

State Intervention and Italian Savings Banks

1. Requests Made to the Government

The repeated criticisms made against the Lombard Provinces Savings Bank before and during the Turin Congress (without any indication of who the target was, though it was obvious) for allowing the permanent commission in its charge to stagnate, must have weighed quite heavily on the bank in question. The more so as its president, Senator G. Speroni, ignored the request to convene the permanent committee¹ by delegating all undertakings relating to the Bologna Bank, including organising and holding a Congress in Turin with other banks, but without taking part in it. This behaviour emphasised Cariplo's detachment from the ordinary savings banks movement, and allowed the Hon. Marquis Cesare Ferrero Di Cambiano, President of the Turin savings bank, to emerge from the Turin Congress discussions to preside over their meetings.²

However, the provisional committee that the Turin Congress formed had not wanted to break with the Milan savings bank completely, and had included Sen. Speroni on the Committee, even if it had appointed Di Cambiano as President of the Turin Savings Bank, while the representatives of the savings banks of Bologna,³ Verona,⁴ Turin,⁵ Genoa,⁶ Imola,⁷ Cosenza,⁸ Florence⁹ and Palermo¹⁰ became its committee members. But it was never reported in the Committee minutes that the delegate of the Milan Savings Bank ever took part in the meetings.

In 1912 besides being President of the Turin Bank, Di Cambiano was also member of the House of Deputies. He was a long-standing parliamentarian as he had been elected deputy in the 5th Turin College on 10 June 1895, and al-

¹ It is no chance occurrence that in the Committee Meeting, which the Bologna Savings Bank organized at its head office on 22 June 1919, not only did Sen. Speroni fail to take part, but also the entire assembly who were all members of the Committee had no hesitation in deploring the Committee's action, and hence that of its Chairman, i.e. the Milan Savings Bank, since "from its constitution" it had given "few signs of life". Although appointed in his absence Sen. Speroni did not even appear to preside at the Turin Congress.

² *Ibid.*

³ Advocate E. Silvani, as secretary.

⁴ Advocate Gianni Grigolatti, as secretary and Ettore Calderara as counsellor.

⁵ Commendatore Franco Franchi, Director of the Turin savings bank, as vice secretary.

⁶ Advocate Rodolfo Novella, as counsellor.

⁷ Advocate Luigi Paolini, as counsellor.

⁸ Signor Ugo Trocini.

⁹ Commendatore Nicolò Martelli.

¹⁰ Commendatore Eduardo Barbaro.

ways re-elected thereafter. In his new role as President of the Association of Italian Savings Banks (*Associazione delle Casse di Risparmio Italiane*, hereafter the A.C.R.I.), together with the presidents of the savings banks of Rome,¹¹ Verona,¹² Genoa¹³ and Palermo¹⁴ and with the directors of the savings banks of Florence¹⁵ and Bologna¹⁶ as members of the Presidency Office he immediately presented F. S. Nitti Minister of Agriculture, Industry and Commerce in his 4th Giolitti Ministry with the conclusions reached at the Turin Congress, which were summarised in 5 requests, as follows: 1) legislative provisions for protecting the deposits at credit and national insurance institutions not subject to the 1888 Law. Thus, when panic broke out among their depositors, it also spread to the depositors at the savings banks and the *Monti di Pietà*; 2) savings banks' exemption from mortmain duty; 3) taxation with R. M. tax of savings bank income only in category B; 4) subjection to a single tax for savings bank loans to municipalities and provinces; 5) tax relief on loans granted by the Savings Banks to trading companies¹⁷. Some days after receiving the delegation, Nitti wanted to assure Di Cambiano¹⁸ that he had examined the requests that had been made "most carefully", and intended to recommend them to the Minister of Finance, whose authority they fell under; but he informed him that "legislative provisions were being studied and designed to protect the deposits at the credit and national insurance institutions that were different from the savings banks". However, he turned down the banks' request to prohibit other banks from issuing savings bankbooks, since this was in keeping with the law. A month after Nitti's letter, when the Executive Committee met to carry out the mandate entrusted by the Turin Congress, Di Cambiano had already been appointed representative and spokesman on behalf of the Italian Savings Banks.

2. Towards a Savings Bank in Tripoli

By April 1912, 114 of the 184 savings banks existing in Italy¹⁹ had already joined to form the A.C.R.I., which the above-mentioned committee had been called upon to assist in creating and rendering operative. A month later²⁰

¹¹ Prince D. Mario Chigi.

¹² Advocate Ettore Calderaia.

¹³ Advocate Rodolfo Novella.

¹⁴ Prof. Andrea Guarnirei.

¹⁵ Nob. Commendatore Nicolò Martelli.

¹⁶ Advocate E. Silvani.

¹⁷ Acts of the 2nd Congress, *op. cit.*, pp. 263-267.

¹⁸ Letter dated 7 March 1912, *ibid.*, pp. 269-270.

¹⁹ The A.C.R.I., *Verbali del Comitato esecutivo dal 1912 al 1918*, vol. 1, 10 April 1912, p. 1 (hereafter The A.C.R.I. Verbali).

²⁰ *Ibid.*, 13 May 1912, p. 5.

these had become 133 and in July 1912 137,²¹ thanks to the work carried out by Silvani²² as well as by Grigolatti.²³ Entire regions remained outside the A.C.R.I., including Emilia and the Marches, whose savings banks had not become members, while others, such as those of Legnano, Padua and Rovigo, appeared hesitant to do so.

From its very first meeting the Committee had set itself the task of preparing the rules and regulations for the terms of art. 17 of the Statute approved by the Turin Congress, and in the meantime had made provision for its offices and personnel by using the premises and staff generously left at its disposal by the Bologna Savings Bank²⁴ and taking on legal consultants from outside. In July 1912 the regulations were drafted, discussed, approved and issued to the press.²⁵ In the provisional regulations it was stipulated that the appointment of the directors would be deliberated on the day following the end of the Association's first financial year. The problem of communicating with the member savings banks was also resolved, first through an internal bulletin to the Association and then from 1913 onwards through a "regular company periodical".²⁶ Provision was also made for withdrawing property funds of the previous permanent committee from the Milan savings bank where they had been deposited.²⁷

The dynamic activity Di Cambiano had imprinted on the Committee was in clear contrast to the inaction of its previous president, and probably contributed towards heightening expectations in that the A.C.R.I. was convinced it could carry out a key role in establishing the banks' influence in the country's economic and social life.

An early sign of this conviction was the proposal to set up a savings bank at Tripoli, a city that had been garrisoned by the Italian army for a little more than six months, without the troops being able to advance far inland. The savings bank was to be given a surety fund from gratuitous contributions received from the ordinary savings banks who were A.C.R.I. members,²⁸ and to be set up in the shortest time possible.²⁹ But as the weeks gradually passed, the original enthusiasm gave way to more mature reflection that was less favourably disposed towards the enterprise than that shown initially, considering that trade in Libya was "still in a primitive state" and that opportunities for performing paper and mortgage credit operations in that country were

²¹ *Ibid*, 12 July 1912, p. 5.

²² Representative of the Bologna savings bank.

²³ Director General of the Verona savings bank.

²⁴ *Ibid*, pp. 2 and ff.

²⁵ *Ibid*, 12 July 1912, pp. 19-28.

²⁶ *Ibid*, pp. 22-23.

²⁷ *Ibid*, pp. and ff, 16 November 1912, p. 29.

²⁸ *Ibid*, 13 May 1912, p. 10-11.

²⁹ *Ibid*, p. 12.

scarce. Moreover, considerable capital would be needed to keep the bank afloat in its early days which were predicted to be "neither prosperous nor easy".³⁰ The statute of the much-talked-about Tripoli savings bank was drawn up and discussed in the December 1912 session.

In the national excitement marking those months, Silvani even went beyond the proposed setting up of the Tripoli savings bank, claiming that a savings bank like this should "have its sights extended beyond the borders of the Libyan colony". He proposed naming the new organisation *The Libyan Colony Savings Bank* "or something similar". But Di Cambiano dampened his enthusiasm by warning him that "when we have learnt from experience we will be able to set about creating other saving banks which will carry on their work throughout the Italian colonies, forming a Federation that will have its natural headquarters in our association". It eventually received the name "*Libyan Provinces Savings Bank*".³¹

Such enthusiasm found no support among the government. Some six months after the submission of the Savings Bank Statute for approval, the Minister of Agriculture, Industry and Commerce had not yet granted authorisation for it to be set up. He had, in fact, stipulated that on the basis of a recent decree, in addition to his own authorisation the statute also required that of the Ministry of the Colonies since the bank had to carry out its activity in a colonial setting.³²

But as late as the beginning of August 1913 it had not been possible to present the Ministries of the Colonies with the request for authorisation since the national insurance system in the colonies had not yet been defined. The two Ministries (i.e. of Agriculture, Industry & Commerce, and of the Colonies) continued to debate the problem regarding their competencies for the matter in question, in view of the fact that the law on the savings banks had not been extended to the colonies.

Nor was it easy to set up shop in Tripoli. There were no suitable premises and the National Bank for Industrial Accidents which had sent its delegate to the area was convinced that the only solution was to construct an office of its own, a so-called "Welfare Building". Di Cambiano was of the opinion that the proposed Bank of the Libyan Provinces might be set up in certain premises in the building in question once it had become active. Meanwhile, he thought it expedient to defer their decision which would have created "certain economies" since "the cost of living in Tripoli [was] exorbitant and it would have cost very much to keep staff there".³³

³⁰ *Ibid.* 12 July 1912, pp. 23-24

³¹ *Ibid.* 13 December 1912, pp. 39-60.

³² *Ibid.* 31 May 1913, p. 79.

³³ *Ibid.* 5 August 1913, pp. 86-87.

3. For a Savings Bank in Sardinia

Fired by the desire to set up savings banks everywhere, as in fact the A.I.S.B statute recommended, the Committee had turned its attention to Sardinia in addition to Libya. The idea of creating a savings bank in Sardinia had come to Di Cambiano during a trip that he had there made through the encouragement of some of his colleagues and local friends.

Di Cambiano had pointed out the difficulties, including the fact that the other credit banks, meaning Banco di Napoli, performed the service of collecting savings on the island. He had, however, presented the idea to the Committee which approved it, and gave the president the mandate to make provisions for the related procedures.³⁴ Di Cambiano had appointed avv. Grigolatti to go to Sardinia together with Councillor Franchi³⁵ in order to involve the local authorities there. But the island visit did not produce any positive results. The local councils and provinces only promised that if the Sardinia savings bank were set up they would entrust it with provincial and council treasury and tax operations.³⁶ However, this lack of success did not discourage the A.C.R.I. which, having decided to create the savings bank, pledged to contribute a sum of 3,000 lire to its endowment fund and to invite each of the member banks to pay at least 1,000 lire, besides pledging to supply the business fund with the payment of a further 20,000 lire. The statute was readily drawn up. Besides establishing in its 34 articles the bank's headquarters, aims and objectives, capital, organs, administrative procedures, collecting methods and uses of the capital it received in deposits, it also established the bank's legal offices at the A.C.R.I., which, as we have already mentioned, was at that time located in Bologna.³⁷ At the same time Di Cambiano was appointed to complete the acts and procedures required by law and the regulations.³⁸ Three months later the statute of the proposed Sardinia savings bank was modified and an article was included reserving for the A.C.R.I. the presidency over the shareholders' meeting as well as that of the board of directors.³⁹ But the decree for the bank's recognition from the Ministry never arrived, despite Di Cambiano's solicitations.⁴⁰ The Ministry had raised certain reservations about the A.C.R.I.'s predominance in managing the bank; and in order to obtain authorisation the Committee had accepted the variants as requested,⁴¹ but it was

³⁴ *Ibid.*, 18 November 1912, pp. 37-38; *Ibid.*, 10 February 1913, p. 61.

³⁵ Director General of the Turin savings bank.

³⁶ The A.C.R.I., *Verbali*, 31 May 1913, pp. 80 and ff.

³⁷ *Ibid.*, 5 August 1913, pp. 91 and ff.

³⁸ *Ibid.*, p. 100.

³⁹ *Ibid.*, 5 November 1913, pp. 102-104.

⁴⁰ *Ibid.*, 13 February 1914, pp. 10-11.

⁴¹ *Ibid.*, 14 February 1914, p. 14-15.

unsuccessful. At the beginning of July 1914 the Committee once again urged the Ministry to issue the decree,⁴² but the Ministry pressed for further modifications to the statute. Again, the Committee asked for them to be accepted. Thus the curtain fell on the proposed undertaking. Nothing was done about it, despite the fact that the Minister, in pressing for further amendments, had declared himself "happy to put his signature to the decree of the constitution of the Sardinia savings bank", should they have been accepted.⁴³

It is difficult to say now whether progress towards the decree had been hampered by the worsening of the international situation which during July 1914 was moving headlong towards the World War, or by the sense of panic which had seized the depositors of the credit institutions and those of the savings banks, in view of the imminent war.

Whatever the facts, the Committee had been actively involved in creating the bank, although the Bank of Naples was active in Sardinia with its savings bank, branch offices and agencies. The bank had been present in Sardinia for ten years, and had been urged to settle there after the Sardinian savings banks had been liquidated. The tenacity and determination with which the A.C.R.I. Committee had pursued its plan to create the Sardinia savings bank had so irritated the Bank of Naples that its Director General, N. Miraglia, had informed Di Cambiano of his intention to withdraw his own A.C.R.I. membership on the expiry of the triennium to which he had committed himself. Neither was Miraglia deterred by the fact that Di Cambiano, who had previously informed him of his intentions "both privately and confidentially", later pointed out in an official letter that, by setting up the Sardinia savings bank, he aimed to respect the promises repeatedly made by the local authorities and to erase "the painful memory of the failed" Cagliari Savings Bank.⁴⁴ Miraglia's reply to Di Cambiano's letter was in keeping with his character,⁴⁵ that is to say firm and decisive. He complained of the A.C.R.I.'s conduct towards the Bank, observing that it was in complete contradiction to what it had claimed at the beginning of its activity, declaring itself opposed to competition among the savings banks, while at the same time being involved in operations to set up institutions against the Naples savings bank. Di Cambiano failed to reply.

The problem of bank competition had, in fact, been one of the first problems the Committee had to deal with. The savings banks, especially the smaller ones, were threatened not only by the larger banks, but also by the credit banks. It is true that bank competition did not only involve the savings banks, a situation that became clear after the creation of the A.C.R.I. It had ex-

⁴² *Ibid.*, 6 July 1914, p. 20.

⁴³ *Ibid.*, 1 August 1914, pp. 22-23.

⁴⁴ *Ibid.*, 15 December 1913, p. 111.

⁴⁵ L. De Rosa, *Un personaggio della Terza Italia: Nicola Miraglia*, in *Fra Storia e storiografia. Writings in honour of Pasquale Villani*, edited by P. Macry and A. Massafra, (Bologna: Il Mulino, 1991), pp. 887 and ff.

isted in the country for years and Luigi Luzzatti had himself had made a stand against it. The bigger savings banks aimed at overwhelming the small ones by taking over their clientele, and gradually, through multiplying their agencies and branches, by monopolising the local markets and their areas of operations.

4. Banking Competition Yet Again

The problem of competition between large and small savings banks had been brought to the Committee's attention, and the director of the Florence savings bank had urged the A.C.R.I. to adopt "a fair and lasting agreement" between the larger and smaller savings banks. This was not easy both because it was "practically impossible to establish an area of influence for every credit institution, that is to say a *binterland* which was exclusively its own", and also because certain forms of competition could certainly not be approved of; indeed they had to be abolished. But convinced that it was not very advantageous for the savings banks to set up branches where smaller independent savings banks or branches of other bigger savings banks flourished or, at any rate, operated normally, Di Cambiano believed that A.C.R.I. should issue "an explicitly bold statement", to express the idea that "for the country's economy the large banks were more useful than the small savings banks, as they brought with them greater variety and influence in their operations, a better distribution in the administration of costs, and resisted external influences and pressures more effectively, whereas the smaller banks were more at the mercy of personal pressures and influences, and distracted by local and partisan struggles."⁴⁶

However what encouraged the larger savings banks to extend their sphere of operations and increase their size, was the considerable economic, financial and industrial development that the country was undergoing,⁴⁷ a development that demanded greater amounts of capital and larger credit banks. Yet the A.C.R.I. was unable to remain indifferent to the complaints that were being lodged against growing competition especially from the Tuscan savings banks. Although fully aware that as representative of all the savings banks he had to tread cautiously, finally after long discussions Di Cambiano admitted that excessive competition led "to an increase in interests and clearly becomes harmful for all the savers, for whose protection the Association had been created and to whom he had to give account for his action".⁴⁸

⁴⁶ *Ibid.*, 18 November 1912, pp. 31-33.

⁴⁷ On the progress of bank concentration, before the world war cf. L. De Rosa, *Storia del Banco di Napoli Istituto di emissione*, vol. III, (Naples, 1992), pp. 400 ff.

⁴⁸ The A.C.R.I., *Verbali*, 5 August 1913, pp. 105 and ff.

So he urged all the savings banks that were members of the Association "not to create any head office, branch office or agency in the area of a municipality where another savings bank resided or had previously set up its own headquarters, branch office or agency unless special agreements had been made between the two banks".⁴⁹ But as we shall see, his solicitation would not prevent the implementation of the process already underway.

5. The Building of Council Housing

The industrial growth that had taken place since the end of the century, especially in central-north Italy, had attracted large masses of workers from the countryside, given that the population in the country areas was in continual growth on account of the high birth-rate and the slow but sure fall in the death rate - a situation which made it increasingly difficult to find employment and produce an adequate standard of living.

In the first decade of the century urbanisation had increased considerably, especially in certain areas where there was significant overcrowding and many city councils, including Milan, Verona, Faenza, Florence, Ravenna, Vicenza, Venice, Udine, Turin, and Treviso had begun to investigate to establish the real extent of the problem.⁵⁰

In many cases the findings⁵¹ revealed a dismal picture, and in some cities, for example in Milan and Turin, overcrowding coefficients were above two people per room.⁵² All fairly large towns had districts where overcrowding not only affected the quality of life, but also health and hygiene,⁵³ often causing dangerous epidemics, as indeed was the case in 1911 when Italy was overrun by a serious cholera epidemic.

Although a constant feature in the post-unification history of Italy,⁵⁴ the lack of council housing for the population had become ever pressing. Apart

⁴⁹ *Ibid.*, 5 November 1913, p. 177 and ff.

⁵⁰ P. Somma, *Le inchieste municipali sulle abitazioni nel primo decennio del '900*, in *Storia Urbana*, n. 21, pp. 177 and ff.

⁵¹ U. Gusti, *L'addestramento e l'affollamento nei centri urbani italiani al 10 giugno 1911*, (Florence: Alfani e Venturi, 1913); G. Casalini, "Il problema delle abitazioni popolari a Torino", in *Riforma sociale*, 1908, pp. 616-26, 749-53.

⁵² P. Somma, *op. cit.*, p. 185

⁵³ See, for example, D. Orano, *Come vive il popolo a Roma. Saggio demografico sul quartiere Testaccio*, (Pescara: Edit. Abruzzese, 1912); P. Travagliante, "Edilizia pubblica a Catania. Dalla società edificatrice di case economiche all'attività dell'Istituto autonomo delle case popolari", in *Storia Urbana*, n. 37, pp. 115 and ff.; L. Pizzetti, "La questione delle abitazioni popolari a Milano, 1859-1908", in *Storia Urbana*, n. pp. 3 and ff.; O. Selvafolta, "La Società Umanitaria e le case popolari a Milano, 1900-1910", in *Storia Urbana*, n. 11, pp. 29 and ff.

⁵⁴ The building of council housing was promised in Genoa and Florence in 1869; in Sampierdain in 1876; in Milan from 1880; in Naples from 1885; Cfr. A. Daros, "Rassegna dei provvedimenti legislative per l'edilizia popolare, 1861-1949", in *Storia Urbana*, n. 11, p. 165 and ff.

from the special law for the redevelopment of Naples after the 1884 cholera, the first government intervention with regard to economical and council housing arrived as late as May 31 1903 with Law n. 254, whereby Luzzatti persuaded Parliament to approve special concessions for the construction of council houses. This law was subsequently modified in 1906.⁵⁵ Legislation then continued the following year with provisions for the construction of housing for railway-workers,⁵⁶ and a ten-year exemption from duty on council housing.⁵⁷ In 1908 a single law was passed for cheap and council housing⁵⁸ and with it the rules for implementing the law.

In this legislation the savings banks were given an important role with regard to financing, and several savings banks were involved in financing the operation. The Bologna savings bank, along with the city council, had given concrete support to the creation of popular housing in the city.⁵⁹ The Naples savings bank had been no less active⁶⁰ and its Director General N. Miraglia, was appointed President of the Council Housing Body in Naples. The Lombard Provinces savings bank also operated in the sector, providing land credit,⁶¹ and other savings banks like those of Verona, Rimini, Leghorn,⁶² and that of Milan itself,⁶³ had arranged to subsidise various building contractors engaged in council housing projects with advantageous loans.⁶⁴

But the fact that the savings banks had been given the task of financing the building of council housing encouraged the local authorities to pressurise them into increasing their participation. The pressure exerted by the Naples City Council over the Bank of Naples' savings bank to tackle the problem of the housing shortage in Naples on a large scale⁶⁵ has been studied elsewhere,⁶⁶ and also the personal and direct intervention between 1910 and 1911, of L. Luzzatti (at that time Prime Minister and Minister for Home Affairs) in Naples and in Palermo for the local savings bank to meet the requests of their mayors and finance the building of council houses.⁶⁷ The cases of Naples and Palermo

⁵⁵ Law dated 9 December 1906, n. 696.

⁵⁶ Law dated 14 July 1907, n. 553.

⁵⁷ Law dated 14 July 1907, n. 555.

⁵⁸ Royal Decree dated 27 February 1908, n. 89.

⁵⁹ S. Ramazza, "Le realizzazioni dello IACP di Bologna dal 1906 al 1940", in *Storia Urbana*, n. 20 p. 111.

⁶⁰ L. De Rosa, *Storia del Banco di Napoli Istituto di emissione*, *op. cit.*, vol III, p. 358.

⁶¹ A. Gova, *La Cassa di risparmio delle province lombarde dalla fondazione al 1940. Il Novecento*, (Milan-Rome-Bari: Cariplo-Laterza, 1991), pp. 8, 17.

⁶² R. Bachi, *L'Italia economica nel 1911*, (Turin, 1912), p. 215.

⁶³ R. Bachi, *L'Italia economica nel 1912*, (Città di Castello: Lapi, 1913), p. 237.

⁶⁴ The A.C.R.I.: *Verbali*, 12 May, 1912, pp. 11-14.

⁶⁵ L. De Rosa, *Il Banco di Napoli Istituto di emissione ecc.*, *op. cit.*, vol III, pp. 365 and ff.

⁶⁶ The shortage of council housing in Naples was very serious. Cfr. P. Villari, "La Questione di Napoli e le case popolari" in *Nuova Antologia*, 16 February 1910.

⁶⁷ The urgency of the problem was repeated by L. Luzzatti when he was no longer in the government. Cf. L. Luzzatti, "Le case popolari in Italia nel momento attuale" in *Nuova Antologia*, 1 November 1911.

were not the only ones, so that to defend banks from local pressure, especially when they found themselves in direct and immediate contact with the organisations to be financed, Di Cambiano proposed, together with the savings banks involved, the setting up of a special consortium authorized to issue bonds to cover the finance needed, bonds which the savings banks would obtain and sell to their customers. But although it was well received, the project – which had the political objective of mitigating the diffidence that continued to exist “in high places against the savings banks”⁶⁸ – was not followed up.

The exceptional difficulties the capital market was experiencing contributed towards making the project impracticable on account of the Balkans situation and the prolonging of the war in Libya. The quotations of the land cartels showed a significant downward trend,⁶⁹ and this drop discouraged the issue of new bonds. Through the shortage of liquidity it proved difficult to meet all the requests for loans, even for the secure and advantageous ones made by public and private bodies.⁷⁰

The A.C.R.I. itself had advised against accepting some, especially those of very high value unless the opportunity of setting up an *ad hoc* consortium among the various banks was presented. It was proposed for example to reject the requests for loans on the part of the provincial authorities of Reggio Emilia and of Naples,⁷¹ and of the town council of Spoleto.⁷²

6. The Bank for Cooperation

Another attempt made to defend the savings banks from local pressures was to reconsider the saving banks' own and the A.C.R.I.'s attitude towards the project presented to Parliament by Luigi Luzzatti on 11 February 1910 for setting up the Banco di Lavoro e della Cooperazione whose starting capital was not to be less than 15 m lire, towards which the savings banks together with other banks were legally obliged to contribute. At first the savings banks had not welcomed this obligation, and had protested because, apart from the fact that it did not fall within their statutory obligations, they had not even been consulted about it. But as the cooperative movement gradually gained ground at a government level,⁷³ the A.C.R.I. considered it advisable to deal di-

⁶⁸ The A.C.R.I., *Verbali*, 12 May 1912, pp. 11-14.

⁶⁹ *Ibid.*, p. 13.

⁷⁰ *Ibid.*, 12 July 1912 p. 19. November 1912, p. 33.

⁷¹ *Ibid.*, p. 18 November 1912, p. 33.

⁷² *Ibid.*, p. 15 December 1912, p. 47.

⁷³ The Royal Decree dated 12 February 1911, n. 278 had approved regulations for the cooperatives and their consortia that were admitted to public tenders. These eliminated certain obstacles to the carrying out of public works, by introducing rules which facilitated the formation of associations among cooperatives, and improved the work of surveillance. In the same year 1911 the Italian Consortium for Consumer Cooperatives was set up, which made possible large purchases of goods, both collectively and from source. Cfr. R. Bachi, *L'Italia economica nel 1911, op. cit.*, pp. 211-212.

rectly with the proposed bank regarding the general financing of the cooperatives and not directly with each cooperative individually. Having thus changed its attitude in 1912 the A.C.R.I. did not exclude the savings banks' participation in the setting up of Banca del Lavoro.⁷⁴ In fact, when the National Bank for Cooperation (*Istituto nazionale di credito per la cooperazione*) was founded in Rome in June 1913, the Milan, Turin, Florence and Bologna savings banks contributed to the total, start-up capital of seven and a half million, with 500,000 lira each; the V. E. savings banks of Palermo, Verona, Venice and Monte dei Paschi with 200,000 each; and the Modena, Padua, Ferrara and Cosenza saving banks with 100,000 each. The total contribution reached 3,200,000 lire, added to which were the grants issued by the Milan and Rome savings banks. The savings banks had thereby supplied the new bank with over half of its starting capital.⁷⁵

7. Public Loans

The worsening of the international political situation and the consequent need to increase military costs on the one hand, and the replacement of the government's balance of payment surplus by a deficit on the other, were driving the government into the capital market. Since November 1912 there had been talks of a possible issue of treasury bonds, and this news did not leave the Committee indifferent, but rather hastened it to formally communicate the creation of the A.I.S.B to the Treasury Minister, stressing that it had the task "of acting as intermediary in the investment of the deposits of the member savings banks."⁷⁶ Consequently at the beginning of February 1913, the Director General of the Bank of Italy, Bonaldo Stringher, in accordance with the Treasury Minister, invited the A.C.R.I. to take part in the consortium for the issue of 400 m lire in treasury bonds. Having listened to the Committee members, Di Cambiano complied with the request, and undertook to place the bonds in the savings banks. In this way the A.C.R.I. appeared as having made "an outstandingly patriotic gesture", considering the fact that, while Italy made provision for "the costs of an entire year of war with domestic loans", Austria-Hungary had had to resort to credit at 6%, "rich Belgium" at 5% and other foreign states at even higher rates.

But not all committee members appreciated his enthusiasm. The attorney Paolini, Director of the Imola Savings bank, was concerned, for example, by the fact that the operation made the savings banks appear to depositors as being "too government-tied", with the government ready to dispose of their capi-

⁷⁴ The A.C.R.I., *Verbali*, 12 May 1912, pp. 11-14.

⁷⁵ R. Bachi, *L'Italia economica nel 1911*, (Città di Castello: Lapi, 1914), p. 257.

⁷⁶ The A.C.R.I., *Verbali*, 18 November 1912, p. 38.

tal. He also added that "especially during a time when money was scarce", the savings banks had the duty "to save their capital resources in order to assist the non-profit making organizations, agriculture and local industries". Lastly, he advised against renewing future participation in such consortia.⁷⁷

In the international political and military situation that had developed it was difficult for the savings banks not to make loans to the state, even if this inevitably implied refusing loans to the local authorities in which each savings bank operated.⁷⁸ But the issue of treasury bonds was profitable for savings banks. This is borne out by the fact that a few months later in the issuing of another 256 m lire in Treasury Bonds, not only had the reservations of Paolini been overcome, but Di Cambiano had had to apologise to the Committee for the fact that the amount assigned to the savings banks could not exceed 25 million lire.⁷⁹ Indeed he was congratulated for ensuring that there would be a five-year bond issue, and that the savings banks would be "called directly to take a large share in it".⁸⁰ Moreover, when it was made known that the issue would no longer be placed only among the issuing banks, the cooperative banks and the savings banks, as already mentioned, but that the private banks and bankers would also take part, too, the Committee unanimously hastened to write to the Treasury Minister, "to obtain the greatest contribution for the Association" stating that it was disposed to underwrite half of the bonds at 1%, "or whatever greater sum might please or be convenient for the Minister himself to grant".⁸¹ But of the 90 m treasury bonds issued the quota assigned to the savings banks was later limited to only 7½ m. This was subsequently raised under pressure from Di Cambiano to 10m to which a further 2 m was added taken directly from the Turin and Verona savings banks. Again Di Cambiano was heartily congratulated for the considerate and outstanding work he had carried out on behalf of the Association.⁸² But all this goes to show that the savings banks had now found it convenient to underwrite treasury bonds, and were disposed to underwrite even more than they were allowed. However, the Lucca savings bank and the Asti savings bank withdrew from the A.C.R.I. as they were dissatisfied with the quota assigned to them in the distribution of treasury bonds made by the Committee.⁸³

The A.C.R.I. claimed that these withdrawals were justified when the two savings banks had asked to take part in the underwriting of the subsequent loans. Thus, when the Royal Decree dated 19 December 1914 authorised the issue of national debt bonds at 97% for a thousand million lire, 100 million lire of

⁷⁷ *Ibid.*, 10 February 1913, pp. 64-65.

⁷⁸ *Ibid.*, pp. 84-85; *ibid.*, 5 November 1913, p. 108.

⁷⁹ *Ibid.*, 21 January 1914, p. 1

⁸⁰ *Ibid.*, 14 April 1914, p. 15.

⁸¹ *Ibid.*, 6 July 1914, p. 19.

⁸² *Ibid.*, 1 August 1914, pp. 23-34.

⁸³ *Ibid.*, 13 February 1914, p. 10; *ibid.*, 14 April 1914, p. 16.

which the A.C.R.I. had guaranteed the underwriting on behalf of the savings banks, not only did the savings banks of Lucca and Asti⁸⁴ – who had also received the circular – return to the A.C.R.I., declaring themselves ready to underwrite the new government loan, but the Bank of Naples' saving bank also joined, although since the Bank of Naples was an issue bank there actually was no need to join the A.C.R.I. in order to go ahead with underwriting the loan.⁸⁵

8. Saving Banks and Revenue

Thus the A.C.R.I. gradually went on to take on a specific role. Yet from the start of its operations the Committee had run into several problems. First, the problem regarding the mortmain tax and the evident irregularity in its liquidation which had been noted.⁸⁶ Other fiscal matters which the A.C.R.I. itself was summoned to deal with included those of the financial tax and the R. M. tax on the surrender of a fifth part of salaries.⁸⁷ However the problems of the R. M. categories which the savings banks' income were to be part of became the central theme of their second Congress, even if the A.C.R.I. realised that in those times "of considerable difficulties for the state" it would have been difficult to obtain "tax relief".⁸⁸

In keeping with trends in the economic and financial market, the Committee also had to deal with problems that the change in the economic situation had brought about among the savings banks. In November 1914, for example, with the stock exchanges closing on account of the war that had broken out at the end of August, and with the forthcoming publication of the end-of-year budgets, the Committee had to deal with the evaluation of the stock belonging to the savings banks, and recommended that everyone should follow the same rule, advising against any excessive devaluation of the stock which would have produced disastrous results and which were not perhaps justified by the circumstances, "but to follow the same rule in their relationships with the depositors and in the tables that are to be submitted to the Ministry".⁸⁹

9. The Beginnings of State Interventionism among Savings Banks

The A.I.S.B.'s willingness to underwrite the public debt stock had not completely eliminated the government's lukewarm attitude towards the savings banks, which still claimed their independent and private status. They had

⁸⁴ *Ibid.*, 21 and 22 December 1914, pp. 50-51.

⁸⁵ *Ibid.*, 13 January 1915, p. 1.

⁸⁶ *Ibid.*, 12 July 1912, pp. 18-19; *Ibid.*, 18 November 1912, pp. 30-31.

⁸⁷ *Ibid.*, 18 November 1912, pp. 30-33.

⁸⁸ *Ibid.*, p. 36; *Ibid.*, 10 February 1913, p. 63; *Ibid.*, 5 August 1913, p. 91.

⁸⁹ *Ibid.*, 9 November 1914, pp. 37-38.

begun, once again, to protest on receiving the Minister of Agriculture, Industry and Commerce's circular on November 12, obliging them to provide the Ministry with information at the beginning of each month.

Di Cambiano recommended complying with the Ministry's request, so as not to put the savings banks "in a bad light with the heads of the country's finance". But one of the Committee members, Novella, President of the Genoa Savings Bank, saw in the circular the masked intention of the government to interfere in the savings bank's affairs to the detriment of their autonomy.⁹⁰

In the political and international situation that was developing it was clear that, whether or not it aimed to gain direct control over the country's savings, the government at least aimed to determine its volume and its trends, possibly to win the lion's share for itself. This objective was confirmed by the increase in the maximum limit of profit-bearing deposits from 3000 to 6000 lire at the post office savings banks. Di Cambiano himself was unable to deny "the increasingly clear and prevalent tendency on the part of the State to gain complete control over the various kinds of popular savings." Di Cambiano did not want to increase the limit for savings banks' deposits as the government had decided for the post office savings banks, although he was convinced that the 6,000 lire limit would soon be increased to 10,000 lire. Rather, he claimed that, in order to defend the position of the ordinary savings banks, in relation to the post office savings banks it was necessary "to develop and improve the system" in order to offer greater trust and credibility than what could be assured by the post office savings banks whose administration was far from encouraging and open to criticism. Their objective could easily be reached if the savings banks controlled the circulation of cheques among themselves, even for limited amounts through the opening of reciprocal current accounts.⁹¹

Another indication of the government's intention to gain greater control over savings was the Minister of Agriculture, Industry and Commerce's reform bill in which a paragraph was devoted to the protection of savings deposits. Here the question of how much control the Ministry should exercise through periodical and special inspections was tackled,⁹² but which up to that time it had been unable to carry out properly "through lack of personnel".

In illustrating the project, its promoter, Nitti, emphasised that over the last few years the savings deposits had grown considerably in Italy, and that

⁹⁰ *Ibid.*, 18 November 1912, pp. 34-35.

⁹¹ *Ibid.*, 31 May 1913, pp. 76-77.

⁹² The need for controls would not be correctly understood – as is explained in the project report – if it could not be exercised through inspection". Cf. A. P., *Camera dei Deputati*, legislatura XXIII, Session 1909-1913, *Documenti*, n. 1318, Riordinamento dei servizi del Ministero di Agricoltura, Industria e Commercio, Session February 1913.

alongside these the banks collecting savings had "multiplied".⁹³ While the number of savings banks had remained more or less stationary, the credit banks in the form of joint-stock and cooperative banks with limited and unlimited responsibility alike had grown. At times these banks competed with each other by offering more attractive inducements than those offered by other banks, including higher interest rates and other facilities. All this was to the detriment of the savings banks which had "generally insuperable obstacles to raising the interest rate on deposits".

Nitti explained that he would not impose any restrictions on active operations; he imposed quantitative limits only on debit operations, that is to say on banks. The first restriction regarded the relationship between the banks' assets and the volume of deposits. For the commercial credit banks he was of the opinion that they could go on enjoying the system of absolute freedom, providing the savings deposits were not a disproportionate part of their capital. He established that they should be three times their total capital and reserve fund. Should they exceed this ratio, the banks would be subject to controls by the Ministry of Agriculture, Industry and Commerce, which would carry out periodical and special inspections. When the disproportion became enormous, the banks affected would be obliged to reduce their quota within the limits fixed for savings banks, i.e. one to ten, by transferring two thirds of their net profits to the reserve fund. In Nitti's opinion it was a provision that would only affect a few banks, those with minimum capital and a very limited number of shareholders, a measure which, while bringing about a temporary reduction in income, did not bring about a loss of capital as the profits that would have passed to the reserve fund would have safeguarded the value of the shares.⁹⁴

Nitti started by saying that he had proposed the measure in Parliament in respect of the pledges put forward by the 2nd Savings Banks Congress, but the

⁹³ Savings Deposits at Various Institutes and at Savings Banks:

Bank	1911	1912	1913
Ordinary Savings Banks	2,462,635,218	2,492,046,838	2,594,818,241
Post Office Savings Banks	1,872,368,972	1,948,179,802	2,091,271,161
Monti di Pietà	110,645,511	115,775,171	127,943,213
Ordinary Credit Companies	528,527,322	560,730,438	1,110,062,221
Cooperative Credit Companies	723,019,621	705,711,116	100,578,043
Rural Loan Banks	95,449,184	99,203,074	
Total	5,792,675,828	5,921,646,139	6,1672,882

Source: *Annuario statistico italiano*, 1915, (Rome, 1916), pp. 273-274.

⁹⁴ A. P., *Camera dei Deputati*, Legislatura XXIII, sessione 1909-1913, Documenti, n. 1318. *op. cit.*, pp. 9-11.

savings banks did not consider it in keeping with their expectancies and interests. Di Cambiano argued that the measure increased restrictions and formalities: it created a fixed ratio between deposits and reserves; it sought to enforce investments in government stock. Deposits in current accounts were defined in such a way which proved dangerous in theory and would have been "very difficult if not impossible to put into practice". Yet as a Deputy, Di Cambiano managed to get the parliamentary committee to improve the measure during debate and established that its provision would only be valid for special legal purposes and not for fiscal purposes.⁹⁵

10. Pressures from Local Organisations and Drives towards Mergers

Having intervened in the Parliamentary Committee on behalf of the savings banks regarding the bill presented by Nitti, Di Cambiano did the same during the debate about the budget of the Ministry of Agriculture, Industry and Commerce in May 1913. Di Cambiano countered the attacks on the savings banks, which had been accused of not providing sufficient agrarian credit, highlighting their achievement in underwriting considerable sums of treasury bonds.⁹⁶ Unfortunately, in the 1913 elections that took place for the first time with universal suffrage, after some 18 years of permanence in the House Di Cambiano failed to be re-elected and his non-election was a great loss for the savings banks, particularly since it occurred at a time when "attacks" against the savings banks were taking place.⁹⁷ That these "attacks" began to be feared is proved by the concern expressed by the Committee to see that the laws being introduced regarding national savings would not lead to serious loss for the saving banks.⁹⁸ The only favourable consideration was that any innovation would require time before being transformed into a definitive law, thus giving time to study and devise other more favourable proposals in defence of the savings banks.

These fears were not unfounded. A few weeks later, the Hon. Giacomo Ferri, Deputy for an Emilian constituency,⁹⁹ submitted a formal question to the Ministry of Agriculture, Industry and Commerce "about the need to subject to common law the savings banks in the former Papal States".¹⁰⁰ In Di Cambiano's opinion the interpellation reflected a widespread desire among political parties. In his view the republicans and socialists considered the sav-

⁹⁵ The A.C.R.I., *Verbali*, 31 May 1913, pp. 77-79.

⁹⁶ *Ibid.*, pp. 73-74.

⁹⁷ *Ibid.*, 5 November 1913, pp. 101-102.

⁹⁸ *Ibid.*, p. 108.

⁹⁹ Constituency of S. Giovanni in Persiceto.

¹⁰⁰ Cfr. A. P., *Camera dei Deputati*, legislature XXIV, 1^a sessione, Discussioni, 29 November 1913, p. 18.

ings banks as financial institutions in which a major part of the country's economy was concentrated. They claimed that they should have "a constitution that resembled local public administrations so that, once subject to the law of politics, victory would go to the stronger and better organised parties, which would then have a powerful means provided by the banks' profits to promote the basically sound ideas of their social-political programme".

Di Cambiano warned that even if the Ferri question was not discussed immediately, the danger for the savings banks still existed even if it was not imminent. But what should be done? What attitude should be adopted? To declare that the administrative bodies of the Emilian and Romagnole savings banks, which were the target of Republicans and Socialists, had no need of reform and that they were excellently administered? That they had always aspired to modern concepts in their actions, and operated with great energy and courage?

The Committee discussed the questions posed by Di Cambiano at length and clearly declared themselves contrary to Hon Ferri's proposal, which according to Silvani, was designed to exclude from the administration of the savings banks the shareholders who had, after all, disposed of considerable capital to ensure continuity. Hon. Ferri's interpellation was interpreted as aiming to discard every initiative promoted by private individuals". The reform called for by the Hon. Ferri was a "very dangerous precedent" that sooner or later would have involved the cooperative banks, which were private institutions, and the commercial businesses themselves. Once it had decided to change the law currently in force "there was no knowing where the government could stop".

Thus, according to the Committee, the defence of the Emilian and Romagnole savings banks fell within the general interest of the savings banks. For Paolini of the Imola savings bank it was advisable to investigate the intentions and opinions which the ministers had on the subject. But Franchi, Director of the Turin savings bank, did not believe that "the interpellation had been made by chance and without the understanding of the government ministers". Grigolatti, for his part, suggested sending a memorandum to the Minister. He pointed out that private law underwent ... when matters of public interest were at stake. Nor could it be said, however, that it was "completely reassuring to leave the administration of the savings banks at the mercy of private shareholders", given the immense disproportion existing between the sometimes minimal amount of share capital and the huge sums entrusted to the savings banks by the depositors. Di Cambiano decided to take up the matter privately with Nitti, who was the Minister of Agriculture, Industry and Commerce, pointing out that the joint-stock savings banks were well administered and were modern in their objectives. On learning the Minister's opinion, independently of a collective decision, the individual savings banks and members of the Committee would then act as best they could to enlist the

support of public opinion and parliamentary members in the struggle they would have to undergo on the savings banks' behalf.¹⁰¹

Meanwhile, in January 1914, while visiting the Florence savings bank, Nitti replied to all those who questioned him about the future of the savings banks. He said that he considered it unadvisable and dangerous, in the present situation, to introduce reforms and changes to the savings bank system. Yet he declared himself in favour of the regional savings banks' system, believing it to be necessary on account of its efficiency. He thus expressed his opinion against the large number of existing savings banks and hoped there would be mergers and especially for an end to rivalries. With regard to their government Nitti claimed that shareholders worked "very well" in the large centres, but were "dangerous and harmful in the small ones".¹⁰² Encouraged by this declaration a few weeks later the Florence savings bank set about opening a branch office in Arezzo, and Martelli, its director and member of the Committee, explained the reason for the decision by the fact that the local savings bank was going through a difficult period and was almost on the point of disappearing.¹⁰³ But some months later Martelli himself criticised the Monte dei Paschi that had opened a branch at Montevarchi, where the Florence savings bank had already been established¹⁰⁴ for some time.

The takeover of smaller credit banks by larger banks did not only concern the savings banks, but affected the entire credit system, and had been going on since the end of the century, from the time when the *Società Bancaria Milanese* had come into being through a local bank merger in 1898. In 1914 this bank was transformed into the Italian Discount Bank through a merger with another bank. But the merger trend was more generalised. In 1911, for example, the provincial *Società di Credito* arose from the merger of *Banca di Busto Arsizio* with the Bank of Verona. The same bank then took over *Banca Mutua Popolare* in Florence, while the Bank of Pavia in Pavia had stipulated an agreement with *Banca Valdarnese* to set up a branch office of its own at Montevarchi and had opened up branch offices in Palermo, Caserta, Nocera and other places. Nor did the Bank of Rome behave any differently.¹⁰⁵ In April 1914, one of the most authoritative economic and financial newspaper weeklies of the time acknowledged that "... from the regular reports of board meetings, it continued to emerge that the joint-stock banks were either expanding, spreading their sphere of business or undergoing change... Mergers are an everyday occurrence".¹⁰⁶

¹⁰¹ The A.C.R.I., *Verbali*, 15 December 1913, pp. 113-118.

¹⁰² *Ibid.*, 21 January 1914, p. 3.

¹⁰³ *Ibid.*, 13 February 1914, p. 9.

¹⁰⁴ *Ibid.*, 6 July 1914, p. 20.

¹⁰⁵ L. De Rosa, *Storia del Banco di Roma*, 1982, vol. 1, pp. 139, 157, etc.

¹⁰⁶ *The Economist*, 5 April 1914, pp. 210 ff.

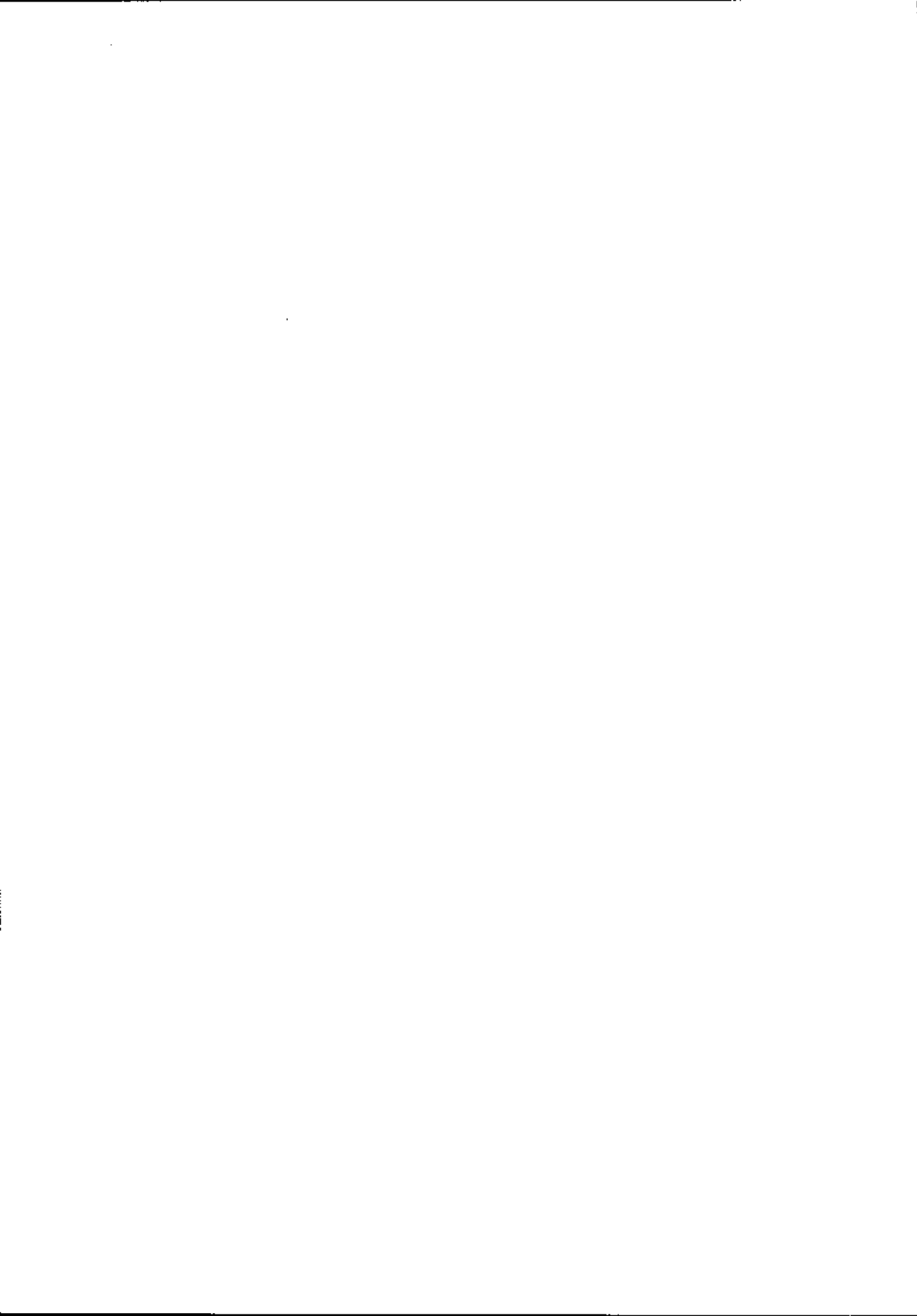
11. On the Eve of War

Underlying these incursions into the territories where other bank institutions and savings banks operated, was the country's economic development, as well as the need, especially from 1913 onwards, to increase liquidity by attracting new savings. The international situation had become more serious after the Archduke of Austria had been assassinated. Austria-Hungary had asked Serbia for the assassins to be given an immediate trial, but Serbia, supported by Russia, had refused. The tension had grown daily, and it now appeared evident that it would not be long before armed conflict broke out. On the 28 July Austrian troops attacked Serbia, while on the 30 July Russia ordered a general mobilisation. On the 1 August Germany declared war on Russia.

The need to ensure the greatest possible amount of domestic savings arose from the fact that, on account of the ongoing war, it was difficult and costly to resort to the international capital market. This was true, not only for the government, as is shown by the increase in the interest rate on postal deposits, but also for private industrial companies. And in order to help the latter at the close of 1914 Stringher had planned to set up a consortium (*Il Consorzio per Sovvenzioni su Valori Industriali* or C.S.V.I.) seemingly for forward operations, but in fact for discounting bills endorsed with the signature of the bearer of industrial securities and guaranteed by the securities themselves, which were valued at no more than 50% of their stock exchange value on 31 July 1914. Even though the Consortium had been created by three issuing institutions, namely *Monte dei Paschi di Siena*, *Opere Pie di San Paolo*, and the Milan Savings Bank, the participation of the savings banks had been envisaged through the A.C.R.I. that acted as go-between. It was hoped that the CSVI would increase capital tenfold, perhaps at the rate of at least 5.50%.¹⁰⁷ The A.C.R.I. agreed to the initiative, even though there were those who pointed to the risks therein, especially the risks due to the artificiality of the listings of many industrial companies, suggesting they should leave the evaluation of stock to the "wise judgement of the administration board". But the Committee agreed with Di Cambiano that the Statute of the new organisation had already been drawn up, and at most it would be possible to make room for the savings banks in the local committees, so as to allow them to take part in evaluating the securities presented as brought forward.¹⁰⁸ In the meantime the savings banks with administered capital above 20 million lire were invited to compete to subscribe to the Consortium's capital, fixed at 25 million lire.

¹⁰⁷ The A.C.R.I., *Verbali*, 7-8 December, 1914, pp. 44 - 45.

¹⁰⁸ *Ibid.*, 21 and 22 December 1914, pp. 49-50.



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