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Between ethics and economy. Loans in charitable institutions in preunification Southern Italy

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1ST PART

Introduction.

Many studies on economic and financial aids for the Third World poor have seen the light over the last few years. Today there is a widespread awareness that we need new forms of assistance and, especially, new ways to provide microcredit. We owe this awareness largely to Muhammad Yunus and the “village bank” he established in Bangladesh in 1976.¹ This rural credit institute was created to grant loans and subsidies to poor people, who usually do not have access to the traditional credit system. These people are organized in “solidarity groups”. In the wake of the experience of the Grameen Bank, which has become the fifth bank in Bangladesh, over the last twenty years several international NGOs have set up microfinance and microcredit programs. Some economists and scholars believe that microcredit favors economic growth by allowing the poor and outcast to have access to financial services, as well as training, to improve their standard of living.

While microcredit is a new phenomenon in developing countries, in the Old Continent it goes a long way back. Starting from the modern age, European countries, including the Kingdom of Naples, fought poverty with private charity, whether lay or religious. Thanks to bequests and donations, a complex organization was set up to offer assistance to the poor. Multifunctional structures were created to meet everybody’s needs. In the eighteenth century, however, this system underwent a crisis. The poor had increased in number, and it became necessary to adapt the system to the new demands. The change was slow. Only at the end of the nineteenth century did governments begin to consider the opportunity, at least from a legislative point of view, of creating distinct sectors for social assistance and welfare, on the one hand, and credit, on the other.

The following is a brief analysis of eighteenth and nineteenth-century legislation. I will try to understand how the state slowly transformed the institutions charged with the assistance of a microcosm of poor people, whether able-bodied or disabled, which was always a major concern for governments.

1. What services for the poor?

From the sixteenth to the eighteenth century, employment policies and welfare did not exist in southern Italy - or, for that matter, anywhere else. The task of assisting the structural, conjunctural, or bashful² poor fell to religious institutions and private individuals. (The “bashful” poor - *poveri vergognosi* - included aristocrats, estate owners, public officials, craftsmen, and shopkeepers.) At a time when poverty and unemployment had almost become a mass phenomenon, the Italian south set up a charity and security system reflecting the interests of families, local communities, and town authorities. The performing of charitable deeds, the giving out of alms, and the protection of cult institutions, however, were not conducted indiscriminately: they often answered specific criteria set

¹ M. Yunus, *Il banchiere dei poveri*, Milano, 1999.

² B. Pullan, *Poveri, mendicanti e vagabondi (secoli XIV-XVII)*, in *Storia d’Italia, Annali I. Dal feudalesimo al capitalismo*, Torino, 1978, pp. 981-1047.

out in the statutes and foundation acts of charitable institutions.³ To meet the demand for assistance, it was necessary to create a fund, the so called *patrimonio del povero*. This fund could be formed from the contributions of associates who were, at the same time, the future beneficiaries of the fund. Or it could be financed by benefactors who, however, expected in their turn to benefit from the fund after death, in the form of Masses, suffrages, and funerary monuments. From the sixteenth century onward, the Kingdom of Naples set up a large assistance network, with sharp inequalities between the center and the periphery. According to a study on the *Status Ecclesiae Neapolitanae*, in late-sixteenth-century Naples there were 36 hospitals and homes for the poor, 100 confraternities, 200 parishes, churches, and chapels, at least 20 of which were *estaurite* (i.e., only had temporary outdoor stalls), and 127 were managed by guilds⁴. According to other sources, there were only 10 hospitals in the capital in this period. The reason for this remarkable difference is probably to be sought in the very nature of the institution: at the time even a simple room where “hospitality” was offered to the poor was called a “hospital”.

Cult institutions gained importance as social shock absorbers, but did not disdain to function as economic operators participating in full in the productive, commercial, financial, and credit circuits. Both internal and external factors led these institutions to develop a growing interest in the financial and, especially, the credit market.⁵ Charitable institutions became financial go-betweens and, belying their founding principles, became involved in the management of immense real estates and landed property whose revenues were allegedly destined to lighten the load of the poor - but actually only on paper.

In the eighteenth century, population growth aggravated the problem of poverty. The quality of the management of charitable institutions declined. The enthusiasm travelers and writers had expressed for the generous hospitality towards the sick and destitute offered by the Casa Santa dell'Annunziata and the Casa Santa di San Giacomo, two of the main charitable institutions of the capital, gave way to harsh criticism of a state of widespread and growing malpractice in hospitals. These institutions' permanent deficit, a result of their administrators' dishonesty and the interference of the clergy, reflected on the conditions of their rooms and wards, as well as the motivation and training of their medical personnel. The situation was so alarming that Giuseppe Maria Galanti, writing at the end of the eighteenth century, complained that jails and hospitals were the sewer of a nation and dishonored the human race. Since all nations had them, it was no use debating whether they served a purpose or not. Still, one could not be blind to the contrast between magnificence and luxury, on the one hand, and begging, poverty and suffering on the other. Unfortunately, wrote Galanti, after states had reduced so many people to poverty, hospitals were necessary to house, feed and heal them.

Not only hospitals, but also conservatories, hospices, and every form of help, succor or donation prompted by philanthropy or Christian charity began to be looked upon with suspicion. To give without asking for anything in return encouraged sloth and laxity. A new approach to the issue of welfare was spawned by the industrial revolution and the English liberal ideology. In his book *An Essay on the Principle of Population*, Thomas Robert Malthus condemned the Poor Act issued by Queen Elizabeth I in 1601. By instituting a tax to succor the indigent, the law had severed the essential connection between work and its reward, encouraging sloth and the pursuing of unprofitable activities, instead of the best possible use of manpower. Guaranteed assistance determined a growth of both population and poverty. Malthus' judgment also influenced the debate among Neapolitan economists and reformers, who observed that the charity system had deviated from its original purpose and now worked in the interest of religious institutions and the clergy,

³ M. Campanella, *Chiesa ed assistenza a Napoli nel Cinquecento*, in *Gli inizi della circolazione della carta moneta e i banchi pubblici napoletani nella società del loro tempo (1540-1650)*, Napoli, 2002, p. 148.

⁴ *Ivi*, p. 149.

⁵ G. Albini, *Città e ospedali nella Lombardia Medievale*, Bologna 1993.

rather than the sick and destitute.⁶ There was now a wide consensus about the need for a reform of pious foundations and cult institutions managing their resources in ways not always mindful of the common good.⁷ Foreign observers shared this view. The Venetian ambassador Gasparo Soderini affirmed that: “Hospitals and pious places are managed by purely aristocratic or mixed congregations, usually poorly because of the neglect of those who run them. The first seem more inclined to clear out the poor and send them to the graveyard, the second usually impart a very coarse education to their charges, whether orphans or children of human weakness”⁸

2. Assistance to the poor by law. Early reorganization in the Kingdom of the Two Sicilies between the eighteenth and nineteenth century.

As I mentioned above, the “*patrimonio del povero*” was also seriously undermined by the interference of clergymen who diverted sums of money for cult expenses. In 1570 and 1589, acts had been issued to reassert the boundary between lay and ecclesiastic management in charitable institutions. More than a century and a half later, the Bourbon government prepared a new plan. In 1741 it issued a Concordat between the Holy See and the Kingdom of the Two Sicilies, and subsequently instituted a Mixed Tribunal. The clergy were banned from the management of lay charitable institutions such as chapels, congregations, pawnshops, hospitals, and hospices. Their authority remained limited to spiritual matters. The task of watching over them was assigned to the Mixed Tribunal, composed of an ecclesiastic president and four councilors: two ecclesiastics nominated by the Pope and two magistrates nominated by the King. An annual contribution of 15 *carlini* was imposed on pious institutions for the upkeep of this control organ. The Mixed Tribunal did not have an easy life. Its magistrates worked rather hard, as the 14 sentences issued between 1742 and 1798 bear out.⁹

Not all religious institutions were put under the Tribunal’s control. Churches and religious institutions founded and endowed by the king were exempted, as were all institutes which applied for royal patronage *a posteriori*. The Mixed Tribunal’s auditing of the accounts of charitable institutions indicated that their incomes after expenses were very low. Although we do not have the exact number of charitable institutions in the kingdom in the late eighteenth century, it seems that there were about 300 in the capital and 13,000 in the whole kingdom.¹⁰

A new step in the direction of reorganization was taken in 1796, when the first instructions for the functioning of lay and mixed charitable institutions were issued. These instructions repeatedly stressed the importance of correct account keeping and the need to draw up budgets, especially for the wealthier institutions.

With the coming of the new century there was a reawakening of interest in social politics and the controlling of the less well-to-do classes in the Kingdom of Naples. The same phenomenon is observable in other European countries exactly at that time. In 1802, the Bourbon government established a *Giunta dei poveri* (a *Council for the Poor*) in the capital; provided for the distribution of cheap soup; and built new penitentiaries. Above all, a debate arose on the opportunity to establish new prisons and correction homes in the provinces of the kingdom. Following a tradition which had been taking hold in Europe ever since the middle of the eighteenth century,¹¹ a competition was

⁶ P. Frascani, *Ospedali, malati e medici dal Risorgimento all’età giolittiana*, in *Storia d’Italia*, Annali 7, Torino 1984, pp. 300 - 301.

⁷ G. M. Galanti, *Della descrizione geografica e politica delle due Sicilie*, cit., vol.II, pag. 65.

⁸ *Corrispondenze diplomatiche veneziane da Napoli, Relazioni*, M. Frassinà (a cura di), Poligr. dello Stato, Roma, 1992, pag. 215.

⁹ L. Bianchini, *Storia delle finanze del Regno delle due Sicilie*, a cura di L. de Rosa, Ristampa ESI, Napoli, 1971, p. 363.

¹⁰ L. Bianchini, *Storia delle finanze del Regno delle due Sicilie*, cit., p. 365.

¹¹ C. Lis - H. Soly, *Povertà e capitalismo*, pp. 257 e seg.

called for the awarding of prizes to projects offering an answer to the questions in the *Reale Dispaccio* of June 20, 1802, concerning the theme of poverty and how to fight it.¹²

Although the coming of the French in 1806 prevented Ferdinand IV from pursuing his plans about the poor and pious institutions, the path was traced. During the French decade (1806-1815), the new government implemented the first plan ever for the centralization of charity in the Kingdom of Naples. As specified in the Royal Decree of March 31, 1806, the responsibility for its enactment fell to the Minister of Interior.¹³ The reform began from the capital, where a Central Charity Committee was established in 1808, as well as a committee for each parish. These committee, composed of clergymen, local officials, and private individuals, administered and gave out charity, in money or in kind, to the city poor. The charity was financed through the collecting of alms, bequests, and donations. The inmates of hospices and charity houses were left out of this distribution. The members of each charity board kept watch over the conditions of the poor in their district. When necessary, they distributed food, clothing, beds, and medicine. Sometimes they found jobs for people, since the decree was issued to fight sloth and immorality, as well as common and serious diseases through the spreading of the practice of vaccination.¹⁴

Besides thus reorganizing public welfare, the French also reformed the administration of lay and ecclesiastic charitable institutions. In 1809 they founded a General Council responsible for the management of the 14 largest institutions in Naples - later reduced to 9 - and an Administrative Committee under the authority of this General Council. The latter, composed of 12 representatives of the 12 city districts, managed all the financial interests and administration of hospices. The Administrative Committee, composed of three members nominated by the King, was in charge of revenues, the legal representation of the hospices, account keeping, and the enforcing of internal regulations. As soon as it took office, the committee was assigned the task of assessing the property, revenues and expenses of each hospice, and draw up a comprehensive balance sheet to be submitted to the General Council. The measures taken in support of the poor, the sick and the outcast of the capital were then extended to the periphery of the Kingdom.¹⁵

After a serious financial crisis struck charitable institutions - a consequence of the abolition of the *arrendamenti*, the selling of tax debt shares - the French government was forced to find new funds for the charity division. The decree of 12 September 1809 ruled that 280,000 ducats be allocated for Naples. Part of this sum came out of the capital of charitable institutions, part out of the funds of the Ministry of Interior, and about 73,000 ducats from a new consumer tax.¹⁶ In 1812, with the issuing of the "Instructions for the Administration of Public Charity in the Kingdom", charitable institutions became municipal sections and as such fell under the laws on municipal administration.¹⁷ One of the objectives of the new law was to merge institutions having a common purpose. Another was to introduce vocational training in conservatories. A lot of care was devoted to the issue of accounting. Annual balance sheets were to be sent to the Ministry of Interior, and budgets should be compiled every year in July to be submitted to the General Council. In 1813, the Council of Hospices was founded. Its task was to inspect the activities of a municipal committee which kept close watch, in its turn, over charitable works.¹⁸

This intense activity indicates the State's growing interest in the poor. But who were these poor and, above all, did estimations of the sad phenomenon of pauperism exist? Although no

¹² R. Salvemini, *Il povero come risorsa. Studi, proposte, interventi* in *La risorsa umana nel Mezzogiorno*, Napoli, ESI, 1999.

¹³ *Bullettino delle leggi del Regno di Napoli*, anno 1806.

¹⁴ *Decreto per lo stabilimento, ed attribuzioni d'un comitato centrale di Beneficenza ed altrettanti comitati particolari quante sono le parrocchie della capitale*, in *Bullettino delle leggi del Regno di Napoli*, anno 1808, Stamperia Simoniaca, decreto n. 191 p. 563.

¹⁵ *Decreto che prescrive l'uniforme amministrazione degli stabilimenti di beneficenza in tutte le province del Regno*, in *Bullettino delle leggi del Regno di Napoli*, a. 1809, Napoli, Decreto n. 493, II vol. p. 996.

¹⁶ L. Valenzi, *Poveri, ospizi e potere a Napoli (XVIII-XIX secoli)*, Milano, 1995, p. 55-56.

¹⁷ *Bullettino delle leggi*, anno 1812

¹⁸ *Bullettino delle leggi*, a. 1813.

precise statistics exist for the destitute people benefiting from public or private charity, some laws provide indications as to who belonged in the indigent category. A decree fixing personal income and land taxes for the year 1810 is especially helpful.¹⁹ This decree required payment from all family heads, except for the indigent, i.e., those who were not included in a table listing eight income classes taking account of assets, the renting of a house in the countryside or in town, profit-bearing property, and wages. The first category of taxpayer, the lowest, had to pay 1 ducat, the eighth and last, 100 ducats. All who did not make the first category were considered poor.

The fall of Napoleon spelt the end of the French decade in Naples. Like the old kings of other European states, Ferdinand IV of Bourbon returned to his capital. As soon as the new government was installed in office it dismissed the charity management (decree of 18 September 1815), but maintained the Council of Hospices and the administrative committees (decree of 1 February 1816). Like the “Instructions” of 1812, those of 20 May 1820 give a long list of religious and lay charitable institutions including: “hospitals, orphanages, conservatories, women’s asylums, pawnshops, marriage or charity funds, *monti frumentari* (grain brokers), archconfraternities and congregations, lay chapels, and all those institutions, bequests, and activities which under any name or in any capacity exist or will be employed to bring relief to the sick, the indigent, and the derelict”.²⁰ As we can see, the law kept including in the same category, that of “charity”, both institutions actually engaged in free assistance, and the *monti frumentari* and *monti di pegno*, called on to meet the demands of the new poor: craftsmen, farmers, and public employees.

In perfect continuity with the policy of the French period, the government reaffirmed the obligation to compile account sheets to be approved by the Ministry of Interior. Each institute was required to indicate its revenues and its ordinary and extraordinary expenses. In the case of revenues, one had to specify: location of land, house rent, capital, bequests, pensions, and the products of manufacturing activities. Ordinary expenses included wages, taxes, rent, land maintenance, and *ratizzi*, i.e., contributions exacted from the main charitable institutions to finance public charity in the various provinces of the kingdom. Another part of the balance sheet listed cult expenses and charities.

There were laws issued on charitable assistance, too, and they show how the notion of charity had remained unchanged after centuries. In line with past legislation, the state’s idea of assistance was the distribution of alms authorized and certified by parish priests. The giving out of alms was prohibited on certain days, and their distribution could be hindered by weather conditions or economic conjuncture. Besides, it was ruled that each town should bear the load of assisting its own poor.

Coeval political writings inform us that the plague of pauperism was not defeated. In the 1830’s, Samuele Cagnazzi reported on the sad conditions of peasants in the Kingdom of Naples, forced to bear usury and hunger. In the meantime, the number of beggars registered in each province kept increasing.

3. United Italy and early reflections on the need to separate the different branches of charity. The results of the “Statistica sulle Opere pie” of 1861.

As we have seen, in spite of the measures taken by the different governments which succeeded one another in the Kingdom of the Two Sicilies, charity retained certain particularistic features. Charitable institutions continued to waste resources because of inefficient management. The Church remained mainly responsible for organizing charitable activities and managing the substantial resources allocated for the poor. Its position of privilege, however, started to vacillate after the unification of Italy in 1861, especially in the last twenty years of the nineteenth century. Industrialization and urbanization called for new rules. As the living and sanitary conditions of the

¹⁹ *Bullettino delle leggi del Regno di Napoli*, a. 1809, Napoli, Decreto n. 470, II vol. p. 863.

²⁰ G. Filippone, *Istruzioni per l’amministrazione degli Stabilimenti di beneficenza e dei luoghi pii laicali del Regno delle Due Sicilie*, Palermo 1817, p. 7.

newly formed working class got worse, the need was felt for a revision of programs in support of the poor to make them more compatible with the economic, political, and cultural structure of the new state. While in northern Italy the working class was giving rise to the first mutual aid societies and funds to support workers who were sick or had lost their job, the South still relied on a solidarity and assistance system mainly based on charitable institutions.

New hopes were kindled by a law issued on 3 August 1862. This law, which applied to the whole Kingdom of Italy, led to the compiling of the first statistics on charitable institutions in Italy (*Statistica del Regno d'Italia sulle Opere Pie*). Its purpose was to chart the spatial and temporal evolution of institutions which for centuries had offered support to a huge mass of conjunctural and structural poor; to assess their financial situation; and to ascertain whether their present policies complied with their foundation statutes and original aims. One of the changes introduced by the new law was the abolition of the *Consiglio degli Ospizi* (Council of Hospices) and their replacement with *Deputazioni provinciali* (Provincial Deputations). The Municipal Committees (*Commissioni Comunali*) were also abolished, and replaced with *Congregazioni di Carità* (Charity Congregations). Finally, an attempt was made to limit the clergy's interference.

The *Statistica* investigated the situation of charitable institutions in Campania, Puglia, Basilicata, Calabrie, and Abruzzo e Molise. A questionnaire was sent out to 19 institutions divided in two large groups: *istituti elemosinieri* (charities), on the one hand, and *istituti con ricovero* (hospices) on the other. As Avallone will illustrate, the *monti di pietà*, and *monti frumentari*, true precursors of microcredit banks, were included among the charities.

Although it has its shortcomings, this statistics provides information about an extensive area and a large population. Southern Italy has a surface of 8,531,960 square hectares, and at the time had a population of 6,787,289. The region with the highest number of charitable institutions, a total of 3,660 or 44%, was Campania. Out of 625 municipalities, only 17 lacked charitable institutions. The province that had the lowest percentage of charitable institutions was Benevento, where 6 municipalities out of 81 did not have even one.²¹ 30% of southern Italian charitable institutions were in Abruzzi e Molise. They were distributed over an area almost as extensive as Campania, but with a much smaller population.

The date of foundation of most of these charitable institutions is unknown. This is especially true of Basilicata, where we only have dates for 23%. The charity organizations of Campania, Abruzzi and Puglia were undoubtedly the earliest. Their number increased significantly with the Counter Reformation. During the Spanish domination, until 1700, they decreased in Campania, but increased in Basilicata and the Calabrie. The trend in Campania was inverted starting in 1734, the year when the Kingdom of the Two Sicilies was founded. The main conservatories and hospices of the capital, like the large public poorhouse - the *Albergo dei Poveri* - date back to this period. In the following century this trend slowed down in Campania and Abruzzi, while it picked up speed again in Puglia, Basilicata, and Calabrie. In the second half of the nineteenth century, the charitable institutions of the Abruzzi e Molise region registered a 32% increase as the result of the foundation of many new *monti di pietà* and *monti di pegno*.

The expenses of charities for cult and relief to the sick and destitute were an important entry in the budget of public charity. The highest percentage (80%) is observable in Campania, the lowest in Calabria (less than 50%).

Let us now look at the rest of the charities and homes. In absolute terms, 37% was made up of marriage and dotal funds. There was also a significant number of conservatories, boarding schools, and women's asylums, especially in Campania, which had no less than 118, all founded in the seventeenth century, and Puglia. The Italian Enlightenment scholar Genovesi had great trust in these institutions. Having dismissed as futile the notion of expelling all vagabonds or locking them

²¹ *Statistica del Regno d'Italia, Opere pie, Compartimento della Campania anno 1861*, Milano, coi Tipi della Tipografia Reale 1871, p. V.

in jail,²² Genovesi advocated the building of homes for the poor where they would be not only cared for, but also educated and given vocational training. If educated and helped by the state, he argued, the poor could become a resource and contribute to the economic prosperity of the nation.²³ The innovative drive of Genovesi's thinking lay in his persuasion that a higher participation of the population in educational projects would produce positive results.²⁴ Genovesi was deeply convinced that education and the quality of social life went hand in hand. He argued that promoting colleges for the study of the arts as well as science colleges would be a way to reconcile charity and solidarity with the public interest.²⁵

Almost a century after Genovesi had studied the possible solutions to the problem of poverty, many things had changed. Towns were beginning to send to the central state quantitative data on the number and distribution of charitable actions, as well as the number of beneficiaries in each province. The 1861 *Statistica* reports many charitable institutions in Abruzzi (31%), in Puglia (29%), in Basilicata (22%), and in the Calabrie. (Campania is not included in this calculation, since data on this as well as other aspects were not available.) The assistance network possessed a large capital about half of which was owned by cult and charity institutions tout court, as much as 67.51% in Abruzzi e Molise. As regards other charitable institutions, Campania had the primate. 66% of the entire capital of charitable institutions in the region (139,983,189 million lire) was owned by institutions residing in Naples. Here, after cult and charity places, the largest share was owned by conservatories, boarding schools, women's asylums, and hospitals. A high percentage was owned by hospices and beggar homes, institutes which only existed in the capital.

The capital were divided between urban estate, rural estate, public debt bonds, capital investments, sundry activities, furniture. If we look specifically at the capital of the *istituti elemosinieri e di ricovero* (charities and hospitals), except for cult institutions, *monti di pietà*, *monti pecuniari* and *monti frumentari*, we will find that the two most significant entries were urban estates and capital investments. Conservatories and hospitals invested especially in real estate (which included the buildings where the institutions resided), women's asylums and beggar homes in capital investments. In Puglia and Abruzzi e Molise, charitable institutions, especially hospitals, invested a lot of money in rural estate. In the Calabrie, charitable institutions as a whole got most of their revenue from government bonds, which were held by marriage funds, whereas orphanages preferred to invest in urban real estate. Finally, in Basilicata, the poorest region, most of the capital of charitable institutions was held by orphanages, which invested especially in "sundry activities". Cult and charity institutions drew their income from rural estate.

As required first by the French law (1812) and then the Bourbon one (1820), the balance sheets of charitable institutions had to include an ordinary and an extraordinary part. The 1861 *Statistica* does not go into detail on this issue, but remarks that revenues include the production of the conservatories and hospices; the fees charged to paying patients and inmates; contributions from town and province administrations financed by their own funds or through the *ratizzo*. The *ratizzo* was a contribution introduced at the time of Ferdinand I of Bourbon which was imposed on all the charities, including cult institutions.

The revenue of pious institutions in Campania amounted to 9,809,129 lire, no less than 6,777,329 of which belonged to the institutes of the capital. However, not all of this money was used for charity. In Campania, for example, 5,808,357 lire was spent on charity, from which one must subtract, however, 1,404,423 lire of loans in money or grain by the *monti di pietà* or *monti frumentari*, which cannot be equated with charity tout court. In the comments they appended to the

²² A. Genovesi, *Annotazioni di Antonio Genovesi alla Storia del Commercio della Gran Bretagna*, in *Scritti economici*, vol. I, p. 465.

²³ *Ibidem*

²⁴ E. Chiosi, *Lo spirito del Secolo. Politica e religione a Napoli nell'età dell'illuminismo*, Napoli, 1992 p. 79; G. Galasso, *La filosofia in soccorso de' governi. La cultura napoletana del Settecento*. Napoli 1989; L. De Rosa, *Economisti meridionali*, Napoli 1995.

²⁵ Cfr. A. Genovesi, *Annotazioni di Antonio Genovesi*, cit., p. 465.

1861 statistics, the compilers often contrast the charitable activity of homes, conservatories and hospices with the financial interests of the pawnshops, and their remarks on the economic activities of purely charitable institutions are tinged with anticlericalism.

4. Conclusions

All that the *Statistica* of 1861 offers us is a glimpse into the long history of charity in southern Italy; a history which, success or failure aside, was marked by an ambiguity of charitable institutions in their activity in support of the destitute. Essentially, many of these institutions walked a very fine line between charity and credit. With the arrival of Charles of Bourbon in 1734, there was an attempt to control charitable institutions and distinguish them by function. This was the first plan aimed at a specialization of charitable services. But the various attempts that followed one another over time produced no result. The microcredit institutes of the South - *monti di pietà* and *monti frumentari* (pawn and wheat brokers) - continued to be lumped together with religious and lay charitable institutions. This situation did not change after the Unification, even after the passing of the law of 3 August 1862, patterned after a law of the kingdom of Savoy issued on 20 November 1859 with the signature of Rattazzi.²⁶ A first step towards a diversification of services was made with the reforms of health care and charity in the Kingdom of Italy carried out, respectively, with the Crispi law of 22 December 1888 and the law on charities of 17 July 1890.²⁷

While waiting for this reorganization, many essays were written on the issue. Most dealt with the situation of charity in the capital. These include the proposals put forward by Achille Lazzaro in 1874²⁸. Lazzaro proposed a reform of charity where the charitable institutions in Naples would be divided into 11 categories. The 11th was to include charities and money-lending funds²⁹. On this subject, he wrote: “A charitable loan can save from destruction a family whose head, or some other member, are sick, or put back on his feet a hard-working man who had the misfortune of falling into poverty; just as the wrong kind of loan can bring on the ruin of a family”. To be useful, he argued, a loan had to be an investment, a means to find work and/or do business. One should turn to the pawnshops rather than the charities, whose main duties was to support the clergy and take care of the dead. Thus, Lazzaro advocated a transformation of the assistance system and the giving of new impulse to money lending through the Monte della Misericordia. He advised that this institute, founded in the 17th century, should establish a *Monte Generale di Beneficenza* (General Charity Fund) to assist the disabled and unfit to work recorded by the Municipal Office for Mendicity, and at the same time help honest craftsmen with loans at an interest. As we can see, Lazzaro still had trust in those institutions which over the centuries had set up a multifunctional help network in the South and managed to meet everybody’s needs. In his already outdated perspective, credit, welfare and charity went together.

2D PART

1. Microcredit, yesterday and today

"Microcredit grants the barefoot poor an opportunity which is usually an exclusive prerogative of the rich. It thus happens that aspects of society which seemed rigid, fixed, and

²⁶ O. Andreucci, *Della riforma delle Opere Pie in Italia. Osservazioni storico-economiche critiche*, Milano, Civelli, 1879.

²⁷ A. Cherubini, *Per una storia dell'assistenza pubblica in Italia*, Roma, Inps, 1965; Idem, *Beneficenza e solidarietà. Assistenza pubblica e mutualismo operaio, 1860-1900*, Torino, Angeli 1991; G. Farrell-Vinay, *Povertà e politica nell'Ottocento*, Torino, Scriptorium, 1997.

²⁸ P. Turiello, *Degli stabilimenti di beneficenza nella città di Napoli e dei modi di renderli veramente vantaggiosi alle classi bisognose*, Napoli 1866; G. de Simone, *Riordinamento delle Opere Pie della città*, Napoli 1880; T. Fieschi Filangieri Ravaschieri, *Storia della carità napoletana*, Napoli, 1878;

²⁹ A. Lazzaro, *Riforma delle Opere pie di Napoli*, Napoli 1874, p. 479.

immovable start becoming more fluid, and through economic development people can break free from a whole set of prescriptions and rules". Thus writes Muhammad Yunus, founder of the Grameen Bank, a credit institution which has made available to the poor financial and credit services which were formerly an exclusive privilege of the well-to-do classes.³⁰

There has been a lot of buzz lately about these forms of credit, which go by the names of "microcredit" and "microfinance". While they are typically offered in developing countries, they have been spreading, although in slightly different forms, to Europe as well, as reported by Maria Nowak in her recent essay. *On ne prête (pas) qu'aux riches*.³¹

But microcredit is not a modern invention: its roots stretch far back to the forms of credit and credit institutions prevailing in earlier times. An article in the November 2005 issue of *The Economist*³² about the "hidden wealth" of the poor - microcredit and microfinance - dedicates a couple of paragraphs to an institution which is regarded as the progenitor of those offering microcredit services today: the pawnshop, and notably the *Monte de Piedad* of Mexico City. Founded in 1775 under Spanish rule, its main purpose was to assist those who found themselves in temporary financial straits by offering credit upon pledge (usually objects of modest value) at acceptable interest rates.³³ The article, while acknowledging the largely unrecognized importance of this institution, points out three shortcomings. In the first place, the *Monte* only lent money to those who could offer a real guarantee. Secondly, loans were based on the value of the pledge rather than the prospective results of entrepreneurial initiative. Finally, unlike true bank deposits, the pledges could not be used to finance economic activities.

Mexico City's *Monte de Piedad* was not the only institution of its kind. Many were created to help the "conjunctural" poor. In spite of the shortcomings pointed out by the *Economist*, in the light of numerous studies on credit upon personal and real security, one can argue that the wheat brokers and pawnshops which spread in Europe from the fifteenth century were the forerunners of modern microcredit institutions. These institutions became especially common in Italy, where they were called *monti frumentari* and *monti di pietà* (respectively, wheat brokers and pawn shops).

Yunus' considerations about the backwardness of countries such as India and Bangladesh today are quite close to what GM Galanti observed a few centuries ago about the economic situation of the Kingdom of Naples in the second half of the eighteenth century: "*Our provinces languish for lack of circulation. By various channels cash is drawn towards the capital, the city of Naples, which claims the right to devour the provinces, appropriating their livestock and supplies. The same does Constantinople with the provinces of the Ottoman Empire. Because of their size, these two cities are always threatened by hunger. All the principles of nature are altered there. Their ailing body, dazzled by the trappings of luxury, has but the outward appearance of a vigorous body. One has been all too eager to provide means of subsistence to a mass of people who only bear the weight of everyday existence, ignoring how crops are grown and whence come the stuff whereby they appease their hunger [...]*"³⁴. In many rural areas, besides having to cope with climatic variations, farmers were at the mercy of the unbearable interest rates charged by merchants or landowners for a meager credit to production. The situation was not much better in towns. Individuals who found themselves in temporary economic straits could only turn to private businessmen, whether Jewish or Christian, for credit for consumption or trade.

Late medieval and modern credit was undoubtedly an urban phenomenon; not because its services were mainly intended for the industry and commerce rather than agriculture, but because only towns offered conditions under which banks, whether private or public, could thrive. People who were able to save money lived in towns, and people who needed money to invest either lived in

³⁰ M. Yunus, *Il banchiere dei poveri*,...

³¹ M. Nowak, *Non si presta solo ai ricchi. La rivoluzione del microcredito*, Torino, Einaudi, 2005.

³² *The Economist*, Novembre 5th, 2005, pp. 3-12.

³³ *Ibidem*, p. 4.

³⁴ G. M. GALANTI, *Della descrizione geografica e politica delle Sicilie*, Napoli, Soci del Gabinetto Letterario, 1789-1798, ma qui si fa riferimento all'edizione curata da F. Assante e D. Demarco, Napoli, ESI, 1969, vol. II, p. 175.

towns or came to towns for credit. Besides, it is a well-known fact that in towns the monetary economy was developed enough to allow diversification of risk. And cities were frequented by the large numbers of people without whom there would have been no need for a credit network.

However, not all had access to the credit offered by banks. People who lived near the survival line and were hence incapable of providing sufficient real or personal guarantees had no other choice but to turn to private individuals practicing usury. Confronted with poverty scenarios and people forced to give up all their possessions to pay back usurer interests, Franciscan friars went around promoting the charitable activities of the *monti di pietà*, pawnshops offering free or moderate-interest loans. These institutions started becoming widespread in towns from the second half of the fifteenth century onward. The initial capital was formed out of donations, bequests, or collections, and was usually loaned at a 5-6% interest. Of course, the types of loans and the norms regulating them changed in the different states where these institutions arose. Usually credit granted by local pawnshops was consumer credit *ante litteram* - of course, we are speaking of the level of consumption of the period from the fifteenth to seventeenth century. But as these credit institutions took hold, they began to loan money to small producers and merchants as well.

Credit to agriculture was a different story, especially in the Kingdom of Naples. Under the southern Italian *ancien régime*, the peasant class suffered from a scarcity of cash, just as the demand for cash kept growing as markets expanded and the tax system was rationalized. The lack of credit institutions in the southern provinces and their remoteness from the capital, where cash “stagnated”, left farmers no other option but to turn regularly to credit at usury rates offered by their landowners, in the case of tenant farmers, or, more generally, by local notables who enjoyed an income higher than their survival needs. To attempt to remedy this scourge, some private individuals and the Church adapted the *monte di pietà* model to the requirements of the countryside: thus, the *monti frumentari* (wheat brokers) were born. The credit granted by these institutions was not in the form of money, but of seed, and the pledge could be personal as well as real. Of course, to repay one’s debt one had to give back the same quantity of seed plus a percentage.

If we look at the characteristics of microcredit institutions today, we will find that they have a lot in common with the *Monti* of old. They loan money to micro-entrepreneurs engaged in productive activities which can be very limited in scope. Early pawnshops differed only in their clientele: the *monti frumentari* offered their services to small farmers growing crops on land, independently of the typology of possession, whereas the *monti di pietà* loaned to people who could offer a real guarantee, whatever its value. Present-day microcredit institutions service both urban and rural areas. Actually, so did the *monti*, although usually *monti frumentari* served the needs of rural areas and *monti di pietà* those of towns. The user of microcredit services today must belong to the same group or community, a “peer lending solidarity group”, so that debtors will be more motivated to comply with their responsibilities, since failure to pay back will have a negative effect on the availability of credit for the other members of the community. Credit institutions also offer a simpler form of credit where money is lent to individuals who take personal responsibility for its payback. As to the *monti*, one can speak of mixed formulas. A necessary condition for access to credit was membership of the community the credit institution belonged to. This condition arose from the notion of a city as a solidarity network, and the wish to keep money, which was already so scarce, from circulating outside of the community.³⁵ Finally, like today’s microcredit institutions, the old *monti* did not lend very large sums and charged a moderate interest.

2. *Monti frumentari* and *monti di pietà*: A comparison

The *monti di pietà* and *monti frumentari* did not offer “charity”. An act of charity is such when nothing is asked in return. Both types of *monti*, by asking for a pledge for credit, set themselves apart from charitable institutions tout court. When, in addition to this, there was a price

³⁵ M. G. MUZZARELLI, *Un “deposito apostolico” per i poveri, ovvero l’invenzione del Monte di Pietà*, in *Atti del Convegno Forme di povertà e innovazioni istituzionali in Italia*, cit.

to be paid in the form of an interest in money or grain, then we are dealing with credit institutions *ante litteram*.³⁶ Whereas when one receives money as alms, he or she need not pay it back. It is an act of liberality dictated by ethical or philanthropic feelings.

Although the *monti di pietà* and *monti frumentari* shared the same ideology and final purpose - namely, to fight *usuraria pravitas* (the evil of usury) - they differed substantially from one another. The first difference was the typology of credit. The *monti di pietà* granted consumer credit. Only after they evolved into true banks did they begin to offer business credit as well. The *monti frumentari*, instead, granted production credit to allow the small and average farmer to cultivate his fields without having to submit to excessively onerous loan contracts.

The second difference was in location. The *monti di pietà* arose and spread especially in towns where, although money circulation was higher thanks to the presence of markets, their customers required credit to lead their simple lives in towns, where the cost of living was higher. The *monti frumentari*, instead, stood prevalently in grain-growing areas.

The third difference was in the legal procedure to be followed when these institutions started to spread in the seventeenth century. While to establish a *monte di pietà* the *regio assenso* (the King's leave) was required, whereby the institution acquired legal status and owed nothing, whether in moral or material terms, to the Church authorities, very rarely were *monti frumentari* detached from the Church.³⁷ There are two explanations for this. One is that *monti frumentari* were attached to churches or chapels; since they depended directly from the churches or brotherhoods, the clergy was directly involved in their management even when the *monte* itself had been founded by laymen.³⁸ The other reason is that they granted loans in kind, not in money, so the legal implications were different. That is why the *monti di pietà* were unaffected by the Concordat with the Holy See of 1741, which placed all lay and mixed institutions under the authority of the Mixed Tribunal. Because of their unusual administrative status, the *monti frumentari* of the Kingdom of Naples have been wrongly regarded as Christian charitable institutions rather than credit institutes *ante litteram*.

Baron Durini, writing about the *monti frumentari* in 1842, argued that their "nature and disposition" was quite different from that of the *monti di pietà*. The credit activities of the latter always yielded a constant profit, whereas the *monti frumentari*, although their capital in grain grew year by year through the charging of interest, did not maintain the same profit rate because their gains depended on price trends. Every annual price oscillation determined a similar oscillation of the *monti frumentari*'s capital, in spite of the fact that it kept increasing. And since there were years when prices halved, a hoard of grain originally worth 100 could only be worth 50 the following year, without considering interest.³⁹ The capital of the *monti frumentari* was also affected by meager harvests. Debtors who had had a poor crop were unable to pay their debt back or, if they did, the quality of the grain sometimes was inferior to that which they had received. Debts with the *monti di pietà*, instead, were paid back in cash and, if not paid back on time, the pledge was auctioned away and the sum pocketed by the *monte*, so its capital was unaffected.⁴⁰

The two institutions also differed in the type of credit they gave out. Like I said above, the *monti di pietà* loaned money while the *monti frumentari* loaned seed; and this, according to Garrani, made the *monti di pietà* more similar to banks. While initially they only engaged in active

³⁶ Garrani, *Gli antichi istituti di credito agrario*...., p. 562.

³⁷ P. Avallone, *Una banca al servizio del "povero bisognoso". I Monti di Pietà nel Regno di Napoli (secc. XV-XVIII)*, in P. Avallone (a cura di), *Il "povero" va in banca. I Monti di Pietà negli antichi Stati Italiani (secc. XV- XVIII)*, Napoli, ESI, 2001, pp. 84-85.

³⁸ Scriveva l'Abate Longano: "In tutto il Contado di Molise per occorrere ai bisognosi d'ogni cetto da secoli, si trovano fondati in ciascuna popolazione, dove uno, dove due, e dove tre di tali monti, ciascuno dei quali, oltre a vaccine, censi, e terreni, avea anche chi mille, chi due, e chi tremila tomoli di grano. Il medesimo si dispensava ai coloni bisognosi per restituirlo nell'anno seguente con la tenue corresponsione di due misure a tomolo. Oltre a ciò eravi anche assegnato qualche sussidio alle vedove, e ai poveri importanti" (F. Longano, *Viaggio per lo Contado di Molise nell'ottobre 1786*, ovvero descrizione fisica, economica e politica del medesimo, Napoli, presso Antonio Settembre, 1788, p. 85).

³⁹ Barone Durini, *De' Monti Frumentari nel Regno di Napoli*, in "Annali Civili", fasc. LX, nov-dic 1842, p. 81.

⁴⁰ Ivi.

operations (that is, the granting of loans at an interest),⁴¹ as time went by and the economy took on an increasingly monetary character, they started performing passive operations as well (that is, collecting monetary deposits), and this allowed them to expand their activities, especially the granting of credit upon pledge. The *monti frumentari*, instead, limited themselves to active operations, with no modifications over time. The reason for this immobility is that the *monti di pietà* operated in towns, where the economy was certainly more dynamic and demanded ever increasing quantities of metal money and its surrogates, such as bank notes, whereas the economy of the rural contexts where the *monti frumentari* carried out their activities was much more static.

Another difference between the two institutions was in the kind of security demanded for credit. *Monti di pietà* always required a pledge, which could consist of objects of noble or base metal, cloth, jewelry, etc., depending on individual statutes. *Monti frumentari*, instead, did not necessarily demand a pledge, but the borrower needed someone to stand surety for him. The *monti frumentari* were inclined to accept this kind of guarantee rather than a real one because the reason they were created in the first place was to help poor farmers who owned little more than the bowls in which they ate their single daily meal. Apparently, this surety system was the Achilles' heel of the *monti frumentari* and the cause of their eventual decline.⁴² Since there was no object to sell in case the debtor failed to pay back his loan, *monti frumentari* “*si incartavano*”, i.e., they continued to exist only on paper because they had nothing left to loan. Besides, since no securities were demanded, farmers often managed to obtain seed illicitly from the *monte*'s administrators by submitting fake sureties.

Both the *monti di pietà* and the *monti frumentari* relied on donations or bequests for their initial capital, which could consist of chattel or real estate. So at the outset both of these institutions granted loans out of their own capital. With time, however, things changed. The *monti di pietà* were able to augment their initial capital with the metal money deposits I referred to above, as well as loans from third parties. The *monti frumentari*, instead, were bound to their initial capital, which could only be augmented by the interests paid by debtors or other donations and bequests.

Furthermore, since the *monti di pietà* loaned money, payback terms ranged from a minimum of one to a maximum of two years. Upon expiration of the term the pledge was sold at auction. The *monti frumentari*, instead, since their loans were in kind, depended on the grain harvest cycle, so their payback term usually was at the following harvest time, 10 months later.

According to Fortunato, one of the reasons the *monti di pietà* were economically more solid than the *monti frumentari* lay in their different organizations. Most of the statutes of the *monti di pietà* provided for the full and personal liability of the personnel charged with estimating the pledges. This means that after expiration of the loan term, if unredeemed pledges were sold at auction for less than the estimated price, the estimators were liable for the loss. Such provisions kept the personnel of the *monti di pietà* from squandering their capital, as happened in many *monti frumentari*. In the latter, the administrators were local notables, usually the owners of the very lands for whose cultivation farmers borrowed seed. They took a percentage on their farmers' grain, and to avoid losing income on this percentage they often intentionally caused the *monte* to go bankrupt so they would not have to give seed back. Such operations were facilitated by the fact that no pledge was demanded for the loan.⁴³

In spite of these differences, we can adapt modern definitions to *ancien régime* economies, and define the *monti* by the simple equation “trust + technical progress = microcredit”. By “trust”, I mean here the trust of all economic actors, including those who are invisible to the public eye, and

⁴¹ F. Melis sosteneva che le origini della banca sono da ricercarsi nelle operazioni attive, ancor prima che in quelle passive (F. Melis, *Origines de la Banca Moderna*, in *Moneda y credito*, 1971, p.18).

⁴² Garrani, p. 564.

⁴³ G. Fortunato, *I Monti frumentari nelle province napoletane*, in “*La Rassegna settimanale di politica, scienze, lettere ed arti*”, 21/3/1880 (116). Per la citazione ci siamo avvalsi della copia in *Il Mezzogiorno e lo stato italiano. Discorsi politici (1880-1910)*, Bari, Laterza, 1911, vol. I, pp. 38 e sgg.

by “technical progress” whatever allows lower management costs for small loans, as well as whatever helps the growth of small production units organized, if necessary, as a network.⁴⁴

3. The ambiguity of the *monti frumentari* and the *monti di pietà*

As we have seen, these noble institutions were ambiguous in character. Although they undeniably played an important role in the credit sector, from a juridical point of view they were always regarded as a branch of the many institutions practicing various forms of charity.⁴⁵ They blended with institutions created to make up for the lack of a welfare system and assist what Gutton calls the “structural poor”. They grew out of confraternities, dowry funds, *estaurite*, family chapel endowments, etc., all institutions revolving around parishes, and founded and managed by individuals prompted by feelings of Christian charity and solidarity. All these resources were a “fluid magma” in which universities, rich clergymen, aristocrats and other private individuals had poured or were pouring capital and rent to help the less well-to-do classes. This magma began to expand towards the end of the sixteenth century - a time when what some scholars call the “price revolution” was in full swing, determine an increase in the cost of living which was especially hard to bear for the lower classes - and reached its acme during the seventeenth century, contemporaneously with the paralysis of the secular Christian organization.⁴⁶ By that time, the *monti di pietà* had become the credit institutions *ante litteram* I referred to above. Furthermore, after the Restoration and the return of the Bourbon kings to the throne of Naples, there was an attempt to detach the management of the *monti* from that of other public charitable institutions by placing them under special laws which often called their administrators to observe all the clauses of their foundation statutes.⁴⁷ At any rate, even back then people were well aware that there was a significant difference between charitable institutions and *monti* giving out loans at an interest. Thus, all the *monti frumentari* and *monti di pietà* opened between 1815 and 1860 were placed under regulations which were different for each province and each individual case, unlike moral institutions, for which a single legislation existed. However, immediately after unification they were still numbered among charitable institutes and hence placed under the control of the General Councils of Almshouses, of which there was one in each province of the Kingdom.⁴⁸

4. The statistics of 1861

In 1861, after the small states of the Italian peninsula had disappeared to give way to a single great nation, one of the many things that needed to be put in order and homogenized was charity and charitable institutions. Hence, statistics were compiled of charitable institutions for each *compartimento*, as the *regioni* were called at the time, in view of their general reorganization, which was regulated by a law issued on 3 August 1862. These statistics inform us about the nature and number of these institutions, their distribution over the Italian territory, their capital, their revenues, and how much their services cost to those who turned to them.

The *monti frumentari* and *monti di pietà* accounted for 14% of charitable institutions. Their category is the second largest after that labeled “cult and sundry charities”, which accounted for

⁴⁴ M. Nowak, *Non si presta solo ai ricchi*, cit. p. 212.

⁴⁵ Sull'assistenza a Napoli in età moderna cfr. R. SALVEMINI, *La asistencia en la ciudad de Nápoles en los ss. XVI-XVII*, in AA.VV, *Ciudad y mundo urbano en la época moderna*, Madrid, Actas Editorial, 1997, pp. 271-300.

⁴⁶ M. ROSA, *Religione e società nel Mezzogiorno*, cit., pp. 29-30; A. CESTARO, *Il fenomeno confraternale nel Mezzogiorno: aspetti e problemi*, in V. PAGLIA (a cura di), *Confraternite e meridione nell'età moderna*, cit., p. 18.

⁴⁷ *Dei Monti Frumentari ne' reali domini al di qua del faro*, in “Annali Civili”, fasc. XXXIX, maggio-giugno 1839, p. 66.

⁴⁸ Molti *monti frumentari* si trasformarono nel primo ventennio postunitario in Case di risparmio (L. de Rosa, *Storia delle Casse di risparmio e della loro associazione. 1822-1950*, Roma-Bari, Laterza, pp. 45-46).

74% (gr 1). Next come marriage and dowry funds (4%), hospitals and various institutions for the sick (3%), alms funds (2%), conservatories, boarding schools, and women's asylum (2%), orphanages and sundry hospices (1%), and a very low percentage of schools, study places, and school subsidies.

The *monti frumentari* were more numerous than the *monti di pietà*, accounting for 86% vs. 14% of their total (gr. 3), and 12% vs. 2% of the total number of charitable institutions (ch 2). The *monti frumentari* and *monti di pietà* accounted for the highest percentage of charitable institutions in the regions of Abruzzi and Molise (39%), followed by Campania (24%), Basilicata and the Calabrie (14% each), and the Puglie (9%) (fig. 1 – gr. 4).

In the years between the Restoration and the unification of Italy, the number of *monti frumentari* and *monti di pietà* had grown especially where authorities had exercised more control; notably in some provinces of Campania, such as Principato Citra, and in all of Basilicata. Obviously, the number of *monti frumentari* depended on the type of economy prevailing in a region. The more agricultural it was, the more it needed *monti frumentari* rather than *monti di pietà*.

In absolute terms, most *monti frumentari* were in Abruzzi and Molise (429), followed by Campania, where they were more numerous in provinces where the local economy was mainly based on agriculture. Thus, there were 107 in Principato Citra, 84 in Principato Ultra, 50 in the province of Benevento, where the first *monti frumentari* had sprung up, just 12 in Terra di Lavoro, and none, of course, in the city of Naples. In the Calabrie there were 147 *monti frumentari*, mainly concentrated in Calabria Citra (64) and Calabria Ultra II (70), while there were only 13 in Calabria Ultra I. Basilicata had 137, nearly as many as the Calabrie. Last came the Puglie with just 78 (fig. 2 – gr. 5 – tab 1).

Monti di pietà, instead, were more numerous in urban areas. The graphs show a more homogeneous distribution compared to the *monti frumentari*: 43 in Abruzzi and Molise, 38 in Campania, 31 in Puglia, 27 in Basilicata, and 24 in the Calabrie (fig. 2 – gr. 5). Essentially, in each region there were 5-6 *monti frumentari* for every *monte di pietà*, *monte di pegni*, or *monte pecuniario*. *Monti frumentari* were less needed where towns owned no farmland, where commons had not been divided up and rights of usage abolished, and where landowners were under the obligation to provide seed to their farmers. Here, a *monte di pietà* was a “maniera più sicura e più opportuna di quella che si limita[va] ad un solo bisogno, mentre questo si estende[va] alle necessità del mercenario che [era] senza dubbio più generosa e che giova[va] all’intera massa del popolo”⁴⁹

Analyzing these institutions from the point of view of the time of their foundation, 66% of the charitable institutions established between 1848 and 1861 were *monti frumentari* and *monti di pietà*. The percentage was also high (59%) in the previous period, 1815-1848. Percentages are low, instead, in the still earlier periods (gr. 7). If we look at the statistics specifically concerning the *monti frumentari* and *monti di pietà*, we find a high percentage whose date of foundation is unknown. On the basis of the available data, one would have to conclude that most of these institutions (30% of the total) were established between 1815 and 1861 (gr. 8), but I doubt this is correct. In the light of new studies on the *monti frumentari* and *monti di pietà*, it seems unlikely that less than 10% of them were founded between the sixteenth and eighteenth century. One could formulate at least three hypotheses to account for this lack of information: 1) In 1861, when these statistics were compiled, no data were available on institutions founded before the nineteenth century, since these were attached to charitable institutions and hence lacked real autonomy; 2) It was impossible to obtain foundation charters because, as early as the late eighteenth century, an investigation on the *monti*, especially the *monti frumentari*, had proved that most did not exist any longer, except on paper; 3) Few of the *monti* founded before 1700 survived until 1861. One hypothesis does not rule out the other: thus, I am inclined to believe that many *monti* founded before the nineteenth century are included in that 49% whose foundation date is unknown (gr. 8). These hypotheses are all the more applicable to the *monti frumentari*. If we break down the

⁴⁹ Barone Durini, cit., p. 83.

statistics on foundation dates, the percentage of *monti di pietà* whose foundation date is not known is only 20% (gr. 8bis), while for the *monti frumentari* it rises to 53% (gr. 8quater). Continuing to analyze *monti frumentari* and *monti di pietà* separately as to their foundation dates, the correlation index - excluding foundations earlier than 1600 and *monti* whose foundation is unknown - is very close to 1 (0.90). Thus, one can reasonably argue that *monti frumentari* and *monti di pietà* were opened with the same frequency. This is also borne out by the logarithmic graph (ch 8ter).

If we compare the number of *monti frumentari*, *monti di pegni*, *monti di pietà* and *monti pecuniari* with the population, it is remarkable that Basilicata, where only 7% of the population of the Kingdom lived, had at least one *monte* every 3006 inhabitants, whereas Campania, where the highest percentage of the population lived (39%), only had one *monte* every 9023 inhabitants. The highest ratio, one *monte* every 12067 inhabitants, is observable in Puglia, the second most populous region after Campania, with 19% of the population (fig. 3). Abruzzi and Molise, where 18% of the population lived, had the lowest ratio: one *monte* every 2570 inhabitants.

In terms of surface, the ratio remains low for Abruzzi and Molise. Although this region was quite extensive, occupying 20% of the surface of the Kingdom, it had 1 *monte* every 37 square km. Basilicata, the region with the smallest surface in the pre-unification South - 13% of the total - also had a low ratio: 1 *monte* every 65 square km. The highest ratio, instead, is observable in the Puglie, with a surface amounting to 26% of the total and 1 *monte* every 203 square km (fig. 4).

The 1861 statistics also inform us about the assets of charitable institutions, their revenues, and their expenses. Values are given in lire, whereas the currency of the Kingdom of Naples had been the ducat, but this has no effect on quantitative analysis.

First of all, most of the assets of charitable institutions - 69% of the total - belonged to those which resided in Campania, followed by the Puglie with 14%, Abruzzi e Molise with 10%, the Calabrie with 4%, and Basilicata with 3% (gr. 10). In Campania only 1% of this belonged to the *monti*, in the Puglie 5%, 11% in Abruzzi e Molise, no less than 22% in the Calabrie - which had the highest ratio of *monti frumentari* to other charitable institutions (147 out of 547, or 26%) - and 16% in Basilicata, also a high value (gr. 11).

If we analyze the distribution of assets, the *monti* of Campania had the highest percentage (27%), followed by Abruzzi e Molise with 25%, the Calabrie with 20%, the Puglie with 16%, and Basilicata with 12% (gr. 12). If we compare these figures with the respective number of *monti*, the wealthiest were in Puglia with an average capital of 12,004 lire per *monte*, the poorest in Abruzzo e Molise with 4,290 lire per *monte* (table 2 and gr. 17).

Tab 2

<i>Regions</i>	<i>Number of monti</i>	<i>Assets (lire)</i>	<i>Average capital (lire)</i>
Campania	291	2.078.478	7.143
Puglie	109	1.308.473	12.004
Basilicata	164	979.060	5.970
Calabria	171	1.588.567	9.290
Abruzzi	472	2.024.769	4.290

The assets of the *monti* comprise several different entries. The main one, equal to 83% of the total, included different activities, but essentially consisted in the average value of grain for loans for the *monti frumentari*, and the circulating capital of pledges for the *monti di pietà*. Then we have 6% of government bonds, 4% of capital investments, 3% of rural estate, and another 3% of urban estate which included the premises of the charitable institution. Chattel accounted for only 1% of assets (gr. 14).

The total revenue of all charitable institutions in 1861 included the product of work and fees, as well as the sums that each charitable institution received from the State, the Province, or other

charitable institutions, to cover expenses. The same held true for the Monti, when these were present in the balance sheet, except for the value of the commodity to be given back to the MF or the sums of money to the MdP, values not included in the revenue. Expenses included taxes, maintenance and repairs, wages and fees, other charities, if any, and cult. A comparison between revenues and assets indicates that the assets yielding the highest rate of interest were those of the *monti* of Basilicata, with an average interest rate of 9%, while the lowest interest rate - slightly more than 5% - was registered in Campania (tab. 3).

Tab. 3

<i>Regions</i>	<i>Revenues</i>	<i>Assets</i>	<i>Interest rates</i>
Campania	110.895	2.078.478	5,34%
Puglie	85.772	1.308.473	6,56%
Basilicata	88.150	979.060	9,00%
Calabria	115.517	1.588.567	7,27%
Abruzzi e Molise	155.124	2.024.769	7,66%

In all the regions or *compartimenti*, a comparison between revenues and expenses shows that, unlike other charitable institutions, the *monti frumentari* and *monti di piet * always register a surplus. This can be taken as evidence that the *monti* functioned well, especially in the pre-unification South, and were able to provide financial support to people who otherwise would have been forced to turn to the black credit market.

In Basilicata, income was almost wholly absorbed by expenses, whereas in Abruzzi e Molise high expenses were offset by even higher revenues yielding a rather high surplus (gr. 16bis). If, however, we look at average revenues and expenses, it becomes clear that Abruzzi e Molise's apparent wealth was actually fractioned in a too high number of *monti* (gr. 16ter). At the opposite end, the *monti* of Puglia had the highest individual income, but also the highest expenses (gr. 16ter).

Some expenses come under the heading "*Spese di beneficenza*" (charity expenses). In the case of the *monti frumentari*, these were equal to the average value of the quantity of grain loaned out annually. This value, as I observed above, was never included in the overall expenses, and neither was the value of the grain that customers had to give back to the *monte*. In the case of the *monti di piet *, charity expenses were equal to the average annual loaned money. Again, this sum was never included in the overall expenses. This is further evidence that these institutions were not truly charitable in character, since one can only speak of charity when the benefactor asks for nothing in return, whereas the *monti* charged an interest. The compilers of the 1861 statistics were well aware of this: in their comment to the "charity expenses" table, they remarked that it was abnormal to lump together charity tout court and the services offered by the two types of *monti*. This abnormality persisted until the Nineties of the nineteenth century, when the *monti* were given a separate status from other charitable institutions and placed under a specific legislation which included them among banks.

If one compares the amount granted by the *monti* with the total of those granted by all the other charitable institutions, it becomes immediately apparent that Campania, where the capital city was and the economy was much more dynamic than in the other regions, the amount granted by the *monti* amounted to just 24% of the total spent by charitable institutions. In other regions, this percentage is directly proportional to the backwardness of the economy. It was 57% in the Puglie, 80% in the Calabrie, 86% in Abruzzi e Molise, and as much as 91% in Basilicata (gr. 21). These data show that the presence of institutions offering microcredit in the form of grain or money was all the more necessary in areas plagued by a lack of currency and credit institutions, whereas in more populous areas, like Campania and Puglia, tout court charitable institutions spent much more money. This could mean that there were more structural poor in these areas - wealthier regions which attracted people who did and owned nothing. If we look, instead, at the total of amount

granted of the *monti*, those of Abruzzi e Molise occupy the first position with 30%, followed by Campania with 24%, Basilicata with 16%, and the Puglie and Calabrie with 15% each (gr. 21bis). The highest per *monte* amount was registered in the Puglie, the lowest in Abruzzi e Molise (gr. 21ter).

These statistics include the number of beneficiaries as well as the amount granted by the *monti*. Although no data are available for Campania, one can observe that the percentage of beneficiaries of the *monti* out of the total beneficiaries of charitable institutions was 93% in Basilicata (gr 22), which also granted the largest amount (91%) (gr. 21). The Calabrie follow with 80%, then Abruzzi e Molise with 72%, and the Puglie with 42%. As to the regional percentages out of the total beneficiaries of the *monti*, they roughly match those of loaned sums, although data for Campania, as I said, are not available: 33% in Abruzzi e Molise, 29% in Basilicata, 20% in the Calabrie, and 18% in the Puglie (gr 24). The average per capita sum is higher in Abruzzi e Molise (30.52 lire), followed by the Puglie (27.62 lire), the Calabrie (23.88 lire), and finally Basilicata with 17.58 lire (gr. 24).

5. Conclusions

At the outset of the journey which was to lead the Italian south to merge with the other states of Italy and give rise to a new nation, poverty was widespread within its boundaries, although in some areas the first timid experiments in industrialization were being conducted. The data presented here clearly show that, over time, institutions which had been created for humanitarian purposes had deviated, in practice if not in principle, from the path of liberality tout court. Although legally they belonged to the category of charitable institutions, actually they were offering microcredit services ante litteram under various names: *monti di pietà*, *monti di pegni*, *monti di prestanze*, *monti frumentari*, *monti pecuniari*. Thus, they made up for the lack of banks or specialized credit institutions, which would only spread in the second half of the nineteenth century.

After the Restoration, the *monti* maintained the same legal status as the other charitable institutions, although over the years special norms were issued concerning this or this other *monte*, or groups of *monti* in the same region. The situation did not change with the unification of Italy. A law on charitable institutions issued on 3 August 1862 also included *monti* lending money at an interest under that heading. Indeed, law 753 of 9 August 1862 ruled that the definition of “charitable institution” should also be applied to savings banks maintained by such institutions for charitable purposes, almshouses, and *monti di pietà*. Many bills, debates, and meetings later, law 169 of 4 April 1898 was issued, opening a new phase in legislation concerning the *monti di pietà*. This law, as well as later laws issued in 1886, 1902, 1906 and 1908,⁵⁰ categorized *monti frumentari* and *monti di pietà* as rural credit institutions. Some individuals, like A. Lazzaro, attempted to bring them back into the same category as charitable institutions;⁵¹ but these were only utopian and somewhat ludicrous attempts to reestablish the principle of credit without profit, from which the *monti* had actually begun to depart as soon as they were created.

The new laws, however, did not entirely cancel the charitable purpose the *monti* had been conceived for; rather, they gave them a new status as dual-purpose institutes giving out both charity and credit. The laws on true banks - the banks of issue and specialized banks which had become widespread after the Unification - were only partially concerned with the *monti* - whether *di pegni* or *frumentari* - when these were a mere section of the banks themselves. Only with the general

⁵⁰ Nel 1886 si permise la trasformazione dei MF in istituti singoli o consociati di credito agrario; nel 1897 e 1902 venne emanata una disciplina speciale per i MF sardi, nel 1906 per i MF della Sicilia e nel 1908 per quelli della Basilicata.

⁵¹ In particolare gli interventi in materia furono indirizzati soprattutto alla situazione delle opere pie e delle beneficenza della città di Napoli, nella quale erano maggiormente diffuse opere pie (cfr. A. Lazzaro, Riforma delle opere pie di Napoli, Napoli, 1874).

reform of banking institutes in the Fascist period were the *monti* definitively detached from charitable institutions and promoted to the rank of true credit institutes.⁵²

PS All graphics will be projected during the Congress.

⁵² Nel 1922 venne emanata la legge sul credito agrario, e a tutti i MF vennero estese le norme che riguardavano i MF sardi, della Basilicata e quelli siciliani, sottraendoli dunque alle istituzioni di pubblica beneficenza. Nel 1923 i MdP più grandi vennero assimilati alle Casse di Risparmio; nel 1924 i MF vennero trasformati in Casse comunali di credito agrario; nel 1927 i MdP che non avessero raccolto depositi fiduciari per un ammontare non superiore a £ 5.000.000 dovevano fondersi con la Cassa di Risparmio del capoluogo di provincia; tra 1927 e il 1928 vennero applicate alle casse comunali di credito agrario tutte le norme relative al credito agrario; nel 1929 venne emanata la legge che disciplinava nello specifico le Casse di Risparmio e tutti i MdP.