

7 Conclusion: Market Allocation

This investigation of the market space strategy applied by the Curia-based Florentine banks corroborates the concentration of the banking presence in Cologne, Nuremberg, and Lübeck. In the fifteenth century, Wrocław was only of short-lived importance, as were – during the Councils – Constance and Basel. Thanks to the presence of Lamberto Lamberteschi, banished from Florence, the city on the Rhine retained its status for a few more years beyond the duration of the great ecclesiastical synod. Moreover, Mainz, Lüneburg, Leipzig, and Tartu – which transacted business via their parent companies in the exchange centres – were also only of minor and short-lived importance. German economic space consisted of two spheres of influence, ‘divided roughly by a line rising from Basel towards the north-east.’²¹⁷³ This subdivision corresponds with Peter Moraw’s distinction between an “older (economic) Europe” with the Greater Lower Rhine area around Cologne connected to Bruges and a “younger Europe” with Nuremberg and Lübeck oriented towards Venice. In their core territory of Upper Germany, the people of Nuremberg also had to tolerate merchants from Augsburg, Memmingen, Ravensburg, and other mercantile towns. Florentines only made a dismally failed attempt there around 1473 to be directly active in payment transactions with Rome.²¹⁷⁴ Lübeck and Cologne, on the other hand, were cities of conflicting priorities, because Italians and Upper Germans took turns as bankers there and at times competed with local merchants as well.

Already in 2003, Esch established that large parts of Germany were not covered by Florentine banks. Only moneys from the surrounding regions and the towns economically connected to them were served by the centres of exchange. Moraw is correct to write of a ‘constellation of leading metropolises, each with spaces developed by them [...], of course with complementary wide-ranging economic relations and with overlapping areas of interest.’²¹⁷⁵ In Münster, Bremen, or Magdeburg, on the other hand, there were hardly any persons or institutions that used the bill of exchange as a means of payment.²¹⁷⁶ These circumstances were not a consequence of the differing concentrations of the Florentine presence, as the analysis of the “Introitus et Exitus” (income and expenditure) register of the Apostolic Chamber from 1458 on by Götz-Rüdiger Tewes shows. He was not interested in how the annates got to Rome, but rather only in the number and amount of the annate payments from individual bishoprics. In addition to

2173 Esch (1966), p. 336: “geschieden ungefähr durch eine von Basel gegen Nordosten steigende Linie.”

2174 See above the passage about Benvenuto di Daddo Aldobrandi, p. 214.

2175 Moraw (1987), p. 602: “[einer] Konstellation führender Grossstädte mit jeweils von ihnen erschlossenen Räumen [...], natürlich mit ergänzenden weit gespannten Wirtschaftsbeziehungen und mit überlappenden Interessengebieten.”

2176 Esch (2003a), p. 33.

the principal payers Mainz, Cologne, Augsburg, and Passau, he found twenty-one bishoprics for which one or no receipt of money was recorded from 1458 to 1461. These bishoprics were mostly located in northern and north-eastern Germany.²¹⁷⁷ Therefore, the conclusion must be that there were only Florentines where there were customers who were willing and able to pay; those who paid no annates did not need bills of exchange.

Until the end of the Great Schism, bills of exchange to the Curia were possible from Bruges, Venice, Geneva, and probably Milan, after the equivalent of the sum to be paid out had been made available at these locations. From there on, however, the transaction was controlled solely by the Italians. The same was true in the other direction: payments from the South to the North – which, however, were exceptional – had to be transacted via intermediate stations in the mercantile towns on the periphery of the German economic region. Two closed circles of payment systems thus came into being: the German-northern one and the Italian one. The bankers from Lucca and Bologna were the first ones who, by the establishment of their own branch offices and the inclusion of correspondent relations with Germans in Cologne and Nuremberg, joined the international payment system directly.

From the point of view of the Florentine guilds and the Signoria, Upper Germany was for a long time mainly a transit country on the way to Flanders. Characteristic of this disregard for this economic region are the contacts with the city of Constance at the beginning of the fifteenth century. On 14 September 1409, the Signoria wrote instructions to their envoys Piero Cambini and Bartolomeo del Bambo Ciai, whom they sent to *Vineczia et nella Magna* to see if they could get more security and customs concessions for merchants who wanted to take goods overland from Florence to Flanders (*Ponente*).²¹⁷⁸ The two were evidently successful, for on 11 December 1409, the city of Constance granted the Florentine merchants safe conduct across the Lake of Constance.²¹⁷⁹ Although Constance itself had an important economic position in Upper Germany at the time, the Italians apparently were not interested in these markets. They only wanted to travel through the city in order to get safely to north-western Europe. The Alberti dominated Curial payment traffic from the Baltic region via Bruges and for decades saw no competitor emerge to contest their monopoly. The first contacts between the Medici and merchants from Nuremberg took place in Venice, but there is no evidence of any efforts to penetrate across the Alps into the northern economic region.

Germany south of the line dividing the north and the south (*Mainlinie*) only became important for Florentine Curia-based bankers after 1409.²¹⁸⁰ The Council of Pisa led to a sharp rise in collection moneys, gushing in from northern and eastern ecclesiastical provinces to John XXIII's

2177 Tewes (2005), pp. 214–215.

2178 Reproduced in Schulte (1900), pp. 173–174. – See Mone (1853), p. 41.

2179 Reproduced in Schulte (1900), pp. 217–218. – See Wielandt (1950/53), pp. 20 and 27.

2180 Denzel (1991), p. 197.

treasury. The handling of these transfers promised large profits and led almost simultaneously to the beginning of the partnership of Giovanni de' Medici and Ludovico Baglioni in Lübeck and the founding of the Ricchi branch office in Wrocław. It seems that these two up-and-coming banking houses were not out to take away revenues from the Alberti, but to profit from the increase in the cash flow. The founding of an Alberti branch in Cologne was not a counter-measure against ambitious competition, but rather gaining a firmer hold on a market that one had already cornered. The presence of the Guadagni and the Medici in the city on the Rhine in the person of Simone Sassolini was certainly not a commercial threat to them.

In 1427, the balance sheets of the Giachinotti-Cambini company were still largely dominated by business they had transacted in Germany in association with Vieri Guadagni. Shortly thereafter, the bank focussed almost entirely on the Mediterranean region and completely abandoned its partnerships with Cologne and Wrocław. Michele di Giovanni di ser Matteo was replaced by Giovanni Panciatichi as correspondent in Venice. The reasons for neglecting German business are not only to be found in the personal interests and relationships of the shareholders, but also in the changes in the market situation in Cologne and Wrocław. In Cologne, Cosimo de' Medici had established a correspondent relationship with Simone Sassolini, which was probably more interesting for the Bolognese than that with his old partners.²¹⁸¹ With the Alberti branch office and the Medici-Sassolini collaboration, this market was completely covered.

In the middle of the 1430s, the German market was reshuffled by the bankruptcies of the Alberti, Rummel, and Kress banks. The Medici gave up their broad preference for Nuremberg and Lübeck, which they handled via the Venetian banking centre, and in return increased their presence in Bruges. As the small-sum business in Cologne did not interest them, they controlled it indirectly via their former employee Antonio della Casa in Rome, who ran it with Bartolomeo Biliotti. The partnership dominated exchange traffic between Cologne and the Curia until 1446. It was endangered neither by the collaboration of Antonio de' Rossi with Bernardo da Uzzano and Francesco Boscoli, nor by Giovanni d'Alberto Rinieri's collaboration with the Medici and Borromei/Spinelli. When the Council of Basel closed, only Lamberto Lamberteschi was in a position to issue bills of exchange there. The presence of the Florentines in the Rhine Valley ended with his death in 1458.

Between 1445 and 1450, the business of the Borromei/Spinelli in Cologne and Upper Germany, as well as the connections of Ognibene Sagramoso to Germany, constituted only a brief interlude. At the same time, the Medici withdrew nearly completely from Germany. The last Florentine bank ended its work in Cologne, Gherardo Bueri died in Lübeck. The problems caused by the policy of neutrality of the electoral princes in the new schism and wars around Nuremberg evidently had a drastic effect. The disruptions of the banking centres at the beginning of the 1450s, on the other hand, had little impact, as they could probably be circumvented. It

²¹⁸¹ See below p. 223.

was primarily obstructions to intra-German trade that led to the breaking off of the connection all the way to Rome.²¹⁸² Around 1450, there were no Florentine banks directly connected to Germany. Ognibene Sagramoso from Verona was the only Italian who – albeit to a very limited extent – transferred moneys from Germany directly to the Curia.

The consequences of the collapse of the Florentine presence in Germany highlight the difficulties the Teutonic Order had – beginning in the middle of the 1440s – in finding a reliable, permanent Curia-based banking partner. Again and again between 1447 and 1452, the Order had to seek new ways to transfer its moneys to Rome. In the summer of 1445, the Grand Master gave the *Pfundmeister* (manager of finances) in Gdańsk the instruction to buy a bill of exchange for 500 Rhe. fl. in Mechelen. On 24 July 1445, the former wrote to Marienburg that he had asked a number of men from Holland and Brabant, ‘who would willingly lend such money in Gdańsk and repay it in Mechelen.’ However, they had demanded a 4-florin fee per f. 100. He went on to write that he thought that he himself would be able to find men to *obir lant lossen tragen* (‘would carry overland’) the money which would make the purchase of bills of exchange in Mechelen cheaper.²¹⁸³ One year later, the city of Gdańsk had to inform the *Deutschmeister* (Master of the Teutonic Order in Germany) that bills of exchange to Cologne and Nuremberg could not be bought anywhere, which meant that cash would again have to be transported.²¹⁸⁴ Were a banker to be found for this service, it would only lead to a single transaction; a new, permanent route for transferring money could not be established. Thus, money was sent from Riga via Bruges;²¹⁸⁵ payments received by Francesco de’ Baroncelli and, in 1450, by the Medici also went through this banking centre.

In these years, money came to Rome through three connections. Konrad Paumgartner sent it via correspondents in Venice to the Medici, the Great Ravensburg Trading Company used its relationship with Antonio della Casa, and an unknown banker in the North directed it to Ognibene Sagramoso. The fact that evidently not only Florentines in Lübeck, but also German merchants were not able to carry out cashless money transfers at this time, leads one to the conclusion that it was not one single enterprise that was in trouble, but rather that there was a more widespread emergency for exchange transactions. The causes of this exceptional commercial situation cannot be clearly identified or even attributed to a specific economic or political development. They were turbulent years during which the Teutonic Order experienced tensions involving Burgundy, England, Poland, and other powers. At the same

2182 This is made clear by the negotiations between the *Pfundmeister* in Gdańsk, who was supposed to transfer money to Nuremberg on behalf of the Grand Master. He negotiated with Hans Kerstand, who refused to transfer money for the Order for a long time. See OBA 9767.

2183 OBA 8829: *die al sulch gelt wol zcu Danczik uffnemen unde geben es zcu Mechelen widder aws.*

2184 Hirsch (1858), pp. 237–238.

2185 OBA 10094. This amount was paid in Riga by the merchant Heinrich Gendena. A man from Lombardy who had provided a guarantee for the damage incurred is mentioned in this letter. It is probably Gherardo Bueri. See p. 200. – Schuchard (1992), p. 87; Brück (1995), pp. 156–161.

time, there were massive disruptions on the international trading routes in southern Germany and Upper Italy.

It was only hesitantly that local merchants in Cologne replaced the old banking connections and, in Lübeck, a former employee of the late Gherardo Bueri began to set up his own business. From 1455 on, through the endeavours of the Spinelli family, Germany had a commercial importance for Florentine bankers never seen before. Particularly between 1460 and 1467, Lionardo Spinelli single-mindedly put into place a market space strategy that produced a very large turnover. Due to the bankruptcy of his most important German partners, this collapsed in a short time and Germany was again abandoned as a target for economic expansion. The years between 1450 and 1475 were marked by a far-reaching structural reorganization of Curial payment transactions in Germany. In the end, there were no more Florentine bankers there: they had either died or returned home. There were no enterprising Florentines willing to embark on a commercial venture in the country. Merchants from Upper German towns by and large took over their function and concentrated transactions in Nuremberg. Simultaneously, the old forms of collaboration between bankers in Germany and their partners at the Curia were reorganized.

In the first half of the fifteenth century, payment transactions from a major region with the Curia were usually dominated by a banker who always worked with the same company at the Curia. In place of these bilateral collaborations, more complex forms of relationship structures developed from 1445 onwards. The Curia-based bankers concurrently serviced the bills of exchange of several correspondents from the same German town; moreover, German merchants no longer limited themselves to only one partner at the Curia. Whereas money from northern Germany had previously gone either via the Alberti or the Medici, via Bruges or Lübeck, there was now a much greater number of possibilities for transferring money.

Germany was a secondary market for which there was no competition between different Florentine banks at any time in the fifteenth century. After a short phase of interest at the end of the Great Schism, its attractiveness rose sharply only during the Councils, immediately falling again when they ended. Thus, Arnold Esch was certainly correct to call the markets east of the Rhine ‘the unloved German business’.²¹⁸⁶ Furthermore, none of the bankers from Siena, Verona, Lucca, Genoa, or Naples – who were active at the Curia in the fifteenth century, and who were occasionally able to oust the Florentines from the office of general depositary – were present in Germany. Nor did the Florentines face any competition from German merchants, because, until the 1490s, there were no German banks in Rome with a connection to the international payment system. At the same time, Florentines played no role in intra-German regional financial transactions, as these were firmly in the hands of local merchants. There is no evidence – apart from the bills of exchange drawn on the Council banks – that they transferred money on behalf of German clients by means of a bill of exchange within the economic area east of the Rhine.

2186 Esch (1966), p. 186: “das ungeliebte deutsche Geschäft”.

Neither did Germany offer the Florentines any opportunities for sophisticated financial transactions either. Transactions common in the international banking centres, in which exchange rate fluctuations were leveraged for arbitrage profits and to circumvent the Church's ban on usury, were not conducted east of the Rhine and did not involve German banks.²¹⁸⁷

No banking innovations were needed to process a bill of exchange, as the financial instruments required for this had long existed and were also familiar to merchants in the North. The fact that all attempts to permanently integrate Germany into the Curial payment system of the respective banks in the fifteenth century failed was due to the low turnover in this business and the recurring disturbances in German trade. These factors made the delivery of goods to Bruges and Venice in return for the payment of bills of exchange in the South difficult and at times impossible.

What the Florentines found attractive about the German market was determined more by the development of relationships of German Church leaders and worldly rulers with the papacy than by changes in the German economy as a whole. All Florentines who settled in big German mercantile towns did business and sometimes formed partnerships with local traders in their new place of residence. This economic activity in regional and local markets in Germany was not the main purpose of their presence, but rather a side business.²¹⁸⁸ Trade and banking business alone would not have generated enough turnover and profit to get Florentines in large numbers to take up residence north of the Alps. Even though most of them probably did not intend to stay there forever, but planned to return home after a few years. Only persons seeking asylum – who had been banned from Florence for political reasons and could no longer be integrated into the Europe-wide trading network of their fellow countrymen – had to try to achieve their financial objectives primarily within the local economy of their place of exile.

The relationship between the Medici and the Alberti – whose interests intersected incessantly in Germany in the first third of the fifteenth century – was very complex and many-layered. Were they in tough competition with each other? Or were there quiet agreements regarding the allocation of the markets?²¹⁸⁹ Did the concept of competition exist at all in the mentality of Renaissance merchants? Did the Florentines behave differently in their hometown, which was regulated by guild laws, than they did in the markets in the other trading centres? The most recent research on the competitive behaviour of Florentine merchants abroad leads one

2187 On the importance of the bill of exchange as a credit instrument that was accepted by the Church because of the unpredictability of exchange rates, see Roover (1963), pp. 10–14. I concur with Spufford's (1986), pp. XXXVII–LIV, considerations on the subject of bills of exchange as instruments of the transfer of money and as an investment. Many historians have investigated the technical aspects of this practice, among them Raymond de Roover, Giulio Mandich, Giovanni Cassandro, and Reinhold C. Mueller should be named in particular. See the bibliography in the appendix.

2188 On the three levels of banking activity in Germany, see Hildebrandt (1991), p. 831.

2189 Hunt (1994), p. 63, writes of “joint monopolies” and “market-allocation arrangements” between Florentine banks in the first half of the 14th century.

to conclude that competition was largely limited by social control and silent agreement on what was honourable behaviour.²¹⁹⁰ It goes without saying that every banker tried to get more clients and make higher profits than his competitor; however, he also knew that he depended on the existence of strong trading partners. Just as he knew that damage to the reputation of one Florentine had a negative effect on the reputation of all Florentine enterprises.

The commercial relations among Florentines abroad were strongly shaped by the desire for peaceful coexistence and solidarity-based action in uncertain market conditions.²¹⁹¹ The ethical principle can be paraphrased with “Make use of your own advantage, but do not hurt your competitor.” This maxim finds its expression in a practical piece of advice in the *Libro di buoni costume* by Paolo da Certaldo from the middle of the fourteenth century: ‘If you are a merchant and you get your letters along with those for others, be careful to read your letters first and only then hand the others on. And if your letters advise you to buy or sell goods for your profit, go to the brokers at once and do what your letters advise you to do. Only then pass on the other letters.’²¹⁹² Only when families feuding in their hometown of Florence extended their quarrels to economic fields did competition take on a much sharper character in foreign markets as well.

Coexistence and quiet marketing arrangements were the basis of the competitive behaviour of the five to seven Florentine Curia-based banks. In markets where a lot of money and goods traffic was to be expected, a number of the banks usually had their own branch offices or at least correspondents. In addition to the important Italian marketplaces, this was true of Barcelona, Avignon, Geneva, Bruges, and London. In this context, it can be observed that Giovanni de’ Medici’s banks showed a clear tendency to operate a self-contained network of cooperation, whose members concluded transactions exclusively among themselves, while all other banks following the Curia remained open to all other competitors. Thus, someone who worked in London with the Medici’s Rome branch, for example, usually did not do so with any other Florentine company; while the London partners of the Pazzi also issued bills of exchange to the Baroncelli, Spinelli, and other banks in Rome.

The starting point of this work was the debate between Wolfgang von Stromer and Arnold Esch on how extensive the activities of Florentine bankers were in Germany in the Late Middle Ages. As a highly compressed conclusion of this research, I concur with Esch: Financial contacts with the Apostolic Chamber from Germany were – until the opening of a subsidiary of the Augsburg Fuggers in the year 1495 – always directly or indirectly transacted via the trading

2190 See Esch (1971–1972), p. 774; Goldthwaite (1987), pp. 23–24; McLean/Padgett (1997).

2191 For basic information on this, see Guidi Bruscoli (2000).

2192 Branca (1986), p. 86: *Se fai mercatantia e co le tue lettere vengano legate altre lettere, sempre abbi a mente di leggere prima le tue lettere che dare l'altrui. E se le tue lettere contassoro che tu comperassi o vendessi alcuna mercatantia per farne tuo utile, subito abbi il sensale, e fa ciò che le tue lettere contano, e poi dà le lettere che sono venute co le tue.*

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centres Bruges or Venice. Payments of German moneys to the Apostolic Chamber were made exclusively through Italian Curia-based banks. On the other hand, it has been shown here – in the sense of Wolfgang von Stromer – that the direct involvement of the Florentine bankers in Germany was much more extensive and was at times significantly more intensive than was previously known.