

**Martin Wasserman**, *Las obligaciones fundamentales. Crédito y consolidación económica durante el surgimiento de Buenos Aires*, Prometeo libros, Buenos Aires, 2018, pp. 1-341.

Martin Wasserman's book explores the economic role of credit in the nascent city of Buenos Aires in the seventeenth century. The research covers not only local credit but also extends to intra-regional and trans-Atlantic circulation.

The work delves into different credit practices and investigates the various instruments; the author highlights the great importance of credit and shows how the practices adopted resembled those already in use for some time in Europe. The research exploits unpublished and original sources from Argentina's General Archive of the State.

In most countries, even highly developed economies, poor households have little or no access to credit owing to their lack of creditworthiness. This harsh fact of life was commonplace in pre-modern Europe, given that most of the population had to struggle for mere subsistence. The basic uncertainties of life and of the family cycle were a constant source of vulnerability: unemployment, disease, old age, widowhood, excessive numbers of children.

Some Italian areas, in particular the Papal State, suffered from endemic economic crisis caused by financial problems, public debt and budget deficits, which illustrated the need for assistance and highlighted the Church's care for the poor and the needy. Western society, with its Christian roots, has never been indifferent to the problem of poverty, out of concern for charity and justice and also to guarantee orderly civil coexistence. Throughout its history Western society has responded to poverty with a series of institutional innovations, each implying a definite idea of the nature of poverty and reflecting the basic characteristics of the surrounding society, especially as regards relations between private and public, religious and secular. The institution of pawnshops in the Middle Ages constituted an effort to formalize and institutionalize microcredit, allowing masses of people to access credit secured by

their personal possessions.<sup>1</sup> Ethical and social concerns induced the cities of Renaissance Italy to promote community-based credit bodies (*Monti di Pietà*) to protect and assist borrowers.<sup>2</sup> These public pledge banks were a remarkable innovation, but their diffusion was far from universal. In most of Europe, more business-oriented forms of pawnbroking thrived, but ethical concerns never lagged far behind. The topic has not been central to the thinking of economists and historians, but pawnbroking was an essential factor in the economic life of medieval society and continued on even into modern times. The pawnshops were governed by the public authorities; they spread rapidly as charitable institutions of religious inspiration. As they extended through various Italian regions they were assisted by the Franciscan order and were accordingly marked with a strong ethical and religious motivation.

The main objective was to free the subsistence consumption of the less well-off classes from the high interest rates, denounced as usury, set by lenders, especially Jews. The pawnshop made small loans at low

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<sup>1</sup> On the importance of pawnbroking see: A.L. Minkes, "The Decline of Pawnbroking", in *Economica*, 20, 1953, pp. 10-23; E.M. Hussellman, "Pawnbrokers' Accounts from Roman Egypt", in *Transactions and Proceedings of the American Philological Association*, 92, 1961, pp. 251-266; R. Bordone (ed.), *L'uomo del banco dei pegni. Lombardi e mercato del denaro nell'Europa medievale*, Turin, 1994; M. Carboni, M.G. Muzzarelli (eds.), *I conti dei Monti. Teoria e pratica amministrativa nei monti di pietà fra Medioevo ed età moderna*, Venice, 2008; A. Furio, "Crédito y endeudamiento el censal en la sociedad rural valenciana (siglo XIV-XV)", in *Señorío y feudalismo en la península ibérica*, ss. XII-XIX, Zaragoza, 1993, pp. 501-534; and M. Carboni, M.G. Muzzarelli (eds.), *In Pegno. Oggetti in transito tra valore d'uso e valore di scambio (secoli XIII-XX)*, il Mulino, Bologna 2012. See also I. Checcoli (ed.), *I Monti frumentari e le forme di credito non monetarie tra Medioevo ed Età contemporanea*, il Mulino, Bologna, 2015.

<sup>2</sup> T. Fanfani (ed.), *Alle origini della banca. Etica e sviluppo economico*, Bancaria Editrice, Rome 2002, in particular pp. 7-46. See also, for policies of investment, credit and solidarity, G. Boschiero, B. Molina (eds.), *Politiche del credito, investimento consumo e solidarietà*, Arti Grafiche, Asti 2004.

interest rates but with the security of the property pledged.<sup>3</sup> Wasserman's study thus forms part of an established line of research on the economic system. The book is composed of eight chapters. The first chapter (*Una sociedad desacreditada: Buenos Aires en el siglo XVII*) describes the nascent city of Buenos Aires, the institutional design and credit instruments of the Crown, and the way they were used on the basis of laws, restrictions and local conflicts. Chapter II (*Reditos elevados, negocios arriesgados y crédito necesario*) sets out the monetary and economic problems of the local economy. This chapter relates directly to the next (*La centralidad de las practicas crediticias y la diversidad de sus instrumentos*), in which credit is analyzed as essential to meet the need for working capital. The logic of allocation that guides those who turn to credit is examined and described. Chapter IV (*Una institución central: la escribania y el crédito notarial*) concerns an important institutional aspect of credit, namely notarial deeds. Chapter V (*La obligación de pago: el crédito y la legal transgression a las leyes*) affords us better understanding of the subscription of obligations, in particular for the activity of merchants and for interregional and trans-Atlantic economic relations. Chapter VI (*Más allá del interés y de las personas: criterios de asignación en el crédito notariado*) investigates systems of allocation of credit by notary obligations. Chapter VII (*La medación notarial en el crédito: información y conexiones*) deals with notaries as intermediaries. The last chapter (*El censo consignativo. Iglesia y gravamen en la configuración inicial de Buenos*

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<sup>3</sup> M. Carboni, M.G. Muzzarelli, V. Zamagni, *Sacri recenti del credito. Sedi e storia dei Monti di Pietà in Emilia Romagna*, Marsilio, Venice, 2005; M. Carboni, M.G. Muzzarelli, *I conti dei monti*, cit.; M. Carboni, M.G. Muzzarelli, *I monti di pietà fra teoria e prassi: quattro casi esemplari: Urbino, Cremona, Rovigo e Messina*, il Mulino, Bologna 2009; D. Montanari, "Mons Omnibus subvenit. I Monti di pietà fra credito e carità", in *ibid.*, (ed.), *Per il quinto centenario del Monte di Pietà di Brescia (1489-1989)*, Travagliato, 1989, pp. 15-16; D. Montanari (ed.), *Monti di Pietà e presenza ebraica in Italia (secoli XV-XVIII)*, Bulzoni editore, Rome, 1999; and P. Avallone, *Il Credito su Pegno e I Monti di Pietà in Area Mediterranea (15-19 Secolo)*. Naples: CNR, 2007.

*Aires*) goes into greater depth on taxation and the role of the Church. The book is completed by five in-depth appendices, data, and an extensive bibliography.

As the author points out (pp. 75-76) credit was important both for local consumption (among other things, to compensate for temporary penury) and for long-distance trade. Hence the introduction and development of instruments, public and private, to provide credit to those who needed it.

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