

Luciano Maffi, *Private Bankers in the Italian 19th Century. The Parodi of Genoa in the National and International Context*, Palgrave, London, 2020.

Luciano Maffi's book describes the history of the Italian banking sector starting from the Middle Ages. The history of the Parodi bank is analysed within the context of the evolution of the banking know-how and techniques along with its relationships with the city of Genoa. A world's leading financial city in the mid and early modern age, in modern times Genoa remained a relevant financial centre, at least within the borders of the Italian peninsula. Banco di San Giorgio (*Casa delle compere e dei banchi di San Giorgio*) has been a landmark in banking operations and financial innovations since 1408. However, the end of the modern age did not mean the end of Genoese banking capabilities. Maffi's thesis highlights the leading role of the Parodi bankers not

only in pre-unified Italy, but also in the business activities developing after the political unification.

In the second chapter, "The Parodi Bankers", the author underlines the relevant role played by the Parodi bank in modern age. As a private banker, Parodi operated within two economic spheres: credit and finance. Deposits, also, had a pivotal role within all of the private bank's business activities.

In the third chapter "Banking institutions" Luciano Maffi embeds the Parodi bank in the lively financial city of Genoa, which proved to be still a relevant financial centre. The founding of *Banca di Genova* in 1844 is the evidence of the city availability of financial resources and savings. In those year Genoa became "one of the modernizing hubs of the economic structures of the Sardinian state". The relevant bank's role is proved with the merger with *Banca di Torino*, giving birth to a National Bank (*Banca Nazionale*). The latter, which benefitted from an issuing privilege, played a sort of 'non-official' role of central bank until the founding of the Bank of Italy (*Banca d'Italia*) in 1894. However, under the Cavour age of free trade, the city benefitted, and at the same time suffered, from the inflow of foreign credits arriving especially from Great Britain. The credit needs of the Sardinia Kingdom opened the gate to foreign banks. For instance, Hambro bank floated piedmont securities on the London Stock Exchange in 1855. These activities were a financial boost for local private bankers. Moreover, trade on government securities with international players increased inter-state connections with powerful foreign bankers. The increasing public spending of the Kingdom of Sardinia attracted also other bankers such as the powerful Rothschild. The latter, indeed, tried also to establish a second-issuing bank in the Kingdom: the *Banca Sarda*. It was a strategy to extend its financial influence to the detriment of its British financial ascendancy within the Kingdom.

In chapter 4 "Financial Intermediation", the author highlights the increasing influence of the Parodis. In the 1840s the Parodis business activities reached their peak in term of solidity, reputation and connection with other private banks, in Italy and abroad. The bank managed to complete several financial operations, such as public loans, investment in joint-stock companies (banks, railroads, mines, and maritime transport). Even though its gross business volume was smaller than the ones of Rothschild, Pereires or Hambros, the Genoese bank applied the same business *modus operandi*. Moreover, in these years, the Parodi bank increased its influence at the Papal court via the Torlonia family, which played a leading role in managing and financing the Pope finances.

The role of this kind of private banks was pivotal also to Cavour's

strategy. The recourse by Piedmont to the international capital market, which meant giving Rothschild (or other foreign bankers) the leading role in negotiating and floating the loan, was pivotal to Cavour political agenda but less important in boosting the local financial market. The problem wasn't the limping financial capability of local bankers in responding to the state financial needs, but the lack in sustaining them in the long run with low interests rate. The intermediation of foreign bankers was pivotal to the Kingdom of Sardinia itself and later on to the Kingdom of Italy, at least until 1866.

In chapter 5, "Private Bankers in the Economic and Political System of Unified Italy", Maffi mainly highlights the leading role of private bankers in boosting investment in the Italian peninsula. However, foreign bankers still had a fundamental role in financing public spending thanks to the preeminent connection with London and Paris stock exchanges. The Parodi bank, as reported in chapter 6 "The Parodis after Italian Unification", benefitted from the extension of the market to other Genoese businessman. Giorgio Doria reported that the city invested 80-85 million lira of savings in the financial market: a remarkable quota. Genoa, indeed, held the most important Italian stock exchange.

However, in the 1870s, private bankers suffered a general setback due to the emergence of public banks and the unfolding changes of the economic system. Private banks, such as Parodi, shifted to most profitable businesses to keep themselves afloat. They turned into investment banks with interests in stocks and bonds and afterwards (1880s) in railroad companies.

In a country with few real productive fields of investment, real estate speculation became an irresistible temptation of profit-making. Genoese investors, which held a large part of the shares of *Credito Mobiliare* and *Banca Generale*, suffered deep losses after the crisis of 1893-1894 caused by real estate speculation in Rome and other Italian cities; the losses amounted to almost 15-16 million of lire and Genoese *Banca Bingen* went into bankruptcy in 1895.

Among other investments, Parodi bank was mainly involved with *Credito Mobiliare Italiano*, which invested more than 2 million lira between 1868 and 1870, a huge amount if we think that the aggregate value of the bank stock was around 6 million lira. The crisis of 1894-95 was a real danger to Parodi business. *Credito Mobiliare Italiano* was closed and the bank announced the ending of profits as well as a general negative impact on shares and assets.

Parodi bank never recovered from this setback. However, this study proves the role of private bankers in stimulating the proliferation of business activities in pre-unified and unified Italy, facilitating credit

expansion and boosting financial activities. Furthermore, Luciano Maffi highlights the hitherto important role Genoa still had in modern time. The author's ability is to contextualize the local dimension into the wider national landscape putting it in relations with the international events, which deeply affected the evolution of Italian economy. In conclusion, reading the history of Parodi bank it is possible to understand the evolution of the Italian economic and social history of the nineteenth-century.

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