

**FROM ILLICIT USURERS TO MAGNIFICENT STATESMEN:
FLORENCE'S DYNAMIC PERCEPTIONS OF WEALTH, ECONOMICS
AND BANKING FROM THE 13TH TO THE 15TH CENTURY**

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In Partial Fulfillment

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by

Michael Dean Crews

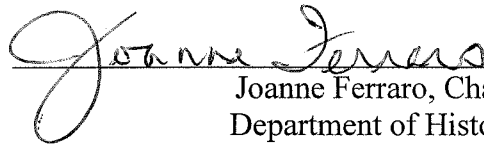
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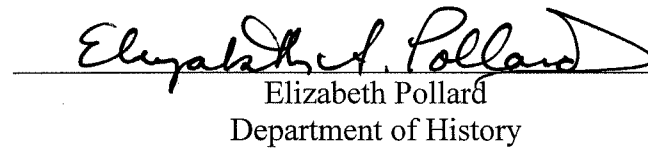
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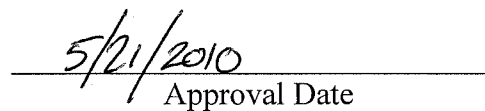
Thesis of Michael Dean Crews:

From Illicit Usurers to Magnificent Statesmen: Florence's Dynamic Perceptions
of Wealth, Economics and Banking From the 13th to the 15th Century


Joanne Ferraro, Chair
Department of History


Elizabeth Pollard
Department of History


Steve Sacco
Department of European Studies


Approval Date

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DEDICATION

To my mom, Kathleen, whose hard work and sacrifice have made possible all of my achievements and success.

It was for the sake of others that I first commenced writing biographies; but I find myself proceeding and attaching myself to it for my own; the virtues of these great men serving me as a sort of looking-glass, in which I may see how to adjust and adorn my own life...what more effective means to one's moral improvement?

-Plutarch

ABSTRACT OF THE THESIS

From Illicit Usurers to Magnificent Statesmen: Florence's
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Michael Dean Crews
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This thesis examines the various ways that the perception of bankers and banking in Florence changed from the 13th to the 15th century. This topic is broken down into three categories, scholastic attitude, law, and public image, and utilizes a socio-intellectual style of historical inquiry.

The purpose of this study is to demonstrate that the positive acceptance of banking from a formerly profane vocation was due to a more advanced understanding of industry and economics, a more relativistic interpretation of theological and juridical sources, and an aggressive campaign by the humanists to redefine moral values and to reshape the Florentine culture and urban landscape in order to bring esteem and power to the elite bankers.

Many cultural themes are examined, including public attitudes toward wealth, profit, honor, and nature. Sociological analysis reveals the impact of banking on Florentine society, from rural farmers, middle-class artisanal workers, and members of the elite ruling class, as well as its relationships with ecclesiastical and civic institutions. Various types of banking are also investigated, including international exchange, money lending, pawn brokerage, and public finance. Finally, a variety of types of bankers are featured in this study, from the elite banking families such as the de' Medici, smaller scale bankers including the Jewish lenders, and the public lending institution known as the *monte di pietà*.

Sources in this study range from ancient Greek and Roman philosophical texts, biblical sources, medieval moral and ecclesiastical treatises, and literary and intellectual discourses from the Renaissance. Secondary sources play an instructional and inspirational role in the development of this study, particularly the works of Richard A. Goldthwaite, Odd Langholm, and Lauro Martines. This study examines the Florentine perception of banking from a wide range of historiographical perspectives in order to trace the forces and agents that were responsible for its dramatic shift, from inexorable disapproval to dignified civic and cultural preeminence.

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CHAPTER 1

INTRODUCTION

Florence's impact on the commercial revolution of late medieval and early Renaissance Europe was unique in several ways. A landlocked republic, by all appearances it would seem to have been at a geographical disadvantage compared to major port cities such as Pisa, Genoa, and Venice, which participated in trade by both land and sea, across the Mediterranean and the Levant. Yet Florence's commercial success and international influence were derived from an entirely different economic approach, one which focused on international networking and trade and the development of innovative banking techniques that would have long lasting effects on business throughout the European continent.¹

Much of Florence's early financial success is owed to its textile industries, namely wool and silk. Through the 13th and 14th centuries, these industries generated more wealth for the city than any other type of activity.² Factors that allowed the Florentine textile sector to become so successful fall into two categories. First, natural resources contributed to their industrial enterprises, including vegetable dyes, alum, sheep for wool, and the Arno River for water, power and transport. Second, technical ingenuity and shrewd business practices allowed for lower costs of production and a wide range of buyers. For instance, the Florentines perfected the practice of import substitution, where semi-finished cloth was imported from other regions, then processed using local workers and materials, and finally

¹ Richard A. Goldthwaite, *The Economy of Renaissance Florence* (Baltimore: Johns Hopkins University Press, 2009), 33.

² *Ibid.*, 265.

sold on the Mediterranean markets in competition with other luxury goods. Florence's elaborate trade relations, as both a buyer of raw materials and a seller of finished goods, made it a prominent part of the international marketplace.³

The expansion of the Florentine textiles into foreign markets helped forge the vast networks across which the city's bankers would later operate. The demand for liquid money in the international and local markets would create a wealth of opportunities for profit. Economic historian Richard A. Goldthwaite comments that the traffic of money, involving the "transfer, exchange, and arbitrage in the international money market" among these merchants and governments, nobles, and ecclesiastical institutions seeking liquidity would facilitate the transformation of the merchant into a banker.⁴ By the late 13th century, Florentine bankers such as the Frescobaldi, Cerchi, Bardi, and the Falconieri were doing business with illustrious clients that included the English royalty and the papal curia.⁵

Florence's industrial and financial structure would shape the very politics and cultural identity of the city. Florentine merchant guilds enjoyed considerable social and political preeminence, and they became the vehicle for citizens intent on forming political careers.⁶ In the 13th century, the *popolo* or "the people", a widespread paramilitary movement that spanned the Italian peninsula and was comprised mostly of guildsmen seeking more political representation, overthrew the consular government in Florence and solidified guild authority

³ Ibid., 269.

⁴ Ibid., 202.

⁵ Ibid., 204.

⁶ Lauro Martines, *The Social World of the Florentine Humanists, 1390-1460* (Princeton: Princeton University Press, 1963), 169.

in the city's administration.⁷ Although originally intended to be a communal political system that recognized the interests of multiple classes and professions, this popular commune system eventually fell victim to internal factionalism between the competing groups of artisans and small shopkeepers and the wealthy merchants and bankers.⁸ These rifts led to a complete collapse of the communal government, offering the elite class of wealthy merchants and bankers the opportunity to seize political power and form a political oligarchy in the late 14th century.

In Florence, the 15th century was a turning point in the politics of banking. With the nobles reduced to the periphery and the communal government irrevocably shattered, the elite merchants effectively became the leaders of the Republic. Leading merchant families, including the Capponi, Ridolfi, Guicciardini, Albizzi, Strozzi, Castellani, Rucellai, Soderini, and Salviati, held a political stranglehold on Florentine politics and occupied the highest positions in the urban government.⁹ For the most part, these families held one another in check and prevented one another from accumulating more power than the others. However, if there is one thing to be learned from Renaissance politics it is that stability was only tenuous at best. In 1434 the de' Medici consolidated power and became the effective rulers of the Republic, and while the oligarchy largely remained intact on the surface its overall influence was far less substantial.¹⁰ The Medicean regime's role as unilateral rulers lasted until 1494, when the elite families successfully overthrew and exiled Piero di Lorenzo and

⁷ Lauro Martines, *Power and Imagination: City-States in Renaissance Italy* (New York: Knopf, 1979), 52.

⁸ Ibid., 68.

⁹ Ibid., 156.

¹⁰ Martines, *The Social World of the Florentine Humanists*, 287.

restored the Republic. The Medici family, however, would continue to hold significant political influence well into the 16th century.

The dawn of the bankers as political leaders led to a dramatic cultural shift as well. The philosophy of humanism and its effects on both the urban and intellectual landscapes of the city were among the most visible developments of the 15th century. In desperate need of public acceptance in the face of constant pressure from the old ruling families as well as the threat of the lesser guilds, the merchant elites waged political warfare that involved the use of propaganda in the form of artistic commission and extensive construction and renovation in order to establish their status as rulers and promote their reputation as urban benefactors and glorious leaders of the republic. Other trends, including a better scholastic understanding of international market conditions and the important role that bankers played in the city's prosperity, helped to further improve the reputation of the bankers. The cultural revolution of Florence that promoted the acceptance of banking by ecclesiastic scholars, jurists, and the general public, and that elevated the bankers from the fringe members of society to its civic and cultural leaders, lies at the heart of this study and will be examined thoroughly in the following chapters.

The development of Florence's financial empire is a feat that historians have studied intensively since the 19th century. The Florentines left an extensive collection of evidence for those intent on reconstructing their affairs, including business *ricordanze*, notarial records, letters, property deeds, account books, and diaries.¹¹ Economic historians have sorted through the vast archives of letters, ledgers, and other business records to reconstruct

¹¹ Richard A. Goldthwaite, *Private Wealth in Renaissance Florence: A Study of Four Families* (Princeton: Princeton University Press, 1968), 4.

the technical aspects of the commercial revolution. Social historians have consulted census data, records of births, deaths and marriages, and surveys on wealth distribution in their efforts to understand the various sociological trends of the period. Cultural historians have examined the literary, artistic, and philosophical movements in order to fashion an understanding of the intellectual achievements and their place in the public consciousness. The amount of source material retained from this period of Florentine history is staggering, allowing for a broad range of themes and contexts to be explored.

This study is a multi-faceted approach to the Renaissance Florentine understanding of banking from a variety of ethical and economic contexts, and it examines this topic in an interpretive manner that combines each of the above historical styles. It is a study of values and ideas, and while the activity of banking and the individuals that comprise the field of banking are both fascinating and well documented subjects that are important to these themes, those subjects do not factor directly into the discussion herein. Instead, themes involving morality, philosophy and general economic understanding are the primary components to be investigated. Making use of these intellectual instruments, the goal of this thesis will be to fashion a comprehensive understanding of banking and bankers from the varied perspectives of the scholastics, the jurists, and the humanists.

Central to this analysis is the question: how did the public consciousness change in order to drive the spectacular developments in the social and economic landscape of the Florentine community? In order to form an answer to this question, two themes must be addressed. The first is dynamics, and in order to understand this theme one must recognize the shift from a former state to a latter. In the case of the Florentine perception of banking, the former state is the medieval conception of a range of topics that were associated with

industry, including wealth, honor, morality, and the overarching logic that defined a human's place in the structure of the universe. By the 15th century, all of these attitudes had shifted substantially. Among the goals of this study is the positive identification of the trends that led to these shifts, as well as an examination of the leading intellectuals and the works that inspired these changes.

The second theme to consider in this approach is that which raises the question: what sources does one examine when attempting to understand a society's "public consciousness"? For this study there are three categories that the examined sources fall under: religious, legal, and philosophical. These categories are admittedly broad, and they are not mutually exclusive to one another. For instance, religion heavily influenced law, especially ecclesiastical law, and much of the philosophy of Renaissance Florence. Still, by investigating these intellectual movements of the society, a clear diagram of its collective attitudes can be constructed and examined in order to draw important conclusions about many of the broad cultural trends that were emerging.

With a clear picture of methodology, sources, and the central topic of banking in mind, this study seeks to prove that the changes to public consciousness that enabled the positive acceptance of banking were a combination of a more nuanced scholastic understanding of economics and money, the collapse of support for the legal ban on interest-bearing loans brought about by a more relativistic theological approach and the decentralization of legal authority, and by a revised and updated system of values based on the virtues of the early capitalists that was promoted aggressively by humanist philosophers. Common to these themes is the concept of "revision," at once in the sense of updating antiquated ethical policies in a changing world but also in the sense of literally seeing the

world in a different way. Each of this study's chapters will examine one of these subtopics in detail, exploring the important intellectual attitudes critically and their importance in the context of social history.

Chapter 1 focuses on the scholastics and their recognition of what they considered to be usury, which originally encompassed all lending with interest regardless of purpose or circumstance, and how it changed to better fit the Renaissance economic conditions and understanding. It compares the attitudes of the Greek philosopher Aristotle and the medieval scholastic Saint Thomas Aquinas, who based a considerable portion of his reasoning on Aristotelian teachings, with the 15th century scholastics Saint Bernardino of Siena and Saint Antoninus of Florence. The latter scholars were contemporaries and acquaintances, and their works together reveal a far more sophisticated understanding of economics and commercial ethics than their precursors. The contrasts between these samples of scholastic economic thought reveal a more abstract conception of money and its general nature, a more scientific understanding of foundational economic principles and techniques, and a redefinition of what the term "usury" represented to these scholars. This chapter introduces the ban of usury and its ancient origins as one of the oldest objections to banking in Western history, and offers a contextual platform from which the following chapters will build.

Chapter 2 combines legal, social, economic, and religious themes in order to understand the complex system of laws that restricted bankers and forced potential borrowers to seek loans from illicit sources. Prominent to this chapter is the topic of ecclesiastic law, which was originally influenced by biblical teaching and a loose interpretation of Roman law, and which aggressively prosecuted lenders for the crime of usury. By the 15th century,

public demand for credit led to an explosion of Jewish lenders and a public lending institution called the *monte de pietà*. Meanwhile, a trend toward theological relativism, brought about by more economically savvy ecclesiastical jurists and closer relations between the Catholic Church and Florentine bankers through exclusive financial activities and administrative connections, helped to detract support for the antiquated religious laws that prohibited banking. In addition to studying the ecclesiastical law on the topic of usury, this chapter introduces the actual bankers and their clientele and shifts the focus of this study from more theoretical themes and subjects to those directly related to the practice of banking and its more worldly critics and champions.

Chapter 3 examines the public perception of bankers, and how the elite merchant class defended itself against the moral objections of the nobles while bolstering their standing within the community. It assesses the subject of bankers and their depiction in the literature of Dante Alighieri in the 13th century and Giovanni Boccaccio in the 14th and compares them with the early humanist works of Petrarch and later humanists of the 15th century including Leon Battista Alberti and Niccolò Machiavelli. This comparison is made against the backdrop of the political ascendancy of the bankers and the socioeconomic marginalization of the old ruling families. Humanist philosophy plays a key role in this discussion, since it was the humanists that constructed and promoted the new social value systems that aided the bankers in turning what once was a reprehensible occupation into a practice that affirmed the economic prosperity of the republic. These new values in the 15th century included a celebration of individualism, the embrace of wealth as instrumental to virtue and true magnificence, and civic duty to the public in the form of munificence and effective leadership. This chapter crystallizes the primary theme of change in the study of the bankers

and their adversaries by revealing the extent to which the bankers had changed their urban world and its values across multiple platforms by the end of the 15th century.

The socio-intellectual historical approach of this study requires some further discussion. As important as the analysis of intellectual works are to understanding public attitudes, they nevertheless provide an incomplete picture. Common to historians, especially more recent ones, is the question of reaching the historical subjects that belonged to the classes or social groups that had no literary voice. This is why, in addition to studying intellectual trends, this study examines the broader sociological trends that were manifesting in correlation with them and which involved far more than the exclusive group of politically and economically elite. This historical approach draws from the methods of many past and present historians specializing in a wide range of fields of historical study.

Among the historians whose works have inspired this study, a few names inevitably stand apart from the others. The first is Richard A. Goldthwaite, whose approach to history bordered between the economic and sociological. In the introduction to his book, *Banks, Palaces and Entrepreneurs*, Goldthwaite described his goal as “to define what urban values are and then to explore how these might have impinged on enterprise in the industrial, banking, and commercial sectors of the economy.”¹² Similar to Goldthwaite’s aims, the goal of this study is to deconstruct the urban value structure of Renaissance Florence. Departing from his example, however, the evaluation of values and attitudes herein will focus on the single topic of banking, with the city’s sociological history serving a more contextual purpose.

¹² Richard A. Goldthwaite, *Banks, Palaces and Entrepreneurs in Renaissance Florence* (Brookfield, VT: Variorum, 1995), 642.

Another important historian that influenced this study is Odd Langholm. Like Goldthwaite, Langholm's studies are inspired by economic history, although they most frequently examine economic concepts through the philosophical lens of the scholastics, or the intellectual community of the Catholic Church. In his book *The Legacy of Scholasticism in Economic Thought*, Langholm relates to "historians of economic doctrine" rather than historians that focus on macroeconomic themes, like production or distribution, in order to examine the idea of "economic freedom in scholastic thought."¹³ Moreover, Langholm seeks to understand the origins of the intellectual structures he studies in order to place his subjects in a greater intellectual historical landscape. For instance, in *The Aristotelian Analysis of Usury*, Langholm examines the ways in which Aristotelian logic influenced the scholastic view of finance for profit, which fell unequivocally into the category of usury.¹⁴ Langholm's approach is very similar to that of John T. Noonan, who, in his earlier studies of the scholastics, sought to study the intellectual precursors of the medieval usury doctrine, "tracing them through the tradition and subjecting them to logical scrutiny."¹⁵

A third historian whose works inspired this study to a considerable degree is Lauro Martines. Like Langholm, Martines examines the intellectual products of the Renaissance, except that his style often involves the pairing of intellectualism with various forms of power in the social setting. In *The Social World of Florentine Humanists*, Martines focuses on the humanists of the 15th century and attempts to place them in the complex social structure of

¹³ Odd Langholm, *The Legacy of Scholasticism in Economic Thought: Antecedents of Choice and Power* (New York: Cambridge University Press, 1998), vii.

¹⁴ Odd Langholm, *The Aristotelian Analysis of Usury* (New York: Columbia University Press, 1984), 11.

¹⁵ Ibid., 12.

Florence. He examines an array of data, some of it statistical and originating from various civic studies, and some of it less formal and including letters, treatises and other works written by, or relating to, the humanists. He explains that his goal is to “understand the relation between humanism and humanists on the one hand and Florentine society on the other,” and his style is “deliberately conducted along the boundaries that divide intellectual from social history.”¹⁶ Though not an economic historian per se, many of Martines’ subjects are members of the economic elite and his work helps to place them in a rich sociological historical setting.

Similarly, in *Power and Imagination: City-States in Renaissance Italy*, Martines studies the intellectual and social trends of several Italian city-states from the late medieval period to the 16th century. This book’s underlying theme is political power, but it builds upon this by revealing the economic and social trends that developed as a result of power changing hands between the different factions.¹⁷ In both of these texts, Martines identifies the main engine of the intellectual movements as the collection of values that were associated with the dominant social groups of the times. This study’s treatment of power and intellectualism bears a strong resemblance to Martines’, and these topics are featured prominently in the discussion of the 15th century bankers and their acceptance by the Florentine public.

Among the secondary sources consulted for the first chapter’s investigation of scholastic thought, the most useful are the studies of Odd Langholm and Raymond de Roover. Both of these historians have much to contribute to the understanding of economic

¹⁶ Martines, *The Social World of the Florentine Humanists*, 13.

¹⁷ Martines, *Power and Imagination*, ix.

thought in the medieval era and the Renaissance, though their approaches and emphases are largely different. Their studies are complementary, and Langholm acknowledges, even using as a point of departure several times, some of De Roover's prior studies of Saint Bernardino and Saint Antoninus.¹⁸ Most of the other secondary sources in this chapter follow a similar pattern with regards to De Roover's work, but Langholm's studies are also referenced quite frequently, especially during discussion of the medieval scholastics.¹⁹

De Roover's economic approach covers a vast number of themes in relation to the economic history of Renaissance Europe, and his various works appear frequently throughout this study. His most enlightening book regarding the scholastic approach to banking is *San Bernardino of Siena and Sant'Antonino of Florence: The Two Great Economic Thinkers of the Middle Ages*, in which he seeks to "discuss the economic ideas of San Bernardino of Siena and Saint Antoninus of Florence and their views on business ethics."²⁰ He examines their views from the perspective of an economist, and compares their understanding of economic theory with the modern study in order to demonstrate to what extent scholastic economic thought had developed since the medieval period. In his conclusion he recognizes and commends the originality of their studies, stating that "San Bernardino and Sant'Antonino developed a value theory based on scarcity and utility, both objective and subjective."²¹ De Roover's study of these two subjects examines their conception of economic forces and reveals the impact they made on economic understanding within the

¹⁸ Langholm, *The Aristotelian Analysis of Usury*, 25.

¹⁹ Diana Wood, *Medieval Economic Thought* (New York: Cambridge University Press, 2002), 6.

²⁰ Raymond de Roover, *San Bernardino of Siena and Sant'Antonino of Florence: The Two Great Economic Thinkers of the Middle Ages* (Boston: Baker Library, Harvard Graduate School of Business Administration, 1967), 2.

²¹ *Ibid.*, 41.

Renaissance commercial system. He spends more time explaining the logic of their theories than placing them in a wide historical context but, thanks to Langholm's treatment among other sources, he does not really need to do so in order to contribute considerably to the greater discussion of the scholastics in this chapter.

Langholm's studies focus almost exclusively on the scholastics, covering a broad span of time ranging from the 13th to the 17th centuries. He explores their texts, which were based on "Aristotle, Roman law, and the moral theology of Church fathers."²² Langholm pays immense tribute to the work of Joseph Schumpeter, the prominent economic historian who studied the origins of the capitalist system, as well as the work of John T. Noonan, who studied the legal and procedural history of the scholastics.²³ Diana Wood mentions the contributions of Langholm to the study of medieval economic thought, and commented that his book *Economics in the Medieval Schools*, published in 1992, "totally transformed the approach to the subject."²⁴ Another of Langholm's books, *The Aristotelian Analysis of Usury*, is geared more specifically to the rational arguments about usury. It examines many of the implications of scholastic thought on the subject of economics, all of which were seemingly tied in various ways to the concept of the sterility of money.²⁵ This book's scope is less broad than Noonan's in terms of themes and figures, but it details a wider range of topics than De Roover's book, which focused on the innovations of the two primary subjects rather than painting a sweeping image of the body of economic thought at that time.

²² Nelson P. Lande, review of *The Legacy of Scholasticism in Economic Thought: Antecedents of Choice and Power* by Odd Langholm, *Isis* 90, no. 1 (Mar., 1999):, 115, <http://www.jstor.org/stable/237497> [accessed on September 22, 2008].

²³ Langholm, *The Aristotelian Analysis of Usury*, i.

²⁴ Wood, *Medieval Economic Thought*, ix.

²⁵ Langholm, *The Aristotelian Analysis of Usury*, 15.

Langholm's book is the most constructive to this chapter because his approach and subject matter most closely match those herein, while other sources provide more supplementary information that help to strengthen the overall arguments about the intellectual transitions of the scholastics.

In the second chapter, the primary theme is the development of law in relation to the usury prohibition. Alan Watson, in his 2000 book *The Evolution of Western Private Law*, offers some essential legal historical background on the subject. While the range of topics he discusses is expansive, the sections discussing the period of time from ancient Rome to the Renaissance are well researched and offer compelling insight into the early evolution of law. Throughout the book he attempts to trace the gradual development of Western private law in a way that combines the disciplines and methodologies of legal historians, sociologists of law, anthropologists, and legal reformers.²⁶ He refers to the 19th century American slave law historian, Thomas R. R. Cobb, who argued for the need of a philosophical enquiry when addressing the history of law, and commented that "philosophy is the handmaid, and frequently the most successful expounder of the law. History is the groundwork and only sure basis of philosophy."²⁷ Watson's work is inspired by Cobb's comparative approach to history, though he admits that this approach is comparably "still in its infancy."²⁸

Lawrin Armstrong is another important legal historian, and in his book, *Usury and Public Debt in Early Renaissance Florence: Lorenzo Ridolfi on the Monte Comune*, he

²⁶ Alan Watson, *The Evolution of Western Private Law* (Baltimore: Johns Hopkins University Press, 2001), x.

²⁷ Thomas R. R. Cobb, quoted by Watson, *The Evolution of Western Private Law* (Baltimore: Johns Hopkins University Press, 2001), xi.

²⁸ Watson, *The Evolution of Western Private Law*, xi.

comments on the intimate link between “money, politics, and law...in the merchant republics of medieval and Renaissance Italy.”²⁹ Armstrong’s book is another example of the sociopolitical method of history, and his analytical perspective is unique from the other sources because of its strong Marxist-inspired approach. In this study he analyzes the politician and lay canonist Lorenzo Ridolfi’s text *Tractatus de usuris*, written between 1402 and 1404, and its defense of the public debt that Florence established to relieve financial strains among the public. Armstrong acknowledges and builds upon the works of many influential historians from a variety of fields: among economic historians, Baron, Noonan, and Julius Kirshner;³⁰ from legal history, Thomas Kuehn and his studies in private law, as well works by Martines and Kirshner that examined law and statecraft in relation to economic theory;³¹ and from the sociopolitical studies of Martines, Anthony Molho, and John Najemy, which he admits to being “particularly indebted” for their “emphasis on class consciousness and conflict in the study of medieval and Renaissance Florence.”³²

Another economic historian who studied the history of law, Benjamin N. Nelson wrote the article “The Usurer and the Merchant Prince: Italian Businessmen and the Ecclesiastical Law of Restitution” and the book *The Idea of Usury*, examines the development of anti-banking sentiment and its legal history through the medieval period to the Renaissance. His focus is ecclesiastical law in relation to economic themes, and in his article he discusses the foundational impacts of Max Weber and R. H. Tawney, two early 20th

²⁹ Lawrin David Armstrong, *Usury and Public Debt in Early Renaissance Florence: Lorenzo Ridolfi on the Monte Comune* (Toronto: Pontifical Institute of Mediaeval Studies, 2003), ix.

³⁰ Ibid., 3.

³¹ Ibid.

³² Ibid., 5

century historians that studied the rise of capitalism in Europe and who both utilized an approach that combined sociology and economics.³³ Finally, two other historians inspired by Nelson, and also Noonan, Bernard J. Meislin and Morris L. Cohen co-wrote the article “Backgrounds of the Biblical Law Against Usury” which developed a style similar to Nelson’s and applied it to the theological attitudes towards finance.³⁴

The historiography of Chapter 3’s study of the humanists owes a great deal to the methodologies and conclusions of Hans Baron and Lauro Martines, two historians who specialized in the socio-political history the Renaissance. Baron’s books, *The Crisis of the Early Italian Renaissance* and *In Search of Florentine Civic Humanism*, center almost strictly on the humanists from the 14th to the 16th centuries. In the preface to *In Search of Florentine Civic Humanism*, Baron explains that his intended focus in this book is “the moral, social, and politico-historical ideas that motivated Florentine humanists,” while in his prior book, *The Crisis of the Early Italian Renaissance*, he sought to “understand the Florentine spirit” during the 15th century and the expansion of the Duchy of Milan and the Kingdom of Naples.³⁵ Both works, when viewed together, offer a solid evaluation of the political events of Renaissance Italy and provide a wealth of supporting data on the elite bankers, the humanists, and the foreign armies that threatened to disrupt the independence of the Florentine state.

³³ Benjamin Nelson, “The Usurer and the Merchant Prince: Italian Businessmen and the Ecclesiastical Law of Restitution,” *The Journal of Economic History* 7, Supplement: Economic Growth: A Symposium (1947): 106.

³⁴ Bernard J. Meislin and Morris L. Cohen, “Backgrounds of the Biblical Law Against Usury,” *Comparative Studies in Society and History* 6, no. 3 (April, 1964): 250.

³⁵ Han Baron, *In Search of Florentine Civic Humanism: Essays on the Transition From Medieval to Modern Thought*, vol. 1 (Princeton: Princeton University Press, 1955), vii.

Baron spends considerable time discussing early historiography of the Italian Renaissance in *In Search of Florentine Civic Humanism*, especially the work of historian Jacob Burckhardt, author of *Civilization of the Renaissance* published in 1860, who Baron acknowledges as “the first historian of the Renaissance.”³⁶ Baron’s discussion is essential for understanding later historiography in the proper context because it features Burckhardt’s work amidst, first, the historiographical trends that were present during his career and, later, those that influenced the study of the Renaissance and the regard for his works from the 19th to the late 20th century. Baron concludes that, though unquestionably dated, Burckhardt’s ideas and his “perception of the historical impact of Renaissance Italy on modern Europe” would continue to hold significance “among the competing notions of the passage from the Middle Ages to the modern age.”³⁷

Lauro Martines’ works exhibit a great deal of influence from Baron’s in terms of style and subject matter. His 1963 book, *The Social World of the Florentine Humanists*, is an exploration of the members of the humanist subculture, their collective identity and distinct place in Florentine society.³⁸ Martines frequently refers to the works of Hans Baron and to Jacob Burckhardt both, and his examination of the humanist builds upon the framework established by these earlier historians. Another of Martines’ books, *Power and Imagination: City-States in Renaissance Italy*, from 1979, examines the course of political authority, economic development, social change, and intellectual discourse of the leading groups from

³⁶ Hans Baron, *In Search of Florentine Civic Humanism: Essays on the Transition From Medieval to Modern Thought*, vol. 2 (Princeton: Princeton University Press, 1955), 156.

³⁷ *Ibid.*, 181.

³⁸ Martines, *The Social World of the Florentine Humanists*, 13.

the 11th century to the 16th century.³⁹ This book stands much more on its own merits, and its approach is more innovative, and ambitious, than his prior book. Rather than focusing on society and culture, Martines examines more specific themes that he identifies as “power” and “imagination”, or more precisely those who wield political power at a given time and how those individuals rationalize, and strategically defend, their power in order to keep it.

A. D. Fraser Jenkins, author of the article “Cosimo de’ Medici’s Patronage of Architecture and the Theory of Magnificence,” and Mark Jurdjevic, author of “Civic Humanism and the Rise of the Medici,” both drew from the work of Baron as well. Jenkins discusses Baron’s recurring theme of civic humanism, a theme that he established in *The Crisis of the Early Italian Renaissance*. Jenkins applauds Baron for his groundbreaking contribution to the study of the Florentine elites of the 15th century, yet criticizes him for being “insufficiently critical in his analysis of civic humanism’s relationship to Florentine political reality.”⁴⁰ Jurdjevic considers the more recent historiography involving civic humanism, and how it has since rejected Baron’s conclusion about domestic politics and has reached a general consensus that the opposite has taken place. He relates to the historian John Najemy, who argued that civic humanism was “evidence of the triumph of oligarchic and elitist republicanism” because it restricted, through the voluntary “dutiful passivity”, the political power of the non-elite *popolo* of the lesser guilds and classes.⁴¹ Jurdjevic expands on both Baron’s and Najemy’s work by involving the patronage of Cosimo de’ Medici and the civic philosophy of the humanist community. Additionally he cites Martines, who also

³⁹ Martines, *Power and Imagination*, ix.

⁴⁰ Mark Jurdjevic, “Civic Humanism and the rise of the Medici,” *Renaissance Quarterly* 52, no. 4 (Winter, 1999): 995, <http://www.jstor.org/stable/2901833> [accessed September 22, 2008].

⁴¹ *Ibid.*, 996.

disagreed with Baron on this aspect of civic humanism in *The Social World of the Florentine Humanists*, and who studied the accumulation of Medici power and its relation to his support by the humanists.⁴²

It is astonishing to see the number of perspectives in the study of history of the Italian Renaissance. The amount of variety in the historiography of themes related to banking has provided a rich base of styles and techniques from which to examine it. Recent historiography continues to open new discussions as well, and Goldthwaite is kind enough, in his recent book *The Economy of Renaissance Florence*, to point out various specific topics which have yet received little or no attention by historians.⁴³ These topics relate to all manner of aspects of Florentine life, including agriculture, demographics, regional trade, labor, family, and international business relations. This study does not even scratch the surface of the existing data that encapsulates the experience of Renaissance life, let alone the lives of the bankers. Instead, the purpose of this thesis is to present the topic of Renaissance banking from an altogether unique angle in order to foster new interest and creative discussion.

⁴² Ibid., 1008.

⁴³ Goldthwaite, *The Economy of Renaissance Florence*, xvii.

CHAPTER 2

SCHOLASTIC PHILOSOPHY AND ECONOMIC THEORY

From the medieval period to the Renaissance, the Catholic Church was the uncontested spiritual authority of Europe. It also held considerable power over the collective morality and ethics of the communities within its dominion, and these rules were the direct product of its intellectual representatives, the scholastics. This chapter examines the dynamics of the scholastic attitudes toward banking during these two periods by first tracing their Aristotelian origins and how these inspired medieval scholastics such as Saint Thomas Aquinas, whose treatises on the subject were highly regarded and integrated into the official Church canon. With this historical and theoretical backdrop in place, the discussion moves forward into the 15th century and introduces some examples of scholastic thought during the Renaissance. Particularly important are the works of Saint Bernardino of Siena, whose understanding of complex economic concepts led to a more logical response to the ethics of business, and Saint Antoninus, archbishop of Florence, whose analytical approach to business helped to redefine how morality was applied to it. Using a comparative approach to the intellectual achievements of these scholars in relation to economic thought, this chapter analyzes the foundational topics of the usury debate and reveals how their evolution correlated with a new understanding of economics and the morals associated with business.

Central to the study of the scholastics' stance on banking is the usury prohibition, which indiscriminately outlawed all manner of banking for profit. This ban remained in effect throughout the medieval period and into the early Renaissance, and yet despite

centuries of precedent it would be practically defunct by the end of the 15th century. This departure in policy was due to several trends within the scholastic community: first, a more advanced understanding of abstract concepts relating to money, including its origin, purpose, and place in nature; second, a better understanding of economic principles, such as the fluctuation of price, inherent risk, effects of time on value, and the opportunity cost of lending money; and third, more sophisticated methods of investment which dodged the usury prohibition, including foreign exchange and the subtle use of gifts. Finally, the scholastics also reexamined what constituted the crime of “usury,” abandoning the general assumption that all banking was usurious and revising the term to represent only specific fraudulent activities.

The underpinnings of scholastic economic thought prior to the 15th century can be traced as far back as the moral teachings of Aristotle in the fourth century BCE. Aristotle’s treatises examine the natural legitimacy of numerous areas, including government, ownership, and trade. Frequently referenced in his writings were the concepts of human law and natural law, which were especially embraced by the scholastics. Although he lived centuries prior to the birth of Christ, Aristotle’s teachings resonated amongst the scholastics because of their clarity and acute attention to logic, characteristics that allowed their ancient pagan origins to be overlooked by the Christian scholars. His narrowly defined role of money as a purely sterile means of exchange, lacking any intrinsic properties beyond its worth in relation to goods and services, and his conservative approach to lending dictated the scholastics’ official stance on business until the end of the 14th century.

Odd Langholm, in his book *The Aristotelian Analysis of Usury*, explains that the influence that Aristotelian philosophy held on the scholastics was due to “authority, ideology,

and convenience.”⁴⁴ These fundamental tenets existed virtually uncontested throughout the medieval period, their validity taken for granted by scholars that subscribed to the belief in eternal and universal laws for the universe. Though the reasoning behind the Aristotelian principles fit snugly within the realm of ancient logic, the scholastics determinedly ignored the impracticality of these rules in their own contemporary world and discouraged deviation from the established philosophical platform. This rigid acceptance of Aristotelian principles would later prove devastating to the Church’s intellectual reputation, especially in during the sixteenth century-Reformation, but at the turn of the 15th century it still served as the dominant foundational source of scholastic ethics.

Among the recurring Aristotelian principles, one of the most frequently appearing was nature. Aristotle examines the pursuit of wealth in terms of “natural” versus “unnatural” in his treatise *Politics*. For instance, in Book 1, Chapter IX, he states that barter, the direct trade of goods for other goods, is “not part of the money-making art and is not contrary to nature, but is needed for the satisfaction of men’s natural wants.”⁴⁵ Conversely, he is far more critical of retail trade in Book 1, Chapter X:

Of the two sorts of money-making one...is a part of household management, the other is retail trade: the former necessary and honourable the latter a kind of exchange which is justly censured; for it is unnatural, and a mode by which men gain from one another. The most hated sort, and with the greatest reason, is usury, which makes a gain out of money itself, and not from the natural use of it.⁴⁶

Aristotle goes on to argue, in the same chapter, that money is to “be used in exchange, but not to increase at interest,” and he denounces the “birth of money from money,” which he

⁴⁴ Langhom, *The Aristotelian Analysis of Usury*, 13.

⁴⁵ Aristotle, “The Politics,” from Arthur Eli Monroe, *Early Economic Thought: Selections From Economic Literature Prior to Adam Smith* (Cambridge: Harvard University Press, 1930), 17.

⁴⁶ *Ibid.*, 20.

views as unnatural since money is not a natural product.⁴⁷ Following this logic, money is unable to reproduce itself since “the means of life must be provided beforehand by nature.”⁴⁸ Moreover, anyone who pursues money-making via means that do not derive themselves from nature is violating the natural order, and such acts would thus be considered vile and illegitimate. The assumption of the “sterility of money” is critical in the discussion of the Aristotelian understanding of business ethics, and as a result factors strongly in the scholastic policy against usury.

Another recurring theme of Aristotelian economic ethics is the concept of consent, part of the larger just price principle that the philosopher discusses broadly in his text *Ethics*. Consent, in Aristotle’s argument, becomes a concern when a contract that is valid, according to positive law, violates some moral criteria.⁴⁹ This condition could be met when one party to the contract was in power over the other. Of particular concern to Aristotle was the employment of economic power in a coercive manner, in which case, as Langholm summarizes, “an agent may be said to act willingly within the limits of choice imposed by circumstances but unwillingly in so far as acceptance of these strictures is concerned.”⁵⁰ Since it was difficult to ascertain the degree of duress imposed by the party that wielded the economic power, as well as to what extent external forces or conditions influenced the negotiations, Aristotle’s ethical treatment of contracts generally favored the more economically vulnerable party. In the case of lending, the latter party would have been the borrower, and interest would have served as the tool of duress utilized by the lender.

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Langholm, *The Aristotelian Analysis of Usury*, 37.

⁵⁰ Ibid., 40.

Whether explicitly agreed upon in the terms of the contract, this advantage would have violated Aristotle's broadly defined terms of contract ethics because of the assumed potential for fraud.

Considering its ancient agrarian origins, Aristotle's philosophical understanding of economics and money was well ahead of its time. In fact, *The Oxford Classical Dictionary* refers to his approach to economic theory as "Greek philosophy's most distinguished contribution."⁵¹ Despite being remarkably flexible and frequently subject to radical revision, the medieval interpretation of Aristotle approached his works as closed, consistent, and free of internal chronological development.⁵² The *prima facie* acceptance of Aristotle's theories by the scholastics caused many ethical dilemmas for those trying to adapt them to the new industrial age of the 15th century. One of the biggest problems with Aristotelian ethics in the medieval period was its treatment of money, which had been only a very recent development in Aristotle's time, and of its abstract properties, which had yet to develop in the ancient world. In general, when dealing with the concept of money Aristotle referred to its physical form, currency. His definition of money detailed its physical properties specifically, such as what materials it is to be made from, its portability, its facility of use, and its appearance.⁵³ In addition, Aristotle's theories never consider the more abstract properties of money, or those that allow it to provide "a claim, a right, a power"⁵⁴ in ways that expanded beyond the physical act of trading between a buyer and a seller. The forces that governed price were also poorly understood in Aristotle's time, so that there was no differentiation between

⁵¹ *The Oxford Classical Dictionary*, 3rd ed. S.v. "Aristotle."

⁵² Ibid.

⁵³ Langholm, *The Aristotelian Analysis of Usury*, 60.

⁵⁴ Ibid.

naturally occurring economic forces and artificial, or fraudulent, ones. Economic ethics in ancient times were devoted exclusively to morality and not to any form of theoretical insight or study in economics. The ancient Greeks had practically no understanding of economic principles or money beyond simple transactions, so as more advanced financial systems emerged it became increasingly difficult to apply Aristotle's outdated theory of monetary sterility to practical life. Further, the medieval interpretation of these foundations had, according to Langholm, become "separated from its literary roots," and "no longer meant either what Aristotle himself probably took it to mean."⁵⁵

One of the most prominent of the medieval scholastics, Saint Thomas Aquinas, helped to bridge many of the chasms between ancient logic and the medieval world. Aquinas's texts embraced the moral teachings of Aristotle, including his monetary sterility doctrine and his suspicion of coerced lending. Aquinas contemporized these themes by reinforcing them with biblical support and broadening their definitions to apply to specific instances of lending that were common during the medieval period. His treatment of economic morality is also unique from Aristotle's because it is much more critical and encompassing, and uses rhetorical devices and hypothetical scenarios in order to temper the structural integrity of his theological framework.

Aquinas's most famous work was the *Summa Theologica*, which was a broad arrangement of theological essays that summarized the Christian philosophy of the time. This work was separated into three volumes: Part I, which discusses the nature of God; Part 2, which discusses human nature and its consequences; and Part 3, which discusses the service of Christ to the world. Of particular interest for the topic of banking is the second volume,

⁵⁵ Ibid., 15.

which revisits some of the earlier discussed themes of Aristotle's texts. Some of Aquinas' other works, which are quite extensive, include commentaries on Aristotle's writings, *Ethics* and *Politics*, though he, much like his ancient precursor, never discussed economics directly but in reference to larger political or ethical themes.⁵⁶ These undertakings became foundational to later scholastic understanding, and so are contextually vital for understanding the changing ethics of economics in the 15th century.

Like Aristotle, Aquinas' ethical treatment of economic themes is based on morality, and not on a rational framework or an attempted understanding of economic forces. His opus, the *Summa Theologica*, differs from Aristotle's texts in that it is grounded in the medieval setting, but he draws frequent parallels between the two eras and offers a revised and reaffirming perspective on Aristotle's universal laws. Aquinas extrapolates on Aristotle's themes, addressing them in a much more systematic manner than in the original works and highlighting their universality with specific examples of their applicability in contemporary life. Aquinas also reconciles the ethics of antiquity with Christian theology and converts the two into a single, cohesive logical standard that adapts the principles of the former without upsetting the religious fundamentals of the latter.

On the surface, Aquinas' arguments would seem to mirror those of Aristotle. For instance, in *Summa Theologica* Aquinas maintains the artificiality of money: "Artificial wealth comprises the things which of themselves satisfy no natural need, for example, money, which is a human contrivance to serve as a means of exchange, as a sort of measure

⁵⁶ Arthur Eli Monroe, *Early Economic Thought: Selections from Economic Literature Prior to Adam Smith* (Cambridge: Harvard University Press, 1924), 52.

of the value of things for sale.”⁵⁷ Yet there are some glimmers of inconsistency in Aquinas’ theories that imply a subtle shift in thinking, or at the very least that conditions were changing that would harbor such a shift. While decrying the fertility of money in one passage, in another he compares it “to a seed which, if put into the soil, will sprout and produce a crop.”⁵⁸ Although he makes it clear that these productive properties do not entitle investors to interest, the ambiguity of his overall message indicates the presence of some moral confusion in the understanding of the nature of money and of its more abstract qualities, many of which were only beginning to be recognized during his lifetime.

Although Aquinas still supports the general notion that money is, or at least should be in the ideal sense, sterile, some of his other assertions indicate a more sophisticated ethical approach to usury. In his discussion of why usury is sinful he addresses several hypothetical arguments in defense of usury, all of which are based on either biblical quotes or legal logic, and casts each one down systematically rather than simply applying a general, unspecific moral statement. Among these, his arguments include: pertaining to the lack of any civil laws against usury, that “human laws leave some sins unpunished, on account of the conditions among imperfect men, who would be deprived of many advantages, if all sins were strictly forbidden and penalties provided...the Philosopher [Aristotle] led by natural reason, says that the acquisition of money by means of usury is especially contrary to nature;”⁵⁹ pertaining to receiving a price for a loan that one is not bound to enter into, that “if

⁵⁷ St. Thomas Aquinas, *Summa Theologica*, quoted in Diana Wood, *Medieval Economic Thought* (New York: Cambridge University Press, 2002), 73.

⁵⁸ De Roover, *San Bernardino of Siena and Sant’Antonino of Florence*, 29.

⁵⁹ St. Thomas Aquinas, *Summa Theologica*, quoted in Arthur Eli Monroe, *Early Economic Thought: Selections from Economic Literature Prior to Adam Smith* (Cambridge: Harvard University Press, 1924), 68.

he exacts more for the use of a thing which has no use except the consumption of the substance, he exacts a price for what does not exist; and so it is an unjust exaction;”⁶⁰ and pertaining to the collection of voluntarily paid usury, that “he who pays usury does not really do it voluntarily, but under some compulsion, for he needs to obtain the loan, and the one who has the money will not lend it without usury.”⁶¹ Many commonalities can be drawn between these ethical assertions and Aristotle’s ancient principles. For instance, in his statement about the legality of usury, he extends the argument to the jurisdiction of natural law, which has dominion over human law, and even refers to Aristotle indirectly. In Aquinas’ statement about the freedom to enter a usurious contract, he refers to the concept of just price, another of his frequent themes. Finally, in his statement regarding voluntarily paid usury, his argument closely mirrors Aristotle’s on the topic of consent and duress.

Relating to the sin of usury, Aquinas specifically approaches the subject from four rhetorical points in his *Summa Theologica*: whether it is sinful to receive “money as a price for money lent;” whether it is lawful to receive any advantage as compensation for a loan; whether a man must return profits made from the use of a usurious loan; and whether it is lawful to borrow money upon usury.⁶² Although Aquinas strictly forbids activities that he classifies as usurious, he also finds it important to explain what sorts of profitable activities were permissible. He states:

He who commits his money to a merchant or craftsman by means of some kind of partnership does not transfer the ownership of his money to him but it remains his; so that at his risk the merchant trades, or the craftsman works, with it; and

⁶⁰ Ibid., 69.

⁶¹ Ibid.

⁶² Ibid., 65.

therefore he can licitly seek part of the profit thence coming as from his own property.⁶³

John T. Noonan points out three distinct aspects of the above statement that should be examined further: first, he points out that Aquinas has shown that ownership of money and the use of money are separate; next, Aquinas's statement indicates that the ownership of risk indicates the ownership of the money;⁶⁴ and finally, Aquinas contradicts his earlier statements about the sterility of money by giving it a "real function and independent reward" to the investor.⁶⁵ It is interesting to see how the term "usurious" is applied to various activities in various ways, often contradictorily. Already at this point in time new fundamental developments in business were calling into question traditional ethical principles, and tension between what could be reasonably permissible by contemporary cultural and legal standards and what was traditionally considered unethical was beginning to cascade.

One final statement by Aquinas, which will serve as a useful transition to this chapter's treatment of the Renaissance scholastics, is that in which he states: "to receive usury for money lent is, in itself, unjust, since it is a sale of what does not exist; whereby inequality obviously results, which is contrary to justice."⁶⁶ The perception of "sale of what does not exist" illustrates the difference in conventional scholastic thought and the new modes of economic thought that would emerge in the 15th century. This is because, during the latter period, new understanding and recognition of factors such as time and risk, and

⁶³ St. Thomas Aquinas, *Summa Theologica*, quoted in John Thomas Noonan, *The Scholastic Analysis of Usury* (Cambridge: Harvard University Press, 1957), 143.

⁶⁴ Noonan, *The Scholastic Analysis of Usury*, 144.

⁶⁵ *Ibid.*, 145.

⁶⁶ Aquinas, *Summa Theologica*, quoted in Monroe, *Early Economic Thought*, 66.

more abstract qualities of money would emerge and quantify, in market terms, these things that the ancient mind could not recognize, nor the medieval mind reconcile, and in the process dispel the notion that lending for interest was a “sale of what does not exist.”

The ethical and logical underpinnings of the scholastic stance on economics, money, and lending prior to the 15th century serve an important contextual purpose in understanding the intellectual developments that were to come. Collectively these origins serve as the point of reference between medieval and Renaissance thought. Medieval concerns were derived from a traditional agrarian prioritization model that was based on humanity’s earthly place within a universal structure that was reflected by nature and an acceptance of absolute divine structure in all aspects of life. The Renaissance stance, inspired by technological and cultural advances and a renewed economic vigor, viewed the human influence on the world as more active than reactive. Rather than accept universal stricture as incomprehensible to the human mind, the scholars of the Renaissance endeavored to construct a rational model of social and natural law that could be harnessed for the good of human society. In order to accomplish this monumental task, they observed and drew firsthand conclusions from the world around them. By the beginning of the 15th century, scholars were already formulating economic models based on market phenomena, and this heightened awareness of the practical world would influence the ways in which ethical questions would be formulated and answered by the moral leaders of society.

Two of the most influential 15th-century scholastics on the subject of the ethics of business and banking were Saint Bernardino of Siena (1380 – 1444) and Saint Antoninus of Florence (1389-1459), who Raymond de Roover describes as “the two greatest economic

thinkers of the Middle Ages.”⁶⁷ Both of these scholars were from bustling financial hubs, and were familiar with the faces and nature of commerce in their respective home cities. Their writings demonstrate the difference between prior economic modes of thought, which were troubled by Aristotle’s preoccupation with the physical form of money and Saint Thomas Aquinas’ struggle to reconcile ancient morality with religious fundamentals, and the more economically enlightened approach that Renaissance scholastics were beginning to adopt by the 15th century. Their philosophical contributions helped to relieve some of the pressure caused by the friction of old, rigid rules and new demands within the early industrial communities that were rapidly developing on the Italian peninsula during its financial and economic revolution.⁶⁸

The Italian Renaissance, which roughly spanned from the 13th to the 16th century, witnessed an intellectual revolution in numerous fields of study. Saint Bernardino of Siena was among the leading scholastics that helped to bring about the most pivotal shift in their understanding of economics, and his works consolidated much of the economic thought of that and earlier periods while introducing his own groundbreaking theories. Bernardino’s works would remain influential in the movement for a better understanding of economic factors in addition to the practical details of business, and his insights would have a lasting influence on how later scholastics examined the morality of banking. Bernardino revolutionized the study of economics by examining closely various types of business, identifying essential skills for successful management, formulating new methods for

⁶⁷ De Roover, *San Bernardino of Siena and Sant’Antonino of Florence*, vii.

⁶⁸ *Ibid.*, 40.

determining value, deconstructing the forces that determined pricing, endorsing foreign trade, and positively identifying the roles of risk and time in exchange contracts.

Born in 1380, Saint Bernardino was a member of the Franciscan Order and joined the order of the Observant Friars in 1403 after having spent many years volunteering at a hospital for victims of the plague, and after having received a rigorous education and training in canon law.⁶⁹ He began preaching in Lombardy in 1417, travelling across Italy to deliver sermons, but later health problems forced him to rest in La Capriola, near Siena from 1431 to 1433. It is most likely during this break that he wrote his *Treatise on Contracts*, which was revised over the years until his death in Aquila in 1444. During his later life he served as Vicar General of the Observants, and resumed travelling between friaries. He was canonized by Pope Nicholas V in 1450.

Saint Bernardino's sermons followed the scholastic tradition of being full of references to the Bible, the church fathers, Aristotle, and ecclesiastic and Roman law.⁷⁰ Yet, being a contemporary of Cosimo de' Medici, like Saint Antoninus of Florence, and coming from another important center of banking, he was well informed about the customary business practices of his time. In his texts, Saint Bernardino remarked about three kinds of essential merchants: the importers-exporters (*mercantiarum apportatores*); those that store and preserve goods (*mercantiarum conservatores*); and those that convert raw materials into finished goods (*mercantiarum immutatores seu melioratores*).⁷¹ He condemned businesses that performed unfair practices, urging them to refrain from activities such as gouging

⁶⁹ Ibid., 3.

⁷⁰ Ibid., 4.

⁷¹ Ibid., 11.

travelers or manipulating prices.⁷² He was also, according to De Roover, “unusually realistic” compared to other moralists on the subject of business because he appreciated the rarity of good managerial ability, and lauded the qualities that are essential for good management: efficiency (*industria*), responsibility (*solicitude*), labor (*labors*), and the willingness to assume risk (*pericula*).⁷³ Bernardino’s aptitude and appreciation for business gave him a strong position for assessing both its good qualities and bad, and gave him a firm structural basis for many of his theoretical conclusions.

One of Bernardino’s contributions to early economic theory is his deconstruction of value into three principle elements: usefulness (*virtuositas*), scarcity (*raritas*), and desirability (*complacibilitas*).⁷⁴ These distinct factors are important because of their implications for the concept of just price. De Roover points out that *virtuositas* is an allusion to virtue, which can be equated to objective utility or how generally useful something is, while *complacibilitas* refers to how much a person actually wants that particular good in comparison to another similar good. *Raritas*, on the other hand, is the primary force that propels prices in conditions of scarcity (*inopia*) and drives them down in conditions of abundance (*copia*); Bernardino’s reasoning for this dynamic is that “for such fluctuations everything rare is dear, whereas plenty breeds only contempt.”⁷⁵ Contrary to the classical and medieval approaches to price, Bernardino’s approach takes into account both complex external and internal factors, rather than steering the subject of price valuation into a purely moral question.

⁷² Ibid., 12.

⁷³ Ibid., 13.

⁷⁴ Ibid., 18.

⁷⁵ Ibid., 21.

Pricing was another factor that played prominently into Bernardino's economic theories, and he argued that price is neither controlled by buyers nor sellers.⁷⁶ This is a departure from earlier thought regarding price drivers, which traditionally attributed these fluctuations to fraud or other human interference. Bernardino's approach took into consideration the conditions of the market in addition to buyers' willingness to buy and sellers' willingness to sell, a relationship that he summarized by stating that the proper just price was "estimated by the community of citizens working together."⁷⁷ This process of price determination was so essential to Bernardino's model of economics that he believed that it should be respected even though "he [the seller] may have to sell for less what was purchased for more," a corollary that economists have since considered to be a naturally inherent risk of doing business.⁷⁸ Although the concept of just price is an ancient one, Bernardino's theoretical explanation based on market forces is significantly more enlightened and structurally sound than traditional classical explanations.

Like prior scholastics, Bernardino was vehemently opposed to the crime of usury, but as in the case of just price his analysis of its ethics is based on a more logically-driven model than the tradition-based medieval interpretation. He speaks metaphorically when discussing the usury's negative effects on the economy as a whole: "[it] concentrates the money of the community in the hands of a few, just as if all the blood in a man's body ran to his heart and left his other organs depleted."⁷⁹ Although this corporal style of rhetoric had a long

⁷⁶ Ibid.

⁷⁷ Wood, *Medieval Economic Thought*, 138.

⁷⁸ De Roover, *San Bernardino of Siena and Sant'Antonino of Florence*, 21.

⁷⁹ Wood, *Medieval Economic Thought*, 163.

precedent, Bernardino's nuanced understanding of the economic forces behind his discussion of these topics was groundbreaking.

The scholastics of Bernardino's and Antoninus's time permitted many business practices that technically allowed bankers to skirt around the ban on usury, though they still condemned practices that were designed specifically and to conceal these usurious activities. One of the practices allowed by the Renaissance scholastics was foreign exchange, where loans were made in one currency and repaid in another. The Medici Bank, in particular, profited from loans in this way, but Bernardino did not object to it for two reasons: first, it was technically not a loan, or *mutuum*, but an exchange of currencies, or *permutatio*, so it was not to be held under the same restrictions as a loan; and second, exchange transactions were somewhat risky and profits were not an absolute certainty.⁸⁰ Further, Bernardino regarded the exchange of currencies as necessary to support foreign trade, "which is essential to the support of human life," because of the "great diversities of currency" and because such exchange was necessary to transfer funds between multiple countries without "shipping any specie."⁸¹ Bernardino shows his understanding of the nuances of trade by inserting the concept of risk in his ethical approach to business, which allows for a great deal of room to work around earlier prohibitions. Also, his consideration of foreign trade displays a step forward in the understanding of the flow of not just money, in its physical form, but its fluctuations in the currency market and the necessity of liquidity as a facilitator of foreign trade.

⁸⁰ De Roover, *San Bernardino of Siena and Sant'Antonino of Florence*, 35.

⁸¹ San Bernardino, quoted in Raymond de Roover, *San Bernardino of Siena and Sant'Antonino of Florence: The Two Great Economic Thinkers of the Middle Ages* (Boston: Baker Library, Harvard Graduate School of Business Administration, 1967), 36.

Another complex topic that came up with the Renaissance scholastics was the nature, and salability, of time. The classical approach to time was that it was either a personal good or it belonged to God, and in either case it was unethical to attempt to sell it. Gratian's (died ca. 1155) following condemnation of usury recalls this belief:

Above all other merchants the most accursed is the usurer, for he sells a thing given by God which was not acquired through being a merchant, and after usury he demands his merchandise back again, taking both his own and that of the other party.⁸²

The usurer is therefore, "accursed by God" and is worthy of eternal damnation because he effectively sells time as a commodity, which is unacceptable because it "belongs to God alone."⁸³ Bernardino, on the other hand, admitted that time could in fact be sold in this way, and believed the exclusion of the salability of time as part of the prohibition rationale as the biggest "blunder in the whole scholastic tradition of usury."⁸⁴ This point is illustrated by a sermon which mentions a merchant selling corn for a future price, a practice endorsed by Bernardino partly because "that which in the firm intention of its owner is ordained at some probable profit, has not only the simple character of money or thing, but above that a sort of seminal character of the profitable, which we commonly call capital."⁸⁵ While Bernardino is referring to a good and not money in itself, which he still argues is sterile, he is conceding the point that a good is more valuable in the future than it is in the present, or rather, "more is not paid because of time (*propter tempus*) but because of the nature of the thing, which is worth

⁸² Gratian, quoted in Diana Wood, *Medieval Economic Thought* (Baltimore: Johns Hopkins University Press, 2001), 160.

⁸³ Ibid.

⁸⁴ San Bernardino, quoted in Odd Langholm, *The Aristotelian Analysis of Usury* (New York: Columbia University Press, 1984), 115.

⁸⁵ Ibid., 116.

more at one time than at another.”⁸⁶ This may seem like a small step in logic, but it would effectively validate *lucrum cessans* if not for the sterility doctrine of money, which, incidentally, would face direct confrontation by Saint Bernardino’s Florentine contemporary and acquaintance, Saint Antoninus.

Saint Antoninus, or Sant’Antonino, of Florence is an important figure for this topic because he is, like Saint Bernardino, a scholastic who was also well versed in economic thought, and also because he lived in one of the primary hubs of banking of his time. In much the same intellectual vein as Bernardino, Saint Antoninus approached the ethics of banking from an enlightened point of view, although with a keener attitude toward the morals of business activities and vocations than a theoretical economic model. Despite a more traditional moral approach and a more conservative assessment of foreign exchange practices, he helped legitimize lending for interest by reevaluating what constituted usury, easing the policy of just price to take into consideration risk and social status, and directly challenging the foundations of the money sterility argument.

Saint Antoninus was born in 1389, and his father, Ser Niccolò di Pierozzo dei Corcigliani, was a minor official and notary of Florence.⁸⁷ Though his name was actually Antonio, he became known as “Fra Antonino” because of his diminutive stature and generally poor health around the time that he joined the Dominican Order in 1405 in the city of Cortona. There he studied canon law, and after a career in Naples, Rome, and Lombardy, serving as Vicar General in 1437, he returned to Florence in 1439 to become the prior of San Marco (a position, De Roover points out, that was occupied by the iconoclastic monk

⁸⁶ Ibid., 117.

⁸⁷ De Roover, *San Bernardino of Siena and Sant’Antonino of Florence*, 4.

Savonarola later that century).⁸⁸ In 1445 he became the archbishop of Florence, and from this point up to his death in 1459 he wrote many works including *Summa moralis* (also known as *Summa Theologica*), a treatise that focused on moral theology, as well a guidebook for confessors, the *De orate mulierum*, which discussed the morality, or more precisely the immorality, of women's fashion at the time, and also served as a moral consultant for "prelates, private individuals, and corporations."⁸⁹ His style and approach, according to De Roover, were old-fashioned and never "contaminated by the spirit of the new age," reflecting the traditional scholastic tradition and giving "only scant sympathy" to new philosophical movements such as humanism.⁹⁰ Still, his role in the understanding of economics played an important part in how the scholastics later understood the role of money and lending, and his theories proved to be innovative even if his style was not.

The work of Antoninus and Bernardino are in many ways complementary. De Roover treats their work as almost a single, continuous intellectual product in his book *San Bernardino of Siena and Sant'Antonino of Florence: The Two Great Economic Thinkers of the Middle Ages*. He even admits that they "have much the same ideas on economics and other matters and, where they differ they either supplement each other or their differences lend themselves to fruitful comparisons."⁹¹ It would come as no surprise then that they may have influenced one another in various respects. Langholm mentions Antoninus briefly in his discussion of usury in order to say that "what positive arguments he states against usury

⁸⁸ Ibid., 5.

⁸⁹ Ibid., 6.

⁹⁰ Ibid.

⁹¹ Ibid.

are taken from Bernardino or from sources already utilized more fully by him."⁹² What marks Antoninus as distinct is his more moralistic approach to economic subjects, as opposed to Saint Bernardino's works which engage economic topics more empirically.⁹³ Antoninus's *Summa* addresses economics in the method of moral theology, much like Aquinas's earlier works. He condemns simony and ill-received wealth in his chapter on the seven cardinal vices, specifically avarice (*De avaritia*) in this case, and in a later chapter he condemns the types of fraud and deception prevalent in various professions and trades.⁹⁴ Antoninus's exposure to the wool industry, among other types of manufacturer that were present in the Florentine marketplace, gave him a first-hand understanding of business.⁹⁵ In a sense, Antoninus' is a fusion of the new style of economic thought, demonstrated by Bernardino, nine years his senior, and the type of traditional, moralistic thought edified by Aquinas and other medieval scholastics.

Much like Bernardino, Antoninus was clear to denounce the practice of usury, referring to it as "the great harlot of the Apocalypse, who 'sitteth upon many waters, with whom the kings of the earth have committed fornication.'"⁹⁶ He also treated it in an analytical manner, and was the first to establish the difference between it and ill-gotten gain (*turpe lucrum*), which he defined as "any gain accruing from any illicit contract or from sinful and unlawful activities prohibited by either divine or human law or both, such as

⁹² Langholm, *The Aristotelian Analysis of Usury*, 25.

⁹³ De Roover, *San Bernardino of Siena and Sant'Antonino of Florence*, 2.

⁹⁴ Ibid.

⁹⁵ Wood, *Medieval Economic Thought*, 211.

⁹⁶ Ibid., 163.

prostitution, monopoly, gambling, tournaments, histrionics, simony, and the like."⁹⁷ Usury was a specific type of *turpe lucrum* that dealt with loans and was equated to theft, which was reconciled by returning the profits to the injured party. Despite his traditional tendencies, Antoninus had a considerably lenient attitude toward usury and, unlike Bernardino who was absolutely opposed to usury and publically tried to prevent the granting of licenses to pawnbrokers, Antoninus compared their presence within the city with that of brothels, which he viewed as "the lesser of two evils."⁹⁸

With regards to foreign exchange, Antoninus is much stricter than Bernardino. He distinguishes foreign exchange into five categories, in order from permissible to pernicious: simple money-changing (*minutum cambium*); the sale of letters of credit to travelers, clergy, and foreign businessmen (*cambium per litteras*); the purchasing of letters of credit from foreign currency (*cambium siccum*, or *per Venetos*); the purchase of foreign credit abroad; and a type of loan distributed by papal bankers to ecclesiastics who, in the event of default, actually had the power to excommunicate.⁹⁹ The first two types of exchange Antoninus approved of, but the third was slightly more dubious in that it involved an implicit *mutuum* and was assumed to be usurious though it was technically still licit.¹⁰⁰ The fourth was a transaction that was purely meant to profit from exchange fluctuations and so received harsh criticism from Antoninus, while the fifth was, unsurprisingly, severely condemned by

⁹⁷ De Roover, *San Bernardino of Siena and Sant'Antonino of Florence*, 32.

⁹⁸ Raymond de Roover, "The Scholastics, Usury, and Foreign Exchange," *The Business History Review* 41, no. 3 (Autumn, 1967): 264, <http://jstor.org/stable/3112192> [accessed December 9, 2008].

⁹⁹ Noonan, *The Scholastic Analysis of Usury*, 189.

¹⁰⁰ *Ibid.*, 188.

Antoninus because it encouraged simony and involved “mental usury” as well.¹⁰¹ His classifications of exchange categories reveal to what extent Antoninus understood the practice of not only banking, but of the loopholes bored into the institution by creative bankers. While critical of these institutional loopholes, his theories vis-à-vis other economic subjects offer other distinct moral contingencies and opportunities for Florentine entrepreneurs.

Risk was a topic that Antoninus took into heavy consideration when exploring the morality of lending for interest. The concept of *lucrum cessans* was allowable, De Roover paraphrases Antoninus, “if the lender were a merchant who would sustain loss or damage by being deprived of his capital.”¹⁰² Other criteria that made this type of lending permissible were *poena detentori*, or a penalty for late payments, and *damnum emergens*, or the responsibility of the debtor for damages or losses incurred by the creditor due to the loan.¹⁰³ These, as well as the practice of giving “free gifts,” or *depositi a discrezione*, undermined the prohibition of usury but were still allowable by the scholastics, including Antoninus as well as others.¹⁰⁴

On the morality of profits, Antoninus commends industrial endeavors that are “moderate and directed toward a laudable end,” including “the support of one’s family according to social status,” charity to the poor, or the well-being of the community by distributing essential supplies.¹⁰⁵ He criticizes those that pursue profit solely for its own

¹⁰¹ Ibid., 190.

¹⁰² De Roover, *San Bernardino of Siena and Sant’Antonino of Florence*, 31.

¹⁰³ Ibid., 30.

¹⁰⁴ Ibid., 31.

¹⁰⁵ Ibid., 14.

sake, claiming that this activity is “most reprehensible because the desire for gain knows no bounds but reaches into the infinite.”¹⁰⁶ What is interesting about Antoninus’s statement about profits is the way he specifies the support of the family, once again, according to social status. His condemnation of avarice, a mortal sin that violates the duty to “love one’s neighbor” and which leads to the neglect of one’s salvation,¹⁰⁷ is one which appears many, many times in scholastic doctrine. Yet, the pursuit of profits, even excessive profits, may be allowable as long as they may be used in conjunction with one’s personal, and familial, status in society. Neither Langholm nor De Roover remark on this loophole, but in the context of Florentine demographics and its collective merchant mentality such an exception might seem to endorse some of the excessive displays that its upper class produced for its own political ends, a phenomenon that shall be discussed in a later chapter.

Of all the innovations in economic thought that Saint Antoninus helped to develop, it was his re-conceptualization of the sterility of money that is perhaps the most essential. Directly contrary to Aristotle’s assertion that it was impossible for money to beget money, it was Saint Antoninus who first, as Langholm summarizes, “explained that though the circulating coin might be sterile, money capital is not so because command of it is a condition for embarking upon business.”¹⁰⁸ This concept is revolutionary because it effectively dismisses the only significant theoretical objection to banking for interest to remain. The differentiation between coin and the more complex notion of money is what renders Aristotle’s earlier statements about the nature, and uses, of money invalid.

¹⁰⁶ Ibid.

¹⁰⁷ Odd Langholm, *The Merchant in the Confessional: Trade and Price in the Pre-Reformation Penitential Handbooks* (Boston: Brill Academic Publishers, 2003), 134.

¹⁰⁸ Langholm, *The Aristotelian Analysis of Usury*, 104.

The combined theories of Saint Bernardino and Saint Antoninus are immensely valuable because they illustrate the level of advancement that economic understanding had achieved by the 15th century. Their familiarity with business customs and practices paired with their deductions, and criticisms, of the morality of business contrast starkly with the earlier scholastics whose primary ethical model was based on ancient logic. These men recognized forces such as time and risk, supply and demand, and scarcity and abundance as determinants in pricing. They also questioned the assumption that money was a sterile commodity and gave definitive arguments about how it could be used to generate more money through investment and lending. Finally, they helped to redefine and contemporize ethical terminology such as usury and just price, which, though originally intended to help buyers and sellers by keeping them ethical, ended up restricting exchange and threatening to compromise the newly emerging capitalistic system.

Saint Bernardino and Saint Antoninus were noteworthy for their innovatively reasoned approach to business, but their contributions were a part of an intellectual sequence that can be traced to the 13th century. Inspired by an array of earlier scholastic sources, their most significant collaborative achievement was their ability to base practical and contemporary conclusions on often contradictory arguments found in older works.

Langholm refers to Saint Bernardino as “a great quoter (often but not always naming his sources),” and names several late medieval authors that had influenced his ideas including Peter Olivi (d. 1298), Gerald Odonis (d. 1349), and Gerardo of Siena (d. 1336).¹⁰⁹ Wood discusses Olivi’s contributions toward the concepts of saleable time,¹¹⁰ and also his

¹⁰⁹ Ibid., 27.

¹¹⁰ Wood, *Medieval Economic Thought*, 174.

arguments about free bargaining in relation to just price.¹¹¹ Gerald Odonis was also a supporter of the contemporary understanding of time, arguing that “while common time could not be sold, individual time could.”¹¹² Gerardo of Siena was influential on the topic of the pricing of fungible commodities, but was critical of usury and argued that “it makes a natural thing overprice its nature and an artificial thing overprice its art, which is most contrary to nature.”¹¹³ These intellectual precursors recognized and commented on different economic phenomena, but their studies were only marginally constructive to a rational economic understanding. The foundations for Bernardino’s and Antoninus’s nuanced approach to economics evolved sporadically and fragmentally over time from the medieval period to their own, but it was not until the observation of contemporary conditions and business activities became an important scholastic enterprise that its theoretical structure could develop.

This chapter has focused on the progression of scholastic economic understanding from ancient, morally guided assumptions to more structural, scientific theories as they have been presented by Aristotle, Saint Thomas Aquinas, Saint Bernardino of Siena and Saint Antoninus of Florence. This intellectual development occurred in tandem with changing market conditions and innovations in business methods. As more money began to change hands in different ways, new ways of thinking about money came about and altered the moral and ethical landscape of the business environment. Struggling to balance their traditional values with radically shifting conditions, the scholastics would be slow to adapt to the

¹¹¹ Ibid., 150.

¹¹² Ibid., 175.

¹¹³ Ibid., 86.

mercantile world. However, thanks to some of its more critically-minded members, they were able to bridge many of the logical gaps between their doctrine and the direction that their world had taken and even contribute in many ways to the understanding of what forces were driving these changes.

CHAPTER 3

LAW AND RELIGION

The legal environment of medieval and Renaissance Europe was a complex, convoluted, and factionalized system in which the boundaries of authority were frequently blurred and power was often highly disputed. Italian city-states fought aggressively to claim legal authority over themselves, installing independent courts and codifying their own secular legal systems. Meanwhile, the Catholic Church sought to impose its own centralized authority, its parishes functioning dually as spiritual chapters while also serving as regional outposts where the rule of ecclesiastic law could be monitored and enforced. These competing legal systems had starkly different interests, and their legal policies reflected the strategies and motives that each held in order to satisfy them. Civil authorities were concerned with equity and order within the commune system, but they were also mindful of the social and economic realities of the independent state. Ecclesiastic authorities, on the other hand, were committed to maintaining the Church's vast legal and political empire and the long juridical tradition that had developed over its centuries of precedence.

To the European banker of the Renaissance, civil authority would pose little hindrance to business. Ecclesiastic law, with its basis in ambiguous ancient Roman law combined with biblical teaching, had a much more critical stance on commerce and, in particular, banking. This chapter will address the topic of how the practice of banking overcame the Church's prohibition from the legal standpoint, first examining the ancient origins of ecclesiastic law and tracing the progression of the usury ban until the 15th century,

and then investigating the socioeconomic and political trends in the Florentine Republic that eventually prompted the local ecclesiastics to support the overturn of the ban.

The dramatic ebb in support for the usury ban owes itself to many changing phenomena and conditions that brought into question its practicality and even its enforceability. Ecclesiastical jurists were forced to reconsider the ban's effectiveness in the face of widespread illicit lending through Jewish bankers, who functioned beyond the scope of ecclesiastical jurisdiction. Public support of lending reached a critical point in Florence as the need for monetary liquidity outweighed the stigma attached to it, and civic authorities took provisions to create the city's own public lending institution, the *monte de pietà*, a development that directly contested the Church's authority to prosecute bankers and dealt the ban a debilitating blow. Meanwhile, elite banking families legitimized their enterprises by operating directly with the Church through mutually beneficial economic partnerships as well as by assuming high ranking positions of leadership within church hierarchy, where they were able to influence its policy. These trends would weaken the Church's legal position considerably and persuade the ecclesiastics to abandon their strict, literalistic approach to law in favor of a more relativistic approach, which by the end of the 15th century would be rendered defunct.

Medieval Europe witnessed an emergence of legal and political decentralization that only became more distinguished during the Renaissance. Theodore Frank Thomas Plucknett, in his book *A Concise History of the Common Law*, diagrams the fractured environment of law and explains how two forms of law, civil and ecclesiastical, were frequently at odds. Civil law was the secular form of law, and civilians "looked to antiquity," studying it

predominantly as “theorists or antiquaries.”¹¹⁴ Civil law examined past precedent from a universally objectivistic point of view, and ignored moral questions when determining its legal prescriptions. Ecclesiastic law, on the other hand, approached crime from the point of view of sin and aimed to shape a society that corresponded to ideal Christian conduct.¹¹⁵

More than a strict set of rules to live by, ecclesiastic law was instrumental in defining medieval communities and an individual’s identity within them.¹¹⁶ For instance, a person’s social status determined how the law applied to them, and individuals of higher social class would be held to a different set of laws than individuals of lower classes. Ecclesiastic law’s main focus, in addition to maintaining the social structure, was to incorporate human jurisprudence into the spiritual structure of Catholic doctrine.¹¹⁷ This legal system justified its earthly authority through its representation of heavenly authority, and managed to serve both secular and religious roles important to the medieval and Renaissance societies. Ecclesiastic law governed private domestic concerns such as marriage and inheritance, but also aimed to regulate more public domains such as contract and exchange. In these more urbane fields, its legal treatment drew heavily from a mix of biblical teachings and ancient Roman law.

The religious justification for the usury ban came from a handful of biblical sources that addressed the topic of lending, even though they focused almost exclusively on its

¹¹⁴ Theodore Frank Thomas Plucknett, *A Concise History of the Common Law* (London: Butterworth, 1948), 302.

¹¹⁵ *Ibid.*, 303.

¹¹⁶ Kathrine Christensen, intro to *The Treatise on Laws: (Decretum DD. 1-20)* by Gratian, trans. by James Gordley (Washington D.C.:Catholic University of America Press, 1993), xi.

¹¹⁷ Stephan Kuttner, quoted in Kathrine Christensen, intro to *The Treatise on Laws: (Decretum DD. 1-20)* by Gratian, trans. by James Gordley (Washington D.C.:Catholic University of America Press, 1993), xi.

charitable forms. These teachings, applicable as they were to the needs of the traditional agrarian civilization, largely ignored the use of loans for commercial purposes and were written to protect the most vulnerable members of society. Nevertheless, these sources influenced the medieval scholastic attitude toward the morality of all forms of lending to the extent that they became foundational to the usury prohibition, which deemed the lending for profit of any capacity immoral and harmful to society.

Bernard J. Meislin and Morris L. Cohen, in their article “Backgrounds of the Biblical Law Against Usury,” examine the three biblical passages most critical of lending for profit, and which ecclesiastic moralists used as the theological basis for the ban of usury. The first of these passages is Deuteronomy 23:19-20, which firmly denounces the presence of interest in any loans between close relations in a community:

Thou shalt not lend upon interest to thy brother: interest of money, interest of victuals, interest of any thing that is lent upon interest. Unto a foreigner thou mayest lend up on interest; but unto thy brother thou shalt not lend upon interest; that the Lord thy God may bless thee in all that thou putteth thy hand unto, in the land whither thou goest in to possess it.¹¹⁸

This passage in particular is useful because it establishes the tone and many of the themes that appear in the other related passages. First, it differentiates between a “brother” and a “foreigner” and establishes a double standard that determines the applicability of interest based on the relationship between the borrower and lender. There has been much scholarly debate over the intended meaning of both of these highly ambiguous terms. For instance, Max Weber argued that both were related to military vernacular, and Edward Neufeld considered the distinction of “brother” as a possible allusion to a theological

¹¹⁸ Deut. 23:19-20, quoted in Bernard J. Meislin and Morris L. Cohen, “Backgrounds of the Biblical Law Against Usury,” *Comparative Studies in Society and History* 6, no. 3 (April, 1964): 250.

brotherhood.¹¹⁹ Another interpretation considers that the term “foreigner” might apply to traders from distant lands, in which case the use of loans as investment would be perfectly acceptable under this law.¹²⁰ The lack of any concrete definition of these terms within the ancient sources themselves leaves the overall meaning of the law unclear and open to highly subjective interpretation.

Secondly, this passage is neutral to any type of borrowing or lending for capitalistic enterprise. The potential for mutual benefit from an interest bearing loan from one member of the community to another is never addressed in the ancient biblical source, although the unilateral benefit of the lender against the foreign borrower can be assumed as acceptable according to this passage. The association of interest with exploitation features prominently in this and the other theological legal sources, primarily because these laws were written in order to ensure the availability of charity for the economically vulnerable in the highly uncertain agrarian society.

Exodus 22:25-27 further establishes the charitable basis of lending and gives specific rules and examples of acceptable lending:

If thou lend money to any of My people, even to the poor with thee, thou shalt not be to him as a creditor; neither shall ye lay upon him interest. If thou at all take thy neighbour's garment to pledge, thou shalt restore it unto him by that the sun goeth down; For that is his only covering, it is his garment for his skin; wherein shall he sleep? And it shall come to pass, when he crieth unto Me, that I will hear; for I am gracious.¹²¹

This passage expresses the same anti-interest sentiment of the previous one, but it extends the strictly charitable view of lending further by more generally forbidding a lender to serve the

¹¹⁹ Meislin and Cohen, “Backgrounds of the Biblical Law Against Usury,” 264.

¹²⁰ Ibid.

¹²¹ Ex 22:25-7, quoted in Bernard J. Meislin and Morris L. Cohen, “Backgrounds of the Biblical Law Against Usury,” *Comparative Studies in Society and History* 6, no. 3 (April, 1964): 251.

functional role of a creditor within the community. Moreover, it severely constrains the use of collateral for the purpose of a loan. These rules aggressively restrict the range of possible lending agreements, allowing for little more than basic donations that had but a limited guarantee of an equivalent return to the lender.

Finally, Leviticus 25:35-37 emphasizes the importance of free lending as a means to relieve poverty while strictly condemning any sort of profit from lending to the poor:

And if thy brother be waxen poor, and his means fail with thee; then thou shalt uphold him: as a stranger and a settler shall he live with thee. Take thou no interest of him or increase; but fear thy God; that thy brother may live with thee. Thou shalt not give him thy money upon interest, nor give him thy victuals for increase.¹²²

Like the other biblical sources, this passage debates only the legal conditions of charitable lending while ignoring those related to lending for capital or of any type of contractual loan. The only form of lending to be explicitly endorsed by these theological sources, charitable lending is beneficial to the community as a whole because it assists its most vulnerable members, who lived under the constant threat of elemental calamities such as disease, drought, and frost. Because of its importance to the survival of the entire community this type of loan was the most strictly governed in order to prevent fraud and, as a result, was the most scrutinized by ancient jurists. However, the lack of clarity of the biblical code's stance on other forms of lending would give early ecclesiastic jurists the freedom to insert their own moral attitudes into their evaluation of the ancient sources.

Meislin and Cohen provide an analysis of various approaches to these Old Testament laws. They cite two specific intellectual movements: first, the more traditional literalistic

¹²² Lev 25:35-37, quoted in Bernard J. Meislin and Morris L. Cohen, "Backgrounds of the Biblical Law Against Usury," *Comparative Studies in Society and History* 6, no. 3 (April, 1964): 251.

approach that was predominant to the medieval mode of ecclesiastic thought, followed by a more relativistic approach that developed in the early industrial civilization of the early Renaissance. The first movement was endorsed by early Christian scholars who interpreted the prohibition “in the most absolute and universal terms,” and who sought to narrow the definition of those who could be charged interest as much as they possibly could.¹²³

Proponents of this approach assumed the biblical condemnation of interest to be universally applicable even though these biblical laws were exclusively directed toward outlawing interest in poor loans, and in no explicit way prevented the charge of interest in other types of loans.¹²⁴ However, the literalist interpreters of theological law adapted the plain interpretation of the statute rather than the more nuanced one, and used these ancient laws as a foundation to pursue the criminalization of all profitable loans, regardless of purpose or intent.

Taking into consideration the cultural implications of the literalistic and relativistic schools of biblical thought, Meislin and Cohen examine the philosophical ideals that the proponents of each held in terms of future and present society. Their conclusion of the literalists is that they supported the prohibition in order to achieve a state of “universal utopia of the future in which poverty was abolished, wealth equitably distributed and the biblical law against usury strictly observed.”¹²⁵ The literalist movement, above all, viewed the world as fundamentally static and governed by an immutable order. Rather than study

¹²³ Meislin and Cohen, “Backgrounds of the Biblical Law Against Usury,” 251.

¹²⁴ Ibid., 253.

¹²⁵ Ibid., 252.

socioeconomic trends objectively and rationally, they attempted to apply an antiquated moral model to them and draw conclusions thusly.

If biblical sources formed the theological basis for the usury ban, the example of ancient Roman contract law, or more appropriately the example of this precedent as understood by medieval jurists, stood as its practical basis. Both of these sources emerged from ancient, pre-industrial agrarian societies, and both take into consideration such themes as the balance of power between borrower and lender and the need for lending as a charitable act in times of hardship. However, there are marked differences between the biblical understanding of lending and the ancient Roman legal attitude toward it, which viewed it more in terms of a privately arranged agreement rather than a charitable donation.

Roman contract law respected the rights of parties to engage in private agreements, and treated them as legally binding arrangements that functioned with the full support of the Roman civil law. Alan Watson's book, *The Evolution of Western Private Law*, is a thematically and temporally vast study that examines the origins of ancient Roman law, from the founding of the Roman Republic in 451 BC, and its influence on the development of Western law from the end of the Roman Empire to the modern era.¹²⁶ Watson investigates the political structure of the early Republic, its legislators and jurists, and the process through which the legal system was devised. He also spends considerable time examining ancient Roman contract law, which supplemented the public and private legislation codified in the Twelve Tables, from the 5th century BCE, and which would have a profound influence on how contracts would be observed in Europe in the medieval period and much later.

¹²⁶ Watson, *The Evolution of Western Private Law*, 19.

Contract law served as the primary form of regulating exchange, whether it was a loan for money or for consumable goods. Private contracts often took the form of a *stipulatio*, or a formal oral agreement, which in effect granted recognition to what amounts to a “private law, operating between two individuals.”¹²⁷ This legal structure granted parties the freedom to effectively determine their own terms and rights within a specified agreement, which would then be respected by all legal authorities. The terms of the contract remained separate from any external factors and would, Watson points out, remain valid whether or not it was “induced by fraud, was extorted by fear, or proceeded on an error.”¹²⁸

The *stipulatio* contract covered all types of agreement, from business deals to the promise of a dowry.¹²⁹ Its multitude of uses shows how integral it was to Roman society. Watson remarks that, with a bit of “skillful modernization,” it might have been the basis of a more flexible contract system that could account for fraud, intimidation or error.¹³⁰ However, rather than revise the policy of *stipulatio*, other forms of contract similar to it rose to accommodate various circumstances and functions.

Among the newer contractual agreements that supplemented the *stipulatio* was the *mutuum*, which functioned as a loan for consumption.¹³¹ Within this contract was a *condictio*, or a condition that the borrower was legally bound to deliver an owed good to the lender. Since ancient Rome had an agrarian economy, loans were frequently made in the form of seed which would be repaid after the harvest. These loans were traditionally viewed

¹²⁷ Ibid., 34.

¹²⁸ Ibid., 37.

¹²⁹ Ibid.

¹³⁰ Ibid.

¹³¹ Ibid.

as an “amicable service,” exempt from interest, to be repaid when conditions proved to be more favorable for the borrowing party. When commercial loans were made, or when money instead of seed was lent, or even if neighborly relations were strained, the contract of *mutuum* was used as a tool to ensure the repayment of the principle of the loan to the lender.¹³²

The fragmented approach to contract law that the ancient Romans observed, though practical at the time, would cause a great deal of confusion with medieval jurists as they attempted to develop a more unified framework for ecclesiastic law. The failure to directly address fraud, error, or duress by *stipulatio*, mixed with a general confusion over whether the *prima facie* interest-free nature of *mutuum* should be extended to all loans regardless of their purpose, posed severe moral problems for the ecclesiastical jurists. These omissions in the ancient Roman contract law allowed the ecclesiastics, who were already wary of profit of any kind, to fill in any perceived logical gaps with their own economically conservative evaluations. The process that resulted in the absolute ban on interest evolved over many centuries, beginning shortly after the texts of Emperor Justinian had been rediscovered by medieval scholars in the 11th century.

In order to combat the increasing fractionalization of legal authority, the Catholic Church imposed a massive reorganization of its canon laws in the 11th century.¹³³ The recently recovered legal texts of Justinian, who became emperor of the Byzantine Empire in 527 AD, were some of the most pivotal works to inspire ecclesiastic law in the medieval period. The study of Justinian’s texts would provide the medieval Christian mindset with necessary link to the ancient and early Christian legal structures, and would lay the

¹³² Ibid., 38.

¹³³ Plucknett, *A Concise History of the Common Law*, 302.

foundation for a more organized legal system to develop in Europe. Its reintegration into the European legal system would effectively restore to Western Europe “the full heritage of Roman law.”¹³⁴

During the restructuring of canon law, Roman law became a fundamental basis for the new legal framework. Justinian’s legal treatises offered medieval minds a vantage into the complex legal structure of ancient Rome. For instance, in the *Codex*, begun in 528, was a compilation of imperial legal decisions that covered a wide range of topics.¹³⁵ Its ultimate purpose was to revise all prior constitutions and to create a uniform body of laws. Justinian would later compile the *Digest*, a collection of works by many jurists from that and prior periods, and the *Institutes*, a collection of works for students.¹³⁶ The sum of these works was called the *Corpus Juris Civilis*, and was composed of twelve books and that ranged chronologically from Hadrian in the second century to the rule of Justinian.¹³⁷ With the exception of the *Institutes*, these texts had previously been lost to obscurity until recovered in the 11th century. After their rediscovery, they were embraced by ecclesiastic legislators eager to construct an updated, unified legal body and became an important model during formulation of the new judicial standard.¹³⁸

While the canonists occupied themselves with updating the Roman legal model of Justinian’s texts from their ancient foundations to a more contemporary one, one of their primary goals was to adapt this code to medieval religious thought by infusing it with a more

¹³⁴ Christensen, intro to *The Treatise on Laws* by Gratian, xi.

¹³⁵ Watson, *The Evolution of Western Private Law*, 2.

¹³⁶ *Ibid.*, 27.

¹³⁷ *Ibid.*, 2.

¹³⁸ Christensen, intro to *The Treatise on Laws* by Gratian, xi.

fundamental Christian spirit.¹³⁹ Ancient laws, such as those involving *stipulatio* and *mutuum*, were reconfigured via loopholes, omissions, and creative recontextualization to align with the ecclesiastical jurists' religiously inspired ethics. In this way, Justinian's legal code was adapted to an interpretation of lending that supported the ecclesiastic supposition that interest bearing loans were inherently immoral.¹⁴⁰

Through various councils during the medieval period, such as the Third Lateran Council of 1179 and the Fourth Lateran Council in 1215, canon law continued to expand into new realms of jurisprudence while the geographical boundaries of the church's legal authority broadened across new frontiers.¹⁴¹ The power of the Church had become so commanding by this time that, according to Plucknett, it "exerted a profound influence on the development of national laws."¹⁴² As the legal authority of the Catholic Church grew, its policies expanded into various subjects including those relating to business. Lawrin David Armstrong, in his book *Usury and Public Debt in Early Renaissance Florence: Lorenzo Ridolfi on the Monte Comune*, offers insight into exactly how Roman law and biblical doctrine fused to create medieval canon law in the context of economics. He refers to the canonist Gratian (fl. 1135 – 1145), who criticized almost all profits as "*turpe lucrum*," or "ill-gotten gains," and who assembled a large body of texts to support his ban on usury.¹⁴³ Pope Urban III (d. 1187) was among the first to link usury with biblical sources in order to further anti-usury legislation, in effect "transforming a general injunction to charity into a

¹³⁹ Plucknett, *A Concise History of the Common Law*, 302.

¹⁴⁰ Ibid.

¹⁴¹ Ibid.

¹⁴² Ibid., 304.

¹⁴³ Armstrong, *Usury and Public Debt in Early Renaissance Florence*, 58.

specific condemnation of usury.”¹⁴⁴ The Third Lateran Council of 1179 also agreed that usury should be punished severely.¹⁴⁵ Gregory IX, in his *Decretals* published in 1235, developed the notion of the *crimen usararum*, or the “crime of usury,” and ordered that the punishment for this sin to be the complete restitution of the damages to the victim.¹⁴⁶ This law would apply to other contracts besides loans, including “simulated sale contracts, credit sales in which payment or delivery was postponed, partnerships in which the risk was unevenly shared, bills of exchange and sea loans.”¹⁴⁷

By the 14th century, the prohibition of usury had become firmly codified. The *Liber sextus* and the *Constitutiones Clementinae* reflected a harsher legal stance on the subject, and led to the ruling, at the Council of Vienne from 1311-12, paraphrased by Armstrong, that “any person that affirmed ‘that it is not a sin to practice usury’ was to be ‘punished as a heretic.’”¹⁴⁸ Punishment for this crime included excommunication, deprivation of the sacraments and a Christian burial, and even the loss of the right to make valid testaments.¹⁴⁹

These rules, as strict and as firmly entrenched in Catholic juridical precedent as they were, would not constitute a lasting obstacle to Renaissance bankers. The socioeconomic revolution that was only beginning to gather momentum by the end of the 14th century would fully manifest early the following century, and would disrupt the medieval legal paradigm that supported the usury ban and lead to more fully decentralized legal systems throughout

¹⁴⁴ Ibid., 56.

¹⁴⁵ Plucknett, *A Concise History of the Common Law*, 302.

¹⁴⁶ Armstrong, *Usury and Public Debt in Early Renaissance Florence*, 59.

¹⁴⁷ Ibid.

¹⁴⁸ Council of Vienne, quoted by Armstrong, *Usury and Public Debt in Early Renaissance Florence*, 60.

¹⁴⁹ Raymond de Roover, *The Rise and Decline of the Medici Bank, 1397 – 1494* (Cambridge: Harvard University Press, 1963), 14.

Europe. In Florence, the leading ecclesiastics would abandon their condemnation of interest and eventually come to support its public benefits after seeing the uncontrollable rise of Jewish banking. A biblically relativistic movement would foster among the ecclesiastic community, and the long held belief in the *prima facie* universal applicability of ancient laws would no longer be practical as the socioeconomic trends led to conditions and structures completely alien to pre-industrial cognition.

The 15th century was a profoundly innovative period for religious thought in Florence. Meislin and Cohen remark that, during this time, “there emerged a considerable school of relativistic Old Testament interpreters...who saw injunctions against usury qualified and limited by the social and economic circumstances of the ancient Hebrews.”¹⁵⁰ These relativists would effectively confine the prohibition of usury to the applicability of ancient agrarian society, ruling out its legitimacy in the contemporary social world. This departure from conventional ecclesiastic thought was a direct product of a radical new set of conditions and events that forced scholars to question previously held assumptions and to reevaluate judgments that had been taken for granted for millennia.

Increasing awareness of the significance of industry to the contemporary society was one of the factors that spurred the new attitude toward religious relativity. Meislin and Cohen comment that while a contemporary evaluation of society still lacked scientific objectivity, the scholarly interest in commerce provided an opportunity for the more civically-minded ecclesiastics to “justify the mercantile aspirations of their own society.”¹⁵¹ These thinkers were compelled by a concept of fairness that was defined by their society’s

¹⁵⁰ Meislin and Cohen, “Backgrounds of the Biblical Law Against Usury,” 252.

¹⁵¹ Ibid., 252.

newly developed structure, rather than that defined by the long outdated structure of the agrarian civilization. The acceptance of this relativistic approach was the first sequential step that culminated in the rescinding of the legal prohibition of usury and ultimately the acceptance of lending as a legally sanctioned enterprise. The fact that these ideals had shifted so radically over time is a testament to the ways in which fundamental conditions and perceptions had shifted by the dawn of the Renaissance.

Despite all of the lengths that ecclesiastic jurists traversed to prosecute usury, the surge in European demand for monetary liquidity had already reached the point that laws outlawing usury were barely enforceable. Maristella Botticini's article, "A Tale of 'Benevolent' Governments: Private Credit Markets, Public Finance, and the Role of Jewish Lenders in Medieval and Renaissance Italy," profiles the most vituperatively regarded banking trend in the Tuscan region of the early 15th century, the brokerage of loans by Jewish bankers. Moreover, Botticini's article examines the conditions that made this practice so common as well as why it was tolerated by the church when so many other lenders were being punished for usurious practices.

Botticini explains that Jewish lending "enabled households to smooth consumption, purchase working capital, and provide their daughters with dowries."¹⁵² Additionally, Jews lent funds to a wide variety of clients, ranging from rural peasants to wealthy merchants, artisans, notaries and doctors. These services were vital to the rapidly developing economy of 15th century Tuscany for all manner of purposes, and demand for these services was voraciously expanding. In fact, towns that did not have access to Jewish lending at this time

¹⁵² Maristella Botticini, "A Tale of 'Benevolent' Governments: Private Credit Markets, Public Finance, and the Role of Jewish Lenders in Medieval and Renaissance Italy," *The Journal of Economic History* 60, no. 1 (March 2000): 166, <http://www.jstor.org/stable/2566801> [accessed on February 6, 2009].

were considered to be at an economic disadvantage, as evidenced by the multiple requests of Florentine authorities by rural leaders that Jews be allowed to practice lending in their communities, and which frequently emphasized “the financial distress that the paupers experience because of the absence of a Jewish lender.”¹⁵³

In 1427, the *catasto*, or fiscal record, was taken by the Florentine communal government for tax purposes. It recorded demographic and financial data from the urban center as well as the rural Tuscan surroundings. Capturing data from approximately 60,000 households and 260,000 people, the *catasto* inventoried both moveable and immovable possessions, documented the concerns of “lowly, despised peasants and artisans...alongside proud patricians,” and organized vast quantities of information on “the wealth, the economic activities, and the demographic characteristics” of the entire Tuscan region.¹⁵⁴ What this census recorded regarding the proportion of households that patronized Jewish lenders was intriguing: one-fourth in Arezzo, one-third in Castiglion Fiorentino, one-fourth in Montepulciano, one-fifth in Monte San Savino and Pescia, and one sixth in San Gimignano.¹⁵⁵ In addition, one tenth of all total household debt was owed to Jewish bankers.¹⁵⁶

Botticini points to two main advantages that Jewish bankers held over other European lenders. First, Jewish wealth was mostly liquid, which was due to the fact that most of it came in the form of cash and small objects that were pawned. Also, strict rules governed

¹⁵³ Ibid., 173.

¹⁵⁴ David Herlihy and Christiane Klapish-Zuber, *Tuscans and Their Families: A Study of the Florentine Catasto of 1427* (New Haven: Yale University Press, 1985), xxiv.

¹⁵⁵ Botticini, “A Tale of ‘Benevolent’ Governments,” 174.

¹⁵⁶ Ibid., 174.

how their money could be spent, such as the Florentine prohibition of Jewish ownership of houses and property over a certain value.¹⁵⁷ Because of its liquidity, their wealth was virtually free from the effects of war, weather, disease, and property taxes that constantly eroded fortunes at this time. It was also easily portable and could be dispensed in a rapid manner that was free of many of the costs and liquidity constraints that other bankers would have had to absorb or otherwise overcome.

Second, Jewish lenders had strong social and economic connections.¹⁵⁸ These types of connections were uncommon amongst most communities at this time, which were separated geographically and politically. Parochialism and protectionism functioned to prevent the flow of money and information between communities, resulting in scattered and shallow pools of economic resources. Jewish networks were vital tools that transcended these barriers and brought prosperity to otherwise isolated communities. Economic and family ties among Jewish families in various cities and villages allowed them to pool resources and share risk while granting them the ability to offer citizens of these communities access to external sources of credit.¹⁵⁹

Jewish lending affected both the private as well as the public sector. To the private sector they offered pawn-broking services that aided lower income citizens in covering their living expenses while to the wealthier classes, including the artisans and merchants, they offered written notes of credit or guarantor in order to fund productive investments.¹⁶⁰ To the public sector, Jews loaned to towns when tax revenue did not meet the cost of necessary

¹⁵⁷ Ibid., 171.

¹⁵⁸ Ibid.

¹⁵⁹ Ibid.

¹⁶⁰ Ibid., 176.

expenditures such as salaries, when funds were needed to be raised for warfare against neighboring towns, or for the subsidization of grain in times of famine.¹⁶¹ Towns also collected annual right-to-lend taxes from Jewish lenders and regulated interest rates in order to maximize tax revenue.¹⁶² This taxation was often done under the guise of benevolence, its purpose stated as the “welfare of the citizens,” but it was more likely, as Botticini contends, used as an instrument to “impose an indirect tax on their citizens.”¹⁶³ Either way, Jewish lending was allowed by local authorities because it helped ease the burden of unpredictable economic conditions and while serving as an effective way to increase government revenues.

In addition to its public support approval from communal authorities, Jewish lending was allowed to function because of the unique religious status of the Jews in Christian society. The ecclesiastic ban on usury was not applicable to Jews because they were considered to be separate from the Christian community.¹⁶⁴ Moreover, the religious laws that were shared by both Christians and Jews, and that prohibited Christians from lending to one another, technically allowed the Jews to lend to Christians due to the clause in Deuteronomy that allowed for lending to foreigners. In any case, since they were not bound to the same rules and authorities as Christians they managed to fit in a unique niche that eluded the legal reach of the ecclesiastical jurists. The metaphorical fence that separated the Jews from the Christians in the legal sense was, in a way that infuriated the Catholic jurists, semi-permeable in that it could not prevent Christian citizens from borrowing from Jewish

¹⁶¹ Ibid.

¹⁶² Ibid., 181.

¹⁶³ Ibid., 185.

¹⁶⁴ Ibid., 167.

lenders, a voluntary act that was not explicitly a crime, while it effectively prevented any form of legal sanction against the lenders themselves.

The success of Jewish bankers would ultimately lead to bitter jealousy and anti-Semitism by the mid 15th century. Franciscans and Dominicans alike vocally opposed the frequency of Jewish lending by Christians, including San Bernardino of Siena, who warned, “If you have consented to have a Jew lend at usury here in Siena... you have incurred... excommunication.”¹⁶⁵ Most cities maintained a more practical approach to Jewish lending, however, viewing it as “morally evil but economically ‘necessary and health-giving.’”¹⁶⁶ In 1430, Florence had even passed a *provvisione* that allowed Jewish moneylenders legally to do business within the city.¹⁶⁷ Still, even with the popularity of the Jewish moneylenders’ services and their beneficial effects to both large and small communities, efforts to undermine the Jewish monopoly on lending for profit led to other institutions of lending to appear. One of the more revolutionary lending institutions to be born from this tension was the *monte di pietà*, or the public lender.

In her article, “The Monte’s ‘Monte’: The Early Supporters of Florence’s *Monte di Pietà*,” Carol Bresnahan Menning examines the formation of the *monte* and what circumstances led to it. This institution served the public by granting loans to the community while funding its operations via civic and municipal collections. Its branches existed as “charitable civic pawnshops offering loans against pawns at low interest rates,” and were

¹⁶⁵ San Bernardino, quoted in Carol Bresnahan Menning, “The Monte’s ‘Monte’: The Early Supporters of Florence’s Monte di Pietà,” *The Sixteenth Century Journal* 23, no. 4 (Winter 1992): 663. <http://www.jstor.org/stable/2541726> [accessed November 13, 2008].

¹⁶⁶ Paolo di Castro, quoted in Carol Bresnahan Menning, “The Monte’s ‘Monte’: The Early Supporters of Florence’s Monte di Pietà,” *The Sixteenth Century Journal* 23, no. 4 (Winter 1992): 662.

¹⁶⁷ Menning, “The Monte’s ‘Monte,’” 662.

supported by “members of the city’s patriciate, corporate groups, fines resulting from lawsuits, and resources delegated to it by the Commune.”¹⁶⁸ Although officially created in 1495, popular support in Florence for the public lending institution developed as early as the beginning of that century.

According to Menning, primary support for the *monte* was derived mostly from members of the middle and lower-middle class.¹⁶⁹ What the *monte* provided these individuals and families was an alternative to the Jewish pawnbrokers at a much lower price, since interest charged by the civic lenders tended to range between only five and ten percent.¹⁷⁰ Radical anti-Semitism from ecclesiastics, humanists, and the general population reached an explosive level by the second half of the fifteenth century, and support for a mass expulsion of the Jewish communities coincided with renewed interest in the *monte*.¹⁷¹

Endorsement for the *monte* extended beyond the lending and borrowing public of Florence. The civic lending institution also found support from the seemingly unlikely community of the local religious orders. Menning discusses the role that the local Dominicans and Franciscans played in the creation of the *monte*. While both would end up supporting civic banking, their attitudes were deeply divided and illustrate the disarrayed state of ecclesiastic unity at the urban level during the Renaissance.

Between these two groups, the Franciscans were the first to favor public lending and their approval of it came from the recognition that it prevented “more ruinous rates” and the

¹⁶⁸ Ibid., 661.

¹⁶⁹ Ibid., 662.

¹⁷⁰ Ibid.

¹⁷¹ Ibid., 663.

“consequent impoverishment of the people forced to take recourse to the Jews.”¹⁷² The funds collected from interest were also combined with charitable donations in order to support the institution, further giving it a moral acceptability for the Franciscans.

The Dominicans, on the other hand, were more critical of the public bank and maintained their stance throughout most of the 15th century that all interest was usury. It was not until the death of Lorenzo de’ Medici, who was an outspoken critic of the *monte*, in 1492 and the subsequent reign of Savonarola, a Dominican friar who independently supported it, that the Dominicans reversed their stance on public banking and endorsed the creation of the new institution. In 1495, Savonarola approved the *provisione* that would simultaneously create the *monte di pietà* and give the Jews of Florence, which it referred to as “a raging pestilence” and “the enemies of God,” one year to vacate the city.¹⁷³ The provision would mark the end of the legal loophole for Jewish lending, but it would also mark the beginning of the official ecclesiastic acceptance of public lending in Florence. In addition, the *monte di pietà* would go on to change the nature of banking by providing interest not only on loans but on deposits, in effect evolving, according to Goldthwaite, “from a pawn bank to a genuine savings-and-loan bank.”¹⁷⁴

As popular as the notion of a public lending institution in Florence had been for the majority of the 15th century, one surprisingly persistent opponent was the group of elite banking families in the city, particularly the de’ Medici. Although it might seem odd at first that the elite bankers would support a ban on the very activity that they built their financial

¹⁷² Ibid., 664.

¹⁷³ Ibid.

¹⁷⁴ Goldthwaite, *The Economy of Renaissance Florence*, 473.

empire from, it makes sense when considering that by endorsing a public lender they would be helping to create a rival banking institution. This, and the fact that they were able to maintain their banking enterprise with complete impunity already, gave them absolutely no reason to support any kind of legal acceptance of banking on a wide scale. Of any single group, these bankers would have had more to lose than any others, and as long as they maintained power the prospect of a public lender within the city would be illusory. Yet once the reins of authority were seized by the outsider Savonarola, it did not take long for public lending and the wider acceptance of banking for interest to become a reality for Florence. Despite their objections to the *monte*, the elite bankers would still have an effect on the ecclesiastical institutions and soften their stance on banking.

A brief examination of the elite bankers reveals how they navigated the legal quagmire of the usury ban, and managed to place their activities beyond the reach of the ecclesiastic prosecution. By using covert methods that hid their lending from public scrutiny, forming business deals with the Catholic Church that benefitted both the bankers and the Church, and by placing their family members in high ranking positions among the church hierarchical structure, the elite banking class was able to neutralize the threat of persecution that prevented other Christians from legally taking part in banking for profit. In the process, these bankers would help ease the prohibition of usury indirectly by making it more commonplace and by injecting their own values into an increasingly industrial society that they had, in almost every respect, come to dictate.

The elite bankers avoided prosecution by ecclesiastical authorities primarily in two ways. First, their banking activities were practiced away from the public eye and, second,

these bankers and their enterprises were so closely involved with the Catholic Church that prosecution of the bankers would have cost the curia many lucrative business opportunities.

Benjamin N. Nelson, in his article “The Usurer and the Merchant Prince: Italian. Businessmen and the Ecclesiastical Law of Restitution, 1100-1550,” examines how ecclesiastical and cultural factors had impeded the economic growth of Renaissance Europe.¹⁷⁵ Central to his argument is exactly what the ecclesiastical jurists considered to be usury and how this definition was applied to the merchant bankers. Nelson posits that what separated the large scale bankers from the common pawnbroker was notoriety: the most aggressively prosecuted lenders were “public usurers who, like the prostitutes, resided in distinctive quarters in the town, were exclusively licensed to ply their traffic manifestly and notoriously, and who, by the strict term of the agreement, were accessible to all.”¹⁷⁶ These lenders were guilty of “manifest usury,” or usury which was visible and could easily be proven. Contrarily, the merchant bankers avoided notoriety by keeping to a select network of clientele and by concealing their usurious activities via specialized business methods.

Nelson further clarifies:

What made a man a public usurer in the teachings of the church, therefore, was not the extent of his business or the magnitude of his advances or the purpose of his loans...or the character of his patronage, but it was his visibility, the notoriety of his manifest exercise of infamous usury, and his flamboyance, his avowed accessibility to all. If the Medici or the Guadagni had engaged in that type of business the canon law would have viewed them as open usurers.¹⁷⁷

By differentiating “manifest” usury from its more carefully concealed counterpart, the limits of the prosecution of usury become clear. Those that engaged in clandestine banking

¹⁷⁵ Nelson, “The Usurer and the Merchant Prince,” 107.

¹⁷⁶ Ibid., 108.

¹⁷⁷ Ibid.

operations effectively functioned outside of the law, beyond the Church's ability to prosecute. Taking this distinction into consideration, jurists had in effect created a legal caveat that exempted these bankers from punishment while bolstering their rationale for pursuing charges against more public offenders.

Papal bankers were also above the canon law because of their close relationship with the Catholic Church. Raymond de Roover's article "The Medici Bank Financial and Commercial Operations" explores many of the specific activities and relationships that the Medici Bank participated in including those directly associated with the curia. Among these were activities such as collection of papal revenues, such as taxes, indulgences and papal bulls, payments of subsidies abroad to foreign princes and other recipients, and the operation of the papal owned Tolfa alum mines.¹⁷⁸ These operations, especially the monopoly on alum that the de' Medici and the Curia shared, helped the Medici Bank to become "the greatest business organization in the world" and its founder, Cosimo de' Medici, to establish himself as the "richest man" in Europe.¹⁷⁹

Perhaps the biggest reason that the merchant bankers were never prosecuted for usury was simply that their families were closely tied to the Church itself. Many of these families included members that held high ranking positions within the Church's hierarchy. Rather than face punishment for their activities, these families enjoyed elevated status in society and frequently served as leading members of their communities. They were even so bold as to

¹⁷⁸ Raymond de Roover, "The Medici Bank Financial and Commercial Operations," *The Journal of Economic History* 6, no. 2 (November 1946): 166, <http://www.jstor.org/stable/2113081> [accessed December 9, 2008].

¹⁷⁹ George Holmes, "How the Medici Became the Pope's Bankers," in *Florentine Studies*, ed. by Nicolai Rubenstein (Evanston: Northwestern University Press, 1968), 379.

refer to themselves as “the Pope’s money-changers” with no legal consequence.¹⁸⁰ Male members of these families very frequently served in holy orders, often receiving preferment and becoming popes, cardinals or bishops.¹⁸¹ In fact, Lorenzo de’ Medici’s own son, Giovanni di Lorenzo, would later become Pope Leo X.¹⁸² Family status and the connections that it brought were among the most crucial tools used to derive power in Renaissance Europe. The merchant bankers, with all their new wealth and their experience in maintaining vast business networks, were successfully entrenched themselves within the most exclusive institutions of European society and promoted their kin into positions of authority within them. In this way, they became the new authority and, as a result, their more secular values would dominate and replace the more traditional, economically reserved values of their predecessors.

The elite banking class, through its wealth, status, and extensive networking, was truly the first class of European Christian society successfully to navigate the legal labyrinth established by medieval ecclesiastical jurists. Like the Jewish bankers, their activities exploited many legal loopholes while keeping just beyond the reach of the ecclesiastic prosecutors. Unlike the Jewish bankers, their vast networks and unique relations with the church allowed them to operate practically free of any legal impingement. As their class came to dominate every aspect of Renaissance Florentine power, they managed to exert a profound influence on the ecclesiastical institutions and put to rest many of the old-fashioned objections to banking that had caused so many problems for their vocation in the past.

¹⁸⁰ Ibid.

¹⁸¹ De Roover, *The Rise and Decline of the Medici Bank*, 14.

¹⁸² Ibid., 221.

The 15th century saw the rise of a movement towards a more historically relativistic approach to biblical law that would loosen the legal bindings that only succeeded in stifling economic innovation. Factors that led to this development included the ever-increasing need for accessible loans by Florentine public, the increasing anti-Semitism caused by the sheer volume of Jewish lending which culminated in the establishment of a public lending institution, and the influence of a wealthy merchant banking class that infused its own ethics into the legal and religious institutions that it was increasingly dominating. Above all else, these trends would cause a shift in the way that ecclesiastics would see the world around them, bringing to their attention the need for a more appropriate legal approach to business, and forcing them to recognize the fact that theirs was not the agrarian civilization that had existed during ancient times and that the old laws no longer effectively served their needs.

CHAPTER 4

PUBLIC IMAGE AND HUMANIST PHILOSOPHY

Just as religion and law are important indicators for understanding the dynamics of a changing society, public attitudes are also vital because they give a collective voice to constituents of the community. One of the most effective ways of determining a society's attitude is by analyzing its literary output, and Florence's outspoken intellectual community had much to say about the changing socio-economic conditions and developments of the European world. This chapter will consider the public's interpretations of banking via literature, philosophical exposition, and the socio-economic dynamics from the 13th to 15th centuries in order to better understand the forces and agents that effected the transition from the image of the stereotypical usurious lender to the beneficent merchant banking oligarch. It will accomplish this first by discussing some of the popular conceptions of the medieval banker as depicted by Dante Alighieri and Giovanni Boccaccio, followed by a study of the early humanist movement to the 15th century and how it revolutionized the understanding of power, business, and social responsibility in such a way as to mitigate the damning stigma that the increasingly displaced political nobility sought to cast upon the bankers.

The goal of this chapter is to argue that the public's acceptance of banking was due in large part to the rise of a more individualistic mode of thought which embraced accomplishment rather than piety, and by the success of the humanist movement which supported rational, scientific and secular thought and, most importantly here, encouraged the acceptance of the merchant as a civic-minded community leader. The wealthiest bankers also sought to improve their public reputations by financing large-scale building projects

which aligned with the values of civic humanism, an urban philosophy that helped them to justify their right to rule over the commune of Florence and to improve their image in the face of harsh criticism from former ruling classes. Each of these trends would help to cast aside the traditional objections to banking, and wealth acquisition as an individualistic endeavor, and allow for a more dynamic socio-economic system to develop in Florence by the 15th century.

The intellectual process that led to the bankers' positive recognition in Florence can be traced to the late 13th century. During the commune's consular period up to the late 1200s, Florence's statesmen had been primarily nobles that descended from feudal lords. In 1293, a political upheaval that led to the Ordinances of Justice barred many former commune leaders from holding office and opened the door for a bloc of merchants, bankers and tradesmen to take control of the state.¹⁸³ This revolution would permanently alter the political and even cultural landscape of Florence. With power in the hands of the city's industrial elite, they were in a position to transform the city into a mercantile empire.

Florence in the early 1300s saw an economic boom thanks to its robust wool manufacturing industry and its banking activities with feudal lords abroad.¹⁸⁴ Guilds in the commune had always been powerful entities, and the surge in industry brought them even more authority. The Arte di Calimala had become the leading guild and social group in the city, and most of its revenues had been generated by international trade throughout Europe. Their enterprises allowed for even more expansion, and in compensation for their loans the firms of the Calimala enjoyed certain benefits abroad, including the right to collect public

¹⁸³ Martines, *The Social World of the Florentine Humanists*, 39.

¹⁸⁴ Baron, *In Search of Florentine Civic Humanism*, vol. 2, 43.

and feudal revenues, access to salt mines, administration of royal mint, and control over taxes and seaport customs duties.¹⁸⁵ All of these activities contributed to this group's developing economic and political empire at home, and to the further decline of influence that the nobles held within the commune.

As a result of the nobles' deepening loss of power, they embarked upon an intellectual campaign against the *nouveau riches* class of merchants, classifying them as greedy usurers who lacked the moral foundation and legacy that the nobles had maintained for centuries. Meanwhile, the merchant class was adopting many of the traits that distinguished the former leading class, including its social outlook and many of its old habits.¹⁸⁶ To make matters worse, the newly powerful merchants were forming their own dynasties in order to consolidate power for themselves, leaving but two options for the nobility: either intermarry into the new elite class, or face political and financial ruin. The situation, demeaning as it was for the nobles, led to a moral backlash that questioned the legitimacy of the new leaders by demonizing, not the power that they held, but the manner of acquisition that led to their obtaining power. One of the most venomous indictments of the new power, and its ill-gotten wealth, was in Dante's *La Divina Commedia*.

Born in 1265 to an old, noble Florentine family that was, like many, facing severe financial troubles, Dante Alighieri's passionate disapproval of the economic and social revolution taking place at this time was commonly voiced from members of his social group.¹⁸⁷ Jealousy over the merchant financiers mounted as an increasing number of old

¹⁸⁵ Ibid.

¹⁸⁶ Martines, *The Social World of the Florentine Humanists*, 39.

¹⁸⁷ Baron, *In Search of Florentine Civic Humanism* vol. 2, 45.

families defaulted on their loans, fell to bankruptcy, and had their castles seized by the Calimala bankers. Many at this time saw these bankers as socially parasitic. Hans Baron, author of *In Search of Florentine Civic Humanism* and *The Crisis of the Early Italian Renaissance*, explains that among the popular sentiments of the nobility was that these capitalists were collectively forming “a foreign body in the feudal world of the nobility and yet living at its expense.”¹⁸⁸ In the medieval economic and social world these bankers were anomalous, and did not fit with the established structure of contemporary society. Baron also explains that, because of their inability to fit into a conventionally accepted social niche, they were unable to become “a factor capable of transforming the thinking of the period in a lasting way,” though this would change dramatically by the 15th century.¹⁸⁹

In addition to class jealousy, the concept of moral conduct was another issue that would have inflamed Dante and his contemporaries vis a vis the medieval bankers. Baron remarks that Dante and his contemporaries would have viewed the subject of economic mobility “with the eyes of devout late-medieval laymen,” in which a contemplative life and the renunciation of earthly goods were considered essential in order to “free the mind of passion.”¹⁹⁰ Bankers were naturally seen as contrary to these themes. Rather than embracing asceticism and isolation, their profession involved a very public lifestyle which focused primarily on the collection of material wealth. To the medieval moral mindset, these activities would have earned the bankers a richly-deserved place in hell, as is expressed by

¹⁸⁸ Ibid., 44.

¹⁸⁹ Ibid.

¹⁹⁰ Ibid., 36.

Bonvesin de la Riva in *Libro delle tre scritture*, in 1274: “Wealth, exalted place and worldly honors, are naught but a dream dreamed by sinners.”¹⁹¹

Dante’s objection to the political direction that the city had taken is highlighted in *The Inferno*, Canto XVI, when the poet meets the 13th-century politician Iacopo Rusticucci. When asked if “courtesy and valor” still dwelled in Florence, or if it was forsaken, Dante cries with dismay, “The new people and the rapid gains have generated pride and excess, Florence, in you, so that you already weep for it.”¹⁹² Dante’s response is, of course, a reference to the social ascendancy of the merchant class and the displacement of the old ruling families. Stephen Bemrose, in *A New Life of Dante*, compares this episode to a later one in Dante’s *Paradiso* where the poet meets Cacciaguida, his own ancestor and a model for the virtues of a bygone era that symbolized “simple, austere righteousness.”¹⁹³ Bemrose points out that this is the first time in *La Divina Commedia* that Dante makes a direct attack on Florence. The comparison between the older and more virtuous Florence and the new Florence clearly implicates the socio-economic revolution, and the triumph of the merchants, as the main cause for the city’s fall from grace.

Dante’s disapproval of Florence stems from the bankers’ rejection of the old order and ethics. He clings to the implication that feudal Florence, and its political structure, represented the natural order, so any deviation from this model would invariably be a deviation from nature. This method of thought could not be clearer than in Canto XVII of

¹⁹¹ Bonvesin de la Riva, quoted in Lauro Martines, *Power and Imagination: City-States in Renaissance Italy* (New York: Knopf, 1979), 202.

¹⁹² Dante Alighieri, *The Divine Comedy of Dante Alighieri: Volume 1: Inferno*, edited and translated by Robert Durling (New York: Oxford University Press, 1996), 251.

¹⁹³ Stephen Bemrose, *A New Life of Dante* (Exeter, UK: University of Exeter Press, 2000), 129.

The Inferno, where Dante depicts bankers as hell-bound individuals whose crime is the rejection of nature. In particular, he admonishes their hunger for money and uses imagery to compare the bankers and their money bags to animals with bags of feed:

When I turned my eyes to their faces...I recognized none; but I perceived that from the neck of each hung a bag of a special color, with a special emblem, and their eyes seem to feed there. And as I come gazing among them, on a yellow purse I saw blue that had the shape and bearing of a lion.¹⁹⁴

The bags affixed to the necks of Dante's bankers reveal the families that they belong to since these are the bankers' own family crests. In addition to the lion on blue, Dante remarks on another banker with a bag of red with a white goose and one of white with a blue sow.¹⁹⁵ Respectively, these banking families are the Gianfigliuzzi, the Obriachi, and the Scrovegni.¹⁹⁶ Dante further dehumanizes the bankers by giving them the mannerisms of animals, as he describes how one of them "twisted his mouth and stuck out his tongue, like an ox licking its snout."¹⁹⁷ These bankers were all contemporaries of Dante, and his unflattering depictions of them were well known to them and the social circles to which they belonged.

In addition to questioning their very humanity, Dante uses literary finesse to discredit the bankers' vocation by alluding to Aristotelian teaching. His condemnation of the practice can be found in Canto XI of *Inferno* where, through Virgil, he states: "Do you not remember the words with which your *Ethics* treats so fully the three dispositions that Heaven refuses,

¹⁹⁴ Alighieri, *Inferno*, 263.

¹⁹⁵ Ibid.

¹⁹⁶ Durling, notes to Alighieri, *Inferno*, 271.

¹⁹⁷ Alighieri, *Inferno*, 265.

incontinence, malice, and mad bestiality?”¹⁹⁸ When asked by Dante the poet to extrapolate on why usury falls into these categories, Virgil explains:

“Philosophy,” he said, “to one who understands it, notes, and not merely in one place, how Nature takes its course from the divine intellect and art; and if you take good note of your *Physics*, you will see, after not many pages, that your art follows Nature as much as it can, as a disciple follows the master; so that your art is almost God’s grandchild. From these two, if you bring to mind the beginning of Genesis, we must draw our life and advance our people; and because the usurer holds another way, he scorns Nature in herself and in her follower, since he puts his hope in something else.”¹⁹⁹

In the above passage, Dante reiterates Aristotle’s objections to banking for interest because it goes against nature or, more precisely, it deviates from divine intellect and art. Since usury neither “draws life” nor “advances our people” it is something not just craven but fundamentally inhuman. Therefore, drawing from the belief that humanity was the ultimate expression of divine intellect through nature, Dante classifies usury as bestial in terms that were confluent with contemporary philosophy.

Giovanni Boccaccio, born in 1313, was also a critic of the political power accumulated by the upstart merchant class despite his father being a Florentine banking official and, in his youth, serving six years as an apprentice at the Bardi bank in Naples.²⁰⁰ His true passion was in poetry and philosophy, and his family’s contacts allowed him to mingle with other intellectuals and members of the Neapolitan nobility.²⁰¹ Two years after returning to Florence in 1341, he witnessed the overthrow of the nobility and the instatement

¹⁹⁸ Ibid., 175.

¹⁹⁹ Ibid., 177.

²⁰⁰ G. H. McWilliam, introduction to Giovanni Boccaccio, *The Decameron*, translated by G. H. McWilliam (Harmondsworth: Penguin, 1972), xxxiii.

²⁰¹ Ibid., xxxiv.

of the *popolo minuto* to power, which proceeded to diminish the wealth and influence of many of the noble and even other merchant families, including Boccaccio's own.²⁰²

Like Dante, Boccaccio offered a less than savory depiction of bankers in his literary works, including *The Decameron*, written in 1349, although the tone of his indictments is much less accusatory and more satirical. In this collection of short tales is, among them, the story of the physician's wife (Day 4, Tenth story), in which he depicts bankers as opportunistic schemers. While introducing them in the story, his narrator comments that "they were money-lenders, always on the lookout for ways of making pots of money and saving a few coppers."²⁰³ Upon seeing the mysterious chest containing, unbeknownst to them, the lover of the physician's wife, the bankers waited until evening to cart it away without either checking the contents or searching for the chest's owner. When confronted with their misdeeds at the end of the tale, they further demonstrated their craftiness by fabricating "a string of tall stories," although they were eventually forced to pay ten florins for their thievery, to the delight of all involved.²⁰⁴

Also in the *Decameron*, Boccaccio illustrates the moral shortcomings of the bankers in an even more sinister, albeit still comical, light. The tale of Ser Ciappelletto (Day 1, First story) tells the story of a wicked notary hired by a wealthy businessman to collect debts in Burgundy. Unbeknownst to the naïve merchant, Ser Ciappelletto, also known as Ser Ciapperello da Prato, is a cruel villain with a penchant for brutality, blasphemy, and general

²⁰² Ibid., xli.

²⁰³ Boccaccio, *The Decameron*, 362.

²⁰⁴ Ibid., 357.

malice. Ciappelletto provides an extreme example of the “shameless usurer,”²⁰⁵ and in the words of the narrator:

He would take particular pleasure, and a great amount of trouble, in stirring up enmity, discord and bad blood between friends, relatives and anybody else; and the more calamities that ensued, the greater would be his rapture...He never went to church, and he would use foul language to pour scorn on all of her sacraments, declaring them repugnant...He was a gambler and a card-sharper of the first order...He was perhaps the worst man ever born.²⁰⁶

The irony of Ser Ciappelletto’s tale comes from the fact that, on his death bed, he managed to convince a local friar of his saintliness. In fact, after his death Ciappelletto would be canonized and revered such that “there was hardly anyone who did not pray for his assistance in time of trouble,” while it was also believed that “through him God [had] wrought many miracles.”²⁰⁷ Ser Ciappelletto’s tale is as much an indictment of usurers as it is of the priest, who contrasts with the debt collector’s brutal and conniving nature with his own naïve gullibility, and the interplay between these two extremes makes each one even more distinguished.

While not as despicable as Ser Ciappelletto, the money-lending brothers with whom he lodged were petty and selfish as well. Their concern was not necessarily with Ciappelletto’s health but with their own reputations should his death bring about any negative attention to their doorstep. In a conversation between them, one brother remarks, “And when the townspeople see what has happened they’ll create a commotion, not only because of our profession which they consider iniquitous and never cease to condemn, but

²⁰⁵ Nelson, “The Usurer and the Merchant Prince,” 112.

²⁰⁶ Boccaccio, *The Decameron*, 27.

²⁰⁷ *Ibid.*, 37.

also because they long to get their hands on our money...”²⁰⁸ These characters are much more indicative of the common, everyday sort of banker that citizens would interact with on the streets of Florence.

Though not as vile as Ciappelletto, the brothers’ status in society is still highly criticized. Boccaccio’s money-lenders are aware of their own reputation and do nothing to dispel it, even humorously reinforcing the negative stereotype through their behavior and conversation. As Ciappelletto gives his false confession, the two brothers secretly place themselves behind a partition and eavesdrop because of their fear that he is going to deceive them. As the dying man concocts one elaborate lie after another, the brothers become amused at his audacity in the face of imminent death. Afterwards, the narrator remarks that “seeing, however, that he had said all the right things to be received for burial in a church, they cared nothing for the rest.”²⁰⁹ This story reveals both the general sentiment towards the bankers by the public and the general perception of how they acted amongst themselves. The themes of greed, paranoia and a general sense of disregard for fellow human beings are amongst the most common characteristics of bankers in literature prior to the 15th century.

Considering his stance on bankers, it should come as no surprise that Boccaccio was also a staunch supporter of *paupertas*, a lifestyle that glorified asceticism and modesty, and frequently referred to classical history in his criticisms of the conspicuously wealthy. Baron discusses several of Boccaccio’s letters, and in one the philosopher writes about how “the lesson of Roman history can stand us in good stead because it teaches us that little is needed

²⁰⁸ Ibid., 28.

²⁰⁹ Ibid., 35.

to satisfy human wants.”²¹⁰ Among the figures of antiquity he uses as models of this theory are Scipio Africanus (235 – 183 BCE) and how his “little house on the Mediterranean coast” emphasized the majesty of his name and virtue, and of the Roman general Cincinnatus (519 – 430 BCE) who was literally called upon to lead the Roman soldiers while plowing his fields.²¹¹ Poverty, as a condition of virtue, was essential to the strength of the nation. Conversely, Boccaccio blames the fall of the Roman Empire to its moral decline and the decadence that it came to embrace:

As soon as riches with their weakening effect began to shape private lives, the empire lost ground; and as covetousness increased, declined more and more and finally fell into the state of decay in which it is today, in which it exists in name only and not a political reality.²¹²

Among the first to break from the moral outcry over the dubious rise of the merchant class was Petrarch, who was one of the primary architects of the humanist movement.²¹³ Born in 1304, Petrarch’s writings during his early life had adhered to the medieval philosophy of *paupertas*, like his contemporary and acquaintance Boccaccio, but his later works indicated a much more classical approach to understanding wealth and means. Baron remarks that, by the late 1350s and 1360s, Petrarch’s works were more inspired by Cicero (106 – 43 BCE) and Seneca (4 BCE – 65 CE), who were much more ambivalent on the topic of wealth.²¹⁴ For instance, in one of his discussions on classical philosophy, Petrarch states:

²¹⁰ Giovanni Boccaccio, quoted in Hans Baron, *In Search of Florentine Civic Humanism: Essays on the Transition from Medieval to Modern Thought* vol. 1 (Princeton: Princeton University Press, 1988), 206.

²¹¹ Baron, *In Search of Florentine Humanism* vol. 1, 207.

²¹² Boccaccio, quoted in Baron, *In Search of Florentine Humanism* vol. 1, 207.

²¹³ Martines, *Power and Imagination*, 199.

²¹⁴ Baron, *In Search of Florentine Humanism* vol. 1, 181.

Seneca's opinion, which paraphrases that of Cicero, is that augmentation of a person's means, provided it does not injure or harm anyone, is permissible even for a philosopher who wants to respect the limits of the good and dutiful.²¹⁵

Petrarch's writings contrasted starkly with the conventions of medieval philosophy. Their beliefs were typically bound to the medieval view on economic life that men were destined for a particular station and that they should not upset the predestined order of things.²¹⁶ Contrarily, Petrarch was a witness to a more mobile social structure, and his writings reflect a dismissal of antiquated philosophical assumptions in favor of newer ones based on both contemporary observations and classical sources that complemented them.

Baron compares Dante's philosophy on intellect, that "the very dignity of philosophy...derived from the fact that intellectual activity 'comes to an end at a fixed point'" in order to equip the human mind with "full wisdom" needed to contemplate the divine, with that of Petrarch, who believed that "the nature of true learning was unlimited progress of mind – a boundless thirst for knowledge."²¹⁷ This outlook effectively brings the domain of knowledge to the realm of earth rather than the heavens. It also calls to attention the need for intellectuals to expand their field of knowledge and pursue other venues for learning.

Petrarch's background factors into this philosophical shift because of his family's involvement with the political world. In his biography of Petrarch, the later humanist Bruni (1369 – 1444) explained that Petrarch's father, Petracolo, was a resident of Florence and served the republic as an ambassador, among other civic tasks, and was even the official

²¹⁵ Petrarch, quoted in Baron, *In Search of Florentine Humanism: Essays on the Transition from Medieval to Modern Thought* vol. 1 (Princeton: Princeton University Press, 1988), 181.

²¹⁶ Baron, *In Search of Florentine Civic Humanism* vol. 2, 51.

²¹⁷ Ibid.

scribe of legislative records.²¹⁸ His upbringing would influence his perception of the world, giving him insight into new socio-economic trends and affording him a unique perspective from which to base his observations and conclusions. Even his approach to knowledge was framed by his economic awareness in his comment that “a scholar can never put an end to reading and thinking or seal up his memory as if it were a treasure – like a rich merchant who at the end of his voyage keeps his wealth at home.”²¹⁹ Interestingly, though Petrarch and Boccaccio were both members of merchant families at roughly the same time, Petrarch’s later works showed an enthusiasm for the new class and its values while Boccaccio’s remained more reserved and skeptical of the early capitalists.

Petrarch’s example would foreshadow the fusion between philosophy and civic participation, although his actual contribution to the building of the intellectual movement would ultimately be minor because his ideas were so radically ahead of their time.²²⁰ Still, his thoughts are important because they signal an impending shift in the popular morality of economics. His work would inspire later humanists, who would build upon both his economic attitude and his approach to history, which is why he is an important segue into the topic of the 15th century humanists.

As the notion of *paupertas voluntaria* as an essential condition of virtue was beginning to crack during Petrarch’s time, it had completely crumbled by the Quattrocento and in its place stood an exuberant appreciation for personal achievement and expression through magnificence. Wealth, which had formerly been a subject of scorn by medieval

²¹⁸ Martines, *The Social World of the Florentine Humanists*, 43.

²¹⁹ Petrarch, quoted in Baron, *In Search of Florentine Humanism: Essays on the Transition from Medieval to Modern Thought* vol. 2 (Princeton: Princeton University Press, 1988), 51.

²²⁰ Ibid., 186.

philosophers, became respected as a source for potential good deeds and glory. Leon Battista Alberti, in *Della Famiglia*, asserts:

Wealth, if it is used to help the needy, can gain a man esteem and praise. With wealth, if it is used to do great and noble things and to show a fine magnanimity and splendor, fame and dignity can be attained.²²¹

Money and possessions had become, according to Lauro Martines, author of *Power and Imagination: City States in Renaissance Italy* and *The Social World of the Florentine Humanists*, “a necessary component of superior social place.”²²² Large scale business was now celebrated, as evidenced by the statement of Goro Dati in *L’Istoria di Firenze dal 1380 al 1405*: “A Florentine who is not a merchant who has not traveled through the world, seeing foreign nations and peoples and then returned to Florence with some wealth, is a man who enjoys no esteem whatsoever.”²²³

Family honor, like wealth, had always been an important factor in social status, and the attention that the merchants brought upon themselves via their opulent lifestyle and self-appreciation augmented the need to closely maintain an honorable status. Wealth could be judged as dishonorable if it was gained too rapidly or too recently, or if it was in any way connected to usurious contracts or any other dishonorable trade methods.²²⁴ Many of these objections were originally derived from the values of the old ruling families, though later they were adapted by the elite merchants that replaced them to keep power concentrated amongst a select few.

²²¹ Leon Battista Alberti, *The Family in Renaissance Florence*, translated by Renée Neu Watkins (Columbia: University of South Carolina Press, 1969), 142.

²²² Martines, *Power and Imagination*, 37.

²²³ Goro Dati, quoted in Lauro Martines, *Power and Imagination: City-States in Renaissance Italy* (New York: Knopf, 1979), 32.

²²⁴ Martines, *The Social World of the Florentine Humanists*, 30.

Occupations also held their own intrinsic honor values. Because of Florence's guild structure, those occupations belonging to the higher ranking guilds were considered to be more honorable. These included members of the legal profession, wool and silk merchants and international bankers.²²⁵ Occupations that contributed to trade were of major importance to Florentine society because they contributed to the economic success of the commune. Martines refers to several official dispatches and quotes from influential members of society that lauded the merchants: for instance, the merchants "are the cream of our citizenry, the foundation of our power. Without them the Republic would be nothing;"²²⁶ Cino Rinuccini wrote in 1400 that "the Republic is enhanced not only by military power but by commercial enterprise as well."²²⁷ Alberti, in *Della Famiglia*, wrote:

Hence merchants ought always to be what our great ancestors were...leaders in great enterprise, men of highest usefulness to their country, bringers of honor and fame to the family, men who grow from day to day, not in money and goods only but likewise in dignity and in the eyes of men.²²⁸

As Renaissance Florence experienced an industrial rebirth, so too did its intellectual movements. By the early 15th century, the humanist community had caught up with Petrarch and embraced the innovative approach to humanist philosophy that he pioneered. Their recognition of commerce was in largely due to the influence of merchants, manufacturers and businessmen who, in addition to laying the foundation for the Florentine industrial empire, were brought up with the teachings that Petrarch had presented a generation prior.²²⁹

²²⁵ Ibid.

²²⁶ Ibid., 33.

²²⁷ Ibid., 34.

²²⁸ Alberti, *The Family in Renaissance Florence* 147

²²⁹ Baron, *In Search of Florentine Civic Humanism*, vol. 2, 53.

Humanism had become the accepted curriculum for young business and government leaders, and humanist philosophers became integral members of elite courts.

The humanist intellectual canon, as it had evolved by the 15th century, was a collection teachings and attitudes that aligned itself with the interests of the dominant social groups. Martines describes humanism succinctly as “the city-state’s intellectual experience.”²³⁰ Early humanism was inspired by the literature of classical Greece and Rome and addressed a wide number of disciplines in the realms of science and the arts in a way that focused on man’s place in society. Rather than being a cohesive ideology, humanism was a broad approach to contemporary philosophical and intellectual topics that trained new members of the elite class to be effective leaders and thinkers, and to justify their non-traditional place in the society of the city-state.

Classical poetry was among the earliest and most important influences of humanism. The works of Homer (c. 12th century BCE), Terence (c. 195 – 159 BCE), Virgil (70 – 19 BCE), Horace (65 – 8 BCE), Juvenal (c. 55 – c. 127 CE), Seneca (4 BCE – 65 CE), and Ovid (43 BCE – 18 CE) were among many that the humanists celebrated because of the beauty of their prose and also because they believed that poetry “was a commentary on experience...a guide, a shaper of men.”²³¹ Grammar was of high importance to the humanist curriculum, but rhetoric was paramount. The art of eloquence, or persuasion through reading and writing, was an important tool through which public men were able to express themselves and be effective leaders.

²³⁰ Martines, *Power and Imagination*, 191.

²³¹ Ibid., 193.

The humanist movement, according to Baron, was originally “intended to be the common property of educated men of all social classes – laymen as well as clergy.”²³² Above all, humanism emphasized how individuals viewed society and one’s place within it. Despite having played a large role in its development, the early humanists were still maintained the traditional attitude that a contemplative life away from the temptations of materiality and passion were most favorable. By the 15th century this was no longer the case, and a shift to a more individualistic approach to humanism had taken place.

Humanists from the turn of the 15th century onward appreciated the significance of intellect in relation to nature as well as more metaphysical relationships. The commonly held belief at this time was, contrary to that of the previous century, that nature “had equipped man for action and usefulness to his family and fellow men.”²³³ In addition, the humanists argued that material possessions “must not be viewed merely with suspicion; for they provide the means for virtuous deeds,” and that “passion, ambition, and striving for glory are springs of action for a noble mind.”²³⁴ The effects of these changes in morality would help to justify the success of the new wealth and encourage others from lower, but certainly not the lowest ranks, to strive to achieve it.

The individualistic aspects of humanist thought can be traced to many of the classical writings that these intellectuals were studying. For instance, several of Cicero’s writings focused on the concept of *humanitas*, a term that resonated among the humanists and

²³² Baron, *In Search of Florentine Civic Humanism*, vol. 2, 33.

²³³ *Ibid.*, 36.

²³⁴ *Ibid.*

promoted moral and intellectual individuality in conduct, writing, and speaking.²³⁵ Livy's historical literature, in the late 1st century BCE, would similarly emphasize these ideals, demonstrating how they contributed to the growth and success of nations. Petrarch embraced this theme in his own writings and emphasized the "strong, self-made personality" that came to dominate the political world of the Renaissance commune.²³⁶

As humanism oriented itself toward the most influential members of the community, humanist philosophers associated exclusively with the merchant and professional groups that resided at the uppermost echelon of the political hierarchy.²³⁷ Individuals of this social class consisted specifically of "the wealthy merchants, landowners, bankers, and the more prosperous of the tradesmen."²³⁸ They praised "the earthly city," and with it admiration for politics, civil society, secular history, wealth, worldly accomplishment, and the pursuit of glory.²³⁹ The humanists served a vital purpose for this class because, in addition to training the new generations of civic and business leaders, they also functioned as the elites' public relations experts. By defending their practices and values, humanists helped defend the merchant elites from public criticism and promoted their political cause as one that would benefit the entire city.

With regards to the actual, technical practice of banking or lending for interest there is very little explicitly written by the humanists in its defense. In fact, Baron makes this clear when he states that "the attention paid to economic activity by Florentine humanists by no

²³⁵ Ibid., 32.

²³⁶ Ibid., 33.

²³⁷ Martines, *The Social World of the Florentine Humanists*, 99.

²³⁸ Ibid, 39.

²³⁹ Martines, *Power and Imagination*, 206.

means centered on the praise of commerce or even of the banker's profession."²⁴⁰ Even if their vocation was not directly endorsed, the bankers were validated in large part thanks to the humanists' views on wealth and its social implications. The validity of wealth was measured by its beneficial social effects, by the moral and social obligations of the wealthy, and by the disapproval of its excessive, dishonorable use.²⁴¹ Much like the relativistic movement of the canonists in the previous chapter, humanism would aid in the legitimacy of banking as a moral professional endeavor by shifting the focus away from the acquisition of wealth to how it benefitted the collective community.

Civic humanism, a term coined by Baron in *The Crisis of the Early Italian Renaissance* to describe humanism's extension into the study of power, became an important political tool that helped the early capitalist oligarchy to define itself and measure its own merits.²⁴² This facet of humanism emphasized the importance of a republican structure of government and buttressed the authority of the elites. Civic humanism was a philosophy with two goals: first, to maintain an orderly, civil society and, second, to ensure that power was restricted to a small group of politicians that came from humanist backgrounds. According to Mark Jurdjevic in "Civic Humanism and the Rise of the Medici," civic humanism combined Florentine republicanism with virtues the leaders felt reflected classical civic philosophy, especially the "Ciceronian exultation of civic life."²⁴³

Baron traces the development of civic humanism to the later 14th century. In *The Crisis of the Early Italian Renaissance*, he remarks that while humanism in the prior century

²⁴⁰ Baron, *In Search of Florentine Civic Humanism* vol. 2, 41.

²⁴¹ Martines, *Power and Imagination*, 214.

²⁴² Jurdjevic, "Civic Humanism and the Rise of the Medici," 994.

²⁴³ *Ibid.*, 1000.

had been mainly philosophical in nature, it later fused with a more civic outlook that was concerned with social conduct.²⁴⁴ Humanist philosophers during the 15th century had long abandoned the belief in an isolated, monastic life and had embraced a more active existence. In fact, many philosophers were active in the communal government. An example of this new philosopher is Coluccio Salutati (d. 1405), a political critic and family man, who wrote, “To devote oneself honestly to honest activities may be holy, and holier than laziness in solitude. For holiness in a [quiet] country life is useful only to itself...but holiness in a busy life raises the lives of many.”²⁴⁵ Another important civic humanist, Matteo Palmieri, would write *Della Vita Civile*, a discourse on the ideal qualities of the Florentine citizen-humanist in the 1430s.²⁴⁶ The new wave of humanist philosophers would not only be inspired by the earthly city, but they would be active participants in it.

Essential to civic humanism is the grandiose display of power and magnificence. Instead of being able to flaunt a glorious and distinct history as the old, noble rulers once had, the ruling oligarchy of the 15th-century Florentine Republic needed to fashion its own visual and cultural place in the society’s collective consciousness. This was accomplished through ambitious architectural projects, generous gifts and spectacles, contributions to the arts, and even through flashy and decadent dress that pronounced them as important, leading members of the community.²⁴⁷ The ultimate goal of these endeavors was to convince the

²⁴⁴ Hans Baron, *The Crisis of the Early Italian Renaissance: Civic Humanism and Republican Liberty in an Age of Classicism and Tyranny*, vol. 1 (Princeton: Princeton University Press, 1955), 5.

²⁴⁵ Coluccio Salutati, quoted in Baron, *The Crisis of the Early Italian Renaissance Civic Humanism and Republican Liberty in an Age of Classicism and Tyranny*, vol. 1 (Princeton: Princeton University Press, 1955), 91.

²⁴⁶ Hans Baron, *The Crisis of the Early Italian Renaissance: Civic Humanism and Republican Liberty in an Age of Classicism and Tyranny*, vol. 2 (Princeton: Princeton University Press, 1955), 414.

²⁴⁷ Martines, *The Social World of the Florentine Humanists*, 38.

public that they, as benevolent rulers, were also essential cultural, economic, and religious icons. Alberti openly endorsed the practice of extensive patronage in *Della Famiglia* when he wrote that the large scale civic expenditure brought honor to the patron, the patron's family and descendants, and the city itself.²⁴⁸

Artistic patronage was one of the many examples of splendor that the elites bestowed on the city. Art at this time would serve multiple purposes. Most art of the Renaissance was rich with religious symbolism, moral lessons, and visual magnificence. In many ways Renaissance art served as propaganda, and imagery was used to help “convey doctrine” and “to prop up belief.”²⁴⁹ Thanks to the patronage of the elites, many famous careers were made. Artists such as Masaccio, Brunelleschi, Donatello, Mantegna, Giorgione, Raphael, Leonardo, Titian and Michelangelo are but a few of the more widely recognized artists that painted for the bankers and politicians of the 15th century.²⁵⁰

There are many examples of the elites using architectural and artistic patronage to reinforce their standing in the community. For instance, Cosimo de' Medici, among the most famous bankers of the Renaissance, started a campaign in 1436 to restore a large number of religious buildings throughout Florence.²⁵¹ This was not merely a gesture of altruism, but a political move that would contribute to Cosimo's greater goal of political elevation. This practice was, of course, nothing new and not restricted to Florence. Antonio Ovetari of Padua hired Mantegna in 1448 to paint several frescoes in the Ovetari chapel in the Eremitani

²⁴⁸ A. D. Fraser Jenkins, “Cosimo De' Medici's Patronage of Architecture and the Theory of Magnificence,” *Journal of the Warburg and Courtauld Institutes* 33 (1970): 167. <http://www.jstor.org/stable/750894> [accessed September 22, 2008].

²⁴⁹ Martines, *The Social World of the Florentine Humanists*, 242.

²⁵⁰ Ibid., 246.

²⁵¹ Ibid., 241.

church in order to curry public favor for his own political campaign.²⁵² A century earlier, Enrico Scrovegno, son of one of the animalistic bankers depicted by Dante, commissioned works by Giotto at the Arena chapel in Padua after his father was forced to pay restitution and his inheritance was thrown in jeopardy.²⁵³ Magnificence in patronage became a focal point in the effort to dispel the usurious taint in all economic centers, and excessive size and majesty became signifiers of the “excess of virtue in the patron’s mind.”²⁵⁴

Other contributions that were intended to strengthen the social standing of the elites actually served the needs of the community more directly. Cosimo de’ Medici founded the Medici Library in 1444, as well as consecrated the newly constructed Santa Maria del Fiore cathedral.²⁵⁵ Cosimo’s father, Giovanni di Bicci, commissioned the foundling hospital, the *Ospedale degli innocenti*, and also financed the redesign of the San Lorenzo church.²⁵⁶ By extending a benevolent hand to the public, the elite merchants showed their empathy and fatherly generosity for the public that depended on them.

One of the most visible messages that the ruling elites wanted to convey to the public was that they belonged in power and were there to stay, and the construction of vast and richly decorated estates throughout the city helped to resonate this message clearly. 15th century Florentine urban landscape witnessed a construction boom that resulted in hundreds of new *palazzi*, most of which followed architectural trends that demanded larger and more imposing structures covered with splendid decorations, and that embraced the worldliness

²⁵² Ibid., 243.

²⁵³ Ibid.

²⁵⁴ Jenkins, “Cosimo De’ Medici’s Patronage of Architecture and the Theory of Magnificence,” 166.

²⁵⁵ George Pottinger, *The Court of the Medici* (Totowa, NJ: Rowman and Littlefield, 1977), 37.

²⁵⁶ Paul Strathern, *The Medici: Godfathers of the Renaissance* (London: Jonathon Cape, 2003), 41

and achievement of their owners.²⁵⁷ With large homes came the need to fill them with artistic treasures that captured the essence of the world around them, and their dominant relation to it. In addition to the increase in religious patronage, artists found themselves amid a surge of demand for portraiture and sculpture. These art forms gave the elites an opportunity to capture their assertiveness and their self-confidence, and to celebrate their control over nature as well as their authority in the world of men.²⁵⁸ Through artistic and architectural expression, wealthy bankers engaged in an effort to prove that their magnificent status and worldliness were beyond reproach.

Much like with their treatment of the visual arts, the elites were interested in history as a tool to define and immortalize themselves in their society's collective consciousness. Humanist leaders were interested in history largely because they wanted to know "what it could tell them about their own experience."²⁵⁹ Their study of history emphasized power and who held it, and the relations between rulers and the ruled in order to understand how best to approach their own policies. Leonardo Bruni, from his *De studiis et literis* of 1405, stated that "the careful study of the past enlarges our foresight in contemporary affairs and affords to citizens and to monarchs lessons of incitement or warning in the ordering of public policy."²⁶⁰ Humanist historians were profoundly interested in historical figures that upheld their predilection for individual achievement. Martines describes this approach as "emphatically selective, elitist, self-congratulatory, and fixed to a criterion of worldly

²⁵⁷ Martines, *The Social World of the Florentine Humanists*, 257.

²⁵⁸ Ibid., 259.

²⁵⁹ Martines, *Power and Imagination*, 195.

²⁶⁰ Leonardo Bruni, quoted in Lauro Martines, *Power and Imagination: City-States in Renaissance Italy* (New York: Knopf, 1979), 195.

success...the humanists were irresistibly drawn to the ranks of winners.”²⁶¹ While this may be true, the humanists approached the discipline of history in a manner that had more in common with ancient Roman historiography than that of the medieval period.

Humanist historians were among the first to acknowledge the didactic benefits of history. Prior to the Renaissance, poetry was seen by intellectuals as superior to history; humanists, on the other hand, believed that while both taught valuable moral lessons, poetry did so only in an imagined universe while history was superior because it was drawn from the actual world of men.²⁶² Humanists drew inspiration from the examples of the ancients, mimicking their style and subject matter. Among them, the late Republican works of Sallust and Livy were the most studied and emulated. Their histories, which often focused on the politics of the Roman city-state in Livy’s case or the various single wars that took place in Sallust’s, led to similar political histories being written by Florentine humanists.²⁶³ The words of Cicero, that the historian must show “not only what was done and said, but also how and why,”²⁶⁴ became an essential principle for the humanist historians. The refinement of the historical discipline and the application of a more scientific analysis of facts would, according to Felix Gilbert in *Machiavelli and Guicciardini: Politics and History in Sixteenth-Century Florence*, lead to “one of the most significant steps in the development of modern historiography.”²⁶⁵

²⁶¹ Martines, *Power and Imagination*, 198.

²⁶² Felix Gilbert, *Machiavelli and Guicciardini: Politics and History in Sixteenth-Century Florence* (Princeton: Princeton University Press, 1965), 218.

²⁶³ *Ibid.*, 209.

²⁶⁴ Cicero, quoted in Felix Gilbert, *Machiavelli and Guicciardini: Politics and History in Sixteenth-Century Florence* (Princeton: Princeton University Press, 1965), 210.

²⁶⁵ Gilbert, *Machiavelli and Guicciardini*, 219.

Not coincidentally, the humanist approach to historiography had many political benefits. For instance, histories helped to reinforce loyalty to rulers and ruling families and stimulated civil pride and public spirit.²⁶⁶ City histories helped city leaders to understand political behavior, the functioning of institutions and the conduct of government.²⁶⁷ Family histories recorded the political careers and achievements of their most prominent members.²⁶⁸ All of these applications of history were useful to the city's leaders, but the pragmatic role of it led to certain conflicts of interest. Humanist historians, writing for the elites, were bound to them professionally and necessarily illustrated them in ways that most positively portrayed them. Like the grandiose displays of magnificence that civic humanism endorsed, positive histories of the city's leading members helped to legitimize them and their careers in the public consciousness in their own terms. Among the most noteworthy of the humanist historians that helped to achieve this was Niccolò Machiavelli.

Machiavelli, born to a Florentine lawyer of modest means in 1469, would come to represent the quintessential humanist historian. His career was spent in the court of the Medici family after the ouster of Savonarola, and most of his works, such as *The Prince*, were dedicated to its members.²⁶⁹ Machiavelli's approach to history is a direct adaptation of the humanist values that inspired other Renaissance commissions. In all of his nonfiction works, the lives and achievements of great men played a significant didactic role, especially

²⁶⁶ Ibid.

²⁶⁷ Ibid., 228.

²⁶⁸ Ibid., 227.

²⁶⁹ Myron Gilmore, introduction to Niccolò Machiavelli, *The History of Florence and Other Selections*, edited by Myron Gilmore, translated by Judith A. Rawson (New York: Twayne Publishers, 1970), xxii.

in his character sketches which focused on personal achievement and political grandeur.²⁷⁰ Although his career spanned from the end of the 15th century to the beginning of the 16th, his contributions are important because they represent the culmination of the humanist movement and reflect the lasting effects that it would have on Florentine intellectualism during the later Renaissance.

Machiavelli's *The History of Florence* was a major achievement in Renaissance historiography. Drawing upon classical antecedents including Livy's *From the Founding of the City* and Thucydides' much earlier, 5th-century BCE, *History of the Peloponnesian War*, Machiavelli presents Florence much like a contemporary ancient Rome or Greece and uses comparisons between them in order to formulate his conclusions.²⁷¹ His approach to history, summed in his own words, is that "history is the teacher of our actions, and especially of those of princes, and the world has always been inhabited by men in the same manner who have always possessed the same desire."²⁷² Machiavelli's methodology is considerably less empirical than that of Thucydides, who presented historical subjects with comparatively little judgment and, with the exception of his reserved fabrications of various political speeches,²⁷³ minimal literary invention. Instead, Machiavelli followed Livy's example of a more literary style of history and included many historical distortions, including "idealized heroes and

²⁷⁰ Peter E. Bondanella, *Machiavelli and the Art of Renaissance History* (Detroit: Wayne State University Press, 1973), 88.

²⁷¹ *Ibid.*, 16.

²⁷² Niccolò Machiavelli, quoted in Peter E. Bondanella, *Machiavelli and the Art of Renaissance History* (Detroit: Wayne State University Press, 1973), 16.

²⁷³ Simon Swain, "Thucydides 1.22.1 and 3.82.4," *Mnemosyne*, Fourth Series, vol. 46, fasc. 1 (Feb., 1993): 38-39, <http://www.jstor.org/stable/4432217> [accessed on May 8, 2010].

reprehensible villains,” fabrications of literary speeches, and the use of anecdotes in order to illustrate the subject’s most dominant traits.²⁷⁴

While perhaps not true to factual reality, at least in terms of modern conception, Machiavelli’s history of Florence was an examination of a contemporary city in a scale both micro and macro which used intellectual tools both new and ancient. It was also one of the most important literary pieces of the Renaissance to defend the new elite merchant class, a goal that it achieved by placing these contemporary “princes” among the ranks of the ancient kings. Among these new “princes” was Cosimo de’ Medici, heir to the Medici Bank and ruler of Florence, and although Cosimo died decades before *The History of Florence* was written he provides Machiavelli with the perfect humanist hero.

Machiavelli’s tribute to Cosimo is supremely flattering and places him at near mythical status. He begins:

Cosimo was the most famous and respected citizen – for a man who did not rely on force – who ever lived not only in Florence but in any other city of which there are records. Not only did he outdo all his contemporaries in power and wealth but also in liberality and prudence, because among all the other qualities that made him a ruler in his own country were his outstanding generosity and munificence.²⁷⁵

Machiavelli describes Cosimo in terms that would have expressed the highest degree of honor possible according to the humanist understanding of the subject. The historian is clear to state that his subject’s legendary fame is due to his civic qualities, including his strong leadership, his intellectual ability, and his generosity as a civic patron.

²⁷⁴ Bondanella, *Machiavelli and the Art of Renaissance History*, 17.

²⁷⁵ Niccolò Machiavelli, *History of Florence and the Affairs of Italy*, edited by Felix Gilbert (New York: Harper, 1960), 220.

Cosimo's munificence is defined in terms of his generous business ethic, and its relative value is indicated by its position at the top of the list of specific character attributes that Machiavelli chooses to discuss. The historian paints the literary portrait of Cosimo as the generous banker prince:

There was no citizen of any standing to whom Cosimo had not lent large sums of money; and often when he heard of some nobleman in need, he would help him without being asked. His munificence was apparent in the great number of buildings he erected...he was the only ruler of Florence, nevertheless everything he did was so well tempered by his prudence that he never transgressed against civic modesty.²⁷⁶

In the above excerpt, Cosimo's vast wealth is highlighted but the historian focuses more on its use as an indication of virtue. The main message to be considered is that Cosimo's generosity extended to everyone, including members of the old families who had fallen on hard times. His respect and munificence toward the city is also an important quality, and his extensive civic patronage serves as an example of the gratitude he holds for its willingness to accept him as its sole ruler. Finally, in spite of his fortune, the historian portrays Cosimo as a modest man that let neither the love of money nor worldly glory detract from his humility before his civic duties.

Not only was Cosimo a generous leader, he was also a clever one according to Machiavelli:

Being very prudent, he could recognize trouble a long way off, and then he had time either to stop it from growing or prepare himself so that if it did grow it would not harm him. In this way he not only outdid private and civic ambitions but also outmaneuvered a number of princes so successfully and prudently that whoever made an alliance with him and his country ended up equal or superior to their enemies, and whoever opposed him wasted either their time and their money or lost power.²⁷⁷

²⁷⁶ Ibid.

²⁷⁷ Ibid., 221.

Here the historian shows how politically gifted his subject was by indicating the success of his every endeavor. His own ambitions, whether personal or civic, always resulted in a positive outcome, and no adversary could ever match his abilities. The second half of this passage emphasizes how much better Cosimo was than any noble counterpart, so much so that any noble's fate, to the extent that it was invested in relations with him, was directly correlated to the noble's alliance to him.

Machiavelli combines Cosimo's enormous financial leverage as a leading banker and his acuity as a civic leader to explain his effectiveness at protecting the city of Florence from foreign threats. This is illustrated in the example:

When [the Venetians] joined forces with Alfonso against the republic of Florence, Cosimo with his credit emptied Naples and Venice of money, so that they were forced to accept the terms that he agreed to offer them.²⁷⁸

Finally, Machiavelli describes how difficulties domestic and abroad both contributed to his honor and led to the destruction of his enemies. He explains that "his *virtù* and his fortune destroyed all his enemies and added to the status of his friends."²⁷⁹ Whether factually accurate or not is beside the point, but what speaks more in any case is the choice of characteristics that Machiavelli has employed in his tribute to Cosimo. In his tribute he polishes the reputation of the subject and accentuates the positive traits that define the entire elite class. Jurdjevic states that, "in addition to the *vita activa politica*, the ideology of civic humanism included the exaltation of the scholar-statesman and novel interpretations of wealth, history, and ideal government."²⁸⁰ These traits, compiled together, enforced Cosimo de' Medici's distinguished position in Florentine society and politics and, ultimately, gave

²⁷⁸ Ibid.

²⁷⁹ Ibid.

²⁸⁰ Jurdjevic, "Civic Humanism and the Rise of the Medici," 1000.

the elite merchants the hero and prototype they needed in order to claim the social position formerly occupied by the deposed nobility. Cosimo's civic and entrepreneurial achievements, and the way they are recorded by Machiavelli, are perhaps the best possible example of the cooperative relationship between the ruling elite bankers and the humanists. This relationship highlights, in clear terms, many of the values and methodology employed by both parties to capture the trust of the public and leave a positive lasting impression on the public cultural and political consciousness. In sum, the monumental achievements of the bankers, with the aid of the humanists, reveal how they combated the deposed nobles' accusations of usury not by rebutting them directly but by entirely changing the value structure of society so that these condemnations were no longer morally relevant.

This chapter has discussed, first, the intellectual shift away from the medieval concept of *pauvertas* in favor of the celebration of wealth and civic life for their potential benefits to society. Secondly, it has examined the ways in which the humanists and merchant elites worked symbiotically to change the moral currents of society from being skeptical of bankers to accepting them as moral and virtuous civic leaders. These aims have been accomplished by a careful study, in the context of social and economic change, of many of the most influential literary and philosophical achievements of Florence from the 13th to the 15th century.

From Dante and Boccaccio to the later works of Alberti, Machiavelli and many others, a very dramatic shift over time in both tone and overall message is distinguishable. While the late medieval works are cynical of emerging political and social trends, the Renaissance works are more constructively positive and emphasize the benefits of wealth and civic participation on both personal and societal levels. This is not coincidence. Since the

leaders of the medieval period were struggling to keep what power they could, their position was defensive. However, for the emerging merchant elites, they were faced with a struggle to prove their virtue and beneficence to the public despite the nagging criticisms of the old nobles. Consequently, their message was much more positive and focused on glory rather than catastrophe.

In order to survive politically, the elite merchants needed to redefine virtue and create their own mythologies. By employing the humanist philosophers, they were able to claim ownership of virtue on their own terms by emphasizing personal intellectual achievement, civic mindedness, and economic success in literature and education. They wrote their own histories and created their own heroes, and reshaped the cityscape into an indelible celebration of their creativity and generosity. Their endeavors were motivated by the desire to not only seize political power from the medieval feudal families but to fill the cultural gap that would be produced in the event of their success. As a result of their collaboration with the humanists, the elite merchants were able to forge a reputation of eloquence and magnificence that would ward off their political enemies and help them maintain their control of not just the city's politics but also its self-image.

CHAPTER 5

CONCLUSION

The exploration of the late medieval and Renaissance attitudes toward banking, and the trends that influenced them, leads to many interesting observations. First is the utter incongruity between medieval and Renaissance thought, and the myriad ways that this rift separated the overall experience of these cultures. In the span of only a couple of hundred years, the most fundamental concepts relating to life and morality underwent a shift that was unprecedented to European civilization. Social order was suddenly cast into question, leading to confusion and an eventual, but far from smooth, transition to a new order. The steps of this process are exhaustingly complex and far beyond the scope of this thesis. However, the metamorphosis from medieval thinking to Renaissance thinking in terms of banking are much simpler to trace and serve as a case study among the more complex changes that took place across the broad spectrum of life in Europe at this time. This study has broken down this process into three components, scholastic attitude, law, and public perception, in order to trace the forces that led to the legitimacy of banking in Florentine society.

For the Scholastics, their reluctant acceptance of banking stemmed from a more objective and rational understanding of economic conditions. Most surprising in regards to the scholastics is just how aware they, in particular San Bernardino of Siena and Saint Antoninus of Florence, were of economic fundamentals and contemporary business practices by the 15th century. San Bernardino's understanding of topics such as scarcity, utility, and desirability of goods shows how well developed the Renaissance scholastics views on

economics had become. Saint Antoninus' progressive views on usury, and his recognition of the various types of banking activities, set the scholastics even further on the course of acceptance of banking by opening the door for questioning the blanket assumption that lending for profit, in all forms, was morally reprehensible. While neither saw the dismantling of the usury ban during their lifetimes, their works propelled the movement closer to achieving this purpose than ever before. Their collective works are also indicative of an intellectual interest in market principles, and hint at the beginnings of a modern economic understanding.

The changing legal landscape is another example of how the new economic conditions influenced attitudes on banking in the Renaissance. The increased pressure from the public for more monetary liquidity was among these, and the borrowing of households implied a practical indifference to whether these funds were recognized as licit or not by church moralists. Secular powers, which were already gaining power over the central authority of the Catholic Church, contested the authority of ecclesiastical jurists to restrict lending and opened their own public banks in defiance of their objections. Finally, the ascension of the bankers as an elite class and their relations with the Church, externally through special financial relationships and mutual money-making enterprises, and internally through the appointment of its members to lofty positions within the Church structure, further undermined the prosecution of bankers and influenced the ban's dismissal.

Public perception was the last major topic explored in this study, and it presents perhaps the most vivid example of the changing attitude toward banking during the Renaissance. Literature of the late medieval period shows a clear slant against bankers, who were characterized as frivolous and morally bankrupt. Among their major critics were the

nobles, whose influence was rapidly waning as entire financial empires defaulted to bankers. This image changed sharply when the bankers themselves became the leaders of the city, and they actively campaigned to promote themselves positively. With the aid of the humanists, who favored their passion for intellect, human achievement, and political duty, the bankers manipulated the arts and the urban landscape in a way that brought attention to their own values and placed them in the public consciousness as the city's social and cultural masters.

These major topics come together by revealing how previously held beliefs, many of which dated back millennia, were necessarily discarded as conditions changed and new systems emerged to replace antiquated ones. As stated in the introduction, the theme of revision occurs frequently in exploring the attitudes of the Renaissance whether they pertain to economics, politics, or social conditions. This term is applicable, first, in that ideas were revised to more readily offer understanding to the changes taking place at that time, but also in the way that the world was viewed by those that lived as a part of it. Revision, in the literal sense, pays tribute to the reimagining of this world and how individuals actively served as constituents to its systems. Shifts in intellectual themes such as morality, law, and philosophy are indicative of this general re-envisioning that took place during the Renaissance. Changes in the understanding of banking are, it turns out, but a small part of the overall dynamics of the period.

In examining the main arguments against the legitimacy of banking, and their dissolution in the 15th century in the republic of Florence, many common themes begin to emerge. These themes include the understanding of wealth, profit, honor, and what constituted "nature." The way that these themes were defined by the public was directly crucial to how the institution of banking was received. Likewise, the evolution of perception

that these themes experienced in the Renaissance led to the acceptance and, later, the exaltation of banking above other vocations.

Wealth, to the medieval mindset, was a commodity to be shunned because of its potential for temptation and corruption. Religious moralists used the examples of Christ, the apostles, and later saints such as Saint Francis of Assisi, who shunned earthly possessions and nourished themselves with ascetic religiosity and little else, to discourage the public from wealth acquisition. The noble families, already possessing the vast majority of wealth and capital, argued against wealth acquisition in order to prevent erosion of their social preeminence. Their tactics included the rationale that to aim for loftier status was a sin and an affront to one's preordained place in society, and that only they were equipped with the moral fortitude to responsibly withstand the temptations associated with wealth. Deviation from these established norms was a rejection not just of the social structure but of a more universal conception of purpose and divine plan.

Profit was another theme of which the medieval public was highly dubious. The typical belief was that one could not profit unless at the expense of another. This static view of wealth scarcity threw into question the very legitimacy of organized business, and reduced the possible list of ethically acceptable vocations to only those that involved the household as the site of production and goods being sold at the "just price" and no higher. Preoccupied with general questions of fairness and equality in the scope of their limited understanding of trade, concepts such as efficiency and expansion fundamentally were alien to the early moralists. While this economic approach may have protected the interests of workers in the agriculture-based economies of antiquity, it was severely outdated by the Renaissance and

did not differentiate profit earned through mutually beneficial business relations from *lucrum cessans*, or ill-gotten gain.

Honor was of major importance to society during both the medieval period and the Renaissance. The difference between the two periods was how honor was defined. Medieval honor emphasized acceptance above all else and highly discouraged resistance in any form. Social sets were rigid, and one's life was essentially determined by the station into which one was born. This structure was fundamentally self-referential, the preservation of the structure and the *status quo* one of the main tenets of the structure itself. In the medieval society, honor was typically distributed according to how well one played one's preordained part amid the greater collective, regardless of achievement. Contrasting to this, the Renaissance cognition of honor was associated with accomplishment as well as conduct, and how these reflected onto the family structure and the community in general.

Nature played a tremendous role in the medieval understanding of the world, and was used as a measure to determine validity of virtually any activity or concept. The early understanding of money was based on its fundamental nature, and objections to early banking included emphasis of its artificiality. Certain virtues were seen as more natural than others, and these directly influenced the comportment and behavior of citizens in public. Agriculture was viewed with high moral esteem because it tied one's livelihood to the earth and nature. Nature was also seen as an expression of divine wisdom and design, and so served as a channel to understanding the purpose and will of the universe itself. Nature had an entirely different significance to the Renaissance mind, which viewed it as something that came secondary to human intellect and will and which was an obstacle to be tamed. Overcoming the chaos of nature and imposing a human order was a recurring theme in

humanist art and philosophy, and represents one of the most pronounced breaks from medieval understanding.

The beliefs of the medieval Europeans provided a convenient logical order to the universe. This order would remain valid in a static world devoid of mobility and drastic change, but its applicability proved brittle as social, political and economic changes manifested and brought about the Renaissance. Suddenly the world no longer fit into the neat mold of medieval thought, and the struggle to restore the old order became a major preoccupation of those who formerly held the reins of political and intellectual power. Conflicts between new ways of organizing the world versus old were commonplace, and changes outpaced the intellectuals' ability to comprehend their magnitude, adding even more confusion.

After examining many of the lasting intellectual effects of the socio-economic revolution, there are several conclusions that can be reasonably argued. First, this revolution took place outside of any pre-existing intellectual boundaries. The cognitive shift occurred with such force and intensity that the medieval model was, in little more than a lifetime, rendered completely defunct. The formerly understood order of the universe was irreparably broken because it was unable to be adapted to the new structure of life.

Tactics that depended on earlier models of morality proved useless, as did the enhanced enforcement of laws that targeted illicit economic activity that were based on these models. With their breakdown came the need for updated models that addressed the changed socio-economic landscape. A much more relativistic movement came about in order to achieve this purpose, a significant departure from the more proactive fundamentalist approach from before. Alternatively, this new movement was reactionary and examined

more closely the interactions and patterns of the new society and based its conclusions on observation.

As the more mobile society developed, the demand for a more free-flowing liquidity market exploded. Laws that prohibited banking were circumvented whenever possible, and the imposed liquidity bottleneck did nothing more than add to the pressure for revision. Faced with an epidemic of illicit lending, the more prevalent agents of which were the Jewish bankers, ecclesiastic jurists were forced to reconsider the validity of the ban and eventually lifted it altogether. Meanwhile, secular governments were already ignoring the ban under their own authority and implementing public lending institutions. The overturning of the usury ban proved to be a major blow to the legal authority of the ecclesiastic courts and a victory for the independent authority of the secular governments.

Finally, the socio-economic revolution sparked a transformation in both the value system of the communities as well as their urban structure in ways that reaffirmed itself. Humanism was a primary agent of this change, and was an intellectual method that recognized the importance of ascendancy and control over nature rather than subservience to it. Extensive renovation and construction projects altered the organization of the city in a way that reflected the ambition of the new elite and correlated to the changes in the socio-economic demographics. Large scale financial networks born from earlier trade relationships developed an international community where noble status was irrelevant and power followed the rules of monetary supply and demand exclusively.

As powerful as the bankers became in Florentine politics, their reign would be short lived. The overthrow of the Medicean government in 1494 led to the restoration of the Republic, but this would only last until 1530 when the invasion of Charles V's forces

claimed the city as a part of the Holy Roman Empire.²⁸¹ Their rule was a highly unique political aberration, brought about by a series of events whose concurrence opened the window for the bankers' ascension, and ended by a proportionately unforeseeable and devastating collusion of events. Yet, in spite of their relatively short span as the political leaders of Florence, their values and ethics would persist in the European collective and give rise to much later political revolutions. Their cultural contributions would also linger far after their political empire died, and the artistic and architectural commissions continue to honor them as intellectual and creative pioneers.

This thesis has investigated many of the ways in which the perception of banking changed from the medieval period through the Renaissance, and yet a few words must be said on the topic of its sources. Despite the relatively small sample of evidence examined herein, compared to the volumes that exist in the archives of Florence that address the topic from multiple socio-economic and moral standpoints and which constitutes one of the largest collections of pre- and early modern evidence in the world,²⁸² the supporting evidence for this thesis' arguments has been selected according to its generally accepted relevance to Renaissance attitudes according to the modern study of European historiography. Only with the helpful examples of other Renaissance historians whose conclusions were founded on careful firsthand research in these archives could this study have been possible.

²⁸¹ Martines, *Power and Imagination*, 285.

²⁸² Dale Kent, *Cosimo De' Medici and the Florentine Renaissance: The Patron's Oeuvre* (New Haven: Yale University Press, 1968), 15.

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