

Pier Francesco Asso (ed.), *Storia del Banco di Sicilia*, Fondazione Res, Donzelli, 2017, pp. 600.

The history of a bank can never be a technical operation in which aseptic logics internal to the subject prevail. Nor can it be about a single subject, abandoning the interdisciplinary approach that assures

a comprehensive, balanced view. These aspects become all the clearer when the geographical area involved features economic backwardness. In this perspective the historical events relating to Banco di Sicilia are emblematic. One of the most important Italian public financial institutions, it was created by the law of 11 August 1867 as an “autonomous moral entity ... founded and guaranteed by the Government.” From the first, in the book’s introductory pages, there emerges a broad story, where “relations between centre and periphery appear crucial” as is underscored by Carlo Trigilia (p. XV). Pier Francesco Asso observes that the Sicilian credit institution was “at the centre of the major productive changes, economic miracle and crisis, through periods of development and decline, the divergences that have marked the history of our country, and not only from the economic point of view”, within a system in which the banks have traditionally played a crucial role (p. 3).

The top management of the Bank played a delicate role: they had to keep alive the interest of policymakers in Sicilian needs and demands, but at the same time they had to consider national economic policy, seeking to orient it towards modernization and economic development. The studies done by the Bank’s research centre starting after World War II sought to avoid political influence.

A recurrent interpretation among the different papers gathered together in this volume is that the facts went well beyond the regional scenario. Instead, the national and international perspective emerges, as is only to be expected given that the Bank was a public entity. The story told in this work is told from an integrated point of view, with a special focus on the political changes in Italy from national unification up to the 1990s, when Italy’s public banks were privatized.

The first paper, by Giandomenico Piluso, analyzes the period from 1867 to 1926. The Bank’s principal function in those years was that of bank of issue. Currency was issued by several national banks, and Banco di Sicilia had only a modest weight in total monetary circulation. Nevertheless, like Banco di Napoli, the Bank was protected in order to

continue its issuing function even after the institution of the Bank of Italy as central bank in the early 1890s. The interests of the Banco di Sicilia were represented by pro-government Sicilian parliamentarians, who argued effectively that “the amount of currency overissue by the Bank was small by comparison with other issuing institutions” (p. 72). Increased public intervention at the turn of the century gave the Bank a stronger impact in promoting Sicilian economic development. The “metamorphosis” of the bank of issue helped to produce significant infiltration by other circles in deciding the management, especially during the First World War. In this way the Bank came to perform multiple functions: bank of issue, commercial bank, savings bank; it had an agricultural credit section, it was a moral entity and a credit institution for regional development. All these functions were crucial when finally, in 1926, the Bank’s power to issue was abrogated.

The paper by Pier Francesco Asso and Sebastiano Nerozzi examines the history of the Bank from 1926 to 1991. This is the story of the Bank’s central role in credit intermediation in Sicily: the Bank, in their words, served as “privileged counterparty of big industrial firms located in the North and Centre of Italy, especially as regards medium-to long-term credit” (p. 113). This paper is more original than that of Piluso, in making massive use of unpublished documents from Banco di Sicilia’s historical archives. It analyzes the necessity for radical restructuring as a consequence of the 1926 law and the new impulse it imparted to “special credit,” whose purpose was to expand and diversify the sources of finance that could be activated by the Bank’s sections. The shocks of the 1930s shrank these functions: this process is epitomized by the failure of Sicil Trust, a credit institution for commercial and asset credits that had been formed within the Bank in the mid-1920s. The Banking Law of 1936 provoked an even sharper contraction, and the Bank was obliged to drop its plans for expansion. Banco di Sicilia regained a crucial role with the Second World War and massive public investment in the post-war period. Specifically, the Bank contributed to the functioning of the so-called “capital circuit” forged by

the Bank of Italy in line with more up-to-date economic theory. After the armistice with the Allied powers, declared on 8 September 1943, the Bank adopted a prudent strategy involving a dual board of directors, which “was considered a long-run decision characterizing the Bank within the national banking panorama” (p. 180). After the war the Bank regained its position as compulsory referent not only for reconstruction but for the broader institutional reconfiguration of Sicily. Sicily’s status as “special statute” region, with competence and powers on credit, enabled the Bank to emerge as the essential counterparty for the development of economic activity and for social and aid programs for Sicily. The result was a mix of credit and politics in which the Bank played a major role, boosted by the extraordinary intervention of the Southern Italy Development Fund. As a consequence there were times when lending was uncontrolled: the Bank’s assets multiplied in tune with the universal banking model, but deposits were small and costly, rendered even more fragile by the massive internal and international emigration that marked the first post-war decades. The Bank faced several liquidity crises, caused by overdrafts and intensive internationalization. Above all, the authors point out, the Bank “never represented an obstacle for the national society” (p. 394). Thanks to the presence in key seats of bankers selected by the Bank of Italy or the Finance Ministry – often not Sicilian either by birth or by culture and mind-set – the banking and managerial culture of the institution was able to deal with excessive politically related influences. In any case, the Bank was constantly plagued by scanty profitability, owing to structural problems such as poor human capital, scarce deposits and unprofitable operations. These problems were only exacerbated by the preponderant role of politics, ever more intrusive as the 1990s approached.

The paper by Leandra D’Antone and Manfredi Alberti tells the story of the Bank’s Industrial Credit Section between 1944 and 1990. It played a central role in postwar reconstruction and in Italy’s “economic miracle.” It was accompanied by other public financial intermediaries, such as

Irfis and Sofis, but with no agreed-on division of roles. With the institution of Irfis it was decided to close the Section, but the decision never became operational. The Section operated beyond Sicilian borders. Even before the closure of the Southern Italy Development Fund in 1984, which resulted in a contraction of investment in Sicily, the Section had increasingly lent to Central and Northern rather than Sicilian firms. It is unquestionable that the Section helped to foster industrialization, in settings not always related to the peculiarities of Sicilian production, “but it was” – as the authors underline – “a risky path, given the effort required to sustain sources of funding and the competition with new financial institutions in a small market” (p. 492).

The final paper, by Lara Azzolina and Antonino Blando, deals with the Bank’s boards of directors between 1860 and 1992. The authors examine the figures who made up these bodies, particularly analyzing the culture, the political parties and the areas they represented. These themes are found in the contributions discussed above as well, but here the focus is on the powerful influence exerted by outside power centres, to which the Bank adapted.

The book fills a gap in the literature on Italian financial and economic history and history generally, demonstrating that the analytical reconstruction of the facts affecting a bank – in this case it is a major bank – is not self-referential but represents a complex operation that requires taking account of the economy, the society, politics and culture, which interact constantly with the bank as it exercises its function of sustaining development and modernization. This function was performed by Banco di Sicilia, albeit with the contradictions and the obstacles highlighted by the authors. In fact, the disappearance of this type of institution (akin to Banco di Napoli in its role in Southern Italian development) may have been a factor, in recent decades, in the widening of the geographical disparities that have plagued Italy for so long.

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