

(3) individual current-accounts were opened for depositors who kept money on the exchange through the Corsi bank. Since the bank used fictitious exchange to calculate interest, one account sufficed for each depositor. A single entry was made for each fictitious round-trip of the bill, including all the information about rates and fees and reporting only the results as a credit (or debit). The cross-entries for profits or losses are to the general profit-loss account, where each depositor thus has his own identity.

As a consequence of these procedures the profit-loss account records, fair by fair at each place, (i) profits (or losses) on traffic in bills with each of the banks the Corsi dealt with (item 1d above), (ii) profits (or losses) on the direct purchase and sale of bills and on legitimate exchange operations (item 1e above), (iii) profits (or losses) on money lent out on the exchange (item 2 above), and (iv) losses (or profits) on the individual accounts of depositors (i.e. creditors) who kept money on the exchange (item 3 above). In addition, the profit-loss account records, with less precise periodicity, (v) profits from fees *(provvisione)* the Corsi charged on bills they wrote (items 1b, 1d and 2 above).

The calculation of interest based on fictitious exchange

Money put into a deposit account with the bank was handled through fictitious exchange. Interest was calculated using the two exchange rates, one at Florence and one at the fair, less the charge for the banker's fee, which was applied at each end of the fictitious trip

since the Corsi served in both capacities as drawer/taker in Florence and beneficiary/remitter at the fair.

To calculate what they owed a depositor for each fair the Corsi applied their commission fee, first, to increase the cost of the outgoing bill to the depositor and then, second, to reduce the amount the depositor had for rechange for the incoming bill. For example, on the account of Antonio di Zanobi Acciaiuoli (fol. 79), opened on 6 November 1582 with a credit for a deposit of sc. 560 "i quali denari se le deveno cambiare per Lione standogliene del credere con doppia provvisione," the second credit entry, of 2 March 1583, provides the following information (as stated in the entry) in the calculation of a quarterly assignment of interest on an exchange-recharge at the All Saints fair at Lyons:

rate for scudi d'oro di sole at Florence, which the depositor paid: 100 $\frac{7}{8}$ %
rate for scudi d'oro di Firenze at Lyons, which bank paid: 102 $\frac{17}{24}$ %
fee charged at Florence on outgoing bills: 3 $\frac{1}{2}$ per 1,000
fee charged at Lyons on outgoing bill:1/3 per 100

The calculations involved:

a) on the outgoing bill:		
amount purchased in Florence by depositor	sc. di sole	550
times rate in Florence		x 100.875
equals price in Florence	sc. di Firenze	554.8125
plus banker's fee		x 100.35
equals cost to depositor	sc. di Firenze	556.7543
b) on the incoming bill:		
amount received in Lyons by banker	sc. di sole	550
less banker's fee		x 99.667
equals amount rechanged in Lyons for Florentine scudi	sc. di sole	548.1685
times rate in Lyons		x 102.708%
equals cost to banker	sc. di Firenze	563.0129

c) the difference (563.0129 - 556.7543) is sc. 6.2586, which is credited to Acciaiuoli's account; all the above data appear in the text of this single credit entry

The result is an effective quarterly interest rate of 1.124% (6.2586 ÷ 556.7543) or an annualized rate of 4.496% (the actual annual rate, however, was determined by quarterly compounding).

It is incorrect to use the simple difference between the two exchange rates to calculate the interest rate on credit extended through exchange operations because commission charges, however minuscule nominally, also impinged on the rate. This is clearly illustrated in the above example: whereas the effective annual rate of interest the Corsi actually paid on the deposit for one round trip was 1.124%, the calculation using only the exchange rates without considering commission charges produces a rate of 1.833%. Thus the banker through fees reduced the rate he paid depositors as determined by the simple difference between the exchange rates by 38.7%.

Borrowers, instead, paid only one fee of 0.2% (quoted as 2 per 1,000) on the return bill. Using the rates of the above example, the quarterly interest charged on a loan was calculated

as the principle times 1.833% (the difference between the two rates) plus 0.2% of this total, which amounted to 2.037% (101.833 x 100.2). In short, through commission fees the banker increased the effective interest rate he charged borrowers for this one quarter by just over one-tenth, whereas he decreased the interest he owed depositors by almost two-fifths: annualizing the above rates, the banker charged 8.148% on money he loaned out but paid only 4.496% on the money he himself borrowed.

Strictly speaking, the calculation of interest by simply taking the difference between the two rates is in addition arithmetically incorrect, although the difference is so minimal that the correction is mentioned only as a matter of curiosity. A calculation using exchange rates quoted with reference to the foreign money yields the interest rate as expressed in terms of the foreign money, not the local money in which the original deposit was made. This can be illustrated with reference, once again, to the above example. If the rates are 100.875% at Florence and 102.708% at the fair, and excluding commission charges from the calculations:

let x	= the amount of foreign money purchased
investment	= 100.875x (the price paid in Florentine money by the original "buyer of the bill, or depositor)
gross return	= 102.708x (what he receives back in Florentine money as the beneficiary of the recharge)
profit	= 102.708x – 100.875x = 1.833x
interest rate	= 1.833x (profit) ÷ 100.875x (deposit) = 1.817 (the quarterly rate of interest earned on the original investment)

In short, the correct way to calculate the interest rate on a straight exchange-rechange operation (without working in the commission charges) is not to take the simple difference between the rates but to divide the difference between the two rates by the lower rate:

$$\text{interest rate} = \frac{\text{(foreign exchange rate)} - \text{(local exchange rate)}}{\text{(local exchange rate)}}$$

Using this formula in the above illustration the interest rate for this one exchange-rechange would be 1.817%, or an annual rate of 7.268%; if instead we take only the difference between the exchange rates (the usual method), the quarterly interest rate is 1.833% and the annual rate 7.322% - hardly a significant difference.

Appendix C

TABLE A1 - Simone and Heirs of Giovanni Corsi & Co.: Balance of Open Accounts, 4 August 1582

Cash		sc. 1,854.00	*Liabilities*		
Credits			current account in bank[a]		sc. 140.00
current account in bank		10,090.78	bills of exchange[a]		20,596.75
bills of exchange[a]		53,673.32	companies abroad in which		
Corsi company in Messina[b]		1,555.75	Corsi invested		6,414.38
companies abroad		39,600.46	Pisa[c]	1,866.66	
Pisa (1)	3,111.11		Messina[d]	4,547.72	
Lucca (4)	1,538.17		other companies abroad		4,111.53
Siena (1)	286.55		Pisa (1)	450.76	
Rome (6)	6,421.21		Lucca (2)	859.35	
Naples (2)	1,320.19		Rome (1)	1.92	
Palermo (1)	241.94		Naples (2)	1,105.30	
Venice (3)	1,037.98		Venice (6)	1,386.74	
Milan (1)	0.15		Lyons (1)	164.80	
Lyons (6)	35,643.16		Augsburg (1)	142.46	
local companies		34,559.63	local companies		2,018.59
merchant-banking firms (12)	24,962.48		merchant-banking firms (4)	1,796.25	
silk firms (12)	9,388.89		silk firm	2.36	
wool firms (2)	208.26		firm of dyers	219.98	
individuals		16,414.03	individuals		5,404.90
Corsi partners (2)	444.49		Antonio Corsi	1,348.38	
F. Martelli, partner	2,172.02		employees (2)	403.97	
employees (2)	790.09		borrowers[e] (3)	1,932.62	
borrowers[f] (8)	4,419.15		others (8)	1,719.93	
depositors (4)	6,162.56		merchandise		280.68
others[g] (17)	2,325.72		silk cloth	260.88	
merchandise accounts		10,432.00	coral from India	19.80	
grain (mostly Sicilian)	8,159.35		**Total liabilities**		**sc. 38,966.63**
oil from Pescia	1,231.72				
goods from the Levant (linen,			*Depositors*		72,442.45
pepper, nutmeg)	1,035.28		5 Corsi	62,263.68	
silk cloths	5.65		8 others	10,178.77	
miscellaneous		293.61			
insurance contracts	200.00		*Capital and undivided profits*		66,964.78
Arte del Cambio	46.95		partners' equity	50,000.98	
exchange broker	46.66		partners' current accounts	15,935.12	
			profit-loss account	1,028.68	
Total		**sc. 178,373.56**	**Total**		**sc. 178,373.86**

Source: ASF, Guicciardini Corsi Salviati 109, fols. 1, 19: account transferring all open accounts to this new ledger.

Notes:
[a] Account of *rimesse e tratte* on fairs.
[b] Vincenzo Brandolini & Co.: see text.
[c] Includes 2 loans *sui cambi* for sc. 1077.63.
[d] Most of these borrowed *sui cambi*.
[e] Includes two small collective accounts for "diverse debtors."
The current account opens with both this credit item and the debit item reported on the other side of this Table.
[f] Value of 2,690 ducats invested in Beccuti Berti & Co. of Pisa.
The accounts of these borrowers *sui cambi* show a credit balance because the bills had not yet returned from the fairs.
[g] Includes three collective accounts for "diverse debtors."
The entry transfers this figure to "three creditors in the libro segreto."

Appendix D

TABLE A2 - Simone and Heirs of Giovanni Corsi & Co: The Profit-Loss Account, ledger P, 4 Aug 1582 - 23 Jan 1588.

Profit from:			
international exchange fairs			sc. 29,946
bankers' accounts[a]		16,742	
accounts of drafts and remittances		6,270	
commission fees		5,307	
losses on deposits on the exchange		1,627	
merchandise			17,238
raw silk, mostly from south Italy		14,344	
wool clothsent to Messina		1,322	
grain from south Italy		810	
merchandise from Cairo (mostly pepper)		746	
leather from America		16	
accomandita in Naples[b]			2,583
accounts with operators elsewhere in Italy			1,071
miscellaneous sources			968
Gross profits			**sc. 51,806**
Deduct losses from:			
international exchange fairs			23,338
payments to depositors		19,942	
Corsi family[c]	17,444		
others	2,498		
bankers' accounts		2,176	
accounts of drafts and remittances		1,220	
accounts with operators elsewhere in Italy[d]			3,550
adjustments in cash account			1,005
merchandise			736
miscellaneous			2,370
banking expenses (staff, rent, brokers, etc)			3,485
Losses and expenses			**sc. 34,484**
Net profits			**sc. 17,322**

Source: ASF, GCS 109 (ledger P), fols. 43ff. (profit-loss account); GCS 72 (*spoglio* of ledger P), fol. 21 (completion of profit-loss account).

Notes:

[a] The Corsi dealt with 35 companies - 17 at Besançon, 14 at Lyons, and 4 at both fairs. Most of those at Besançon were not Florentine, to judge from their names. The Capponi company provided the largest profit, 24.3% of the total; 5 others provided profits of over sc. 1,000 each. These 6 companies account for two-thirds (68%) of total profits from this source:

Luigi and Francesco Capponi & Co., Besançon and Lyons	sc. 4,060
Giovanfrancesco Rucellai & Co. (later Francesco di Bernardo Riccardi and Giovanfrancesco Rucellai & Co.), Besançon	1,961
Giovambattista Gondi, Pierantonio and Lorenzo Giacomini & Co., Lyons	1,513
Pierantonio di Mario Bandini and Alfonso di Lorenzo Strozzi & Co., Besançon and Lyons	1,399
Zanobi Carnesecchi, Filippo and Alessandro di Alfonso Strozzi & Co., Besançon and Lyons	1,378
Pierfrancesco and Fabio Brittoni & Co., Lyons	1,225

[b] This represents the return on the company's investment made *in accomandita* with Lorenzo Brandolini and Iacopo Giunta & Co. of Naples beginning on 1 May 1583. The total investment of the Corsi group - the company together with the partners acting on their own - amounted to sc. 12,494.12 - (equal to du. 15,000 di Napoli), and the group's share of the profits was to be 6s. 9 ⅔d per 5 (45%). The division of this investment and profits among the Corsi was as follows (in Neapolitan ducats):

Corsi group	Investment	Pers. share of total profits	Share of group's profit
Corsi & Co	du. 8,000	3s. 5-10 1⁄3d	16.30
Simone Corsi	3,500	1s. 7-1 1⁄8d	7.30
heirs of Giovanni Corsi	3,500	1s. 7-1 1⁄8d	7.30

The return on the investment works out to 22.6% over a period of just over four and a half years. But not represented here may be the services Brandolini and Giunta & Co. performed for the Corsi in the latter's extensive trade in the south, which was conducted through the Neapolitan company. GCS 109 (Ledger P), fol. 60?

[c] The Corsi depositors were:

heirs of Giovanni di Iacopo	sc. 15,380
Simone di Iacopo (and heirs)	856
Antonio di Iacopo	603
Caterina di Iacopo	506
Francesco di Simone di Iacopo	199

[d] At least sc. 3,700 of this 'loss' resulted from discounts allowed to Lucchese buyers of raw silk who made payments on time accounts with the Corsi before the due date. They were generally allowed twenty months to pay, with an 8% annual discount rate for advance payment.

Includes sc. 91 for the 'poveri di Dio'.

Appendix E
Balances of Filippo Strozzi & Co., 1 January 1484

TABLE A3 - Summary Balance (in fiorini larghi)

Assets:		*Liabilities*	
debtors (42)	*f* 10,675	creditors (21)	*f* 11,362
credits with Strozzi companies abroad and family members	20,221	debits with Strozzi companies abroad and family members	6,442
merchandise accounts	795	debits for merchandise	103
cash	26,062	carried over from previous company	52
miscellaneous	212		
		Balance:	
		partners' current accounts	39,373
		undivided profits	278
Total	***f*57,965**	**Total**	***f*57,610**
		[discrepancy	355]

TABLE A4 - Balance of All Open Accounts (in fiorini larghi)

Cash[a]		*f* 26,062.13	*Liabilities*		
			Strozzi companies abroad		*f* 5,167.12
Credits			Naples	4,549.02	
Strozzi companies abroad		13,580.62	Rome	618.10	
Naples	11,461.07		other companies abroad: London (1)		65.00
Rome	2,119.55		individuals abroad		10,741.18
other companies abroad		986.54	Lucca (2)	8.64	
Bruges (1)	11.04		Ferrara (1)	1,084.17	
Lyons (2)	975.50		Perugia (1)	1.80	
local companies		2,863.92	Naples (7)	9,489.27	
merchant-banking companies (3)	1,795.93		Aragon (1)	52.00	
silk companies (7)	884.58		Valencia (1)	5.31	
linen companies (4)	64.79		Bruges (1)	100.00	
wool companies (1)	90.06		local companies		422.34
merciaio (1)	28.56		merchant-banking company (1)	400.00	
individuals		13,464.53	silk company (1)	1.96	
Filippo Strozzi (23 accounts[b])	5,472.27		company of speziali	20.38	
family members, employees (10)	1,167.67		individuals		1,408.94
others (18)	6,697.94		Filippo Strozzi (3 accounts)	28.96	
individuals abroad (5)	126.65		other Strozzi (2)	1,246.49	
merchandise accounts		794.99	others (5)	133.59	
silk cloth	726.33		merchandise: silk cloth		103.18
cochineal	68.66		preceding partnership accounts		51.87
miscellaneous		212.27			
business operations	4.52		**Subtotal**		***f* 17,959.63**
charity (poveri di Dio)	207.75				
			Capital and profits (?)		*39,651.40*
			profit-loss account	277.95	
			partners' current accounts	39,373.45	
Total		***f* 57,965.00**	**Total**		***f* 57,611.03**
			[discrepancy]		**353.97**

Sources: ASF, CS-V 36. On 1 January 1484 an account was opened (fol. 350) to transfer all open accounts to "la ragione nuova del libro azzurro segnato G." Many accounts, however, were not transferred to this account until later, and in fact the process of transfer continued for several years. To strike a complete balance on 1 January, therefore, required a review of all the accounts in the ledger for the purpose of ascertaining their status on that date. The "discrepancy" on the right side of the Table reflects the margin of error in this process.

Notes:

[a] The entry records *f* 26,127.0.3 "in più denari contanti in oro o altre monete", but from this figure is subtracted a small debit balance in the *quaderno di cassa*. A banker's *quaderno di cassa* records current accounts arising from cash deposits, and in this instance the banker had presumably permitted overdrafts exceeding the cash reserves of this operation.

[b] These are various accounts for Strozzi's personal expenses; they include servants, artisans, tenants, silver plate ("argenti lavorati") and construction projects, these last two items constituting about two-thirds of the total in this category of expenses.

[c] Account of "spese di mercatantie".

Appendix F
Filippo Strozzi & Co., Profit-loss Accounts, 1480-89

TABLE A5 - Summary of profit-loss accounts, ledgers F and I (in fiorini larghi)

Items	1480-83	1487-89
Profits from:		
foreign accounts	*f*1,043	*f*4,129
investments abroad	2,497	308
merchandise accounts	2,666	21
interest on loans	844	2,104
service operations	503	185
miscellaneous sources	723	252
Gross profits	***f*8,276**	***f*6,999**
Deduct losses and expenses:	770	1,534
interest charges	—	1,184
staff, office, charity	565	331
miscellaneous	205	19
Net profit	***f*7,506**	***f*5,465**
Annual average	*f*2,002	*f*1,822

TABLE A6 - Profit-loss account: ragione F
25 March 1480 - 31 December 1483
(in fiorini larghi)

Profits from:		
merchandise accounts		*f*2,666
wheat	1,127	
raw silk	850	
silk cloth	407	
saffron	121	
cochineal	119	
wool cloth	38	
other	4	
Strozzi companies in Rome and Naples[a]		2,497
foreign accounts		1,043
Lyons[b]	608	
Venice[c]	251	
elsewhere (Naples, Rome, Bologna, Valencia, Bruges)	184	
interest on loans		844
Monte officials	511	
other individuals	333	
service operations[d]		503
rents from real estate		387
cash box		223
miscellaneous sources		113
Gross profits		***f*8,276**
Deduct losses and expenses		770
office expenses and salaries[e]	565	
miscellaneous losses	205	
Net profit		***f*7,506**
assignments to Strozzi	4,653	
credits advanced to Strozzi[f]	2,853	
Annual average, 3 $\frac{4}{4}$ years		*f*2,002

Source: ASF, CS-V, 36, fols. 56, 165, 268, 359. The account continues after the closing of ragione F and the opening of ragione G for one year, to 31 December 1484, when it was balanced (fol. 359), the balancing entry being a debit that is an assignment of a credit to Filippo Strozzi's personal current account. I am assuming that the profits registered for the year 1484 derived from accounts still outstanding at the closing of ragione F. Ledger G is missing and it presumably had an account for profits during 1984 deriving from activities undertaken by the new administration.

A new profit-loss account, still in the name of Ragione F, was open in February 1485 (fol. 365) and was balanced in December 1490 (fol. 387), but it seems to have had more of a personal than a business function: profits amounted to *f*3,918, of which *f*2,525 came from rents on real estate holdings; losses are mostly personal expenses (for taxes, bestie, famiglia, vita).

Notes:

[a] Almost entirely from the bank and shop in Naples; insignificant amount from Rome.

[b] Neri Capponi and Bartolomeo Buondelmonte & Co.

[c] Giovanni Frescobaldi and Filippo de' Nerli & Co. and Mauro Arighetti & Co.

[d] Credit balance, mostly from service charges, from account of "spese di mercantie."

[e] Salaries account for *f*502 of this figure.

[f] From separate accounts for: living expenses, taxes (*f*458, which represented 2/3 of tax bill shared with heirs of deceased brothers) furnishings, animals, servants.

TABLE A7 - Profit-loss account: ragione I
1 January 1487- 31 December 1489
(in fiorini larghi)

Profits from:		
foreign accounts		*f*4,129
Lyons[a]	4,011	
elsewhere (Rome, Venice, Bruges)	118	
interest on loans to Monte officials		2,104
Strozzi companies in Rome and Naples		308
cash box		206
service operations[b]		185
merchandise account[c]		21
miscellaneous sources		46
Gross profits		***f*6,999**
Deduct losses and expenses:		*f*1,534
interest charges[d]	1,184	
offices and salaries[e]	291	
contributions to charity	40	
miscellaneous losses	19	
Net profit (assignments to libro segreto)		***f*5,465**
Annual average, 3 years		*f*1,822

Source: ASF, CS-V, 44, fols. 71, 148, 239.

Notes:
[a] Neri Capponi and Bartolomeo Buondelmonte & Co.; Bartolomeo di Lutozzo Nasi & Co. (later Bernardo and Heirs of Bartolomeo Nasi & Co.); and Heirs of Leonardo Mannelli & Co. The Nasi company account was open throughout the ledger; the Capponi Buondelmonte & Co. account was open only during the early period, and it was succeeded by the Mannelli company account.
[b] Credit balance, mostly from service charges, from account of "spese di mercatantie."
[c] There are several accounts for silk cloths purchased and sent to the branch in Naples, but no profits are indicated for the Florentine company.
[d] For two accounts of deposits *a discrezione*, one in the name of the heirs of Lorenzo Strozzi, the other of a Catalan, Ippolita Martina. It is to be noted that the company had no deposits from Florentines outside the family.
[e] Salaries constituted *f*255 of this figure.