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Public Debt in the Papal States, Sixteenth to Eighteenth Century Analysis of the Roman financial system highlights how Roman public debt in the pre-industrial period, unlike that in most other European settings at the time, was used for productive purposes. For example, Smith pointed out how England's public debt helped to pay for the country's costly wars, and Braudel described the continuous use of debt finance to bolster imperial Spain during the reigns of Philip II and Charles V, whereas papal Rome used financial tools primarily to maintain the public food supply. This article also corrects certain important details about the Roman financial system in the literature, such as when the central government's stable system of debt was established.[1]

PUBLIC DEBT IN EUROPE AND THE PAPAL STATES The Papal States occupied the central regions of the Italian peninsula. They were divided into several provinces: Rome and its district, the provincial Campagna, Marittima and Lazio, Umbria, Sabina, the Duchy of Spoleto, Patrimonio, Marca, the Legation of Bologna e Romagna, the legation of Ferrara, Comacchio, the State of Urbino, Montefeltro, the State of Benevento, Avignon, and the Venaissin countryside. The collective state was economically fragmented. Each province had its own currency and its own system of weights and measures that hindered domestic trade. Rome, the capital and the seat of the papal government, was the most populous province.

The organization of public debt in Europe varied from nation to nation, each according to its own circumstances. However, all of these states shared a common need for credit to compensate for

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1 Adam Smith, *The Wealth of Nations* (London, 1904; orig. pub. 1776), III, Book V, Chap. 3, 221; Fernand Braudel, *Civiltà e imperi del Mediterraneo nell'età di Filippo II* (Turin, 1986), II, 731–735.

the growing shortfall between tax revenues and public expenditure. Debt ranged from a "floating" form, which generally involved short-term, high-interest loans, to a "consolidated" form bearing a lower interest rate and long-term or indefinite maturity.[2]

Throughout the centuries, debt policy in Europe was the responsibility of government authorities, who typically resorted to public debt without any specific restrictions. In Italy, the best-known financial markets were those of Rome and Genoa. Thanks to its autonomy, Genoa had substantial foreign investments. The system for the organization and management of the Papal States' debt was, from the very beginning, a "technically perfect institution, with a very specific purpose, that was to be replicated throughout the centuries with minor changes being made only to details." As noted by Braudel citing Delumeau, the *monti cameral* (public pontifical debt) system found immediate success: "Since it tapped an international clientele, it is fairly natural that the public debt of Genoa began to grow at a slower rate when Rome's public debt became increasingly sizable."[3]

Until the end of the seventeenth century, public debt grew incessantly in Italy. Italian states tended to borrow heavily, but never more than the resources available to them allowed. Except for a few temporary suspensions and occasional changes in interest rates, public debt was kept under greater control in Italy than in other European countries, largely because no one would have invested in the finances of a small state without watertight guarantees. Seen within the context of the Italian states, public debt in

2 Anthony Molho, *Florentine Public Finance in the Early Renaissance, 1400–1433* (Cambridge, Mass., 1971); Giuseppe Felloni, *Gli investimenti finanziari genovesi in Europa tra il Seicento e la Restaurazione* (Milan, 1971), 104–105; Enrico Stumpo, *Finanza e Stato moderno nel Piemonte del Seicento* (Rome, 1985); Robert Bonney (ed.), *Economic Systems and State Finance* (New York 1995); *idem* (ed.), *The Rise of the Fiscal State in Europe, c. 1200–1815* (New York, 1999); Luciano Pezzolo, "Elogio della rendita: Sul debito pubblico degli Stati italiani nel Cinque e Seicento," *Rivista di storia eco nomica,* XII (1995), 283–233; *idem,* "Government Debts and Trust: French Kings and Roman Popes as Borrowers, 1520–1660," *ibid.,* XV (1999), 233–261; *idem* and Stumpo, "L'imposizione diretta in talia dal Medioevo alla fine dell'ancien régime," in Simonetta Cavaciocchi (ed.), *La fiscalità nell'economia europea secc. XIII–XVIII* (Florence, 2008), 75–98; Strangio, "Debito pubblico e sistema fiscale a Roma e nello Stato pontificio tra '600 e '700," in *ibid.,* 499–508; Fausto Piola Caselli, "Public Debt in the Papal State: Financial Market and Government Strategies in the Long Run (Seventeenth–Nineteenth Centuries)," in *idem* (ed.), *Government Debts and Financial Markets in Europe* (London, 2008), 105–119. See also Carlo M. Cipolla, *Storia economica dell'Europa pre-industriale* (Bologna, 1990), 63.

3 Mario Monaco, "Il primo debito pubblico pontificio: il Monte della Fede (1526)," *Studi Romani,* VIII (1960), 553–569, 562; Braudel, *Civiltà e imperi*, II, 783.

the Papal States was a model of efficiency in its financial management and its administrative techniques. In spite of the predominantly conservative nature of the Roman Curia in economic and other matters, the Apostolic Camera, the main governing body, quickly and successfully implemented a debt policy that was in step with the development of Papal public finances by introducing innovative measures.[4]

Although Papal public debt was similar to that of other states on the Italian peninsula and in Europe, the manner of government in the Papal States, verging on absolute, and the nature of its electorate, however, could not help but influence the governing of its finances. The absence of a dynasty in Rome meant that whoever ran the state could act only as a pro-tempore governor. Although continuity was possible in matters of religion, political and economic measures varied and, at times, were even contradictory. Nevertheless, a common denominator of careful administration is evident in the public-debt policy of all of the popes The differences in their policies did not derive primarily from the "two-faced" papal sovereignty, as Reinhardt defined it, which saw the pope, on the one hand, as the ruler of a medium-sized Italian state, and, on the other, as the source of livelihood for the Roman populace. As Kaplan pointed out, a state's condition depended on its location, the variety and organization of its culture, and the class alliances that its creators were able to forge. Consequently, the way in which rulers, particularly Rome's, dealt with the problem of public debt depended on the general policy of state-building that they adopted.[5]

The Roman market was a paragon of effective public-debt management because of the confidence that the Apostolic Camera was able to inspire, thanks to its low risk and its high returns relative to those of other financial instruments (though, truth be told, the area presented few significant investment alternatives). More-

4 Piola Caselli, *Il Buon Governo: Storia della finanza pubblica nell'Europa preindustriale* (Turin, 1997), 239.

5 Paolo Prodi, *Il sovrano pontefice: Un corpo e due anime: la monarchia papale nella prima età moderna* (Rome, 1982); Mario Caravale, *Lo stato pontificio da Martino V a Gregorio XIII,* in *idem* and Alberto Caracciolo (eds.), *Lo Stato pontificio da Martino V a Pio IX* (Turin, 1978), 3–371; Volker Reinhardt, "Prezzo del pane e finanza pontificia dal 1563 al 1762," *Dimensioni e problemi della ricerca storica,* II (1990), 109–134; Steven Laurence Kaplan, *Bread, Politics and Political Economy in the Reign of Louis XV* (The Hague, 1976); *idem, Le complot de famine: histoire d'une rumeur au XVIIIe siècle* (Paris, 1982).

over, a highly effective and well-defined administration reassured investors.[6]

The commitment of the Papal States to make good on its promise to pay principal and interest to bondholders, in the presence of a budget surplus, represented an additional expenditure to be met in subsequent fiscal years. These costs were magnified when interest paid on current and past bond issues were met by issuing new debt. Although this approach seemed less painful, it could turn into a vicious circle. Thus, public debt became a burden on savings that extended well into the future, seriously constraining opportunities for economic development. The Papal States underwent a significant rising trend in taxes, first to raise funds to pay interest and repay debt and second to meet war debts, which diverted savings from productive uses. Thus did the tax system become a necessary complement of the system of national loans.[7]

The monti system had, to some extent, a redistributive effect on the income of the population. In fact, the increasing expenditure on interest placed a growing tax burden on all taxpayers. Those who did not buy bonds were hit by new taxes, while bondholders continued to collect interest on bonds or purchased additional bonds, even though they too were required to pay higher taxes. In other words, the taxes introduced to pay a greater amount of interest on bonds, as a result of new issues, translated into an income shift in favor of the bondholders, the States' creditors.[8]

For the nearly three centuries during which the monti system

6 Peter Partner, *The Papal State under Martin V: The Administration and Government of the Temporal Power in the Early Fifteenth Century* (Rome, 1958), 131–136.

7 Among classical economists, Thomas Robert Malthus, whose views in this area are similar to those of John Maynard Keynes, has a different opinion on the effects of public debt. The importance that he places on aggregate demand leads him to pay special attention to the positive effects that the recipients of interest can generate, thus boosting production. However, Malthus was also aware of the problems that might arise from a sizable public debt. See Malthus, *Principles of Political Economy* (Cambridge, 1820); Keynes, "The Colwyn Report on National Debt and Taxation," *Economic Journal,* XXXVII (1927), 198–212; *idem, General Theory of Employment, Interest and Money* (London, 1936). The rising trend especially involved indirect taxes, reflecting a common attitude in most European countries; it was easier to keep an eye on consumption, customs, and monopolies than to toil at measuring houses, land, and rents. See Caselli, *Il buon governo,* 281.

8 Malthus believed that public debt might be a useful distribution tool in some respects. John Stuart Mill also noted that the transfer of capital from the private to the public sector results in a loss for creditors. However, he added that a public loan might be warranted by the

was operational, and especially in the seventeenth century, the Holy See made extensive investments in building and urban improvement. Although the renovation work certainly accelerated the machinery of indebtedness, since most, if not all, of it was financed through public debt, it also triggered a demand for labor. Overall, public debt cannot be viewed in a totally negative light. The evidence suggests that the construction of St. Peter's Basilica, which was financed through ad hoc bond issues, was important not only for religious and artistic purposes but also for economic and political ones. Furthermore, the total number of construction projects undertaken throughout the Papal States was smaller than those undertaken in the city of Rome, since funding for them in Rome was subject to government approval, unlike in the States' communities and provinces where it was obligatory. This situation led to an increase in the pressure on provinces for taxes to service the public debt. In addition, much of the expenditure incurred for the city had no practical or economic rationale but was simply to enhance personal prestige or to indulge papal nepotism. However, the economic conditions of the Papal States were such that not even these incentives could revive it; the economic strategies during this epoch did not accommodate public countercyclical actions or activities designed to correct structural imbalances.[9]

Few areas had advanced manufacturing capability, except for Bologna and its environs and a few other areas scattered throughout the States that specialized in particular products. Many of the historians and economists who study the seventeenth and eighteenth centuries maintain that the bonds diverted capital from manufacturing and the primary sector. The uncertainties pertaining to the primary sector prompted investors to prefer less risky instruments that generated a steady income. Landowners, even new ones, managed their property with traditional agricultural techniques. Because they were not open to innovation, their estates were underdeveloped and relatively unproductive, creating a further incentive for investors to neglect agriculture and concentrate on financial assets.[10]

unproductive use of capital in the private sector. See Mill, *Principles of Political Economy* (London, 1915).

9 Caselli, *Public Finances and the Arts in Rome: The Fabbrica of St. Peter's in the 17th Century,* in Michel North (ed.), *Economic History and the Arts* (Vienna, 1996), 53–66.

10 Loans became primarily a means to achieve a steady rate of return on wealth, a rational

Another important consideration was the capital that foreign investors siphoned from the state during the sixteenth, seventeenth, and eighteenth centuries. Capital outflows due to interest paid on public debt was a common problem in most European national states. Even Smith regarded the notion that "it is the right hand which pays the left in the payment of interest on public debt" as untrue, because it assumed that public debt was essentially funded by a nation's own inhabitants. History has proved this theory to be incorrect, as shown most famously by the English debt, a substantial portion of which was held by the Dutch in the form of public bonds.[11]

THE MONTI SYSTEM Public debt in the Roman State was funded in two ways at this time, first and foremost by borrowing through the monti system and then through *uffici vacabili,* or the sale of public offices and titles by the Curia. Whoever bought an office exercised its functions until his death, garnering all of its payments and benefits. But the monti system, which was introduced later, eventually overshadowed the importance of the revenues generated by the sale of offices, the practice of which continued, albeit marginally, until 1898 when it was finally banned by Leo XIII.[12]

The word *monte,* from the Latin *mons* meaning "mountain," signified a stack or a pile—a monte of cash lent to a body for a specific purpose. The different types of monte took their names from the group whose assets were given as collateral for the loan. Hence, the *Monti Camerali* originated with the *Reverenda Camera Apostolica* (Reverend Apostolic Camera); the *Monti Comunitativi* or

economic and social investment; debt, which was increasingly a tool of rational investment for a growing number of people in both the towns and countryside, was still, for many of the rural poor, the source of their exploitation. See Thomas Brennan, "Peasants and Debt in Eighteenth-Century Champagne," *Journal of Interdisciplinary History,* XXXVII (2006), 175–200, 176, 200; Gérard Béaur, *Le marché foncier* (Paris, 1984); Philip Hoffman, Gilles Postel-Vinay, Jean-Laurent Rosenthal, "Economie et politique: les marches du credit à Paris, 1750–1840," *Annales,* 49 (1994), 65–98; *idem,* "Redistribution and Long-Term Private Debt," *Journal of Economic History,* LV (1995), 256–284; Postel-Vinay, *La terre et l'argent* (Paris, 1998).

11 Smith, *Wealth of Nations,* III, Book V, Chap. 3, 238.

12 Research has still not been able to pin down the date of origin for the practice of selling public offices and titles in the Papal States. However, it was certainly a common occurrence by the beginning of the fifteenth century. See Caselli, "Aspetti del debito pubblico nello Stato Pontificio: Gli uffici vacabili," *Annali della Facoltà di Scienze Politiche dell'Università degli Studi di Perugia,* XI (1970–72), 101–170; Stefano Levati, "La venalità delle cariche nello Stato Pontificio tra XVI e XVII secolo," *Ricerche Storiche,* XXVI (1996), 525–543.

Comunitari (Community Debt) derived from town councils; and the *Monti Baronali* were created for the benefit of noble families. These latter instruments were much favored by investors until the second half of the sixteenth century, when their prices began to fall (as, indeed, did the returns for investors) due to the difficulties experienced by these families in fulfilling their financial obligations.[13]

The various monti had different characteristics, though their basic organizational features, which ranged from interest rates to monetary units, were the same. The Bologna and Ferrara monti borrowed considerable funds; these two cities ranked second and third among the Papal States for the extent and management structure of their public debt. The monti system also included funds borrowed by the city of Rome. Other types of monti were those named after their intended purpose, the name of the pope who authorized them, or their terms of maturity. Distinctions between them were made on the basis of the redeemability of the loan, or lack thereof. Sometimes this clause was not even specified, leaving debt administrators considerable freedom in determining the repayment schedule.

Bonds issued under these monti were called *luoghi di monte* (literally, mountain places), to indicate a fraction of the bond or nominal shares, either *vacabili* (vacatable) or *non vacabili* (nonvacatable). Vacatable bonds were restricted to the life of the investors, who could not leave them to their heirs. When their holders died, the Apostolic Camera repossessed their vacatable bonds and resold them in the market for a net gain equivalent to the market price. In the case of freely negotiable vacatable bonds, which could be sold to anybody, the last buyer had to relinquish ownership upon the death of the first investor. The nonvacatable bonds were bequeathable to heirs. All of these conditions affected the nominal interest rates paid, which were higher in the case of vacatable bonds due to their higher risk.

Current research appears to indicate that the first pope to set

13 Giovan Battista De Luca, *Tractatus de officiis venalibus vacabilibus romanæ curiæ auctore Joanne Baptista De Luca S.R.E Cardinali cui accedit alter tractatus eiusdem Auctoris de locis montium non vacabilium Urbis* (Rome, 1682); Felloni, *Gli investimenti finanziari,* 180–200; Mauro Carboni, *Il debito della città: Mercato del credito fisco e società a Bologna fra Cinque e Seicento* (Bologna, 1995); *idem,* "Public Debt, Guarantees and Local Elites in the Papal States (XVI–XVIII Centuries)," *Journal of European Economic History,* I, (2009), 149–174.

up a monti system was the Florentine-born Clement VII, who was elected in 1523. He used it for the first time in 1526 to support Charles V in his war against Suleiman II, emperor of the Turks, raising debt on behalf of the dominions of the Holy See by placing 2,000 bonds in the market. Paul IV followed his example in support of Francesco I of France against the "heretic" Huguenots by borrowing funds through the *Monte Pio, First Monte Soccorso, Second Soccorso,* and *Monte Avignone* for a total of 10,000 bonds worth in total 1,000,000 scudi. These monti were added to the *Monte Recuperato* or *Ristorato* after the reform of Alexander VII.[14]

In 1571, Pius V issued additional bonds in the *Monte della Fede* and *Monte Novennale* and established new monti, such as *Leggi* (Laws) and *Religione* (Religion), to raise 2 million scudi. He also enacted new financial measures after forming an alliance with Filippo II of Spain and the "Veneto nation" against Selim II, the Ottoman emperor who was eventually defeated at the battle of Lepanto. Sixtus V also helped to defend the "Catholic cause" by providing support for Philip II of Spain against England and for Mary Stuart, the Catholic cousin of Elizabeth I. To these ends, he established the *Monte S. Bonaventura* to issue 3,000 bonds and raise 300,000 scudi.[15]

Later, other bonds were issued for various military expeditions or fortifications and for work on the ports of Ancona and Civitavecchia (and its arsenal). There is evidence of a vacatable *Monte Difesa* (defense bond) in 1663, extinguished in 1664, as well as a nonvacatable defense bond in 1663, extinguished in 1685, and defense bonds issued by Clement XI in 1708 to pay for the extra expenses incurred during the War of Succession. In all, Marchetti calculated that approximately 19,632,143 scudi were spent on the Catholic cause between 1542 and 1716, thanks to the public debt.[16]

Clement VI's monte of 1526, however, does not appear to represent a watershed, since the practice of raising funds from pri-

14 Monaco, "Il primo debito pubblico," 562, writes that Clement VII was encouraged to adopt this instrument by the government of Florence, his native city, where he had served for a long time. Camerale I, Pontifical chirographs, b. 164, Chirograph by Alexander VII dated June 10, 1656, Archivio di Stato di Roma (hereinafter ASR).

15 Gaetano Moroni, *Dizionario di erudizione storico ecclesiastica da SS. Pietro ai nostri giorni* (Venice, 1846), XL,150.

16 Giovanni Marchetti, *Calcolo ragionato del denaro straniero che viene a Roma, e che se ne va per cause ecclesiastiche* (Rome, 1800).

vate sources was already widespread at both central and local levels and in different forms. Indeed, the existence of monti generated by the sale of debt instruments to investors certainly pre-dates that year. Documents relating to public debt incurred to finance the restructuring of port strongholds place the 1526 event into a more exact historical perspective. Particularly meaningful is the text of a bull by Niccolò V, dated July 29, 1454, whereby he confirmed a resolution taken by the embattled port city of Ancona to raise money to strengthen its mercantile facilities and military fortifications against pirate raids and the Turkish threat in the eastern Mediterranean, especially after the fall of Constantinople in 1453. This last event, in particular, had disrupted or introduced significant risks into trade with the East, one of the main sources of livelihood for the city of Ancona. With the pope's approval, the city council created a public monte *("unum montem publicum magne quantitatis pecunie"),* assigning its governance *("gubernationem")* to city officers vested with the power to offer the bonds to private investors at the best possible price and to pay an interest rate of 5 percent per annum on the nominal value of the bonds sold.

Ancona's situation marks one of the first times that the term *monte* was used in a financial document of the Papal States to indicate the public raising of private funds. Yet, the document refers to an even older, unspecified monte, without offering any direct information about it. Proof that Ancona had, in fact, inaugurated a public-debt transaction is given by further explanations offered by the pope about the transaction. Specifically, he noted that although the city would receive a lower return *("lucrum")* than that generated by mercantile ventures, the buyers of the securities would improve the city's welfare and make it possible to provide for various underprivileged members of the community. Obviously, the Pope forgot to add that, in the event of a fall in mercantile profits, public debt would represent a safe haven for the wealthy.

The application of the general regulations governing the papal public debt issued to fund public works, as managed by local authorities, did not present special difficulties. Not even in matters of taxation were local authorities totally autonomous; they were subject to policies and controls that the central authorities installed as soon as a debt was issued. Local officials interested in raising funds had two options: They could either join a monte established by the Apostolic Camera, with the resulting assignment of a preestablished share of the proceeds of the bond sale, which would eventually be serviced for them, or they could request permission to set up their own monte, which they would manage from beginning to end under the general supervision of the central authorities. Ultimately, these transactions involved the use of certain taxes to pay principal, as required, and interest. This lien on tax revenues had to be approved by the central treasury, because it might involve tax revenues intended for the Apostolic Camera, but, in any case, it also had to be approved by local authorities. Debt issued in this way could be repaid with old taxes, but new ones could also be introduced.

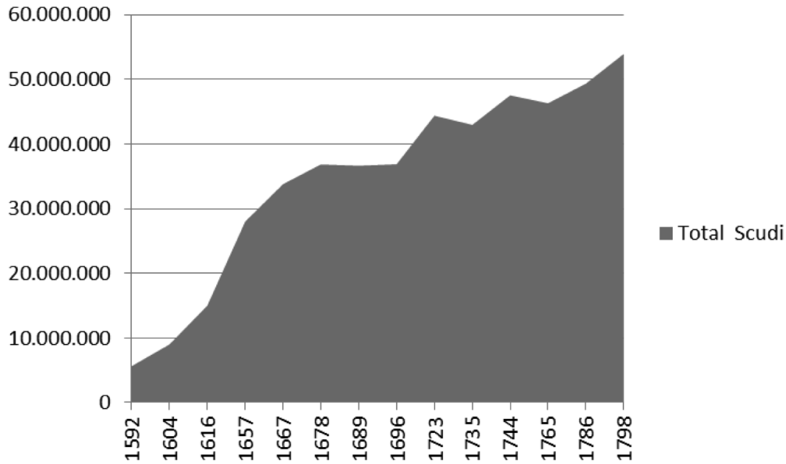
MANAGEMENT OF THE PUBLIC PONTIFICAL DEBT The administrative and management structure of public debt was streamlined and consolidated over the years to achieve the level of efficiency necessary to inspire confidence. Bonds were the safest investments for investors. Public-debt administrators projected a reassuring management style, such as that of the Apostolic Camera, the role of which was to raise the funds necessary to meet growing public expenditures.[17]

The increasing success of the monti system is reflected in the rising trend of the total nominal value of the bonds issued, as shown by the nonvacatable bonds issued for three centuries, and throughout the eighteenth century, by the Apostolic Camera's debt monti—the *Monti S. Pietro I to IX, S. Paolo Religioni, Restaurato II, Restaurato III, Abbondanza, Nuovo Comunità,* and *Monte Difesa*. These data were taken from records kept at the State Archives of Rome in the series comprised of "fields" *(Broliardi)* and "licenses" *(Patenti)*. The fields recorded the consent of those who had subscribed to the bond; the licenses represented the actual bonds that legitimized their ownership and therefore the availability of the credit.

Unlike the interest rates on the total amount of bonds, average nominal interest rates on the nonvacatable bonds issued by the monti camerali evince a falling trend (see Figures 1a and 1b), partly because of the government's intention to cut the deficit radically. The lower interest rates and the repayment of bonds managed to

17 Camerale II, Conti di entrata e di uscita della Camera, bb. 8–15, ASR.

Fig. 1a Trend of Capital Underwritten in the Papal States



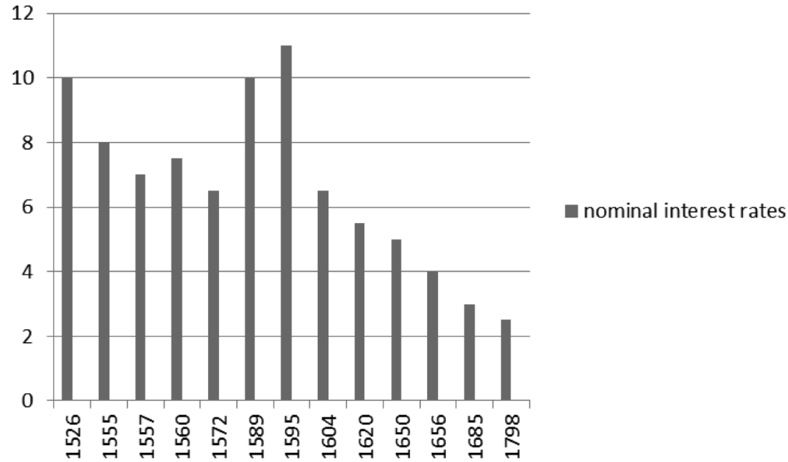
SOURCE Archivio di Stato di Roma: Luoghi di monte bb. 1139–1146, 1159–1181, 1185–1187, 1192–1213, 1218–1230, 1233–1239, 1243–1265, 1269–1291, 1295–1317, 1321–1343, 1347–1369, 1373–1378, 1379–1388, 1390–1395, 1399–1402, 1399–1421, 1425–1430, 1444–1447, 1470–1473, 1496–1499.

reduce the Apostolic Camera's level of indebtedness to some extent. In fact, interest rates were falling throughout Italy, as well as abroad. Interest-rate changes in France during the eighteenth century seemed to follow a pattern similar to those in Britain, though absolute values differed. Initially, interest rates were high in both countries, but declined significantly during the first two or three decades of the eighteenth century, remaining relatively low for a while before rising steeply in both countries. During the eighteenth century, Britain managed to cut the interest rate that it paid on consolidated debt from 8 percent or higher to about 3 percent by mid-century, though it was unable to keep it so low. Long-term Dutch interest rates, however, remained much lower than the 5 percent prevailing in France.[18]

The nominal interest rates on nonvacatable bonds (which were fixed in the indenture of the bond issue and depended on market interest rates) decreased from an initial 10 percent to 7 percent in the 1560s, until they reached around 6 percent by the end of the century, 4 percent between 1656 and 1683, and 3 percent

18 Sidney Homer and Richard Sylla, *A History of Interest Rates* (London, 1991), 232, 240.

Fig. 1b Trend of Nominal Interest Rates in the Papal States



SOURCE Archivio di Stato di Roma: Luoghi di monte bb. 1139–1146, 1159–1181, 1185–1187, 1192–1213, 1218–1230, 1233–1239, 1243–1265, 1269–1291, 1295–1317, 1321–1343, 1347–1369, 1373–1378, 1379–1388, 1390–1395, 1399–1402, 1399–1421, 1425–1430, 1444–1447, 1470–1473, 1496–1499.

from 1685 to the end of the eighteenth century (see Figure 1b). Pope Alexander VII's administration tried to tackle the debt, first by converting several vacatable bonds into nonvacatable bonds, thus lowering their nominal interest rates. The *montisti* (bondholders) were given the option of investing in newly issued bonds (every bond held would be exchanged for one and a half newly issued bonds) or of receiving repayment of the bonds held at par.[19]

The measures undertaken to curb interest expense, which accounted for more than 50 percent of the Apostolic Camera's revenue, continued through the repayment of old 4 percent nonvacatable bonds and the issue of new bonds at a lower interest rate. Bondholders were given the option of being repaid at par (100 *scudi* per bond) or transferring their ownership to new bonds bearing a 3 percent interest rate—the going interest rate for all bonds since 1683, when Innocent XI had implemented a far-reaching but only partially successful public-debt consolidation and conversion policy. The effort to reduce debt accompanied other cuts on

19 Stumpo, *Il capitale finanziario a Roma fra Cinque e Seicento: Contributo alla storia della fiscalità pontificia in età moderna (1570–1660)* (Milan, 1985), 258.

offices for sale, staff, and other expenses. Although they had a par value of 100 scudi, bonds were freely negotiable and had an important secondary market; they could be easily sold above par at 127 and 130 scudi romani (obviously the issuer repaid only the nominal value of the bond).[20]

The pope headed the administration of the monti, authorizing the creation of new bond issues with a papal chirograph, and the Apostolic Camera was responsible for coordinating the various administrative structures for financial and cash management and control (through the general depositary). Every monte had its administrative office in Rome; four departments carried out the relevant functions—a secretariat; a bookkeeping unit for the specific monte, which was merged into the general accounting department in 1732; and a depositary department.[21]

The secretariat, with its own supervisor, was the administrative center; the bookkeeping unit assigned to a monte kept the records of the issue. One of its main tasks was to draw up a complete and updated alphabetical list of investors for the depositary, indicating the bonds attributable to each investor. The general bookkeeping department was responsible for recording all of the state's expenses on the basis of the data provided by the units assigned to the individual monti. In January 1732, Clement XII decided on his own *("Motu Proprio")* to merge the individual bookkeeping units into the general bookkeeping department, which underwent a series of reforms that changed its organizational and administrative structure. One of these reforms was passed by Pope Prospero Lambertini, Benedict XIV, through the establishment of the *Apostolicae Sedis Aerarius* (Apostolic tax department), to implement stricter centralized accounting controls, which were common thoughout Europe by then. The main tasks of the depositary in-

20 Felloni, *Gl investimenti finanziari,* 163–164; Camerale II, Luoghi di monte, b. 3, ASR. The sources report the prices on the secondary market value of the other luoghi di monte (during the same period). The bonds of the *Monte S. Pietro* (I–IX) could easily be sold above par at 132 scudi romani or 127 and 119 scudi romani at the end of the eighteenth century; *Monte Ristorato* and *Monte delle Comunità* could be sold at 108 and 111; *Monte S. Paolo delle Religioni* could be sold at 105, for example. The fees for the broker (who was a financial intermediary) must be added. The *scudo* was the silver coin of the Papal States; its value in grams silver was 26.398 (Camerale II, Zecca b. 3, ASR).

21 Caselli, "La disciplina amministrativa ed il trattamento fiscale dei luoghi di monte della Camera Apostolica tra il XVI e il XVII secolo," in Manuel J. Peláez (ed.), *Historia Economica y de las Istitutiones Financieras en Europa: Trabajos en Homenaje a Ferran Valls I Taberner* (Barcelona, 1989), 3525–3549, 3533.

volved the payment of interest on pre-established dates and the repayment of the bonds drawn, thus basically acting as cashier.[22]

THE NEGOTIABILITY OF THE LUOGHI DI MONTE Tradability, or the ability to transfer securities from one investor to another, affected the price of bonds, which varied in accordance with supply and demand conditions in the secondary market. Supply and demand in the bond market were also subject to the nature of the bonds and their associated rights. Expenditure for such urgent circumstances as war, famine, and public works was increasingly financed through public borrowing.[23]

Often financiers, especially foreign ones, purchased entire bond issues, particularly in the sixteenth and seventeenth centuries. Marcantonio Ubaldini and his Florentine merchant colleagues, for instance, bought the entire *Monte Sisto* issue of vacatable bonds, and in the eighteenth century, both *Monte di Pietà* and *Banco di S. Spirito* placed bonds. Although the creation of the monti system was initially considered an effective, but exceptional, way of raising funds quickly, in the long run, the monti came to represent ordinary revenue that a pope could generate at will. Indeed, debt issuance was substantial in the sixteenth and seventeenth centuries. It fell slightly during the first half of the eighteenth century, only to rise again by the end of the second half. Pius VI repeatedly resorted to public borrowing to implement the reforms that he designed to stimulate the economy. The increase in debt came to a temporary halt only with the birth of the Jacobin Republic in 1798.[24]

The monte was highly successful in the Papal States, despite its associated costs. Competing directly with other types of investment, it marked a departure from the previous system of extracting forced contributions from taxpayers and engaging in relationships with bankers. It was a way of tapping directly into capital

22 Camerale II, Luoghi di monte, b. 2; Camerale II, Computisteria Generale, b. 1, ASR.

23 Franciso P. Zech, *Rigor moderatus doctrinae pontificiae circa usuras a SS D. N. Benedictus XIV. per epistolam encyclicam episcopis Italiae traditus. Dissertatio III. inauguralis sancti Rigoris specimina exhibens moderationis pontificiae* (Ingolstadt, 1751), 150–225.

24 These two public banks were required to purchase entire issues, or fractions thereof (Camerale II, Luoghi di monte, b. 11; Camerale II, Dataria, b. 3, ASR). Caselli, "La diffusione dei luoghi di monte della Camera Apostolica alla fine del XVI secolo: Capitali investiti e rendimenti," in Giovanni Zalin (ed.), *Credito e sviluppo economico in Italia dal medio evo all'età contemporanea* (Verona 1988), 191–216.

markets, in which lending transactions occurred mostly between private parties. Furthermore, these bond issues were intended to raise funds for welfare services and for public works, thus achieving the political objective of setting up a social security system in the city.

The governmental authorities placed a strong emphasis on the guarantees provided by the bonds to inspire the confidence of investors. No effort was spared to ensure bondholders their interest as it became due, as well as the repayment of principal. Since the regular payment of interest on bonds issued was considered necessary and sufficient for the Apostolic Camera to project an image of safety and stability, the funds earmarked to pay interest, such as tax revenue or funds from property, were identified as "certain revenue." Regular interest payments were necessary not only to inspire confidence but also to enable the government to have a considerable number of investors ready to subscribe to public bonds at any time.

The Dutch case is similar to the Roman one. The Bank of Amsterdam attracted foreign lenders, stabilized currency transactions, and provided safe deposit facilities for local merchants. Great confidence was placed in the honesty of the financial arm of the government in the Netherlands until the end of the eighteenth century when a shroud of secrecy surrounding public finances generated suspicions of malfeasance. Investors' confidence in the Roman monti was also strengthened by detailed regulations for administrative procedures.[25]

Besides the financial returns, bondholders received a number of other benefits, especially from a well-developed secondary market. In fact, the ease with which bonds could be traded gave bondholders the certainty that, in case of need, they could easily convert them into cash. The Apostolic Camera itself encouraged bondholders to re-invest repaid principal in other bonds and not to collect it, setting an example by purchasing securities under its own name through the general treasurer.[26]

Anybody could purchase and own securities—from church-

25 In the Papal States, as already noted, payment took place through a contractor and the treasury system. In case of need, however, two Roman banks, the *Banco di Santo Spirito* and the *Banco del Monte di Pietà,* were used. The role of these two institutions would become increasingly important during the eighteenth century. See Homer and Sylla, *History,* 201, 236.
26 Luoghi di monte bb. 2460–2463; A.S.V., t. 203, ff. 49–52, ASR.

men and religious orders to minors, women, invalids, and foreigners. In addition, bondholders were exempt from the seizure and confiscation of their bonds for any crimes that they committed, except for lese-majesty and heresy. The state's growing demand for credit was met by the willingness of individuals and groups to lend their funds. A large proportion of individual savers came from members of the middle class, who invested modest amounts to purchase bonds or *spezzature* (fractions of bonds). Because there were many small investors, the nominal interest paid was commensurate with the fractions of bonds purchased.[27]

THE USE OF THE MONTI SYSTEM TO AUGMENT THE FOOD SUPPLY

The papal government used the monte system for different purposes, including such important functions as the distribution of food through the department of the Annona, which maintained the grain supply, and the implementation of agricultural policy.

In the Papal States, but especially in Rome, "the central role of charitable works in the governance of the city somehow highlighted the differences in organization between Rome and other contemporary capitals and distanced the city even further from the policies and measures that elsewhere marked the first reforms inspired by the Enlightenment." This charitable work was not just a matter of providing good governance; it also created social harmony through the public organization of social assistance, under the watchful eye of the political authorities. Rome had to set an example of Catholic and Roman charity. Indeed, the eighteenth century witnessed the progressive "institutionalization" of hospitals, alms houses, and orphanages—"this being a slow process of rational reorganization that took place under Benedict XIV, thanks to the activities of the Apostolic Visitors." Historiography has highlighted the increasingly strong links between the charita-

27 Women could invest autonomously. However, their investments were due mainly to bequeathed dowries, inheritance, or donations (in this case, the sum necessary to purchase bonds was provided by the family of the bride). The bride held title to the bonds, but the husband had full use of the interest. Thus, these situations were exceptional, and the intention to purchase was limited, or even nil, thus giving further evidence that the status of women was akin to that of incapacitated persons and, as such, requiring special protection. See Fabritii Evangelista, *Opus de locis montium cameralium non vacabilium* (Rome, 1767), 88. There were many nonresident foreigners. The majority of them were either from Genoa or Florence, living in the Papal States for commercial and financial reasons. See Felloni, *Gli investimenti finanziari,* 200; Piola Caselli, *La diffusione dei luoghi di monte,* 212–213.

ble and social-assistance policies of the central and local authorities, which aimed to satisfy the needs of those members of the population who were unable to support themselves through their own work or "with the help of their family network, which was also required by law."[28]

Demographic growth in Rome, especially from the mid-fifteenth century onward, was due mainly to immigration, or more precisely, the migration of rural masses to the cities. However, in contrast to the events taking place in England, for instance, one of the reasons for the exodus of farm laborers from the Roman countryside to the city was their extreme poverty. Once in Rome, these people did not encounter any process of "forced recruitment" for labor; many of them resorted to begging for food as the city's economic structure could not absorb them. A document dated 1693 shows that the authorities were aware that introducing regulations for founding charities would be pointless without a serious commitment to provide relief for the poor.[29]

Religious charity was not an end in itself, but in due course, the links between the central authorities and the popes' direct intervention through the institutions and subsidies of "Roman charity" became increasingly stronger. The work of both types of charity could be seen through the States' *Opere Pie* (Charitable Works), confraternities, the popes' alms (which were recorded in the accounts of the Apostolic Camera), public largesse—such as the bread handouts that took place twice a week—and the system of public debt—such as the New Monte Abbondanza.

Managing food supplies was a priority throughout Europe for a good part of the early modern era. The exact nature of the problem in each country depended on its location, the diversity of its culture, the class alliances of those in power, and the general strategy of local governance. Several factors contributed to the vulner-

28 Maura Piccialuti, *La carità come metodo di governo: Istituzioni caritative a Roma dal pontificato di Innocenzo XII a quello di Benedetto XIV* (Turin, 1994), 19, 247; Angela Groppi, "Birbanti e poveri benestanti: attitudini e pratiche assistenziali nei confronti della vecchiaia nella Roma pontificia (secc. XVI–XVIII)," in Vera Zamagni (ed.), *Povertà e innovazioni istituzionali in Italia: Dal Medioevo ad oggi* (Bologna, 2000), 259–277, 260.

29 Claudio Schiavoni and Eugenio Sonnino, "Aspects généraux de l'évolution démographique à Rome: 1598–1824," *Annales de démographie historique,* XIX (1992), 91–109, 98–99; Maurice Dobb, *Problemi di storia del capitalismo* (Rome, 1991; orig. pub. 1946), 243–247. *Istituzioni e regole degli Ospizi generali per li poveri da fondarsi nello Stato Ecclesiastico di ordine della Santità di Nostro Signore Papa Innocenzo XII* (Rome, 1693), ASR.

ability of food supplies—the low productivity of agricultural labor, climatic uncertainties, difficulties in the transportation system, and a lack of resources. As a consequence, countries set up political and administrative schemes to alleviate the problem, the ration system being one of them. The primary task of these schemes was to bring food from places of production to places of consumption. Other functions ranged from price controls to the control of flour and bread quality, and from the organization of stocks to the sale of stocks to retailers.

In the agricultural sector, for instance, a review of the Annona's accounts reveals its extensive credit activities, in wheat and especially money. It had pre-emptive rights on the wheat of its borrowers. In areas with highly intensive wheat cultivation, local authorities established near-exclusive relations with major producers, arranging their financing while leaving small producers in the clutches of local usurers. Because farmers who obtained seeding loans from the prefect of the Annona and the provincial commissioners sold only part of their wheat, retaining the rest of it for speculative purposes, a law was introduced to forbid these farmers from selling their stockpiles before they repaid their debt with the Annona or received authorization from the prefect or the commissioner to sell in order to repay it. Farmers often borrowed directly from traders, who were thus able to secure their wheat purchases before harvest. The net effect of hoarding was to deplete the market and drive prices up. In Rome, as well as in the Papal States, authorities attempted to solve the problems of fraud by farmers and wasteful loan dispersion through borrowing.

Loans channeled through the public monte system to farmers or communities that needed them to expand or simply engage in their usual agricultural activities were issued through the system of public bonds, funded by specific papal chirographs. Local city councils sent a single representative from their membership, armed with a letter from the local governor, to the *Sacra Congregazione del Buon Governo* (Holy Congregation of Good Government, which mediated between communities and the Apostolic Camera) in Rome to sanction their proposals. This agent remained in Rome, taking care of his community's business and checking on the sale, and any draw on, its bonds. When the Congregation of Good Government approved an application, notifying a community of its admission to the *Monte Nuovo Abbondanza,* it cancelled all previous loans and other facilities. The immeditate benefit to a community would be a lower rate of interest, compared to the typical 5 to 7 percent charged by individual lenders.[30]

The *Monte Nuovo Abbondanza delle Comunità,* created expressly for communities, was issued on September 3, 1735, with an indefinite amount of bonds to be underwritten to meet the financing requirements of as many communities as possible. It and subsequent monti had all of the negotiability and unrestricted rights accruing to nonvacatable bonds. The nominal price of each bond was 100 scudi, tax-free; investors paid only for the despatch of the securities.

The use of public borrowing to finance food supplies in the communities of the Papal States was not new, though the specific purpose of raising funds for the purchase of wheat was. Two other issues of this loan occurred in September 1763 and September 1779, when famine hit the Papal States, but, unlike the earlier issue, not all of the debt was repaid (see Table 1). This loan saw a further extension with the Papal Chirograph of August 1766. The involvement of the state in this monte guaranteed potential lenders the fulfillment of the terms and the communities their grain supplies in mutual equity. Through the organ of the Sacred Congregation of Good Government, the communities collected funds and paid for their admission to the monte, including both the nominal price of the securities and the interest to the secretariat of the Chamber. The capital needed to extinguish the bonds was collected in the Depositary of the Apostolic Camera. To guarantee the regular payment of interest and to help the communities that had to amortize the debt, new taxes were levied with a papal Motu Proprio in August 1764. Furthermore, in the case of an extinction of a monte or part of it, an obliged community had to pay the secretariat of the Chamber only the price of the nominal value of the issue, thus protecting itself from possible speculation.[31]

The data obtained from the general registers of the montisti show that in 1736 (the years 1735 to 1736, when the loan was first

30 S. Congregazione del buon governo, serie XII, b. 1694, ASR.

31 Camerale II, Luoghi di monte, b. 6. Cfr. Evangelista *Opus de locis montium,* cap. II, p. 9; Camerale II, Luoghi di monte, b. 6; Camerale I, Registro dei chirografi, reg. 177, cc. 39–42; Bandi, bb. 472–478; Camerale II, Luoghi di monte, b. 6; S. Congregazione del Buon Governo, serie XII, b. 1706; Camerale II, Luoghi di monte, b. 6; Camerale I, Registro dei chirografi, reg. 177, cc. 39–42, ASR.

issued, coincided with a famine), the number of loans increased to 1,499, but the following two years saw a significant decrease (1,118 in 1737 and 453 in 1738). This trend continued gradually until 1756, when there were only seven loans (until 1760) and then five until 1763 (see Table 1).

As Table 1 indicates, the number of loans, net of repayments, steadily increased from 2,084 in 1764 to 12,530 in 1768 (from 1764 to 1766 wheat was in short supply), followed by a slow, steady decline until 1779 (8,848) due to higher reimbursements than underwritings. Despite an increase in 1780 (9,188), the year of the third issue, the number continued to fall until 1783 (7,946). From this year onward, the number of loans remained constant at 7,946 until 1814, as a result of lost drawings.

Table 2 shows the overall situation of the Chamber public debt with the amount of nominal capital for loans, net of repayments, in correspondence with the years of issue and the emission of the Monte Nuovo Abbondanza securities. So far as the latter is concerned, callable debt consolidation answered the need to meet a temporary cash deficiency among the communities that were supposed to purchase wheat.[32]

The percentage of the total debt that the Monte Nuovo Abbondanza comprised during its three issues varied from 0.1 to 0.4 percent between 1735 and 1737, from 1 to 3 percent between 1765 to 1768, and from 1.9 to 1.6 percent between 1780 and 1783 (see Table 3). These percentages are the lowest for the value of a single monte in relation to total debt, except for those of the Monte San Paolo delle Religioni for the years 1765 to 1768 and 1780 to 1783 (see Tables 2 and 3). The loans with which the Monte Nuovo Abbondanza are compared, however, had won the confidence of investors, based on a global rating that had been formed over many years.

During the same period of time (that is, the three issues of loans), however, the data on the number of bonds issued reverse these positions. The results of issues, in fact, show that the Monte Nuovo Abbondanza recorded the highest number of bonds issued and, consequently, a considerable amount of nominal capital for the years 1735 (surpassed only by the Monte S. Pietro II), 1763, 1779, and 1736 (exceeded only by the Monte S. Pietro III), 1765

32 S. Congregazione del Buon Governo, serie XI, b. 1707, fasc. 1704, ASR.

Table 1 The Amount of Luoghi di Monte in the Monte Nuovo Abbondanza (1735–1814)

YEARS	LUOGHI DI MONTE	YEARS	LUOGHI DI MONTE	YEARS	LUOGHI DI MONTE
1735	269	1771	11,806	1807	7,946
1736	1,499	1772	11,384	1808	7,946
1737	1,118	1773	11,168	1809	7,946
1738	453	1774	10,928	1810	7,946
1739	398	1775	10,701	1811	7,946
1740	342	1776	10,323	1812	7,946
1741	251	1777	9,710	1813	7,946
1742	189	1778	9,156	1814	7,946
1743	186	1779	8,848		
1744	161	1780	9,168		
1745	137	1781	8,648		
1746	119	1782	8,039		
1747	112	1783	7,946		
1748	106	1784	7,946		
1749	102	1785	7,946		
1750	96	1786	7,946		
1751	90	1787	7,946		
1752	90	1788	7,946		
1753	82	1789	7,946		
1754	78	1790	7,946		
1755	75	1791	7,946		
1756	7	1792	7,946		
1757	7	1793	7,946		
1758	7	1794	7,946		
1759	7	1795	7,946		
1760	7	1796	7,946		
1761	5	1797	7,946		
1762	5	1798	7,946		
1763	5	1799	7,946		
1764	2,084	1800	7,946		
1765	5,028	1801	7,946		
1766	7,942	1802	7,946		
1767	12,312	1803	7,946		
1768	12,530	1804	7,946		
1769	12,530	1805	7,946		
1770	12,374	1806	7,946		

SOURCE Archivio di Stato di Roma: Luoghi di monte bb.10–25; 1141–1146; 1150–1158.

Table 2 The Amount of Pontifical Public Debt during the Eighteenth Century

MONTI	YEARS			
	1735	1736	1737	1738
S, Pietro I	3,894,764	3,894,764	3,894,764	3,944,570
S, Pietro II	4,363,602	4,492,912	4,518,920	4,601,455
S, Pietro III	3,457,461	3,457,461	3,457,461	3,457,461
S, Pietro IV	3,100,099	3,100,099	3,100,099	3,100,099
S, Pietro V	3,662,363	3,662,326	3,662,330	3,662,332
S, Pietro VI	4,614,506	4,614,506	4,616,159	4,647,656
S, Pietro VII	4,387,351	4,467,492	4,547,353	4,587,356
S, Pietro VIII	3,279,956	3,279,956	3,279,956	3,279,956
S, Pietro IX	3,838,013	3,868,965	3,868,965	3,868,965
Restaurato II	3,432,055	3,432,055	3,432,055	3,432,055
Restaurato III	1,916,872	1,916,872	1,916,873	1,916,872
S, P, Religioni	779,860	759,337	743,075	743,218
N, Comunità	1,281,573	1,395,473	1,636,002	1,766,184
N, A, Comunità	26,950	149,975	111,885	45,338
Total	42,035,425	42,492,193	42,785,897	43,053,517

Table 2 *(Continued)*

MONTI	YEARS			
	1765	1766	1767	1768
S, Pietro I	4,006,622	4,006,621	4,006,621	4,006,620
S, Pietro II	4,877,336	4,877,836	4,877,336	4,877,336
S, Pietro III	3,457,370	3,457,370	3,457,370	3,457,300
S, Pietro IV	3,708,353	3,893,851	3,893,851	4,074,816
S, Pietro V	3,662,360	3,662,362	3,662,365	3,662,364
S, Pietro VI	5,647,190	5,647,190	5,647,190	5,647,190
S, Pietro VII	5,373,899	5,373,900	5,373,901	5,373,901
S, Pietro VIII	3,279,956	3,279,956	3,279,956	3,279,956
S, Pietro IX	3,869,074	3,869,074	3,869,073	3,869,072
Restaurato II	3,473,676	3,472,257	3,471,684	3,470,446
Restaurato III	1,727,265	1,724,430	1,722,318	1,720,709
S, P, Religioni	422,154	418,276	415,576	412,076
N, Comunità	2,290,963	2,274,292	2,274,293	2,274,292
N, A, Comunità	502,850	794,212	1,231,240	1,253,041
Total	46,299,068	46,751,127	47,182,774	47,379,189

Table 2 (Continued)

	YEARS			
MONTI	1780	1781	1782	1783
S, Pietro I	4,006,617	4,006,617	4,006,617	4,006,617
S, Pietro II	4,889,918	4,889,917	4,891,492	4,891,492
S, Pietro III	3,654,220	3,725,086	3,811,700	3,845,789
S, Pietro IV	4,693,851	4,693,850	4,693,850	4,693,850
S, Pietro V	3,662,367	4,048,769	4,048,769	4,056,053
S, Pietro VI	5,647,188	5,647,188	5,647,187	5,647,187
S, Pietro VII	5,373,654	5,373,656	5,373,656	5,373,656
S, Pietro VIII	3,279,955	3,543,209	3,614,329	3,675,182
S, Pietro IX	3,869,067	3,869,066	3,869,066	3,869,066
Restaurato II	3,314,167	3,291,642	3,275,041	3,225,690
Restaurato III	1,720,612	1,720,615	1,732,990	1,821,119
S, P, Religioni	460,085	492,119	491,852	484,076
N, Comunità	2,542,287	2,559,377	2,558,604	2,579,329
N, A, Comunità	916,837	864,893	803,932	794,614
Total	48,030,825	48,726,004	48,819,085	48,963,720

SOURCE Archivio di Stato di Roma: Luoghi di monte, bb. 150, 1160, 1170, 1192, 1202, 1207, 1218, 1228, 1233, 1244, 1254, 1259, 1270, 1280, 1285, 1296, 1306, 1311, 1322, 1332, 1337, 1348, 1358, 1363, 1384, 1389, 1400, 1410, 1415, 1426, 1436, 1441, 1452, 1462, 1467, 1478, 1488, 1493.

to 1768, and 1780 (see Tables 4 and 5). The appreciation expressed by the central government for the great success of these issues has to be viewed in this context, especially since the monte had been forced to issue the loan three times in similar circumstances.[33]

The gratification expressed about the Monte Nuovo Abbondanza is even more justified given that it was issued with the intention, unlike other loans, of raising funds to finance the purchase of wheat to cover the needs of the communities involved. It shows the increasing importance of social programs and "charity as a model of governing," though during the last years of its activity the loan was also used to raise funds to build roads between the communities, and a substantial public debt was run up.[34]

The luoghi di monte was often the only source of financing offered to the communities. Far from being a short-term solution, it eventually became a regular recourse. Yet, even though it re-

33 1735, 1763, and 1779 are the years of the three issues of the monte. Camerale II, Luoghi di monte, b. 6; Camerale II, Annona, b. 16; Camerale II, Luoghi di monte, b. 6; Camerale II, Annona, b. 16, ASR.

34 Camerale II, Luoghi di monte b. 6; Camerale II, Annona, b. 16, ASR.

Table 3 Percentage of the Pontifical Public Debt (Monti Camerali) during the Eighteenth Century

	YEARS											
MONTI	1735	1736	1737	1738	1765	1766	1767	1768	1780	1781	1782	1783
S. Pietro I	9.2	9.2	9.1	9.1	8.7	8.6	8.5	8.4	8.3	8.2	8.2	8.2
S. Pietro II	10.4	10.6	10.6	10.7	10.5	10.4	10.3	10.3	10.2	10.0	10.0	10.0
S. Pietro III	8.2	8.1	8.1	8.0	7.5	7.4	7.3	7.3	7.6	7.6	7.8	7.8
S. Pietro IV	7.4	7.3	7.2	7.2	8.0	8.3	8.2	8.6	9.8	9.6	9.6	9.6
S. Pietro V	8.7	8.6	8.6	8.5	8.0	7.8	7.8	7.3	7.6	8.3	8.3	8.3
S. Pietro VI	11.0	10.8	10.8	10.8	12.2	12.0	11.9	11.9	11.8	11.6	11.6	11.5
S. Pietro VII	10.4	10.5	10.6	10.7	11.6	11.5	11.4	11.3	11.2	11.0	11.0	11.0
S. Pietro VIII	7.8	7.7	7.7	7.6	7.0	7.0	6.9	6.9	6.8	7.3	7.4	7.5
S. Pietro IX	9.1	9.1	9.0	9.0	8.3	8.2	8.2	8.2	8.0	8.1	8.0	7.9
Restaurato II	8.2	8.0	8.0	8.0	7.5	7.4	7.3	7.3	6.9	6.8	6.7	6.6
Restaurato III	4.6	4.5	4.5	4.5	3.7	3.7	3.6	3.6	3.7	3.5	3.5	3.7
S. Paolo delle Religioni	1.9	1.8	1.7	1.7	1.0	1.0	1.0	0.9	0.9	1.0	1.1	1.0
Nuovo Comunità	3.0	3.4	3.8	4.1	5.0	5.0	5.0	5.0	5.3	5.2	5.2	5.3
Nuovo Abbondanza delle comunità	0.1	0.4	0.3	0.1	1.0	1.7	2.6	3.0	1.9	1.8	1.6	1.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 4 Luoghi di Monte Issued by the Monti Camerali during the Years of the Monte Nuovo Abbondanza

	YEARS		
MONTI	1735	1763	1779
S. Pietro I	—	—	—
S. Pietro II	300	—	—
S. Pietro III	—	—	236
S. Pietro IV	—	200	—
S. Pietro V	—	—	500
S. Pietro VI	—	—	—
S. Pietro VII	—	—	—
S. Pietro VIII	—	—	—
S. Pietro IX	—	—	—
Restaurato II	—	—	2
Restaurato III	—	23	—
S. Paolo delle Religioni	121	4	5
Nuovo Comunità	—	5	30
Nuovo Abbondanza delle comunità	269	1,013	526

SOURCE Archivio di Stato di Roma: Luoghi di Monte bb. 1160, 1192, 1218, 1244, 1270, 1169, 1174, 1201, 1206, 1227, 1230, 1253, 1258, 1279, 1284, 1305, 1310, 1331, 1336, 1357, 1362, 1383, 1388, 1409, 1414, 1435, 1461, 1466, 1487, 1492.

solved the contingent needs of the moment, it did not stimulate measures to deal with the far more serious organic problems behind ineffective rationing and agricultural policies that, in the long run, were exacerbated by the increasingly precarious financial situation of the communities. With the advent of the Roman Republic, military occupation, the first restoration of temporal power, depreciation, and the sale of communal property, this papal debt was eventually incorporated into the state debt. The cause of the collapse of the Vatican finances during the nineteenth century lies in the inability of the Papal States to participate in the modernization programs that were sweeping through the Italian and European economies.[35]

The violent traumas suffered by the Papal States during the nineteenth century were missed opportunities to address the economic ills that were leading the temporal power of the popes toward inevitable decline. The papal government was entangled in an inadequate administrative model, ignoring the demands of the

35 Strangio, *La dette publique de l'ètat pontificale et l'influence française (1798–1814),* in Jean Andreau, Gérard Béaur, and Jean-Yves Grenier (eds.), *La dette publique dans l'Histoire* (Paris, 2006), 297–308.

Table 5 Amount of Monti Camerali (Luoghi di Monte Issued and Extracted)

	YEARS								
MONTI	1736	1737	1738	1766	1767	1768	1781	1782	1783
S. Pietro I	—	—	498.06	—	—	—	—	—	—
S. Pietro II	1,293.10	260.08	825.35	—	—	—	0.01	15.75	—
S. Pietro III	—	—	—	—	—	—	708.66	866.14	340.89
S. Pietro IV	—	—	—	1,855	—	1,809	0.01	—	—
S. Pietro V	37.00	0.04	0.02	2	3	1	3,864.02	—	7,284.00
S. Pietro VI	—	16.53	314.97	—	—	—	—	0.01	—
S. Pietro VII	801.41	798.61	400.03	1	1	—	—	0.02	—
S. Pietro VIII	—	—	—	—	—	—	2,632.54	711.20	608.53
S. Pietro IX	309.52	—	—	—	1	1	0.01	—	—
Restaurato II	—	—	—	1,419	573	1,238	225.25	166.01	493.51
Restaurato III	—	0.01	0.01	2,835	2,112	1,609	3.00	123.75	881.29
S. Paolo delle Religioni	205.23	162.62	1.43	38	27	35	320.34	2.67	77.76
Nuovo Comunità	1,139.00	2,405.29	1,301.82	1,667	1	1	1,667.00	7.73	207.25
Nuovo Abbondanza delle Comunità	1,230.25	380.90	665.47	2,913	4,370	2,180	519.44	609.61	93.18

SOURCE Archivio di Stato di Roma: Luoghi di Monte bb. 1150, 1160, 1170, 1175, 1192, 1202, 1207, 1218, 1228, 1233, 1244, 1254, 1259, 1270, 1280, 1285, 1296, 1306, 1311, 1322, 1332, 1337, 1348, 1358, 1363, 1384, 1389, 1400, 1410, 1415, 1426, 1436, 1441, 1452, 1462, 1467, 1478, 1488, 1493.

middle classes, especially in the more advanced northern regions that were dissatisfied with the oppressive taxes and customs. The profound lack of consensus prompted the papal rulers to set up a vast network of patronage, particularly in the south, reinforcing the traditional structure of social assistance, to act as shock absorbers for social conflict. The expenditure necessary for the maintenance of an extensive apparatus of political/social control and the financial burden of public debt continually exceeded that for the creation of the infrastructure and incentives necessary to boost the economy. As the economic system became increasingly fragile and static, state welfare continued to escalate, even though it further weakened the economy, which entered into a dangerous vicious circle. The public accounts continued to worsen. The deficit was funded first by growing indebtedness internally and then, after further deterioration, internationally. While other European states were able to borrow to fuel economic development and invest in industry and railways during the Industrial Revolution, debt arrears became an ever-tighter straitjacket in the Papal States. The Papal States were able to avoid bankruptcy and other desperate measures only because the unification of Italy brought the temporal power of the papacy to an end.[36]

Notwithstanding the difficulty of comparing the present with the past, structural imbalances in public finances and problems with debt have come to the fore again, particularly in Europe and Italy. The abnormal growth of public debt is, in fact, a problem that occurs historically in a cyclical manner. During these crises, theoretical and economic policy debates about public debt come to life, showing the relevance of the case examined in this article.[37]

36 John F. Pollard, *Money and the Rise of the Modern Papacy: Financing the Vatican, 1850–1950* (New York, 2005)—a study of the finances and financiers of the Vatican between 1850 and 1950—shows how the papacy was largely funded by "Peter's Pence," collected from the faithful.

37 Robert J. Barro et al. (ed. John Maloney), *Debt and Deficits: An Historical Perspective* (Cheltenham, 1998).