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The World of Private Banking

Edited by
YOUSSEF CASSIS and PHILIP COTTRELL

Co-Edited by
MONIKA POHLE FRASER and IAIN L. FRASER

ASHGATE

When the big heavy industrial concerns appeared, the establishment of joint-stock credit banks became inevitable, since the resources of individual private bankers soon became insufficient compared with the credit demand of big industry. This did not mean, however, that private bankers became superfluous, whether in the short or the long term. Industry and commerce were not confined to big concerns and, in particular, medium-sized industry in the provinces relied on local private bankers well into the twentieth century. Only by the turn of the century did the larger provincial joint-stock banks begin to build up their regional branch networks. For the local private banks the situation became additionally strained by the First World War, when the savings banks developed as local universal banks too. Thus, even before the banking crisis of 1931 this segment of private banking had fallen victim to the concentration process in banking; but the leading private bankers were hardly touched by this development.

The substantial decline in the number of private banks has led to an unwarranted general overestimation of their relative decline in importance for the functioning of the universal banking system. Until the end of the Weimar Republic, a significant number of private banks was able to withstand the competition of the great banks by supplying services which the latter were unwilling on principle (because of the administrative centralization and the necessary bureaucratization and hierarchicalization of management decisions), and at least at times (obtaining foreign credits during the stabilization crisis) unable to provide.

This means that, first, we have to postpone the decisive weakening of the German private banks to the 1930s, and second, that we have to provide an alternative to the contemporary explanation that stresses the declining competitiveness of the private banks in the long run. The evolution of the German universal banking system did not render private banks generally superfluous. On the contrary, the evolutionary development had created a division of labour in which a limited number of private banks had gained an important position. Consequently, we need additional non-economic, exogenous factors in order to explain the interruption of this evolutionary process. In addition to the destruction of many niches, the most important of these factors was the racist policy of the Third Reich.

CHAPTER 10

Private Bankers and Italian Industrialisation

Luciano Segreto

Introduction

The role of private bankers in the process of Italian industrial development has never been studied in depth and detail. On the other hand, studies on the relations between banks and industry have, in general, focused on the changes wrought in the Italian financial system by the process of reorganisation of the entire Italian banking system that began in the mid-1990s. The emergence of the Banca d'Italia generated the initial reorganisation of the issuing banks, and the consolidation of the mixed bank brought the Italian banking world significantly closer to the European standards. Effectively, since according to many economic historians this process was functional to if not actually decisive for Italian industrialisation, over the last thirty years studies on banking in Italy have concentrated specifically on the development of the relations between the mixed banks and the sphere of industrial enterprise, through an attentive examination of Gerschenkron's model for Italy. An initial phase, marked by a substantial confirmation of the validity of this explicative model, was followed by a partial decline (and the consequent strengthening of revisionist positions), which nevertheless opened the path to a clearer understanding of the role played by the Bank d'Italia and the State, not only in the modernisation of the financial system, but above all in the definition of a stable framework within which mechanisms of accumulation were guaranteed in a country on the road to industrialisation.[1] This evolution of the debate paved

[1] A. Gerschenkron, *Il problema storico dell'arretratezza economica* (Turin, 1965); S. Fenoaltea, 'Decollo, cielo e intervento dello stato', in A. Caracciolo (ed.), *La formazione dell'Italia industriale* (Bari, 1969); S. Fenoaltea, 'Riflessioni sull'esperienza italiana dal Risorgimento alla prima guerra mondiale', in G. Toniolo (ed.), *Lo sviluppo economico italiano 1861–1940* (Bari, 1973); A. Confalonieri, *Banca e industria in Italia* (Milan, 1975, 3 vols); F. Bonelli, 'Il capitalismo italiano. Linee generali di interpretazione', in *Storia d'Italia, Annali 1* (Turin, 1978), pp. 1193–255; P. Hertner, *Il capitale tedesco in Italia dall'Unità alla prima guerra mondiale: Banche miste e sviluppo economico italiano* (Bologna, 1984); G. Toniolo, *Storia economica dell'Italia liberale 1850–1918* (Bologna, 1988); more recent S. Battilossi, 'The History of Banking in Italy: the Debate from the Gerschenkronian Mixed Banks to the Financial Road to Development', in G.D. Feldman et al. (eds), *The Evolution of Modern Financial Institutions in Twentieth Century*, B 12, Proceedings, Eleventh International Economic History Congress (Milan, 1994), pp. 117–39; A. Polsi, *Stato e banca centrale in Italia. Il governo della moneta e del sistema bancario dall'Ottocento a oggi* (Rome Bari, 2001).

the way for the application to the Italian case also of Goldsmith's conceptual instruments of a statistical-accounting nature.[2] This made it possible, in the first place, to show how in Italy, in the period following the emergence of the mixed banks, the financiatial intermediation ratio indicator (FIN) was higher than that of other industrialised countries and that there was an elevated and precocious institutionalisation of the credit system, and that consequently the Italian case came within the financing schema. In the second place, it showed that the increase in the financial inter-relation ratio (FIR) was very high in the interwar period (1914–1938), but very low in the period of industrialisation (1881–1914). Thus, at a merely quantitative level, exploding 'the theory that in the initial launch of Italian industry, given the "forced" nature of the process, the overall role of finance [...] was more important than in other periods'. Such considerations, nevertheless, ended up by strengthening rather than undermining Gerschenkron's theory, confirming that the credits of the financial intermediaries, and in particular those of the mixed banks 'replaced others rather than augmenting them' and that, in view of the considerable contribution made by such credit institutes to the increase of the FIN they must have had 'a specific 'qualitative' tendency [...] to foster the industrial and economic development of the country' between 1895 and 1913.[3]

Nonetheless, all these studies very carefully avoided considering the role played by private bankers both before the reorganisation of the credit system and after the birth and consolidation of the mixed bank. References to the importance of these economic entities had not been lacking in the past. As observed by Franco Bonelli,[4] in the 1920s Luigi Einaudi had already drawn attention to the role played by the minor banks and by private bankers in enabling the major credit institutions that emerged at the end of the last century (Banca Commerciale Italiana, Credito Italiano) to expand their sphere of action to a clientele traditionally bound to the private banks by relations of trust, and at times even family connections.[5] About thirty years ago, the same concept was confirmed by the then governor of the Banca d'Italia, Guido Carli.[6] The difficulty – up until very recently – of accessing direct archive sources was for a long time a serious impediment to the progress of such studies. Recently, however, several important steps forward have been made, primarily thanks to a younger generation of scholars who have adopted an

[2] R.W. Goldsmith, *Financial Structure and Development* (New Haven, 1969).

[3] A.M. Biscaini Cotula and P.L. Ciocca, 'Le struttura finanziarie: aspetti quantitativi di lungo periodo (1870–1979)', in F. Vicarelli (ed.), *Capitale industriale e capitale finanziario: il caso italiano* (Bologna, 1979), pp. 65–75 (quotations are on pp. 67, 70 and 75).

[4] F. Bonelli, *La crisi del 1907: Una tappa dello sviluppo industriale in Italia* (Turin, 1971), p. 14.

[5] L. Einaudi, 'Prefazione' to M. Segre, *Le banche nell'ultimo decennio con particolare riguardo al loro sviluppo patologico nel dopoguerra* (Milan, 1926), p. III.

[6] See his preface to R. De Mattia (ed.), *Banca d'Italia, I bilanci degli Istituti di emissione italiana dal 1883 al 1936, altre serie storiche di interesse monetario e fonti* (Rome, 1967), vol. I, p. XVI.

original approach to the study of private bankers. The two most significant cases are those of the Milanese and the Florentine bankers in the pre-unitary period. In the first case, the activity of the private bankers is considered as functional not only to the provision of resources for productive investments, but also to fostering dynamic processes for the creation and management of means of payment, fruitfully exploiting the vast body of theoretical literature on the subject.[7] In the second case, they swiftly rule out the idea that there was no financial market in Tuscany in the first half of the nineteenth century.[8] This idea was derived from the general conviction that, for the entire nineteenth century and a good part of the twentieth, any real financial market in Italy was insubstantial or even non-existent. This concept was in its turn linked to the view – for long prevalent in Italian historiography – that the financial system of the new unified State, and even more so in the pre-unitary States was underdeveloped, governed within the territory by regional traditions that exacerbated its backwardness and was in a subordinate relation to the international finance of England and France.[9] This vision began to be partially called into question by global studies of the national banking system, which among other things also began to focus the research on the private bankers.[10]

The specific objective of this chapter is to offer an initial, albeit summary, overall reconstruction of the role played by the Italian private bankers in the period from the mid-nineteenth century up to the First World War, although the emphasis will be placed above all on the decades following national unification.

The Private Banker in Pre-Unitary Italy

The very definition of the entity is somewhat complex. Effectively, the term 'private banker' has an ambiguous connotation that goes beyond the Italian

[7] G. Piluso, *Dalla seta alla banca: Moneta e credito a Milano nell'Ottocento (1802–1860)*, Università Bocconi, dottorato di ricerca in Storia economica e sociale, VIII ciclo, anni accademici 1994–96, p. 11; G. Piluso, *L'arte dei banchieri: Moneta e credito a Milano da Napoleone all'Unità* (Milan, 1999) and G. Piluso, *Il mercato del credito a Milano dopo l'Unità: strutture e dinamiche evolutive*, in *Banche e reti di banche nell'Italia postunitaria*, ed. by G. Conti and S. La Francesca, vol. II, *Formazione e sviluppo di mercati locali del credito* (Bologna, 2000), pp. 503–56.

[8] A. Volpi, *Banchieri e mercato finanziario in Toscana (1801–1860)* (Firenze, 1997).

[9] L. De Rosa, 'La formazione del sistema bancario italiano', in *Società Italiana degli Storici dell'Economia, Credito e sviluppo economico in Italia dal Medio Evo all'Età contemporanea*, Atti del primo convegno nazionale, 4–6 June 1987 (Verona, 1988), pp. 543–61; V. Zamagni, *Dalla periferia al centro: La seconda rinascita economica dell'Italia 1861–1981* (Bologna, 1990), pp. 173–86.

[10] A. Polsi, *Alle origini del capitalismo italiano: Stato, banche e banchieri dopo l'Unità* (Turin, 1993); the most recent results of this new research line are in the two volumes *Banche e reti di banche nell'Italia postunitaria*, cit.

national context. While in Great Britain the so-called 'private bank' is a private deposit bank, on the continent the term is frequently confused with the French 'haute banque', even though the activities performed by the representatives of the latter are closer to those of the English merchant banks.[11] In Italy, the pre-unitary fragmentation of the State undoubtedly contributed to the emergence of types of banking institution which were extremely differentiated, but nor can it be said that the process of national unification after 1861 led to a rapid standardisation of the numerous different figures that were comprised within the definition of private banker. A slim volume on Italian private bankers, published in 1921, listed the numerous activities which such 'capitalists', conveniently defined as private bankers, were in a position to perform: loan operations backed by bills of exchange (then rediscounted at ordinary commercial banks), long-term loans, mortgages, advances on the salaries of public sector workers, loans against pledge, sale-purchase of real estate, purchase and sale of currency and securities on the exchange, ending up with what the author himself defined as 'elegant usury'.[12] In some ways, this book, which was not written by a historian, appeared too late, so that a further, vast range of activities escaped the author. In the first half of the nineteenth century, and in the northern regions (in Piedmont and Lombardy) even later, the work of the private bankers or the so-called *negozianti banchieri* (which is semantically even closer to the English term 'merchant banker') comprised commercial mediation of various kinds, flourishing and structured in a sometimes quite complex manner, especially in the silk trade (in particular in the reeling) which was one of the most important and internationalised industries, even from the early nineteenth century. [13]

Thus, while at a functional level the evolution of banking activities over the course of the centuries went through a progressive de-specialisation in comparison to the functions performed by the first bankers of the mediaeval and modern period, in terms of corporate structure the nineteenth-century private banks did not differ substantially from the older banking institutions. They were in fact prevalently individual enterprises, often involving sons and/or brothers, and with room for a few partners at the most, whose names did not always appear in that of the firm. The first limited partnerships did not emerge until the early twentieth century,

[11] Y. Cassis, *Les Banquiers de la City à l'époque Edouardienne* (Geneva, 1984) and S. Chapman, *The Rise of Merchant Banking* (London, 1984).

[12] P. Palumbo, *Banchieri privati* (Turin, 1921), p. 14.

[13] S. Angeli, *Proprietari, commercianti e filandieri a Milano nel primo Ottocento: Il mercato delle sete* (Milan, 1982); A. Moioli, *Il commercio serico lombardo*, in *La seta in Europa (secc. XIII–XX)*, Atti della XXIV Settimana di studio dell'Istituto internazionale di storia economica 'F. Datini' (Florence, 1993); G. Federico, *Il filo d'oro: L'industria mondiale della seta dalla restaurazione alla grande crisi* (Venice, 1994); S. Levati, *La nobiltà del lavoro: Negozianti e banchieri a Milano tra Ancien Régime e restaurazione* (Milan, 1997); G. Piluso, *L'arte dei banchieri*.

and the first public limited companies not until the end of the First World War, although even then such types of companies continued to be the minority.[14]

However different the economic and financial systems that evolved in the various States of the peninsula may have been, the divergences in the social-professional figures that we have defined as private bankers resided more in the specific content of the activities they performed than in the restraints placed on them by the variations of the institutional fabric. Nevertheless, it is clear that the fact that Lombardy was embroiled in the economic-financial system of the Austro-Hungarian Empire imposed upon the Milanese bankers 'the need for a sectorial diversification of the assets, [a choice] imposed by the absence of a creditor of last resort to which they could apply at times of cash crisis in a system devoid of its own mechanism of discount.'[15] This was a problem, for example, which was less marked for the bankers of the Kingdom of Sardinia (who had the Banca Nazionale at their disposal since 1848) or of the Kingdom of the two Sicilies (which already had a central bank from 1816, the Banco delle Due Sicilie, renamed Banco di Napoli in 1860, and from 1850 actually boasted two, when the Banco Regio dei Reali Dominii was set up beyond the lighthouse, later named the Banco di Sicilia in 1860) and which the Tuscan bankers did not resolve until 1857, when the Banca Nazionale Toscana was created.[16] If anything, the low rate of circulation of paper money in pre-unitary Italy (restricted to the most important operations and circumscribed at geographical level to the commercial centres of Liguria, Tuscany and Piedmont) ended up by representing a further element of distinction between the banking dealers themselves.[17]

In this highly segmented framework, in the middle of the nineteenth century the shared features of the sphere of private Italian banking lay in the close enmeshment with the political institutions and the links with the foreign *haute banque*, as well as

[14] *Storia di Milano*, vol. 15, *Nell'Unità italiana 1859–1900*, Fondazione Treccani degli Alfieri per la storia di Milano (Milan, 1962), pp. 1022–23; Associazione Bancaria Italiana, *Annuario delle aziende di credito e finanziarie 1941–49* (Rome, 1949), pp. 155 and 165; *Uomini e denaro: Banche e banchieri italiani dal 1222 ad oggi* (Rome, 1952), pp. 363–4; E.D. Becattini, *Firenze bancaria* (Florence, 1913), p. 80.

[15] Piluso, *L'arte dei banchieri*, pp. 11f.

[16] R. De Mattia (ed.), *Gli istituti di emissione in Italia: I tentativi di unificazione (1843–1892)* (Rome Bari, 1990); V. Sannucci, 'Molteplicità delle banche di emissione: ragioni economiche ed effetti sull'efficacia del controllo monetario (1860–1890)', in *Ricerche per la storia della Banca d'Italia*, vol. I (Rome Bari, 1990).

[17] G. Piluso, 'Sulla struttura dell'offerta di credito in Italia: mercati e squilibri regionali (1860–1936)', in *Storia e problemi contemporanei*, vol. VIII (Rome, 1995), pp. 13f; G.B. Pittaluga, *La monetizzazione del Regno d'Italia*, in *Il progresso economico dell'Italia: Permanenze, discontinuità, limiti*, ed. by P.L. Ciocca (Bologna, 1994).

in an economic culture that revealed a predisposition, and above all a preference, for business capable of generating high profits in the short term.[18]

In fact, the financing of the public debt represented one of the most significant and profitable aspects of the business of the private bankers, even if they had to share – frequently from minority positions – a relation with the governments that effectively hinged on the English and French *hautes banques*. The Rothschilds were particularly adroit in insinuating themselves into a dominant position in many of such operations in the pre-unitary decades in Piedmont (which a French historian rechristened 'le règne des Rothschild'), in the Papal State and in the Kingdom of the Two Sicilies. The Hambros too – especially in the Kingdom of Sardinia – and various Parisian houses, both there and in other States of the peninsula, managed to carve out a niche for themselves in the issuing of government securities, and above all in the major loans contracted by several of the pre-unitary States. However, the private bankers' subordination to competitors (and more frequently, in fact, to business partners) should not be conceived as a one-way affair. These connections with international finance also served to cream off the world of Italian private banking, allowing several of the entities that were more dynamic and better prepared in technical and professional terms to come to the fore. Moreover, these contacts were also functional to the opening up of the financial market of the peninsula – undoubtedly small-scale, but not provincial – if it is true that (for example in Tuscany) not only public debt securities but also a varied range of European securities were to be found.[19] Hence, along with a not insignificant fertilisation of the Italian banking environment, these international relations also brought to light another aspect that helps to cast further light on the type of private banker operating in nineteenth-century Italy. In effect, we should not overlook the fact that a small number of the Italian private bankers, often those with the strongest foothold in international relations, were foreign or of foreign origins (French, Swiss, English and German) and that the category also comprised a significant minority of Jewish or Protestant religion, very frequently transplanted to Italy between the end of the seventeenth and the beginning of the nineteenth century.[20]

[18] L. Conte, *La Banca nazionale: Formazione e attività di una banca di emissione (1843–1861)* (Naples, 1990), p. 25. This evaluation, that the author offers for the Turin and Genoa private bankers, can be enlarged also to those operating in the other Peninsula states before national unification.

[19] B. Gille, *Les investissements français en Italie (1815–1914)* (Turin, 1968), pp. 75–174; V. Castronovo, *Economia e società in Piemonte dall'Unità al 1914* (Milan, 1969), pp. 43–59; J.A. Davis, *Società e imprenditori nel Regno borbonico, 1815–1860* (Bari, 1979); D. Felisini, *Le finanze pontificie e i Rothschild* (Naples, 1990); Volpi, *Banchieri e mercato*, pp. 121–99.

[20] B. Gille, *Les investissements français en* Italie, pp. 43–55; V. Castronovo, *Economia e società in Piemonte*, pp. 43–6; Volpi, *Banchieri e mercato*, pp. 121–99; Piluso, *L'arte dei banchieri*, pp. 71–115; G. Maifreda, 'Banchieri e patrimoni ebraici nella Milano ottocentesca', in D. Bigazzi (ed.), *Storie di imprenditori* (Bologna, 1996), pp. 97–157; D.L. Cagliotti, 'Imprenditori evangelici nel Mezzogiorno dell'Ottocento', in *Archivi e imprese*, vol. 8, 16, 1997, pp. 245–81; B. Armani, 'Banchieri e imprenditori ebrei nella Firenze dell'Ottocento: due storie di famiglia tra identità a integrazione', in *Archivi e Imprese*, vol. 16, 1997, pp. 333–64.

Apparently, only in the case of the construction of the railways (which in Italy as in the rest of Europe was launched primarily in the 1840s and 50s) was short-term profitability a secondary factor, precisely because it was taken over by a form of state guarantee of the return on investment. This was probably the real reason that drove many private bankers to support the financing of railway construction projects in Naples, and in Turin and Florence. Despite this, the investment in infrastructures was also the first occasion on which the Italian private banking world demonstrated that it at least shared the expectations of medium-long term economic development that other sectors of the society of the pre-unitary States revealed in a more open and marked manner.

Other basic elements, already mentioned above, also contributed to the interest in the investment in the railways; in particular the frequently subordinate relationship with the big foreign banks, within a context which both before and after unification featured a highly significant presence of foreign capital and know-how in the railway construction sector.[21]

Then, in the 1850s, the opportunities for investment beyond the two sectors (public debt and railways) on which many private bankers had hinged their business began to be intensified, thus attracting even the banking houses, which had previously restricted their activity almost exclusively to advances to merchants or, as in Genoa, to shipbuilders. Nevertheless, although the signals were more than sporadic, it is still difficult, and essentially also mistaken, to generalise this trend to the entire country.

In Milan, certain banking houses traditionally linked to the silk trade also began to examine other openings for financial investment. Generally, however, such intervention was focused on very specific cases, where there were property guarantees and certified market openings for the products involved. Some of the most famous Milanese merchant banks (Mylius, Esengrini, Decio, Kevenhüller) in 1846 financed the setting up of the Elvetica company, which produced rolling stock for the Milano-Monza railway company and for the Lombardo-Veneta railroad company. Another banking house, that of Felice Noseda, offered financial backing to a company engaged in supplying railway carriages to the Lombardo-Veneta, the Grandona & C., but in this case, as well as the guarantee offered by the contract with the railway company, there were also family ties (Grandona had married Noseda's sister) which in a certain sense underpinned the entire operation. Another and different case is that of Giulio Richard, who moved to Milan from

[21] G. Guderzo, *Vie e mezzi di comunicazione in Piemonte dal 1831 al 1861* (Turin, 1961); Davis, *Società e imprenditori*, pp. 143–8; A. Giuntini, *Leopoldo e il treno: Le ferrovie nel Granducato di Toscana 1824–1861* (Naples, 1991).

Turin in 1840 to exploit his experience in the sector of porcelain manufacture, and in 1847 became the owner of the firm that he had been managing for the previous seven years. In the corporate title, alongside his own name was that of Vittorio De Fernex, a famous Turin banker, thanks to whom Richard had managed to establish valid contacts with the economic and banking milieu of Milan.[22]

In the Kingdom of Sardinia, the two main economic and financial centres featured a somewhat different approach. While in Turin the banking houses did not modify their traditional strategies (backing of the silk trade, small loans backed by collateral, operations on public debt securities etc.), in Genoa the private bankers were much more active in the incorporation of companies operating in the sector of public services (maritime transport, aqueducts, local railways), and even engaged in dealings with industrial enterprises (in the footwear sector).[23]

In Tuscany the free trade policy of the ruling classes had left little room for new initiatives in the industrial sphere. Nevertheless, the very decision to introduce the Grand Duchy into the international labour division as a supplier of raw materials opened up interesting opportunities for investment for the private bankers in the mining sector, which was particularly florid and evolved within the regional panorama. The Livorno banker Pietro Bastogi, friend of Mazzini and financial backer of Giovane Italia (the political organisation founded by Giuseppe Mazzini to fight for national unification), was at the head of a group of capitalists which, in the middle of the century, rented the State-owned mines of Maremma and the Pistoia Apennines, and above all the iron mines of Elba; the mineral was extracted, after which half of it was exported abroad, and the other half transformed into cast-iron in the furnaces of Follonica and Piombino.[24] Another banker, Emanuele Rosselli, a member of the Jewish community of Leghorn, in 1860 took over from another Jewish family, the Modigliani, in exploiting the mercury mines of Monte Amiata. In this case, too, the mineral was largely exported. Its launching on the international markets was taken care of by the Rothschilds, who were able to fix the price, since they had obtained from the Spanish crown exclusive rights for the marketing of the production of the largest and richest mines in the world, situated in Almaden (in the centre of the Kingdom, close to Ciudad Real).[25] Nevertheless, such cases still appear to be exceptions, since – and this observation also embraces the first three decades following unification – the local bank capital was responsible

[22] G. Fiocca, 'Credito e conoscenze: le condizioni dell'ascesa imprenditoriale', in G. Fiocca (ed.), *Borghesi e imprenditori a Milano dall'Unità alla prima guerra mondiale* (Rome Bari, 1984), pp. 28f and 34f.

[23] Castronovo, *Economia e società in Piemonte*, pp. 43–7; G. Doria, *Investimenti e sviluppo economico a Genova alla vigilia della prima guerra mondiale*, vol. I, *Le premesse* (Milan, 1969), p. 163.

[24] G. Mori, *L'industria del ferro in Toscana dalla Restaurazione alla fine del Granducato (1815–1859)* (Turin, 1966).

[25] L. Segreto, *Monte Amiata. Il mercurio italiano: Strategie internazionali e vincoli extraeconomici* (Milan, 1991), pp. 30f.

only for a 'casual and fairly unconvinced' contribution to the development of the Tuscan industrial heritage.[26]

In any case, it was precisely some such new commitments that underscored the need for financial organs of greater dimensions, a trend which was considerably reinforced after the emergence of the Kingdom of Italy. For example, the Cassa del Commercio and the Cassa di Sconto both emerged in Turin between 1852 and 1853, supported by two different groups of private bankers. Just a few years later, in 1856, two banks were set up in Genoa: the Cassa Generale (which numbered among its shareholders the Piaggio, later one of the most relevant industrial family of that area) and the Cassa di Sconto, the latter founded by some of the most important local banking houses (Bartolomeo Parodi, the Cataldi brothers, Leonardo Gastaldi and Francesco Oneto), with the added support of a Turin banker, originally from Geneva, Emile De la Rue, a personal friend of Cavour. The connections between Turin and Genoa were further strengthened when the Casse di Sconto of the two cities merged to form the Banco di Sconto e Sete di Torino, which was set up in 1856 with a capital of 4 million lire, through the initiative of the leading Turin bankers (De Fernex, Ogliani, Soldati, Dupré and Ceriana). This initiative, designed to meet the requirements of the silk manufacturers of Piedmont and Liguria and the Genoese merchants and shipbuilders, almost immediately expanded its objectives to other banking operations (discount, rediscount, trade bills, current account holdings, issuing of bonds).[27]

The example and the success attained by the Crédit Mobilier in France induced above all the Piedmont bankers to prepare projects for the creation of similar credit institutions in the Kingdom of Sardinia too, but the opposition of the government blocked these plans for almost a decade. Despite this, the difficulties in which the railway companies became embroiled in the 1850s forced the political powers to slacken the restrictions on the operations the banks were allowed to perform. In fact, in 1856 the Cassa del Commercio began to operate on the model of the Crédit Mobilier, underwriting railway bonds, while the Cassa di Sconto was allowed to purchase the shares left by delinquent debtors.[28]

In Tuscany, a different approach was adopted, modelled not so much on the French model of the Crédit Mobilier as on the Belgian example of the Société Générale. In 1846, the Società Generale delle Imprese Industriali was set up through a highly diversified combination of financial contributions, ranging from the high finance of the leading aristocratic landowners to agrarian capital and mercantile capital of medium dimensions. Its purported objective was the promotion of industrial initiatives of all kinds, but in practical terms the favoured sector was

[26] Mori, *L'industria del ferro in Toscana*, p. 235.

[27] Doria, *Investimenti e sviluppo economico a Genova*, vol. I, pp. 163–5; Castronovo, *Economia e società in Piemonte*, p. 53; Polsi, *Alle origini del capitalismo italiano*, pp. 6–13; G. Berta, *Capitali in gioco: Cultura economica e vita finanziaria nella City di fine Ottocento* (Venice, 1990), p. 108 .

[28] Polsi, *Alle origini del capitalismo italiano*, pp. 13–15.

that of the railways, both in Tuscany and in the other States of the peninsula. A few years later, in 1855, the Società Generale was transformed into an authentic industrial credit institute (changing its corporate title for the occasion into Istituto Toscano di Credito Mobiliare, which was later changed again into its definitive form as Società Industriale Italiana), adopting the model of the Credit Anstalt of Vienna, considered at the time the most updated evolution in temporal terms of the bank of the Péreire brothers. Nevertheless, despite a consistent increase in capital, in which English and French investors also participated, the enterprise did not succeed in fulfilling its designated role, which was possibly too advanced for the times and above all for the socio-economic context in which it operated, still loath to make a coherent commitment to industrial development.[29]

New Investment Opportunities in the First Thirty Years after Unification: Old Fears and Novel Leadership

In a certain sense, the birth of the Kingdom of Italy represented an extraordinary opportunity for the private bankers to augment their business, even if, in effect, those who actually exploited the new situation – and above all the emergence of a State which rapidly became the prime economic agent in the peninsula – were only the few, trusted and rigorously selected bankers who had for some time entertained close-knit relations with the political sphere. The catalyst of many processes was the new transport policy of the early governments of liberal Italy, the objective of which was an effective rail coverage of the entire country. The emergence in 1862 of the Società per le Strade Ferrate Meridionali, the first president of which was Pietro Bastogi, symbolically represented the unification of the finances and interests of the private bankers who, up to that time, had operated more at regional, or possibly international, level than with other states within the country.[30] Effectively, among the major underwriters of the capital of the company, along with the Cassa del Commercio (which actually underwrote securities for a value greater than its own capital) and the Cassa Generale di Genova and the bankers of Florence and Livorno, there were also bankers from Genoa, Turin, Milan and other smaller centres.[31]

The size of the enterprise, which Bastogi managed to wrest from the Rothschilds, demanded the creation of a 'safety net', which essentially concealed the need to find similarly powerful allies after the estrangement of the eminent banking house.

[29] Volpi, *Banchieri e mercato finanziario in Toscana*, pp. 217–63.

[30] From this point of view the banking sector was not at all different from the merchants community in the Peninsula, which had very similar relations and habits (M. Romani, *Storia economica d'Italia nel secolo XIX* (Bologna, 1982).

[31] G. Capodaglio, *Fondazione e rendimento della Società Italiana per le Strade Ferrate Meridionali* (Bologna, 1962), pp. 5–7, but also Polsi, *Alle origini del capitalismo italiano*, p. 29.

In fact, in 1863, through the transformation of the Cassa del Commercio di Torino, the Società Generale di Credito Mobiliare was set up, with a capital of 50 million lire, which not only referred explicitly in its name to the model of institute set up by the Péreire brothers, but was also the Trojan Horse which could engineer the retrieval of the French interests, in competition with the Rothschilds, which had like them been excluded from the major business of the railways by Bastogi's adroit manoeuvres.[32] Thus, thanks to the good offices of Balduino, the Péreire got back into the big business of the railways just in time to share out equally – between themselves and the English group headed by Brassey Parent & Buddicon and that of the Italian entrepreneurs Vanotti and Finardi – the works for the construction of the rail network, amounting to an overall value of 250 million lire.[33] In the same year the Banca di Credito Italiano was founded in Turin on the initiative of the Paris group of the Societé de Crédit Industriel et Commercial in collaboration with several local bankers (Vincenzo Bolmida, Barbaroux, Levio and Minoli). Again in the same year, and again in Turin, the merger between the Cassa di Sconto and the Banco Sete took place, generating the Banco Sconto e Sete, which also included a major shareholding on the part of the Rothschilds.[34]

The weakness of the new emergent state and its enormous financial requirements offered a leading role to several major bankers who were particularly adroit in negotiating between the government, Parliament, the central banks and the international financial centres. In particular, Bastogi, Domenico Balduino, Director of the Credito Mobiliare, and Carlo Bombrini, Director of the Banca Nazionale (the most important of the six central banks that existed in the country in the first post-unitary decades) managed, despite their official or semi-official appointments (or precisely by virtue of them) to obtain the contract for the sale of the public property in 1862 and for the monopoly of tobacco in 1868, while they did not flinch from the most fraudulent manoeuvres for the sake of saving the Credito Mobiliare from difficulties in 1866.[35]

Beyond certain pathological aspects, the affair clearly indicated the importance wielded by the banking sphere in the new State. Moreover, the government warmly welcomed the initiatives of many bankers aimed at strengthening the Italian credit

[32] E. Piscitelli, 'Figure di grandi banchieri italiani: Domenico Balduino', in *Bancaria*, vol. 41, 1958, p. 1292; M. Da Pozzo and G. Felloni, *La borsa valori di Genova nel XIX secolo* (Turin, 1964), pp. 303–5.

[33] Balduino Archives (Genova), Crédit Mobilier a Domenico Balduino, no date (but of the second semester of 1862); this letter is reproduced in the appendix of B. Balduino, *Un banchiere privato al lavoro: Ritratto di Domenico Balduino*, Tesi di laurea, Università degli Studi di Firenze, Facoltà di Scienze Politiche, anno accademico 1998–99, pp. 240 and 264–65.

[34] Castronovo, *Economia e società in Piemonte*, p. 53; Polsi, *Alle origini del capitalismo italiano*, pp. 29–37, but see also G. Luzzatto, *L'economia italiana dal 1861 al 1894* (Turin, 1968), p. 50.

[35] Ibid., pp. 28 and 37.

system, which effectively in the twenty years following unification experienced a major growth in both quantitative terms and territorial expansion (which nevertheless continued to favour the northern regions) and in relation to the types of bank. Between 1861 and 1870 86 banks were set up, and between 1871 and 1878 no less than 242, an explosion comparable in numerical terms to that which took place in the United States in the first three decades of the nineteenth century or in Japan in the first years following the Meiji Restoration.[36]

In the general process of growth and strengthening of the national banking system, Milan was probably the economic centre that revealed the greatest dynamism from the 1870s on, albeit mostly due to the fact that the pre-1860 policy of the Austro-Hungarian administration, hostile to the emergence of banks of any importance, had left it lagging seriously behind. The Milanese bankers were particularly active in setting up commercial banks, which they needed not only to strengthen the local banking structure, but also to expand the connections with the bankers of other centres. In fact, in 1871 the principal Milanese banking houses joined up (from positions of strength) with those of Turin and Genoa to create the Banca Industriale e Commerciale (with a capital of 8 million lire, 3.2 paid up), an initiative in which the major exponents of the industrial sphere also took part on a joint basis; in 1872 the Banco Sete Lombardo (capital 12 million, half of it paid up) and, in the same year, the Banca di Costruzioni, which was to finance railway building in Poland and Hungary.[37] Of no lesser significance was the decision, again taken in 1871, to set up the Banca Lombarda di Depositi e Conti Correnti, an institute that managed to combine various operational functions, since it was a deposit and investment bank, while also being able to operate abroad. Its foundation was the result of a sort of general understanding between all the major bankers of Milan and the upper echelons of the Lombard aristocracy, Pisa, Weill-Schott, Vonwiller, Duke Visconti di Modrone, Duke Melzi d'Eril and others, who divided the 9600 shares representing the initial capital of the bank into 25 exactly identical packages.[38]

[36] The complete list of the banks set up in Italy between 1858 and 1878 is in the appendix of Polsi, *Alle origini del capitalismo italiano*, pp. 334–55; for the USA and Japan see A.D. Chandler jr, *Stati Uniti: L'evoluzione dell'impresa*, in *Storia economica Cambridge*, vol. 7, *L'età del capitale*, II, *Stati Uniti. Giappone: Russia*, ed. by M.M. Postan and P. Mathias (Turin, 1980), p. 98 and K. Yamamura, 'L'industrializzazione del Giappone. Impresa, proprietà e gestione', in A. Chandler et al., *Evoluzone della Grande Impresa e Management* (Turin, 1986), p. 271.

[37] *Storia di Milano*, vol. XV, pp. 984–7; P. Cafaro, 'Finanziamento e ruolo della banca', in S. Zaninelli (ed.), *Storia dell'industria lombarda*, vol. II.1, *Dall'Unità politica alla Grande Guerra* (Milan, 1990), pp. 176, 189 and 198.

[38] E.D. Becattini, *Milano bancaria* (Milan, 1907), p. 53; S. Licini, 'Banca e credito a Milano nella prima fase dell'industrializzazione (1840–1880)', in E. Decleva (ed.), *Antonio Allievi: dalle 'scienze civili' alla pratica del credito* (Milan Rome Bari, 1997), pp. 556–9; Cafaro, 'Alle origini del sistema bancario lombardo', pp. 487–8.

Nevertheless, more generally, the world of the private bank in the main centres of the country was quicker and nimbler in concretely implementing a process of unification between the financial circuits, as demonstrated by the participation of the most famous bankers of the various national financial centres in the setting up of banks of both large and medium dimensions, operating both on a prevalently local basis and on a national basis in cities other than that in which their own business had its premises.[39] The best example is provided by the birth of the Banca Generale in 1871, the initial 30 million lire capital of which was put up, in addition to the Austrian Union Bank (the leading underwriter), by the banking houses of Morpurgo e Parente, Weill-Schott, Giulio Belinzaghi, Zaccaria Pisa, Ulrich e C. and Vonwiller of Milan, Geisser e C. and Ceriana of Turin, Weill Weiss, Spada Flamini e C. of Rome, Jacob Levi of Venice, Emanuele Fenzi e C. of Florence, and Maurogordato e Bondi of Livorno, among others.[40]

An initial attempt to expand the sphere of influence of the private bankers from the centres of northern Italy towards the south of the country took place in 1871. In that year a consortium of Milanese bankers, associated in their turn with Austrian, English and Swiss banks and with influential Neapolitan banking houses (including Felix Herman & Figli, Meuricroffe & Co., Minasi & Allotta and the Cilento firm) founded the Banca Napoletana with an initial capital of 11 million lire. This initiative enjoyed a certain success in the following years, representing a benchmark for many economic enterprises undertaken in the area, especially in the construction and real estate sector, but without neglecting contributions to the formation of industrial capital too. In 1885 then, under the aegis of the Banca Nazionale nel Regno d'Italia, the bank was transformed into the Società di Credito Meridionale, increasingly taking on the connotations of an industrial credit institute. Provided with a capital of 12 million lire and dominated at the level of shares by the Turin banking groups (Ulrico Geisser & Co., Banca di Torino, Banca Subalpina), it nevertheless also boasted a significant presence on the Board of Directors of local private bankers such as Mario Arlotta (Chairman), Giovanni Auverny (Vice-Chairman) and Antonio Cilento (Secretary).[41]

[39] A detailed picture can be found in the appendix to the volume by Polsi, *Alle origini del capitalismo italiano*, pp. 358–70.

[40] Confalonieri, *Banca e industria in Italia*, vol. I, p. 277; G. Mori, 'Dall'unità alla guerra: aggregazione e disgregazione di un'area regionale', in G. Mori (ed.), *Storia d'Italia. Le regioni dall'Unità a oggi, La Toscana* (Turin, 1986), p. 113.

[41] M. Marmo, 'Speculazione e credito mobiliare a Napoli nella congiuntura degli anni '80', in *Quaderni storici*, vol. 2, 1976, pp. 647–50 and 672; A. De Benedetti, 'Il sistema industriale (1880–1940)', in P. Macry and P. Villani (eds), *Storia d'Italia. Le regioni dall'Unità a oggi, La Campania* (Turin, 1990), pp. 44f: V. Fagiuolo, *I banchieri privati napoletani dall'Unità nazionale alla Prima Guerra Mondiale*, Tesi di laurea, Università degli Studi di Firenze, Facoltà di Scienze Politiche, anno accademico 1999–2000, p. 119.

On the other hand, the Neapolitan banking houses figured as shareholders of a certain importance in the constitution of commercial banks, operating principally in other centres. The banker Onofrio Fanelli was a shareholder in the Banco di Torino (set up in Turin in 1872) the Credito Siciliano (Rome, 1873), and the Banco di Ferrara (Ferrara, 1873). Feraud & Figli were part of the Società Generale di Credito Provinciale Comunale (founded in Florence in 1860) and in the Banca Italo Germanica (Rome, 1871). Meuricroffe & Co., the most renowned of the Neapolitan banking houses, was among the shareholders of the Banca Nazionale, the Società Generale di Credito Mobiliare and the Cassa Marittima (set up in Milan in 1872).[42] Some of these same bankers, then, had an even more pre-eminent position when it was a question of taking part in the foundation of local banks: this is the case of the Banca Popolare di Piano di Sorrento, set up in 1891, with an important shareholding underwritten by Meuricroffe & Co., by the Banca Holme & Co. and by the Aselmeyer, Pfister & Co.; an analogous case is that of the Banca di Facilitazioni, Depositi e Conti Correnti, set up in 1907 by the banker Giovanni Pasquazza and other partners.[43]

Moreover, we cannot overlook the fact that certain private bankers already managed to play their part as shareholders in important financial operations at international level. This is the case, for example, of the banker Giulio Belinzaghi (who was also mayor of Milan from 1868 to 1884 and from 1889 to 1892, before becoming a Member of Parliament and later Senator) whom we find among the founders of the Crédit Lyonnais in 1863 and, the following year, of the Anglo-Italian Bank (set up by Italian and English capitalists to strengthen the economic links between the two countries). Rare as they were at the time, such events indicate that the opening up of the Italian private banking sphere to the major international circuits, and its integration within the same, had made very significant forward progress.[44]

In the absence of specific studies we can only make conjectures, but it is probable that the private banks succeeded in exploiting the new opportunities offered by this situation, above all in terms of offering them to their clients, considering that at the time and in the following decades banks that had branches in other cities were fairly rare, and that they normally operated in the latter through correspondents and commission agents.[45]

[42] Polsi, *Alle origini del capitalismo italiano*, Appendix II.

[43] Fagiuolo, *I banchieri privati napoletani*, p. 121.

[44] F. Bouvier, *Le Crédit Lyonnais de 1863 à 1882: Les années de formation d'une banque de dépôt* (Paris, 1961), p. 128; N. Foà, 'Giulio Belinzaghi', in *Dizionario biografico degli italiani*, vol. V (Rome, 1965), pp. 583–4; Cafaro, *Finanziamento e ruolo della banca*, p. 176.

[45] Palumbo, *Banchieri privati*, p. 17. According to the *Annuario generale d'Italia*, before 1913 the only private banks with more than a branch were the M. Bondi and Sons of Leghorn, which between 1886 and 1896 had branches also in Florence and Rome, while in 1913 they had one in Florence and another one in Genoa; the Wagnière & Co. of Florence, which in 1886 had a branch also in Rome; the Mylius of Milan, which in 1886 had a branch also in Turin. In 1896 the Kuster of Turini opened a branch in Florence which was operating until 1911, when it was acquired by the bank Conti & Co. (Becattini, *Firenze bancaria*, p. 83).

These financial initiatives had few repercussions in the industrial sphere, at least in the first twenty years following unification. The sole exceptions are to be found in the textiles sector where, starting from the 1870s and above all in the 1880s, in Lombardy the private banks began to emerge from the circuit (and from the protective shell) of the silk industry and showed signs of willingness to offer finance also to the cotton industry, probably the fastest-growing industrial sector and hence also that which offered extensive guarantees of liquid assets and return on investments. However, such signals were accompanied by others of an opposite bent; while in the same years the cotton industrialists of Busto Arsizio were obliged to set up their own bank, the Banca di Busto Arsizio, to guarantee industrial financing, several major textile enterprises – the Rossi woollen mill of Schio and the Società per la Filatura dei Cascami di Seta (dealing in the spinning of silk waste), with plants in Vienza and Novara – moved their administrative headquarters to Milan, which was evidently considered a rich market for capital.[46]

Several events, different from each other but all dense with significance, demonstrate that even by the 1880s not all the reservations of the banking world in terms of its attitude to industrial development had been dissipated, even though the number and qualitative importance of these mean that they cannot be defined as more than simple exceptions. The first brings us to the enterprise that can possibly be considered symbolic of the industrialist shift of the Italian ruling classes. In 1884 the Terni was founded, the first major Italian steel company, the purpose of which was first and foremost to supply to the Ministry of the Navy the steel necessary to build the armour-plating for the warships. The operation was conducted by a Venetian entrepreneur who had done important business in the sector of public works and building, Vincenzo Stefano Breda, who boasted close links of friendship with the Minister of the Navy, Benedetto Brin. The success of the initiative was guaranteed by the government, which offered a large sum as advance on contracts, and three years later, in 1887, strengthened the strategy of trade protectionism as an industrial policy for the younger and weaker sectors of the Italian industrial panorama. The foundation of the company was sustained by Breda himself, by the Società Veneta per Imprese e Costruzioni Pubbliche and by a group of Venetian bankers and capitalists led by Baron Alberto Treves de'

[46] A.M. Galli, 'Credito e finanza. La Cassa di Risparmio e la crescita economica e sociale', in G. Rumi et al. (eds), *Milano nell'Unità nazionale 1860–1898* (Milan, 1991), p. 441; Cafaro, *Finanziamento e ruolo della banca*, pp. 254–5; R. Romano, *L'industria cotoniera lombarda dall'Unità al 1914* (Milan, 1992), p. 181; Cafaro, *Alle origini del sistema bancario lombardo*, pp. 500–502.

Bonfili, head of the Venice banking house of the same name and Vice-President of the Banca Veneta di Depositi e Conti Correnti.[47]

If at first sight this presence can, and in a certain sense must, be read as a confirmation of behaviour that was nothing new (the guarantee of the outcome of the production, combined with tariffs protection, offered extensive guarantees even to the most cautious and conservative of financiers), it is also true that the complexity of the operation implied, we might say, the overreaching of the 'point of no return'. In fact Treves sustained Terni at length, offering it constant financial support and actually opening up the circle of backers to other private bankers (Lenci of Genova and Ambron of Florence) and various German banks: the Berlin banking house Warschauer & Co. and the Nationalbank für Deutschland, also in Berlin, the same banks that, along with several Italian shareholders, in 1895 had given birth to the Credito Italiano. Terni entrusted its cash services to the Credito Mobiliare, but during the most acute phase in the crisis of the bank, in 1893, it was only the presence of Treves and the other private bankers that saved the company from bankruptcy in 1893. From that time on, and up to 1904 (when the steel enterprise came under the sphere of influence of the Banca Commerciale), it was the bank of Baron Treves that took care of all the Terni banking operations.[48]

Alongside such demanding operations there were also many other initiatives which, despite globally requiring fewer resources, were nevertheless symptomatic of a growing diversification of the activities of the private bankers in the industrial sphere. Two recent studies, one dealing with the private bankers of Turin and the other with those of Naples, underline converging innovations in this direction from the 1890s on. As regards the former case, among the many examples we might mention those relating to the presence of the Turin bankers in the foodstuffs sphere, where Kuster was among the shareholders of the Società Anonima di Esportazione Agricola Cirio and of the Boringhieri e C., a company dealing in the production and marketing of beer and ice; the Marsaglia brothers were part of the Molini (mills) of Collegno and Fellizzano Brothers Tavolaj & Co. In the mining sphere, the Ulrico Geisser and De Fernex banking houses offered their support in the guise of shareholders to the Monteponi company; in the services sector, Kuster was among the shareholders of the Società Italiana Elettricità Sistema Cruto (together with the private bank Sacerdote Ezechia & Co. and the bank Fratelli Nigra). Geisser appears in the list of shareholders of the Società Metallurgica Italiana and, through the house of Molvano, Olivetti e C., the banker Alessandro Molvano is in 1885 among the co-founders of the Tardy e Benech of Savona. Antonio Kuster is again to be found among the founders of the Società Elettrometallurgica Italiana. The same banker also took part – along with Schläpfer and Wenner, two important

[47] F. Bonelli, *Lo sviluppo di una grande impresa in Italia: La Terni dal 1884 al 1962* (Turin, 1965), pp. 3–16; S. Lanaro, 'Genealogia di un modello', in S. Lanaro (ed.), *Storia d'Italia: Le regioni dall'Unità a oggi, Il Veneto* (Turin, 1984), p. 86.

[48] Bonelli, *Lo sviluppo*, pp. 42–4.

families of Swiss origin (as was Kuster himself) active in the cotton sector in the Salerno district (South of Naples) since the 1820s – in the incorporation of the company Schlaepfer e C. in 1885, set up to work in the same area in the mechanical and metallurgical sector. This is at once a sign of dynamism and of new interests in the industrial sector on the part of the Turin banking community, and also proof of the 'negligible interest of the Turin banking system in the Turin mechanical industry.'[49]

As regards the second line of investigation, from the Neapolitan case it clearly transpires that, even in areas traditionally less equipped, even in cultural terms, to tackle the many unknowns linked to an initiative in the industrial sphere, new phenomena were emerging, especially in the 90s and in the course of the first decade of the new century, to which the local private bankers were anything but extraneous. The main difference to the Turin case related to time – 'the darkest years of the economy of the new Kingdom'[50] were now in the past – and precisely this fact indicates that the general new economic climate was generating novel opportunities even in areas that had long been excluded from all new ferment. Thus it is in no way incidental that, in the early years of the century, Naples was the testing ground for the first law designed to favour industrial settlements in depressed areas.[51] The initiatives in which the private Neapolitan bankers took part were fairly numerous, and some of a certain significance. For example, the bankers Anselmi and Meuricroffe were the major shareholders of the SA Petrolio of Naples, a company set up in 1894, closed down and reincorporated in 1869, and strengthened by the entry of new shareholders in 1898, when the company name was changed to Società Meridionale per il Commercio del Petrolio – Napoli, a firm to trade oil. Then, in 1899, the firm Pavoncelli F. e G. was among the founders of the Società Napoletana per Imprese Elettriche, set up through the initiative of big electrofinance groups of Geneva. While the sector of the remittances of the emigrants was, in a certain sense the bread and butter business of the Neapolitan private bankers,[52] especially from the early twentieth century on we find the most famous names of the financial sphere in other sectors too: the banker Achille Minozzi took part in the incorporation of the Società Meridionale per Industrie Metallurgiche, and Tommaso Astarita in that of the Metallurgica Napoletana, set up in 1905; the firm Aselmeyer, Pfister & C. was the owner of the Officine di Sarno, while the bankers Meuricroffe, Cilenti, Labona and De Angeli were

[49] I. Balbo, *Banche e banchieri a Torino: identità e strategie (1883–1896)*, in *Archivi e imprese*, vol. 21, 1, 2000, pp. 79–85 (quotation is at p. 85).

[50] Luzzatto, *L'economia italiana dal 1861 al 1894*, p. 177.

[51] R. Petri, *La frontiera industriale: Territorio, grande industria e leggi speciali prima della Cassa per il Mezzogiorno* (Milan, 1990), pp. 20–23.

[52] L. De Rosa, *Emigranti, capitali e banche (1896–1906)* (Naples, 1980), pp. 109–12 and 445.

among the most committed underwriters when the Società Nazionale d'Industrie Meccaniche was set up.[53]

More widely known, instead, is the engagement of several families of entrepreneurs of Swiss origin (like Aselmeyer, Schläpfer, Wenner) in the cotton industry in the Salerno district. In a couple of cases, the Aselmeyer and the Schläpfer, they not only greatlyexpanded this activity but transformed themselves from industrialists into bankers. In the same sector, we should also mention the two Neapolitan bankers, who were at the same time Members of Parliament, the Pavoncelli and Arlotta (the latter, among other things, General Director of the Banco di Napoli from 1895 to 1897, when he was elected to the Chamber from the third constituency of Naples) who were the local leaders of the initiative which in 1905 led to the construction of the plants of the SA Ligure-Napoletana di Filatura e Tessitura in the duty-free area of the city. In 1906 instead, it was the Amedeo Berner firm (the owner of which was, inter alia, discount manager at the Neapolitan branch of the Banca d'Italia) and the Meuricroffe house that took part in the setting up of the Canapificio Napoletano, while just a few months later we find the Holmes and Alsemeyer firms among the shareholders of the newly set up Iutificio Napoletano.[54]

Instead, events of a completely different kind reveal how a large part of the banking world was still in thrall to a short-term speculative logic, to which the private bankers were not immune. In the 1880s, in fact, the urban development and the building speculation that had been launched practically in the wake of national unification reached giddy heights. In the first two post-unitary decades, activity in the building sphere represented the ideal terrain for the conjunction of interests and capital of different provenance (from banking, commerce, real estate, the land and agriculture) and the opportunity for financial combinations between private and public interests. The crisis came in 1887, in coincidence with the highest ever marked value of the 5 per cent Treasury Bonds issued to pay the debt of the pre-unfication States,[55] when it appeared clear that the growth potential of a market that aimed predominantly at the middle-upper brackets was not infinite, and expanded rapidly in the following years until it swept away precisely those who had been the prime movers in the construction boom, the property companies and the major banks in the country, the Credito Mobiliare and the Banca Generale.

Most of the private bankers escaped the most dire consequences of this development, even though many of them were involved in property business at both local and non-regional level. The most important property company operating on the Roman market was from Genoa, the Impresa dell'Esquilino, in the foundation

[53] L. De Rosa, *L'industria metalmeccanica nel Mezzogiorno, 1840–1904* (Naples, 1968), pp. 73–4 and 260; Fagiuolo, *Il banchieri privati napoletani*, p. 148.

[54] Ibid., pp. 154–5.

[55] Bianchi, *Appendice statistica*, p. 152.

of which the entire banking world of Genoa had taken part.[56] Moreover we also find the Milan house of Zaccaria Pisa, the Leghorn bank of the Bondi family, the Turin banking houses of Levi and Ceriana all engaged in the most important business connected with the urban redevelopment of Naples.[57] And this is not all. Once the storm had blown over, a number of new banking houses very adroitly insinuated themselves into the spaces left open by those who had succumbed to the property crisis of the late 80s, a clear sign that the sector offered interesting new opportunities. Thus, for example, the Banca Feltrinelli, which emerged after the most acute phase of the crisis, was able to exploit the chance of an important investment in Rome when it entered the liquidation of the Banca Tiberina, and in 1899 purchased a hefty slice of the properties of the Esedra; in 1903, through one of its affiliates, the Società Italiana per il Commercio degli Immobili, the same bank secured for itself a significant block of land parcels and real estate in Naples, Milan and Rome originating from two important liquidations administered by the Banca d'Italia.[58]

Effectively, that of the bank of the Feltrinelli family was not an isolated case. Having overcome the major slump of the late 1880s and early 90s, property fever began to rage again, even though this time it concerned the industrial areas and those destined to housing projects, while the Italian economy, by now much stronger, had developed potent antibodies that defended it against further crises originating from the property sector. The role of the private banks was not, on the whole, diminished, even if they were now flanked by the large commercial banks. As we can see in Table 10.1, between 1883 and 1894 only 5 new property companies were set up and of the 93 founder-shareholders, only 11 were bankers, while in the period 1895–1907 the new companies numbered 57 and among the 223 shareholders the bankers recorded were 12, and in the period 1907–1913 81 new property companies were set up with 318 shareholders of whom, again, 12 were bankers. The proportionately greatest involvement of private bankers took place in the second period, when we more frequently find the names of various private banking houses: Del Vecchio of Florence, Belloni e Friedschien, Feltrinelli and Zaccaria Pisa of Milan, and Ceriana of Turin.

[56] Doria, *Investimenti e sviluppo economico a Genova*, vol. II, pp. 349–67.

[57] Marmo, *Speculazione edilizia e credito mobiliare a Napoli nella congiuntura degli anni '80*, p. 668.

[58] L. Segreto, 'La formazione del patrimonio dei Feltrinelli', in Società Italiana degli Storici dell'economia, *Tra rendita e investimenti: Formazione e gestione dei grandi patrimoni in Italia in età moderna e contemporanea*, atti del Terzo Convegno nazionale, Torino, 22–23 novembre 1996 (Bari, 1998), p. 438. Banca Feltrinelli was set up in 1889 with the name of Banca Feltrinelli, Colombo & Co. and was renamed in 1896, when Colombo and other shareholders who were not members of the family sold their parts (ibid., pp. 436–8).

Table 10.1 Property companies set up in Italy and professions declared by the founders (1883–1913)

	1883–1894	1895–1907	1908–1913
companies	5	57	81
landowners	24	57	81
aristocrats	3	11	19
engineers	11	19	20
lawyers	8	14	21
industrialists	3	24	28
bankers	11	12	12
merchants	10	6	25
MPs	1	7	3
officials	–	–	2
accountants	1	7	16
retail traders	1	8	7
clerks	1	–	10
architects	–	5	4
master builders	–	1	3
surveyors	–	1	1
freelance professionals	–	–	3
clergy	1	8	21
women	–	12	13
not indicated	18	32	50
Total	93	223	318

Source: Ministero dell'Agricoltura, Industria e Commercio, Direzione generale del credito e della cooperazione, *Bollettino Ufficiale delle società per azioni*, parte I, *Atti costitutivi*, Roma, 1883–1913.

The Private Bankers and the Birth of the Mixed Banks

The period that opened with the setting up of the Banca Commerciale e del Credito Italiano did not, in general, lead to attenuation in the business of the private banks or to their being overshadowed. Undoubtedly, however, it induced a process of selection among the merchant banks which, nevertheless, in quantitative terms was revealed only by a reduction of their number in the major centres of the country, while in qualitative terms it materialised in the presence of the directors of some of the most prestigious – though not necessarily the oldest – of the banking houses in the management bodies of the mixed banks, in the syndicates set up to found or finance some of the most important

industrial undertakings or in considerable operations of trading.[59] The quantitative data recorded in Table 10.2, moreover, underscore an undeniable fact: the birth of the mixed bank and its increasingly capillary presence within the national territory did not cause any significant reduction in the number of banking houses in the major financial centres of the country up until the First World War. The demographic trends prove very irregular, and call for specific studies and analyses of the various local situations. What is certain is that the financial capital of the country, Milan, despite being home to the headquarters of three mixed banks, did not penalise the private bankers, since their number actually increased from 18 to 26 between 1896 and 1913. This was not the case in Rome, on the other hand, where the fourth mixed bank, the Banco di Roma, had its headquarters, and where the reduction was quite marked, with a drop in the number of banking firms from 23 to 16. The overall reduction in the number of private banks is a process that the sources can illustrate only for a limited period, but which had probably been under way for some time, and in any case illustrated the progressive reduction of the economic and financial importance of certain areas of the country,[60] as well as indirectly confirming the increased impact of the other credit institutes. If anything, what emerges is the fact that it was the years of the crisis in the building-property sector and the ensuing difficulties that also contaminated other industrial sectors, with very few exceptions, which generated an initial and much harsher process of selection among the private banking houses operating in the most important financial centres of the country, the number of which fell sharply by about 25 per cent over a period of ten years, dropping from 197 to 157.

Table 10.2 Private banking houses in the major Italian financial centres (1886–1913)

	1886	1896	1913
Milan	24	18	27
Turin	36	35	25
Genoa	32	34	35
Venice	17	5	7
Florence	22	15	12
Rome	35	13	16
Naples	31	37	19
Total	197	157	141

Source: *Annuario generale d'Italia*, various years

[59] The bank Manzi of Rome was used by the Banca Nazionale to trade the Italian bonds in Paris in 1890, M. De Cecco (ed.), *L'Italia e il sistema finanziario internazionale 1861–1914* (Rome Bari, 1990), p. 717.

[60] In Florence, for exemple the private banks were 27 in 1860, i.e. more than the double of their number in 1913 (Volpi, *Alle origini del capitalismo italiano*, pp. 289–90).

The growth of Milan, even for the private bankers, demonstrates the absolutely pre-eminent role of the city in the new industrial and financial equilibrium of the country, determined in a decisive manner by the mixed banks. As we know, these were set up principally by the German, Swiss and Austrian banks. Nevertheless, certain private bankers also played a far from secondary role in the affair. In fact, the founder members of the Banca Commerciale also included Giovanni Marsaglia, a member of the Turin banking house of the same name, who was later also a Director from 1894 to 1897, while another member of the same family, Luigi Marsaglia, became a Director in 1907 and remained on the Board up to 1919, and in the last four years even rose to the rank of Vice-President. Another private bank, the Raggio of Genoa, put forward two Directors, Edilio, Director from 1895 to 1906, and Carlo, in office from 1906 to 1926.[61] The Banca Marsaglia rapidly assumed a decisive role in the equilibrium of the Banca Commerciale. Effectively, starting from the increase of capital of 1907, the Turin house became the Italian representative in the syndicate for placing the shares of the bank, with a holding of 42.5 per cent alongside the Austrian-Swiss-German group led by the Bleichröder bank (42.5 per cent) and the Banque de Paris et des Pays Bas (15 per cent).[62] This was a clear sign that the Directors of the Banca Commerciale considered this private bank and its interlocutors in the private banking sphere the best instrument for penetrating the medium-high and high brackets of the Italian savers.

In the case of the Credito Italiano the bonds were even tighter. The German banks that had taken part in the founding of the bank had for some time been in business with the Treves house of Venice, which was not among the founders, but became a shareholder in 1903 when there was an increase of capital. The following year, the Venetian banker Alberto Treves became no less than Vice-President of the bank, coinciding with the passage of the Terni company into the orbit of the Commerciale – a sort of backdated recognition for the series of activities performed by Treves in favour of the steel company over the previous twenty years. Moreover, among the founder members were three important banking houses from three different centres: the Kuster of Turin, the Vonwiller of Milan (which simultaneously ceased activity, transferring its entire personnel to the Credito Italiano) and the Manzi house of Rome (it too in business relations with one of the German banks that founded the Credito Italiano, the Warschauer), which put at the disposal of the new bank one of its best men, Giacomo Castelbolognesi, who became first Director, and then later, from 1903, Vice-President.[63]

The third of the mixed banks, the Società Bancaria Milanese (renamed Società Bancaria Italiana from 1904 on), was also the smallest: it was in fact set up in 1898 with an initial capital of just 8 million lire, following the transformation of

[61] Banca Commerciale Italiana, Archivio storico, collana inventari, Serie I, vol. I, *Presidenza e consiglio d'amministrazione (1894–1934)* (Milan, 1990), pp. 28–9.

[62] A. Confalonieri, *Banca e industria in Italia. Dalla crisi del 1907 all'agosto 1914* (Milan, 1982), vol. I, pp. 383–4.

[63] Hertner, *Il capitale tedesco in Italia*, p. 175; *Storia di Milano*, vol. XV, pp. 1011–12.

the private Weill-Schott bank, founded in Milan shortly after the mid-century by a Jewish family that had emigrated to Milan from the Austrian Baden, and which was one of the most active and important of the city in the following decades.[64]

The constant presence of the principal private banks of the major financial centres of the country in the incorporation and/or the expansion of the capital of the mixed banks possibly represents the most telling clue on the path of research first proposed by Luigi Einaudi after the First World War. This impression is corroborated by other clues relating to the new clientele of the private banks from the 1890s on, even before the setting up of the mixed banks. The most crucial example is possibly the presence, alongside the Banca Generale, of the Banca Zaccaria Pisa and the Banca Feltrinelli among the financiers and shareholders of the Edison, the leading Italian electricity company, from 1894 on and – in an even more significant position – from 1896, when the intervention of the Banca Feltrinelli (and very probably of its friends and clients) was decisive in maintaining the majority of the capital of the company in Italian hands in the face of the offensive of the AEG and of the swiss electroholding Bank für Elektrische Unternehmungen.[65] From that time on, the two private banks continued to figure among the components of the banking pool that the Edison could count on, both after the replacement of the Banca Generale with the Banca Commerciale (in 1894), and when, in 1918, the Banca Italiana di Sconto took over from the Commerciale.

Another highly relevant factor consists of the project, conserved in the Feltrinelli archive and most probably dating to 1895–96, illustrating the guidelines for a prospective merger between the Società Metallurgica Italiana and the Società delle Miniere di Montecatini. The project was drafted in French, a circumstance that can be explained by the interests in the Montecatini company of the French groups led by the Parisian banker Jules Rostand, Vice-President of the company up to 1893, and by Maurice Piaton, Director from 1894 to 1899 and Managing Director in 1895. The text effectively shows how this private bank was acting like a modern merchant bank, knitting up relations with international finance that were no longer aimed simply at operations of a strictly banking kind, but rather of financial engineering in the industrial sphere.[66]

From the 1890s on, therefore, the private banks not only accompanied, but at times even anticipated or paved the way for the mixed banks in the relations that the latter were beginning to knit up with frequently pre-existent industrial enterprises. There is no business deal of a certain importance that does not feature one or more private

[64] V. Poggiali, *Storia della Banca Morgan Vonwiller* (Milan, 1969); Bonelli, *La crisi del 1907*, pp. 29–30; Hertner, *Il capitale tedesco in Italia*, p. 191; G. Maifreda, 'La costruzione di un rapporto fiduciario: Francesco Crispi e la banca Weill-Schott', in *Archivi e imprese*, vol. 16, 1997, pp. 285–6.

[65] C. Pavese, 'Le origini della Società Edison e il suo sviluppo fino alla costituzione del "gruppo" (1881–1919)', in B. Bezza (ed.), *Energia e sviluppo: L'industria elettrica italiana e la Società Edison* (Turin, 1986), pp. 72–8.

[66] Segreto, *La formazione del patrimonio dei Feltrinelli*, p. 436.

banks in a decisive position. The works of Antonio Confalonieri are packed with references to financial operations – the setting up of joint stock companies, frequently following the transformation of pre-existing private firms or limited partnerships, the formation of syndicates for shares placement on the occasion of capital increases, credit facilities – implicating the private bankers, frequently alongside the mixed banks. For ease of reading, we reproduce below a table that has been constructed utilising simply this source, which, as illustrated by the cases cited above from Turin to Naples, by now appears as solely indicative and in no way exhaustive.

Table 10.3 Private bankers involved in financial operations in favour of industrial enterprises (1884–1913)

Sector	Enterprise	Private banker
cement	Industrie calce e cementi	Prandoni
chemical	Unione Concimi Carburo Fabbriche riunite fiammiferi	Jarach, Pisa Nast Kolb Prandoni
cotton	De Angeli Cotonificio Veneziano other non-specified companies	Pisa De Fernex, Marsaglia, Sella, Prandoni Pisa, Vonwiller, Prandoni Belinzaghi, Weiss, Ceriana
electricity	Edison Forze Idrauliche della Maira Idroelettrica Ligure Illuminazione di Venezia Cellina Sviluppo Imprese elettriche Trazione elettrica su ferrovia Unione Esercizi Elettrici Negri Illuminazione di Firenze	Treves, Feltrinelli, Pisa Pisa Manzi Treves Papadopoli Manzi Manzi Bellon Belloni Bondi, Wagnière
foodstuffs	Ligure Lombarda Semoleria Italiana	Raggio Bozano, Borgnini
mechanical	Officine Ansaldi Fiat Carminati e Toselli	Pisa Ceriana, De Fernex Marsaglia
mining	Montecatini Fernex Ligure Ramifera	Grasso, Vonwiller, Kuster, De Ferrari
oil	Società Oli Minerali Reinach	Kuster Prandoni
steel	Piombino Falck Metallurgica Tempini Terni	Bondi, Raggio Feltrinelli Feltrinelli Treves, Lenci, Ambron

To mention only the most outstanding cases, we go from the setting up of Fiat in 1899 (which featured the Ceriana house among the founder members), to the financial intervention in Montecatini on the part of Vonwiller and the Turin bankers Kuster, Grasso and De Fernex in the early years of the twentieth century, to the participation of the Manzi house in the foundation of the financing company for the electrical sector of Siemens, the Società Nazionale per Industrie e Imprese Elettriche in 1898, to the growing involvement of the Bondi bank in the Società degli Alti Forni of Piombino, which progressively became the principal investment of the family starting from 1905–06, to the financial connections between Feltrinelli and Metallurgica Tempini and the Falck, to the financing of the Unione Concimi by Jarach and Zaccaria Pisa. The presence in the cited cases of almost all the sectors of the second industrial revolution confirms that certain ancient bonds (with the silk sector and the textile sector in general) were by now only one of the aspects – and certainly not the most important – of the new relations between private banks and industry.

The insistent recurrence of certain names probably indicates that, towards the end of the nineteenth century, a new process of functional 're-specialisation' was taking place among certain major private bankers after a very lengthy phase of de-specialisation that had led all the operators in the sector to deal with a huge variety of activities (from banking in the strict sense to commercial activities and stock trading). The term 'private banker' continued to comprise a vast variety of figures, but the professional profile of certain of these began to be more in line with the economic climate of the time.

This new functional specialisation does not appear to have been at the expense of other factors and characteristics that had up to then distinguished the world of the private bank: a relationship of personal trust, and the most absolute discretion and confidentiality. Practices and relations of trust that had gradually developed from the end of the 1880s, networks of friendship and personal connections, explain the reasons at the basis of many of the relations which the private bankers managed to set up with the industrial entrepreneurs. We can moreover plausibly argue that, when the prime mover in a financial transaction was a mixed bank (as was increasingly more the case from the mid 1890s on) it was in the interests of the latter to aggregate the private bankers in certain operations, not so much or not only to alleviate its own position, as much as to guarantee the complete success of certain operations, such as the placement of a security, with the various urban élites (*rentiers*, aristocrats, freelance professionals, etc.). Effectively, on account of their status and habits, the latter groups had a greater ease and frequency of relation with the private banker who, in a certain sense, was part of the same system of social and cultural values professed by such milieux, and unquestionably more so at the time than a high-ranking bank official.[67]

[67] A.M. Banti, *Storia della borghesia italiana: L'età liberale* (Rome, 1996); M. Meriggi, *Milano borghese: Circoli ed élites nell'Ottocento* (Venice, 1992); P. Macry, *Ottocento: Famiglia, élites e patrimoni a Napoli* (Turin, 1988).

Writing in 1921, Pietro Palumbo confirmed that the banker was 'in a fairly favourable position in relation to competition with the banks. Many operations could be performed by him alone, and once he had managed to set up around himself an environment of trust and esteem, the capitalists, merchants and industrialists found it easier to apply to him than to a banking institute'.[68] This statement may appear paradoxical, but it highlights a certain truth which the financial historian has taken little account of. Only in much more recent times have a handful of studies begun to consider as essential to the training of a banker that set of personal and professional values that are functional to the consolidation of his business,[69] encouraging a different way of observing the world of the private bankers. Then there is another element that provides indirect confirmation of the pregnancy of such observations. The opening of a branch of a mixed bank in a city, which on more than one occasion took place through the acquisition of the control and then the takeover of a leading local banking house, should be interpreted not so much and not only as the inevitable victory of the giant over the financial pygmy, but rather as a tangible recognition – which was frequently also formalised through the assignment of management positions – of the role of the private banker in paving the way for the new, powerful bank entity. We can consider the case of Credito Italiano (certainly not an isolated case, a more profound study would be certain to bring out a string of other viable examples) which opened its Naples branch in 1905 after having taken over the Meuricroffe house, entrusting the management to John Meuricroffe, the last descendant of the family of Swiss origins that had founded the banking company towards the end of the eighteenth century.[70]

On the other hand, if we take even a swift glimpse beyond the outbreak of the First World War that marks the implicit temporal horizon of this contribution, we can note elements that confirm the notion of the private banker's enhanced capacity to 'intercept' – or at least to be the first to do so – a certain type of demand, such as that emerging from the more complex articulation of Italian society that was partly coincidental and partly a direct consequence of the conflict and of the phenomena of enrichment permitted by the particular conditions in which business was performed. This possibly explains the substantial stability in the number of private bankers in the decade 1913–24, but also the growth of the war years which brought the figures for the seven major financial centres of the country back to the levels of 1896. As against this, precisely the greater complexity of the requirements of this new clientele, and above all the combination of these with the greater restraints and controls introduced by the political and monetary authorities in the 1920s and 1930s, help to explain the literally vertical plunge that the private bankers experienced in the years leading up to the new banking law, issued in 1936.

[68] Palumbo, *Banchieri privati*, p. 14.

[69] Maifreda, *La costruzione di un rapporto fiduciario*; Maifreda, *Banchieri ebrei*; Garruccio, *Otto Joel alla Banca Generale*, pp. 159–99.

[70] B. Gruber-Meuricroffe, *Die Familie Meuricroffe in Neapel*, s. l., 1970, pp. 29–32.

Table 10.4 Private banking houses in the major Italian financial centres (1913–1936)

	1913	1917	1924	1936
Milan	27	26	35	6
Turin	25	32	22	7
Genoa	35	39	29	8
Venice	7	7	5	0
Florence	12	12	9	6
Rome	16	17	30	4
Naples	19	18	11	11
Total	141	153	141	42

Sources: *Annuario generale d'Italia* (Rome, 1913); *Annuario delle banche italiane – Guida statistico-monografico della Industria bancaria* (Naples, 1917); U. Gozzini, *Dizionario delle banche, banchieri e casse di risparmio* (Ancona, 1924); Banca d'Italia, *Struttura funzionale e territoriale del sistema bancario italiano 1936–1974* (Rome, 1977).

Obviously, the comparison between private bankers and the mixed banks cannot be posed in merely quantitative terms (and this is moreover prevented by the sources at least up to the mid-1920s, and even after they render it of little interest).[71] Nevertheless, it appears clear that, at least in the period between the mid-nineteenth century and the First World War, the role of the private bank in the process of Italian industrial development cannot be ignored, and on the contrary needs to be attentively appraised. In this way, very plausibly, not only will the private banker be given the attention he deserves, highlighting all the transformations which one of the most ancient economic and social figures went through in this period, but it will also be possible to better appreciate the modes and paths through which entities extraneous to the Italian banking culture, that is the mixed banks, managed to consolidate their position in the country.

[71] R. De Mattia (ed.), Banca d'Italia, *I bilanci degli istituti di emissione italiani 1845–1936* (Rome, 1967), vol. II, p. 913.