

# ***Introduction***

**by Gaetano Sabatini**

Can a careful selection of writings convey an overall idea of Luigi De Rosa's research in the field of economic history – of the sweep and diversity of the issues, methods and interpretations found in the work of so complex and complete a scholar? This question underlies the present introduction to nineteen essays by De Rosa (1922–2004), the founder of *The Journal of European Economic History* and its editor from 1972 to 2004. We shall trace the broad lines of development of his fertile scholarship, which spanned over half a century, in the hope of illuminating the significance of an important selection of writings, culled from a list of more than five hundred titles, and placing them in context.

The selection has been made in the awareness that it entails drastic simplification with respect not only to the enormous quantity of De Rosa's output, but also to the all-embracing, interdependent quality of his vision of economic history. In fact, from reading his work one gets the powerful impression that every aspect of the productive identity of an individual or community, of an inquiry into a specific moment of the movement of economic history or the investigation of a well-defined reality in space and time, is always rigorously anchored to the whole and integrated with the general context: each single part is strengthened in its link to a broader vision and its interpretation supported within a wider process.

Some distortion is therefore inescapable when we confine our view of De Rosa's research activity to certain well-defined fields. Yet our very awareness of his complete and comprehensive vision of the historical development of economic phenomena enables us to identify the history of banking as the fulcrum of this ingenious scholar's body of work. Thus, to reconstruct De Rosa's work on the history of banking is to retrace all the stages of his scholarly career, not only because his contributions in this field date from every phase of his research, but also because the themes of the origin and evolution of the credit system, its interdependence with the real economy, its interrelations with the public finances and the building of the modern state and, later, with the industrial revolution, and its role in the organization of contemporary capitalistic economies, are ever-present, in the background if not in the spotlight, even in his studies that would appear to be most remote from the history of banking.

For those who knew Luigi De Rosa personally, it is not hard to imagine the origin of his special interest in the history of banking. He combined an incessant intellectual curiosity with an uncommon ability to look at contemporary reality through the eyes of a scrupulous investigator of the past, and every socio-economic phenomenon that caught his attention would be laid out on the historian's table and broken down into its causes, origins and effects. Many of his

studies on the contemporary economy attest to this extraordinary ability. But if we wish to establish a *terminus post quem*, we cannot be far wrong if we date his interest in the development of modern banking systems to the period of his university training, in his native Naples, during the tragic years of the Second World War and the difficult start of post-war reconstruction.<sup>1</sup> The conflict's devastating consequences for the Italian financial system; the conditions of the country's banks, sorely tried by the complex vicissitudes of the period before the war and still having to respond to the sweeping legislative changes initiated in the previous decade; monetary upheaval, inflation and the attempts to quell it: all this could not but fire the mind of the young university student, and even a half-century later that early interest was still very much alive and perceptible.<sup>2</sup>

Moreover, during his years at the Economics Faculty of the Federico II University of Naples<sup>3</sup> De Rosa attended the courses of four teachers and scholars who, though engaged in fields other than banking, provided the young student with analytical tools that would prove to be invaluable with the passage of time. The four were Lorenzo de Minico, Attilio da Empoli, Epicarmo Corbino and Corrado Barbagallo, all of whom De Rosa later recalled with deep gratitude.

From Lorenzo de Minico, an eminent student of business economics and accounting, founder and first dean of the Economics Faculty in Naples, De Rosa learned – something rare for a historian – the importance of scrupulous technical analysis of financial statements and, in general, of all accounting sources, which he later used so effectively to understand the complicated workings of the Neapolitan public banks.<sup>4</sup> From Attilio da Empoli, a monetary economist who had known the America of the Great Depression first-hand and derived from that experience a project to formulate a general model of the working of advanced economic systems, De Rosa drew the highly dynamic vision of the relationship between finance and the real economy that characterized his approach to the modern era, in contrast to all the essentially static interpretations of pre-industrial economies.<sup>5</sup> De Rosa was an avid reader,

<sup>1</sup> De Rosa left a moving testimony of the death and destruction that the war brought to Naples in what must be considered his first published writing: L. De Rosa, "Una giornata di ferocia e sangue: 12 settembre 1943", in C. Barbagallo, *Napoli contro il terrore nazista (9 settembre–1° ottobre 1943)*, (Naples: Casa Editrice Maone, 1946), pp. 112–115; republished in Naples by Città del Sole in 2004.

<sup>2</sup> L. De Rosa, "Italian Economic Development since the Second World War: a Reconstruction based on the 'Review'", *Review of Economic Conditions in Italy*, 1997, no. 2, pp. 185–194.

<sup>3</sup> On the life of the Economics Faculty in Naples in the years straddling the war, see D. Demarco, *Economia e intellettualità. Secoli XV–XX*, (Naples: ESI, 2005), pp. 203–210.

<sup>4</sup> On Lorenzo de Minico, see D. Demarco, *Economia e intellettualità*, pp. 208–209; also, R. Fiume, *Lorenzo de Minico: il maestro della scuola napoletana*, (Turin: Giappichelli, 2003).

<sup>5</sup> On Attilio Da Empoli, see J. G. Backhaus (ed.), "On the frontiers of the modern theories of value: essays on Attilio Da Empoli (1904–1948)", in *Erfurt Studies in Public Finances and Fiscal Sociology*, no. 3, 2002. De Rosa commemorated Da Empoli in one of his last works, the paper "Ricordi di un allievo dell'anno accademico 1942–43", delivered at the conference on "Attilio Da Empoli (1904–1948), un economista partecipe del suo tempo a cento anni dalla nascita" (Bari, 25–26 June 2004).

during his years of apprenticeship, of the works of Epicarmo Corbino, a self-trained transport economist but increasingly interested in the 1930s in the history of economic development. This was particularly the case with Corbino's *Annali dell'economia italiana*,<sup>6</sup> dedicated to the fifty years between Italy's national unification and the Great War, the first attempt to survey and interpret the recent path of national growth, in which Corbino adopted a sectoral approach to distinguish between the sectors where progress had been greatest and those lagging furthest behind.<sup>7</sup>

Lastly, Corrado Barbagallo, an illustrious economic historian who during the war years, in the pages of the *Nuova Rivista Storica*, the journal of which he was founder and editor, engaged in a memorable dispute on the definition of a theory of economic historiography with another equally great practitioner of the same discipline, Amintore Fanfani.<sup>8</sup>

Many years later, in his book on "Economic History's Adventure in Italy", De Rosa recounted that scholarly dispute.<sup>9</sup> The polemic, though harsh in tone, testified not only to the extraordinary resolve of two eminent thinkers not to yield to the moral and material impoverishment wrought by the war, but also to the high level of the economic historical debate of the day, which already prefigured the clash that would see Catholic and secularist intellectuals range against each other in so many fields of culture after the war. De Rosa's account of the episode revealed his distance from Fanfani's teleological vision of economic history and his sympathy instead with Barbagallo, who held that the agenda of economic historical research was dictated by the ever-new, pressing issues that the development of contemporary society posed to the historian.<sup>10</sup>

Barbagallo was De Rosa's adviser for the thesis on Sismondi with which he graduated from the University of Naples in 1947; the thesis was awarded honours and the distinction of publication.<sup>11</sup>

<sup>6</sup> E. Corbino, *Annali dell'economia italiana*, 5 vols., (Città di Castello: S. Tip. Leonardo da Vinci, 1931-1938).

<sup>7</sup> See L. De Rosa, "Epicarmo Corbino (1890-1984)", *Storia economica*, vol. VII (2004), no. 1, pp. 193-210.

<sup>8</sup> See C. Barbagallo, "Neo-volontarismo economico e storiografia economica", *Nuova Rivista Storica*, vol. XXV (1941), nos. 1-2, pp. 145-146, and no. 3, pp. 532-533, and "Ancora a proposito di neo-volontarismo economico e storiografia economica", *Nuova Rivista Storica*, vol. XVI (1942), no. 1, p. 95 ff.; A. Fanfani, *Introduzione allo studio della storia economica*, (Milan: Giuffrè, 1941). With regard to the 1960 edition of Fanfani's book, see also the review by Luigi De Rosa in *Rassegna economica*, no. 2/1960, pp. 394-395.

<sup>9</sup> L. De Rosa, *L'avventura della storia economica in Italia*, (Rome-Bari: Laterza, 1990), pp. 102-103.

<sup>10</sup> On Barbagallo, see also L. De Rosa (ed.), *Ricerche storiche ed economiche in memoria di Corrado Barbagallo*, 3 vols. (Naples: ESI, 1979), and M. Doglio, "La 'Nuova Rivista Storica' e la storiografia del Novecento (1917-1945)", *Nuova Rivista Storica*, vol. LXIV (1980), no. 2, pp. 334-377.

<sup>11</sup> L. De Rosa, *Gian Carlo Sismondi e la sua opera*, with an introduction by C. Barbagallo, (Milano: Cavallotti, 1947).

<sup>12</sup> F. A. von Hayek, *Individualism and Economic Order*, (Chicago: University of Chicago Press, 1948).

De Rosa's pursuit of further professional training would now take him sometimes far from his native Naples, and the post-war years would bring other intellectual encounters that marked his relationship with economic history and with the history of banking in particular. In 1948 became a post-graduate research fellow at the London School of Economics, and there he attended the seminars given by Friedrich A. von Hayek, who that same year published one of his most influential works, *Individualism and Economic Order*,<sup>12</sup> followed the next year by a short but incisive essay, "The Intellectuals and Socialism".<sup>13</sup>

Hayek's critique of resource allocation in the socialist economies, his emphasis on the role of intellectuals in affecting policymaking and, more widely, his faith in the power of ideas, which he considered the hallmark of the golden age of liberalism, had the deepest and most enduring influence on the young Italian. Half a century later De Rosa still vibrantly recalled Hayek's lectures; for instance, that on Ferdinando Galiani, in which Hayek underscored Galiani's anti-ideological spirit, his critique of the Physiocrats and his theory of value, which anticipated that of the Austrian School by more than a century.<sup>14</sup> But at the beginning of 1950, in head-on opposition to the intellectual and political climate of England under the Labour government of Clement Attlee and the construction of the welfare state, Hayek accepted an offer from the University of Chicago and left the London School of Economics.

It was through Hayek that De Rosa, while in London, was introduced to the thinking of another great Austrian economist, Joseph A. Schumpeter, then still relatively unfamiliar to Italian economists, who would only begin to appreciate him in the 1950s, when his works began to be translated into Italian quite systematically.<sup>15</sup> Schumpeter's interpretation of the role of the banking system in particular deserves mention here.

According to Schumpeter, when an entrepreneur-innovator applies for a bank loan and the bank agrees to finance his innovation project, there is an issue of bank money additional to that already found within the economic system; the *ex novo* creation of money modifies the existing relationship between the means of payment present in the economy and the social product,

<sup>12</sup> F. A. von Hayek, "The Intellectuals and Socialism", *The University of Chicago Law Review*, vol. 16, no. 3, Spring 1949, pp. 417-433.

<sup>13</sup> For these and other memories, see L. De Rosa, "Recensione a J. Raybould, *Friedrich A. von Hayek. La vicenda attuale del più grande scienziato sociale del nostro secolo*", edizione italiana a cura di D. Antiseri e L. Infantino, (Soveria Mannelli: Rubbettino, 1999), *Storia economica*, vol. III (2000), no. 1, pp. 185-189.

<sup>14</sup> Among the first Italian translations of Schumpeter's works to appear were *Ten Great Economists: From Marx to Keynes*, 1951 [*Epocche di storia della dottrina e dei metodi. Dieci grandi economisti*, ed. G. Bruguier Pacini, (Turin: UTET, 1953)]; *Capitalism, Socialism, and Democracy* [*Capitalismo, socialismo, democrazia*, (Milan: Edizioni di Comunità, 1955)]; and *History of Economic Analysis*, 1954 [*Storia dell'analisi economica*, ed. P. Sylos Labini and L. Occhionero, (Turin: Einaudi, 1959)].

which causes the prices of all goods to change, allowing the entrepreneur-innovator to establish himself permanently in the system and carry out his innovation. For Schumpeter, therefore, the main function of banks is to govern the sphere of production and hence the entire process of capitalist accumulation – not in the trite sense that they finance production, but, more profoundly, because they select producers, deciding discretionally which innovators will receive finance and thus actually produce and which ones will not.<sup>16</sup>

Schumpeter's conception of the role of bank money as essential to explaining social organization, the direct, almost darwinian, link he posited between the financial sphere and the productive sphere of the economy, remained an abiding influence on De Rosa.<sup>17</sup> Of course the focus of Schumpeter's analysis was the role of banking in the genesis of the capitalist system, whereas De Rosa also extended it to the world of banking in the modern age, most notably the Neapolitan public banks. This was by no means arbitrary. As De Rosa recalled on numerous occasions, Schumpeter himself had praised the seventeenth and eighteenth-century Neapolitan economists for their analytical skills and the quality of their empirical studies, both of which reflected an economic and financial system that presented traits of exceptional modernity.<sup>18</sup>

This historical reality, whose core lay in the extraordinary story of the Neapolitan public banks between the sixteenth and eighteenth centuries, was revealed to De Rosa when he returned to Italy in the early 1950s after concluding his studies at the London School of Economics. In London his research had centred on British social and political movements of the first half of nineteenth century, particularly Chartism, the subject of his first monograph after the publication based on his degree thesis on Sismondi.<sup>19</sup> In Naples, responding to new intellectual stimuli, he turned his attention to very different subjects.

In those years Naples was beginning to recover from the wounds that the war had inflicted in so many fields of social, economic and cultural life and on the city's historical identity, with its archives ferociously mutilated during the fighting. A cultural initiative of great significance in this environment was the publication of *Bollettino dell'Archivio storico del Banco di Napoli*, an archive miraculously spared by the war but still practically unknown to the

<sup>16</sup> On the diffusion of Schumpeter's ideas in Italian economic thinking, see A. Roncaglia, *Schumpeter: è possibile una teoria dello sviluppo economico?* (Arezzo: Banca Popolare dell'Etruria, 1988).

<sup>17</sup> See, for example, L. De Rosa, "Storia della banca e della borsa", in *Dizionario di banca, borsa e finanza* (Rome: Istituto per l'Enciclopedia della Banca e della Borsa – IPSOA, 1993), pp. 9-35.

<sup>18</sup> J. A. Schumpeter, *History of Economic Analysis*, edited from manuscript by E. Boody Schumpeter, (London: Allen & Unwin 1954), vol. I, p. XX; De Rosa cites this passage in numerous writings, for example *Economisti meridionali*, (Naples: Istituto Italiano per gli Studi Filosofici, 1995), pp. 92-93.

<sup>19</sup> L. De Rosa, *Storia del cartismo*, (Milan: A. Giuffrè, 1953); 2nd ed. rev., (Naples: Pironti, 1967).

historians of the day, apart from the pioneering studies published at the beginning of the 1940s by Riccardo Filangieri, the indefatigable moving spirit behind the rebirth of the Neapolitan archives.<sup>20</sup>

De Rosa thus returned to Naples at a time when the sources of Neapolitan history were being recovered and exploited. He threw himself into this effort and discovered, above all, in the historical archive of the Banco di Napoli, pulsing with memories of the economic and financial life of the City and Kingdom of Naples over the centuries, an inexhaustible source for his future research in the field of banking history.<sup>21</sup> In the second half of the 1950s he published two important monographs on the history of money and public finances in the modern era<sup>22</sup> and inaugurated a long, multifaceted series of studies on the Neapolitan public banks between the sixteenth and eighteenth centuries. At the same time, his concentration on the driving role of finance was gradually extending from the *Ancien Régime* to the modern world. In 1961 he published a weighty volume on Banco di Napoli and the Italian economy in the decades immediately following national unification,<sup>23</sup> the first of his numerous writings on the role played by credit institutions in the economic development of Italy and Europe in the nineteenth and twentieth centuries.<sup>24</sup>

Published as monographs in Italian and foreign journals, in conference and seminar proceedings, in miscellaneous volumes and exhibition catalogues, De Rosa's studies in banking history continued unabated for more than half a century, the last of them appearing posthumously.<sup>25</sup> It is impossible here to detail the contents of all these studies, but it is important to capture the fundamental traits of De Rosa's method of historical inquiry over these many decades.

In the first half of the twentieth century the Italian school, with the work of Luzzatto, Saporì, Lopez and Fanfani, had produced numerous important contributions in the field of banking history, identifying the merchants and the thriving commerce of the Italian republics of the Middle Ages as, respectively, the artificers and the cradle of the birth of banking.<sup>26</sup> However, it was

<sup>20</sup> R. Filangieri di Candida, *I Banchi di Napoli dalle origini alla costituzione del Banco delle Due Sicilie (1539-1808)*, (Naples: L'Arte tipografica 1955); and *I Banchi di Napoli*, (Naples: Istituto Meridionale di Cultura, 1941). See also the collection of essays by various authors honouring Filangieri: *Studi in onore di Riccardo Filangieri*, 3 vols., (Naples: L'Arte tipografica, 1959).

<sup>21</sup> See L. De Rosa, "Inventario-guida dell'Archivio Storico del Banco di Napoli", in the multi-volume work by miscellaneous authors, *Archivi storici delle aziende di credito*, vol. II, (Rome: ABI, 1956), pp. 19-52.

<sup>22</sup> L. De Rosa, *I cambi esteri del Regno di Napoli dal 1591 al 1707*, (Naples: L'Arte tipografica, 1955), and *Studi sugli arrendamenti del Regno di Napoli: aspetti della distribuzione della ricchezza mobiliare nel Mezzogiorno continentale, 1649-1806*, (Naples: L'Arte tipografica 1958).

<sup>23</sup> L. De Rosa, *Il Banco di Napoli nella vita economica nazionale (1863-1883)*, (Naples: L'Arte tipografica, 1964).

<sup>24</sup> On all this, see the bibliography in the appendix to this volume.

<sup>25</sup> Including the fundamental work, *Il Banco di Napoli tra fascismo e guerra, 1926-1943*, (Naples: Istituto Banco di Napoli - Fondazione, 2005).

<sup>26</sup> L. De Rosa, *L'avventura della storia economica in Italia*, pp. 85-113.

not until the appearance of Federigo Melis's history of accounting in 1950 that a new phase of research can be said to have begun.<sup>27</sup> With an approach to the history of accounting that was functional to the history of banking and through research conducted in the medieval archives of Tuscany, first and foremost the Datini archives in Prato, Melis began to construct a typology of the early manifestations of banking, asserting that banking activity began on the lending side and that the so-called working loan was the first important step in this development process.<sup>28</sup>

Melis's work no doubt exerted a great influence on the approach that De Rosa developed on the origins and evolution of banking, as he recalled on more than one occasion. However, during the same years, the mid-1950s, he was also introduced to another major strand of European economic history that helped him to mould an original method of inquiry and interpretation of the history of banking. The publication during the 1940s of Ramón Carande's magisterial *Carlos V y sus banqueros*<sup>29</sup> and later of Fernand Braudel's seminal *La Méditerranée et le monde méditerranéen à l'époque de Philippe II*<sup>30</sup> extended to the Mediterranean the scope of the research on European finance in the early modern era, on the "international republic of money", that had begun in the previous decades with a focus on northern Europe, notably the German and Flemish areas. De Rosa was quick to respond to this suggestion, which heralded an epochal change in the geopolitical perspective from which the history of European finance in the modern era was considered. His 1955 monograph, *I cambi esteri del Regno di Napoli dal 1591 al 1707*, in which Neapolitan finance appeared as a regular player in the European credit market, broke new ground in Italian economic historiography.

The new perspective permeated De Rosa's work – not only on the more general themes of the history of money and finance, but specifically on banking. In this respect, his intellectual and scholarly journey closely resembles that of another major European economic historian of the twentieth century, Felipe Ruíz Martín, who, trained by Carande, a pupil and collaborator of Braudel, brilliantly investigated the financial and banking history of sixteenth and seventeenth-century Castille and trained two or more generations of

<sup>27</sup> F. Melis, *Storia della ragioneria. Contributo alla conoscenza e interpretazione delle fonti più significative della storia economica*, (Bologna: Zuffi, 1950).

<sup>28</sup> On Federigo Melis, see L. De Rosa (ed.), *Studi in onore di Federigo Melis*, 5 vols. (Naples: Giannini, 1978), in particular, L. De Rosa, "Federigo Melis: la storia della banca e la storia economica", *ibid.*, vol. I, pp. 89-113 (republished in L. De Rosa, *Orientamenti e problemi di storia economica*, (Turin: Giappichelli, 1990), pp. 101-136), and M. Del Treppo, "Federigo Melis, storico", *ibid.* vol. I, pp. 89-113.

<sup>29</sup> R. Carande, *Carlos V y sus banqueros: la vida económica de España en una fase de su hegemonía, 1516-1556*, (Madrid: Revista de Occidente, 1943).

<sup>30</sup> F. Braudel, *La Méditerranée et le monde méditerranéen à l'époque de Philippe II*, (Paris: Colin, 1949).

Spanish historians.<sup>31</sup> With Ruíz Martín, Luigi De Rosa flanked Melis and Braudel in the effort that led to the founding of the Francesco Datini International Institute of Economic History in Prato, sharing a personal friendship and intellectual fellowship that lasted from the 1960s until their death at almost the same time.<sup>32</sup>

The essays presented in this volume, grouped into five sections, represent the point of arrival on the path that De Rosa travelled, starting out from his apprenticeship in Naples in the early 1940s, to adhere a quarter-century later to the profound methodological and thematic renewal of studies of the economic history of modern and contemporary Europe and to contribute significantly to it over the subsequent decades.

The first section is devoted to the history of banking, public finances and money, given the central place that these studies occupy in the De Rosa's opus. And within the history of banking, the essays on the forms that credit assumed in the polymorphic, extraordinarily rich reality of Naples in the modern age merit special attention, not least for the development of absolutely original analytical tools with which to study the relationship between the institution of the Neapolitan public banks and the inception of the circulation of paper money.

In De Rosa's historical account, the first institution to exercise the functions that later typified the Neapolitan public banks was the *Monte di Pietà*, the pledge bank founded in 1539 in the capital of the Kingdom thanks to the initiative of a group of merchants who responded to the exhortations of Saint Cajetan of Thiene and other clerics and preachers.<sup>33</sup> Like the similar institutions that arose in other cities of Europe, the Naples, *Monte* proposed interest-free pledge loans to the poorest among the population, but the special guarantees of morality that characterized its activity soon induced not only private businessmen but also the administrative offices and the courts of Naples to use the *Monte* as depository for surety documents, down-payments and amounts contested in trials. The Viceroys of Naples, in turn, allowed the notes that the *Monte* issued to entities or individuals as receipts of the money deposited to be accepted as payment by the state, with full power of dis-

<sup>31</sup> Let us only mention Ruíz Martín's two masterful studies: *Pequeño capitalismo, gran capitalismo: Simón Ruíz y sus negocios en Florencia*, (Barcelona: Crítica, 1990), and *Las finanzas de la Monarquía hispánica en tiempos de Felipe IV (1621-1655)*, (Madrid: Real Academia de Historia, 1990).

<sup>32</sup> De Rosa and Ruíz Martín were members of the first advisory committee of the Datini Institute, under the presidency of Braudel and the vice-presidency of Melis. On the activity of the Datini Institute, see L. De Rosa, *L'avventura della storia economica in Italia*, pp. 186-187 and 194-195.

<sup>33</sup> L. De Rosa, *Il Mezzogiorno spagnolo tra crescita e decadenza*, (Milan: Il Saggiatore, 1987); also, "Banchi pubblici, banchi privati e Monti di pietà a Napoli nei secoli XVI-XVIII", in the collection by various authors, *Banchi pubblici, banchi privati e monti di pietà nell'Europa pre-industriale*, (Genoa: Società Ligure di Storia Patria, 1990).

charge. In parallel, the *Monte* began to accept sums of money in deposit, allowing the depositor to issue oral or written orders for the funds deposited to be made available to himself or to others. The *Monte* did not pay interest on the funds it raised, nor did it charge a fee for the transactions it carried out.

In De Rosa's view, with the accretion of these activities the *Monte* was for all intents and purposes transformed into a bank.<sup>34</sup> On the heels of its success seven more charitable institutions received viceregal authorization to issue credit notes that were accepted by the state: the *Casa Santa dell'Annunziata*, the *Casa Santa dello Spirito Santo*, the hospitals of St. Eligio, *Gli Incurabili* and *San Giacomo degli Spagnoli*, the *Sacro Monte dei Poveri* and, in 1640, the *Banco del Santissimo Salvatore*. The activity of the public banks tended to expand and become more highly ramified as their links with the state grew stronger.

At the end of the sixteenth century the central and local offices of the Kingdom of Naples increasingly used the Neapolitan public banks for their capital transfers. The public banks were more liquid and sounder than private bankers, in part because the statutes establishing or reforming the *Monti* and other charitable institutions that had given birth to the banks laid down, virtually without exception, that the money raised had to be invested in the public debt of the royal court or of the city of Naples. The twofold link forged between the public banks and the financial administration, with the banks performing important treasury functions and purchasing significant shares of the public debt, prompted the Viceroy to increase his control over these institutions. Beginning in 1606 a viceregal delegate was appointed for each bank, and after the crisis of 1622 all the banks were made subject to the control of an administrator or, at the times of greatest difficulty, of a Board of the Banks.

Studying the credit notes issued by the public banks between 1540 and 1650, De Rosa moved back the date of the first appearance of paper money and located it in Naples. There was, he wrote, no "difference between the privileges granted to the Neapolitan public banks and those granted to the Bank of England". The "two key innovations for the introduction of paper money – diffusion of bank paper and recognition of its negotiability, generally credited to late-seventeenth-century England, were already under way, albeit in different forms, in the Kingdom of Naples as early as the second half of the sixteenth century".<sup>35</sup> The essential difference from the English case lay in the fact that "in Naples paper money was introduced not in order to expand credit to the benefit of international trade, but with a view to replacing,

<sup>34</sup> L. De Rosa, "Gli inizi della circolazione della cartamoneta e i banchi pubblici napoletani", in L. De Rosa (ed.), *Gli inizi della circolazione della cartamoneta e i banchi pubblici napoletani nella società del loro tempo (1540-1650)*, (Naples: Istituto Banco di Napoli – Fondazione, 2001), pp. 437-461. De Rosa also wrote this volume's introduction (pp. 7-12) and its conclusion (pp. 509-517).

<sup>35</sup> *Ibid.*, "Introduzione", p. 11.

within the kingdom, metallic money, always in short supply because it was always drained away for the war effort of the Spanish Monarchy, to make good the trade deficit, to send the rents on ecclesiastical properties to Rome or to pay Genoese, Florentine or Venetian merchants and financiers the proceeds of their investment in the kingdom".<sup>36</sup>

Although the Neapolitan public banks operated in a far less dynamic context than other parts of Europe, they nevertheless were important factors for the expansion of the local economy, especially after they were authorized to grant loans to private individuals. As Ruggiero Romano remarked in his influential essay, *L'Europa tra due crisi*, De Rosa was the first to grasp how decisive a role bank credit played in causing and reinforcing the phases of growth and recession of the Neapolitan economy during the seventeenth century, for instance the strong expansionary cycle of 1619-1622.<sup>37</sup>

If banking was the offspring of mercantile activity in the late Middle Ages, De Rosa's studies follow its growth and transformation in the sixteenth and seventeenth centuries in relation to the new historical actor that now strode the stage, the modern state, with its manifold needs: to provide continuous financial support to the military apparatus and nascent bureaucracy; to manage tax revenues, to place the public debt or, as in the case of Naples, to remedy the shortcomings of supply of metallic money by introducing paper money.

With the advent of the industrial revolution banks acquired the traits of versatility and adaptability that are the hallmark of modern capitalist economies, and De Rosa noted this in the three essays on the history of contemporary banking that are presented here. The first, an unpublished essay entitled *The Consequences of the Crisis of 1929 on the Italian Banking System*, recounts the way in which the major Italian banks reacted to the economic emergency of 1929. In particular he highlights the role played by the state – a role that was not merely contingent, given that the forms of public control over the credit system had been expanding steadily in Italy since the turn of the century, as De Rosa's essay on the historical roots of state intervention in the savings banks noted.<sup>38</sup> These same themes – financial crisis and the role of government – are given an international comparative reading in another of De Rosa's essays, this one included in a volume on the evolution and stability of banking and finance that he edited.<sup>39</sup>

<sup>36</sup> *Ibid.*

<sup>37</sup> R. Romano, *L'Europa tra due crisi (XIV-XVII secolo)*, (Turin: Einaudi, 1980), p. 139.

<sup>38</sup> L. De Rosa, "Alle radici dell'interventismo statale nelle Casse di Risparmio," *Storia economica*, IV (2001), no. 1, pp. 5-26.

<sup>39</sup> L. De Rosa, "The Policies of Central Banks in Historical Perspective: An International Comparison", in L. De Rosa (ed.), *International Banking and Financial Systems. Evolution and Stability*, (Ashgate: Aldershot, Hants & Burlington, 2003), pp. 35-40.

Leaving the history of banking, the second stage of our itinerary through De Rosa's writings brings us to his work on the processes of economic development, where again he focused on the peculiarities of the Italian path to industrialization. This phase is represented here in three essays on three key moments: the connections between urbanization and industrialization in the half-century following national unification, and the contradictions implicit in the Italian model in the second half of the twentieth century and at the dawn of the twenty-first.<sup>40</sup> These works turn on the more recent stages of Italian economic growth, but De Rosa never lost his interest in the deepest roots of the peninsula's economic identity. This is made evident by two more of the essays included here, one on Mediterranean ports and trade in the fifteenth and sixteenth centuries and one on the silk trade, both of which illuminate the context of trade in the Mediterranean and with the East that fed Italy's great economic flowering in the late Middle Ages and early modern times.<sup>41</sup>

On silk in particular, De Rosa offers a rich fresco covering a span of over twenty centuries. Trade in this luxury item was carried on in the West from pre-Roman times, but silk was not produced in Italy until much later, borrowing from the Byzantine and Arab world, first in Sicily and later spreading, in the course of the thirteenth and fourteenth centuries, throughout the peninsula. After attaining its greatest commercial success between the fourteenth and sixteenth centuries, Italian silk was then supplanted by French silk produced at lower cost, although Italian manufacturers also gradually introduced important technological innovations. De Rosa observes that it was not until the second half of the nineteenth century, with the mechanization of the textile industry and its integration with the chemical industry, that Italian silk could once again compete in European markets.

The study of the characteristic features of Italian industrialization naturally raises the theme of the dualism between the North of Italy and the South and the latter's severe problems of backwardness. De Rosa conducted countless inquiries into the multiple historical causes of southern Italy's lagging growth, rejecting an undifferentiated interpretation and examining the various, suc-

<sup>40</sup> L. De Rosa, "Urbanization and industrialization in Italy (1861-1921)," *The Journal of European Economic History*, XVI (1988), no. 3, pp. 467-490; "Italy's Second Industrial Revolution" in F. J. Coppa (ed.), *Studies in Modern Italian History from the Risorgimento to the Republic*, (New York: Peter Lang, 1986), pp. 231-243; and "L'economia italiana e meridionale al tramonto del secolo XX", *Storia economica*, IV (2001), no. 3, pp. 573-609.

<sup>41</sup> L. De Rosa, "Porti e commerci mediterranei tra '400 e '500", *Storia economica*, VII (2004), no. 1, pp. 95-112; and "Silk and the European Economy" in T. Umesao and T. Sugimura (eds.), *Significance of Silk Roads in the History of Human Civilisations*, (Osaka: National Museum of Ethnology, 1992), pp. 193-205.

<sup>42</sup> This was the central theme of one of his last volumes, *La provincia subordinata. Saggio sulla questione meridionale*, (Rome-Bari: Laterza, 2004).

cessive components that explain it over time.<sup>42</sup> Our third and fourth set of essays here focus on the institutional and demographic sides of southern underdevelopment.

On the institutional causes, De Rosa reread the area's history in the light of the theories of Douglass North on the normative and institutional factors in economic growth.<sup>43</sup> On demographics, he stressed the effects of migrations, both in forming minorities and in changing the structure of local labour markets in the North and the Americas.<sup>44</sup> The context of migratory flows from the South of Italy to the Americas naturally embraced another question of special interest to him, namely the role of emigrants' remittances in triggering a process of capital accumulation and improving the infrastructural endowment of areas that had not experienced the capitalist transformation of agriculture.<sup>45</sup>

In treating all these themes, Luigi De Rosa's constant concern was to bridge the gap between economic history and economic theory. Thus he accompanied his studies of the public banks of Naples, with an analysis of the great flowering of economic thought that took place in the capital city of the South in the modern period, with essays on Marcantonio De Santis, Antonio Serra, Fabrizio Bibbia, Giovan Donato Turbolo, Carlo Antonio Broggia, Antonio Genovesi and Ferdinando Galiani.<sup>46</sup> For many of these authors, De Rosa himself served as editor in new editions of works that had been out of print for centuries.<sup>47</sup> Nor was this the full extent of De Rosa's attention to the history of economic thought, as we can see from the fifth and final set of essays presented here. An essay on the Neapolitan Enlightenment thinker Pietro Giannone<sup>48</sup> and the economic problems of his time is flanked by a study on the theory of growth in Sismondi and another on Costantino Bresciani Turrone's interpretations of inflation in Germany in the interwar years.<sup>49</sup> This section, finally, hosts

<sup>42</sup> L. De Rosa, "Property Rights, Institutional Change and Economic Growth in Southern Italy in the XVIIIth and XIXth Centuries," *The Journal of European Economic History*, VII (1979), no. 3, pp. 531-551.

<sup>43</sup> L. De Rosa, "The Balkan Minorities (Slavs and Albanians) in South Italy," *The Journal of European Economic History*, XXIX (2000), nos. 2-3, pp. 249-269; "Italian Emigration to Argentina and Immigrant Remittances (1850-1908)," *The Journal of Regional Policy*, 1986, no. 1, pp. 9-18; "South Italy's Place in the Atlantic Labour Markets (1860-1907)," *The Journal of European Economic History*, XXV (1996), no. 3, pp. 551-567; "Italian Emigration in the Post-Unification Period, 1861-1871," in P.C. Emmer and M. Morner (eds.), *European Expansion and Migration. Essays on the International Migration from Africa, Asia and Europe* (New York-Oxford: Berg, 1992), pp. 157-178.

<sup>44</sup> For instance, see L. De Rosa, *Emigranti, capitali e banche (1896-1906)*, (Naples: Banco di Napoli, 1980).

<sup>45</sup> In, for instance, *Economicisti meridionali*, *op. cit.*

<sup>46</sup> For example, L. De Rosa (ed.), *Il Mezzogiorno alla fine del Seicento*, (Rome-Bari: Laterza, 1994).

<sup>47</sup> L. De Rosa, "Pietro Giannone e i problemi economici del suo tempo", in R. Ajello (ed.), *Pietro Giannone e il suo tempo*, (Naples: Jovene, 1980), vol. II, pp. 537-564.

<sup>48</sup> L. De Rosa, "Sismondi, teorico dello sviluppo", in *Atti del Colloquio Internazionale sul Sismondi*, (Rome, Accademia Nazionale dei Lincei, 1973), vol. I, pp. 173-188; and "Bresciani Turrone and the Devaluation of the German Mark," *Review of Economic Conditions in Italy*, 1987, no. 1, pp. 9-18.

a chapter from the work on the diffusion of the economic history in Italy, which completes our panoramic overview of Luigi De Rosa's variegated interests in the field of economic history and historiography.<sup>50</sup>

The five sections into which these essays are divided exemplify – but certainly do not pretend to exhaust – the multifaceted scholarly *persona* of Luigi De Rosa. These contributions describe, in a variety of historical and theoretical contexts, the close interrelations between the financial and the productive sphere of the economy, such as the role of banking as an essential institution in explaining the social organization of an economy. In so doing they clearly show that the interpretation of the past cannot avoid looking into contemporary reality for the working-out of long-run laws of economics. In the same way, historical developments represent the proving ground for any and all economic theories of the present. It is this dialectical vision of the relationship between history and economics that nourishes, on every single page, the wealth of methodological suggestions and interpretative insights that characterizes the work of Luigi De Rosa.

<sup>50</sup> L. De Rosa, "I difficili inizi", Chapter I of *L'avventura della storia economica in Italia*, pp. 3-33.



*An Unpublished  
Essay  
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