

Pawn Broking between Theory and Practice in Observant Socio-Economic Thought

Maria Giuseppina Muzzarelli

Mounts of Piety: An Observant Invention

Mounts of piety, first conceived and established at the end of the middle ages, were public urban credit institutions intended to lend small sums of money to customers defined as ‘the less poor of the poor’, who needed small amounts of credit and who had something to give as a pledge in return for a modest sum of money.¹ In Italian cities, especially smaller ones, a service like this was already being offered by Jewish bankers. Officially, as pawnbrokers working with the permission of the authorities, these bankers provided loans with interest rates that, although in agreement with urban requirements, were too high for the less poor among the poor.

In this context, the idea of the Observant Friars Minor was to offer, through the mount, not charity but credit, at low interest rates that largely coincided with the reimbursement of expenses. The mount could lend with only the reimbursement of expenses because its capital did not have to be increased, since it was composed of bequests, donations, or deposits (which were without interest until the end of the sixteenth century). The main aim was to take care of people who needed credit without making their condition worse. In the following pages I will analyze the operative aspects of these mounts in order to illustrate how they worked, as well as to show the difficulties that this new institution faced.

The first mount of piety was founded in Perugia in 1462,² and from that moment onwards, new mounts were created in Italy for almost a century.³

-
- 1 See the entries ‘Monti di Pietà’ by Maria Giuseppina Muzzarelli in *Oxford Encyclopedia of Economic History*, Vol. 1: *Accounting and bookkeeping-contract labor and the indenture system*, ed. Joel Mokyr (Oxford: 2003) and *Il pensiero economico. La cultura italiana*, eds. P.L. Porta and V. Zamagni (Rome: 2012).
 - 2 Stanislao Majarelli and Ugolino Nicolini, *Il Monte dei Poveri di Perugia. Periodo delle origini (1462–1474)* (Perugia: 1962).
 - 3 D. Montanari (ed.), *Monti di Pietà e presenza ebraica in Italia (secoli xv–xviii)* (Rome: 1999).

They later appeared outside Italy as well,⁴ but were always recognized as an Italian idea.⁵ Through crisis and transformation the institution has survived to our own day, a clear testament to its usefulness and vitality.

As noted, the mount was the idea of Observant Friars Minor, who were responsible for the spread of the concept, and who organized support for the first mounts. In order to create a mount, the same process was followed in every city.⁶ At the request of the city and with permission of his order's superiors, an Observant Franciscan preacher would arrive and begin a cycle of preaching. In the course of his sermons, the friar would propose the idea of a mount and suggest how to put words into action. Often he would bring with him a model statute to which the rules of the new mount were to conform. The preacher would then sponsor a great procession in the presence of the religious and civil authorities, and would participate in the procession himself, bearing the banner of the mount he helped to establish. The procession also served as the starting point for a fundraising campaign. The collection of funds took place in many ways, including charitable competitions between the city's guilds. Once the friar had collected the required amount of money, selected the location, defined the rules, and chosen the personnel for the new mount, the only thing left to do was to obtain a license from the civic authorities. Practically every step of this process saw the active participation of Observant Friars Minor. In this sense, mounts of piety may be considered products of the culture and the engagement of the Observant Franciscans, who not only conceived and promoted them, but also supported and defended them against resistance and criticism.

We are confronted here with one of the earliest instances of a movement from theoretical questions of economic ethics towards a project of economic

4 To note only a few references: Paul Soetaert, "Gestion, technique de prêt et signification economico-sociale des monts-de-piété aux Pays-Bas méridionaux (XVII^e–XVIII^e siècles)," in *Banchi pubblici, banchi privati e Monti di pietà nell'Europa preindustriale*, Atti del Convegno, Genova 1–6 ottobre 1990 (Genoa: 1991), 791–96; Thierry Halay, *Le Mont-de-Piété des origines à nos jours* (Paris: 1994); Madeleine Ferrières, *Le bien des pauvres. La consommation populaire en Avignon (1600–1800)* (Seysse: 2004), 10–11; Montserrat Carbonell Esteller, "Los Montes de Piedad en España: contribuciones al debate," in *Prestare ai poveri. Il credito su pegno e i Monti di pietà in area Mediterranea (secoli XV–XIX)*, ed. Paola Avallone (Naples: 2007), 145–56.

5 Myriam Greilsammer, "Il credito al consumo in Europa: dai Lombardi ai Monti di Pietà," in *Il Rinascimento italiano e l'Europa, 4: Commercio e cultura mercantile*, eds. Franco Franceschini, Richard A. Goldthwaite and Reinhold C. Mueller (Treviso: 2007), 591–621.

6 Maria Giuseppina Muzzarelli, *Il denaro e la salvezza. L'invenzione del Monte di Pietà* (Bologna: 2001).