Notarial Credit in Eighteenth-Century
Trentino: Dynamics and Trends

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Notarial Credit in Eighteenth-Century Trentino:
Dynamics and Trends

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Abstract

This paper investigates the informal credit market in Trentino in the second half of the eighteenth century by drawing upon notaries’ loan contracts. The analysis focuses on four benchmark years: 1750, 1760, 1770, and 1780. More than 10,000 contracts from the period were examined, including 1,200 credit transactions registered in two different cities, Trent and Rovereto. The research aims to analyze dynamics and trends, as well as the mechanisms that characterize the two credit markets, specifically who the borrowers and the lenders were, what capital was borrowed for, and at what price. The findings show stark differences between the two cities’ financial markets. In Trent, whose population amounted to some 9,000, credit activity accounted for 7.7% of all notarial transactions, whereas in nearby Rovereto, with about half that population, credit contracts represented twice as much, 15% of business. Likewise, capital flow reflects the different nature and dynamism of the two towns. In Trent, loans were mainly to finance agriculture and the urban economy (craftsmen, retailers). In Rovereto, where capital flow was nearly three times that of Trent, went largely to sustain agriculture and the flourishing international silk trade. The political and institutional frameworks around the two towns were indeed quite different. Trent, as the capital of the Prince-Bishopric, was chiefly an administrative town and apparently impervious to innovation. But Rovereto, part of the Habsburg Monarchy, was a well-integrated node in an international trade network of rapidly expanding silk manufacturing, whose growth was fostered by the vivid and effective credit market.

Keywords: informal credit market, notaries, early modern age
JEL classification: N23, N53, N63, N93
Introduction

In 1740 the imperial nobleman Mattia Giuseppe Cresseri de Breitenstein of Trent borrowed 25,000 florins in a single transaction. That nearly equaled the revenues of the tolls of Rovereto in the same year, 24,769 florins. The nobleman Leonardo Piomarta de Langenfeld, in one year (1760) lent more than 45,000 florins, spread across a score of transactions, most to finance 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 centered around 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. According to this view, which became common wisdom, only specialized formal credit institutions were able to mobilize considerable financial resources. In the last two decades, however, evidence from new empirical research has shown not only that capital markets thrived in the pre-bank era but also that they played a significant role in economic growth.

1 This paper presents initial results of a project - work still in progress - financed by the Fondazione Cassa di Risparmio di Trento e Rovereto. The project is coordinated by Andrea Leonardi and Cinzia Lorandini of the Department of Economics and Management of the University of Trento. It is a very preliminary draft. Comments are greatly appreciated: marcella.lorenzini@unitn.it Please do not cite.

2 One florin was worth five Venetian lire (or tronchini). One lira was equal to 20 soldi or to 240 denari.

3 See A. Bonoldi, La fiera e il dazio. Economia e politica commerciale nel Tirolo del secondo Settecento, Trent, Società di studi trentini di scienze storiche, 1999, p.67.

Against such a backdrop, this study aims to analyze the private capital market in Trent 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 characterize the informal credit market in the two cities and their surrounding areas. The study is based on all debt/credit transactions recorded by notaries in Trent and Rovereto. About 30 kilometers from each other and 200 from Venice, the two towns differ greatly in size: Trent had some 9,000 inhabitants and Rovereto about 5,000. Their geography is quite similar, both lying on the Adige River, which was crucial to trade throughout Trentino.\(^5\) The Adige facilitated the connection between northern Italy and northern Europe, especially to German territories. Based mainly on the primary sector, both areas had land suited to mulberry trees for silk production, which represented the pillar of the eighteenth-century Trentino economy. However, the institutional and political frameworks in which the two areas were embedded diverged substantially. Trent was

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\(^5\) As the area roughly corresponding to the Prince-Bishopric, as well as Rovereto and its surrounding.
the capital of the Prince-Bishopric, chiefly an administrative town. Rovereto, on the other hand, belonged to the Habsburg Empire and was deeply integrated into the international trade network. Moreover, its silk industry was growing fast, becoming the key sector of the local economy.

This research has focused particularly on four benchmark years: 1750, 1760, 1770, and 1780. These years were not marked by specific economic hardship, since the research objective is to analyze how the private capital market functioned under ‘normal’ conditions. More than 10,000 deeds have been examined, 1,200 of which relate to debt/credit contracts. Analyzing notarial documents made it possible to detect credit among private individuals, otherwise hard to reconstruct. 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 research. 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. “For obvious reasons such as that the state left many detailed accounts of its activities, but the private sector often did not”.


A comparison of credit activity in Trent and in Rovereto and their hinterlands shows a striking difference between the two capital markets at a glance (see tables 1 and 2).

Table 1. Total notarized deeds, loans, and average loan size in Trent per benchmark year, amounts in Venetian lire

<table>
<thead>
<tr>
<th>Year</th>
<th>Active notaries</th>
<th>Deeds</th>
<th>Loans</th>
<th>% Loans</th>
<th>Total loans (Ven. ₤)</th>
<th>Average loan size (Ven. ₤)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1750</td>
<td>27</td>
<td>806</td>
<td>76</td>
<td>9.4%</td>
<td>161,860</td>
<td>2,130</td>
</tr>
<tr>
<td>1760</td>
<td>28</td>
<td>848</td>
<td>38</td>
<td>4.4%</td>
<td>27,886</td>
<td>733</td>
</tr>
<tr>
<td>1770</td>
<td>35</td>
<td>1,038</td>
<td>78</td>
<td>7.5%</td>
<td>97,987</td>
<td>1,256</td>
</tr>
<tr>
<td>1780</td>
<td>35</td>
<td>1,165</td>
<td>110</td>
<td>9.4%</td>
<td>165,647</td>
<td>1,505</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3,857</td>
<td>302</td>
<td>7.8%</td>
<td>453,380</td>
<td></td>
</tr>
</tbody>
</table>

Source: data constructed from the notary deeds listed in the Archive Reference

Table 2. Total notarized deeds, loans, and average loan size in Rovereto per benchmark years

<table>
<thead>
<tr>
<th>Year</th>
<th>Active notaries</th>
<th>Deeds</th>
<th>Loans</th>
<th>% Loans</th>
<th>Total loans (Ven. ₤)</th>
<th>Average loan size (Ven. ₤)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1750</td>
<td>18</td>
<td>1,624</td>
<td>248</td>
<td>15.2%</td>
<td>406,156</td>
<td>1,637</td>
</tr>
<tr>
<td>1760</td>
<td>19</td>
<td>1,714</td>
<td>231</td>
<td>13.4%</td>
<td>391,426</td>
<td>1,694</td>
</tr>
<tr>
<td>1770</td>
<td>19</td>
<td>1,576</td>
<td>251</td>
<td>15.9%</td>
<td>395,606</td>
<td>1,545</td>
</tr>
<tr>
<td>1780</td>
<td>16</td>
<td>1,295</td>
<td>212</td>
<td>16.3%</td>
<td>383,124</td>
<td>2,059</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>6,209</td>
<td>942</td>
<td>15.1%</td>
<td>1,576,312</td>
<td></td>
</tr>
</tbody>
</table>

Source: data constructed from the notary deeds listed in the Archive References

First, total capital flow in Rovereto, 1,576,312 Venetian lire, was about three times as much as Trent’s 453,000 Venetian lire. 15.1% of deeds was attributable to credit activity, against 7.8% in Trent. Second, the average of loan in Rovereto was worth 1,700 Venetian lire, compared to 1,400 in Trent.
The notaries' activity

Within the private capital market, the notary played a crucial role.⁹ A large proportion of citizens and rural inhabitants turned to him¹⁰ to sign a will, a sale, a dowry or, of course, a loan. Furthermore, he thus learned whether his client had just sold a plot of land, for instance, and had liquidity to invest or, conversely, if his client was looking for cash. He generally drew up contracts in his own office, which was often also his home. However, it was not unusual for him to personally visit his client’s home, say, to register a dowry. Therefore, he sometimes got to be on confidential terms with his clients.¹¹ Most aristocratic families, merchants and rich bourgeois had their own notaio di fiducia, who registered all the transactions related to the family’s assets and kept records of them in his archives forever. By drawing up a sale contract, a Veronese notary expressively stated: “riducendo in pubblica forma le parti infrascritte il contratto di vendita fra di esse stabilito col mezzo di scrittura privata del 15.07.1681 confessata e riconosciuta per vera e a me notaio consegnata per doverla qui infine trascrivere et indi nel mio fillo perpetuamente conservare”.¹² This privileged position enabled notaries to know their clients not only in economic and financial terms but also in terms of reputation. They learned whether their clients were reliable, trustworthy, and honest. All this information was essential to the good functioning of the credit market. By

⁹ See R. T. Hoffman, G. Postel-Vinay, J-L. Rosenthal, *Priceless markets*; G. De Luca and A. Moioli, *Il potere del credito*; G. De Luca, *Informal Credit and Economic Modernization in Milan*. Referring to Milan, Stefano Levati observed how much the notary was able to affect the drafting of the deeds they drew up, see S. Levati, *Notai e società nello Stato di Milano*, p. 120.

¹⁰ Notaries were far more disseminated through the territory than today, easing access for much of the population.


catalyzing and properly channeling such information, the notary was able to match
demand for money with supply (debtor with creditor), thus operating on the capital
market as an informal financial intermediary.\textsuperscript{13} By easing the flow of information, the
notary helped reduce information asymmetries and lower transaction costs, thereby
enabling the credit market to function well and develop in an era where banks did not
exist.\textsuperscript{14}

The analysis of the activity of the notaries in Trent and Rovereto confirmed the
different depth of the two markets. On average, notaries in Trent (around 30) signed
31.5 deeds a year, of which 2.3 were loans (see table 3). Conversely, despite their
smaller number (around 18), notaries in Rovereto drew up 86.5 deeds for 12.7 loans per
year (see table 4).

Table 3. Average yearly deeds and loans per notary in Trent, average loan value in
Venetian lire.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average No. of deeds</th>
<th>Average No. of loans</th>
<th>Average loan value (Ven. £)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1750</td>
<td>33.5</td>
<td>2.6</td>
<td>1,637</td>
</tr>
<tr>
<td>1760</td>
<td>30.2</td>
<td>1.3</td>
<td>733</td>
</tr>
<tr>
<td>1770</td>
<td>29.4</td>
<td>2.2</td>
<td>1,256</td>
</tr>
<tr>
<td>1780</td>
<td>33.2</td>
<td>3.1</td>
<td>1,505</td>
</tr>
</tbody>
</table>

Source: data constructed from the notary deeds listed in the Archive References

\textsuperscript{13} Informal because his work consisted in registering contracts and contrary to moneychangers or
official brokers (sensali) for instance, he was not paid for the intermediation service. As for the informal
of notaries as brokers is even more apparent in modern times, see: J. Levy, \textit{Notaries and credit markets in
and K. L. Solokoff, Cambridge 2003; G. De Luca, \textit{Tra reti e istituzioni. Per una lettura del sistema
creditizio milanese nei primi decenni dell’Ottocento}, in Storia in Lombardia, 28, 2007, pp. 5-33. On credit
market in early modern Europe see E. M. García Guerra and G. De Luca, (ed.), \textit{Il mercato del credito in

\textsuperscript{14} See D. C. North, \textit{Transaction Costs in History}, in “The Journal of European Economic History”,
Table 4. Average yearly deeds and loans per notary in Rovereto, average loan value in Venetian lire.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average No. of deeds</th>
<th>Average No. of loans</th>
<th>Average loan value (Ven. £)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1750</td>
<td>90.2</td>
<td>13.7</td>
<td>2,130</td>
</tr>
<tr>
<td>1760</td>
<td>90.2</td>
<td>12.1</td>
<td>1,694</td>
</tr>
<tr>
<td>1770</td>
<td>82.9</td>
<td>13.4</td>
<td>1,545</td>
</tr>
<tr>
<td>1780</td>
<td>80.9</td>
<td>11.6</td>
<td>2,059</td>
</tr>
</tbody>
</table>

Source: data constructed from the notary deeds listed in the Archive References

Beyond the bare data, a more detailed analysis of the parties to financial accords shows that the role of notaries was different. In Trent money was often exchanged among people from the same circles, i.e. the same family, the same village or the same rank. In Rovereto, on the other hand, the web of credit connected individuals from more heterogeneous spheres. The notary’s role as intermediary is thus more evident.

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. However, three widely used types that differed in duration and purpose stand out. The most widespread debt/credit deed in Trent was the *compra cum recupera*.\(^{15}\) This implied that the borrower sold a piece of his/her real estate (land, a house, a shop, a mill, etc.) for an amount of money. If he/she was able to pay back that sum at the deadline, he/she would regain the real estate.\(^{16}\) Sometimes no interest was charged. This instrument was mainly used to pay off old debts, settle rent arrears, meet family needs, remit taxes, and cover unforeseen or urgent expenses. In the latter case, the notary played a fundamental role because he could find financial resources in short order. Use of this credit contract gradually decreased toward the end of the century,

\(^{15}\) It literally means: “purchase with option to regain” (the real estate).
\(^{16}\) The notarial formula declared: “con patto di poter redimere detta pezza di terra nel termine di anni (...) mediante la restituzione del prezzo”.

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when it was overtaken by a more ‘modern’ financial tool, the censo passivo, also called *livello affrancabile* (redeemable annuity).  

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 *quandocunque*, “whenever.” A yearly interest rate was to be paid, according to the legitimation of the extrinsic titles of *damnnum emergens*, “loss occurring,” and *lucrum cessans*, “profit ceasing.” This was a long-term loan, often running for several decades. This instrument was also widely used by communities and other public bodies to finance expenditures (levies due to the central government, public works) and by private individuals to finance the purchase of real estate or other goods. The censo became a negotiable instrument that brought liquidity to the capital market.

A third, widespread credit tool was the scritto di credito, whereby the creditor lent money that the borrower secured with real estate for a set time. During this time, the

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17 The contract specifies in the case of census that it refers to the legitimation of “censo consegnativo” by the bull issued in 1569 by Pope Pious V. According to this new reform interest rate on lent money was allowed but it could not exceed 7%. Moreover, loans had to be based on collateral (real estate, tolls, tithes) and had to be redeemable, cfr. Alonzi L., *I censi consegnativi nel XVI e nel XVII secolo tra “finzione” e “realtà”,* in “L’Acropoli”, VI, 1, 2005, p. 88; L. Alonzi, *La lunga durata del Census Reservativus. Forme di credito e contratti agrari tra medioevo ed età moderna*, in “Nuova Rivista Storica”, 2008, fasc. II, pp. 343-390.


The scritto di credito is so defined: “Io do… a chi me la dimanda certa somma di denaro da impiegarsi ad arbitrio nelle sue occorrenze coi patti frequenti. 1. Che dopo il tempo già prestabilito mi
borrower had to pay interest and, at the deadline, he/she had to return the money. Unlike the *censo passivo*, which left the debtor free to extinguish his/her debt, a fixed, usually short-term, deadline was established. The *scritto di credito* was commonly used by merchants, local shopkeepers, and grocers.

Under the Ancien Régime, with its characteristic shortage of money, the notarized loan represented an important tool, 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 liquid assets on hand. For lenders it represented an annual pension 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.  

**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:

> onnimamente necessaria, ed essenziale a questo contratto; altrimenti mancando il fruttifero fondo specialmente obbligato all’annuo prò, ma anche vendute alla specie medesima, o equivalente, ma non sospetta di calo, o bando. 2. Che frattanto mi sia corrisposto l’annuo prò od interesse del cinque per cento, non a riguardo di verun titolo, ma come fatto convenevole alla somma esposta secondo l’uso di Germania per ragione del comodo, e vantaggio che ne ricava il ricevente. 3. Che detta somma vengami assicurata assieme coll’annuo interesse mediante una o più cauzioni idonee, o sieno piegi, ed anche per via d’un qualche pegno di cosa mobile, od immobile, ma di maggior valore della somma esposta, affine di assicurare la restituzione e gli interessi ancora.” Cfr. D.F. Todeschini, *Parallelo tra il censo germanico e lo scritto di credito proposto alla considerazione di un amico asolano da un accademico di Roveredo*, Rovereto, Ed. Francescantonio Marchesani, 1766, pp. 10-11.

secondo la comune sentenza il titolo reale di poterlo esigere, e sarebbe il contratto una vera usura mascherata col manto del livello.  

The collateral value should be one third more than the amount of money borrowed. For instance, when Cristiano and his son Domenico Michelini of Rovereto ask the nobleman Cristoforo quondam Pietro Antonio Birti for 350 florins, they have to offer collateral, which consisted of two plots of farmland cultivated with vineyards and mulberry trees. They also declare such lands are to “niun'altro obbligate overo ipotecate e di valere il suddetto capitale et il terzo di piu”.  

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 regularly ploughed, often including 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 Verlagssystem, whereby initial production phases were put out to households in outlying areas. Mulberry trees were planted, 

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21 Literally “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.” See G. Pedrinelli, Il Notaio Istruito nel suo Ministero secondo le Leggi, e la Pratica della Serenissima Repubblica di Venezia. Opera Umiliata al Magistrato Gravissimo dell'Ill.mi, ed Ecc.mi Signori Conservatori ed Esecutori delle Leggi da Giovanni Pedrinelli Avvocato Fiscale del medesimo Magistrato, in Venezia 1768, p. 44. The livello was a kind of loan, similar to the censo, used in the Republic of Venice.

22 Literally: they are “to no other party bound, nor mortgaged, and worth one third more than the aforesaid capital”, Astn, An, B. G. Battisti, f. XXX, Rovereto 23.03.1760.

23 The imbalance between population and farmland made agricultural products insufficient to completely meet domestic demand, therefore the region was dependent on import; see A. Leonardi, L'economia di una regione alpina, p.17.
generally at the edge of farmland, 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 farmland and houses were the most widespread collateral in Trent, in Rovereto this was more differentiated and specialized. 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%, securing it with sei varghi di filatoio a “six-flyer throwing machine.” Cristoforo Covi, in name of Boldironi, borrowed 2,000 florins from the firm of Zanella, with the following condition “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 stesso Boldironi”. Bartolomeo Vicentino received a loan of 100 ragnesi from Alessio Fiera securing “tutta la foglia di morari”. The silk merchant of Riva, near Trent, Gianantonio Chioveta received about 3,000 v.l. from the firm of Pietro Pasqualini and for which he secured “il prossimo traffico che tiene in Riva”.

Certain credit instruments called for a new form of collateral, very modern in conception, in which future output for trade was secured. Bartolomeo Conz from Besenello, for instance, borrowed 650 Venetian lire to buy “animali e utensili da biolcheria, strami, grani e altro” (“animals and tools for ploughing, straw, grains, and so

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24 “Una pezza di terra arativa vignata con morari”.
26 “Securing the loan on mercantile wood”, Astn, An, G. Bettini, f. III, 03.09.1760, Rovereto. The vargo, in Italian valico, represented the output capacity of the throwing machines.
27 One ragnese was worth 4,5 Venetian lire.
29 Emphasis added.
forth.”)\textsuperscript{31} For this debt “resteranno obbligate e ipotecate tutte le entrate a detto Conz spettanti che raccoglierà nel detto maso”, i.e. his harvest.\textsuperscript{32} Conz promised to ultimately pay off his debt “con tante delle sue entrate che raccoglierà nella sua porzione di maso”, i.e. with revenue from his crops.\textsuperscript{33} Higher risk tolerance was shown by a group of woodcutters from Vallarsa, Rovereto, who gathered in a sort of \textit{societas}. They borrowed money from the nobleman Cristoforo Birti de Weinfeld. He lent 1,550 florins at 6\%, to be paid off after a short term, 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: “sopra tutte le bore che pro tempore taglieranno in detto bosco”.\textsuperscript{34} The way these transactions were conceived, foreshadows modern \textit{leveraged buyouts}. 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.\textsuperscript{35} Contracts like this were 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.”\textsuperscript{36}

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 Trent, overburdened by debts and harassed by his creditors, decided to sell his house, “unico suo effetto stabile”, and get out of all his debts in order to “conservare la propria e della famiglia reputazione”.\textsuperscript{37} A good reputation was a prerequisite for access to credit and credit constituted in the early

\textsuperscript{31} Astn, An, P. Trentini, f. VI, 14.02.1750.
\textsuperscript{32} “All the farmland revenues will be secured”, Astn, An, P. Trentini, f. VI, debt, 14.02.1750.
\textsuperscript{33} Astn, An, P. Trentini, f. VI, 14.02.1750.
\textsuperscript{34} Astn, An, Battisti B.G., f. XXX, 1.09.1760 and 10.09.1760.
\textsuperscript{37} “In order to preserve his and his family’s reputation”, Astn, A.F. Poli, f. IX, Trent, 07.01.1750.
modern societies - as Muldrew argues - “a public means of social communication and circulating judgment about the value of other members of communities”.

**Loan sizes**

The amount of money borrowed could range from tens to thousands of florins. The average was around 280 florins in Trent 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% to 60% of notarized loans) were up to 100 florins (500 Venetian lire). To gauge the value of this sum: a male laborer employed in the silk industry earned from 30 to 48 carantani a day, depending whether he was skilled; supposing he worked 200 days, that comes to between 100 and 160 florins a year. Moreover, at that time 100 florins would buy about 540 kilograms of wheat.


39 This was not a strict rule, however.


42 A laborer’s salary could vary from 30 to 48 carantani per day, depending on whether he was skilled.

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 (small) landowners, artisans, peasants, merchants, and professionals. (We will see more specifically below who the borrowers and lenders were). 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; special institutions met their needs: the Monte di Pietà – which was active in Rovereto but not in Trent in the period, lay organizations, and religious institutions (monasteries, convents, confraternities, and parish churches).

As shown in tables 1 and 2 above, capital flow was much greater in Rovereto than Trent. This is not only because more deeds were drawn up but also because big transactions, implying huge amounts of capital, had been signed, whereas Trent recorded nearly no such substantial transactions. Noteworthy in Trent was the debt incurred by the nobleman Mattia Giuseppe Cresseri de Breitenstein of more than 6,500 florins (32,500 Venetian lire), owed to earl Giorgio d’Arco, chancellor of the Empress Maria Teresa and Archbishop of Salzburg. This was part of a much bigger loan Cresseri drawn ten years earlier, some of which had been paid off. Cresseri needed 25,000 florins 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. Other major transactions in Trent 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 were often linked to trade or used to finance community debt. An example of the former came in 1750, when the nobleman Giacomo Givanni de Pedemonte lent Francesco Chepel, a grand merchant from Rovereto, 5,000 florins (25,000 Venetian lire) at 6% but, if Chepel proved reliable in paying interest, the rate
was to be lowered to 5%. The other most sizable sums were those used to finance the rural communities. Such loans ranged from hundreds of Venetian lire to hundreds of thousands (see, for instance, the 100,000 Venetian lire that the Nobleman Francesco Piomarta lent the commune of Brentonico in 1750).

The purpose of debt

The reasons that drove citizens and rural inhabitants to borrow money varied greatly and dependent on several factors. One did not go into debt only in extreme situations, or exclusively in times of need. Early modern age was often affected by a shortage of cash. Hence, credit became a ubiquitous resource, widely used by much of the population. Once again, how borrowed capital was employed differs vastly between Trent and Rovereto. In Trent, the borrower used the capital to purchase a plot of land, a house or a mill, to pay for goods that he/she had bought, to pay off rent on plots of land, and to settle earlier debts. For the latter purpose, the notary played a vital role. The (insolvent) debtor could not make recourse to the same creditor. He/she had to find a new lender to finance the debt, which the notary might help his client do. With relatively low transaction costs and therefore low prices, the borrower could obtain the sum needed to prevent financial failure and save his/her reputation.

Borrowers asked for money to purchase goods from local shops or to buy agricultural products. The most traded products were wheat, corn, and wine. Gio.Maria Stainer from Vallarsa borrowed 360 Venetian lire from Francesc'Antonio Barozzi of Lizzana that derived from “somministrazione di gialo fatta ad esso Stainer”.

46 The kind of goods purchased is not always specified. Documents generally refer to per merci somministrategli, “for goods he was outfitted with.”
47 “From the corn given to Stainer”, Astn, G. Bettini Giuseppe, f. XIV, 02.01.1770, Rovereto.
Senter had bought some wine from Cristiano Fait. Since he had paid for only part of it, for the remaining 142 Venetian lire, he signed a censo with unlimited deadline (*quandocunque*). Domenico Pasquale asked Matteo Zandonati, from whom he rented, for 200 Venetian lire to buy two oxen “per poter esercitare col beneficio di detti animali la sua arte di agricoltore” (“in order to ply his trade of farming”).

In Rovereto, recurring reasons to borrow related to the silk industry, which was one of the pillars of the Trentino economic system, and the eighteenth century can be termed the golden age of silk production. Citizens turned to borrowing in order to buy mulberry leaves, cocoons, throwing machines. Cocoons, especially, were on the market both as goods for sale and as means of payment. Domenico Fedrigotti borrowed 300 Venetian lire to be paid back in one year. Instead of paying in cash, the debtor, Fedrigotti, promised to give the lender, Zambelli, “tutte le gallette che sarà per raccogliere l'anno venturo”,

Domenico Marin borrowed about 370 Venetian lire some of which came from “affitti incorsi di un campo locatoli da foglia di cavalieri e danari somministratili sopra gallette”.

The silk industry also determined the pace of the credit market, where deadlines were set according to cocoon-harvesting time. Batta de Bianchi, for instance - who received 334 Venetian lire from Francesc’Antonio Barozzi - promised to repay the amount in two equal installments: “metà alla tassa delle gallette dell'anno corrente e l'altra metà alle tasse delle gallette dell'anno 1771”, i.e. half at this year’s tax and half at next.

Domenico Maffei promised to pay off his debt of 500 v.l. to the abbot Antonio da Santo Nicolò in the “prossima stagione delle gallette”. Tommaso Campologno from Noriglio

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48 Astn, B.G. Battisti, f. XVII, 22.08.1750, Rovereto.
49 “The cocoons he will produce next year”, Astn, An, F.A. Candioli, f. I, 02.09.1770, Rovereto.
50 “From the rent on land with mulberry trees and from money that was given for cocoons”, Astn, An. G. Giordani, f. XXVIII, 26.06.1760, Rovereto.
51 Astn, G. Bettini, f. XIV, 28.01.1770, Rovereto. From 1765 the reference parameter 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, see C. Lorandini, *Famiglia e impresa*, p. 239.
52 “In the next cocoons’ season”, Astn, An, G.A. Mascotti, f. IV, 13.01.1750, Rovereto.
promised to extinguish the loan of 150 v.l. that he received from the priest Gio.Batta Lizzini “alla definizione della tassa bassa”.

As noted above, the largest amounts of capital were those absorbed by rural communities. Such transactions took place in the three benchmark years: 1750, 1760, and 1770. In each of these years, communities used 28.5% (116,000 v.l.), 28.2% (110,631 v.l.), and 8% (32,390 v.l.) of available capital, respectively. The reasons underlying these loans are not stated in the contracts, but the communities, heavily indebted, borrowed capital likely to pay levies, and to build or repair infrastructure (roads, bridges, river banks, and waterways).

**Interest rates**

The interest rate, which theoretically corresponded to the rent on the secured real estate, ranged from 3% to 7%; however, prevailing rates were 5% and 6%. These were relatively low, allowing much of the population access to the credit market. This included not only the rich but also those less familiar with the financial world (small landowners, artisans, 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, “interest rates are the best proxy for the efficiency of the institutional framework of an economy”. In the eighteenth century, in Trentino, as in much of the Italian Peninsula, interest rates gradually decreased, from 6% to 4%.

Although some loans – mainly *compra cum recupera* – did not include interest, most credit contracts implied it; rent could be paid in cash or in agricultural product,

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53 “When the ‘low tax’ will be established”, Astn, An, P. Trentini, f. VI, 20.01.1750, Rovereto.
especially wheat. For a 100-florin loan, for example, one paid 18 stai (bushels) of wheat, for 100 ragnesi 16 stai of wheat.\textsuperscript{55}

In Rovereto, interest rates seem inversely proportional to the amount of money borrowed: high sums meant low rates. However, again, this is not to be considered a strict rule. Rent was paid mainly in cash, payment in kind (wheat or wine) was rare. Unlike Trent, Rovereto had a broad range of interest rates, from 3.5% to 7% 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 some cases, certain individuals operated systematically inside the market, behaving as regular suppliers of money to a wide range of debtors. In Trent, for instance, the imperial nobleman Girolamo de Graziadei lent about 12,000 Venetian 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 rural, from separate villages in outlying areas. The credit market appears, in this case, to have been precisely organized around one notary, one lender, fixed prices, set loan sizes, and a large array of distinct debtors. Lenders were individuals from the old aristocracy, such as Carlo Emanuele Sardagna, Pietro Giuseppe Tosetti, and Antonio q. 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

\textsuperscript{55} One stajo in Trent was equal to about 30 kilograms, see C. Grandi, A. Leonardi, I. Pastori Bassetto (eds.), *Popolazione, assistenza e struttura agraria*, p. 10.
debtor, 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 manufacturer who later obtained the nobility, in 1760 lent almost 160 florins (800 v.l.) “per occasione e causa di gallette” to Domenico Modena. The latter had to pay back his debt into three equal installments “incominciando una rata alla corrente stagione delle gallette dell'anno 1760, così altra rata il 1761 e 1762 e sempre con gallette buone e mercantili”. The nobleman Giacinto son of the silk merchant Clemente Cobelli lent 500 florins (2,500 v.l.) to Sebastiano Malfatti who promised “di pagare il tasso di interesse del 6% … atteso che detta ditta Cobelli, impiegando nel suo negozio il predetto denaro, lo avrebbe fatto fruttare anche assai più e ciò tutto per il lucro cessante e danno emergente”. 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, e.g. Convento Femminile di San Carlo, confraternities, e.g. Confraternita delle Consorelle di Lavarone, and hospitals, e.g. 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 3,000 florins (15,000 v.l.) from Giovanni Obeter from Augusta. The dyer Matteo Masotto borrowed about 160 florins (800 v.l.) at 5% from Domenico Stoffella to be paid back quandocunque. The silk merchant Cristiano Babel, borrowed 1,500 florins (7,500 v.l.) from Giuseppe Folgolari dal Toldo. He received the money at

56 Astn, An, G. Bonfioi de Cavalcabò, f. I, 28.05.1760, Rovereto.
57 “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”, Astn, An, G. Bonfioi de Cavalcabò, f. I, 28.05.1760, Rovereto.
58 “He promised to pay the interest rate at 6%, trusting that, investing this money in the Cobelli’s firm it would profit more”. Astn, An, G. Bettini, f. XIV, 19.09.1770
59 Astn, An, D.A.Givanni, f. VI, 06.10.1760, Rovereto.
60 Astn, An, A.G. Giordani, f. XVIII, 04.08.1750, Rovereto.
4% to be paid back after one year.\textsuperscript{61} 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 (2,000 v.l.). \textsuperscript{62} This broad and structured multitude of capital market operators constituted a distinguishing feature of Rovereto.

\textbf{Concluding remarks}

Analysis of notarial credit in Trent and in Rovereto shows a striking difference between their two capital markets. Although Rovereto was a much smaller city (with half Trent’s population) and had fewer active notaries, their activity, especially for debt/credit transactions, was much more intense (15\% \textit{versus} 7\%). This reflects greater market dynamism and depth. Its capital flow, which was almost three times Trent’s (1,500,000 v.l. \textit{versus} 450,000 v.l.), was due, first, to the higher average of loan size and second to larger transactions that served to finance trade and chronically indebted 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, many short-term credit for trade, and where there were several merchants with higher risk propensity. Moreover, Rovereto’s wider range of interest rates reflected its more specialized capital market.

Besides having lower capital flow, Trent’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 Trent were firmly linked to old practices, with more modern financial tools only slowly taking their place. Unlike Rovereto, under Habsburg dominion and deeply

\textsuperscript{61} Astn, An, G. Bettini, f. XXXIII, 02.12.1780, Rovereto.
\textsuperscript{62} Astn, An, G. Bettini, f. XXXIII, 21.11.1780, Rovereto.
linked to an international trade network, Trent, 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 Trent, such resistance to change was to be gradually eroded by a trend toward modernization. In both cities, the capital market helped mobilizing savings, allowing the local economy to grow and develop, even in the absence of modern banks.
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