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<td>Abstract</td>
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<td>In 1740, the imperial nobleman Mattia Giuseppe Cresseri de Breitenstein of Trento borrowed 25,000 florins (125,000 Venetian lire) in a single transaction (Archivio di Stato di Trento, hereafter Astn, Archivio notarile, hereafter An, A. Ceschini folder, hereafter f., XVIII, 4388, 21 March 1740. 1 florin was worth 5 lire (or troni). 1 lira was equal to 20 soldi or to 240 denari). That nearly equaled the revenues of the tolls of Rovereto in the same year, 24,769 florins (Bonoldi, La fiera e il dazio. Economia e politica commerciale nel Tirolo del secondo Settecento. Società di studi trentini di scienze storiche, Trento, p. 67, 1999). The nobleman Leonardo Piomarta de Langenfeld, in one year (1760), lent more than 45,000 florins (225,000 lire) spread across a score of transactions, most to finance the surrounding rural communities and some as individual loans. These figures represent only a small portion of the sizable amount of capital mobilized by the informal credit market pivoted on notaries, at a time when banks did not yet exist. For years, a vast literature claimed that a country’s economic development became possible only once banks, in the form of joint-stock companies, had been created (Cameron, Financing industrialization. Elgar, Aldershot, 1972). According to this view, which became common wisdom, only specialized formal credit institutions were able—acting as financial intermediaries—to mobilize considerable financial resources at low cost. As a consequence, preindustrial economies had been for long considered limited, characterized by a weak demand and by money exchanges that occurred within restricted personal relationships. On the whole, credit supply had been considered aimed at meeting only military expenses or at financing the growing bureaucratic apparatus of modern State [Debunking this traditional view, recent studies have proved the positive interplay between public debt and real economy in pre-industrial Italy where, in some cases, state bonds nurtured a lively financial market (De Luca, Government debt and financial markets: exploring pro-cycle effects in Northern Italy during the sixteenth and the seventeenth centuries. In: Piola Caselli F (ed) Government debts and financial markets in Europe. Pickering &amp; Chatto, London, pp 45–66, 2008; Pezzolo, Government debts and credit markets in Renaissance Italy. In: Piola Caselli F (ed) Government debts and financial markets in Europe, Pickering &amp; Chatto, London, pp 17–31, 2008)].</td>
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Borrowing and Lending Money in Alpine Areas During the Eighteenth Century: Trento and Rovereto Compared

Marcella Lorenzini

Introduction

In 1740, the imperial nobleman Mattia Giuseppe Cresseri de Breitenstein of Trento borrowed 25,000 florins (125,000 Venetian lire) in a single transaction. That nearly equaled the revenues of the tolls of Rovereto in the same year, 24,769 florins (Bonoldi 1999: 67). The nobleman Leonardo Piomarta de Langenfeld, in one year (1760), lent more than 45,000 florins (225,000 lire) spread across a score of transactions, most to finance the surrounding rural communities and some as individual loans. These figures represent only a small portion of the sizable amount of capital mobilized by the informal credit market pivoted on notaries, at a time when banks did not yet exist. For years, a vast literature claimed that a country’s economic development became possible only once banks, in the form of joint-stock companies, had been created (Cameron 1972).

This chapter presents the results of a project financed by the Fondazione Cassa di Risparmio di Trento e Rovereto.

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According to this view, which became common wisdom, only specialized formal credit institutions were able—acting as financial intermediaries—to mobilize considerable financial resources at low cost. As a consequence, preindustrial economies had been for long considered limited, characterized by a weak demand and by money exchanges that occurred within restricted personal relationships. On the whole, credit supply had been considered aimed at meeting only military expenses or at financing the growing bureaucratic apparatus of modern State.2

In the last two decades, however, evidence from new empirical researches has shown not only that capital markets thrived in the pre-bank era but also that they played a critical role in economic growth.3

Against such a backdrop, this study aims to analyze the private capital market in Trento and Rovereto during the second half of the eighteenth century. The purpose of the research is to investigate the dynamics, trends, and inner mechanisms that characterized the informal credit market in the two cities and their surrounding areas in a span characterized by growth, flourishing trade, and a lively silk-manufacturing system. The study is based on all debt and credit transactions recorded by notaries in the two urban centers. About 30 kilometers from each other and 200 from Venice,4 Trento and Rovereto differed greatly in size: Trento had some 9000 inhabitants, while Rovereto had about 5000. Their geography is quite similar, both lying on the Adige River, which was a crucial trade route throughout Trentino.5 The Adige facilitated the exchanges between Italy and Central European markets, especially to German territories. Based mainly on the primary sector, both areas had climate and land suited to mulberry trees for silk production. However, the institutional and political frameworks in which the two areas were embedded diverged substantially, deeply affecting the capital markets.

Trento was the capital of the Prince-Bishopric and was chiefly an administrative town.6 Although, as above mentioned, its territory benefited from a strategic position and was naturally suitable for silk production—which in the eighteenth century reached its apogee throughout all the Tyrolean region—its economy as well as its credit networks lacked the vigor of the nearby Rovereto. In Trentino, the primary sector—which was characterized by many small landed properties—was essentially based on self-sufficiency. However, the imbalanced relationship between popu-
lation and (scarce) resources led the territory to be highly dependent on foreign supply markets, especially for grains (Leonardi 1991: 20–23). The Trentino was a predominantly mountain area, and the land suited for cultivation was rather limited. Some marketable goods were though produced; beside raw silk, wine, wood and since the seventeenth century also tobacco, started to be produced for domestic demand and for foreign markets. Trento was ruled by the Prince-Bishop (selected by the old nobility), by the cathedral chapter (whose members were representatives of the aristocratic families), and by the consular magistrate. The influence of nobility in the city administration progressively grew during the eighteenth century. Although the government was aware of the relevance of the mercantile class in the city economy and responded to the needs coming from that social rank, it always showed great resistance to the attempts by the homines novi (some of them acquired in the meantime the noble title) to enter the restricted oligarchic group that controlled the city. Moreover, Trento and its hinterland, which were surrounded by the Tyrolean region, were affected by the Habsburg Monarchy’s politics (Lorandini 2006: 12–19).

Rovereto, on the other hand, belonged to the Habsburg Monarchy. Thanks to its lively economy, it was deeply integrated into the international markets. Several factors contributed to its growth; besides the aforesaid crucial geographical position, and the abundance of water resources and power, the economic policy adopted by the central government used to ease and foster private enterprises. Moreover, its inhabitants benefited from several privileges, like the exemption from excise duties, inherited when it was still part of the Serenissima (1416–1509) and that maintained when it fell under the Habsburg dominion in 1510 (Leonardi 1988: 5; Nequirito 1996: 319–46). Silk industry, in particular, whose beginning went back to the late sixteenth century, expanded very fast. The very take off yet occurred in the eighteenth century when it also reached its apogee, becoming one of the most important silk-manufacturing centers in Europe. The special privileges enjoyed by the city attracted many foreign operators, coming from the Venetian State and the German territories, in particular from Nuremberg. At the beginning the success of silk industry was mainly due, in effect, to the presence of these foreign merchant-entrepreneurs, rather than local merchants.
In the 1760s, Rovereto and its hinterland went to produce around 96,000 pounds of cocoons whose value amounted to 56,000 florins (280,000 lire), a figure that further grew at the end of the century.

This research focuses on the private credit markets of Trento and Rovereto on four benchmark years: 1750, 1760, 1770, and 1780. These were not marked by specific economic hardship, since the research objective is to analyze how the capital market functioned under ‘normal’ conditions. More than 10,000 deeds have been examined, 1200 of which relate to debt and credit contracts. The notarial protocols reveal to be fundamental documents in order to reconstruct the widespread and pervasive network of private lending, otherwise hard to detect. Unlike public finance, which has drawn a great deal of attention from scholars, partly due to the wealth of documentation available, microfinance has only recently come to the fore of economic historiography, thanks to new empirical researches. Scholars argue that in England for instance the most significant changes in the private capital market preceded the late seventeenth-century financial revolution by as much as three centuries (Van Zanden et al. 2012: 3).

Comparing the credit activity in Trento and Rovereto and their hinterlands shows the strikingly different performance of the two capital markets (see Tables 1 and 2).

### Table 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Active notaries</th>
<th>No. of deeds</th>
<th>No. of loans</th>
<th>Loans (%)</th>
<th>Value of loans (lire)</th>
<th>Average loan size (lire)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1750</td>
<td>27</td>
<td>806</td>
<td>77</td>
<td>9.5</td>
<td>161,860</td>
<td>2130</td>
</tr>
<tr>
<td>1760</td>
<td>28</td>
<td>848</td>
<td>40</td>
<td>4.7</td>
<td>27,886</td>
<td>697</td>
</tr>
<tr>
<td>1770</td>
<td>35</td>
<td>1038</td>
<td>78</td>
<td>7.5</td>
<td>97,987</td>
<td>1256</td>
</tr>
<tr>
<td>1780</td>
<td>35</td>
<td>1165</td>
<td>110</td>
<td>9.4</td>
<td>165,647</td>
<td>1505</td>
</tr>
<tr>
<td>Total</td>
<td>3857</td>
<td>305</td>
<td></td>
<td>7.9</td>
<td>453,380</td>
<td></td>
</tr>
</tbody>
</table>

Source: Data constructed from the notary deeds listed in the archival references.

*Not all notaries registered in the Notarial Council practiced the profession.*

Moreover, also those who exercised the profession used to do concurrently other works (Chilese 2002:104–15; Lorenzini 2016:102–111). Active notaries are those who in the four benchmark years drew up credit contracts.
As shown in Tables 1 and 2, the total number of deeds drawn up in the smaller Rovereto was 6209 against 3857 registered in Trento. It means that the notarial activity in Rovereto almost doubled Trento’s. Much more impressive is the difference between the debt and credit contracts registered in the two cities. The 942 loans registered in Rovereto (15.1 per cent) were almost three times those signed in Trento, 305 (7.9 per cent). The value in money of the transactions in Rovereto amounted to 1,576,312 lire, it means about three times as much as Trento’s 453,000 lire. Similarly, the average size of a loan in Rovereto was higher than Trento’s, namely 1700 against 1400 lire.

### The Notaries as Credit Intermediaries

Within the private capital market, the notary played a fundamental role. As in all societies ruled by the Roman law, which implied the specific figure of the *notarius publicus*, a large proportion of citizens and rural inhabitants turned to him to sign a will, a marriage, a dowry, a sale, a rent, and loans. He thus collected a large quantity of information related to his clients, their assets, changes of ownerships, and financial activities. He generally drew up contracts in his own office, which was often also his home. However, it was not unusual for him to visit his client’s home, say, to register a last will and testament or to draw up a dowry. Therefore, he often was on confidential terms with his clients. Most aristocratic families, merchants, and rich bourgeois had their own ‘trusted notary’ who was committed to register all the transactions related to the family’s assets.
and kept records of them in his archives. This privileged position enabled notaries to know the citizens not only in economic and financial terms but also in terms of behavior and reputation. They learned whether their clients were reliable, trustworthy, and honest. This information was essential to the good functioning of the market. Once collected, this knowledge the notaries proved able to fittingly channel it into the credit network, matching demand for money with supply, namely borrowers and lenders, operating as an ‘informal’ financial intermediary. By easing the flow of information, this professional helped reduce information asymmetries and lower transaction costs, thereby enabling the informal credit market to function and develop efficiently (North 1985: 557–76).

Nevertheless, the analysis of the notaries’ activity in Trento and Rovereto shows the different impact that private capital markets had when embedded in two distinct institutional frameworks.

As shown in Table 3 in Trento, around 30 notaries signed 31.5 deeds a year, of which 2.3 were loans. On the other hand, despite their smaller number, notaries in Rovereto, around 18, drew up 86.5 deeds for 12.7 loans per year (Table 4).

A more detailed analysis of the documents and of the protagonists of the transactions suggests the different role notaries likely played in the two cities. In Trento money was often exchanged among people from familiar network, that is, the same family, the same village, or the same rank. In Rovereto, on the other hand, the web of credit connected individuals that belonged to more heterogeneous spheres, that is, distant villages, distinct profession, different status; here, the notary’s role as broker, able to match people unknown to each other, is more evident.

### Table 3 Average yearly deeds and loans per notary in Trento, average loan value in florins

<table>
<thead>
<tr>
<th>Year</th>
<th>Average no. of deeds</th>
<th>Average no. of loans</th>
<th>Average loan value (florins)</th>
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<tbody>
<tr>
<td>1750</td>
<td>33.5</td>
<td>2.6</td>
<td>327.4</td>
</tr>
<tr>
<td>1760</td>
<td>30.2</td>
<td>1.3</td>
<td>139.4</td>
</tr>
<tr>
<td>1770</td>
<td>29.4</td>
<td>2.2</td>
<td>251.2</td>
</tr>
<tr>
<td>1780</td>
<td>33.2</td>
<td>3.1</td>
<td>301</td>
</tr>
</tbody>
</table>

Source: Data constructed from the notary deeds listed in the archival references
The credit transactions of the two cities were concentrated on the hand of a very restricted number of notaries, most of them were members of families that boasted long notarial tradition. In Trento, just three notaries carried out 40 per cent of the whole credit exchanges in the four benchmark years. The most outstanding notaries, namely those who drew up more contracts and also signed more loans, were Paride Ceschini, Francesco and Gaetano De Capris, Francesco De Negri, Giovanni Battista Lisoni, Lorenzo Marchetti and Andrea Poli. In Rovereto, the situation proved quite specular for the time span here analyzed. Only 3 notaries managed about 50 per cent of the entire credit volume, in specific Bartolomeo Battisti, Antonio Giordani, and Giovanni Grasser, who along with Antonio Giordani, Giuseppe Mascotti, Paolo Trentini, and Bernardo Valentini were the protagonists of the private credit market in Rovereto. The control on debt and credit transactions remained fixed in the hand of the same number of notaries over all the time span considered, conversely from other cases, like the adjacent Verona, part of the Venetian Republic, where the cash flow originated by their credit activity increasingly spread among a larger number of notaries. Here, while in 1676 only 4 notarii controlled over 90 per cent of the city loans, in 1691, 10 notaries proved to manage 80 per cent of it (Lorenzini 2016: 127–36).

Credit Instruments

A variety of credit instruments were registered with the notary in eighteenth-century Trentino. Each of them represented a sui generis contract with very specific conditions, which made them very flexible tools,
suited to meet different financial necessities. However, three macro-categories can be identified according to the duration and likely the purpose. In Trento, it was still in use the so-called *compra cum recuperà*, literally ‘purchase with option to regain’ (the real estate).\(^{17}\) In this contract, the borrower sold a piece of real estate (a plot of cultivated land, a house, a shop, a mill, in other words properties that guaranteed an income) for an amount of money and for a fixed period (five years on average). If the borrower was able to pay back that sum at the deadline, he/she would regain the real estate.\(^{18}\) Sometimes no interest was charged. This contract was mainly used to pay off old debts, settle rent arrears, meet family needs, remit taxes, and cover unforeseen or urgent needs. In the latter case, we may assume that the notary played a fundamental role. He was able to find out the financial resources (and the financier) in short order, choosing very likely among the rank of his clients.

Use of this credit contract gradually decreased toward the end of the century, when it was overtaken by a more ‘modern’ financial tool, the *censo passivo* (redeemable annuity).\(^{19}\)

In the *censo passivo*, the debtor borrowed a sum of money that he/she secured with real estate whose value had to be one-third more than the amount borrowed. The debtor was free to pay off the loan *quandocumque*, ‘whenever’.\(^{20}\) A yearly interest rate was to be paid, according to the legitimation of the extrinsic titles of *damnum emergens*, ‘loss occurring’, and *lucrum cessans*, ‘profit ceasing’.\(^{21}\) This was a long-term loan, often running for several decades. This instrument was also widely used by rural communities and other public bodies to finance expenditures as for instance levies due to the central government, or the expenses costs coming from the construction and maintenance of public works (roads, bridges, canals, etc.) (Lorenzini 2016: 62–73). The recourse to census was particularly common among private citizens, that used it to meet different needs, that is, financial pressures linked to everyday life (consumer credit), but also for commerce or manufacturing activities (investment credit). Being the census purchased and sold, it became a negotiable instrument that brought liquidity to the capital market.

A third, widespread credit tool was the *scritto di credito*,\(^{22}\) hereby the creditor lent money that the borrower secured with real estate for a set time. During this time, the borrower had to pay interest and, at the dead-
line, he/she had to return the money. Unlike the censo passivo, which left the debtor free to extinguish the debt, a fixed, usually short-term, deadline was established. The scritto di credito was commonly used by merchants, local shopkeepers, and grocers, namely in trade.

Under the Ancien Régime, and its chronic shortage of money, the notarized loan revealed an efficient tool, which was fit both for those who had no ready cash to cover ordinary and extraordinary expenses or even to make long-term investments, and for ‘capitalists’ who had lying idle liquid assets on hand. For lenders, it represented an annual rent and a good alternative to the more traditional investment in land. It was indeed more profitable than land, easier to manage, and equally safe, since such a loan was always backed by collateral.23

Risk Mitigation

Most credit instruments drawn up by notaries required collateral, real estate that could yield rent equal to the interest rate. In the handbook for notaries written by Giovanni Pedrinelli in the eighteenth century, collateral was:

universally necessary and essential to this contract; lest, absent the aforesaid specifically mandated yearly fund yield, common sense should deem that real title to demand it was also lacking, making the contract outright usury in the guise of livello.24

According to the law, the collateral value had to be one-third more than the amount of money borrowed. For instance, when Cristiano and his son Domenico Michelini of Rovereto asked the nobleman Cristoforo quondam Pietro Antonio Birti for 350 florins, they offered as collateral two plots of farmland cultivated with vineyards and mulberry trees, specifying that such lands were ‘to no other party bound, nor mortgaged, and worth one third more than the aforesaid capital’.25

The prerequisite for access to the capital market was the ownership of real estate (a plot of land, a house, a shop) or revenues (from duties, tithes, public debt, etc.) that could yield an annual rent. In Trentino, in
addition to some large properties, land was widely distributed among many small landowners, a feature that facilitated access to the capital market for a large part of the population, city dwellers as well as rural households.

The most common secured collateral was land that was generally ploughed and often included vineyards and mulberry trees. Trentino’s economic system was mainly based on the primary sector, especially the production of wheat, rye, and other minor grains, and related manufacturing activities like wine making, and the growing silk industry. Silk manufacturing was organized in the putting-out system, whereby initial production phases were put out to households in outlying areas. Mulberry trees were planted at the edge of farmland, as was the custom, and their leaves used to breed cocoons for making raw silk. For many rural households, silkworm breeding brought revenue that supplemented what was provided by agriculture. Whereas real estate, usually land, was the most widespread collateral in Trento, in Rovereto this was more differentiated and specialized and in a way more liquid. Not only real estate (farmland, houses, workshops, mills, sawmills) but also portable assets like animals (oxen, mules, horses), merchandise, lumber, mulberry leaves, and throwing machines. Silk producer Carlo Morandi from Sacco, Rovereto, for example, borrowed 135 florins from the priest Gio. Batta Lizzini. He obtained the money at 5 per cent, securing it with a ‘six-flyer throwing machine’. Cristoforo Covi, in name of his principal, borrowed 2000 florins from the firm of Zanella, with the condition of “securing the loan on mercantile wood”. Bartolomeo Vicentino received a loan of 100 ragnesi from Alessio Fiera securing ‘on all mulberry leaves’. The silk merchant of Riva, near Trento, Gianantonio Chioveta received about 3000 lire from the firm of Pietro Pasqualini and for which he secured ‘all the farmland revenues’.

Certain credit instruments called for a new form of collateral, revealing very modern in conception, in which future output for trade was secured. Bartolomeo Conz from Besenello, for instance, borrowed 650 lire to buy ‘animals and tools for ploughing, straw, grains, and so forth’. For this debt, he secured his harvest. Conz promised to ultimately pay off his debt with revenue from his crops. Higher risk tolerance was shown by a group of woodcutters from Vallarsa, near Rovereto, who gathered in a sort of societas. They borrowed money from the nobleman Cristoforo
Birti de Weinfeld. He lent 1550 florins at 6 per cent, to be paid off after a short term, more precisely four years for the first installment and one year for the second. The money went to pay the commune of Vallarsa for the right to fell trees. The collateral they used was the felled timber to be hewn. The way these transactions were conceived foreshadows modern leveraged buyouts. Contracts like this were indeed very rare; however, they were indicative of a market undergoing transformation and growing more flexible. As Hoffman et al. argue: ‘Potential borrowers competed on the basis of their collateral and reputation rather than on the expected value of their projects’ (Hoffman et al. 2000: 300).

Collateral and reputation were the key factors on private capital markets. At root, informal credit networks were based on moral values like trust, reliability, and reputation. Valentino Isach, a glassblower in Trento, overburdened by debts and harassed by his creditors, decided to sell his house, ‘the only real estate he owned’, and get out of all his debts in order to ‘preserve his and his family’s reputation’. A good reputation was a prerequisite for access to credit, as a consequence credit constituted in the early modern societies ‘public means of social communication and circulating judgment about the value of other members of communities’ (Muldrew 1998: 2; Fontaine 2001: 39–57; Tomz 2007).

**Loan Sizes and the Purpose of Debt**

The amount of money borrowed could range from tens to thousands of florins. The average was around 280 florins in Trento and a bit higher, 345 florins in Rovereto. The size of a loan says much about the origin of the borrower and about the destination of the debt. Loan size also closely correlated to the collateral that secured the loan. The most common loan sizes (around 50–60 per cent of notarized loans) were up to 100 florins (500 lire). To gauge the value of this sum: a laborer employed in the silk industry earned from 12 to 30 carantani a day depending on whether he or she was skilled (Lorandini 2006: 238–239). Supposing he/she worked 200 days (Pezzolo 2003: 158), that comes to between 40 and 100 florins a year. It is then comprehensible the often recourse to credit in order to meet ordinary and extraordinary expenses.
This is very approximate data, since salaries varied greatly depending on type of work, sex, and working days per year. That up to 100 florins was the most common loan size means the informal capital market was frequented by a composite middle class that included farmers, merchants, and artisans. Not only the wealthiest, the patricians, noblemen, and rich merchants, but also people from society’s lower ranks lent and borrowed money. The poorest were excluded from this network; their financial needs were met by special institutions, like the Monte di Pietà—monasteries, convents, lay organizations, confraternities.

As shown in Tables 1 and 2 above, capital flow was much greater in Rovereto (1,576,312 lire) than Trento (453,380 lire). Not only more deeds were drawn up but also bigger transactions, implying higher amounts of capital, had been signed, whereas Trento recorded nearly no such substantial transactions. Noteworthy in Trento was the debt incurred by the nobleman Mattia Giuseppe Cresseri de Breitenstein of more than 6500 florins (32,500 lire), owed to earl Giorgio d’Arco, chancellor of the Empress Maria Teresa and Archbishop of Salzburg. This was part of a much more sizeable loan that Cresseri had drawn ten years earlier, some of which had been paid off. Cresseri needed 25,000 florins (125,000 lire) in order to assume the Post of Rovereto. Such an enormous sum was first lent by the firm Altenpurgher & Offner, later the loan was taken over by earl Giorgio d’Arco and, in 1750, largely repaid. On the whole, major transactions in Trento referred almost universally to loans between individuals of the same rank or lineage. What happened in Rovereto, on the other hand, was quite different. The larger amount of capital flowing on the capital market resulted both from a greater number of deeds and from several large transactions. Big loans often referred to trade or were employed to finance the rural communities’ debts. An example of the former came in 1750, when the nobleman Giacomo Giovanni de Pedemonte lent Francesco Chepel, a grand merchant from Rovereto, 5000 florins (25,000 lire) at 6 per cent but, if Chepel proved reliable in paying interest, the rate was to be lowered to 5 per cent. The other most sizable sums were those used to finance the large indebtedness of the communities in the countryside. Such loans ranged from hundreds of lire to hundreds of thousands. In 1760 for instance, Pietro Modesto Fedrigotti—a member of one of the most influential families of Rovereto
who acquired the nobility only in 1717 by Charles VI—lent 7000 lire at 5 per cent of interest to the community of Trambileno, with unfixed deadline. 44 Even greater were the amount of capitals that the nobleman Leonardo Piomarta de Langenfeld lent in 1760 to several communities and that totally amounted to 112,400 lire (22,480 florins). 45 In particular, he loaned 73,900 lire to Avio, 46 17,200 lire to Pomarollo, 47 11,250 lire to Folgaria, 48 5500 lire to Brentonico, 49 600 lire to Nomi, 50 450 lire to Marco, 51 and eventually 3500 lire to a group of small communities. 52 The Piomarta families were used to financing the communities, as the financial operation carried on by another member of the families ten years earlier shows. 53 In 1750, Francesco Piomarta loaned 100,000 lire to the commune of Brentonico in one single transaction. 54 Sometimes instead of the annuity, the communities turned to the creditor the rent yielded by plots of land or buildings. 55

These contracts turned out to be profitable financial operations for both parties. On the one hand, the communities could extinguish previous smaller debts—on which they paid an interest rate of 6 per cent—and draw up one single obligation contract with a new creditor (in this case Piomarta) at a lower interest rates, that ranged from 4.5 to 5 per cent. 56 On the other hand, lending to municipal communities, that paid sound interest rates regularly and offered conspicuous collateral, represented a good investment for wealthy families. 57

The reasons that drove citizens and rural inhabitants to borrow money varied greatly and depended on several factors. One did not go into debt only in times of distress. Early modern age was often affected by a shortage of cash, hence the recourse to credit was rather common by much of the population, becoming an ubiquitous resource. Once again, how borrowed capital was employed differs vastly between Trento and Rovereto. In the first city, the borrower used the capital to purchase, improve, or enlarge a plot of land, to buy a house or a mill, to create the daughter’s dowry, 58 to pay for goods that had been previously bought, to pay off rent on farmland, and to settle earlier debts. The latter constituted the most frequent purpose underlying a debt; in this case, the notary may have played a vital role. In effect, the (insolvent) debtor could not make recourse to the same creditor. He/she had then to find a new lender to finance the debt, which the notary might help his client do. With rela-
tively low transaction costs and therefore low prices, the borrower could obtain the sum needed to prevent financial failure.

Borrowers asked for money to purchase goods from local shops or to buy agricultural products. The most traded products were wood, wheat, corn, and wine. Giovanni Maria Stainer from Vallarsa, for instance, borrowed 360 lire from Francesc’Antonio Barozzi of Lizzana that derived from the corn given to Stainer. Cristiano Senter had bought some wine from Cristiano Fait. Since he had paid for only part of it, for the remaining 142 lire, he signed a *censo* with unlimited deadline (*quandocumque*). Domenico Pasquale asked Matteo Zandonati, from whom he rented, for 200 lire to buy two oxen ‘in order to ply his trade of farming’. In Rovereto, most debts were related to the silk industry, which at that time was one of the pillar sectors of the Trentino economy (Lorandini 2006); the eighteenth century can be doubtlessly termed the ‘golden age’ of silk production. Citizens indebted in order to buy mulberry leaves, cocoons, and throwing machines. Cocoons, especially, were on the market both as goods for sale and as means of payment. Domenico Fedrigotti borrowed 300 lire to be paid back in one year. Instead of paying in cash, the debtor, Fedrigotti, promised to give the lender, Zambelli, ‘the cocoons he will produce next year’. Domenico Marin borrowed about 370 lire some of which came from ‘the rent on land with mulberry trees and from money that was given for cocoons’.

The deadlines of the contracts reveal that the silk industry also determined the pace of the credit market, as they were set according to cocoon-harvesting time. Batta de Bianchi, for instance—who received 334 lire from Francesc’Antonio Barozzi—promised to repay the amount in two equal installments, that is, ‘half at this year’s tax and half at next’. Domenico Maffei promised to pay off his debt of 500 lire to the abbot Antonio da Santo Nicolò ‘in the next cocoons’ season’. Tommaso Campologno from Noriglio promised to extinguish the loan of 150 lire that he received from the priest Gio. Batta Lizzini ‘when the “low tax” will be established’.

As noted above, the largest amounts of capital were those absorbed by rural communities. Such transactions particularly concentrated in the three benchmark years: 1750, 1760, and 1770. In each of these years, communities used 28.5 per cent (116,000 lire), 28.2 per cent (110,631 lire),
and 8 per cent (32,390 lire) of available capital, respectively. The communities heavily indebted to meet a wide range of necessities, hence military and administrative expenses, building, fixing and maintaining infrastructure (roads, bridges, river banks, and waterways), legal arguments and levies.

Interest Rates

The interest rate, which theoretically corresponded to the rent on the secured real estate, ranged from 3 to 7 per cent; however, prevailing rates were 5 and 6 per cent. These were relatively low, allowing a large part of the population access to the credit market. This included not only the urban elites but also representatives of lower ranks and less familiar with the financial world, hence farmers, peasants, widows, and young unmarried women. As Douglass C. North argued, low interest rates meant also low transaction costs that are the result of an efficient market. In the eighteenth century, in Trentino, as in much of the Italian Peninsula, interest rates gradually decreased, from 6 to 4 per cent.

Although some loans—at least apparently—did not include interest, most credit contracts implied; rent could be paid in cash or crops, especially wheat. For a 100-florin loan, for example, one paid 18 stai (bushels) of wheat, for 100 ragnesi 16 stai of wheat. Rent was paid mainly in cash, payment in kind endured in the rural areas.

Interest rates were usually inversely proportional to the amount of money borrowed: to high sums corresponded low rates. Unlike Trento, Rovereto had a broad range of interest rates, from 3.5 to 7 per cent, and were often more detailed (3.5, 4¼, 4¾), reflecting the market’s greater specialization.

Borrowers and Lenders

Capital-market habitués were made up of broad swaths of the population from various social ranks, representing not only the upper social classes of aristocrats, patricians, and the rich bourgeoisie but also artisans,
merchants, shopkeepers, peasants, and women. In wide terms, there is a clear distinction between the subdivision of borrowers in Trento and Rovereto. In the latter, a much greater role was played by patricians and especially by the merchants, who covered over half of money supply; moreover, a marginal function was played by the religious bodies that participated in the credit market with a quota that ranged from 5 to 9 per cent. In Trento, the most significant part of cash came from nobility and the Church. The latter in particular represented from 14 to 21 per cent of the total of money supply.70

In some cases, certain individuals operated systematically inside the capital market, behaving as regular suppliers of money to a wide range of debtors. In Trento, for instance, the imperial nobleman Girolamo de Graziaedi lent about 12,000 lire—spread over 11 transactions—all through the same notary, Paride Ceschini. The loans were often figures of 100 ragnesi, and interest was paid in wheat. The borrowers were mainly farmers and peasants, from separate villages in outlying areas. The credit market appears to have been precisely organized around one notary, one lender, fixed prices, set loan sizes, and a large array of distinct debtors. Creditors were often individuals from the old aristocracy, such as Carlo Emanuele Sardagna, Pietro Giuseppe Tosetti, and Antonio quondam Vincenzo Bianchi, beside big merchants, grocers, and retailers. Some of the money was supplied by the regular orders, such as the Discalced Augustinians’ monastery and the women’s convent of the Third Order of St. Dominic, and by outlying parishes. As for debtors, they were representatives of the local aristocracy and patriciate, small landowners, peasants, and artisans (shoemakers, bakers, millers).

In Rovereto, most major financiers came from commerce. Antonio Fedrigotti, for instance, a silk merchant who later obtained the nobility, in 1760 lent almost 160 florins (800 lire) to Domenico Modena ‘for cocoons’.71 The latter had to pay back his debt into three equal installments ‘the first rate would start at the next cocoon season in 1760, the second at the season in 1761 and the third one at the season in 1762.72 The nobleman Giacinto, son of the silk merchant Clemente Cobelli, lent 500 florins (2500 lire) to Sebastiano Malfatti who promised ‘to pay the interest rate at 6 per cent, trusting that, investing this money in the Cobelli’s firm, it would profit more’.73 Alongside major traders,
shopkeepers, and patricians enriched by trade who were still involved in business, there was a wide and heterogeneous group of merchants (dealing in silk, wool, wood, tobacco, groceries, etc.), weavers, dyers, shoemakers, backers, blacksmiths, and bricklayers. In addition, several religious institutions operated as lenders: convents, for example, Convento Femminile di San Carlo, confraternities, for example, Confraternita delle Consorelle di Lavarone, and hospitals, for example, Ospedale di San Tommaso. Credit also played a fundamental role in fostering the expanding silk manufacturing and trade. The silk trader Michele Laurenzi, for instance, borrowed 3000 florins (15,000 lire) from Giovanni Obexer from Augsburg.\(^74\) The dyer Matteo Masotto borrowed about 160 florins (800 lire) at 5 per cent from Domenico Stoffella to be paid back \textit{quan-documque}.\(^75\) The silk merchant Cristiano Babel borrowed 1500 florins (7500 lire) from Giuseppe Fogolari dal Toldo. He received the money at 4 per cent to be returned in one year.\(^76\) The noblewoman Orsola, wife of the silk merchant Giacomo Sichard, owner of a throwing machine, drew up a debt contract with the nobles Antonini in which she asked for about 400 florins (2000 lire).\(^77\) This broad and structured multitude of capital market operators constituted a distinguishing feature of Rovereto and its surroundings.

**Concluding Remarks**

Analysis of notarial credit in Trento and in Rovereto shows a striking difference between the two capital markets. Although Rovereto was a much smaller city (with half Trento's population) and had fewer active notaries, their activity, especially for debt and transactions, was much more intense (15 versus 8 per cent of total deeds). This reflects greater market dynamism and depth. Its capital flow, which was almost three times Trento's (1,500,000 versus 450,000 lire), was due, first, to a higher number of deeds, to the higher average of loan size and eventually to larger transactions that served to finance trade and the chronic indebtedness of the rural communities. Greater demand-side pressure drove money supply, and, for creditors, lending represented a profitable investment. Its use of credit instruments shows that Rovereto adopted more modern means,
rather short-term credit that was mostly linked to trade, and was pro-
vided by merchants with higher risk propensity. Moreover, its wider range
of interest rates reflected a more specialized and sophisticated money
market.

Besides having lower capital flow, Trento’s credit market was less liquid
and less lively. Transactions often occurred between ‘peers’ within limited
circles (same social class, same village, same family). Debt was mainly
incurred to pay off outstanding items, purchase plots of land or houses,
and meet urgent needs. The credit instruments employed in Trento
referred to old practices, with more modern financial tools only slowly
taking their place. Unlike Rovereto, under Habsburg dominion and
deeply linked to an international trade network, Trento, as capital of the
Prince-Bishopric, was embedded in an institutional framework that
seemed to slow the penetration of modernization. Nevertheless, there
were signs that, in Trento, such resistance to change was to be gradually
eroded by a trend toward modernization. In both cities, but especially in
Rovereto, the intermediation of notaries helped mobilizing savings,
allowing the local economy to grow and develop, even in the absence of
modern banks.

Archival References

Archivio di Stato, Trento (Astn), Archivio notarile (An)

Trento

Years: 1750: Bernardelli F.A., folder (henceforth f.) XXIV; Cimonati
D.A., f. I; De Capris F.F., f. IV; Frigeri G., f. I; Gallicioli R.A., f. I;
IV; Paurnfeind F., f. VII; Pini F.A., f. V; Poli A.F., f. IX; Poli F.G., f. I;
Sadagna G.M., f. I; Salvotti W.G., f. I; Sardagna F.G., f. V; Travajoni V.,
f. XIII; Voltolini C.F., f. I. 1760: Cimonati D.A., f.II; Dall’Aquila L., f. I;
De Capris F.F., f. VII; De Capris G.L., f. VI; Galliccioli R.A., f. II;
Gueranioni G.C., f. III; Lisoni G.B., f. IV; Marchetti L., f. I; Negri F.A.G.,

**Rovereto**


Notes

1. Archivio di Stato di Trento, hereafter Astn, Archivio notarile, hereafter An, A. Ceschini folder, hereafter f., XVIII, 4388, 21 March 1740. 1 florin was worth 5 lire (or troni). 1 lira was equal to 20 soldi or to 240 denari.

2. Debunking this traditional view, recent studies have proved the positive interplay between public debt and real economy in pre-industrial Italy where, in some cases, state bonds nurtured a lively financial market (De Luca 2008; Pezzolo 2008).


5. As the area roughly corresponding to the Prince-Bishopric, as well as Rovereto and its surrounding.

6. See among others: Leonardi 1996; Donati 2000; Coppola 2000; Sabbatini 2000; Bonazza 2000. The successful case of the Salvadoris studied by Cinzia Lorandini was one of the very few firms that distinguished in Trento (Lorandini 2006).

7. Almost 18 per cent of the territory was set up to 750 meters of altitude, it means level ground, valley floor, and hills, and this constituted the territory effectively suitable for grain cultivation. Around 40 per cent of the
land was between 750 and 1500 meters, that is middle mountain, and the rest over 1500 meters, namely, high mountain (Coppola 2000: 233).

8. Rovereto silk industry specialized in the first phases of the whole manufacturing process, to a marked degree reeling, throwing, and to a lesser extent dyeing (Leonardi 1988: 10).

9. 1 pound in Rovereto was equal to 332 gr.

10. Private families’ archives constitute another significant source to draw upon in order to study private credit activities, yet they do not provide aggregate data.

11. Notaries were far more disseminated through the territory than today, easing access for much of the population.

12. In Venice, young notaries used to draw up contracts directly in gondolas (Pedani Fabris 1996: 132).

13. See for instance the notary Africo Clementi studied by Marino Berengo (1981). In Ticino, at the border of northern Italy, notaries used to travel from one village to another, easing in this way the spread of information. Ostinelli-Lumia (1997) defined them ‘travelling notaries’.

14. We use the term informal to refer to operators like notaries that were not specialized in financial activities, like for instance money changers, bankers, or brokers (sensali), and yet they proved crucial for credit markets.

15. 30 is the average of the number of notaries operating in the time span analyzed here, see Table 1.

16. 18 is the average of the number of notaries operating in the time span analyzed here, see Table 2.

17. Such contract was one of the most common ways to obtain a loan, especially before the emergence of censo consegnativo (redeemable annuity) in 1569. The ‘compra cum recupera’, basically a fictitious sale, was an instrument that allowed loans, by escaping the usury laws, since no interest—at least officially—was charged. De facto the interest was constituted by the income yielded by the plot of land. As stated by Marco Cattini, such an operation was very risky for sellers/borrowers, because only in 1 case out of 20 the land was regained (Cattini 1983: 127). Even also after the legitimization of censo consegnativo, these old instruments were widely used. In Trento—as above mentioned—it was very common still in the late eighteenth century.

18. The notarial formula declared: ‘con patto di poter redimere detta pezza di terra nel termine di anni (...) mediante la restituzione del prezzo’.

19. In the case of the census, the contract specifies that it refers to the legitimation of censo consegnativo by the bull issued in 1569 by Pope Pious
V. The Papal reform allowed interest rate on lent money, but at specific conditions: it had to be backed by a collateral (real estate), it could not exceed 7 per cent (in some areas 7.5 per cent), and it had to be signed before a notary. The most innovative aspect was its redeemability, namely it allowed the debtor to regain the full property of the collateral, once he had paid back the debt, see Alonzi (2005: 88). As for the previous contracts (irredeemable annuity), see Alonzi (2008). Sometimes, along with censo passivo, the so-called livello affrancabile was used; that is a very similar instrument more common in the nearby Republic of Venice (Corazzol 1979, 1986).

20. The censo was created in order to defend small owners from the confiscation of their land, which was a diffused phenomenon and a way undertaken by the new emerging classes to enlarge their properties (Alonzi 2011:19).

21. As widely known, usury laws had gradually been smoothed by the Church since the Middle Ages. Religious institutions, particularly the Regular Orders, practiced themselves an intense credit activity. Literature on this theme is vast, see among others: Vismara (2004); Munro (2003: 505–62); Barile (2008: 835–74); Felloni (2008: 93–149); Ceccarelli (2005: 3–23); Mainoni (2005: 129–58).

22. It literally means a ‘writing of credit’.

23. Farmland revenue ranged from 3 to 5 per cent (Lorenzini 2009: 59–71).

24. The original document states: ‘onninamente necessaria, ed essenziale a questo contratto; altrimenti mancando il fruttifero fondo specialmente obbligato all’anno pro, mancherebbe secondo la comune sentenza il titolo reale di poterlo esigere, e sarebbe il contratto una vera usura mascherata col. manto del livello’, (Pedrinelli 1768: 44). As above mentioned, the livello affrancabile was very common in the State of Venice, yet it was also used in the nearby territories, like Trentino.


28. The contract says: ‘cautando e assicurando detti Zanella e Probizer in e sopra tutti e cadauno dei beni presenti e futuri di detto suo principale Boldironi in genere e in specie sopra li legnami mercantili di ragione dello

29. 1 *ragnese* was worth 4.5 Venetian lire.


36. Such financial instruments, which became widespread in the 1970s and 1980s, consist, broadly stated, of purchasing a company using debt secured by the enterprise itself.


38. This was not a rule strictly followed, however.

39. The income of a farmworker was yet usually lower. 60 *carantani* equalled 1 florin.

40. At that time 100 florins would buy about 540 kilograms of wheat (Grandi et al. 1978: 9–10). A 100 kilograms of wheat yielded about 80 kg of bread (Guenzi 1982: 77).

41. The Monte di Pietà was active in Rovereto, while in Trento, although it was officially opened till the end of the eighteenth century, it did not actually operate. It would be newly founded in 1883.

42. On the Cresseri family, see Perini (1910); Tabarelli de Fatis and Borrelli (2005).


45. The sum corresponded to 28.7 per cent of the total cash flow of Rovereto in 1760, see Table 2.


52. These were Nogaredo, Folas, Pedersano and Aldeno. 
53. On the families, see Perini (1912).
55. See for instance the case of the veronese municipalities (Lorenzini 2016: 276–86).
56. See for instance the 10,000 florins (50,000 lire) borrowed by Avio that were employed to pay back five debts that it had drawn with Giovanni Antonio de Rosmini in the 1730s. 
57. These communities’ debts were often backed by entire portions of mountains, which represented a great resource in terms of wood, used as combustible but much more as marketable good.
58. In ancien régime societies, dowry was one of the most powerful means to climb the social hierarchy, hence a large part of the population invested on it.
59. The kind of goods purchased was not always specified. Documents generally referred to ‘goods he was outfitted for’ (‘per merci somministrategli’).
60. Astrn, An, G. Bettini, f. XIV, 02 Jan. 1770, Rovereto.
63. Astrn, An, A. Giordani, f. XXVIII, 26 June 1760, Rovereto.
64. Astrn, An, G. Bettini, f. XIV, 28 Jan. 1770, Rovereto. From 1765, the reference parameter for cocoon price was the ‘tassa’ (literally ‘tax’) of Rovereto, which was articulated into a ‘high tax’ for the best quality cocoons, and ‘low tax’ for lower quality cocoons (Lorandini 2006: 239).
67. As above mentioned, the Church ‘justified’ the interest rate by identifying it with the revenue yielded by land.
68. ‘Interest rates are the best proxy for the efficiency of the institutional framework of an economy’ (North 1985: 557).
69. 1 staio in Trento was equal to about 30 kilograms (Grandi et al. 1978: 10).
70. In both cities, Regular Orders did not play a central role. A similar—not prevailing—quota was that of monasteries and convents of Verona who injected to the local credit network from 11 to 28 per cent of the total money supply (Lorenzini 2016: 198).
Borrowing and Lending Money in Alpine Areas...

References


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