“Unlucky in affairs of business....”

Turning Points in the life of Lorenzo de Medici

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Abstract

The Medici family name is inextricably tied to Florence and the Italian Renaissance. For three hundred and fifty years, through twelve generations, the Medici lived in, work in, and to a considerable degree ruled the city. No Medici name rises higher in recorded history than Lorenzo di Piero de’ Medici. Lorenzo il Magnifico is remembered as a patron of the arts, poet, humanist, diplomat and savior of Florence during the Pazzi War. His legacy as a competent banker, manager and caretaker of the family business empire is sadly much less triumphant. Through the “quirks of genealogical fortune”, including a string of untimely deaths of male members of the Medici, Lorenzo found himself to be the sole owner of the Medici Bank in its sixth decade of business. From the death of his brother Giuliano in 1478, Lorenzo oversaw a long decline of the Bank’s fortune from its zenith in the mid-1460s at the death of his grandfather Cosimo Pater Patriae. Lorenzo would rule the Bank alone for fourteen years until his death in 1492, the bank would fail completely only two years later. Lorenzo was remembered as “unlucky in business affairs” in Niccolo Machiavelli’s History of Florence, but was there more to the collapse than bad luck? Could the Bank have survived with a different level of interest from Lorenzo? Would he have been a better manager with more structured banking and business training? Did Lorenzo’s early death at the age of 43 prevent a restructuring program he had begun? This paper will examine four turning points in Lorenzo’s life and reach for an answer to these questions.
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**Table 1**

| Table 1 | Divisional Profit of Medici Business Units 1435 – 1450 | 22   |
The Medici Family

Giovanni di Bicci
Founder, Medici Bank
1386 - 1429

Cosimo
1389 - 1464

Lorenzo
1395 - 1440

Piero
1418 - 1469
+ Lucrezia Tornabuoni

Giovanni
1421 - 1453
+ Ginevra degli Alessandri

Pierfrancesco
d. 1476

Lorenzo the Magnificent
1449 - 1492
+ Clarice Orsini

Giuliano
1453 - 1478
+ Guglielmo de' Pazzi

Blanca

Lorenzo
d. 1503

Giovanni
d. 1498

Giulio
(illigitimate) 1478 - 1534
Pope Clement VII

Fifteen children

Piero
1471 - 1503
+ Alfonso Orsini

Giovanni
1475 - 1521
Pope Leo X

Giuliano
d. 1516
Duke of Nemours

Maddalena

+ F. Cibo', son of Pope Innocent

VIII
The Della Rovere Family

Leonardo della Rovere
fl. 1400

Raffaelo | Luchina | Francesco | Bianca
---|---|---|---
| + G.G. Basso | Sixtus IV | + Paolo Riario |
| 1471 - 1484 |

Count Girolamo | Violante | Pietro
---|---|---
| 1438 - 1488 | + Antonio Sansoni | Cardinal 1471 |

Raffaele Sansoni Riario
Cardinal 1477
(held 16 archbishoprics)

Girolamo | Agostino | Maria
---|---|---
Cardinal 1477 | Archbishop | +Grosso

Two cardinals
1503, 1505

Giuliano | Barolomeo | Leonardo | Giovanni
---|---|---|---
| Bishop of Massa | & Farrara | Rome Prefect | + Giovanna da Montefeltro |
Cardinal 1471 | Pope Julius II | + Giovanna of Aragon | Succeeds Leonardo to Rome Prefecture & Dukedom of Sora |

Francesco Maria
Duke of Urbino

Giovanni della Rovere - (Turin family branch)

Cristoforo | Domenico
---|---
Cardinal 1477 | Cardinal 1478
The Pazzi Family

Andrea de' Pazzi
1371 - 1445

Piero
Jacopo
Antonio
Three Daughters

d. 1464
executed 1478
d. 1451
Elena
Albiera
Apollonia

Francesco
Guglielmo
Giovanni
Six Daughters

executed 1478
exiled 1478
imprisoned 1478
Caterina
Bianca de Medici
B. Borromeo
Antonia
Elisabetta
Cenesta
Camilla
Maddalena

Andrea
Bishop of Sarno 1482

Antonio
Cosimo
Thirteen other sons and daughters

in Bruges
Archbishop of Florence 1508
Dec. 11478

Renato
Andrea
Niccolo'
Giovanni
Galeotto
Antonio
Lionardo
12 others

executed
prison
prison
prison
prison
Bishop of Sarno & Mileto
exiled cleric
1478
1478
1478
1478
1478
Rome 1478
Map 1

Location of Medici Branches

A – Florence Branch
B – Rome Branch
C – Venice Branch
D – Milan Branch
E – Naples Branch
F – Pisa Branch
G – Geneva Branch
H – Lyons Branch
I – Avignon Branch
J – Bruges Branch
K – London Branch
Introduction

The list of family names that have truly long lasting impact on western history is exceedingly short. Eliminating the royal dynastic families make the list shorter still. In American political history there are the Adams, the Roosevelts, the Bushes and potentially the Clintons, yet these measured their impact in decades not centuries. In American commercial circles, certain family names have a degree of long lasting resonance; Rockefeller, Morgan, Vanderbilt, Duke. With assets of $44 Billion and billions more pledged by Warren Buffett, one could argue that the Bill and Melinda Gates Foundation could potentially outlast the Catholic Church as a going concern.\(^1\) However, even after the passage of more than five hundred years, the Medici family name is one that still conjures a considerable amount of interest.

The Medici lived in, worked in, and to a considerable degree, ruled the city of Florence for over 350 years. With only a couple of detours into truly republican government, for twelve generations, from Giovanni di Bicci in the 1370’s until the death of Gian Gastone in 1737, the Medici name was connected with wealth and power in Florence. In the first incarnation, the essence of family power and authority came from and through the Bank and their associated commercial ventures. The longevity of the Medici is noteworthy; as comparison, a family business in the United States today has a thirty percent chance of passing to a second generation, and only a sixteen percent chance of surviving into a third generation.\(^2\)

The Medici may be thought of as the fifteenth century predecessor to modern family business empire known as chaebol in Korea or zaibatsu in Japan. Korean family controlled conglomerates are typified by Samsung Group, with interests in electronics, home appliances, luxury hotels, ship building and life

Sumitomo Corporation of Japan is a similar family controlled enterprise with diverse operations including mining and metals production, transportation systems and vehicle manufacturing, aircraft leasing and electric power generation.

The Medici Bank was built on the twin pillars of business acumen and tight association with the Papacy. Five generations of Medici men led the Bank with steadily decreasing amounts of those two foundational gifts. A third pillar, a series of untimely deaths of male Medici heirs, ensured that the family wealth would continue to be focused within a single person. The first two generations, Giovanni di Bicci and his son Cosimo il Vecchio, realized the high point of Medici wealth and influence. Cosimo’s son Piero led the family for only five years before his early demise placed the Bank in the hands of his two young sons Lorenzo and Giuliano. The infamous Pazzi conspiracy in 1478 saw the murder of Giuliano and ascension of the twenty-nine year old Lorenzo.

Although the Medici Bank survived for sixteen years after the Pazzi attack on Lorenzo and his brother, the event shook the City of Florence, the family and the Bank to their foundations. With the death of Giuliano, Lorenzo became the sole surviving heir to the family fortune. In the end, the family fled Florence with the invasion of Florence by Charles VIII of France in 1494 and the co-incident failure of the Bank. Although Lorenzo is rightly credited with the inspired diplomacy that ended the Pazzi War and his support and patronage of Florentine artists and scholars is legendary, his leadership of the Bank has been debated by historians almost from the moment of his death. Niccolo Machiavelli entitled his 1525 work a “History of Florence and of the Affairs of Italy from the Earliest Times to the Death of Lorenzo the Magnificent.” Written thirty two years after his death, Machiavelli attributed Lorenzo’s financial setbacks to “extremely unlucky” private business affairs. Twentieth century writers, including Raymond De Roover

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and Richard Goldthwaite are more questioning of his performance as a manager of a far flung enterprise, his relative lack of focus on the Bank compared with his other interests, and his willingness to use bank capital in support of his personal political alliances with the Papacy. Current Medici scholar, Melissa Bullard presents the interesting proposition that Lorenzo’s cultivation of the Apostolic Camera (Papal Treasury) was on the verge of reversing the trajectory of the Bank and if he had lived just a few years longer the Bank might have seen a return to dominance.\(^5\)

It is impossible to examine the banking life of Lorenzo and the Medici without understanding their position in the political solar system of Florence, Rome and the Popes. This was the age of the City-State and the combination of financial power, political power and the ebbs and flows of their relationship with the Papacy all were forces that acted on the Medici for five generations. Each of turning points in the life of Lorenzo was enveloped in a political or family dynamic that provide a context for his actions.

In the years just before the fall, it was Lorenzo that held the reins during the downward spiral of the Bank. This paper identifies four unique events in Lorenzo’s life that provided the direction for all that was to come;

\begin{itemize}
\item **Lorenzo in Rome – 1466**
\item **The Pazzi Conspiracy- April 1478**
\item **The Pazzi War – 1479-1480**
\item **Restoration with Rome - 1488**
\end{itemize}

Each chapter discussing these turning points will begin with a discussion of the political and historical setting of the incident. Were these events the turning points in Lorenzo’s life that led to unavoidable collapse of the enterprise only two years after his death at the relatively young age of forty three? Did he have the desire or acumen to manage the Bank? Did the “quirk of genealogical fortune” as the sole

surviving heir of Cosimo and Piero, permit Lorenzo to view himself as the “all-knowing” center of efforts for all things Medician? Was his judgment unquestioned despite the struggles of the bank? How did Lorenzo’s approach to business organization, procedures and personnel differ from those of his grandfather? These questions all contribute to the examination of the turning points of his life on the Bank’s fortune.
Chapter One – Banking in the Fifteenth Century

The structure of banking, as practiced in fifteenth century Italy, was sculpted by two powerful forces, usury and plague. The latter is easy enough to understand; macroeconomic progress is difficult in the best of times, but the death of one third of the European population, as occurred during the Black Death of 1349, led to a contraction that impacted bankers for decades. The population of Florence dropped from 95,000 in 1338 to 40,000 in 1427. Powerful Florentine banks headed by the Bardi, the Peruzzi, and the Acciaiuoli all collapsed during this period. The continental economic conditions likely contributed to loan defaults by Edward III, King of England and Robert, the Angevin King of Naples, submerging their bankers.

Usury, in contrast, carried both an Aristotelian and Talmudic prohibition extending back for centuries. Old Testament references to the sinful nature of usury are numerous, including Exodus XXII, v 25 and Deuteronomy XXIII v 19-20. Carl Taeusch contrasts this view of Hebraic interest with the classical Greek position; “Aristotle’s chief objection to interest or usury was based on his conception of the ‘nature’ of money, especially the fact that it is itself not subject to physical growth.” These two concepts of the dishonesty of a guaranteed gain on the lending of money over a specific period were merged and twisted into the doctrine of the Church of the time. As early as 1139 the Church, in its Second Lateran Council declared the illicit gain of usury as a sinful act. Fortunately for the Medici and other bankers, “the

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8 There is some procedural hairsplitting regarding the moral cost of lending money to non-Jews, but the general theme of all of these scripture passages is the prohibition against charging interest on loans to the downtrodden.
10 R. B. Ekelund, R.F. Hebert and R.D. Tollison, “An Economic Model of the Medieval Church: Usury as a Form of Rent Seeking”, *Journal of Law, Economics & Organization* 5 (1989): 321. The church’s prohibition would expand to consider illicit usury even a greater sin than murder – it offered no exceptions, whereas there were cases of justifiable murder in Christian teachings.
medieval Church singled out the time element as the criterion of usury. A man might lend money with the understanding that he would share in the both the losses and profits with the borrower, but he should not expect a certain rate of return, periodically due regardless of the success or failure of the venture.”

The theological implications of being branded a usurer were obvious to Florentines, Dante having placed these sinners in the lowest sub-circle of the seventh circle of hell.

The probation against usury complicated, but did not stop the growth of banking. Ever resourceful the bankers, parsing the doctrinal definition of usury, developed alternative methods of lending money at a profit. The primary instrument became the bill of exchange (cambium per litteras). A bill of exchange consisted of the negotiations of settlements in another place and usually in another currency.

Although the presence of concealed interest is undeniable, the merchants argues --- and most theologians accepted these views --- that an exchange transaction was not a loan (cambium non este mutuum) but a commutation of moneys (permutation) or a buying and selling of foreign currency (emptio venditio). In other words, the exchanged transaction was used to justify the credit transaction, and speculative profits on exchange served as a cloak to cover interest charges. Nevertheless, it was argued that cambium was not usurious, since there could be no usury where there was no loan.

With the cover of a Church-approved financial instrument, Renaissance bankers were free to expand their operations as necessary to meet the commercial needs of their customers. In addition to the bill of exchange, many of the foundational modern business practices were developed by the Italian merchant-bankers: double-entry bookkeeping (first unquestionable examples date to 1340 Genoa),

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12 De Roover, Rise and Decline, 11.
13 Despite this finding, wealthy Florentines (and others) would continue to make bequests to the Church for salvation of their souls. Cosimo de’ Medici famously secured a papal bull absolving his usury by endowing the monastery of San Marco in Florence.
marine insurance contracts, remote payment mechanisms based on accounting book transfers on the strength of oral or written orders, and fractional reserve banking.\textsuperscript{14}

By the middle of the fifteenth century, banking in Florence had developed to the extent that a natural segregation of lending entities came into existence. At the lowest rung of the financial ladder were the \textit{banchi de pegno}. These were essentially pawnshops making short term loans secured by personal property.\textsuperscript{15} Next in the banking hierarchy were the \textit{banchi in mercato} or merchant banks. These bankers were members of the Arte del Cambio (money-changers guild) and their business was transacted in the Mercato Vecchio or Mercato Nuovo (old or new markets) or other public places of Florence. This visibility was important as these bankers did business at designated tables (\textit{tavola}) covered with a cloth (\textit{tappeto}). Their transaction journal would be open for view and a money pouch (\textit{tasca}) was within reach. Florentine statute required that any transaction between a banker and the customer must be in writing and recorded before the customer in the publicly visible journal.

The highest level of banking was the \textit{banchi grossi} or great bank. Unlike the \textit{banchi in mercato}, these bankers did business inside of a building or office. In the case of the Medici Bank this was the \textit{Palazzo Medici}.\textsuperscript{16} The great banks provided the liquidity necessary for international trade, financed the expansionary desires of foreign sovereigns and perhaps most importantly served as \textit{mercatores Romanam Curiam sequentes}, or merchants of the Roman Curia. Papal revenue flowed into Rome from throughout Christendom. Only the Church received money from the farthest reaches of Europe and beyond, from the distant territories of Scandinavia, Iceland and Greenland. Likewise a continuing parade of pilgrims,

\textsuperscript{14} De Roover, \textit{Rise and Decline}, 2.
\textsuperscript{15} After 1437, Florentine licenses for pawnbrokers were only issued to Jews. The city fathers reconciled themselves with this “detestable sin of usury” by collecting a license fee of 2,000 florins yearly from the pawnbroker community. By statute they were prohibited from joining any of the banking guilds.
\textsuperscript{16} Raymond De Roover, \textit{The Medici Bank – Its Organization, Management, Operations, and Decline}, (New York: New York University Press, 1948), 2. Still in existence today, the Palazzo Medici-Riccardi features benches built into the exterior walls of the palace to provide a waiting area for customers waiting to see the Medici.
suitors, and emissaries of all stripes presented themselves before the Curia. These petitioners much preferred the security and expediency of a negotiable letter of credit to the risk and inconvenience of carrying pouches of coin in their saddle bags. The *banchi grossi* were in place to provide these services.

The Vatican Court came to rely on these *banchi grossi* for the loans needed to manage the problems of ruling the territory of the Papal States and its diplomatic and military involvement throughout Italy. This dependence led to the creation of a papal financial office of the depository. As the title suggests, this official worked closely with the treasurer of the Apostolic Chamber to collect the deposits of the Church and remit funds as needed to the treasurer to cover the expenses of the Curia. Bankers were an obvious choice to fill the position of depository, since they had the wherewithal to advance loans to the treasurer when deposits did not cover expenses. In return for this “working capital line of credit,” the banker would secure the loans with papal customs, the salt monopoly, and other tax revenues in Rome and the Papal States. The Medici would establish a decades long relationship with the Holy See as the primary bankers to a succession of Popes.

**Other Medici Operations**

In addition to the banking operations of the Medici, they operated considerable merchant and industrial enterprises. Chief among these commercial ventures was the alum mine of Tolfa. Alum was an indispensable commodity in fifteenth-century Italy. Glassmaking, leather tanning, the preparation of wool for carding, and the dyeing of textiles would have been impossible without alum. The discovery of alum deposits within the Papal State provided the opportunity to cease the importation of the mineral from Asia Minor. In 1462, the Curia entered into a production agreement with Giovanni da Castor, the initial prospector of the alum find. In this agreement, Giovanni mined the alum but the responsibility for marketing the product and regulating supply was left with the papal treasury. As could be easily foreseen,

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the Apostolic Camera (papal treasury) proved to be poorly equipped to handle its retail responsibilities. By April of 1466, Giovanni was removed and the Medici and Church entered into Societas Aluminum, a partnership that mined, stored and delivered the mineral throughout the branch network of the Medici. The terms of the contract provided for the Medici to pay a royalty on the alum as it was removed from the papal warehouses in Civitavecchia. Additionally, the Holy See was to receive two thirds of the profits of the partnership, after accounting for the Medici cost of operations.\textsuperscript{18} Ekelund et al. estimates the income from the Alum concession at 100,000 florins in 1473. They quote Ludwig Pastor’s data in \textit{History of the Popes V. III}, as reporting the entire papal income of the year as being 300,000 florins. The value of the Alum monopoly to the papacy and the Medici cannot be overestimated.

The Medici also briefly controlled an iron ore monopoly located on the island of Elba, located off of the western coast of Tuscany. Elba held (and still holds) the only iron ore deposit in Italy. In the fifteenth century, Spain provided the only competing source of iron ore. During the period of Bank leadership by Lorenzo di Piero, control of this mineral was purchased from lord of Piombino, the owner of the island. Just as with the alum concession, the Medici network of branches and agents marketed the ore throughout Italy. This operation was one of the few profitable divisions in the final days of the Bank.\textsuperscript{19}

There were three additional industrial establishments in the Medici business empire. In keeping with other wealthy Florentine families, the Medici owned and operated two woolshops (\textit{botteghe di lana}) and one silkshop (\textit{bottege di seta}). This tradition of providing work for the “poor” met a philanthropic need for the Medici as well as secured a considerable number of citizens that would be reliably dependable on political issues. The wool and silkshops of the day were not built on a factory model of large numbers of workers coming to a centralized facility for a day’s work. Rather, they were organized

\begin{footnotes}
\footnotetext[18]{Ekelund et al.,”An Economic Model”, 319.}
\footnotetext[19]{De Roover, \textit{Rise and Decline}, 165.}
\end{footnotes}
on the basis of a domestic or putting-out system with the raw materials being given over to the workers for processing in the artisan’s home.\textsuperscript{20}

Although not a major source of Medici income (Table I provides a divisional breakdown), the cloth working establishments did fit neatly into the vertical integration of the organization. As previously mentioned, the Alum concession could provide this essential mineral to the industrial part of the business. Likewise the wool and silkshops could be valuable consumers of materials in the barter required on certain bills of exchange. Finally, the same network of Medici branches and agents could be leveraged to provide an outlet for the production of the shops. De Roover discusses the consignment of textiles going to the Rome Branch, with the conclusion that the papal court was likely a large customer for the Medici products.\textsuperscript{21}

Rates of Exchange

In discussing commercial and banking transactions the currency typically quoted is the Florentine florin. Understandably, it is difficult to accurately estimate the current dollar value of financial transaction in various currencies dating back over five hundred years. In \textit{Rise and Decline}, De Roover provides a long and complicated discussion of this issue, including differences in gold and silver florins, and measures taken by the Money-changers guild to prevent “clipping” and debasement of the coin, but that is beyond the scope of this paper. A more understandable comparative valuation is provided by Martines as follows....

\begin{quote}
It is hard to translate [historical] values into purchasing power of the sort that would be beneficial to the modern reader, but it may help to say that the sums that could have put a small army into the field for a short time, or that the total building costs of the mammoth Medici and Strozzi palaces are estimated to have been in the range of 30,000 to 35,000 florins each. The round figure of 100,000 florins would have kept 4000 university students
\end{quote}

\textsuperscript{20} De Roover, \textit{Rise and Decline}, 171.
\textsuperscript{21} Ibid., 184.
for a year, room and board included; and the same sum could easily have been the payroll for a year of some 3500 to 4000 workers at a scatter of big building sites.\textsuperscript{22}

This valuation would be consistent with calculations provided by Ekelund et al. based on a modern translation of the amount of 24 carat gold in each florin.\textsuperscript{23} Building from his statement of .114135 ounces of pure gold in each florin, and using a current valuation of $1150 per ounce on the metals exchange, each gold florin would have a nominal value of $131.25. Applying this to valuation to Martines examples works better for palazzo construction ($4 Million to $5.5 Million) than for university students ($3,300 per year).\textsuperscript{24} A supporting analysis is provided by Richard Goldthwaite in \textit{Economy of Renaissance Florence}. Goldthwaite surveyed the exchange rate of florins in relation to a daily wage for unskilled labor for the period from 1300 to 1600. His data presents a solid period of stability in the cost of labor from mid 1300s through the early 1500s at 1.00 florin per daily wage rate. This rate correlates nicely with the Martines analysis based on percentage of gold content. The yearly wage rate of an unskilled worker in Florence would calculate to $32,875 in today’s dollars based on Goldthwaite’s scrutiny.\textsuperscript{25}

\textsuperscript{22} Lauro Martines, \textit{April Blood}, (London: Jonathon Cape, 2003) 236
\textsuperscript{23} Ekelund et al.,“An Economic Model”, 319.
\textsuperscript{24} One could argue that this makes an interesting commentary on the long term non-regressing inflation in higher education costs compared to a more cyclical nature in construction costs.
Chapter Two – Family Tree

The Medici family name, through its various branches, was connected with Florentine history for nearly three hundred and fifty years. Through the Cosimo *Pater Patriae* line and through the cadet line of his nephew Pierfrancesco, finally expiring with the death of Anna Maria Luisa in 1743, the Medici influence on both Republican Florence and the later Grand Dukes, was, with minor exceptions, unchallenged. A host of devices including banking, trade, textile manufacturing, and positions of power within the church, political and artistic patronage kept the Medici at the center of all things Florentine for ten generations.

**Figure 1**
Giovanni di Bicci de’ Medici
Giorgio Vasari – 1556

**Giovanni di Bicci**

The line of the Lorenzo de’ Medici can be traced back to the early-thirteenth century records of Florence, with the family name mentioned no fewer than twenty eight times in the in city government
records prior to 1343. One member of the family, Giovanni di Bicci de’ Medici (1360-1429), migrated to Rome to begin work in the banking house of a distant cousin. De Roover discusses the death of his reasonably affluent father Averado detto (known as) Bicci from plague in 1363 and the success of an uncle, Vieri in the Florentine banking as being key factors in the history of the family bank.

Historians have failed to focus their attention on a distant cousin, Messer Viere di Cambio de’ Medici (1323-1395) who became, after 1370, one of the leading Florentine bankers. This man is important because there is no longer any doubt that the Medici Bank founded by Giovanni bi Bicci was an offshoot of Messer Vieri’s banking house. Both Giovanni and his elder brother Francesco were employed by the firm and rose from apprentices to factors and then to partners.

Although a partner in his cousin’s bank, Giovanni returned to the ancestral home in Florence in 1397 and the creation of the Medici Bank was cemented. There are no records to explain the reason for the relocation to Florence, but it is not difficult to speculate that banking then was similar to banking now. There are sources of funds and there are uses of funds. The seat of the Church, Rome, was a source of funds, whereas Florence, even in those times, was the leading banking center and offered a higher return on invested funds. Giovanni would find success in Florence. Branches were established in Venice and Rome, with a subsidiary Roman branch in Naples. Additionally, the family was now active in the ownership of two wool workshops.

Florentine connection to the Papacy traces back to the end of the thirteenth century, in large part enhanced by the city’s Guelf policy supporting the Vatican against the imperial Ghibellinism of Florence’s

27 De Roover, *Rise and Decline*, 35.
28 Ibid., 41.
29 The Venice branch presented Giovanni with an early occurrence of banking fraud. In 1402 the branch manager made substantial loans to German debtors in violation of bank policy. The Germans defaulted, and to cover the shortfall the manager borrowed money on the exchange at an interest rate of 8%, reporting the increase in cash as profits from the German loan. A subsequent audit revealed the true condition of the accounts and the manager was recalled and replaced.
longtime rival, Siena. Giovanni’s skill as a businessman and banker played a part in the improvement in the family fortunes, but as is often the case, he had “the financial wind at his back” in charting his course. First, he was the recipient of a substantial dowry from the family of his wife Piccarda Bueri. This dowry allowed him, at an early age, to purchase a junior partnership in Vieri’s bank. Second, Florence was “the right place at the right time" for an enterprising banker. Under the rule of the Albizzi, Florence expanded its territories throughout Tuscany and in 1406, the city secured a direct route to the sea by capturing Pisa and its port. They later purchased the larger port of Leghorn from Genoa in 1421. These seaports provided for a tremendous increase in trade and particularly the wool trade from England and the Low Counties. Third, and most important, the election of Baldassare Cossa as Pope John XXIII in 1410. Giovanni had made the acquaintance of cardinal and reportedly former pirate while in Rome and these connections would be pay great dividends in the period John would stay on the papal throne.30

Figure 2.
Pope John XXIII
Giocomo Manzu – undated

30 This was the time of the “great schism” with first three, later two, rival popes. Despite the deplorable theological condition of the church, being the financial agent of the Curia was a windfall for the bank. Modern convention designates this Pope as antipope John XXIII to avoid confusion with twentieth century Pope John of the same numeric.
The importance of the relationship of the family to the Holy See would be revisited in decades ahead for the Medici. The financial results, as reported by J.R. Hale are impressive. “The profits for the years 1397 to 1420 came to 151,820 florins, of which Giovanni’s own share was 113,865.” The business of collecting and disbursing funds for the account of the Curia was immensely profitable. Additional commercial opportunities would include brokering a 95,000 florin loan to Pope John to be used in payment to the King Ladislaus of Naples in the purchase of a peace treaty. Ever the cautious banker, Giovanni would hold as collateral for the loans, two valuable mitres and a portion of precious papal plate. In a foreshadowing of events seventy five years later, Giovanni would also learn the tenuous nature of being dependent upon commercial ties to the person of a pope. The bank’s near-monopoly on transactions with the Apostolic Camera would end with the unseating of John XXIII by the Council of Constance in 1415.

The legacy of Giovanni di Bicci would imprint the operations of the bank in two important ways in the glorious years ahead. First, the management philosophy of Giovanni would be as valid in the twenty-first century as in the fifteenth. His practice had been to reinvest the profits of the enterprise back into the business, and the use of these profits in expansion both in branches and in real estate purchases in Florence and the surrounding countryside. His leadership served to improve his financial standing in Florence as evidenced by Florentine tax records of the time. In 1396 he was assessed only 14 florins as tax. By 1403 his tax bill was calculated at 150 florins. In 1413, it had nearly doubled to 260 florins and by 1427, Giovanni was assessed 397 florins, the second highest amount paid in Florence. Second, he was deliberate in his selection and supervision of managers for the far flung operations of the bank and other

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32 Christopher Hibbert, *The House of Medici*, 351
33 Although the former pope was charged with heresy, simony, tyranny, the murder by poison of Alexander V and the seduction of over two hundred ladies of Bologna, the loyal Medici would pay his ransom and provide for the construction of his tomb in the Battistero di San Giovanni (Baptistery) across from the entry to the Duomo in Florence.
entities. One example of this occurred in early 1420; the death of Bank General Manager, Benedetto de’ Bardi, provided the opportunity for a reorganization of the main operations in Florence. His replacement was to be Benedetto’s son Ilarione, serving at that time as the manager of the Curial branch. The death of Benedetto terminated all of the existing partnership agreements between himself and Giovanni di Bicci and provided a good opportunity for reassessment of employees and operations in the Florence. Ilarione was given a free hand in making the personnel and operational changes, which were undoubtable supported by Giovanni di Bicci. One result of this reorganization was the termination of the money losing woolshop partnership with Michele di Baldo. Within the Bank, a new group of branch managers were installed under Ilarione’s direction and their responsibilities carefully delineated.35 This sort of management reshuffling after a change at the highest offices of an organization continues into current times. One need look no further than the complete realignment of the Volkswagen AG in the wake of the emissions control scandal. Matthias Muller replaced Martin Winterkorn as CEO within days of the revelation of cheating on diesel emission testing in the US and Europe.

Third, and most importantly for the future of the family and the bank, Giovanni di Bicci was careful to publicly dismiss all political ambitions and to live modestly, well below his means. He served his obligatory terms in the priori and in 1421 had served the traditional two month term as gonfalonier (standard bearer) of justice, but otherwise was not outwardly politically active. His deathbed advice to his sons (perhaps hagiographic), was to never “use the Palace of Government as if it were your place of business; wait to go there until you are sent for; only receive such favours from the people as are freely bestowed; never make a show before the people, or, if you must let it be the least possible.”36 Machiavelli summed up the life of Giovanni in this manner... “He never sought honors, although he possessed them

35 De Roover, Rise and Decline, 49.
all..... In his magistracy he was gracious, not eloquent, but profoundly wise... He died very rich in treasure, far richer in fame and goodwill.”\textsuperscript{37}

\textbf{Figure 3}\nPortrait of Cosimo de’ Medici, 	extit{Pater Patriae}\nPontormo – 1518

\textbf{Cosimo de’ Medici}

The Medici commercial empire blossomed with the ascension of Giovanni’s elder son Cosimo (1389-1464). Along with his younger brother Lorenzo, he would receive the education fitting of the child of a family of some privilege. At the Camaldolese monastery of Santa Maria degli Angeli, he was taught the basics of Latin, German and French as well as an introduction to the ancient languages of Hebrew, Greek and Arabic. His education continued, in a manner typical of Florentine instruction, with lectures from leading scholars of the day.

In addition to his formal education, Cosimo received daily instruction in the family business of banking. He was married to Contessina de’ Bardi, a daughter of one of his father’s banking partners in

\textsuperscript{37} Machiavelli, 	extit{Florentine History}, 158-159.
Rome. The Bardi were a proud Florentine family, which had lost large parts of their fortune on unfortunate loans made to King Edward III of England and Robert, the Angevin King of Naples. Cosimo would undoubtedly have known this history and taken the lesson to heart. His banking training included representing the bank interest with Pope John in his appearance before the Council of Constance, and spending two years north of the Alps visiting banking operations in Germany, France and Flanders. He returned to Florence for a short time in 1418 only to leave again to become the manager of the bank’s Rome branch.

Cosimo returned to his wife and young family in Florence after three years in Rome. During his time away from Florence and the years immediately after his return, the Albizzi family was at the head of the oligarchy that controlled Florence. Rinaldo di Messer Maso, described as “a haughty, proud, impulsive man, reactionary and priggish,” was the former soldier and diplomat leading the Albizzi. Rinaldo was intent on expanding Florentine territory, pushing the Signoria into a fruitless war with Milan and in 1429 convinced the city council to attack the neighboring city of Lucca in retribution for supporting Milan in the earlier skirmish. Early on, the notion of conquering Lucca, had great appeal with Florentine merchants including Cosimo as a member of the Ten of War, for Lucca controlled the strategic territory between Florence and the coast. In response, the Lucchesi turned to their patron Milan for support and were rewarded by Milanese Duke Visconti with the services of the great condottiere, Francesco Sforza. In

38 Cosimo also returned with another young son, Carlo, borne to him by a slave girl during his Roman assignment. Hardly unusual in the day, Carlo was raised in his house along with his other two sons by Contessina and given a thorough classical education. Carlo was to enter the clergy and with his father’s influence advanced in the church hierarchy.

39 Christopher Hibbert, The House of Medici, 42.

40 The Florentine mercenary forces were assisted by architect of the dome of the Duomo, Filippo Brunelleschi, in a complicated plan to dam and divert the waters of the Serchio River. The waters were to be released suddenly and wash away the ramparts of Lucca. Alas the plan failed when the Lucchesi forces rushed out at night, tearing down the dam and flooding the Florentine camp. Machiavelli describes this act as leaving their troops “in utmost disorder.”
typical Florentine fashion, the Signoria decided that the best course of action was buy off Sforza with a bribe of 50,000 florins. This successfully removed Sforza and his troops from the field of battle, but the Duke of Milan was not so easily dispatched. He responded by sending another heralded mercenary captain, Niccolo’ Piccinino, into the fray, leaving the Florentines in the same position, only 50,000 florins poorer.

By the fall of 1430, popular support for the war was waning, both for military defeats and the enormous taxes being imposed to continue the fight. Cosimo, seeing the opportunity to disassociate himself from an unpopular war, resigned from the Ten of War with the excuse that he did not wish to keep others from having their turn on the war council. He chose this moment to leave Florence for Verona to escape the most recent occurrence of plague in the city. In his two years away from the city, discontent increased with the Albizzi among the growing middle class of merchants. These citizens were particularly aggrieved by the exclusion of the minor guilds, bakers, artisans, ironworkers, saddle makers and the like, from participation in city government. The Albizzi in response began a campaign against the Medici, supported by a former Medician confident, Niccolo’ Tinucci.

Most serious among Tinucci’s charges against the Medici was that they conspired to prolong the war for their own profit. Given the length of the conflict and the fact that the Medici were among the few Florentines whose political (and financial) fortunes were raised by a war that was a disaster for the commune and the majority of taxpayers, it is easy to see how, after the fact their enemies concluded that Cosimo, Averado (Cosimo’s cousin), and their friends had indeed manipulated Florentine military and fiscal policy to keep the war going.41

With a keen sense that the political winds may be turning against him, Cosimo began moving Medici money out of Florence for safekeeping. Thousands of Venetian ducats and Florentine florins were spirited to Medici branches in Rome and Venice, and into the custody of Benedictine hermits and

Dominican friary. “All of these precautionary moves suggest that the Medici were mobilizing their resources and accumulating liquid reserves to ward off any run on their Tavola in Florence. At the same time they were storing their specie in places where it would be safe from confiscation by a hostile Florentine government.”

These precautions served Cosimo well, for soon after his return to Florence from a retreat to his farm in the Mugello (a valley approximately 35 KM north of Florence) in September 1433 he was taken under arrest. Late in his life he gave this account of the event;

On the 7th, in the morning, I was sent for on the pretext of attending a new session (of a citizen’s council). In the palace I found the greater part of them already deep in discussion. After a short while the Signoria asked me to go up to meet with them. I was led by the captain of the guard to a room called ‘Barberia’ and incarcerated there.

Although Rinaldo degli Albizzi was in control of the government he could not act unilaterally against Cosimo. The Signoria called for an assembly of the people and created a Balia of two hundred for the reformation of the city. “With the least possible delay they entered upon the consideration of reform, and the life or death of Cosimo. Many wished him to be banished, others to be put to death, and several were silent, either from compassion for him or for fear of the rest, so that these differences prevented them from coming to any conclusion.”

In the end Cosimo’s life was spared through the intercession of ambassadors from cities loyal to the Medici and well placed bribes to two members of the Signoria. He was held in the tower of the Palazzo de Signoria for thirty days and then exiled for period of ten years. His banishment would prove to be brief, for less than a year later a new Signoria, this time with a Medician majority, was installed in August 1434. Once again the tight Medici bonds with the papacy would prove useful. Rinaldo was persuaded by Pope

42 De Roover, Rise and Decline, 54.
43 Janet Ross, Lives of the Medici, 20
44 Machiavelli, History of Florence, 195.
Eugenius, at the time living in Florence to avoid an uprising in Rome, to agree to negotiation of the terms of Cosimo’s return. “When Rinaldo agreed to papal arbitration the game was up. The Signoria summoned a parlemento and, to ensure its docile cooperation, summoned or perhaps agreed to, the arrival of thousands of armed peasants from the contado. Cosimo himself noted that more than 3,000 of them came from the Mugello.”

The family operations continued to expand with the steady hand of Cosimo on the tiller. His leadership diversified the Bank away from dependency on Rome and the Apostolic Camera. This diversification developed the Bank in three main areas. First, industry diversity. Wool manufacturing had been a staple of Medici operations from its early days, but in 1439 Cosimo opened a second shop in the name of his older son Giovanni. Likewise Cosimo expanded into Florence’s second largest industry, silk manufacturing. “In 1438, the acquired a silkshop from Tumo Manetti at the price of 235 florins for entratura (goodwill). As usual, the management was entrusted to a specialist, Francesco di Francesco Berglinghiere...” Second, geographic diversity. The bank expanded throughout Italy and Europe, no doubt at some times in support of the moving papal court. Branches were established in Geneva, Venice, Naples, Pisa, Ancona (on the Adriatic coast), Bruges (1439) and London (1446). Third, managerial diversity. Cosimo perfected Giovanni’s practice of placing minority partners in charge of each of the branches. The nature of communication and travel at the time required the use of capable, trustworthy and loyal managers, with considerable leeway in their local decision making. “It was, therefore, very important to select efficient and honest men. As head of the firm, Cosimo knew how to pick them out.” The list of Medici managers is long and distinguished, including lifelong partners Francesco Berglinghiere, Simone Nori and Giovanni Benci. These men and their families were able to accumulate considerable

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46 De Roover, Rise and Decline. 60.
47 Ibid., 75.
wealth during their service to the Medici. Despite challenges during his lifetime, a year of exile and the
death of his brother in 1440, the bank climbed to unprecedented heights by 1455. Cosimo’s success in
diversifying the Bank is shown in the table below. The percentage of long term profits attributable to the
Rome branch declined to a little over 30 percent of the total.

<table>
<thead>
<tr>
<th>Branch</th>
<th>Florins</th>
<th>Soldi</th>
<th>Deniers</th>
<th>Percentage of Total</th>
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</thead>
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<tr>
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<td>0</td>
<td>0</td>
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<td>6</td>
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<td>6</td>
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<td>12</td>
<td>8</td>
<td>6.1%</td>
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<td>5</td>
<td>7</td>
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<tr>
<td>Total</td>
<td>290,791</td>
<td>1</td>
<td>10</td>
<td>100%</td>
</tr>
</tbody>
</table>

48 De Roover, *Rise and Decline*, 69.
Machiavelli, in describing the death of Cosimo in 1464, catalogs the characteristics that kept Cosimo at the head of Florentine politics and the Medici Bank for his long life. “Of all who have left memorials behind them, and who were not of the military profession, Cosmo (sic) was the most illustrious and the most renowned. He not only surpassed all of his contemporaries in wealth and authority, but also in generosity and prudence; and among the qualities which contributed to make a prince in his own country, was his surpassing all others in magnificence and generosity.”

Dorothea Ewart continues by suggesting that “the first secret of his power lies in its limitations. Cosimo never attempted the impossible; he was content with what he obtained, and strove after nothing that was not absolutely essential.”

The same skill set that made Cosimo an outstanding political leader also served him well in his stewardship of the bank. He managed from behind the scenes, never appearing to utilize an overt display of power. His style preserved the appearance of liberty and constitutional process in Florence, but during the last thirty years of his life no important decisions in Florence were made without his consent. “With Cosimo at the helm, the Medici Bank became the largest banking house of its time. Cosimo did not try to manage everything. On the contrary, instead of becoming submerged in detail, he understood how to delegate power while holding the reins of his team with a firm hand. Throughout his career, it was he who laid down the law, formulate policies, and saw to it that his instructions were obeyed to the letter.”

As essential to Cosimo’s success as his management style, was his keen understanding of what was necessary to ensure that the senior staff in all of the divisions were operating with the Bank’s goals synchronized with their own. The best way to accomplish this was to give the operating partners a share of the profits. Partnership agreements were typically short lived, usually only two years, at which point

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51 De Roover, *Rise and Decline*, 75.
the partners could dissolve, renew and extend or renegotiate the agreement as necessary. Each negotiation was independent with the Medici as the majority partner and the minority partner receiving one-eighth to one-sixth of the profits.52

One factor that is not be overlooked in the long term history of the Bank, is the early death of Cosimo’s brother, Lorenzo di Giovanni in 1440. Cosimo died at the age of 75. He owned the bank alone for almost 25 years following the death of Lorenzo. The resulting concentration of wealth, that did not have to be shared with Lorenzo’s live issue, provided the springboard for what was to come in succeeding generations. This “quirk of genealogical fortune” would repeat itself in a generation.

Piero di Cosimo

The death of Cosimo funneled the Medici enterprise into the hands of his only surviving son Piero, despite the generational career planning that the father orchestrated. The mid July, 1455 death of Giovanni d’ Amerigo Benci, his most trusted general manager had provided the opportunity for Cosimo to place his younger son, Giovanni, into an important role in the Bank. Aged thirty four at the time, Giovanni had been carefully training for business, while Piero “the elder son, had been given a humanistic education more suitable for a ruler than a banker. Moreover, Giovanni impressed his father with his sound judgement in business matters and his executive abilities.”

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53 Piero would extract a measure of artistic revenge in the famous cycle of frescos adorning the Capella dei Maji in Palazzo Medici. Benozzo Gonzzoli depicts the older son, in the front rank, mounted on a white horse, while Giovanni is on foot and on a lower visual line than Piero. The three Kings are portraits of Cosimo, Piero and Lorenzo.

54 De Roover, Rise and Decline, 71.
Prior to the death of his brother, Piero was entrusted with managing his fathers’ patronage of artists and sculptors. “While Cosimo built, Piero decorated; it was almost as though Cosimo had deputed the responsibility of dealing with painters to him.” Domenico Veneziano, Filippo Lippi, and Andrea della Robbia were all engaged by Piero on behalf of Cosimo. As long as his brother was alive, Piero was allowed to focus on his humanistic studies and his collection of manuscripts, coins and cameos. Giovanni functioned as Director General of the bank and kept the peace with the Pierfrancesco di Lorenzo, the lone representative of the other side of family. The death of Giovanni in November 1463, followed less than a year later by the death of Cosimo, thrust Piero into the difficult position as politician and banker with little warning. His transition to head of the family enterprise would have been challenging under the best of circumstances, yet Fortuna was doubly unkind to Piero. War in the Eastern Mediterranean had broken out between the Turks and Venice in 1463. The resulting cessation of Levantine trade created a general financial panic within Florence and the peninsula. The worsening economic conditions in 1464 and 1465 led to a cascade of commercial defaults and bankruptcies, which in turn led to pressure on the Medici Bank. Perhaps, with the wise council of his father or brother, Piero would have handled the situation differently, but lacking such advice he reacted as any inexperienced banker might, he called in his loans. He directed the bank managers to undertake a through audit of the bank’s accounts. “For I decided once and for all to know how we stand and how many feet of water I find myself, in order to be able to navigate according to the disposition of the times.” The result of Piero’s strict treatment of his debtors, was a loss of the considerable goodwill that Cosimo had built up among his allies by using one of the oldest banking devices around, “pretend and extend.” Bankers have long supported their customers by “pretending” financial conditions are OK and “extending” credit terms until financial conditions improve.

55 J. R. Hale, Florence and the Medici, 44.
Cosimo and Giovanni di Bicci used this technique with the Popes, Piero did not have the banking experience to know that this crisis would not last forever and better economic times would return.

In March of 1466, Piero would lose his most important political ally. The powerful Francesco Sforza of Milan was dead and the thought that Piero could no longer rely on military support from Milan emboldened the anti-Medicean forces in Florence. Representatives from a group of powerful families recognized this opportunity to wrest control from the Medici in the aftermath of Cosimo’s death and before Piero could consolidate power. “At the end of May the anti-Medici movement reached its apogee when 400 citizens signed an oath in defense of liberty and the ‘government of many’, promising that ‘the city would be governed, as is customary, by a just and popular government…’.”

The list of signatories included members of Cosimo’s former ruling clique, Luca and Giovannozo Pitti, the Acciaiuoli, the Neroni and the Temperani, as well as fifteen other elite families. The signatures also included the Amerigo di Giovanni Benci, the son of Cosimo’s long time general manager, as well as Piero’s cousin Pierfrancesco. Rumors of the arrival of rival forces from anti-Medicean Ferrara and pro-Medici Milan began to circulate within the city. In a scene reminiscent of Cosimo’s support upon return from exile, Piero began to accumulate a private army from his family’s home base in Mugello. At the end of August one of the leaders of party of the Hill was to accept a secret deal proposed by Piero and conveyed by the long time Bank general manager Francesco Sassetti. Luca Pitti was motivated to switch sides and support the Medici in a proposal that included three important incentives. First, Pitti was to be appointed to the Accoppiatori (the small group of insiders that the Medici used to pack the Signoria). Second, Piero agreed to a political office for Luca’s brother Giovannozo. Third, and the most important from a dynastic perspective, Piero proposed a marriage of Pitti’s daughter to “someone he [Piero] held most dear.” It was only after Luca

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58 Pitti’s grandiose new home, under construction on the high land south of the River Arno, inspired the name for the rival political party
agreed to the terms of the agreement that he found to his disappointment the Piero meant the brother of wife, Giovanni Tornabuoni, not his elder son Lorenzo was to be the betrothed. Florentine diarist Marco Parenti remarked that “Piero wished to reserve Lorenzo for a marriage with nobility since he already felt himself to be more than a mere citizen.”

The father would get his wish three years later with the marriage of Lorenzo to Clarice Orsini, the daughter of a noble Roman family. The political reversal of Luca Pitti put an end to this episode of anti-Medicean threat to the family. “After 1466, no ambiguities remained about the regime. The myth of the Medici as merely ‘first among equals’ was now recognized as the fiction that it had always been.”

Despite Piero’s success in political and matrimonial affairs, the performance of the Bank was quite another matter. After the death of Cosimo, the Bank was undoubtable in a state of decline. This condition was exacerbated by the contraction of lending that Piero ordered in the months following his father’s demise. The case of the London affiliate provides an excellent example of the state of financial health among the Medici branches. During the financial crisis of 1465, the London branch was already in considerable difficulty. Piero was dissatisfied with the existing management, having made large loans to the embattled monarch Edward IV. As a principal in the dynastic struggle of The War of the Roses, Edward needed all of the money that he could borrow. Loans were granted by the Medici manager, Gherardo di Bernardo Canigiani based on the promise of repayment through a license that would allow the Medici to export a certain number of wool sacks free from all customs and subsides. The duty to be paid by aliens was four marks per sack, so in theory a small loan could be paid off using this device. Unfortunately, Canigiani had become accustomed to life in the English court and was only too willing to extend loans to Edward at great risk to his employer. By 1467 the London branch was in serious disarray.

61 The lessons of the financial collapse of his mother’s family could not have been far from his mind.
requiring an audit of the accounts. Piero, acting on the advice of Sassetti, dispatched Angelo Tani with orders to investigate the London books and reestablish the proper oversight of the branch. He arrived in January of 1468 only to discover that Edward IV owed the titanic sum of £8,500 sterling.\textsuperscript{62} The only security Canigiani had for the loans was a small export tax exemption on wool bound for Italy.\textsuperscript{63} Tani’s examination of the accounts of the London branch found that the King owed an additional £2,000 st. and that in his opinion the branch was on the brink of bankruptcy. In February 1468 he wrote pointedly to Piero saying “I understand very well that my assignment is to resurrect a corpse; nonetheless, I hope to succeed if you and Tommaso (Portinari) do as I say.”\textsuperscript{64}

Piero’s leadership would be short lived, lasting for only five years from Cosimo’s death in 1464 to his own death on December 1, 1469. Though his banking career would be undistinguished, he successfully managed the most serious threat to Medicean power since the exile of Cosimo in 1433. Piero’s control over Florence was unquestioned. So much so, that the Florentine election of 1468 was indefinitely postponed, providing for “de facto right of succession that was unchallenged at his death and his twenty one year old son Lorenzo would assume the leadership.”\textsuperscript{65} His death at age 53 would set the stage for the ascension of two young “princes” Lorenzo and Giuliano.

\textsuperscript{62} Equivalent to nearly $9 million in nominal dollars.
\textsuperscript{63} De Roover, \textit{Rise and Decline}, 331.
\textsuperscript{64} Ibid., 332.
\textsuperscript{65} John Najemy, \textit{History of Florence}, 306.
The winter of 1466 found Florence to be a city divided by the continuing struggle between the party of the Hill and the party of the Plain. Florence remained in the economic malaise in the wake of Cosimo’s death 18 months earlier. The Medici and their supporters in the party of the Plain (named for the location of their palazzo Medici on the low ground north of the Arno and the Piazza del Signoria), were faced with a threat to the Medici leadership of the government. The leader of the Hill, Luca Pitti, and the recently removed from office, Niccolo Soderini, conspired to oust Piero and the Medici from their renewed position in power. “From the moment his government left office – to the accompaniment of celebratory bonfires in the Piazza della Signoria and graffiti on the Palazzo declaring ‘Nine fools out’ – Soderini redoubled his efforts to bring about a change of regime, his hatred for Piero sharpened by the
Medici’s behind the scene role in his recent disgrace.” Adding to the misery of the winter of 1466, the Arno flooded again in January leaving the entire quarter of Santa Croce under six feet of water. Against this backdrop, Piero dispatched the seventeen year old Lorenzo on a vital diplomatic mission to his two great allies in the South, the Pope and the King of Naples.

Lorenzo was trained from an early age in preparation for this duties as a representative of the family and the republic. “His education, thorough and wide-ranging, had been supervised at first by Gentile Becchi, the Latinist and diplomat, and later by Christoforo Landino, translator of Aristotle and commentator on Dante, and Marsilio Ficino, his grandfather’s protégé and friend, whose allowance his father continued to pay.” By the age of fifteen he traveled throughout the peninsula on consular matters. His travels included trips as family representative “to Pisa, to meet Federigo, the second son of King Ferrante of Naples; to Milan to represent his father at the wedding of King Ferrante’s elder son to Francesco Sforza’s daughter, Ippolita; to Bologna for conversations with its leading citizen, Giovanni Bentivogolio; to Venice to be received by the Doge; to Ferrara to stay with the Este family; to Naples to see King Ferrante.”

Lorenzo’s representative duties were accelerated by the inability of Piero to travel extensively. The hereditary autoimmune disease restricted Piero to his bed for long periods of time giving rise to his cognomen of il Gottoso (the Gouty). Although still only in his teens, Lorenzo was called upon to serve both the family and the Bank. Piero’s condition did not prevent the father from seeking to advise his son in the ways of the diplomatic corp. His letters were filled with instruction on the proper decorum when visiting the Duke in Milan, “you should regard yourself as a servant and familiar of the household of his

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68 Ibid.
Illustrious Lordship.” At times the father’s letter writing was striking in its obsessive attention to detail. Writing again to Lorenzo in Milan, “Remember to be civil and alert. Act as a man and not a boy. Show sense, industry and manly endeavor, so that you may be employed in more important things, for this is the touchstone of your abilities.” In a similar manner Piero knew the value of the family reputation and fortune in political circles. Few difficulties could not be overcome with the wise dispensing of a handful of gold florins in the right palm. His advice to Lorenzo on dining with the younger son of King Ferrante was illustrative of this lesson, “do not spare any expense to do yourself honor.” With this experience of diplomatic travel, in February of 1466 Lorenzo was dispatched to Rome, to the most important of the Medici Bank branches.

The Rome Branch was a convenient title to designate the Medici representatives to the Apostolic Camera. In actual practice the Rome branch moved with the papal court in its travels throughout Italy and beyond. The Rome branch was only in Rome when the pope was in residence. Through the years, the branch moved numerous times; to Florence from February 1419 to September 1420 while Martin V was housed in Santa Maria Novella; Eugene IV traveled extensively during his pontificate, holding court and presiding over ecumenical councils ... Florence (1434-1437), Bologna (1437), Ferrara (1438) and Florence again (1439-1443). The Rome branch maintained a presence in each city that hosted the pope. This close relationship to the papal treasury, also known as the Camera Apostolica, was necessary to meet the banking needs of the court, but it came at no small expense to the bank. “The pope has the enviable reputation of causing monetary stringency, creating a housing shortage, raising prices, and increasing the cost of living wherever he went, obviously because the demands of his numerous suite of cardinals,

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69 Unger, Magnifico, 84.
71 Unger, Magnifico, 84.
72 De Roover, Rise and Decline, 194.
protonotaries, ambassadors, and office holders of all rank put a strain on local resources, on means of payment as well as food supplies.”  

Collection of papal receipts was a privilege bestowed, as a rule, to a representative of one of the many bankers surrounding the court. This representative was known as the Depositary General of the Apostolic Chamber and acted as the fiscal agent for the papacy. The assignment was made at the pleasure of the pope and for most of the fifteenth century was held by a representative of the Medici bank. A succession of Medici managers filled the post including Lorenzo’s Uncle, Giovanni Tornabuoni. It was to Tornabuoni’s tutelage that Lorenzo was consigned during his time in Rome.

In addition to the importance of making this pilgrimage to Rome to congratulate Paul II on his ascension to the throne of St. Peter, Lorenzo was also on a mission to obtain the papal signature on a contract giving the Medici singular authority to distribute the mineral alum from the newly discovered mines in Tolfa. Another important purpose of the trip to the South was to spend time learning the fundamentals of the operations of the Bank’s most important branch. Table I shows that Rome contributed almost one-third of the Bank profits during the decade and one half leading up to 1450. Lorenzo was expected to learn at the feet of his uncle the intricacies of double-entry bookkeeping and begin to absorb the sophisticated record keeping of merchant bankers of the time. The Medici and other banks (e.g., Spinelli) used three basic sets of ledgers; a cash book libro della cassa, a set of journals coded by color and letter, the libro grande bianco segnato A, and the libro segretti, the secret accounts, where the real assets and liabilities of the bank were recorded. All banks keep two sets of income statements,

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73 De Roover, Rise and Decline, 194.
74 The importance of alum cannot be overstated in fifteenth century Italy. It was used in the tanning of leathers, the manufacture of glass and, of most importance to the Medici, the cleaning and dyeing of cloth in the textile industry. The discovery of alumite in Tolfa, located only 75km north east of Rome, was a windfall for the Papal State, given that prior to in 1461, alum was imported from the Middle East with much of the profits being claimed by the “heathen” Turks.
one public – one private. Public books were presented to tax collectors and other government functionaries, while the private accounts represented the true assets and liabilities of each branch.

**Turning Point**

This first turning point in the life of Lorenzo set the stage for others that were to come. His life and the fortune of the Bank may have turned out much differently if Lorenzo had received the practical training in banking that was hard earned by his grandfather and great-grandfather. The practical importance of this banking education should have been obvious to Piero. His father had been a banker first and politician second. Piero himself was thrust into the role of banker after the death of his brother Giovanni di Cosimo. While it may be unrealistic to expect different behavior from a seventeen year old, the evidence supports the notion that, unlike his father and grandfather, banking was not Lorenzo’s highest priority, and he was more gifted at spending money than it making money. Perhaps he was just following his father’s earlier advice on the value of sparing no expense in support of his honor, but the practical matter of where the money came from or the amount of work needed to earn the florins were of scant interest to Lorenzo.\(^76\)

Raymond de Roover is critical in his assessment of Lorenzo’s absorption of his banking instruction by Uncle Giovanni, believing that Lorenzo, like his father Piero, received education focused on humanism and the classics. Regrettably his business training was neglected, missing his best opportunity to apprentice under Giovanni Tornabuoni at the Rome branch. While spending his formative years in the extended family home with his grandfather Cosimo *il Vecchio* would have provided a daily exposure to

\(^{76}\) Unger, *Magnifico*, 104.
The Bank and bankers, this casual contact was a poor substitute “systematic training” that a formal apprenticeship would have offered.\textsuperscript{77}

The opportunity, for Lorenzo to begin his banking training, in much the same manner as his late Uncle Giovanni, was the first turning point in Lorenzo’s life. Just as Cosimo il Vecchio moved Giovanni into a woolshop partnership, Piero would have served the Bank better by inserting Lorenzo in the banking operations at a young age. Instead of the banking training, Lorenzo was placed into the hands of Gentile Becci, a priest, a sound Latin instructor, to begin his classical education. By age twelve he was reading Latin and studying Ovid and Dante. While seemingly graced with great intellect, and possessing the classical education that was available to very few, he did not show sufficient interest in the very institution that provided the underpinning of his privilege. This deficiency would have major repercussions in the years ahead.

\textsuperscript{77} In his endnotes to this section, de Roover refers to a translation of letter from Piero in Florence to Lorenzo while in Rome. This translation is said to appear in an early 19\textsuperscript{th} century edition of William Roscoe’s \textit{Lorenzo de’ Medici called the Magnificent}. I have not been able to collaborate this conclusion from this translation. It does not seem to appear in the online edition of the book available from Gale. I am attempting to secure access to a physical copy while doing research at the New York City Public Library.
Chapter Four – The Pazzi Conspiracy – April 1478

Pazzi

Figure 6
No portrait survives of male Pazzi Family member

The Pazzi Conspiracy of 1478 provides the pivotal turning point the life of Lorenzo de Medici and his leadership of the Bank. Here all of the elements of the Medici era come into play. The rival banking family of the Pazzi, the valuable relationship of the Curial accounts to the Medici, and the territorial ambition of Lorenzo intersect in this event in the Duomo in April 1478.

The Pazzi family traced their heritage to First Crusade of Jerusalem. Lauro Martines writes of the family lore “in 1088 Pazzo Pazzi, a fighter from Florence, was the first man over the top” of the walls. The Italian word for insane is “pazzi.” The bravery of Pazzo could perhaps be tied back to this condition. “In reward for his bravery, given into his eager hands, were three small stones, supposedly from the Holy Sepulcher.” To have stones from the burial vault of Christ would be to possess relics of highest order. This connection to the Holy Land was the source of the annual Pazzi honor of distributing the

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“sacred fire,” struck from the original stones, to light candles for the faithful on the night of Easter Saturday. “The cart bearing the fire was drawn by oxen and driven to San Giovanni, the baptistery facing the cathedral, by members of the family, who then drove it to their houses, to make a ceremonial stop. Their coat of arms, derived from those of a French ducal family, depicted crescents, battlemented towers, and distinctive twin dolphins on a blue shield with nine crosses. Hence their insignia were about war for the Christian faith; and dolphins, in the folklore of the age, signified generosity and freedom.”

The Pazzi were longtime members of the aristocracy in Florence, tracing their heritage to the First Crusade of Jerusalem. They were counted among the leaders of the Black party in the Black and White disputes of the early 1300’s; and “closely associated with the right wing of the oligarchy, the so-called Guelph Party.” During the late 14th and midway through the 15th centuries, Andrea di Gugielmino de’ Pazzi worked steadily to build the family fortune. Martines reports that the Pazzi family had raised its standing up to sixth place in the well-heeled San Giovanni quarter of the city. His contacts were equally well placed. In September 1442, while a guest in Andrea’s house, King Rene’ of Anjou, pretender to the Neapolitan throne, knighted him and gave his own name in baptism to Renato, Andrea’s newborn grandson. In January 1443, newly knighted Messer Andrea lunched with Pope Eugene IV in the convent and church of Santa Croce, receiving the pontiff in his private quarters, located above the future Pazzi Chapel, the construction of which had recently commenced. The political message to the citizens of Florence contained in this meeting was unmistakable, Andrea de’ Pazzi was powerful enough for the Pope to come to him. At that point too, as it happened, the Pope had a large deposit of 4,000 florins in the Pazzi bank. At Andrea’s death in October 1445, his three sons were left in control of the family empire. All were committed to public service having served terms as Lord Priors and the older two, Piero

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79 Martines, April Blood, 63.
80 Ibid.
81 Ibid., 65.
82 Ibid.
and Jacopo, would serve as Gonfalonier of Justice, the top post among the Priory. The Pazzi family social status was manifested in their patronage of the architecture and construction credited to their linage. After the death of Antonio in 1451, completion of the Pazzi Chapel at Santa Croce fell to his younger brother Jacopo. In 1469, in a fit of urban renewal, he demolished the family home on the south side of the Canto’ de Pazzi (where the modern Via del Proconsolo meets the Borgo degli Albizzi), and built a magnificent palazzo incorporating the emblems of the Pazzi family, sails of fortune on the windows and twin dolphins back to back forming the volutes of the capitals in the courtyard.83

By the early 1460’s the bank, led by Andrea’s grandson Guglielmo de’ Pazzi and Guglielmo’s partner, Francesco Nasi, had expanded to Switzerland and owned an important banking facility in Geneva. Later, in 1465, the Geneva office was relocated to the French city of Lyons, which by this time was being used by Florentine bankers as an international clearing center. In the years leading up to the Conspiracy, the Pazzi bank had expanded from Florence to Rome, Lyons, Avignon, Marseilles, Bruges and Valencia. The Rome branch was particularly successful in making inroads into the lucrative business of lending to the top officers of the Church. It was here that the beginnings of the conflict with the Medici would take root.

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The notion of considering the Papacy and Curial offices as extensions of the “family business” was not lost on Pope Sixtus IV. No fewer than nine of his relatives in the Rovere line were installed into Church offices of Archbishop or higher. His installation as leader of the Holy See was completed on August 25, 1471. His ordination began inauspiciously with a Roman mob, infuriated by the crush caused by his entourage, throwing stones at the Papal liter. Born Francesco of Savona, he adopted the surname of Rovere (meaning oak) and had held the positions first of General of the Franciscan Order and then of Cardinal of St. Pietro in Vincoli for four years. Harold Acton makes the following observation about Sixtus, “It soon became apparent that the Franciscan theologian was an antithesis of the patron saint of poverty. He adapted himself strenuously to the prevailing current. To increase the temporal power of the Papacy
became his obsession. His nepotism was quite logical: he could trust this next-of-kin better than his curial entourage. A flock of poor relations from Savona rallied around the spreading oak with golden acorns.”

Seeking to extend the benefits of Church office to his family, Sixtus elevated six of his nephews to cardinal. One of the nephews that Sixtus could trust was Girolamo Riario, described by Christopher Hibbert as a “fat, uncouth and rowdy young man, quite possibly Sixtus’ son.” In 1473 Girolamo was granted the territory of Imola as dowry for his marriage to Caterina Sforza of Milan. He had designs to expand his influence in region of Romagna. This real estate transaction, moving control over Imola to the papal family, was quite concerning to Lorenzo, having his own plans to extend Florentine influence into this area. Regardless, Bank interests required Lorenzo to remain on good terms with the recently installed Pope. He had been greeted “very honourably” in Rome on his last visit, a trip to present himself to the new Pope and ensure that the Medici remained the Curial bankers and agents for the alum mines at Tolfa.

The new Pope had placed Lorenzo in a difficult position. His desire to remain cordial with the Roman authorities was important for the bank’s business; but he also was aware of the strategic importance of Imola, which he had hoped to purchase for Florence. His interest was based on the value of Imola as a controlling point on the important Rimini to Bologna road. Lorenzo began using the Bank as leverage for seeking his purchase of Imola. He delayed action on loans important to the liquidity of Sixtus. “So when the applications for a loan to the Pope were place before him, he made excuses for not granting it. Undeterred, in July 1474, the Pope turned to the Medici’s leading rivals as Florentine bankers in Rome, the Pazzi, who were delighted to be of service and to obtain the coveted Curial account.”

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85 A fortress town approximately 125 KM Northeast of Florence, that had been recently been purchased by the Duke of Milan.  
87 Ibid.
friction between the families was to come. In October of 1474 Sixtus appointed Francesco Salviati (a future principle in the conspiracy) to the Archbishopric of Pisa. Lorenzo viewed this as a significant breach of protocol. For Sixtus to make this installation without consulting the de facto head of the Florentine government or the Lord Priors was an outrage and a deliberate affront to the proud young Medici. On the western edges of the Florentine sphere of influence, the Pisa clerical office was a likely stepping stone to a much richer appointment in Florence.\textsuperscript{88} The dispute over the potential of a Florentine cardinal, appointed without the specific approval of the leading Florentine citizen was made all the worse by the fact that “all Florence knew Francesco Salviati to be related to the Pazzi, to have warm ties with them, and to be flourishing under their protection. Messer Jacopo de’ Pazzi had very likely bankrolled his education, and Salviati’s career now lay in the protective shadow of the Pope, whose nephews had also struck up close personal relations with him and with the banker, Francesco de’ Pazzi.”\textsuperscript{89}

Despite the growing tensions between the leading families of Florence, this was the glorious time for the Lorenzo and the Medici. Their political power in Florence was assured by the elaborate system of elections every six months for members of the Signoria. Through patronage and a complex web of marriages and alliances, the Medici controlled all of the levers of power within the Florentine city-state. Lorenzo was considered the de facto leader of the government, “sole mediator and representative of the Republic” as he was described by the King of Naples. His reputation throughout the peninsula aside, below the surface of this tranquil sea, powers and persons were conspiring to upend Lorenzo and his hold on power in Florence.

\textsuperscript{88} Martines, \textit{April Blood}, 100.
\textsuperscript{89} Ibid.
Gathering Clouds

The ultimate sources of the anger building to the attempt on the life of Lorenzo and Giuliano would be debated for centuries. The Pazzi had been chafing under to thumb of the Medici for two generations; Pope Sixtus viewed Lorenzo’s meddling in his papal prerogatives with disdain, as well as the collaborative hunger for Florentine territory with the King of Naples. Sixtus had options in responding to Lorenzo’s intrusions. As has been discussed, the value of the Curial accounts to the Medici cannot be overstated. The sheer size of the commissions to be earned from facilitating the treasury activities of the Church was enough to attract bankers from throughout Italy and beyond to Rome. Filippo Strozzi il Vecchio was exiled from Florence for his part in the 1434 exile of Cosimo di Medici, yet built a powerful rival bank in Naples. The Pazzi and Strozzi were just two of many rival bankers that were available to Sixtus.  

For the Pazzi, the matter had gotten personal with the March 1477 enactment of a law stripping daughters of their inheritance if they had no brothers, but did have male cousins. Lorenzo had pushed this bill through the Signoria with the specific intent to deprive Beatrice Borromeo, Giovanni de’ Pazzi’s wife, of her substantial wealth passed down from her father. “In 1477 after the death of her father, Lorenzo effectively slowed the growth of the Pazzi empire through the use of this new law.”

With the pieces of the conspiracy falling into place, the participation of Sixtus was central to the final agreement for execution of the plan to murder the Medici brothers. Without the direct, if nuanced, Papal approval of the mission, the condottiere Gian Battista Montesecco, would not have been a party to such an extraordinary coup attempt. Likewise it took Montesecco's personal assurance of the Pope's

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90 Filippo Strozzi the younger would marry into the Medici family in the second decade of the sixteen century and would become the lead papal banker to the Medici popes. Later in life he would commit suicide after being imprisoned by the Medici Grand Duke Cosimo I
approval to Jacopo de’ Pazzi to fully bring the family leader into the plan. In *The House of Medici*, Christopher Hibbert speaks of the critical nature of having the Pope in the plot, "Jacopo was as gloomy, cross and pessimistic as ever, 'They are going to break their necks,' he told Montesecco. 'I understand what is going on here better than they do. I do not want to listen to you. I do not want to hear any more about it.' When he learned what Montesecco had to relate about the audience with the Pope, however, his mood gradually changed; and before long he was a whole-hearted, not to say enthusiastic, supporter of the plot, ready to take an active part in its development."\(^92\)

This collective resentment fermenting against the Medici boiled over into a plan to eliminate them. As early as 1474 the principle plotters of Messer Jacopo Pazzi, and his two nephews Francesco and Renato de Pazzi were confident in outside support from Pope Sixtus, King Ferrante’, *condottiere* Federico della Montefeltro – the Duke of Urbino, and the pontiff’s nephew Count Girolamo Riario. Others in the plot included the Archbishop of Pisa, Francesco Salviati and Francesco de’ Pazzi of Rome. Messer Jacopo was certain that the tide of support was turning away from the Medici and that his wealth and powerful connections throughout Italy would rally popular support of his coup after the death of the Medici heirs. Yet he would find that not even his wealth and political connections could save him once the plan began to unravel.

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Murder in the Duomo

The assassination plan was put in play by Count Riario. He suggested that the Pazzi invite his nephew, Cardinal Raffaele, to Florence knowing that the Medici would be obligated to host a banquet for a visiting leader of the Church. As expected, the banquet site was set for the Medici villa in the hills above Florence. The Fiesole location was well suited to the conspirators’ purpose, due to its proximity to the Pazzi villa of La Loggia in the nearby town of Montughi. Lorenzo was in place for the April 19, 1478 reception, but the plot was thwarted that evening by the absence of the younger brother. “Giuliano was kept at home by a painful attack of sciatica.”

The use of the Pope Sixtus’ nephew, Raffaele [the Cardinal of San Giorgio], was instrumental to the plot. The presence of the Cardinal provided the cover story for “a papal mercenary, the Count of Montesecco, to arrive in the city that morning, at the head of ‘thirty mounted crossbowmen and fifty foot soldiers, all beautifully attired and handsome as any company that

93 Acton, The Pazzi Conspiracy, 67.
had ever been seen, claiming that they had come from Imola to accompany the [Cardinal] back to
Rome.”

In fact, Montesecco was in town with his troops to secure the city following the planned
assassination of the Medici brothers.

Reacting quickly to their failed plan on April 19th, the plotters knew that they would have to act
quickly to avoid the leaking of such a large secret, involving a large number of people. The act was hastily
rescheduled for the following Sunday, April 26, Ascension Sunday, in the main cathedral of Florence, S.
Maria del Fiori. Lorenzo’s favored tutor, Poliziano, provides a first-hand account of the crime in his Della
coniura dei Pazzi (Coniurationis Commentarium);

As soon as the communion of the priest was over and the signal had been given, Bernardo
Bandini, Francesco Pazzi and other conspirators surrounded Giuliano in a circle. First
[Bernardo] Bandini struck the young man, forcing his sword through his chest. Giuliano,
dying fled a few steps; they followed. Gasping for breath the youth fell to the
ground. Francesco [de Pazzi] stabbed him again and again with his dagger. Thus this
upright young man was murdered. His servant, breathless with terror, flung himself into
hiding in a most contemptible fashion. Meanwhile, the chosen assassins attacked Lorenzo,
and Antonio, first laying a hand on his left shoulder, aimed his dagger at Lorenzo’s
throat. The latter, undaunted, let his mantel fall and wrapped it in around his left arm,
drawing his sword out of its scabbard at the same time; however, he received one more
blow and as he freed himself, was wounded in the neck. Then, as a man both astute and
brave, he turned upon his murderers with his unsheathed sword, watching carefully and
guarding himself. They were terrified and took flight while his two courtiers, Andrea and
Lorenzo Cavalcanti, were quick to defend him. Lorenzo was wounded in the arm; Andrea
came through safely. Bernardo Bandini, who had already slaughtered Giuliano, not content
with that assignment, went after Lorenzo, who in the nick of time had taken refuge with a
few companions in the sacristy... Then I, who had withdrawn to the same place as some
others, shut the bronze doors. (Figure 9) Thus we warded off the danger that assailed us
from Bandini. While we guarded the doors, others within began to worry about Lorenzo’s
wound. 95

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94 Martines, April Blood, 114.
Polizano’s account of the attack on Lorenzo and Giuliano has become the primary source for the circumstances surrounding the Pazzi Conspiracy and its aftermath. The death of Giuliano would have an enormous impact on Lorenzo.

Sometime later (accounts of the elapsed time vary), after confirming that their allies were at the door, Lorenzo and his companions hurried out of the Duomo to the safety of the Palazzo Medici only a few hundred yards away. As Lorenzo returned to his home, scores of Pazzi supporters and mercenaries lead by Messer Jacopo, the chief of the Pazzi clan, marched on the Piazza della Signoria and the Palazzo Vecchio intent on occupying the city hall and inciting a rebellion against the Medici. Shouting “People and Liberty!” (the traditional cry of insurrection against a tyrant) he expected to be met at the entrance of the palace by Archbishop Salviati (the same Salviati that Sixtus had installed in Pisa without consulting Lorenzo). In fact, Salviati and his accomplices were already prisoners inside, having failed to capture the
palace as was a part of the plan. Jacopo and his group were driven away from the doors by a hail of projectiles cast down on them by guardsmen and Lord Priors high above in the machicolation, located just below the belfry. The failure of Jacopo to seize the city hall doomed the plan of the Pazzi and ensured that Medici faction would remain in power.

The coup ultimately was to fail for two simple reasons;

First - the plotters failed to kill both of their targets. Lorenzo survived to rally the Medici supporters and retake control of the city.

Second - The papal troops, expected to march into the city from the south and east, did not appear as expected. After getting word that the plot was not going as planned, the commanders turned back, unwilling to risk their soldiers.

The retribution against the Pazzi and their co-plotters began within hours of the murder of Giuliano. Poliziano continues his narration with this description:

The people, meanwhile, were gathering at the Medici palace with incredible excitement and demonstration of support. They demanded that the traitors be handed over to them for punishment and spared no threat or abuse until they forced the criminals to be arrested. The house of Jacopo Pazzi was barely defended from plunder, and [Jacopo Pazzi’s nephew] Francesco naked and wounded, was taken almost half dead to the hangman by the company of Pietro Corsini; for it was not easy, or even possible to control the fury of the crowd. From the same window as Francesco Pazzi, the archbishop of Pisa was also hung directly above the dead body itself. When he had been cut down (I witnessed in the amazed faces of the crowd what happened, and it was unknown to none at the time), either by chance or by anger he bit Francesco’s corpse in the chest, and even as he was strangled by the noose, his eyes open in rage, he hung onto it with his teeth. After this the necks of the two Jacopos [Salviati and de Pazzi], were broken by hanging.

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96 Martines, April Blood, 121.
Mob action continued unabated for days and, according to Martines, included as many as eighty to one hundred people executed by various means during the period from April 26 - 28.  

In spite of the gruesome events of the Pazzi Conspiracy and its immediate aftermath, Lorenzo reflected on the murders with surprising detachment in his autobiography.

And therefore we shall briefly say that the persecution had been very serious, because the persecutors were most powerful men of great authority and intelligence, and they purposed and were firmly disposed to accomplished my utter ruin and desolation, as demonstrated by their having attempted in every way possible to harm me. I, against whom these actions were taken, was a young private person without any counsel and with no help except for that which from day to day Divine benevolence and clemency administered to me. I was reeducate to a state such that, being at one in the same time afflicted in my soul with excommunication, in my mental powers with rapine, in my government with diverse stratagems, in my family and children with new treachery and machinations, and in my life with frequent and persistent plots, death would have been no small grace for me, being much less an evil to my taste than any of those other things.

Turning Point

No other event directed the events of remainder of Lorenzo's life with a force equal to the Pazzi Conspiracy. The murder of Giuliano and the resulting elimination of all parties opposing the Medici effectively removed any challengers to control of the city and ownership of the Bank. Lorenzo was to be the survivor of a string of untimely deaths, over fourteen years, among the male line of the Medici. The demise of Cosimo in 1464, followed by Piero five years later, followed by his Uncle Pierfrancesco in 1476 and then the murder of Giuliano left Lorenzo as the sole surviving heir to the fortune of his Grandfather.

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98 Martines, April Blood, 173.
One other consequence of the Pazzi conspiracy, as reported by De Roover but not mentioned by Poliziano, was of the death of Lorenzo’s friend, Francesco Nori. In addition to being a close confidant of Lorenzo, Nori was a skilled banker having served as the head of the Lyons branch of the bank and Medici partner in the Florentine tavola. The tavola served as the local subsidiary of the Medici Bank in Florence. Nori’s death further removed the skilled advice of seasoned banker when Lorenzo would need it.\footnote{De Roover, \textit{Rise and Decline}, 239.}

The significance of the Pazzi Conspiracy and aftermath is well summed up by a Francesco Guicciardini, the famous commentator and near contemporary of Lorenzo. Guicciardini was well acquainted with Lorenzo, his grandfather and grand-uncle having worked closely with \textit{il Magnifico} in the Florentine government.

The [Pazzi] uprising ... so revived [Lorenzo’s] name and fortunes that it may be said, most happy was that day for him! His brother Giuliano died, with whom he would have been forced to share his wealth, thus putting his great estate into question. His enemies were gloriously eliminated by the arms of government, and so too were the shadows and suspicions that he cast over Florence. The people took up arms for him ... and on that day, finally, they saw him as lord of the city. To guard [against attempts on] his life, he was granted the privilege of going about with as many armed servants as he chose. In effect, he all but made himself lord of state ... and the great and suspect power which he had exercised up to that point became much greater still, but now secure.\footnote{Guicciardini, \textit{History of Florence}, 36.}
Chapter Five – The Pazzi War

The violence immediately following the events of April 1478 served as a precursor to the extended struggle that would continue between Medician Florence and their opponents led by Sixtus IV and Ferrante of Naples. Sixtus used the death of Archbishop Salviati and the restraint imposed on Cardinal Riario as justification for ordering the confiscation of all Medici property and of all property belonging to Florentine citizens then in Rome, and that these Florentine citizens should be imprisoned. In response to this threat to their citizens, the Signoria dispatched respected diplomat Donato Acciajouli to Rome to negotiate the safe release of the Florentine captives. “This measure far from pacifying the pope, seemed to add fresh fuel to this anger. Instead of attending to the representations of the ambassador, he threatened to send him as a prisoner to the castle of S. Angelo, and would certainly have executed his purpose, had not the legates from Venice and from Milan interfered in his favor, and declared that they should consider such a breach of faith of nations and an insult to themselves.”

Deprived of direct imprisonment of his target, on June 1 Sixtus utilized one of the spiritual tools at his immediate disposal, a Bull of Excommunication. Branding Lorenzo as “a child of inequity and the nursling of perdition” and proclaiming similar epithets on the magistrates of Florence, Sixtus moved on to list the manifold and sundry offences of Lorenzo against the Holy See. With recognition of the ..... 

...gentleness and moderation of his own character, he [Sixtus] then declares, that ‘according to the example of our Savior, he had long suffered in peace the insults and the injuries of his enemies, and that he should still have continued to exercise his forbearance, had not Lorenzo de’ Medici, with the magistrates of Florence, and their abettors, discarding the fear of God, inflamed with fury, and instigated by diabolical suggestions, laid hands on ecclesiastical persons, proh dolor et inauditum sceleus!, hung up the

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102 This confiscation included the Medici concession on the alum production of the Tofla mines.
103 William Roscoe, Life of Lorenzo de’ Medici, 155.
archbishop, imprisoned the cardinal and slaughtered his followers.’ He then solemnly excommunicates Lorenzo, the gonfalonier, and the other officers of the state.104

Progress of the War.

The summer of 1478 found Florence preparing for war. The prospect of bloody battle was made all the more intense by the reappearance of plague in the city. In the face of this emergency Lorenzo relocated his wife and children to the safety of Pistoia. He rationalized their evacuation to the people of Florence by claiming that he would have willingly placed his own family at risk for the citizens, but it was not necessary because his enemies would be only be appeased by this blood.

Although the forces aligned against Florence were formidable Sixtus IV, Ferrante of Naples and their condottiere commanders, Alfonso, the duke of Calabria and Federico da Montefeltro of Urbino, the Florentine citizens felt confident in their troops led by Ercole d’ Este, Duke of Ferrara. Despite his reputation as a battlefield commander, d’ Este made every effort to avoid direct contact with the enemy. Perhaps it was grand strategy, perhaps it was the incentive to avoid losing members of his mercenary troop, but d’ Este proved to be a questionable choice. Despite their expectations of a swift prosecution of the war, the Florentines were to be disappointed by their champion... “But the new captain-general ventured as little as his predecessors to attack the enemy, notwithstanding his augmented forces; and when the [leader of the papal forces] considered an advance upon Florence unadvisable, gave up his position in Chianti, and, turning again to the Chiana valley, began the siege of Monte San Savino, it needed the most express commands of Florence to persuade Ercole d’Este to break up his head-quarters and approach the enemy.”105

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104 Roscoe, Life of Lorenzo, 156. As the war would drag in the coming months Sixtus began a propaganda campaign in an effort to divide Lorenzo from the Florentine citizenry. He would claim that he had no quarrel with the people, only against Lorenzo for his transgressions.
The conduct of the war did provide the opportunity for Lorenzo to be officially selected for public office. “A war committee (the Dieci) was instituted with Lorenzo as one of the members (his first executive office). Initial setbacks were followed by some successes, but by November 1479 enemy troops had occupied a good part of the southern portion of the dominion.”

Neapolitan troops led by the duke of Calabria defeated Florentine forces at Poggio Imperiale, this loss saw the defense of the city removed to San Casciano, only eight miles from the walls of Florence. As was customary during the harsh winter season, Alfonso proposed a seasonal truce to the Florentines. His offer was quickly accepted.

Trip to Naples

The winter of 1479 was a dark time for Lorenzo and the rest of the Ten of War. The truce had postponed the inevitable siege of the city when fighting resumed in the spring of 1480, but Florence was still besieged by plague and the loss of surrounding agricultural territory presented the quite real prospect of famine in the city. Against this backdrop, the twenty-nine year old Lorenzo made his dramatic decision to travel to Naples and appeal for peace directly to King Ferrante’. On December 7, 1479, Lorenzo’s letter to the Signoria, written from the road to Pisa, was delivered to the city council.

Since it appears to me that the city longs for and demands peace, and seeing no one else willing to undertake it, it seemed better to place myself in some peril than to further endanger the city. And so I have decided that with the blessings of Your Illustrious Lordships I will travel openly to Naples. Because I am the one most persecuted by our enemies, I believe that by placing myself in their hands I can be the means necessary to restore peace to our city.....

The diplomatic trip to Naples was quickly escalated into the realm of mythology. From our vantage point, it is easy to view the dramatic effect of Lorenzo’s secret departure, the air of humility, self-sacrifice and patriotism in his letter to the Priori on his fellow Florentines with skepticism. The danger to Lorenzo was

106 Najemy, History, 358
107 Numerous sources report that despite Lorenzo’s letter of apparent self-sacrifice to the Priors, he had in fact sent Filippo Strozzi il Vecchio on a secret mission to Naples in November 1479 to lay the groundwork for his trip.
real, Ferrante’ had killed the great condottiere Jacopo Piccinino, who had visited Naples with a safe conduct pass issued by the King. Yet in the moment, Lorenzo was seeking to link his fate to that of the city. Melissa Bullard describes it well ... “but an earlier identification of the destiny of the city with that of her most prominent citizen occurred with Lorenzo at the time of the Pazzi Conspiracy. Like the myth of the divine twins or the stories of Cain and Able, Lorenzo was the brother who survived to carry on the destiny of his people.”

Lorenzo arrived in Naples just before Christmas of 1479. The receiving party meeting him on the dock included his longtime acquaintance Federigo, King Ferrante’s second son. His meeting with the King was delayed while Ferrante was out of the city on a hunting trip. After being held in suspense for two days, Lorenzo rode out of the gates to greet the King as soon as news of his arrival reached the city. “Their reunion, as Lorenzo reported to the Ten, was a great success: ‘He greeted me most graciously and with many kind words, showing in many different ways the affection that he had for our city and his desire to enter into a true union’. In spite of this hopeful early meeting, negotiations with Ferrante’ soon turned frustrating for Lorenzo. His host would takes days to reach agreement on a point of discussion, only to reverse himself in the next meeting. These twists and turns and the slow pace of progress would take its toll on Lorenzo. Hibbert quotes the observation of a servant of Lorenzo, “During the day he appeared perfectly at ease, graceful, cheerful and confident, but at night he grieved bitterly about his own ill fortune and that of Florence, saying that it distressed him beyond measure that he could not save his country from the dangers which beset her.” Lorenzo had good reason to suspect Ferrante of “slow walking” the negotiations. The King was aware of Sixtus’ anger over Lorenzo’s attempt to forge a separate peace with Naples. “The pope had also received intelligence of the arrival of Lorenzo at Naples, and exerted all

108 Melissa Bullard, Lorenzo Il Magnifico, 10.
109 Miles Unger, Magnifico, 348.
110 Christopher Hibbert, The House of Medici, 155.
his interest with [Ferrante] to prevail upon him either to detain Lorenzo there, or to send him to Rome on pretense of accommodating his difference with the Holy See, and effecting a general peace.”\(^{111}\)

In spite of his depression over the pace of negotiations, Lorenzo remembered the diplomatic advice of Piero from his youth. He spent freely, impressing the Neapolitans with his generosity, buying the freedom of a hundred Christian slaves, presenting each with ten florins and new clothes. He won more goodwill by providing generous dowries for several poor girls and donating still more money to charities. One of his party, Filippo Valori, recalls... “hearing from Paolo Antonio Soderini the total amount that Lorenzo spent during his visit to Naples, but dared not write so huge a number down.”\(^{112}\) The long negotiations with Ferrante were caused in part by Lorenzo own demand for terms in the peace treaty. His three main conditions included: complete restoration of the Florentine territorial losses; protection of Florentine allies in the papal state of Romagna against retaliation from supporters of the pope; and the discharge of the demand that Lorenzo travel to Rome and humbly present himself to the pope. After three months of disappointing discussions in Naples, Lorenzo was compelled to return to Florence to face a rising tide of dissent within the city. The anti-Medician messages being dispatched by the Rome were beginning to have an effect, “…papal propaganda not only blamed the war on Lorenzo personally but also emphasized and exaggerated the extent of his tyrannical control of Florence.”\(^{113}\)

At this low point, events transpired to compel Ferrante to compromise with Lorenzo’s position. French troops were rumored be preparing for an expedition to Naples to reassert the authority of the Valois House of Anjou. Facing this threat, Ferrante’ was now eager to wrap up the negotiations and accepted Lorenzo’s terms for return of territory and protection for Medician allies in Romagna. In a concession to Sixtus, Lorenzo would still be compelled to appear before the pope. Within days after

\(^{111}\) William Roscoe, Life of Lorenzo, 165.
\(^{112}\) Hibbert, House of Medici, 155.
\(^{113}\) Michael E. Mallett, Lorenzo de’ Medici and the War of Ferrara, edit. Bernard Toscani (New York: Peter Lang, 1993), 249.
Lorenzo departed for Florence, Ferrante' would agree to these terms and dispatch the peace treaty to Florence. Lorenzo returned home on March 13, 1480 to a reception worthy of a conquering hero. Valori gives this description of his arrival...

He landed in Livorno, from whence he went to Pisa. In the harbor and town he was received with such a manifestation of joy, with such signs of attachment and shouts of applause from the whole population, that the place itself seemed to join in the rejoicing. But it is impossible to describe how he was received at his entry into Florence. Young and old, men and women, flocked together. The people and the nobles rejoiced together to see him return safely. To all he gave his hand kindly and gratefully. The people embraced each other for joy.  

The treaty with Naples was ratified three days later, but the final terms were the cause of minor grumbling by some in Florence. Milan was thought to have received more than her share, Florence was to pay an indemnity to the Duke of Calabria and at the Pope’s insistence had to release all members of the Pazzi family then imprisoned. Additionally, Florence did not recover all of its property in southern Tuscany and the strategic fortress city of Sarzana on the west coast of Italy was given over to Genoa.

Sixtus was not altogether ready to return matters to status pro ante bellum. He continued to demand the personal appearance of Lorenzo before the papal throne. Fortuna again smiled on Lorenzo and Florence, this time in the form of an even greater threat to Rome and Naples than the Medici. In the summer of 1480 a Turkish force invaded the southern Italian city of Otranto, killing 12,000 and taking another 10,000 citizens into slavery. Word spread of the grizzly death of the archbishop who led the resistance against the Ottomans. “In Rome the alarm was as great as if the enemy had already encamped

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114 Alfred von Reumont, Lorenzo de’ Medici, 412.
115 Sources vary on the exact date of the attack, either July or August of 1480, but the timing was so convenient for Lorenzo that afterwards he was said to have arranged the invasion with Sultan Mehmed II. It was this Sultan, and his respect for the Medici family, that returned the murderer of Giuliano, Bernardo Bandini Baroncelli, to Florence after his escape to Constantinople. He was arrested and returned to meet a fate similar to the other conspirators, being hanged from the Palazzo della Signoria. His demise is recorded in a sketch by Leonardo da Vinci.
before her very walls. Terror had taken such hold of all minds that even the Pope meditated flight.”

The Pope’s attentions were turned to the south and the dispute with Lorenzo became a minor concern in the face of a Moslem invasion.

Lorenzo’s legacy was assured with his triumphal return from Naples. The final administrative matters regarding the excommunication of Lorenzo and the citizenry were dispensed with through the sending of an ambassadorial cohort to Rome to receive absolution from His Holiness. The aftereffects of the Pazzi conspiracy and the now total control of the government in Florence, forever changed the relationship of Lorenzo to the citizenry. The committee of Eight canceled all permits in Florence to bear arms, and for the first time in the history of the republic, only the select would now be allowed about the city with armed protection. Without question Lorenzo was one of the select. “[He] was authorized to move through the city with an armed escort consisting of twelve to fourteen men, some of them mounted, including archers, four crossbowmen, and swordsmen.” This recognition of Lorenzo’s status was unmistakable to the citizens of Florence.

The break in commerce with Rome and Naples during the Pazzi War added to difficulties the Bank was facing. Poor performance by branches in London, Milan and Bruges throughout the 1470’s had been subsidized by profitable business with Rome and the Church. The costs of maintaining the Medici household and the expense of the Neapolitan trip placed Lorenzo in difficult financial straits. Lacking family or bank resources Lorenzo embarked on a course that has left a stain that still remains on his reputation.


117 On December 3, 1480 members of the leading families of Florence appeared before the Pope in St. Peters and according to reports, literally mumbled an apology for the city’s misbehavior. The Pope, seated upon a canopied throne, tapped the penitent representatives with a staff holding a feather and the matter was concluded. “The ambassadors, having promised to supply fifteen galleys for service against the Turks, returned to Florence and reported to Lorenzo that all had gone as planned.” (Hibbert p. 160).

Lorenzo reportedly appealed for loans from the Duke of Milan in the amount of 30,000 to 40,000 ducats. Of greater significance is the misappropriation of 53,643 florins that Lorenzo held as trustee for his cousins Giovanni and Lorenzo, the children of Pierfrancisco. In 1485, Lorenzo was ordered by the Florentine courts to repay his cousins when they reached the age of majority. Unable to immediately pay the amount due in florins, Lorenzo was reduced to transferring title to the ancestral villa of Cafaggiolo and other property in the Mugello in order to satisfy the court. The most serious matter involves the direct embezzlement of public funds from the Monte (city treasury) for personal use by Lorenzo. This matter was not settled until after Lorenzo’s death and the flight of his sons from Florence. “On January 30, 1495, the commune lodged a claim with the custodians of Medici property for 74,948 large florins, which had been paid out in several installments to Lorenzo or his agents by Francesco Della Tosa, steward of the Monte or the public debt. The document explicitly states that these payments were made ‘without the sanction of any law and without authority, to the damage and prejudice of the commune’.”

Turning Point

The Pazzi War and its conclusion provided the backstory for the elevation of Lorenzo to il Magnifico. He led Florence in a struggle against the most powerful forces on the peninsula and risked his own life in order to negotiate a peace treaty when the military tide was turning against the city. Lorenzo was de facto ruler of Florence, as the grandfather and father had been before him. His political power would be unchallenged for the rest of his life. These diplomatic successes unfortunately set the stage for a series of acts that would contribute the failure of the bank. De Roover writes about the need for a reorganization of the Bank in the aftermath of the Pazzi War. The bankruptcy of the Bank was only avoided by Lorenzo’s embezzlement of the public treasury and stealing from his relatives. Through it all,

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120 Ibid., 367.
Lorenzo failed to implement the necessary changes required to return the Bank to a sound financial footing.

Even in those desperate circumstances, no heroic remedies were applied, and Sassetti was left to patch up the cracks, but his handiwork did not prevent the cracks from spreading until the entire structure was beyond repair. To rebuild the tottering edifice from the ground was not attempted; however, plans for a complete renovation of the decrepit structure were submitted to Lorenzo the Magnificent but apparently came to naught.\textsuperscript{121}

The political successes of Lorenzo can be seen to reinforce the impact of his lack of banking training. He was the unquestioned leader of Florence and the sole owner of the Bank. Sadly, his unchallenged leadership would buttress his belief that he had no need for outside counsel. In the end this hubris would contribute greatly to the failure of the Bank.

\textsuperscript{121} De Roover, \textit{Rise and Decline}, 367.
Chapter Six – Restoration of Bank with Rome – January 1488

The peace that concluded the Pazzi War, settled the current conflict with Sixtus. This fact aside, the Pope continued fixated on a series of skirmishes that were designed to gather lands and incomes for his extended and expensive family. Violence was to break out twice on the peninsula and twice Lorenzo’s personal intervention was required to quiet the belligerent Pope. “On the second occasion, in August 1484, when the Pope’s representative returned to Rome to report that the terms of the peace treaty denied his nephew the towns of Cervia and Ravenna for which the war had been fought, Sixtus already excessively ill-tempered because of his gout, was at first so angry he could not speak. Then he burst out that he would never countenance such humiliating terms.”122 The humiliation was to be more than the aging and ailing Pope could bear. He collapsed the day after his outburst and within a few hours he was dead.

Figure 10
Innocent VIII
Hieronymus Hopfer – undated

Although Sixtus’ successor to the throne of St. Peter, Innocent VIII, would ultimately prove to be a reliable Medician ally, the early days of his papacy continued the tension between Rome and Florence.

122 Christopher Hibbert, The House of Medici, 160.
The “Baron’s War” between new Florentine ally, Ferrante’ of Naples, and Ferrante’s feudal barons, supported by Innocent, caused immediate tension between Lorenzo and the Pope. Bullard discusses *il Magnifico’s* mistrust about the new pope.... “Lorenzo was more wary than ever of the pope. ‘I believe everything bad about this pope’, he blurted out to the Estense ambassador in the months following the barons’ defeat.”

His opinion of church governance was even lower, “This ecclesiastical state has always been the ruin of Italy, because they are ignoramuses and do not know how to govern states, thus endangering the whole world.” These feeling are understandable given recent events with Rome and a succession challenges to Medici control in Florence and the Bank. However Lorenzo is nothing if not strategic in his belief that the long term success of both the family and the Bank will be through a return of an alliance between the Medici and the Holy See.

Innocent soon presented this opportunity indicating, through a back channel advance in the person of Marco Barbo, Cardinal of San Marco, he would welcome one on one negotiations with Lorenzo. After several months of confidence building measures between the parties, an agreement was reached.

In the diplomatic currency of the time, an arranged marriage (*parentado*) between families was the surest way to ensure a lasting beneficial relationship. Machiavelli describes, from a Florentine perspective, how this *parentado* was mutually beneficial...

The pope having observed in the course of the war, how promptly and earnestly the Florentines adhered to their alliances, although he had previously been opposed to this from his attachment to the Genoese, and the assistance they had rendered the King, now evinced a more amicable disposition, and received their ambassadors with greater favor than previously. Lorenzo de’ Medici, being made acquainted with this change of feeling, encouraged it with the utmost solicitude; for he thought it would be of great advantage, if to the friendship of the king, he could add that of the pontiff. The pope had a son named Francesco, upon whom designing to bestow states and attach friends who might be useful

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124 Ibid.
to him after his own death, saw no safer connection in Italy than Lorenzo’s; and therefore induced the latter to give him one of his daughters in marriage.\textsuperscript{125}

Lorenzo’s decision to marry the sixteen year old Maddalena to the nearly forty year old Franceschetto Cybo was a master stroke of diplomatic positioning. For the long term benefit of the Medici, he had made the decision to marry off his wife’s favorite child, including a dowry of 4,000 florins and the Palace of the Pazzi (confiscated in the days following the conspiracy) to Franceschetto, who would prove to be a “challenging husband.” He was described as being Innocent’s “fat, hard-drinking, hard-gambling son,” losing enough money at cards that his gambling partners were able to build palazzos in Rome with the winnings.\textsuperscript{126} Lorenzo did despair for the wellbeing of his daughter, reading in a letter from Matteo Franco, her chaplain in Rome, “The bad health of Madonna Maddalena and the thoughtless behavior of my Lord (Cybo) in keeping her up, for all this winter he gambled every night, supping at six or seven and coming to bed at daylight, and she will not, and cannot eat or sleep without him. Thus she has lost sleep and appetite and has become as thin as a lizard.”\textsuperscript{127}

Any concerns for his daughter were quickly set aside as the prospects of the Bank’s health in this new alliance with Rome were calculated. Although the Rome branch was reinstituted following the peace with Sixtus in 1481, relations with the Apostolic Camera had remained trying at best. Giovanni Tornabuoni had pressed for recognition of Bank’s claims for past indebtedness and while these debts were confirmed, their repayment was slow and irregular. Now with a new alliance as a result of the marriage “Tornabuoni

\begin{footnotes}
\item[125] Niccolo Machiavelli, \textit{History of Florence and of the Affairs of Italy}, 400 – 401. Guicciardini repeats this account in his \textit{History of Florence}, but feels compelled to describe Franceschetto as Innocent’s illegitimate son. Bullard adds the interesting point that the Pope had rejected marriage proposals for Franceschetto from both Naples and Milan, p 137.
\item[126] Miles Unger, \textit{Magnifico}, 414.
\item[127] Janet Ross, \textit{Lives of the early Medici, as told in their correspondence}, (Boston: R. G. Badger,1911), 329.
\end{footnotes}
was already rubbing his hands and wrote to Lorenzo with unjustified optimism: 'If the Pope is well off, we are too'.

The *parentado* with Innocent was only the first of three separate alliances that Lorenzo would execute with the year to solidify the financial and political forecast for the Medici. 1488 would see the marriage of his son Piero to Alfonsina of a Neapolitan branch of the Orsini. Through his wife’s line of Roman Orsini and her brother’s position as Florentine archbishop, the marriage of Piero would strengthen the bonds with both Rome and Naples. The third leg of the family diplomatic stool would prove to be the most lasting benefit to the family. Lorenzo had long held ambitions for his middle son Giovanni within the church.

His efforts had begun at least four years earlier when Lorenzo had Florentine troops seize the abbey of Passignano, a lake front town 100 KM southeast of Florence, in order to install Giovanni as abbot. Additionally, he pressed his allies in Naples and Milan to appeal to Innocent for the assignment of prestigious monasteries within their control to Giovanni as abbot. The second son had been groomed for a life in the clergy. “He is so strictly bred,” remarked his tutor Poliziano, “that never from his mouth comes a lewd or even a light expression. He does not yield to his teachers in learning, nor to old men in gravity of manner.” For Lorenzo, the years of preparation, positioning and planning were to see fruit in 1489. Innocent, after much lobbying, agreed to make the thirteen year old Giovanni a cardinal. His obvious anxiety at naming the youngest cardinal in the history of the church was manifested in his admonition to Lorenzo to keep the matter confidential for three years, a more acceptable age for ordination. Secrets of this magnitude are impossible to keep today, or in the Quattrocento. In his diary, Luca Landucci tells of the breaking news in Florence, “10th March. We heard that the Pope had made six cardinals, who were

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128 De Roover, *Decline and Fall*, 221.  
as follows: two French, one Milanese, two were his nephews, and one Florentine, son of Lorenzo de’
Medici. Thanks God! It is a great honor to our city in general, and in particular to his father and his
house.”

With the three legs of his political stool in place, Lorenzo believed he had insured the Medici
legacy within Florence and across Italy. It met the four crucial goals of Lorenzo’s intentions and set the
political policy for the remainder of his life. First, it cemented Lorenzo’s popularity and position in
Florence; second, it reestablished the economic ties between the Apostolic Camera and the Bank; third,
it strengthened Lorenzo’s hand in relations with Milan and Naples and other powers in Italy; and fourth,
it established the groundwork for his dynastic ambitions.

Lorenzo did not live to see these carefully cultivated plans bear fruit. His body racked by the
family curse of gout and suffering with other undocumented ills, his death in 1492 is described by his
longtime companion Poliziano,

He gave no signs of anxiety or of sorrow; even in that supreme moment he showed his
usual strength of mind and his fortitude. The doctors who stood round, not to seem idle,
worried him with their remedies and assistance. He submitted to everything they
suggested, not because he thought it would save him, but in order to not offend anyone,
even in death. To the last he had such a mastery over himself that he joked about his
own death. Thus when given something to eat and asked how he liked it he replied: “As
well as a dying man can like anything.” He embraced us all tenderly and humbly asked
pardon if during his illness he had caused annoyance to anyone. Then disposing himself
to receive the unction he commended his soul to God. The Gospel containing the Passion
of Christ was read and he showed that he understood by moving his lips, or raising his
languid eyes, or sometimes moving his fingers. Gazing upon a silver crucifix inlaid with
precious stones and kissing it from time to time, he expired….

----- Fiesole,
May 18 1492.

131 Melissa Bullard, Lorenzo il Magnifico, 137.
Turning Point

For all of the public accumulation of power and prestige that il Magnifico garnered from the parentado and elevation of Giovanni to Cardinal, Lorenzo failed to do the most basic of banking functions in preparation for his new alliances; underwriting. He had great expectations for the income to be produced from tax farms and alum concessions under Innocent VIII. In reality, the costs associated with his new in-laws and support of the new Cardinal were to become staggering. De Roover describes the renaissance popes as “spendthrift and nepotic and found themselves in incessant and costly wars as a result of their tortuous foreign policy…. the papacy was living beyond their means and the days of surpluses and comfortable reserves belonged to the past. So it was with the Medici Bank. Gone were the days of easy profits.” The credit of the Apostolic Camera was stretched to the point of requiring the surrender of a precious papal tiara as security for one loan. Lorenzo also failed to adequately account for the costs associated with both the gambling debts and ecclesiastical expenses of his new son-in-law. Additionally, the Orsini branch of the family was in constant debt to the Bank with outstanding balances of between 28,000 – 30,000 ducats. One final drain on the Bank resources were the personal expenses of Lorenzo, both for the purchase of antiquities and precious stones and “thousands of ducats for young Giovanni de’ Medici for whom Lorenzo was purchasing benefices all over Italy and abroad.”

This turning point for Lorenzo and the Bank was the integration of the Medici directly into the stream of commercial transactions and political power of the Holy See. Though for the Medici family the results may be considered successful, the condition of the Bank was perilous, the expected profits from the restoration with Rome would never materialize. Cardinal Giovanni would rise to become Pope Leo X and the illegitimate son of Lorenzo’s murdered brother Giuliano would follow him to the throne of St.

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133 Underwriting is the term given to the process lenders use to assess the creditworthiness and credit risk of their clients.
134 De Roover, Rise and Decline, 221.
135 Bullard, Lorenzo il Magnifico, 173.
136 Ibid.
Peter as Pope Clement VII.  The Bank would suffer mightily for the excesses of Lorenzo in his campaign to tie the family to the church.

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137 Each of these Medici are remembered for their own actions. Leo X would master the technique of selling indulgences as a funding mechanism for the construction of St. Peter’s and the excommunication of Martin Luther. His cousin Clement VII refused to allow the divorce of Henry VIII of England and commissioned Michelangelo to paint *The Last Judgement* in the Sistine Chapel.
Conclusion

In the short remaining life of the Bank following Lorenzo’s death in 1492, it was overseen by Lorenzo’s elder son, Piero di Lorenzo. Only twenty years old at his father’s demise, he was described as healthy, haughty and fond of sports, but not possessing his father’s diplomatic skill or his great grandfather Cosimo’s managerial skill. Lorenzo is reported to have stated “I have three sons; one is foolish, one is clever, and one is kind.” He was describing Piero, Giovani and Giuliano respectively. Piero would ultimately be unseated by his enemies in Florence during the French invasion of 1494. He would try to imitate his father’s famous diplomatic trip to Naples during the Pazzi War, by making a similar unannounced trip to negotiate with the French King Charles VIII. Instead of securing an acceptable peace, Piero largely capitulated to all Charles’ demands, surrendering the primary defense points of Tuscany to the invading French. The resulting uproar in Florence led to a popular revolt against Piero among the citizens, aided by the prophetic sermonizing of Dominican friar Savonarola.

The collapse of the family was complete when the Signoria place a bounty on the heads of Piero and his younger brother, Cardinal Giovanni. With their youngest sibling in tow, the brothers quickly left Florence through the San Gallo gate for the safety of their villa in Careggi. In was in this humiliating manner that Medici rule over Florence and the ownership of the once powerful Medici Bank came to a close. From Cosimo’s return from exile in 1434, for six uninterrupted decades the Medici family that was synonymous with Florence, had been at the center of political and financial power. It ended in September 1494, less than thirty months after the death of Lorenzo il Magnifico.

As an ironic echo of the treatment of the Pazzi, the aftermath of the family’s escape from Florence saw all Medici property seized by the new regime installed by their opponents. Technically, former bank

138 Hyett, Francis A. Florence: Her History and Art to the Fall of the Republic (London: Methuen & Co., 1903), 475.
manager, Giovanni Tornabuoni and his son were to continue the operation of what remained of the Bank for the benefit of the new “custodians,” but the lack of capital and credit and the stain of the Medici disgrace insured the failure of any “soft landing” of the Bank.

Could the legacy of the heirs of Giovanni di Bicci have been different? Would a different manager or a different strategy provided for long term survival for the Medici Bank? Historians have debated the end of Medici rule and the collapse of the Bank from very nearly the moment of the fall. Machiavelli in History of Florence, wrote admiringly of the life and leadership of Lorenzo, excusing his management over the disintegration of the Bank thusly;

In his commercial affairs he was very unfortunate, from the improper conduct of his agents, who in all their proceedings assumed the deportment of princes rather than private persons; so that in many places, much of his property was wasted, and he had to be relieved by his country with large sums of money. To avoid similar inconvenience, he withdrew from mercantile pursuits, and invested his property in land and houses, as being less liable to vicissitude.140

On at least one count, Machiavelli is correct; many of the Medici remote branch managers took on the trappings of princely status. The best example being the Portinari brothers in Bruges and Milan, living in lavish palaces purchased by the Medici as bank offices and vastly exceeding their authority by agreeing to lend seemingly limitless amounts of money to the members of whatever royal family could grant them the entrance into the thin aristocracy around the court. The humanist historian Francesco Guicciardini confirmed this weakness in personnel selection and added that Lorenzo was inattentive to the managerial reports of performance or lack thereof.

The same liberality preserved his fame and his friendship with the princes of Italy and abroad; for he omitted no form of magnificence - no matter how costly – that might enable him to keep the favor of the powerful. The result was that at Lyons, Milan, Bruges,

140 Machiavelli, History of Florence, 405. Machiavelli wrote this history between 1521 and 1525 and dedicated it to the second son of Lorenzo, the new Pope Clement VII.
and other places where he had business interests, his magnificence and his gifts caused his expenses to multiply, whereas his profits diminished because his affairs were governed by men of little ability, such as Lionetto de’ Rossi and Tommaso Portinari. Moreover, his accounts were not well rendered, for he knew little and cared less about business. On several occasions his affairs were in such disorder that he was on the verge of bankruptcy, and was forced to avail himself of his friends’ money or of public funds.\footnote{141 Francesco Guicciardini, \textit{The History of Florence}, 73.}

To these twin shortcomings of poor employee selection and inattention to banking details, is added the additional deficiency of inaction. At several points in Lorenzo’s management of the Bank following his father’s death, he was presented with reorganization plans with the goal of restoring the Bank to more healthy operations. In 1482 and again in 1486 his managers recommended restoring just the sort of structure and control that his grandfather Cosimo had used to such success. Alas, such plans when placed before Lorenzo were, in the words of De Roover, “a dead letter.”\footnote{142 De Roover, \textit{Rise and Decline}, 369.}

Four turning points in the life of Lorenzo de Medici have been identified, each of them providing an event, which if different action were taken, could have changed the fortunes of the Bank.

\textbf{1466 – Lorenzo in Rome} - Lorenzo fails to take advantage of the time to being a banking apprenticeship in Rome under his uncle Giovanni Tornabuoni. Later in life he will be called upon to make crucial banking decisions without the training that might have led to competent judgements.

\textbf{1478 – Pazzi Conspiracy} - The murder of his brother leaves Lorenzo as the sole heir to the Medici Bank and the family partisan machine. In addition to the trauma of being the target of the assassination attempt and coup d’état, at 28 years old he is alone at the top of an economic and political organization. A succession of early family deaths, the “quirks of genealogical fortune,” have placed him in a position of great responsibility, without counsel, with unquestioned authority at a young age. It is safe to believe
that more years with his father serving as mentor, or the survival of his brother to be a sounding board for future decisions would have helped Lorenzo in his leadership of the Bank.

**1479-1480 – The Pazzi War** - Lorenzo’s legacy as statesman and diplomat are cemented by his success in negotiating a peace with Naples and Rome. However, the two years of war, embargo and conflict leave Florence and the Bank in a weakened state. Sixtus IV sequestered the Medici property in Rome, repudiated the debt of the Apostolic Chamber and canceled the alum concession. Although peace was restored with Rome, the damage to the bank was substantial. Lorenzo spent much of the remainder of his life as a political leader, he would have served the Bank better as a banker first and politician second.

**1488 – Restoration with Rome** – With the commercial struggles of the Bank a constant pressure on him, Lorenzo throws the economic and political equivalent of a “Hail Mary” pass. He arranges the marriage of his daughter into the Papal family and the marriage of son into a Neapolitan Brahmin family, building alliances with both Rome and Naples in the process. He also masterfully completes the process of having his second son ordained as a cardinal. Although at first view these steps could be considered a dynastic feat of the highest order, in fact the costs to Lorenzo and the Bank were far higher than the reward. Because of a lack of diligence in understanding the true expense of making these new family alliances, Lorenzo’s new in-laws proved to be exceedingly more expensive than he anticipated. It is not unrealistic to believe that if Lorenzo’s banking background were more thorough, he could have avoided this expensive strategy that at the end of the day did not solidify the Bank or the family.

Competent authorities on the life and legacy of Lorenzo di’ Medici *il Magnifico* disagree on the amount of responsibility to lay at his feet. Machiavelli dismisses Lorenzo’s fate to *fortuna* and dishonest partners that took advantage of his trusting nature. Guicciardini includes Lorenzo’s extravagant and expensive lifestyle as well as poor selection of managers in his commentary. Raymond De Roover in his epic *Rise and Decline of the Medici Bank* also points to the poor management of Lorenzo as a principle
cause for fail of the Bank, but additionally includes the poor macroeconomic conditions of the last decades of the 1400’s, the population decline caused by continued outbreak of plague throughout Europe and a breakdown in trade as a result of a war between Venice and the Turks. Richard A. Goldthwaite concedes the points of De Roover, but writes that the fundamental failure of the Bank was caused by the insistence of Lorenzo to mix business and politics and to use the Bank and its credit as an instrument to forward the political mission of the Medici. With a dissenting view, Melissa Bullard has written most recently that despite his shortcomings early in life, by middle age Lorenzo had taken an active interest in the Bank and if only he had survived into his sixties his efforts at reconciliation with Rome would have restored the Medici to their place of prominence in Florence and throughout Italy.

A case can be made for the inclusion of an additional cause of the fall of Medici bank in 1494. This event traces back to Lorenzo’s trip to Rome in 1466 and the failure of Lorenzo to show interest in, or take the time to learn the basics of banking. It was banking that provided the underpinning for the family wealth and political power. Without the Bank and financial power associated with the Bank, the Medici would have been just another family in Florence. Training in banking would have prepared Lorenzo for the challenges of managing a far flung financial enterprise. A degree of responsibility could be placed with Cosimo il Vecchio, although he died two years before Lorenzo aborted apprenticeship in 1466, he could have insisted on some level of business instruction for his grandchildren Lorenzo and Giuliano. His own banking instruction of his son Giovanni provides evidence that he understood the importance of training the next generation in the family trade, particularly when Giovanni predeceased him. Likewise Piero should have seen the need for a formal training regime, given his own experience running the affairs of the Bank without the benefit of this type of education.

It is Florentine historian, papal administrator and statesman Francesco Guicciardini’s commentary that provides the most illuminating insight into the repercussions of Lorenzo’s lack of interest in the
banking trade, “... his accounts were not well rendered...” Lorenzo did not have the training, skill or desire to digest and understand the reports and activities of his subordinates. His great-grandfather Giovanni di Bicci and his grandfather Cosimo, certainly understood the reports of their partners and employees. At a core level they were bankers, they understood the risks and rewards of exchange and credit. They built the Bank, they made the deals, and they knew when an employee was acting in the best interest of the Bank. Sadly, Lorenzo did not share their interest or passion for the commercial world. The intrigue of diplomacy and the feeling of political power were more of a stimulant for Lorenzo than the mundane world of finance. The last decades of the Bank could have been different with a banker at the wheel.


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