

# A Government of Creditors: Machiavelli on Genoa, the Bank of San Giorgio, and the Financial Oligarchy

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If Machiavelli was a committed republican, as the dominant interpretations suggest, then why did he heap praise on an oligarchic creditor government that ran the city of Genoa in the fifteenth century? In the *Florentine Histories*, Machiavelli offers a curious encomium to a remarkable oligarchic institution in Genoa: the Bank of Saint George (*Casa di San Giorgio*). A creditor association and oldest chartered bank in the world, San Giorgio owned Genoa's public debt. In return for the credit it extended to the commune, the Casa exercised a striking degree of fiscal, judicial, political, and even military power. This politically unaccountable creditor government with its discretionary powers would seem to violate Machiavelli's commitments to institutionalized forms of sharing power. This article offers a sustained analysis and historical contextualization of Machiavelli's remarks about San Giorgio. Drawing on historical research on public debt in Renaissance Italy, I put forward a new hypothesis to explain Machiavelli's praise for the institution.

Keywords: Florentine histories, Bank of Saint George, republicanism, political equality, inequality, public debt

Toward the end of the last book of the *Florentine Histories*, Machiavelli interrupts his narrative about late-fifteenth-century political and military developments in Italy with a digression. After joking that Pope Sixtus IV—whom he irreverently calls an “enemy of peace”—may have died from distress about the 1484 peace of Lombardy, Machiavelli, in chapter twenty-nine of book eight abruptly inserts an interlude about Genoa. “It does not seem unfitting for me to set forth the orders and modes [*ordini e modi*] of that city, as it is one of the principal cities of Italy.”<sup>1</sup> Thus

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1. Niccolò Machiavelli, *Florentine Histories*, trans. Laura F. Banfield and Harvey C. Mansfield (Princeton, NJ: Princeton University Press, 1988 [1532]), 8.29, 351. Machiavelli's works are cited

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begins the reflection about what Machiavelli calls a “truly rare” political institution, one “never found by the philosophers in all the republics they have imagined and seen”: the Genoese *Casa di San Giorgio*. After describing some of its characteristics, he offers a seemingly glowing assessment. He suggests that San Giorgio “keeps the city full of its ancient and venerable customs” and muses that if the institution were ever to completely take over the city, Genoa would become “a republic more memorable than the Venetian [*più che la viniziana memorabile*].”

The Casa di San Giorgio was founded in 1407 as an association of creditors of the Republic of Genoa.<sup>2</sup> From its origins as a creditor consortium, it transformed into a unique institution that combined financial interests with political, legal, fiscal, and administrative power. For many years, it also operated as a commercial bank, in fact the oldest chartered bank in the world. It figures prominently in legal and economic histories and is sometimes regarded as the first joint stock company.<sup>3</sup>

San Giorgio’s primary business was Genoa’s public debt, and over the course of the fifteenth century, it issued loans to the Republic of Genoa in exchange for fiscal and political power. In return for its loans, San Giorgio successively extracted the power to collect taxes [*gabelle*] and customs and eventually jurisdiction over Genoa’s substantial imperial possessions. As the commune of Genoa needed more loans, it handed over to San Giorgio most of its tax revenues including those of its subject towns and cities, the mint and the salt monopoly, import and export duties as well as port fees. As a result, the Casa became a forerunner of early modern institutions that fuse financial and political power, such as the Dutch and English East India Companies.<sup>4</sup> Indeed, the fusion of economic and political power instantiated in

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by book and chapter numbers, except for direct quotations, where I also include page numbers. For the Italian text, see Niccolò Machiavelli, *Opere*, ed. Corrado Vivanti (Turin: Einaudi, 2005).

2. For histories of the institution, see Heinrich Johann Sieveking, *Genueser Finanzwesen mit besonderer Berücksichtigung der Casa di S. Giorgio* (Freiburg i.B: J.C.B. Mohr, 1898); Emilio Marengo, Camillo Manfroni, and Giuseppe Pessagno, *Il banco di San Giorgio* (Genoa: A. Donath, 1911); and Adam Wiszniewski, *Histoire de la banque de Saint-Georges de Gênes, la plus ancienne banque de l’Europe et des origines du crédit mobilier, du crédit foncier, des tontines, et des amortissements* (Paris: Guillaumin, 1865).

3. Otto Gierke, *Das deutsche Genossenschaftsrecht* (Berlin: Weidmannsche Buchhandlung, 1868), 991–92; Julius Fick, “Über Begriff und Geschichte der Aktiengesellschaften,” *Zeitschrift für das gesammte Handelsrecht* 5 (1862): 1–63, at 40–42; Karl Lehmann, *Die geschichtliche Entwicklung des Aktienrechts bis zum code de commerce* (Berlin: Carl Heymanns Verlag, 1895), 5–22; Levin Goldschmidt, *Handbuch des Handelsrechts* (Stuttgart: Ferdinand Enke Verlag, 1891), 296–98; and Sieveking, *Genueser Finanzwesen*.

4. Carlo Taviani, “An Ancient Scheme: The Mississippi Company, Machiavelli, and the Casa di San Giorgio (1407–1720),” in *Chartering Capitalism: Organizing Markets, States, and Publics*, ed. Emily Erikson (Bingley, UK: Emerald, 2015), 239–56; and Carlo Taviani, “La Casa de San Giorgio de Génova y los orígenes de las *corporations* europeas en la Edad Moderna,” in *Republicas*

San Giorgio dramatically debunks the idea that the political power of creditors is a feature distinctive to the contemporary neoliberal era.

A leading naval power, Genoa controlled maritime trade in the Aegean, the Black Sea, and the Sea of Azov.<sup>5</sup> Until the fall of Constantinople in 1453, Genoa ruled over a significant seaborne empire, ranging from Corsica in the West through the Eastern Mediterranean to the Black Sea in the East.<sup>6</sup> Beginning in the thirteenth century, the commune regularly took recourse to private finance to fund the conquest and upkeep of these territories in exchange for future revenue streams. In the mid-fifteenth century, starting with the colony of Famagusta on Cyprus, the commune, under financial and military pressure, ceded many of its imperial possessions to San Giorgio, transferring full sovereignty over these territories and trading posts.<sup>7</sup> Among the imperial possessions governed by San Giorgio were the Crimean Black Sea port town of Caffa, the island of Corsica—the largest and most lucrative of Genoese colonies—as well as a number of Ligurian and Tuscan towns (Pietrasanta, Ameglia, Lerici, Sarzana, Sarzanello, Pieve di Teco, Ventimiglia, and Levanto).

Machiavelli describes San Giorgio as the dominant political institution in Genoa. He marvels at the Casa's effective administration, how it “governs and defends” its subject territories without the commune's assistance. And he notes that the political stability it brought to Genoa inspired genuine political loyalty among citizens, who withdrew “their love from the Commune, as something tyrannical, and placed it in San Giorgio, as a party well and equitably administered [*bene amministrato*].” Throughout the chapter, Machiavelli portrays the Casa as an institution that embodied stability, rule of law, and liberty, against the commune's factionalism, corruption, and tyranny. In short, his depiction appears to express an unabashed admiration of the institutional setup in Genoa.

And yet, his chapter in the *Florentine Histories* raises a number of questions: First, what is Machiavelli's analysis of the relationship between San Giorgio and the

*y republicanismo en la Europa moderna (siglos XVI-XVIII)*, ed. Manuel Herrero Sánchez (Madrid: Fondo de Cultura Económica, Red Columnaria, 2017), 507–28.

5. Steven A. Epstein, *Genoa & the Genoese: 958–1528* (Chapel Hill: University of North Carolina Press, 1996); Luisa Piccinno, “Genoa: A City With a Port or a Port City?,” in *The Routledge Handbook of Maritime Trade Around Europe 1300–1600: Commercial Networks and Urban Autonomy*, ed. Wim Blockmans, Mikhail Krom, and Wubs-Mrozewicz (London: Routledge, 2017), 159–76; and Jacques Heers, *Gênes au XV<sup>e</sup> siècle: Activité économique et problèmes sociaux* (Paris: S.E.V.P.E.N., 1961).

6. Roberto S. López, *Storia delle colonie genovesi nel Mediterraneo* (Bologna: Nicola Zanichelli, 1938).

7. Michel Balard, “Il Banco di San Giorgio e le colonie d'Oltremare,” in *La Casa di San Giorgio: il potere del credito. Atti del convegno, Genova, 11 e 12 novembre 2004*, ed. Giuseppe Felloni (Genoa: Società ligure di storia patria, 2006), 63–73.

Genoese commune? What is the nature of *lo stato* in Genoa? Second, is the praise Machiavelli showers on the institution sincere or is it hyperbolic? In other words, does he indeed endorse the plutocratic institution's role in Genoa? Third, is the power structure of the Casa compatible with Machiavelli's conception of republican freedom? Is fifteenth-century Genoa a free state that embodies Machiavelli's vision of *vivere libero*? Fourth, assuming Machiavelli's praise is genuine, does it reflect a Genoese or a Florentine perspective on the Casa? In other words, does Machiavelli commend San Giorgio for the specific benefits it brought to Genoa, or is he offering a normative assessment of Genoa's regime type in a comparative perspective with other Italian republics such as Florence and Venice? Put differently, is this a chapter about Genoa, or is Genoa merely a metaphor for Florence?

In the secondary literature, these questions have not been adequately addressed. While the chapter on San Giorgio has generated some scholarly attention, the interpretive problem of what it means in terms of Machiavelli's political theory remains unresolved. Here, I take up this challenge and examine possible explanations. I begin by reviewing the available interpretations and elaborate the puzzle the chapter poses. I then turn to an analysis of fifteenth-century Genoa in terms of Machiavelli's taxonomy of states [*stati*]. I argue that Machiavelli would have regarded the fifteenth-century Genoese polity as oscillating between an unfree subject city and an oligarchic republic. I then offer a hypothesis, based on the "financial oligarchy thesis," to explain Machiavelli's praise for San Giorgio. The financial oligarchy thesis holds that the early modern public debt was a key instrument in the enrichment of financial elites. Building on Jérémie Barthes's work, who has turned the financial oligarchy thesis into a lens for understanding Machiavelli, I assess Machiavelli's praise of San Giorgio in that context. If Machiavelli was more suspicious of the power of finance than commentators generally acknowledge, San Giorgio raises the possibility of a tradeoff between political and economic equality.

### Did Machiavelli Glorify the Genoese Plutocracy?

The two most important—and diametrically opposed—discussions of Machiavelli's chapter on San Giorgio have been offered by the literary scholar Carlo Dionisotti and the historian Carlo Taviani.<sup>8</sup> Dionisotti devotes only a couple of pages of his

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8. In the anglophone literature, the passage on San Giorgio has largely been ignored with the exception of Mansfield who takes Machiavelli by his word in viewing San Giorgio as a "free government amidst corruption" and Benner who contends that San Giorgio is an illustration for a "properly human city," a "mythical-philosophical example" of a city governed by "self-authorized laws." Mansfield does not specify in what way San Giorgio's government is free, and Benner's reading is based on a confusion of San Giorgio with the commune. Neither interpreter deals with the fact

influential essay on Machiavelli's historical writings to San Giorgio, yet his interpretation is bold.<sup>9</sup> Rather than accepting Machiavelli's praise of the Casa as a sincere expression of his political views, Dionisotti reads the chapter as an example of irony, insisting that none of Machiavelli's contemporaries would have dreamt of looking at Genoa as a model for a well-ordered republic. For Dionisotti, Machiavelli's concluding line ("if it should happen—which in time it surely will—that San Giorgio should take over the whole city, it would be a republic more memorable than the Venetian") is a polemic stab at Venice. Drawing on Federico Chabod's and Felix Gilbert's work concerning Machiavelli's long-standing hostility to the Venetian constitutional model, Dionisotti interprets the passage on San Giorgio as an emphatic testament to Machiavelli's anti-Venetian position.<sup>10</sup> On Dionisotti's reading, Machiavelli's diagnosis that Genoa is marked by the peculiar coexistence of "liberty and tyranny, civil and corrupt life, justice and license" applies also to Florence. The task for Florence, then, is to transform the corrupted city into a site of liberty, civil life, and justice, and the only historical agent able to carry out such an intervention was Giulio de' Medici, the cardinal and later pope to whom the *Florentine Histories* are dedicated.

In a series of articles, Carlo Taviani has offered an alternative interpretation that contests Dionisotti's decidedly Florentine perspective.<sup>11</sup> According to Taviani,

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that it is a creditor government. Harvey C. Mansfield, *Machiavelli's Virtue* (Chicago: University of Chicago Press, 1996), 131; and Erica Benner, *Machiavelli's Ethics* (Princeton, NJ: Princeton University Press, 2009), 202–03.

9. Carlo Dionisotti, *Machiavellerie* (Turin: Einaudi, 1980), 407–09.

10. Felix Gilbert, "Machiavelli e Venezia," *Lettere Italiane* 21, no. 4 (1969): 389–98; Felix Gilbert, "The Venetian Constitution in Florentine Political Thought," in *History, Choice, and Commitment* (Cambridge, MA: Belknap Press, 1977), 179–214; and Federico Chabod, *Machiavelli and the Renaissance*, trans. David Moore (New York: Harper & Row, 1958), 81–82.

11. Carlo Taviani, "Hanno levato l'amore dal comune e postolo a San Giorgio. L'immagine del comune e della Casa di San Giorgio di Genova (XV–XVI sec.)," in *Libertà e dominio: Il sistema politico genovese, le relazioni esterne e il controllo del territorio*, ed. Matthias Schnettger and Carlo Taviani (Rome: Viella, 2011), 281–304; Taviani, "An Ancient Scheme"; Carlo Taviani, "A Privatized State: Discourses on the Casa di San Giorgio (1446–1562)," in *Languages of Power in Italy (1300–1600)*, ed. Daniel E. Bornstein, Laura Gaffuri, and Brian Jeffrey Maxson (Turnhout, Belgium: Brepols, 2017), 49–62; Taviani, "La Casa de San Giorgio de Génova y los orígenes de las *corporations* europeas"; Carlo Taviani, "Machiavelli e la fortuna del banco di San Giorgio," in "Niccolò Machiavelli," ed. Gabriele Pedullà, special issue, *L'illuminista* XVII, no. 49/50/51 (2017): 391–424; Carlo Taviani, "The Genoese Casa di San Giorgio as a Micro-Economic and Territorial Nodal System," in *The Routledge Handbook of Maritime Trade Around Europe 1300–1600: Commercial Networks and Urban Autonomy*, ed. Wim Blockmans, Mikhail Krom, and Justyna Wubs-Mrozewicz (London: Routledge, 2017), 177–91; Carlo Taviani, "Companies, Commerce, and Credit," in *A Companion to Medieval Genoa*, ed. Carrie E. Benes (Leiden: Brill, 2018), 427–47; and Carlo Taviani, "Il Banco genovese di San Giorgio prima corporation?," in *Storia Mondiale dell'Italia*, ed. Andrea Giardina (Roma: Bari, 2018), 357–61.

Machiavelli's admiration of San Giorgio is not ironic but sincere and the interpretive key is to be found not in Florence but in Genoa itself. Machiavelli's praise is explained by the political benefits San Giorgio brought to Genoa, most importantly its efficient administration.<sup>12</sup>

Both Dionisotti's and Taviani's interpretations can draw on cogent reasons for their respective analysis. Taviani's meticulous investigation of primary sources makes a strong case for reading Machiavelli as offering a *political* interpretation of the Casa, as a state within a state. Given the factional nature of Genoese politics and the constant conflict that marked the city Machiavelli may well have admired San Giorgio as an island of stability. During the 120 years between the foundation of the Casa di San Giorgio in 1407 and Machiavelli's completion of the *Florentine Histories* in 1526, there were at least thirty-eight revolts and changes of government.<sup>13</sup> These regime changes included revolts by the nobles and the *popolo* respectively as well as several instances when the republic submitted to external lordships. By contrast, in its dominions, San Giorgio positioned itself as a power that stood above factional conflicts and that ruled in the name of the public good [*bonum commune*]. If, as some interpreters have argued, Machiavelli distinguishes between healthy kinds of conflicts, such as the struggle between the plebeians and patricians in Rome and dangerous conflicts, such as the factionalism of Florence,<sup>14</sup> then San Giorgio may exemplify an institution that curbs unhealthy factional conflicts.<sup>15</sup>

The problem with Taviani's interpretation, however, is that it fails to address the elephant in the room: *How can Machiavelli's praise of San Giorgio be squared with*

12. Recapitulating an argument made earlier by the historian Arturo Pacini, Taviani argues that the reason for San Giorgio's superior administration may have been institutional. The commune was presided over by an individual—the doge—over whose office many conflicts were fought. By contrast, San Giorgio's governing board was a collective and therefore lacked a comparably coveted leadership position. As a collective, the *protettori* who governed San Giorgio were more resistant to capture, but they were also a more representative body and, as a result, more disposed to bargaining and compromise. Arturo Pacini, "La tirannia delle fazioni e la repubblica dei ceti: Vita politica e istituzioni a Genova tra Quattro e Cinquecento," *Annali dell'Istituto Storico Italo-Germanico in Trento* 18 (1992): 57–119, at 117; and Taviani, "Hanno levato l'amore dal comune."

13. Epstein, *Genoa & the Genoese: 958–1528*, 325–27; and Teofilo Ossian De Negri, *Storia di Genova* (Genoa: Giunti Martello, 1986).

14. Kent M. Brudney, "Machiavelli on Social Class and Class Conflict," *Political Theory* 12 (1984): 507–19; Gisela Bock, "Civil Discord in Machiavelli's *Istorie Fiorentine*," in *Machiavelli and Republicanism*, ed. Gisela Bock, Quentin Skinner, and Maurizio Viroli (Cambridge, UK: Cambridge University Press, 1990), 181–201; and Anna Maria Cabrini, "Machiavelli's *Florentine Histories*," in *The Cambridge Companion to Machiavelli*, ed. John M. Najemy (Cambridge, UK: Cambridge University Press, 2010), 128–43.

15. Andrea Bernardini, "Le cose nostre de Lurisana: il dominio di San Giorgio nell'estremo levante ligure," *Ricerche dell'Istituto Storico Germanico di Roma* 6 (2011): 225–66, at 231.

*his views as stated elsewhere?* How is the admiration for an incontrovertibly plutocratic form of creditor government compatible with Machiavelli's commitments to the *vivere libero* and to a plebeian republicanism?<sup>16</sup> On this point, Dionisotti's interpretation fares better. His argument, that the excursus on San Giorgio may be an elaborate example of irony, intended to mock Venice, relies on Machiavelli's well-established hostility to the aristocratic Venetian constitution, and to the fantasies it inspired in Florentine elites.<sup>17</sup> An oligarchic merchant republic with an elected monarch (the doge), Venice was the abiding object of desire for Florentine *ottimati*.<sup>18</sup> Machiavelli's criticism of the Venetian constitution is developed most explicitly in book one of the *Discourses*, where Venice is aligned with Sparta and Florence with Rome. Machiavelli then proceeds to argue for the superiority of the Roman/Florentine model over the Spartan/Venetian one. This anti-Venetian position is also evident in the *Florentine Histories*' repeated polemics. Given the heavy use of irony and sarcasm throughout that work,<sup>19</sup> it stands to reason that the hyperbolic praise of San Giorgio could be just another poke against Venice.

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16. Even though he does not address this question head-on, and sometimes writes as if there were a "straightforward" interpretation of Machiavelli's text (see Taviani, "A Privatized State," 52), Taviani is no doubt aware of these problems, acknowledging at one point that Machiavelli's judgment on San Giorgio "has never been made entirely clear." See Taviani, "An Ancient Scheme," 243.

17. Chabod, *Machiavelli and the Renaissance*, 81–82; Felix Gilbert, *Machiavelli and Guicciardini: Politics and History in Sixteenth-Century Florence* (Princeton, NJ: Princeton University Press, 1965); Gilbert, "Machiavelli e Venezia"; Gilbert, "The Venetian Constitution in Florentine Political Thought"; John P. McCormick, *Machiavellian Democracy* (Cambridge, UK: Cambridge University Press, 2011); and John P. McCormick, *Reading Machiavelli: Scandalous Books, Suspect Engagements, and the Virtue of Populist Politics* (Princeton, NJ: Princeton University Press, 2018).

18. That the Florentine elites regarded Venice as stable and harmonious was partly due to the myth that its constitution was of classical origin and represented a perfectly balanced mixed regime of the Aristotelian or Polybian type. See Franco Gaeta, "Alcune considerazioni sul mito di Venezia," *Bibliothèque d'Humanisme et Renaissance*, 23 (1961): 58–75. Along with the supposed antiquity of its constitution went the fantasy that it was perfectly stable and changeless. Felix Gilbert has been able to date this myth to the mid-fifteenth century, to the work of the Venetian humanist Francesco Barbaro. As Gilbert recounts, the elements of this myth were picked up by Florentine aristocrats, including Poggio, whose laudation for Venice was inspired by anger at having to pay taxes to the Florentine government. See Gilbert, "The Venetian Constitution in Florentine Political Thought," 187; See also J. G. A. Pocock, *The Machiavellian Moment: Florentine Political Thought and the Atlantic Republican Tradition* (Princeton, NJ: Princeton University Press, 1975), 99ff.

19. Salvatore Di Maria, "Machiavelli's Ironic View of History: The *Istorie Fiorentine*," *Renaissance Quarterly* 45, no. 2 (1992): 248–70; and David Quint, "Narrative Design and Historical Irony in Machiavelli's *Istorie Fiorentine*," *Rinascimento* 43 (2003): 31–48.

Another point in favor of Dionisotti's reading is that the excursus on San Giorgio is contained in the *Florentine Histories*, in a work that focuses on Florence's upheavals, its internal and external struggles, and on the city's failure to live up to its republican promise. In view of this context, it is plausible to read the section on San Giorgio from a *Florentine*, rather than from a *Genoese*, perspective. There are obvious parallels between Genoa and Florence—both were merchant republics; both were rivals of Venice; both were politically unstable and riven by factionalism.

There are, however, three main objections that can be levelled against Dionisotti's reading. The first is a methodological caveat that applies to any ironic reading. Identifying any particular passage as ironic invites the objection that the category of "irony" arbitrarily discounts certain statements and produces a textual surface pruned of signs of discrepancy. This is a weak objection that can be countered by a robust interpretive framework that offers clear criteria for what counts as irony. In Dionisotti's case, that framework is provided by Machiavelli's long-standing anti-Venetian position. Yet, and this is the second objection, several scholars have recently argued that Machiavelli, in his late work, adopted a more pro-Venetian stance, sympathetic to the virtues of aristocracy as a constitutional form.<sup>20</sup> If Machiavelli's anti-Venetian convictions cannot be taken for granted but must first be established by interpretive argument, then treating pro-Venetian statements as *prima facie* ironic would amount to a logical fallacy. However, the supposed late conservative turn is controversial; it has been widely challenged;<sup>21</sup> and it is no less vulnerable to the charge of being an ad-hoc argument than the ironic reading. The third and most significant objection is less a quibble with Dionisotti than a clarification. Reading the last line of Machiavelli's chapter as ironic *does not allow us to conclusively adjudicate* Machiavelli's views on San Giorgio. Even if the last sentence is indeed a mockery of Venice, it does not illuminate Machiavelli's political evaluation of the constitutional arrangements in Genoa as a whole. Machiavelli writes that as a result of San Giorgio's success in governing and defending Genoa's imperial possessions, "the citizens took away their love from the Commune . . . and placed it in San Giorgio." He describes the Casa as "well and equitably administered"; he

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20. Francesco Bausi, *Machiavelli* (Rome: Salerno, 2005), 306ff.; and Robert Black, *Machiavelli* (London: Routledge, 2013), 261–62.

21. Filippo Del Lucchese, "Crisis and Power: Economics, Politics, and Conflict in Machiavelli's Political Thought," *History of Political Thought* 30 (2009): 75–96; McCormick, *Reading Machiavelli*, 69–105; Fabio Raimondi, *Constituting Freedom: Machiavelli and Florence*, trans. Matthew Armistead (Oxford: Oxford University Press, 2018); and Yves Winter, *Machiavelli and the Orders of Violence* (Cambridge, UK: Cambridge University Press, 2018).

calls it “an example truly rare, never found by the philosophers in all the republics they have imagined and seen.” He says it “keeps the city full of its ancient and venerable customs,” and he juxtaposes the Casa and the commune point by point, attributing to the former “liberty” against the latter’s “tyranny,” “civil life” as opposed to “corrupt life” and “justice” as opposed to “license.”<sup>22</sup> In short, Machiavelli’s appraisal of San Giorgio suggests that, for whatever reasons, he regarded the institution as successful in addressing Genoa’s political predicaments. And while Dionisotti’s interpretation addresses the comparison of Genoa with Venice, it does not offer any insights on the substance of Machiavelli’s analysis and thus leaves open the question I raised earlier with regard to Taviani’s reading: how is Machiavelli’s analysis—and the ostensibly favorable evaluation—of San Giorgio compatible with his views as stated elsewhere?

### San Giorgio: A State Within a State

By introducing San Giorgio in terms of the *ordini e modi* of Genoa, Machiavelli announces from the outset of the chapter, that what follows is of significance.<sup>23</sup> Calling it “an example truly rare, never found by the philosophers in all the republics they have imagined and seen,” Machiavelli emphasizes the bank’s conceptual significance for political theory. The line gestures to the famous passage in chapter fifteen of *The Prince* that chides philosophers for imagining republics “that have never been seen or known to exist” and pledges to proceed differently by going directly to the *verità effettuale della cosa*.<sup>24</sup> San Giorgio, the reader can infer, is an actual, historically existing institution that has never been adequately theorized by political philosophers yet deserves to be.

From the description, it is clear that Machiavelli’s primary interest was in the political role of the Casa and how it accumulated over time not only administrative but penal and even military power. Foregrounded in the portrayal are the various state functions that San Giorgio assumed from the commune, taking over such core areas of competence as government, punishment, and defense. In sum, Machiavelli interprets the trajectory of San Giorgio as a transformation of the Genoese state, what he

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22. Machiavelli, *Florentine Histories*, 8.29, 352.

23. Francesco Ercole, *La politica di Machiavelli* (Rome: Anonima Romana, 1926); J. H. Whitfield, “On Machiavelli’s Use of *Ordini*,” *Italian Studies* 10 (1955): 19–39; and John M. Najemy, “Arti and *Ordini* in Machiavelli’s *Istorie Fiorentine*,” in *Essays presented to Myron P. Gilmore*, ed. Sergio Bertelli and Gloria Ramakus (Florence: La Nuova Italia, 1978), 161–91.

24. Niccolò Machiavelli, *The Prince*, trans. Harvey C. Mansfield (Chicago: University of Chicago Press, 1998 [1532]), XV, 61.

elsewhere calls a *mutazione di stato*.<sup>25</sup> The core of this analysis consists in the *dual power structure* he identifies in Genoa. By ruling Genoese subject territories, the Casa supplanted the republic and thereby established a new political form. Machiavelli's objective in this chapter is to chart the novel form of power that this political form manifests.

In conceiving of San Giorgio as a state within a state, Machiavelli not only shaped the debate for centuries to come<sup>26</sup> but also rejected a fundamental premise of many of his contemporaries, namely that the Casa was a non-political institution that stood outside of the political maelstrom.<sup>27</sup> The chapter's focus is not on financial or fiscal considerations but on politics: the form of power San Giorgio exercised.

Interestingly, Machiavelli does not discuss the Casa's military record. He omits mention that Genoa's possessions in the Black Sea governed by San Giorgio were lost in 1474, that Famagosta was lost in 1464, that Corsica was surrendered in 1464 (recovered in 1483), that Pietrasanta was lost—to Florence!—in 1484, and that Sarzana was also captured by the Florentines in 1487.<sup>28</sup> Given the military dominance of the Ottoman Empire in the east and the persistent difficulties to turn a profit from imperial ventures, the fall of the Genoese colonies may well have been inevitable,<sup>29</sup> yet Machiavelli's refusal to discuss this point remains notable.<sup>30</sup>

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25. Niccolò Machiavelli, *Discourses on Livy*, trans. Harvey C. Mansfield and Nathan Tarcov (Chicago: University of Chicago Press, 1996 [1531]), 1.49, 3.3; and Machiavelli, *Florentine Histories*, 8.10, 8.29.

26. Sieveking, *Genueser Finanzwesen*; Marengo, Manfroni, and Pessagno, *Il banco di San Giorgio*; and Fernand Braudel, *Civilization and Capitalism, 15th-18th Century* (New York: Harper & Row, 1982), Vol. 2: 440.

27. While there have been several criticisms of Machiavelli's state-within-a-state thesis, both in the sixteenth and seventeenth century and more recently, critics frequently neglect the fact that Machiavelli wrote the *Florentine Histories* at the zenith of San Giorgio's political power and territorial control. See Rodolfo Savelli, "Tra Machiavelli e S. Giorgio: Cultura giuspolitica e dibattito istituzionale a Genova nel Cinque-Seicento," in *Finanze e ragion di Stato in Italia e in Germania nella prima età moderna*, ed. Aldo De Maddalena and Hermann Kellenbenz (Bologna: Mulino, 1984), 249–321; and Thomas Allison Kirk, *Genoa and the Sea: Policy and Power in an Early Modern Maritime Republic, 1559–1684* (Baltimore: Johns Hopkins University Press, 2013), 48–50. From 1446 to 1562 San Giorgio directly ruled various colonies, before returning all of its remaining territories to the Genoese commune. In this period, the claim that the Casa functioned as a state within a state is entirely credible. As Taviani has shown in "A Privatized State," Machiavelli's Genoese contemporaries, moreover, shared the view that the transfer of territories from the commune to a private corporation was an extraordinary transaction that (in contrast to the return of these territorial possessions from San Giorgio to the commune) required considerable justification.

28. Christine Shaw, "Principles and Practice in the Civic Government of Fifteenth-Century Genoa," *Renaissance Quarterly* 58 (2005): 45–90, at 60.

29. Balard, "Il Banco di San Giorgio e le colonie d'Oltremare."

30. One possible explanation for Machiavelli's decision not to discuss the Casa's military defeats, with which he was no doubt familiar, may have to do with the rhetorical structure

Machiavelli's political interpretation of the Casa is original, which raises the question of sources and how much he knew about San Giorgio's history, organization, and practices. He mentions San Giorgio in official correspondence during a mission to the Court of Louis XII in the summer of 1510.<sup>31</sup> We also know that Machiavelli travelled to Genoa in 1518, on behalf of a Florentine merchant, to deal with a bankruptcy case.<sup>32</sup> On this journey—the only documented trip Machiavelli took to the Ligurian city—he may have met with the doge and with officials from San Giorgio, but there are no historical records that could confirm such meetings.<sup>33</sup> Taviani's archival research has shown that the information on San Giorgio in the archives of the Florentine chancery cannot be the sole source for Machiavelli's analysis. By contrast, there is a source in the Milanese archives, which comes close to Machiavelli's portrayal of the Casa.<sup>34</sup>

### Was Genoa a Free State in the Quattrocento?

What, then, according to Machiavelli, is the nature of this power that San Giorgio exercises? And what kind of state is fifteenth-century Genoa? "All states," Machiavelli writes in the first chapter of *The Prince*, "are either republics or principalities."<sup>35</sup> Does fifteenth-century Genoa count as a republic in this typology? To answer this question, we must first clarify what Machiavelli meant by republic.

Machiavelli never stipulates a comprehensive definition of republics, but he characterizes them as free states or what he sometimes calls *vivere civile*, *vivere politico*, or *vivere libero*. Republics are distinguished from principalities by their liberty and political equality. In Machiavelli's fifteenth-century Florentine context,

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of the *Florentine Histories*. From a formal literary point of view, the work culminates with its final protagonist, Lorenzo reaching the apex of power and glory at the moment of his death in 1492. The final chapter, which delivers a paean to Lorenzo, is introduced by the observation that Florence prospered greatly between the end of its war with Genoa over Sarzana and Lorenzo's death. In the crescendo of the concluding chapters, Genoa and more specifically San Giorgio represents Florence's final military adversary in the wars over Pietrasanta and Sarzana. For rhetorical purposes, to boost Lorenzo's military prowess, it suits the movement of the text that this ultimate antagonist be strong and resourceful. The accolade to Lorenzo might lose some of its luster, were San Giorgio, which was responsible for the defense of Sarzana, to have a checkered military record.

31. Letter to the Ten of War, 26 July 1510, *Opere* 2: 1267–70

32. Roberto Ridolfi, *The Life of Niccolò Machiavelli*, trans. Cecil Grayson (London: Routledge & Kegan Paul, 1963), 168–69; and Pasquale Villari, *Niccolò Machiavelli e i suoi tempi* (Milan: Ulrich Hoepli, 1914), Vol. 3: 43.

33. Maurice Javon, "Le modele génois dans les "Istorie Fiorentine" de Machiavel," *Cahiers d'études romanes*, 3 (1977): 87–115, at 101–02.

34. Taviani, "Hanno levato l'amore dal comune," 294.

35. Machiavelli, *The Prince*, I, 5

republican liberty meant both political independence, in the sense of not being subject to an external *signore*, and non-monarchical government. Political equality, in turn involved a limitation of executive power and some guarantee of popular participation in government through an equal right to hold office.<sup>36</sup> To count as a republic, a state has to guarantee, at a minimum, the rule of law and a non-autocratic form of government.

Machiavelli inherits this thin conception of republicanism from his humanist predecessors, most importantly Leonardo Bruni, and modifies it by adding a distinctly popular and anti-oligarchic flavor. In the *Discourses* he defends a popular and plebeian account of republicanism, based on his reading of Livy and on his account of the Roman Republic. Suspicious of elites, Machiavelli identifies in the nobility, both in its hereditary feudal variant and in the wealthy merchant and banking class that dominated Italian city states, an appetite for domination, a desire to command and to oppress.<sup>37</sup> Machiavelli's preference for a broad-based, popular government that vests power in the many rather than in the few often led him to characterize republics in these terms. Thus he writes, for example in *Discourses* 1.49, that for the past 200 years, Florence did not merit the name of "republic." In the *Discursus*, written in 1520, Machiavelli doubles down, arguing that Florence did not have the qualities of a republic, because its government had been dominated by *ottimati*.<sup>38</sup> In contrast to his contemporary Guicciardini, who describes the aristocratic

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36. Nicolai Rubinstein, "Florentine Constitutionalism and Medici Ascendancy in the Fifteenth Century," in *Florentine Studies*, ed. Nicolai Rubinstein (London: Faber and Faber, 1968), 442–62; Nicolai Rubinstein, "Machiavelli and Florentine Republican Experience," in *Machiavelli and Republicanism*, ed. Gisela Bock, Quentin Skinner, and Maurizio Viroli (Cambridge, UK: Cambridge University Press, 1990), 3–16; Quentin Skinner, *The Foundations of Modern Political Thought, Vol. 1: The Renaissance* (Cambridge, UK: Cambridge University Press, 1978), 77–78; Maurizio Viroli, "Machiavelli and the Republican Idea of Politics," in *Machiavelli and Republicanism*, ed. Gisela Bock, Quentin Skinner, and Maurizio Viroli (Cambridge, UK: Cambridge University Press, 1990), 143–72, at 154–55; Bock, "Civil Discord," 189; and Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton, NJ: Princeton University Press, 1993), 86–88. On the broader history of the term *res publica*, see Wolfgang Mager, "Republik," in *Geschichtliche Grundbegriffe: Historisches Lexikon zur politisch-sozialen Sprache in Deutschland*, ed. Otto Brunner, Werner Conze, and Reinhart Koselleck (Stuttgart: Klett-Cotta, 1984), 5: 549–651.. On the differences between the Roman and Renaissance conceptions of *res publica*, see James Hankins, "Exclusivist Republicanism and the Non-Monarchical Republic," *Political Theory* 38, no. 4 (2010): 452–82.

37. Machiavelli, *Discourses*, 1.5; and Machiavelli, *The Prince*, IX.

38. Niccolò Machiavelli, *Discursus florentinarum rerum post mortem iunioris Laurentii Medices in Opere*, 1: 733–34; translated as *A Discourse on Remodeling the Government of Florence in Chief Works, and Others*, trans. Allan H. Gilbert (Durham, NC: Duke University Press, 1989), vol. 1: 101–02.

Albizzi regime at the beginning of the fifteenth century as the “wisest, most glorious, and happiest” government,<sup>39</sup> Machiavelli, in the *Discursus*, castigates that very same government as a form of oligarchic domination that systematically excluded the *popolo*.<sup>40</sup>

Is Genoa, then, a republic in Machiavelli’s sense? Would it be classified as a free city? Before we approach this question in terms of Machiavelli’s typology, we need to distinguish between the periods when Genoa was politically independent and when it was subject to an external power. In the period that concerned Machiavelli, Genoa was under external control for about half of the time. Genoa was a subject city to king Charles VII of France (1396–1409), to the Marquis of Monferrato (1409–1413), to the Visconti dukes of Milan (1421–1435), to Charles VIII of France (1458–1461), to the duke of Milan (1464–1477 and 1487–1499), to the French kings Louis XII (1499–1512) and Francis I (1515–1522).<sup>41</sup> While this oscillation between external dominion and independence was common for Italian city-states over the course of fourteenth century, Genoa was untypical in continuing this pattern into the fifteenth century.<sup>42</sup>

Even though the Genoese were split about whether their city, while under external domination, could still be described as free,<sup>43</sup> from a Machiavellian perspective it is unambiguous: a city under the control of an external power does not meet the requirements of a republic. Whether a city is under dominion of a foreign power as a result of conquest or, as was often the case in Genoa, it had entered into tutelage of its own accord and subject to contractually negotiated terms, is immaterial. In

39. Francesco Guicciardini, *The History of Florence*, trans. Mario Dommandi (New York: Harper & Row, 1970), 3.

40. Rubinstein, “Machiavelli and Florentine Republican Experience,” 3.

41. Epstein, *Genoa & the Genoese: 958–1528*, 325–27.

42. Christine Shaw, “Genoa,” in *The Italian Renaissance State*, ed. Andrea Gamberini and Isabella Lazzarini (Cambridge, UK: Cambridge University Press, 2012), 220–36, at 227.

43. In Genoese political discourse, *libertà* at times referred to a genuinely popular regime without a doge and at other times, it signified political independence, as in not being subject to an external power. See Christine Shaw, “Concepts of *Libertà* in Renaissance Genoa,” in *Communes and Despots in Medieval and Renaissance Italy*, ed. John E. Law and Bernadette Paton (London: Routledge, 2016), 177–90, at 177. And sometimes, it referred to the integrity of the republic’s territory, its institutions, and its fiscal independence. Thus *libertà* could even be compatible with submission to an external *signore*, as long as submission to this power had been entered freely and not by force and as long as Genoa’s institutions remained unchanged. Cf. Serena Ferente, “‘Guelphs!’ Faction, Liberty and Sovereignty: Inquiries About the Quattrocento,” *History of Political Thought* 28 (2007): 571–98, at 592–95. Gabriele Pedullà has further argued that fifteenth-century Italian political discourse had a more fluid conception of republicanism that did not oppose republics and principalities. Yet since this dichotomy is central to Machiavelli’s thought, I nonetheless rely on it for the analysis that follows. See Gabriele Pedullà, “Humanist Republicanism: Towards a New Paradigm,” *History of Political Thought* 41 (2020): 43–95.

Machiavelli's terms, a city that submits to an external *signore* is simply a new principality, not "altogether new [but] like members added to the hereditary state of the prince who acquires them".<sup>44</sup> That such cities are sometimes ruled indirectly and continue to be governed by their own laws is not a sign of their freedom but merely a princely strategy to preempt potential revolts.<sup>45</sup> During the periods when Genoa was a foreign dominion, it was therefore—in Machiavellian terms—eminently *un-free*. As for its status as a republic and a free state during the periods it was politically independent, we must now look more closely at its institutional setup.

In terms of the minimum institutional conditions (non-monarchic government, political independence, and some version of shared government), Genoa would—when not under a foreign prince—fall into the category of republics. Albeit a state in which a private corporation holds the *ius gladii* over part of its territories, Genoa as a whole is nonetheless closer to a *res publica* than to a *res privata*. Formally speaking, the Casa never replaced the commune as a seat of political authority. While it exercised political, administrative, and jurisdictional power in the colonies and territories, it never supplanted the commune's authority in the city of Genoa itself. Institutionally, moreover, the Casa was governed by laws and procedures rather than by the arbitrary authority of a single individual. This is one of its features that Machiavelli holds in high regard. In his typology of states, government by laws and institutions—*leggi e ordini*—before which all citizens are equal, is characteristic of republics. Unlike a prince who may govern arbitrarily and can do "what he wishes,"<sup>46</sup> San Giorgio has a set of codified rules of operation, approximating thereby a republican form of government.

If these constitutional considerations place Genoa—during periods of political independence—clearly in the camp of republics, the question remains *what sort of republic* Genoa was throughout the fifteenth century. Recall that Machiavelli's social ontology is organized around a fundamental conflict between the many and the few, or the *popolo* and the *grandi*. While this binary conflict is most explicitly worked out in *The Prince* and the *Discourses*, it is consistent across his various works and is encapsulated in the reference, at the beginning of book three of the *Florentine Histories* to the "grave and natural enmities between the men of the people and the nobles caused by the wish of the latter to command, and the former not to obey."<sup>47</sup>

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44. Machiavelli, *The Prince*, I.

45. *Ibid.*, V.

46. Machiavelli, *Discourses on Livy*, 1.58, 118.

47. Machiavelli, *The Prince*, IX; Machiavelli, *Discourses on Livy*, 1.4, 1.5; and Machiavelli *Florentine Histories*, 3.1, 105.

Conflict between noble and popular factions was also a fixture of Genoese politics. As in Florence, the Genoese *popolo* had by the early-fourteenth century managed to formally establish a popular republic, in which only *popolari* could serve as doges. Even though nobles were ineligible for the dogeship and at times also excluded from other political offices,<sup>48</sup> class conflict remained a driving force in Genoese politics. The *popolari* tended to be more attached to Genoa's political independence and thus preferred a doge from the leading popular families (the Adorno and Fregoso, collectively known as *cappellazzi*—the big hats) to a foreign *signore*, whereas the noble families preferred to deal with the king of France or the duke of Milan, by whom they expected to be favored.<sup>49</sup> As a result, fifteenth-century revolts against French and Milanese domination tended to be directed by *popolari*, whereas the nobles tended to revolt against a *cappellazzo* doge.

From a Machiavellian perspective, we can therefore designate Genoa a principality during the periods it was subject to a foreign *signore* and, during the time of its political independence, a republic in which the *popolo* formally played a leading role. Yet in view of Machiavelli's critical analysis of political and economic power in the *Florentine Histories*, we have to ask whether these *formal* constitutional arrangements *materially* sustained the popular character of the Genoese regime. To do so, we must take a brief detour through Machiavelli's treatment of the Medici in Florence.

### The *Florentine Histories*: An Oblique Critique of the Medici

Books seven and eight of the *Florentine Histories* treat the unravelling of the Florentine republic through the patronage and clientelism of the Medici. Machiavelli begins book seven by reaffirming his preference for “public ways” [*vie pubbliche*] over “private modes” [*modi privati*]. Public ways, he suggests in that chapter, are associated with the “common good” [*bene comune*] rather than a “private good” [*bene privato*].<sup>50</sup> The following chapters then lay out his critique of Cosimo de' Medici's practice of clientelism. While Machiavelli could not, in a work commissioned by and dedicated to the Medici, be openly critical of Florence's leading family, book seven places the blame for Florence's woes squarely on the shoulders of the elites.<sup>51</sup> Book

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48. Shaw, “Genoa,” 226.

49. Shaw, “Concepts of *Libertà* in Renaissance Genoa,” 181.

50. Machiavelli, *Florentine Histories*, 7.1, 276–77.

51. On the commission and expectations for Machiavelli's *Florentine Histories*, see Felix Gilbert, “Machiavelli's *Istorie Fiorentine*: An Essay in Interpretation,” in *History, Choice, and Commitment* (Cambridge, MA: Belknap Press, 1977), 135–53; and Black, *Machiavelli*, 242–62. Machiavelli's own description of the commission can be found in Niccolò Machiavelli, *Lettere*, ed. Franco Gaeta (Milan: Feltrinelli, 1961), 397. On Machiavelli's relation with the

eight continues the narrative of the downward spiral of Florence, beginning with the Pazzi conspiracy to Lorenzo de' Medici's death in 1492. Machiavelli concludes the last book on a gloomy note: "as soon as Lorenzo was dead, those bad seeds [*quegli cattivi semi*] began to grow which, not long after . . . ruined and are still ruining Italy."<sup>52</sup>

These "bad seeds" include not only the ambition of Florence's historical enemies, most importantly Ludovico Sforza who as Duke of Milan made the capital error of drawing France into its power struggles, thus precipitating first French then Spanish domination over the peninsula. Among the "bad seeds" we must also count the causes for political and military weakness, which Machiavelli elaborates over the course of the *Florentine Histories'* eight books. Most important among them is the corruption brought about by the transformation of economic wealth into political power, of which the Medici family was the textbook case. The *Florentine Histories* offer a critical—if at times cryptic—analysis of how the convergence of economic and political power undermines the possibility for political equality, popular government, and ultimately, republican freedom. This convergence of economic and political power need not manifest itself in formal institutions. Indeed, the major theme of the second half of the *Florentine Histories* is the informal domination exercised by the wealthy *ottimati*, which led to the slow erosion and eventual capture of republican institutions.

In view of this analysis, we must ask whether fifteenth-century Genoa, even if *formally* a republic governed by a popular doge, was *materially* a popular or oligarchic republic. On this point, the evidence points decidedly in the oligarchic direction. After all, the Casa was dominated by the Genoese aristocracy, perhaps the richest across Italy.<sup>53</sup> Unlike modern corporations, the Casa did not have regular shareholder meetings. Instead, business operations were overseen by a council [*consiglio generale*] of 480 shareholders whose membership was determined by a lottery of qualified investors and half by nomination.<sup>54</sup> To be eligible for the council, shareholders had to own at least ten shares [*luoghi*]. The property qualification to serve on the bank's board as one of the eight *protettori* was one hundred *luoghi*.

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Medici, see John M. Najemy, "Machiavelli and the Medici: The Lessons of Florentine History," *Renaissance Quarterly* 35 (1982): 551–76. On Machiavelli's early friendship with Giuliano di Lorenzo, see Mario Martelli, "Preistoria (medicea) di Machiavelli," *Studi di Filologia Italiana* 29 (1971): 377–405.

52. Machiavelli, *Florentine Histories*, 8.36, 363.

53. Corey Tazzara, "Against the Fisc and Justice: State Formation, Market Development, and Customs Fraud," in *The Routledge History of the Renaissance*, ed. William Caferro (London: Routledge, 2017), 358–72, at 359.

54. Wiszniewski, *Histoire de la banque de Saint-Georges*.

The authority to make decisions and policy both for the bank and its subject territories was thus concentrated in the hands of the wealthiest investors who also happened to belong to the aristocracy. Council decisions required a two-thirds majority, making it difficult to pass proposals not in line with shareholders' interest.<sup>55</sup> Thus, to the extent that the council made financial decisions not only for the Casa but, indirectly, for citizens and subjects of Genoa, the internal procedures of the Casa would seem to violate the principle of equal right to public office and participation in political deliberation that are fundamental to the idea of political equality. From Machiavelli's description, it is clear that the Casa formed a creditor government: it was an institution ordered and controlled by the creditors of the commune and therefore could rely neither on consent nor on political equality as its ground for legitimacy. Thus even though the Casa could plausibly be described as a law-based government, its institutions fail Machiavelli's benchmark that the people should have a say over collective matters. In sum, the Casa would not qualify as a popular government in Machiavellian terms. As an oligarchic institution, dominated by a small number of wealthy families, the Casa violates Machiavelli's stipulation that power be vested in the hands of the many rather than the few.<sup>56</sup>

Considering the Casa's oligarchic structure, is the political authority it exercised in Genoa compatible with Machiavelli's vision of *vivere libero*? Was San Giorgio conducive to or corrosive of republican liberty? The Casa's fusion of financial and political power made possible a renewed aristocratic domination of Genoese politics in the guise of a technocratic fiscal institution. In view of Machiavelli's preference for a broad-based republic, it is therefore likely that he would have regarded the political conditions in Genoa as a form of elite domination rather than freedom and as a usurpation of political power by the wealthy creditor class coalesced in San Giorgio. Rather than exemplifying the free way of life, Genoa is an instance of a "dominated" and "servile" city,<sup>57</sup> a case of *dependenza* or *servitù* rather than *libertà*.<sup>58</sup>

Central to the republican reading of Machiavelli is the claim that the *vivere politico* requires legal and political equality; his consistent preference for public over private "modes" along with an apprehensiveness about the corrupting influence of wealth and patronage; and his distrust of the "few." How can these three features of

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55. Christine Shaw, "Counsel and Consent in Fifteenth-Century Genoa," *The English Historical Review* 116 (2001): 834–62, at 860.

56. Machiavelli, *Discourses on Livy*, 1.5.

57. *Ibid.* 1.5, 2.2.

58. Quentin Skinner, *Visions of Politics: Renaissance Virtues* (Cambridge, UK: Cambridge University Press, 2002), 163.

Machiavelli's republicanism be squared with the accolade to a creditor institution that has wrested core government functions from the commune, thereby undermining political equality, blurring public and private modes as well as compounding political and economic power? It would no doubt have been apparent to Machiavelli that the conditions in Genoa reflect the politics of informal domination in even more flagrant ways than Florence. The authority exercised by San Giorgio is an example of *modi privati*, oriented toward *beni privati*, resembling, therefore, the oligarchic practices Machiavelli explicitly condemns as corrupt.

The plot thickens. In light of the analysis above, Machiavelli's favorable depiction of the Casa presents an interpretive puzzle. Barring ad hoc biographical explanations that attribute to Machiavelli a conservative turn in his old age and assuming that the *Florentine Histories* are theoretically and normatively consistent with his earlier works,<sup>59</sup> the praise of San Giorgio is perplexing.

### The Political Economy of Public Debt

The practice of deficit-financing that was introduced into the merchant republics of Northern Italy in the late-Middle Ages was politically controversial. Beneficial largely to economic elites who preferred it to taxation, the public debt was a point of contention in political struggles, nowhere more so than in Renaissance Florence. To formulate the class interests implicated in fiscal institutions, historians such as L. F. Marks and Anthony Molho have developed the "financial oligarchy thesis," according to which the public debt allowed a small group of wealthy lenders to become enormously powerful actors, a "financial aristocracy."<sup>60</sup>

This financial aristocracy benefited from a shift in how successive Florentine regimes raised capital. Whereas popular regimes privileged direct taxes and involuntary loans that were consolidated in the permanent debt [*monte*], the Medici tended to borrow short-term interest-bearing funds.<sup>61</sup> These two borrowing mechanisms

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59. J. H. Whitfield, *Machiavelli* (Oxford: Oxford University Press, 1947), 159ff.; Luigi Russo, *Machiavelli* (Bari: Laterza, 1949), 59; Raimondi, *Constituting Freedom: Machiavelli and Florence*; and McCormick, *Reading Machiavelli*, 69–105.

60. Louis F. Marks, "The Financial Oligarchy in Florence Under Lorenzo," in *Italian Renaissance Studies: A Tribute to the Late Cecilia M. Ady*, ed. Ernest F. Jacob (London: Faber & Faber, 1960), 123–47; Anthony Molho, *Florentine Public Finances in the Early Renaissance, 1400–1433* (Cambridge, MA: Harvard University Press, 1971); Anthony Molho, "The State and Public Finance: A Hypothesis Based on the History of Late Medieval Florence," *The Journal of Modern History* 67 (1995): S97–S135; and Anthony Molho, *Marriage Alliance in Late Medieval Florence* (Cambridge, MA: Harvard University Press, 1994).

61. J. N. Stephens, *The Fall of the Florentine Republic, 1512–1530* (Oxford: Clarendon Press, 1983), 131–35; Luciano Pezzolo, "Government Debts and Credit Markets in Renaissance Italy,"

differed in many respects but most importantly in interest rates. Given the complex structure of the permanent debt (several loan pools, each with varying interest and repayment terms), it is difficult to calculate effective interest rates, but they are estimated to have been below 4% while interest on short-term notes was typically around 15%.<sup>62</sup> The permanent debt consisted largely of involuntary loans assessed of each household, whereas the short-term loans were contracted from wealthy financiers at market rates.<sup>63</sup> The difference between these two types of debt had important socioeconomic implications. Many ordinary Florentines were forced to contribute to involuntary loans, yet those who needed cash flow were forced to sell their credits on the secondary market at steep discount (up to 70%), thus forfeiting not only interest but a large part of their capital. The situation for wealthy Florentines was quite different.<sup>64</sup> As the primary providers of short-term loans, financial elites benefitted handsomely from high returns on their investments. They also speculated in *monte* credits, to the point that the richest 2% of Florentines (about 200 families) controlled 60% of the public debt and revenue from the public debt became a sizeable component of their portfolios.<sup>65</sup>

As a result of these asymmetric class interests, the modalities of the public debt became a stake in the struggle between the *popolo* and the *grandi*. The Florentine financial elite vigorously defended their perks. Under Lorenzo de' Medici, traditional

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in *Government Debts and Financial Markets in Europe*, ed. Fausto Piola Caselli (London: Pickering & Chatto, 2008), 17–32, at 17; and Molho, “The State and Public Finance,” S105.

62. Lawrin D. Armstrong, *Usury and Public Debt in Early Renaissance Florence: Lorenzo Ridolfi on the Monte Comune* (Toronto: Pontifical Institute of Mediaeval Studies, 2003); Molho, “The State and Public Finance”; and Molho, *Marriage Alliance*.

63. The *monte* also offered voluntary loan pools with higher interest rates, for example the *monte delle doti*, a popular dowry scheme for Florentine families, including, incidentally, Machiavelli's father Bernardo, who invested the capital for the dowry of his daughter Margherita. See Catherine Atkinson, *Debts, Dowries, Donkeys: The Diary of Niccolò Machiavelli's Father, Messer Bernardo, in Quattrocento Florence* (Frankfurt: Peter Lang, 2002), 47. The invested assets accrued interest, which was reinvested in public bonds until the girls turned fifteen, at which point the accumulated stock was redeemable. But given the commune's fiscal difficulties, interest was frequently delayed or paid in bonds rather than cash, and in the late 1470s, the *monte delle doti* became insolvent and had to be restructured. See Molho, *Marriage Alliance*, 27–79.

64. In the fifteenth century, the richest 10% of Florentines controlled 70% of the city's wealth while the top 1% alone owned 25% of the city's wealth. Cf. David Herlihy and Christiane Klapisch-Zuber, *Tuscans and Their Families: A Study of the Florentine Catasto of 1427* (New Haven: Yale University Press, 1985), 93–105. For the *Catasto* of 1480, see Molho, *Marriage Alliance*, esp. 361–64.

65. Armstrong, *Usury and Public Debt in Early Renaissance Florence*, 37–38; and Jérémie Barthas, *L'argent n'est pas le nerf de la guerre: Essai sur une prétendue erreur de Machiavel* (Rome: École française de Rome, 2011), 155.

communal councils were disempowered from making financial decisions, a major institutional innovation favoring the wealthy. From that point on, taxation and loans were decided by newly formed councils (the Hundred and the Seventy) and reforms of the *monte* increased the powers of its officials.<sup>66</sup> The Florentine nobility rightly regarded the public debt as the central engine of the oligarchic power structure. A law from 1470 described the consolidated public debt as: “the heart of this body which we call city . . . every limb, large and small, must contribute to preserving this heart.”<sup>67</sup> And during the late-fifteenth century, the offices that administered the *monte* were kept under tight political control.<sup>68</sup>

The high carrying charges of the public debt were the source of repeated social and political tensions. It is therefore not surprising that taxation and public debt were major political issues during the republic of 1494 to 1512, which Machiavelli served as Secretary of the Second Chancery. The institutions, especially the *Consiglio Grande* removed tax policy from the authority of the councils dominated by the financial oligarchy. Soderini drastically reduced the Florentine debt, thus removing one of the sources of aristocratic revenue. As Barthalas has shown, Soderini restructured a large portion of Florence’s public debt, forcing aristocratic bondholders to accept a serious haircut. Outstanding Florentine bonds that previously paid a handsome 14% annual interest were capped at 6%.<sup>69</sup>

On the basis of these figures, Barthalas argues persuasively, that even though Machiavelli did not write explicitly about public finance, the political economy of public debt shaped his consistent preference for a popular army and his hostility to mercenaries.<sup>70</sup> Barthalas contends that Machiavelli’s proposal to arm the people and institute a popular militia constitutes a revolutionary project. It seeks to emancipate the people from the wealthy nobility by establishing an autonomous foundation for popular power that, unlike mercenary troops, does not depend on issuing short-term debt. On this interpretation, Machiavelli’s attempt to replace Florence’s reliance on mercenaries by a public militia is not only motivated by military considerations or by the republican ideal of the citizen-soldier but also by class power, as abandoning

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66. Marks, “The Financial Oligarchy in Florence Under Lorenzo,” 123–124, 132–138; Stephens, *The Fall of the Florentine Republic, 1512–1530*, 17–18; and Nicolai Rubinstein, *The Government of Florence Under the Medici (1434–1494)* (Oxford: Clarendon, 1966), 174–228.

67. Marks, “The Financial Oligarchy in Florence Under Lorenzo,” 127.

68. *Ibid.*, 140–41.

69. Barthalas, *L’argent n’est pas le nerf de la guerre*, 204–05.

70. *Ibid.*; and Jérémie Barthalas, “Machiavelli, the Republic, and the Financial Crisis,” in *Machiavelli on Liberty and Conflict*, ed. David Johnston, Nadia Urbinati, and Camila Vergara (Chicago: University of Chicago Press, 2017), 257–79.

mercenaries would dry up one of the financial oligarchy's favorite gravy trains. Financed through the floating debt at premium interest rates, mercenaries were not only militarily unreliable and politically treacherous—criticisms that are well known from *The Prince*, the *Discourses*, and *Art of War*—they also facilitated the extraction of surplus rents from the state by the financial oligarchy. This is why Machiavelli's opposition to mercenaries may have had a fiscal and anti-elitist dimension.

### The Financial Oligarchy Thesis As a Lens for San Giorgio

Following Barthas's analysis of the connection between the politics of the Florentine public debt and Machiavelli's advocacy of a popular militia, another hypothesis concerning San Giorgio presents itself. If Barthas is right that Machiavelli's denunciation of mercenaries and his consistent preference for arming the people was at least partially motivated by the way Florentine elites used the public debt as a lever for their own enrichment, Machiavelli may have marveled at San Giorgio because the Casa had actually *reduced* the Genoese cost of borrowing.<sup>71</sup> At the moment of debt consolidation in 1407, the capital of San Giorgio consisted of six different loan pools or *compere*, each paying between 8–10% annual interest.<sup>72</sup> By contrast, the new San Giorgio shares only paid 7% interest. In other words, creditors paid a premium for the reduction of risk and other benefits that came from the Casa's control over the commune's credit line.<sup>73</sup> The Casa continued to extend loans to the commune and grant periodic debt forgiveness. It allowed credit to the commune to expand more quickly than tax revenues, diluting its capital. In times of need, San Giorgio paid extraordinary subsidies to the city's budget in addition to yearly ordinary contributions.<sup>74</sup>

When the dividend became variable in 1418, yields started sinking significantly. Dividend payments were reduced, initially to 5.5%, then to 4% in 1440. From the 1460s, nominal interest rates were in the range of 3%, and between the 1480s and

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71. Taviani briefly considers but rejects the hypothesis that Machiavelli's criticism of the public debt in Florence applies to Genoa. Taviani, "Machiavelli e la fortuna del banco di San Giorgio," 403–05.

72. Epstein, *Genoa & the Genoese: 958–1528*, 261.

73. Michele Fratianni, "Government Debt, Reputation and Creditors' Protections: The Tale of San Giorgio," *Review of Finance* 10 (2006): 487–506, at 488.

74. *Ibid.*, 496. Detailed monetary amounts of the Casa's payments to the commune (especially for the seventeenth century) are computed by Giulio Giacchero, *Il seicento e le compere di San Giorgio* (Genova: Sagep, 1979).

1510, they never climbed above 2.2%.<sup>75</sup> Effective yields were higher, because shares traded at a significant discount to face value. Based on figures established by Cuneo and Cipolla,<sup>76</sup> Fratianni calculates average annual rates of return for 1523–1570 of 4.23% (for the fifteenth century and the first two decades of the sixteenth century, data is not available).<sup>77</sup> Thus the effective interest rates for Genoese state loans was substantially below that paid by Florence, and the windfall gain of the financial aristocracy nowhere near the bonanza that Florentine elites were able to extract. While it returned regular interest and dividend payments to its investors, San Giorgio's rate of return was lower than what wealthy investors could expect from other assets.<sup>78</sup>

In line with the financial oligarchy thesis, Machiavelli's curiosity about San Giorgio may have been piqued not just by the usurpation of administrative and judicial power by an aristocratic financial elite or by the stability that the institution offered to Genoa. Rather, he may have seen in the Casa a mechanism that limits the rate of upward redistribution of wealth. From this perspective, what may have attracted Machiavelli to San Giorgio was not its ostensible free government but rather, the unique and unprecedented political form which allowed Genoese elites to govern in exchange for accepting lower returns on public debt.

For Machiavelli, the problem of the public debt was that it kept the public poor while making a group of individual citizens rich. This is precisely the opposite of his maxim in the *Discourses* "to keep the public rich and the citizens poor [*tenere ricco il pubblico, e gli loro cittadini, poveri*]."<sup>79</sup> This often-misunderstood tenet does not mean that citizens should lead simple lives of "virtuous austerity";<sup>80</sup> nor does it constitute a warning against the "pernicious effects" of a "luxurious life."<sup>81</sup> Machiavelli's insistence that poverty promotes virtue is not a moral claim about the political benefits of asceticism.<sup>82</sup> Rather, it constitutes a sober diagnosis that economic power

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75. Carlo Cuneo, *Memorie sopra l'antico debito pubblico mutui, compere e Banca di S. Giorgio in Genova* (Genoa: Stampatore dei Sordi Muti, 1842), 307–08.

76. Ibid.; and Carlo M. Cipolla, "Note sulla storia del saggio d'interesse, corso dividendi e sconto dei dividendi del Banco di S. Giorgio nel Sec. XVI," *Economia Internazionale* 2 (1952): 255–74.

77. Fratianni, "Government Debt, Reputation and Creditors' Protections," 499.

78. Shaw, "Genoa," 231; and Reinhold C. Mueller, *The Venetian Money Market: Banks, Panics, and the Public Debt, 1200–1500* (Baltimore: Johns Hopkins University Press, 1997), 474–75.

79. Machiavelli, *Discourses on Livy* 1.37, 79; see also 2.19 and 3.25 for iterations of the same advice.

80. Skinner, *Visions of Politics: Renaissance Virtues*, 176.

81. Neal Wood, "Some Common Aspects of the Thought of Seneca and Machiavelli," *Renaissance Quarterly* 21 (1968): 11–23, at 19.

82. Contra Hans Baron, "Franciscan Poverty and Civic Wealth as Factors in the Rise of Humanistic Thought," *Speculum* 13 (1938): 1–37, at 37.

tends to undermine liberty and equality. Machiavelli's concern was to resist the domination by wealthy citizens and to restrict elites' leverage to convert their considerable economic power into political power.<sup>83</sup> In view of these commitments to economic equality and his concerns about the political dangers of excessive wealth, Machiavelli may have viewed the Genoese arrangements as a measure to limit the accumulation of wealth and the upward redistribution effect of the public debt.

There are two objections one might raise against interpreting Machiavelli's comments on San Giorgio through the financial oligarchy thesis. The first is methodological. Machiavelli does not mention any considerations of public finance in the text. The hypothesis that the reduction of interest rates might have been a motivating factor thus lacks textual evidence. While this is a pertinent counter-argument, it is by no means infeasible. That an important contextual point is not mentioned in a text does not preclude it from operating as a motivating element, especially if it can be shown that at this particular historical juncture, no theoretical consciousness was in place to grasp and cognize it. In this case, we know that Machiavelli did not have the language and theoretical concepts to articulate the relation between the public debt and the financial oligarchy. The absence of this conceptual apparatus does not, however, change the fact that these mechanisms were at work and that they shaped the social and political reality Machiavelli faced.

The second objection against recourse to the financial oligarchy thesis for explaining the chapter on San Giorgio is that the reduction in the upward redistributive effect involves a tradeoff that is unacceptable and perverse in Machiavellian terms. If interest rates reflect the market price of risk, then the lower rates paid by the Genoese commune are the effect of the lower risk its creditors enjoyed in comparison to creditors of other communes. The expected value of risk in Genoa was lower as a result of the extensive administrative and judicial power exercised by San Giorgio. Starting in 1417, San Giorgio's officials were authorized to inflict the death penalty in its territories; the Casa was empowered to confiscate the assets of tax evaders; and from 1463, debtors could be excommunicated.<sup>84</sup> Foregoing control over these considerable enforcement powers was the price the republic paid for its lower borrowing costs. This tradeoff between the cost of credit and democratic control is not specific to Genoa. Historical studies of early modern interest rates suggest that "city-states with more oligarchical institutions . . . tended to have better

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83. Filippo Del Lucchese, *Conflict, Power, and Multitude in Machiavelli and Spinoza* (London: Continuum, 2009), 80–81; and McCormick, *Machiavellian Democracy*, 88–89.

84. Epstein, *Genoa & the Genoese*, 278–79.

access to credit than those with more open regimes” and the more oligarchic, the better their rates.<sup>85</sup>

Yet, insofar as Machiavelli’s penchant to economic equality is a direct result of the political effects he ascribes to economic inequality, namely its tendency to bring about corruption and oligarchy, to advocate for a San-Giorgio-style solution to the problem of public debt is arguably perverse. It makes no sense to grant oligarchic elites privileged access to quasi-state power on grounds that it mitigates these elites’ capacities to fleece the public purse, if the primary concern about *economic inequality* is its tendency to undermine *political equality*. This is, indeed, a powerful objection to the inference that Machiavelli regards San Giorgio as an institution worth emulating in other Italian republics. Yet if we move away from the abstract philosophical question of assessing constitutional arrangements from the point of view of a blank canvas—an approach Machiavelli ridicules in chapter fifteen of *The Prince*—the objection loses its bite. In the early 1520s, when Machiavelli was composing the *Florentine Histories*, neither Genoa nor Florence faced the constitutional choice between a popular egalitarian republic and aristocratic domination. Rather, both republics were in crisis, which in Genoa eventually led to Andrea Doria’s aristocratic coup in 1528 and in Florence to the establishment of the Medici as dukes of Florence (1532) and later grand dukes of Tuscany (1569). Thus from Machiavelli’s historico-political perspective, the *appropriate normative standard for evaluating the Casa is not the abstract philosophical benchmark of political equality but the public good in what are unequal, corrupt, and unstable republics*. Against this background, the Casa’s capacity to discipline greedy elites and to limit the scope for the executive—the doges—to turn themselves into *signori*, becomes a real political asset.

There is no doubt that Machiavelli would have regarded San Giorgio as a decidedly *second-best solution*, in a factional city, where corruption and inequality are so flagrant that a republic cannot survive and where the conditions for freedom are simply not in place.<sup>86</sup> Such situations call for second-best strategies, which Machiavelli conventionally understands as requiring autocratic rather than republican political arrangements. Take for example corruption, which Machiavelli believes only institutional innovation can cure. The best-case scenario under corrupt conditions is that a “good man” turns into a heroic founder-figure and reorders the city “for a political way of life”.<sup>87</sup> After a temporary period of autocratic rule, the laws, institutions, and

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85. David Stasavage, *States of Credit: Size, Power, and the Development of European Polities* (Princeton, NJ: Princeton University Press, 2011), 14.

86. Machiavelli, *Discourses on Livy*, 1.17; 1.55.

87. *Ibid.*, 1.18, 51.

practices of a state may have been sufficiently transformed to make possible a transition toward a republican regime. But these “good men” are often hard to come by, which is why Machiavelli looks to Greek tyrants who used violent means, such as Cleomenes and Hiero, as models for remaking corrupt states.<sup>88</sup> Does this mean that Machiavelli regards such autocratic governments as normatively preferable regime types? Surely not. Yet there are conditions under which unfree political arrangements are normatively preferable to corruption and social crises. Analogously, and in view of its success in providing stability and in limiting the upward transfer of wealth, we can understand San Giorgio as a *second-best constitutional arrangement* in a city riven by factional conflict and corruption.

## Conclusion

The dominant republican reading of Machiavelli has trouble accounting for his admiration of San Giorgio. The existing glosses in the secondary literature are unsatisfactory, because they fail to deal with the flagrant contradiction between Machiavelli’s praise of the Casa and his political commitments. Interpreting the discussion of San Giorgio through the financial oligarchy thesis opens up a new perspective informed by the political economy of public debt. From this vantage point, the Casa served not only to bring about stability in a corrupt city, but also lower borrowing rates and thus a reduced capacity of financial elites to extract surplus interest.

The available textual and historical record is sufficiently ambiguous that it does not allow us to categorically conclude that Machiavelli’s glorification of San Giorgio was motivated by the political economy of public debt. Yet the hypothesis that his rendition of San Giorgio was shaped by concern over the ways in which Florence’s public debt had become a bonanza for financial elites is at the very least plausible and certainly no more far-fetched than the available explanations in the literature. On this reading, San Giorgio beguiled Machiavelli, because it contained both the instability and the extractive power he associates with oligarchies. San Giorgio performed this feat by effectively coercing—without recourse to arms—elites that jockeyed for

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88. John P. McCormick, “Machiavelli’s Greek Tyrant as Republican Reformer,” in *The Radical Machiavelli: Politics, Philosophy, and Language*, ed. Filippo Del Lucchese, Fabio Frosini, and Vittorio Morfino (Leiden: Brill, 2015), 337–48; John P. McCormick, “Machiavelli’s Inglorious Tyrants: On Agathocles, Scipio and Unmerited Glory,” *History of Political Thought* 36 (2015): 29–52; John P. McCormick, “Of Tribunes and Tyrants: Machiavelli’s Legal and Extra-Legal Modes for Controlling Elites,” *Ratio Juris* 28 (2015): 252–66; McCormick, *Reading Machiavelli*, 54–68; Gabriele Pedullà, *Machiavelli in Tumult. The Discourses on Livy and the Origins of Political Conflictualism*, trans. Patricia Gaborik and Richard Nybakken (Cambridge: Cambridge University Press, 2018), 78–83; and Winter, *Machiavelli and the Orders of Violence*, 98–107.

political power to abide by the legal framework it had negotiated with the Genoese commune *and* by limiting the scope for financial profiteering. That this involved the transfer of fiscal, judiciary, and even military authority to San Giorgio renders it a serious and double-edged trade-off. A materially unfree and hence incontrovertibly second-best political form, the dual power structure in Genoa nevertheless limited the scope of elite domination. While San Giorgio could in no way be described as Machiavelli's preferred solution for Florence's political predicaments, these features help explain the paradox of Machiavelli's praise for a plutocratic institution.

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