
REVIEW ARTICLES

Industrialization in Southern Italy before and after Unification

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The three volumes which have recently been published by Luigi De Matteo¹ throw considerable new light on the nature and limits of the process of industrial development in the Kingdom of Naples in the decades before Unification. As has recently been pointed out, the years between 1830 and 1860 are amongst the least studied in the modern history of the Italian Mezzogiorno, and although De Matteo's studies also touch where necessary on the period after Unification it is primarily with these years that the second and third of the volumes are concerned.³

In the volume on *Politica doganale e industrializzazione nel Mezzogiorno (1845-1849)* the author provides a detailed account of the state of industrial activity in the Kingdom of Naples in the years immediately after the reform of the tariff system in 1845-6. This is a good vantage point for assessing the effectiveness of the high protective duties that had been in force since 1823-4, and which were modified in the new tariffs of 1845-46 and by the Royal Decree of 9 March 1846.⁴ Based on the investigations conducted on behalf of the

¹ *Politica doganale e industrializzazione nel Mezzogiorno (1845-9)* Napoli, Pironti 1982 pp. 128; *Holdings e sviluppo industriale nel Mezzogiorno. Il caso della Società Industriale Partenopea (1833-79) & Governo, credito e industria laniera nel Mezzogiorno. Da Murat alla crisi post-unitaria* Napoli, Istituto Italiano per gli Studi Filosofici 1984 (pp. 138 & pp. 352).

² P. VILLANI 'Alcune considerazioni sulla storia degli ultimi decenni del Regno di Napoli' in *Rassegna Storica Salernitana* Dec. 1984, p. 9.

³ The volume of 1983 refers to themes that go beyond the chronology indicated in the title.

⁴ The Decree of 1846 did not mark a real conversion to free trade since it simply reduced the increases in duties on manufactured imports which had resulted from the fall in international prices since the tariffs had been introduced in 1823-4.

Bourbon government after the introduction of the new tariffs, the study provides a comprehensive picture not only of the range of industrial and manufacturing activities in the Kingdom but also of the conditions under which they operated, and in particular the problems of obtaining raw materials for chemical and engineering production in a rigidly protectionist regime. After commenting on the levels of competitiveness achieved in the different sectors of production, the author examines the place of industry in the commercial policies pursued by the Bourbon governments. Developments in competitiveness, technology, organization and methods of production are described in detail and the final chapters are devoted to the two most important branches of Neapolitan industry, wool and cotton spinning. In both cases 'putting-out' was the predominant system of production and factory production remained very limited. There were few genuine centres of mechanized production, while there were numerous establishments with a productive and technical structure that lay between the traditional and the modern.

Factory production of textiles was limited almost exclusively to the provinces of Terra di Lavoro and Principato Citra and to the capital. In the Terra di Lavoro, the structure of industrial production was typified by a mass of small companies engaged in woollen manufacture and a relatively low level of outputting, whereas apart from the linen and hemp produced by the *Società Industriale Partenopea* and a small amount of woollen goods produced in the Irno valley, production in Principato Citra was primarily geared towards cotton and relied mainly on domestic putting-out, supplemented by a small number of medium and large-scale factories. The situation in the capital, Naples, is particularly interesting, since as well as being the principal maritime, commercial and financial centre of the Kingdom it also contained a wide range of artisan industries as well as the large Sava woollen factory (which was supported by the government) and a number of engineering shops, the most important of which was the state owned Pietrarsa factory. But these were weak and static, given their state of dependence and the fact that they were unable to export their products, while the high levels of protection they enjoyed created no incentives to expand or improve production. For this reason the factories run and owned by Swiss entrepreneurs were all the more exceptional, both in terms of their size and of their relative technological and organizational modernity. But even in these cases it is symptomatic of the overall situation that they were unable to produce for export and so become competitive at an international level.⁵

The reason for this far from dynamic situation after twenty years of intense industrial protection can be found, the author argues, in the more realistic and

⁵ Following DE MATTEO's findings it is worth re-reading the tables based on the Finance Ministries customs registers which are published in the classical study by A. GRAZIANI 'Il Commercio estero del Regno delle Due Sicilie dal 1832 al 1858' in *Archivio Economico dell'Unificazione Italiana* Rome 1960, series, vol X fase 1.

pessimistic attitude toward the possibilities of industrial expansion that began to gain ground in the 1850s in contrast to the earlier and often exaggerated enthusiasm and optimism. It comes as no surprise to discover that Unification threw the Neapolitan industries into crisis, forced many of them to close down and created major problems even for the Swiss manufacturers which they overcame only as a result of heavy reinvestment and the restructuring of production. In the end, the study reveals the gap between the Bourbon's industrializing policies and the results achieved and serves to refute the often exaggerated assessments of industrial progress which historians have often drawn from an insufficiently critical reading of official sources.

The volume on *Holdings e sviluppo industriale nel Mezzogiorno* is devoted to a detailed case-study of the *Società Industriale Partenopea*. Between 1833-4 the number of joint-stock companies in the Kingdom expanded rapidly, and a dozen new companies were added to those already in existence, while numerous projects for other joint-stock ventures were formulated and awaited authorization. The expansion was particularly striking in terms of the capital involved: in 1834 the total capital stock of the new companies exceeded 5 million ducats, in contrast to hardly more than a million in 1831. With the end of the economic crisis of the 1820s, the Kingdom experienced a new wave of commercial confidence and optimism, and as evidence of this the majority of the new companies did not look as in the past to insurance and credit operations alone. Some of them, like the *Enologica Industriale* and the *Banco del Tavoliere* had specific promotional aims, while others were closer to modern 'holding' companies and 'looked to initiatives, activities and partnerships over a field which ranged from insurance and credit to commerce, agriculture and industry ...' (p. 4). The new companies had little difficulty in raising their capital through shares, and their directors included leading members of the public administration, of the nobility and of Neapolitan entrepreneurial circles. The price of shares was low and they attracted many small savers, for whom there were also facilities for delayed payment.

It was generally believed that these companies would have a success similar to the earlier trading companies, but the problems began to appear when they sought investments for the capital that had been raised which would offer adequate returns and profits commensurate with the expectations aroused. But the general backwardness of the Kingdom's economy meant that there were few opportunities for investments that would provide quick returns. As a result the new companies also reverted to anticipating wages and pensions which offered a flourishing market since the Bourbon state paid its employees irregularly and badly, and also to other agricultural, commercial and industrial investments. In 1834 the government intervened to protect the interests of its employees and prohibited advances of wages and pensions for terms longer than six months, which caused the companies' stock to crash on the market. The majority of the other investments undertaken proved over time to be unsuccessful, and either resulted in net losses or very meagre gains. The Neapolitan share market never

recovered from the crash of 1834 and within a few years the greater part of the new joint-stock ventures went into liquidation, most of them bankrupt. Of the 'holding' companies that had come into being in these years only the *Società Partenopea* survived for any time, and a study of its fortunes and problems reveals the causes of the collapse of many others and also the complex structure of the Neapolitan economic and financial environment in this period. Through the investments that it made, the history of the *Partenopea* also widens our knowledge of industrial activity in the Mezzogiorno in these years.

Like the other joint-stock companies, the *Partenopea* also advanced wages and pensions to public employees, but its constitution (which established land reclamation, reafforestation, and the improvement of all forms of industrial and commercial activities as its main objectives) laid down that this type of investment would only be undertaken during the first six years of the company's life, while returns from its primary investments were awaited. Probably because it did from the beginning engage in such investments its shares did not suffer any serious losses after the Royal Decree of 1834 mentioned above. Even though the constitution was fairly vague in its reference to industrial investment, this soon became the Company's main activity. It took up partnerships in a number of industrial ventures, and when their weaknesses became apparent these investments were quickly liquidated, unlike what occurred in the case of the *Sebezia Company* and the *Banco di Circolazione e Garentia*. The Company's resources were concentrated in a project to start a new textile factory near Salerno under the aegis of the Cockerill, Gysin and Satriano Company which had the great asset of the skill and experience of John Cockerill. Very wisely the initial proposal to build a cotton mill was replaced by a project for a linen and hemp mill. A cotton factory would necessarily have had to face the fierce competition of the Swiss manufacturers, while the *Partenopea* was able to obtain a royal monopoly for its linen and hemp factory. The author stresses the importance of the decision to enter into linen and hemp spinning which was virtually a new industry in the Kingdom, and contrasts this with the attempt by the *Compagnia di Assicurazioni Generali del Sebeto* in 1835 to enter into the already heavily over-provided field of woollen spinning by opening a new woollen factory near Salerno which quickly failed.

In De Matteo's view the *Partenopea* was managed intelligently even after it became sole proprietor of the linen mill in 1844. Major problems were overcome by renovating the factory and expanding it, and also by virtue of the state protection that it enjoyed. But after Unification the directors of the *Partenopea* failed to take advantage of the crisis that struck the cotton industry, and proved unable to adjust to meet new national and international conditions. In 1879 after 46 years of activity the company was wound up. But the fact that the *Partenopea* was primarily engaged in an industry like linen and hemp spinning which has been very little studied either in the Mezzogiorno or elsewhere gives De Matteo's book additional interest. Another merit of the study is that while the main documentation comes from the Naples State Archive and the Central State

Archive in Rome and from the Archive of the Bank of Naples, the author has researched widely in the notarial archives which although far from easy to use have an importance for the economic history of the Mezzogiorno which is well demonstrated by this book.⁶

The volume on *Governo, credito e industria leniera nel Mezzogiorno* is the weightiest and most important of the three, and is a major piece of original research. Apart from Luigi de Rosa's study of the engineering industry there are no other detailed sectoral studies of southern industry in this period. Nor has the woollen industry in other regions of Italy been studied in the same perspective as that adopted by De Matteo. The main works on specific sectors of Italian industry, such as those by Quazza, Castronovo and Zaninelli, have been concerned with establishing the scale, distribution, structure, technical development and output of individual sectors, and have paid less attention to industrial policies and company credit structures. While De Matteo has by no means neglected the technical and organizational aspects of the southern woollen industry, his reconstruction is focussed around the development of individual firms and their relations with public authorities and the organization of company credit and finance.

The study is based on the leading woollen companies which in terms of organization and plant were comparable with the most advanced European concerns. This approach makes it possible to examine the inter-play of a variety of factors ranging from protectionism and government support to government contracts and private initiative which facilitated the birth and consolidation of these enterprises in the first half of the XIXth century. In this way the author is able to identify the weaknesses that lay behind the apparently considerable expansion of the cotton industry during the Bourbon period, and which were more fully revealed when the southern woollen industry attempted to insert itself into a unified market after 1860. No less striking than its conclusions is the clarity of the methodology used by the author, and the analysis is subdivided into a series of sections and sub-sections with detailed summaries that make it easy for the reader to find his or her way through a great mass of detail, while keeping the wide range of different themes considered clearly in view.

The rise of the woollen industry, like that of virtually every other branch of industrial production in the Mezzogiorno, was not spontaneous but the result of government protection and subsidies. The Napoleonic rulers in the South were the first to intervene in a coherent and coordinated manner to encourage industrial development and established the precedents which the Bourbons

⁶ JOHN DAVIS recently noted (*Società e imprenditori nel Regno borbonico 1815-60* Bari 1979 p. 12) with reference to notarial sources that 'were it possible to study them systematically, these documents would provide an invaluable source for the social and economic history of the Mezzogiorno in the modern period'.

⁷ L. DE ROSA, *Iniziativa e capitale straniero nell'industria metalmeccanica del Mezzogiorno 1840-1904*, Napoli, 1968.

were to follow after the Restoration. Lack of research in this field inhibits wider generalization, but De Matteo argues that in the case of the woollen industry Murat's intervention was wrongly directed. Facilities and protection were provided for high quality woollen production which was expected, quite unrealistically, to compete with French products despite the country's subordination to France, and in face of the foreseeable difficulties that arose Murat refused to learn from experience. No support was given on the other hand for the development of an industry producing cheaper and more ordinary woollen cloth which would have had greater possibilities of development.

The political instability of the first years after the Restoration delayed the development of a coherent industrial policy by the Bourbon government until the Finance Minister in the 1820s attempted to tackle the problem in a decisive and courageous manner. Between 1823-4 protective tariffs were erected to keep out the growing flood of foreign manufactures, while at the same time, and without being asked by the entrepreneurs, the Minister De' Medici, provided government assistance for the Sava and Zino woollen factories in the conviction that in the economic circumstances of the Kingdom private capital would not be forthcoming. In order to provide assistance for entrepreneurs willing to undertake the risk, the *Cassa di Sconto* (which had been created in 1818 to discount government and commercial bills) was authorized 'to undertake operations which if not contrary to its constitution were certainly well beyond its limits, although these were always considered to be of an exceptional character' (p. 328). In the 1830s, De' Medici's successors held more closely to the principle that the state should not finance industry, partly because of the failure of many of the concerns in which the *Cassa di Sconto* had placed large loans, including the Sava woollen factory. However, the government continued to take an active interest in industrial credit which proved to be one of the main problems facing those industries that had come into being as a result of assistance received from the *Cassa di Sconto*. In fact, the disengagement of the *Cassa di Sconto* coincided with the expansion of the new joint-stock companies — of which the *Partenopea* was one — and De Matteo suggests that the government probably felt that private industry would be able to satisfy its credit needs through the *ante litteram* holding companies that were being created. This would explain why the state assisted their formation both by giving its blessing and by helping the new companies to realize their objectives.

However, the failures of the industrial investments made by these companies, which De Matteo describes in detail, undermined the optimism of both the government and the public in the prospects of industrial expansion. Government intervention became weaker and the financing of industry was left to private enterprise with only the occasional intervention by the *Cassa di Sconto*. On the eve of Unification many of the leading woollen industries were already in deep trouble, and none of them had achieved international competitiveness. The creation of the unified state destroyed the artificial protection which had removed the threat of competition from these industries without providing the

basis for self-sustained or substantial expansion. Unification, the immediate extension of the Piedmontese tariffs to the South and the decline in the government contracts which had supported leading southern woollen manufacturers like Sava tragically revealed these weaknesses.⁸ De Matteo follows the declining fortunes of each of the major woollen manufactures, and it is particularly striking that even the Zino company which continued after 1860 to enjoy financial assistance from the state and the tolerance of its creditors proved unable to meet the new situation and was wound up.

De Matteo's researches lend further weight to the negative conclusions on the prospects for industrial development in the South before Unification that have already been advanced by other historians like Villari and De Rosa.⁹ De Matteo's three studies also throw light on the problems of industrial development in a period and for an area on which there are still few serious historical studies.

⁸ De Matteo's analysis of the decline of the southern woollen industry after Unification is also borne out in the forthcoming study by S. De Maio 'L'industria meridionale pre-unitaria tra protezionismo statale e fluttuazioni cicliche: i lanifici della Valle del Liri (1806-1860)' in *Atti del Convegno Nazionale di Studi su: Economia e Società nella Valle del Liri nel secolo XIX*.

⁹ R. VILLARI *Problemi dell'economia napoletana alla vigilia dell'Unificazione* (1957), republished in *Mezzogiorno e Contadini nell'Età Moderna* Bari 1977 pp. 185-230; L. DE ROSA, *Iniziativa e capitale straniero etc*, cit.

