

1. Sponsorship and the Bank

Sponsorship in Italy

The sponsorship of an academic journal by a bank in Italy was by no means unique, and by no means a precedent: as a general category such sponsorship was already widespread, and the Banco di Roma itself was already publishing, before 1972, the *Review of Economic Conditions in Italy*, in English, and from 1979 an Italian version (*Economia italiana*) with several other part-publications concerned with business affairs of more immediate concern. Other principal Italian banks also published journals of academic status in economics, such as *Moneta e Credito* (with an English edition), a quarterly review sponsored by the Banca Nazionale di Lavoro of Rome, *Rassegna Economica* by the Banco di Napoli, *Note economiche* (with an English edition) by the Monte dei Paschi of Siena.

Public banks in Italy had accepted since the Second World War a legal obligation to contribute a certain percentage of their annual profits to the support of academic, intellectual, cultural and artistic activities — an obligation which non-Italian academics regard with some envy as they accept generous invitations to conferences, seminars and festivals, made possible by such sponsorship. The scale of such endeavour must be unique in Europe, stretching from major national events to the most local and regional commitments. The savings banks, particularly identified with their local academic and artistic communities, have been particularly prominent in such sponsorship. Where the banks have led, national and local businesses have shared such initiatives¹. Academic and artistic sponsorship on

¹ This is the appropriate point for an economic historian, who is also a Vice-President of

such a diffused scale represents a dimension of cultural values — of levels of cultural expectation — specific to Italy.

Most of the publications supported by savings banks are not primarily intended for a professional academic readership but respond to the aspirations of a more general educated readership in art, literature, culture, archaeology and history. The Banca Popolare dell'Etruria, now Banca Popolare dell'Etruria e dell'Alto Lazio, for example, sponsors the publication of *Etruria*, a well-illustrated and well-informed journal about the region. Besides that the same Bank sponsored the publication of three volumes on the «*History of Italian Historiography from Ancient Times to the Contemporary Age*», published by the Casa Editrice Laterza.

Exploring the context which has given rise to the sponsorship of publications by Italian banks provides a general, but not a particular, explanation for the decision in 1972 to publish the *Journal of European Economic History*. Similarly, the international — especially the European — commitments of the Bank make such a decision understandable.

The Historical Context of the Bank

To appreciate the context in which the Banco di Roma (as it was entitled until 1992) took the decision to sponsor a learned journal in economic history one must see in historical perspective the Bank itself.

From an early point the Banco di Roma added an international dimension to its national presence in Italy, being the first of the new banking institutions of a united Italy to widen its vision and extend its business beyond local horizons.

Institute, to acknowledge the generous support given to the Istituto Internazionale di Storia Economica «Francesco di Marco Datini» at Prato by the Cassa di Risparmio of Prato, the business community of Prato represented in the Chamber of Commerce, and the Municipality. The activities which these local benefactors help to sustain include the maintenance of the Datini archive (in Datini's house), an annual research course, a large annual international *Settimana di Studi*, and a series of academic publications arising from the Datini archives and the *Settimane*.

This international consciousness became part of the culture of the bank almost from its birth, forming one of the main parameters of its evolution. The beginnings, although modest, were propitious: the Banco di Roma came into existence in March 1880, sponsored by three noblemen of Roman families with close connections with the Holy See. The Papacy had ceased to be a major secular, as well as spiritual, power in Italy in 1870 when Rome became the capital of the newly-unified national state. However, the Holy See maintained all its other international commitments, with major financial flows arising from them, while the new Bank, in the nation's capital, was also in a position to take advantage of the spread of modern banking practices across the national economy, as a modernised infrastructure was developed.

The first regional expansion of the Banco di Roma took place in adjoining Lazio and Tuscany, where the principal type of business was that of a private bank in the tradition of 'merchant banking'. Then came the move to established centres of international trade and industry, with branches opened in Genoa and Turin in 1901. After that, long before a national network had been established in Italy — or even branches opened in main regional centres such as Milan — came the leap abroad through a remarkable decision to set up an office in Paris in 1902. The Banco di Roma was the first Italian bank to take such a bold step and the success of the venture encouraged much more sustained expansion overseas, integrating its national operations within Italy to these wider commitments, which had not characterised either other modern Italian banks or the great modern mixed banks of Germany and France at this period. Although strong international links developed between Paris and French dependencies overseas, and an immense world-wide banking network of British banks was based in London; they remained almost entirely specialised financial institutions doing business in their chosen areas (cited in their charters or articles of association) and between these areas and London. They did not develop nation-wide networks or branches in their home countries, nor did they seek to integrate banking business at home and abroad. The Banco di Roma thus from its infancy, if not its birth or conception, became an international bank in a new sense

and was to be the harbinger, in much later days following the Second World War, of widespread trends in European banking.

Before the First World War, the Bank followed the call of Italian overseas trade, finance and empire, through the acquisition of a network of branches spanning the length and breadth of the Mediterranean, wherever the Italian presence was significant: Barcelona, Tarragona, Malta, Alexandria, Cairo, Constantinople. In particular, Italian political and business penetration of Libya in these same years brought the Banco di Roma to Tripoli and Benghazi — one of its major regions of commitment. In support of its banking operations, and in confirmation of the close links maintained with the Italian government, the Bank established a regular shipping line and mail services, through official state concessions, between Italy, Libya, Malta and Egypt.

Commitments in the Mediterranean littoral, the Balkans and the Near East brought predictable hazards and losses during the turbulence of the Italo-Turkish war of 1911-12 and the Balkan conflicts of 1912-13. The sort of business conducted by the Bank in these regions put it particularly at risk during the more general conflicts of the First World War, with particularly heavy losses in Libya, where more business was at risk.

The war years did not preclude expansion, however, because a branch in Milan had been opened by 1917, with a second French branch at Lyon and the spread of branches further afield to include, by 1918-20, Lugano, Damascus, Aleppo, Smyrna, Beirut, Jaffa and Haifa in consolidating the regions of the Middle East bordering on the Mediterranean and the Aegean. Major decisions then followed to commit the Bank to main international centres of finance in the West: opening offices in London, Berlin and (in 1921) New York. By 1920 the Bank was operating 43 units beyond the borders of Italy: it had become an international business without parallel or precedent in Italian banking. In Italy, and in certain of the foreign branches (such as Lyons), the original association between the founders of the Bank and the Holy See ensured that 'Catholic' savings and church financial business contributed to its prosperity.

A combination of close participation in government ventures, imperial expansion and overseas business in politically unstable regions brought high risks in association with large profits. When the new political regime in Italy was followed by international depression and financial instability the sources of momentum for the Bank changed dramatically. Some major foreign branches were nationalised in 1924-25 (Banco Italo-Egiziano; Banco di Roma, France; Banco di Roma, Espana). When the full forces of depression struck at the end of the decade much of the Bank's foreign commitments were put at risk, at the same time as the internal reconstruction of Mussolini's 'corporate state' required massive coordination from the banks. Assets were re-deployed into large state-organised industries through the official financial holding company IRI (Istituto per la Ricostruzione Industriale, Rome), in which the Banco di Roma, the Banca Commerciale Italiana and Credito Italiano became principal participants (as they still are), through IRI taking majority share-holdings in the reconstruction. Normal banking operations resumed in 1934, with the new emphasis being on deposit banking and commercial credit rather than on 'mixed banking'. However, new colonial adventures began, with the Bank following imperial expansion in Somaliland and Abyssinia.

War and defeat wiped the slate clean once more, ending many of the overseas commitments, so that post-1945 saw the beginning of a new epoch for the Bank, as it did for the Italian economy and the Italian state. The 'economic miracle' at home, the unprecedented expansion of the world economy (particularly the new momentum of the industrial economies) in general, and the regeneration of Europe in particular, offered unprecedented opportunities of which the management of the Banco di Roma took full advantage (now in the company of other major Italian banks). The European and overseas expansion of Italian banks (to a greater relative extent than British, French and Germany banks) proved one of the major financial phenomena of post-war western Europe, together with the 'invasion' of American, and subsequently Japanese, financial institutions.

The foundations of renewed foreign expansion were quickly laid,

with representative offices opened again in London and New York in 1946; and subsidiary banking companies in Belgium and Switzerland during the following year. During the 1960's the international network of branches, representative offices and foreign subsidiaries (the precise form of representation being often determined by national banking legislation) widened substantially to include San Francisco, Los Angeles and Houston in the United States, apart from the main centre in New York. A Canadian branch was established in Toronto (which has not continued to the present time); in Latin America business began in Mexico City, Caracas, Rio de Janeiro, San Paolo (and subsequently in Buenos Aires); in Asia, offices were opened in Teheran, Singapore, Peking and Tokyo (subsequently joined by Hong Kong); with further representation in Moscow.

The network was joined subsequently by representation in Australia (Sydney), Turkey (Istanbul, Izmir), Lebanon (Beirut, Tripoli), Spain (Madrid, Barcelona), and Luxembourg; while Antwerp, Kortrijk and Liege were agencies added to the Brussels subsidiary, and Grenoble, Nice and Lyon gave provincial representation in France.

By the time of the foundation of the *Journal*, the Banco di Roma had achieved world-wide representation in virtually all the strategic financial and trading centres of the international economy. An elaborate network of correspondent banks was built up to cover almost all countries in the five continents; for example, with associated banks in 14 European countries, 18 in states in North Africa and the Middle East; and 25 other national centres in Asia and Oceania. Thus the Banco di Roma expanded and consolidated its business operation, demanding from its central management a totally international perspective. In the same years came a progressive extension in the number of branches within Italy — currently (1991) totalling more than 170.

Both nationally and internationally, therefore, the intention of the founders of the Banco di Roma in 1880, were fulfilled in the new manifestation of the Bank after 1945, but on a scale which could not then have been imagined. As before 1914, the double-presence of the Banco di Roma in the domestic economy and in overseas business

remains most unusual amongst major banking institutions, although one of its partners in IRI, the Banca Commerciale Italiana, in particular, has followed a similar path.

This evolution of the Bank and its position in 1972 forms one central aspect of the context which saw the foundation of the *Journal of European Economic History*. In more detailed focus, the immediately preceding context to its launch deserves comment. Italy had been, from the original declaration of intent at Messina and the signing of the Treaty of Rome in 1957, an enthusiastic proponent of the European Economic Community. The promise of political and financial stability, investment, industrial and commercial expansion held out by foundation membership of a common European market were quite clear to successive Italian governments and to the business and financial community in Italy. The main thrust of foreign expansion by the Banco di Roma had been in Europe in terms of both current and future expectations of growth. Sustained rates of growth amongst the European economies, and between Europe and North America, had become unprecedented in both scale and continuity. Italian industrial expansion was being fuelled by successful export growth as much as by the growth of internal purchasing power, supported by a resilient labour market where regional migration kept wage rates lower than in Germany or the United Kingdom.

In 1971 the Banco di Roma consolidated its financial links with the key EEC economies of France and the Federal German Republic by a «Europartner» agreement with the Credit Lyonnais of Paris and the Commerzbank of Frankfurt, which was extended in 1973 to include the participation of the Banco Hispano-Americano of Madrid. This important agreement established an inner framework of financial collaboration for the Banco di Roma concerning the EEC (the United Kingdom not then being a member), which focused its external operations upon Europe. The enthusiasm for this venture, and consciousness about having launched it a year before, were highly apparent in the celebrations which accompanied the launch of the *Journal* in April 1972. It is a reasonable inference that this awareness

was also influential when the Bank was considering support for the project.

One other aspect of the economic and financial 'conjuncture' of 1971 deserves a comment: this proved to be a profitable time for banks in Italy when optimism was running high. The rate of inflation was low, the lira was strong and the dollar relatively weak. The balance of payments position was favourable (this was before the first «oil shock» of 1972-73); investment was running at a high level, so that unemployment stayed low, while extensive migration from the south fed the northern industrial region and prevented a wages' explosion in this context of high rates of growth. Such a combination of circumstances favoured a decision to accept an additional expensive continuing financial commitment in the shape of the *Journal*, to which the prestige of the Bank would be committed.

In fact, the Italian economy rode out the subsequent instability and redeployments consequent upon the dramatic increase in energy prices, with the Bank remaining in a strong position throughout these early years of the *Journal's* life, so its existence was never threatened by enforced economies.