



THE BIRTH OF MONTE DEI PASCHI

A courageous, but desperate resistance was not enough to preserve the freedom of the ancient republic against the allied armies of Emperor Charles V and the Florentine Duke Cosimo de' Medici, who, after a long war, in 1557 was awarded the ancient state of Siena as a feudal domain. The Sienese were able to obtain from the Duke the concession of maintaining some of their ancient magistracies, which had governed the republic for centuries, and their request to allow the Monte Pio to resume activity was also granted; on 14 October 1568, it was given a new charter similar to that of Florence's Monte di Pietà. The headquarters continued to be the "Salimbeni house."

From 1 August 1569, the day of the solemn inauguration of the "second" Monte Pio, the institution's account books bear witness to the progressive development of agricultural and land credit, interest-bearing loans, and even an arrangement to serve as a public treasury. With the agreement in 1580 to act as collection agency for the Ufficio dell'Abbondanza (the food authority) to collect 5% of the assessed value of the wheat in the storerooms of Siena's bakers, the Monte Pio confirmed its role as a public bank.

The reform of 1568 granted the officers of the Monte criminal jurisdiction over anyone—customer or employee—who committed fraud against the institution. Among the trial records preserved in the archives, some of the trials of unfaithful employees are particularly valuable for a knowledge of judicial procedures, which could even go so far as to include capital punishment.

The ledgers preserved in the Monte archives enable the reconstruction of all the operations for raising and employing money. The first ledger was called *Libro 1° del bilancio*, kept according to the system of double-entry bookkeeping.

The conviction that the charitable works of the Monte Pio had to be expanded and that the Monte had to be allowed to do more than make loans secured by pledges led the citizens of Siena, in 1622, to apply to the Grand Duke for a new credit institution that could furnish financial support to the city's faltering economy. The new bank would assist the farmers and livestock raisers, as well as some city institutions, permitting also forms of deposit of private capital. The Grand Duke granted the request, but on the condition that the new bank be guaranteed by a lien on the income from the public pasture lands in the Maremma, backed up by the property of the entire citizenry of Siena.

In 1624, then, the new institution was founded, which was to be managed by eight citizens belonging to the nobility.

The revenues from the pasture lands in Maremma, called the "Dogana dei Paschi (from which the name "Monte dei Paschi" derives), were divided into portions worth 100 scudi each, to be issued in the form



of bonds guaranteeing an annual return of 5%. In this way, the new bank's supply of money was ensured by offering depositors virtual shares in the income from the "pastures."