

# **Avere et Dare: The Accounting System And The Culture Of a Sui Generis Financial Institution(\*)**

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## **Abstract**

This paper will try to analyze the rich accounting activity of a credit and financial banking character structure, the Monte diPieta (MdP). The evolution of the Monte diPieta as a provider of credit is representative of the history of the finance and economy of Corfu (Greece). The credit was eventually integrated into the wide network of financial activities marking the growth of a Corfu market economy. The MdP has always pursued two fundamental missions: 1) to collect deposits from small savers, granting security, adequate interest and high liquidity of investment; 2) to lend loans to poor citizens.

The primary goal was to enable the creation of wealth by the individual and reinforces indirectly the economic potential of the citizens. Was an advantageous economic venture for the clients, but also for the city. Throughout its long life, MdP was used as a tool of economic, financial and social policy of the Treasury. It always played a significant role. Its activity has never been interrupted and has always, more or less, been protagonist of the life of the Corfiot society and economy from its foundation in 1630 to the 1900.

The examination of the accounting is one of the most important ways of approach, investigation and imprinting the economic planning of MdP. The accounting culture demonstrates the spirit of economic activity in distinguishing aspects of economic organization such as flexibility, strength, ability trading and saving money. Also, aims to demonstrate the rational organization that allows at MdP to measure and assess effectively the money and directly the profit or loss.

The method of historical research is based on documents, laws and financial statements, kept in the MdP's archives.

**Key words:** Accounting System, Banking, Monte diPieta.

**Jel Classification:** M41, M49, G21

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## **Introduction**

The examination of quantitative data constitutes an objective way of approach and investigation for economic issues. When pecuniary pending is the frame of reference, it constitutes a particularly fertile field for the unfolding of the accounting spirit. This point emerges when it appears to come in sight in a skilful way with the economic organization, the measurement and the evaluation of money, in order the profit or the damage to be realized immediately. The present paper attempts to present these data in an abstractive way into the long-term duration (1630-1980), either with the examination of the accounting operation as well as the study of the culture of Monte di Piet  (hereafter MdP) in Corfu, or with the presence of a sui generis financier institution, which has as a basic operation the benefit of bearing-interest loans with guarantee securities to individuals, who were found in unfavorable economic situation, so that to be covered their direct (biotic-consuming) needs<sup>1</sup>.

## **Spirit And Conditions Of Economic Management**

MdP of Corfu constituted an economic institution with a credit orientation, which was adopted and transplanted in order to overcome on the one hand the basic question of scarcity of funds through its triple operation: the attraction of savings, the attraction of lenders (issuings) and the benefit of mediatory services. However, on the other hand, its main target was the high values of the money to be faced as one of the causes for the appearance of social intensities and frictions.

In the beginning of the 19<sup>th</sup> century, the perception that the low cost of money allows the growth of the island seems to be diffused and for this reason it incorporated institutionally into the economic growth of the local economy and society. From the starting point of its operation were obvious the negative consequences either from the maladministration or from the bad management of the institution, especially from the side of the personnel and the debtors who brought damages to the institution as a consequence of their quest for easy and

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1 G. VASCO, *L'usura libera*, L. Veladini, Milano, 1972, p. 770.

private wealth<sup>2</sup>.

This ascertainment constituted a criterion of important significance for taking political decision-making, as well as for administrative directives which had as an objective the reformation of the institution and the most rational support of its operation –as far as it concerns the moral spirit of the period. Thus, the funds of the institution for no absolute reason could not be occupied in some other activity beyond the one that concerned its basic and primary operation, which suggested securities for lending as guaranty<sup>3</sup>.

The control of economic management was realized with the regular briefing of the government by the Conservatori, not only for the available sums of the fund per month or two-month but also for more general issues that covered the administrative, fiscal and managerial activity of the institution. The governmental Authorities often required detailed briefing with the submission of specific reports or transmittal letters that were accompanied by representational data of the fiscal documents in order to be realized on this basis the real managerial and economic situation of the institution. With regard to the listings of elements and data in order to exist order the total of the accounting books and ledgers, but also the ledgers of the deposits were numbered, vised and stamped from the public fund<sup>4</sup>.

An important question related to the moral management of the institution is its accounting pursuing. Because of the weakness to apply an organized accounting plan, the way with which the accounting records were realized in each time-period as well as the record of economic books and elements were regulated by the commands of each political administration which supervised the institution and its operation. The records should be balanced, while it should be reported in detail not only the profits of each use, but also the expenses to be as much as possible decreased and to be accompanied by the necessary documentation for the fulfilled expenses. Despite the received measures, cases of faults were met frequently into the accounting records, which were perceptible by the accountants of the institution. For these, in order to be realized should be under control, if in

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2 G(eneral) S(tate) A(rchives)- A(rchives) O(f) C(orfu)- AOC, Regime Veneziano, F(ile) 64, fl (filza) 23, f(oglio) 4r.

3 R(eading) S(ociety) of C(orfu), Notificazione 1218, art. 21.

4 AOC, Francesi Imperiali, F. 45, SF (subfolder) 7, f. 177r, 327r.

fact was due to some oversight or fault<sup>5</sup>.

As far as it concerns the guarantee of economic interests, the superior personnel played a decisive role with its particularity and the importance of duty which is emphasized on a large number of reports. The personnel had the obligation with high accuracy and prudence to manage the capital, to program the functional processes and to contribute substantially in the general activity of the institution.

The fact that the political problem is connected to financial difficulties even at the times of conquerors is still another factor of influence of the operation of the institution. From its history of many centuries, most of the times, its economic situation was burdened by political decisions and it was spent in the cover of costs and expenses that were irrelevant to its operation. In 1692, almost thirty years after its foundation, the institution had been forced to stop temporarily its operation, because the public fund had bereaved it from its capital, while an important part of its damages which were because of the economic cover of martial arts, became an effort to be restored—however without a result<sup>6</sup>.

With regard to the economic interventions that were taken place in the institution, the individuals who were responsible cared about these, so that to exist approval and ratification of collective constitutional institutions. Nevertheless, in 1812, the institution faces a serious problem because the government had denuded from the resources that it allocated and through this way had brought difficulty to its economic situation with many taxes.

Apart from the government, various state Authorities such as the Public Treasury extorted and retained its pecuniary capital with the rationale of keeping, in an effort of accumulation of funds for the confrontation of serious political and economic issues. It is characteristic that the Conservatives of the institution for return of these funds invoked mainly its social and charitable orientation<sup>7</sup>.

The fluidity constitutes one still question in its spirit of its management. For the institution had been determined maximum fiscal limit and this should be at least 9 talers and 60 obols, while each available fiscal fluid that it exceeded this

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5 AOC, FrancesiImperiali, F. 38, SF. Santo Monte di Pietà, f. 182r.

6 AOC, Regime Veneziano, F. 19, f. 18, f. 558r, 28, 2, F. 36, F. 100, mod(ulo) 45, f. 5r.

7 AOC, FrancesiImperiali, F. 44, SF. 4, f. 196r.

sum should be sent immediately to the governmental financial services.

According to this frame, in 1832 the institution had deposits in the Public Treasury that reached the amount of 14.000 talers. However, these obligatory deposits do not seem to relate to the effort of its prudent management in order to operate as guarantee for the maintenance of elementary fluidity but they were more related to the cover of governmental economic needs or their exploitation for other activities, the profits of which undoubtedly the institution could not be obtained. The data of fiscal registrations (even if it is not rescued their total that concerns each calendar year) that present the average of the fiscal movement of the cash in monthly basis are shaped for the years 1818-1822 in the amount of 1.800 talers. For the period 1833-1834 the monthly average oscillates in 4.000 talers<sup>8</sup>.

The supervision and the responsibility of the total economic and accounting process as well as the operation belonged to the Conservers (Conservatori) and the Accountant of the institution, while the money that emanated from the renewal of pawns were kept exclusively and only by the Conservers. An element is the loss of a large number of documents and the incorrect supervision of the records had as a direct consequence the loss of income, despite the fact that the Conservers as well as the Directors tried with each possible way to be informed for the documents that each time they were interested about and which they sought from other state services. Equally important to the issue of search of various documents is the correspondence of the Conservers of the institution with the Local Archivist, from which they asked information and copies of important number of documents and certificates, which they had lost because of the negligence and the lack of sufficient positions of operation<sup>9</sup>.

### **The Accountant and the Concern for Logistics**

In the members of the superior personnel, whose basic pursuit was the assurance of the regular operation and the prestige of the institution belonged the Accountant (Ragionato, Computista e Cassiere Generale) and in the most inferior

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8 AOC, Stato Ionico, F. 191, f. 3, 1r-18 and Amministrazione Municipale, F. 319, c. 1-35, 36-50.

9 AOC, Archivista Locale, F. 19, f. 2.

or dependent personnel belonged the Assistant of the Accountant (Assistente). After the final pause of the class origin of the personnel (13/3/1805), persons could be elected from any social class under the presupposition to be trustworthy and honest. Their choice was realized by the Parliament with base a special list that the first lieutenant had submitted to it<sup>10</sup>.

The Accountant (RagionatorήComputistaήCassiereGenerale), was elected in 1631 from the 'Council of 150' and especially after the Parliament for military service of one year and later on for two years with a fixed time of prescription the two years. Subsequently the election became for four years without having the possibility to deny the acceptance of his post. In an opposite case, it was imposed on him a pecuniary sentence of hundred duchies. A necessary presupposition was to have previous experience in some public office of economic character<sup>11</sup>.

Nevertheless, the Accountant apart from his wage had the right to collect small amounts of money that were determined for the publication of the copies of deposit accounts or other observed accounts in the institution. The schedule of his work was common with that of the Conserver of Cashier and his main duty was the correct observation of MdP's accounts with the use of one-entry registration. However, he provided briefing in a monthly base about the fiscal fluidity and he compiled along with the list of debtors the energetic and passive balance in an annual base. This briefing hierarchically was submitted during the Venetian domination to the Provident-Captain and to the General Provident of the Sea, who on his turn transmitted it to the Supervisors of MdP in Venice<sup>12</sup>.

In later times, when the institution of the Providents had already disappeared, all these were transmitted to the First lieutenant of each period. The Accountant was mainly responsible for the economic activity as well as for its imprinting through fiscal-accounting registrations but also at the same time for sustaining the regulation of operation, the total of books and data of MdP, as well as the book of swearing and guarantees that the employees brought and the originality of which it certified after control.

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10 RSC, SenatoParlamentiV, n. 3, Décret 13/10/1834, art. 5.

11 ASV, Provveditori da Terra e da Mar, F. 1189, f. 154, n. 2, 2r.

12 ASV, ScansadorialeSpeseSuperflue, F.47, f.2, f. 41r &AOC, FrancesiImperiali, F. 82, f. 115, fs.1, f. 41r.

Initially the books were: RegistroGiornale, Registro Maestro, Registro di DepositiSemplici, RegistroCauzioni, RegistroIncanti, while with the regulation of 1834 the observed books were: “the ledger calendar, the great ledger, the ledger of simple deposits, the ledger of funds with interest, the ledger of consents (confessions and guaranties), the ledger of auctions, the ledger of decisions from auctions, the ledger of correspondence and the ledger of reports and controls”<sup>13</sup>.

He had the concern for the treasury and he dispatched a report to the first lieutenant two months after his election with an analytic recording of all the books that the institutions kept. At the end of each year, he should calculate the profits of MdP and at the same time to concern about the debts of the third persons to the institution. In the case of his negligence, there was the penalty that provided final pause from his post, as well as his exclusion from the claim of each other public post. In the process of choice of the personnel of the institution participated the Accountant, who after the control in the lists of his debtors informed the Secretary of the Council of the city, if he realized finally that somebody was debtor so that to be excluded from the electoral process. Furthermore, it was suggested that at the case where despite these measures was realized that somebody owed pecuniary capital, his election could be considered invalid.

As far as it concerns the Sacristans, the Accountant had undertake the responsibility two months before the completion of their duty to draw up an accounting balance, to carry out weekly accounting control, to hold and to control the observed books with checking of the data beyond the end of their service by recording them and at the end by signing the certificates of payroll. He informed also for anything directly and with precision that could concern the rest of the personnel, in order to take into account the necessary measures and the government to be informed hierarchically. However, in the case where he did not proceed to the reported briefing, he was the same liable and responsible for each damage or omission that could happen by chance. After the completion of each economic use, he was responsible for attending the capitalization of the profits, as well as for the profits that resulted from the sale of unclaimed pawns and deposits as each accounting or fiscal mistake burdened himself.

13 AOC, Amministrazione Municipale, F. 319, fs. 12, f. 3r & Regime Veneziano, F. 64, f. 23, F. 15r. RSC, Senato Parlamenti V, n. 3, Décret 13/10/1834, art. 68.

Furthermore, he still attended the auctions, he recorded the payments, he made the payments after the signature of the related bills of payment and at the end of the auctions, he made the control of the pawns and the accounts. However, at the case where it happened from the sale of the pawn to exist from the side of the pawner some profit and he did not collect it, then this was deposited to MdP and if after the expiry of the decade was still unclaimed, then the Accountant collected it<sup>14</sup>.

The role of the Accountant was significantly upgraded with the regulation of 1827, as he acquired three assistants (primo, secondo e terzo Assistente) and he had the supervision as well as the control of the institution, while later he could also occupy other assistants provided that he could have the economic power to cover their payroll<sup>15</sup>.

In 1779, because of the economic irregularities and arbitrarinesses of the Sacristans was judged necessary the employee who could control and he could made the payments to be elected (EsattorPagatore). He could be honest and to provide before the undertaking of his duties the suggested guaranties. The time of his service was two years and the period of prescription was one year. His main occupation was to give to the pawners the amounts that the Estimators had determined for their pawns, excluding therefore the Sacristans from the management of each pecuniary amount. He still collected from the pawners the money for the return of pawns and he paid them for profits that acquired from the sale of their pawns by recording the total of payments and the revenues to a special ledger that it could be in agreement with the accounting registrations of the Conserver of the Cashier during the weekly control. Later, the institution acquired also second employee with the same duties and responsibilities. Therefore they dealt the one exclusively with the payments of pawnings and the other with the payments for the returns of pawns<sup>16</sup>.

In order the institution to be ensured from faults and abuses of the personnel, the system of guaranties had been applied through the cover of

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14 AOC, FrancesiImperiali, F. 82, f. 115, fs. 1, f. 51r- RSC, SenatoParlamentariV, n. 3, Décret 13/10/1834, art. 32, 65-66.

15 AOC, AmministrazioneMunicipale, F. 319, fs.2, f. 11v-12r, Pref., F. 43, mod.15/9/1851, f. 1r.

16 AOC, AmministrazioneMunicipale, F. 320, fs.1519, f. 17r, fs.7, f. 9v,10v.



securities and non-securities, the amount of which was depended on the post or the position of the service. However, it was also prohibited to exist kinship or relationship of affinity by marriage until fourth degree among the Conservers, the Sacristans and the Accountant<sup>17</sup>.

The majority of his accountants came from Corfu and they had previous experience to important administrative and political positions. In 1861, they had an average service in the institution for twenty one years and six months, while the long-lasting staying in the service of their institution ensured the possibility of evolution also in other superior public positions or posts<sup>18</sup>.

### **The technique of accounting registrations**

The period of operation of MdP is not connected with an explicit or effective accounting plan but it is realized on the basis of which the general and special accounts of the institution are maintained. The total of the available evidences, related also to the transactions shows that in their larger part the observed accounts (revenues, expenses, values, persons) constitute simple accounting registrations that have as unique objective the balancing of the transactions. It is nothing else than calendar registrations of simple graphic registrations of various accounting works, so that not to exist comparison with the subsequent accounting drawings.

The way for the maintenance of the accounting registrations became with an indication of the economic administrative Authorities or with the approval of models that accompanied the regulations of operation and it was always in effect the beginning of the justifying document, according to which for each registration should exist also the proportional evidence of the action that is registered. The registrations are realized in the calendar of the fund, which constitutes also the basic tool for the follow-up of the economic life of the institution. In monthly base, the total of these registrations is depicted abusively as it is named through the balance of the month.

The Conserver was in charge of this balance, as he had the supervision of the fund beyond the end of the month. From the side of economic data, it includes

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17 RSC, SenatoParlamentiV, n. 3, Décret 13/10/1834, art. 14.

18 AOC, Pref.,F. 43, mod. 20/12/1861, f. 1r.

registrations for surges and flows, for which the terms *Incassand* and *Esborsiare* used respectively, while its total segregation is tripartite. In the first part appears the transaction into the current fund (*cassacorrente*), that concerns mainly the recording of the total transaction of registrations which correspond to various actions that the institution has carried out. The second part is referred to the fund of use (*cassautilità*) that concerns the clear revenues and expenses, which result from the operation of the current fund. Finally, in the third part becomes the recapitulation (*ricapitolazione*) of the two previous fiscal registrations, with the difference that the rest of the fiscal monthly fluidity of the institution is recorded.

In the registrations are included only first degree accounts without analysis, which in the surges report the rest of the fund from the previous monthly use, the profits from the disposal of pawns, from the bearing interest deposits and from the payments that the debtors of the institution have realized by chance. The registrations of flows are reported to the burdens of the fund from undertakings of deposits and payments of interests, from payments of wages, from expenses of repair and maintenance of the real estates of the institution, as well as from regular and extraordinary functional expenses. Each one of these monthly situations brings date for the use, in which it is reported and signed by the responsible Conserver of the fund and the Accountant<sup>19</sup>.

Besides the monthly register lists of the accounting registrations, especially for certain years after 1858, are met also annual review register lists, which are separated in the funds of the corresponding accounts and they include concisely the changes that happened to them at the duration of the year. By speaking in accounting terms, these are balanced and separated in two parts *Attivo* and *Passivo*. This distinction would not mislead us with the current maintained system in active and passive but with these terms are realized the revenues as well as the payments that the institution has carried out for the specific time period. It is worthwhile mentioning that are minimal the cases at which it has been found to be also attached some from the secondary (analytical) accounts of the registrations. On the other hand, it is marked that even these secondary accounts are presented with the basic system of registrations of the revenues and payments (*rendite realizzate - aggravati*).

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<sup>19</sup> AOC, *Stato Ionico*, F. 191, f. 3, f. 25r, F. 131, f. 1.

MdP for the promotion of its services used letters of guarantees, exchanges, which however were not always in their interest, as their exchange as far as it concerned deposits of abroad burdened the institution with amounts that reached 8%-10%<sup>20</sup>. The most important registrations for which models are rescued were those of the return and the renewal of pawns which the Sacristans fulfilled<sup>21</sup>. The maintained accounts of this form reported the name of the Sacristan who executed the registration and the date, as well as the name of the pawner, who proceeded to the return or the renewal of its pawn. Each one of such registration was separated similarly into three parts. In the first one was written down the type of the pawn, in the second if it was going to return or to renew and in the third the money that corresponded to the capital that had been given as loan and to the interests that were constituted the profit of the institution.

The pawnings are attended and recorded from the Sacristans through the maintenance of documents, in which they were determined except the elements of the pawner, the type of pawns, the estimation and the amount that was granted as loan. When they sold one of the pawns in auction, the writing model in which became the registration reported the type of pawn, the adjudicated person, the amount for which it finally sold, the capital which had been given to the pawner as loan, the interests that corresponded to this capital and finally the profit that resulted by chance from its sale.

Respectively, for each depositor who carried out any form of deposit in the institution maintained personal account, which was separated in two parts. In the first part was reported the deposit of the amount and the interest that was it corresponded (if it was bearing interest) and in the second part were reported the amounts for which the owner of the account made undertakings (as well as the interests that received). For the debtors of the institution there was a model that had bilateral division in debt and credit (Debito - Credito), in which was made the recording of the debts as well as the recording of the amounts that occasionally the debtors paid towards the institution. In a separate column also in these two registrations, the interests with which the debt was burdened were recorded as

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20 ANK, FrancesiImperiali, F. 41, SF. 11, f. 863r-870r, n. 2, c. 1/1/1813r, F. 38, f. 208r.

21 AOC, AmministrazioneMunicipale, F. 319, SF2, f. 13r-20v.

well as those who paid off the debtor.

Often, throughout the use of the accounting records or throughout the keeping of calendar happened fiscal accounting errors and omissions, which, when they referred to the audit Authorities or to the officers of the institution had not subjected to suspicion of fraud, and in order to be avoided were carried out intersections and controls. The faults that are usually detected are: omission of an act of registration, double registration of the same transaction, debit or credit of another account instead of the correct, debit or credit of accounts with incorrect accounting documents and faults of innumerability. In cases of false accounting documents, the incorrect entry was deleted and it was recorded as “error” in a clear point of the document.

### **The Unit Of Calculation Of Transactions**

The accounting follow-up is interwoven with the unit of calculation, that is to say the currency of calculation of the value of transactions. The regulation of operation of 1768 suggested that in the transactions with the institution would become acceptable only official and recognized currencies, while each monetary value of doubtful quality was excluded. Furthermore, the providence had received all the sums, calculated with their running value, to be rounded and the sum of the rounding to be capitalized in favor of the institution. However, concerning the circulation of currencies, the institution in some of its documents proceeds to the distinction of currencies in the accounting and the ideal in relationship to their current and accounting value<sup>22</sup>.

In the dynamics of the monetary sector and especially from the side of the persons of the institution exists an expediency as well as a speculative disposal at the expense of their customers in an effort either to be intimate with the resulting difference from the monetary equivalences, or to be covered them or to restrict the deficits and damages of the institution that happened at their management, for which themselves had also the related responsibility. In order to be avoided similar situations, the Senate notified its decisions which were related to the circulation, the current values and the equivalence of various monetary

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22 AOC, Regime Veneziano, F. 74, f. 17, 10r, F. 64, f. 23, fs. 8, f. 15r.

units to the institution. Thus, the decree of Ionian Senate with date 10/7/1809 is rescued in very good situation and it reports the official recognition and the obligatory circulation of franc.

However, all the calculations and the values should become with equivalence in francs, while in a prominent part of the institution should be placed the table of rates of the franc with taler. However, in 1801, the appearance of spurious currencies forced the Commissione Straordinaria di Pubblica Sicurezza e Tranquillità, to order those who had at their possession these to give them and at the same time to declare their supplier. At the same time, it was not emphasized the need for attention of the residents and the persons in charge of various institutions in order to control each currency that reached at their hands and therefore, they prompted to deposit in the committee every element that fell in their perception for forgers and forged currency. Until 1810, despite the measures of restriction of the phenomenon is observed the circulation of factitious currencies and the serious task of police Authorities for the search of the importers of these false currencies in the island. However, their discretion from the genuine currencies is proved to be an almost difficult situation. In fact, there are recorded cases at which the employees of the institution despite their experience had received factitious Turkish currencies during the exchanging process<sup>23</sup>.

Despite the fiscal situation of the institution, the monthly accounting records reveal at a large extent the current monetary equivalences and subdivisions that were extremely volatile, leaving the institution to be exposed to any depreciation<sup>24</sup>.

### **Relations of income and expenses for the economic situation of the institution**

The basic element of a substantial form of economic planning of MdP was the configuration of registrations for the revenues and the expenses. This is because the revenues from the 16<sup>th</sup> century determined substantially the possibility for lending loans. When its revenues were increased and the available cash from the fund covered the minimum fixed sum each time, then they were increased proportionally as well as the limits for issuing loans. During 1799, the

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23 AOC, Francesi Imperiali, F. 41, SF. 6, f. 789r.

24 AOC, Stato Ionico, F. 191, f. 3, c. Aprile 1833r.

minimum limit of fiscal fluidity was 500 tzeckinia, after the completion of which they could adjust increasingly the minimum limits of lending. Thus, when the available cash exceeded the amount of 500 tzeckinia, loans could exceed the minimum limits that it was 10 tzeckinia for valuables and 180 pounds for fabric goods.

In 1799, the General Provident Giacomo Nani confessed that the practice of increasing the minimum limits for lending loans, -especially when the fiscal fluidity allowed it,- contributed significantly to the increase of clients from the side of the institution, because it operated with overdue tactics for the public<sup>25</sup>.

In order to be reinforced the lending ability of the institution with the decree of the 2nd January of 1682, money was deposited to it from the payment of fines to the state. This deposit reinforced its role and operation as deposits fund<sup>26</sup>. However, this action constituted an accurate acceptance equivalent of that of many Italian MdP, which from their first years of their operation in order to accumulate capital more easily had allowed the collection of various types of fines.

Besides the collection of the fines of the state, various pecuniary fines were also led to the fund of the institution, which were imposed to the dealers, as being related to the loss of pledge receipts, as well as pecuniary fines which for various reasons were imposed on its personnel and also to third persons who tried to undermine with some way the regular operation of MdP<sup>27</sup>. The collection of various forms of fines from the institution aimed substantially at pecuniary surges, including also the collections on behalf of various funds, which was part of its management (eg the fund for the preservation of the roads).

In the Notification of the First Lieutenant of the 12/8/1818 was prohibited to the householders of the shops to close the streets exposing to their goods for sale, because in an opposite case they would proceed to confiscation and sale of these types and the money that would result would be attributed to MdP. In the same Notification was reported that, if the householders of the shops or the residences did not care about the cleanness of public places would be

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25 AOC, Amministrazione Municipale, F. 320, fs. 7, 2v.

26 AOC, Regime Veneziano, F. 28, f. 2, 37r.

27 AOC, Amministrazione Municipale, F. 319, fs. 11, f. 6r.

imposed on them pecuniary sentence of twotalers on behalf of Mdp's account<sup>28</sup>.

Except the fines and the various pecuniary sentences, Mdp was reinforced with the deposit of the funds with various pecuniary amounts that concerned the occupation of public charges, but also the charges of itself. In the frame of an effort of additional increase of its revenues from 1768 are deposited into this the wage of state employees with interest 5%, as well as various rents. At the same time, the total of money and credits that concerned the Public Barn had been transported to its fund<sup>29</sup>. The space 1814 -1816, constitutes a period of general economic bending for the island. Then the fiscal cash movements of the institution will be decreased exceptionally, reaching at the amount – in 1816 – of 500 talers monthly. This size constitutes a measure of comparison as far as it concerns the reported economical sizes, not only those of the revenues and the expenses but also those of the debts and the wages of the personnel of the institution. By observing the last three months of 1812, the fluid assets of the institution are 10.326, 39 talers, in the middle of 1817 are limited to 3.384 talers and the capital movement of the fund are 178 talers, representing a percentage only 5,2% of the total available in asset<sup>30</sup>.

The institution always attended to be aware for the existence of pecuniary funds in other services and for their accumulation, while the personnel showed particular zeal for the increase of pecuniary funds and the guarantee of economic resources<sup>31</sup>. Sources of revenues constituted the profits that resulted from the sale of pawns and which in 1812 reached the amount of 11.006, 8 francs, as well as from the rents or the sale of real estates of the debtors, which had devolved to their property<sup>32</sup>.

One more important parameter that was related with the revenues was the pawnings that were found in close interdependence with the surges, but also with the more general economic situation. For the years that exist data in a constant base, it is realized that from the dues of September until the middle of

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28 RSC, foglio 7/12/1818, f. 1r,L 933, f. 1r, 2r.

29 AOC, Regime Veneziano,F. 95, f. 190r,v.

30 AOC, FrancesiImperiali, F. 45, SF. 7, f. 353r.

31 AOC, FrancesiImperiali, F. 45, SF. 7, f. 361r.

32 AOC, SenatoIonico, F. 61, c. 1r.

December, the number of pawnings is increased as well as the amounts that are sold for lendings, while at the same time the revenues and the fluid assets are decreased<sup>33</sup>. Indicatively it is reported that in 1833 the institution had distributed in loans 1.495 talers and the fiscal assets had decreased reaching at five talers and twenty one farthings. By the dues of February up to the middle of April, this shaped picture is completely reversed. This period, the pawners take or renew their pawns so that the profits of the institution to be increased from the attribution of loans. The most likely and realistic affair for this phenomenon is its connection with the circle of the rural production and specifically that of the olive. The local economy is presented connected with the circles of olive gathering, which they are realized that they were found in absolute agreement with the periods at which is marked bending to the revenues and the auctions.

From the other side, the institution made a series of expenses that were related with its operation (functional expenses) and which are registered at the expenses. For the avoidance of economic burdens were examined and were materialized a lot of drawings among those also the retaining amount of soldio for each pawn that its value would be more than thirty six pounds<sup>34</sup>.

The possibility for essential control of the regular and extraordinary functional expenses became with the analytical recording in the special list that was dispatched and approved by the government, which adopted the practice of the older for the issue of orders. That is to say, those who from the expenses had not been dispatched for approval by the Sub-prefect or in case where they did not become for any reason acceptable from this and consequently they burdened the one who had fulfilled them<sup>35</sup>.

In the functional expenses is also included a large number of pawns, which remained unsold beyond the completion of the service of the Sacristans but also the time of receipt-delivery, when the old changed with the new Sacristans for which the institution remained closed, so that to suffer the economic repercussions from this short disruption of its operation. In order to exist control at the processes of receipt and delivery of the fund from the

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33 AOC, Pref., F. 43, mod. 1846-1862, F. 147, f. 1, f. 2, f. 3, f. 4, f. 5, f. 6.

34 AOC, Amministrazione Municipale, F. 319, SF. 11, f. 11r, c. 10r.

35 RSC, Notificazione 1218, art. 45.



Conservers cashiers was dispatched a special statute that reported the credit of the fund and the expenses that had been realized. In 1817, in monthly base the expenses of the office amounted roughly to 22% of the credit that the fund presented<sup>36</sup>.

As it results from the deposit for approval of monthly accounts of functional expenses of the institution for the period from September 1838 until July 1862, their average were the 8,9talers. At the same time, the institution burdened the annual accounting registrations with the attribution of interests to the various bequests and economic managements that it practiced as well with its credit and banking operation<sup>37</sup>.

The inequality of expenses-revenues of the operation created the deficit of the institution and its unique possibility for its cover was the resort to the practice of discovery of funds through lending. In the causes of the deficit is added also the conduct of a large number of transactions and lending pledge but also the increased demand for the payment of interest on deposits. In such cases, the institution was able to take loans by the government or if the government could not respond positively to his request, then those who were responsible sought and received authority in order to borrow from the Ionian Bank. In both cases, the interest rate was annually 4%.

After 1800, the sum of loans is never presented lower than 1.000 sterlings, while for the cover of economic needs of the institution, the persons who were in charge resorted to the lending of such amounts with a frequency of at least once the year, while the money from loans were received with installments that were usually two and were collected inside a quarter in order not to be burdened with the payment of many interests. In 1855, the interest-rates of lending by Ioniki Bank from 4% had been increased to 6% and because once more the institution had the need for lending 1.000 sterlings, they asked from the government before resort to Ioniki Bank to make a research of market in case that a loan could be found from any other source with lower interest-rate (including also individuals)<sup>38</sup>.

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36 AOC, FrancesiImperiali, F. 45, SF. 7, f. 323r- 330r& F. 44, SF. 4, f. 189r.

37 AOC, FrancesiImperiali, F. 41, SF. 11, f. 782r.

38 AOC, Pref., F. 43, mod. 4/9/1855, f. 1r, 27/11/1852, f. 1r, 17/6/1852, f. 1r,v.

The lending from the government was always the last solution, as the approval of loans or subsidies became, when henceforth had been exhausted all the other sources of financing. The basic governmental action was always directed to solutions that burdened as much as possible at the least extent the public fund. For this reason, before they always would lead to a lending towards MdP, they examined and they proposed a series of likely possibilities<sup>39</sup>. When MdP had the need for financing, the Conserver who had the responsibility for the fund made a special application to the First lieutenant, who in his turn submitted it to the Parliament that decided for its approval. The money was given as loan, they did not have predetermined time of settlement and they were returned to the government, when would disappear henceforth the need that faced the institution or when the government required them. The realized lendings from the government towards the institution were bearing interest with interest of amount 4% annually<sup>40</sup>.

Government loans were trying to support the operation of the institution. Besides this, there was not a few times where the overall economic and social conditions that prevailed as in the case of 1809, reinforced the government to take measures in order to support the institution for continuing to provide its credit services. The same thing happened in September of 1817, when the difficult economic conditions that prevailed in the island had limited the financial fluidity of MdP and as a result was unable to meet its obligations. In this case, for the reinforcement of its operation the government gave 6,000 talers as an interest-free loan, which the foundation had invested in interest bearing loans with an annual interest of 6% and the maximum time limit of safekeeping the pledge would not have **exceeded in** no one case a period of twelve months<sup>41</sup>.

At the end of 1839, the institution had taken a loan of 5.000 talers and a few months later in May of 1840 requested the grant also of a new loan of 2.300 talers because it could not correspond to its obligations because the operating costs have tripled and the time that the pledges remained unsold ranged from 27 to 40 months, resulting in serious damage.

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39 ANK, FrancesiImperiali, F. 38, SF. Santo Monte di Pietà, f. 187r.

40 RSC, Notificazione 1218, art. 24.

41 AOC, FrancesiImperiali, F. 45, SF. 7, f. 357r.

Another problem affecting the financial situation of the institution is the relationship between lendings and pledge receipts. In March of 1837, the pledges were much more than the collections and in order to meet to its operation requested and received a loan of 3.000 talers with an interest rate of 4% but there was enough to cover its obligations. For this reason, three months later, the Conservers returned back with a new application with which they asked a complementary loan of 5.000 talers. Except the loans (bearing interest or non-interest) that the institution received in order to cover its costs, it also received grants from the Finance Office or the State Treasury<sup>42</sup>.

### **The question of abuses**

In the institution, the phenomena of abuses came up almost simultaneously with its foundation. In 1638, with the special command of the Doge Francesco Erizzo to Bailo and the General Provident of the Sea is deranged the beginning of controls and interrogations for the economic irregularities that had brought the institution in extremely difficult economic situation. For this reason, the special committee which was responsible for the supervision of MdP in the Venetian possessions was occupied at the beginnings of 1775 with MdP of Corfu, in an effort of avoidance and restriction of the abuses. In 1818, the frauds of personnel and the welshers-debtors constituted important factors for burdening the economic situation of the institution<sup>43</sup>.

With the practice of providing guaranties from the side of the employees, they tried to render them more sensitive and responsible during their military service and at the same time to deter them from frauds and irregularities at the expense of the institution. In the frame of a substantial effort of control by the administrative and the supervisory Authorities, the control had been intensified exceptionally when it was realized with commands for related briefings about its more general economic and administrative picture<sup>44</sup>.

In 1806 were observed irregularities into the registrations of deposits. The issue occupied the regular justice, which proceeded to recommendations for the correct maintenance of the accounts, giving particular emphasis to the

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42 AOC, Stato Ionico, F. 419, f. 47r, F. 281, SF. 221r-301r & F. 7, mod. 17/5/1819, f. 1r.

43 AOC, Amministrazione Municipale, F. 320, FS. 8, Risoluzine 7/12/1818, f. 1r.

44 AOC, Stato Ionico, F. 131, F. 1, f. 12r 39r.

fact that for each transaction was necessary the production of the original title of deposit from the beneficiary which could be crosschecked itself with the observed account of the institution. At the same time, it was emphasized a series of regular and special commands that it was necessary to exist supervision from the Conservers to those who dealt with the realization of accounting registrations and listings. Later, in May of 1809 appeared phenomena of dysfunction which were a consequence of the abuses. The same year related to this issue, the Senate with its decision authorized the Conservers to arrange immediately the disarray and the confusion that it had been created with cause the revelation of the abuse that the Sacristans Drasino and Comno had been preceded<sup>45</sup>.

In 1811, the chairman of the Committee of Internal Affairs protested against the Conservers and he suggested to them to show particular attention by supervising the Estimators and the Sacristans because they estimated the pawns in such low prices that they did not correspond to their real value<sup>46</sup>. However, there are direct reports with objections of the debtors at the fact that the personnel in order to cover the economic abuses did not enter precisely the observed accounts into the refundings of debts and installments with result to debit them with more installments, interests and taxes. This was a fact that caused serious problems to those who had huge and long-lasting debts<sup>47</sup>.

The thefts, the forgery and the embezzlements of the employees were realized with objective the easy and fast wealth of the personnel. When they were located, they received the way of regular justice, the employees were transformed into debtors to the institution and most of them were led after the issuing of condemnatory decision to prisons depending on the degree of the abuse.

However, the cause of damage of the institution was not only the employees. Its customers operated also in a destructive way that in each occasion had the responsibility to appropriate as much as possible the profits by damaging them. A widespread way of cheating by its customers was the use of

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45 AOC, FrancesiImperiali, F. 38, SF. Santo Monte di Pietá, f. 193r.

46 AOC, Amministrazione Municipale, F. 40, F. 123r, F. 319, fs. 9, F. 18r.

47 AOC, Amministrazione Municipale, F. 1223, F. documenti dei debiti, mod.27/3/1820, f. 10r.

factitious currencies at the processes of transactions, as well as the pawning of valuables, of which the precious metals from which they had been manufactured had undergone falsification<sup>48</sup>.

### **The accountancy of payroll**

The success and the rational observance of the social role of the institution, but mainly its economic planning depended at a large degree on the moral character of its employees and in particular that of the Accountant, who carried out its good and proper operation.

In MdP was applied the system of the wage of personnel depending on the duration of its employment. The application of the system had the advantage that it was simple, it was calculated easily and it could consider to be imposed, when the executed work required particular editing and it could not be rendered precisely measurable. The wages and the bonus of personnel were found in close relation with the more general economic picture of the institution and they were realized in a way that each time would create the minimum possible economic tax in this<sup>49</sup>.

In 1827, the payroll of the personnel was ascended in a monthly base the amount of 270 talers, that is to say 3.240 talers annually. The Accountant received 50 talers, its assistant 35, the first from the Assistants of the institution 30 and the second 20 talers, each Sacristan 30 talers, the Estimator of precious goods 30 talers and the Estimator of fabrics 25, the Doorkeeper and his assistant from 10 talers each one<sup>50</sup>. In 1833, the amounts of acceptances had been increased in 3.329 talers and 147 fardinia annually. The Conservers received 416 talers and 10 fardinia, the Accountant 534 talers and 152 fardinia, his assistant 312 talers and 7 fardinia, the Sacristans 381 talers and 78 fardinia, the Estimators 346 talers and 147 fardinia, the first from the Employees 180 talers and the second one 138 talers and 142 fardinia and the Doorkeeper 138 talers and 142 fardinia<sup>51</sup>. The wages of the personnel were also supplemented by percentages.

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48 AOC, StatoIonico, F. 281, f. 101r, f. 85r.

49 ANK, FrancesiImperiali, F. 38, SF. Santo Monte di Pietà, f. 188v.

50 AOC, AmministrazioneMunicipale, F. 319, FS.2, f. 5r.

51 AOC, SenatoIonico, F. 61, c. 1r.

In 1777 had been arranged that point because of the economic difficulties and consequently the personnel would receive for specific time space the 5/6 of the annual profits that would result and they would have the position of the wage.

One year later, because the economic problem that concerned the payroll of the personnel is not clear that it had been faced effectively, they allowed the collection of percentages that would result from the profits of the current use. These profits were separated in 120 caratti, from which the 1/6 remained for the profit of the institution and the remaining 5/6 were shared by the personnel. During the process of distribution were fluctuated depending on the commands of the supervising Authority, while in 1818 the institution received 30 caratti from the distributed percentages. In 1821, 90 caratti corresponded to the personnel 90 that in money were translated to the amount of the 199,34 talers, while in 1824 the percentage of the institution had been decreased in 25 caratti, so that to be increased that of the employees. The equivalence of the percentages was oscillating and it depended on the monthly revenues of the institution with which it was proportional. Thus, as long as the profits were increased as much the percentages were also increased (caratti)<sup>52</sup>.

In 1824, the Government re-examined the percentages that the personnel received in order to verify any charges. Judging therefore that the proportions of the percentages burdened the economic situation of the institution, it decided to proceed to their modification. Consequently, MdP received not 30 but 25 caratti, while the caratti of the Accountant and his Assistant remained regular, as well as those of the Sacristans. Totally remained 120, however they fluctuated as far as it concerned their beneficiaries. In 1833, the percentages for the personnel were totally 95 and they corresponded roughly in the amount of 3.500 talers<sup>53</sup>.

The cover of the wages of the personnel with a combinational way from wage and percentages aimed substantially at the avoidance of irregularities from the self-interest of the employees that they would burden the finances of the institution as well as the poor pawners. When in 1833 was discussed the possibility of payment of the Estimators only with the reception of percentages,

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52 AOC, Amministrazione Municipale, F. 320, FS.1519, f. 17v, FS.7, f. 7, v, FS.8, f. 4r, F. 319, f. 36r, n. 1530r.

53 AOC, Senato Ionico, F. 61, c. 1r.

finally was decided not to proceed in such activity, because it would operate at the expense of pawners<sup>54</sup>. There were still cases, in which the superior personnel had received honorary its post, without wage, so that not to exist additional economic burden in the institution, but it maintained the right to receive percentages<sup>55</sup>.

### **Conclusion**

The economic management of MdP was based on a rational accounting system through which it consolidated trust on the local society and at the same time it initiated with practices of economic organization. The basic objective of its economic management was the self-sufficiency and the self-financing of its activities with the adherence of the accounting system. This point allowed to it to operate seamlessly as a structural element of the system of the local monetary market at extremely changeable conditions. Taking into account a lot of parameters of report into a peculiar financier environment so that MdP to remain competitive such as in the case of Corfu, it contrived ways of calculation and control by reclaiming effectively the techniques of management and control, aiming therefore at the reduction of the exchange as well as the reduction of the operational cost.

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- *Amministrazione Municipale, F. 1223, 319, 320, 40.*
- *Archivista Locale, F. 19.*

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54 AOC, Senato Ionico, F. 1618, F. 2, f. 2r.

55 AIEEE, Eptanissiaca, mod.30/4/1816, f. 1r.