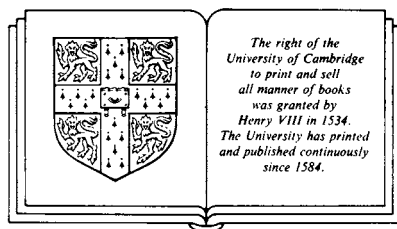


# The Cost of Empire

The Finances of the Kingdom of Naples  
in the Time of Spanish Rule

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## Introduction

In the fifteenth century, the winds of change that were transforming kingdoms and principalities in Western Europe swept also over the Kingdom of Naples. Under the leadership of King Alfonso the Great, the Aragonese dynasty wrested control of the Kingdom from the Angevins in 1442 and embarked on a remarkable course of state-building that strengthened and renewed the power of the Monarchy. The Aragonese rulers succeeded in abating the force of an adventurous and unruly nobility and in refurbishing the Kingdom's institutions. Like many states in the North, Naples thus acquired the rudiments of a state army, a viable fiscal organization and a relatively effective bureaucracy. The royal reforms served also to stimulate productive activities, not least because of the social truce they assured. Partly as a consequence, the Kingdom came to witness economic expansion and demographic growth. Its capital, the city of Naples, was rapidly transformed into a full-scale administrative center; it came to serve as well as a magnet for growing numbers of immigrants from areas nearby and far afield alike. Overly rapid growth, to be sure, brought its own problems, but the tears in the fabric of the Kingdom, heritage of the preceding turbulent century, mended, and by the later fifteenth century Naples was one of the most important and populous members of the Renaissance state system.

A century and a half later, that process of construction, and reconstruction, had run its course. A new, difficult chapter had begun for the Kingdom; "crisis" and "decline" were to be important themes in it.

Despite recurrent famine and plague, the city of Naples was the most populous urban center in Europe, but its growth had long since grown cancerous, marked by runaway parasitism and pauperization. Economic activities still showed resiliency, in part no doubt because of the prevailing localism and particularism. Even so, however, the signs of crisis were everywhere. Ever since the 1580s, bad harvests and the attendant famines had become a fixture in the Kingdom and had led to a contraction in the production of grain. Sicilian wheat had to be imported to provision the capital at more frequent intervals and in greater quantities than ever before. At the same time, thousands of hectares of land were transferred from agriculture to stock-farming. Though many a fortune was made in transhumance, that transfer highlighted a shift in the Neapolitan economy, one borne out by all other economic indicators. The silk trade in Calabria, the primary silk-growing

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province in the Kingdom, for example, had been buoyed for most of the later sixteenth century by a steady demand and by many a boom year. At peak times, about 500,000 pounds of silk passed every year through the dry-customs port of Cosenza, the hub of Calabria's silk trade, and it reached not only Naples and the provinces in the Kingdom but Northern Italy as well. By 1655, however, only 116,000 pounds of silk were shipped through Cosenza, and it went only as far as Naples and regional centers in Southern Italy. Some ports did bear witness to adaptation in the face of generalized adversity. The city of Monteleone, for example, saw its silk shipments rise from 22,000 pounds in 1572 to about 330,000 pounds in 1603 and 220,000 pounds in 1655. In the balance, however, the seventeenth century brought about a net loss, a real decline in the silk industry in the Kingdom, as it did in Southern agriculture and economic activities generally.

By 1600, too, public authority in Naples had been heavily compromised, and in the next fifty years it was to yield decisively, once again, to private preserve. Under the Aragonese dynasty, lands in the royal domain had amounted to nearly 7 percent of all properties in the Kingdom. At the end of the sixteenth century, they had shrunk to less than 4 percent. In 1609, Philip III had wanted to grant the Genoese banker Battista Serra the right to send his own agents into the Kingdom, so as to levy the direct taxes that were to repay Serra for his loans to the Crown. In the name of reason of state, the Council of Italy had objected strenuously to the proposed concession, warning that such a measure might touch off a revolt on the part of the venal officeholders. As the 1647–48 uprising was to show, the Council's warning had been prophetic, but it went unheeded before what was soon to become a new policy. By the 1620s, in fact, the bankers' agents themselves collected many of the direct taxes, and in 1648 private receivers were granted all but a few of the royal gabelles, in return for the relatively paltry yearly sum of 300,000 ducats. Thus by the mid-seventeenth century the state apparatus which had been revolutionized in the fifteenth century and consolidated in the sixteenth lay in disarray or in shambles.

Why did the process of state building in Naples come full circle? Why were the modernizing energies tapped by the Aragonese dynasty in the 1450s already spent by the early 1600s? These are important questions, and they invest many of the crucial themes of early modern history – state building or “absolutism,” and its limits; the crisis of the seventeenth century; the connection between economic conjunctures and the political process; the decline of Italy and of Spain.

Despite their resonance, though, those questions have not attracted the attention they deserve. In the United States and Britain, students of Italian history have, by and large, restricted their focus to North-Central Italy and the great republics of Florence and Venice, even though the experience of the sixteenth century cut those republics down to size.<sup>1</sup> Students of the Spanish Empire, for their part, have looked

<sup>1</sup> Notable recent exceptions are the remarkable books by Domenico Sella, *Crisis and Continuity: The Economy of Spanish Lombardy in the Seventeenth Century* (Cambridge, Mass., 1979), and John Marino, *Pastoral Economics in the Kingdom of Naples* (Baltimore, 1988).

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westward from Spain to the Habsburg possessions in the New World. In Italy, ever since the seventeenth century, the question of Spanish rule in Naples has inspired a vast body of literature. For a long time, however, most of it served to fuel a dispute whose vehemence and bitterness has been exceeded only by its sterility, on the “corruptive” effect of Spanish administration.<sup>2</sup> From the lofty vantage point of his idealism, Benedetto Croce was able to view Spanish Naples with some perspective.<sup>3</sup> Not surprisingly, though, Croce’s revisionism did not lead to a reformulation of the problems of Imperial history, and his serenity lent itself easily to complacency. Thus, in 1951, Giuseppe Coniglio could hark back to Croce and attempt to exculpate Spain and Spanish rule for the “maladministration” and for the growing fiscal burden that came to weigh upon the Kingdom.<sup>4</sup>

More recent research in Neapolitan history, however, has struck a more promising note. Giuseppe Galasso has made a most notable contribution to the history of the Kingdom in the early modern period with his magisterial publications on economy and society in sixteenth-century Calabria, on Habsburg ideology and statecraft during the rule of Charles V, on the reform attempts of Viceroy Count Lemos in the early seventeenth century.<sup>5</sup> For a long time, Luigi De Rosa has been contributing studies on economic and banking affairs in the Kingdom that have been as distinguished as they have been numerous.<sup>6</sup> Rosario Villari and Vittor Ivo Comparato have greatly increased our understanding of social tensions in town and country before the revolt of 1648,<sup>7</sup> while Gérard Delille has focused with great profit on economic, social, demographic and familial structures in the Kingdom.<sup>8</sup>

<sup>2</sup> That literature is reviewed and essentially adopted by Gabriele Pepe in his bristlingly polemical *Il Mezzogiorno d'Italia sotto gli Spagnoli. La tradizione storiografica* (Florence, 1952). For a more balanced discussion, cf. Ernesto Pontieri’s essays in *Nei tempi grigi della storia d'Italia* (Naples, 1966).

<sup>3</sup> In *La Spagna nella vita italiana durante la Rinascenza* (Bari, 1917) and *Storia del Regno di Napoli* (Bari, 1925).

<sup>4</sup> Giuseppe Coniglio, *Il Regno di Napoli al tempo di Carlo V* (Naples, 1951). Despite this criticism, it must be stressed that with that book, and his many other publications, Coniglio has made a very useful contribution to the history of the Kingdom of Naples in the sixteenth and seventeenth centuries. Among other things, Coniglio was among the first Italian scholars to make use of the vast riches of the Archivo General de Simancas.

<sup>5</sup> Giuseppe Galasso, “Momenti e problemi di storia napoletana nell’età di Carlo V,” and “Le riforme del conte di Lemos e le finanze napoletane nella prima metà del Seicento,” both originally published in *Archivio storico per le province napoletane* and reprinted, with other essays on the history of Naples from the Middle Ages to modern times, in *Mezzogiorno medievale e moderno* (Turin, 1965); *Economia e società nella Calabria del Cinquecento* (Naples, 1967); *Dal Comune medievale all’Unità. Linee di storia meridionale* (Bari, 1971); *Intervista sulla storia di Napoli* (edited by Percy Allum; Bari, 1978).

<sup>6</sup> See in particular *I cambi esteri del Regno di Napoli dal 1591 al 1707* (Naples, 1955) and *Studi sugli arrendamenti del Regno di Napoli. Aspetti della distribuzione della ricchezza mobiliare nel Mezzogiorno continentale (1649–1806)* (Naples, 1958).

<sup>7</sup> Rosario Villari, *La rivolta antispagnola a Napoli. Le origini (1585–1647)* (Bari, 1967) and *Mezzogiorno e contadini nell’età moderna* (Bari, 1961); Vittor Ivo Comparato, *Uffici e società a Napoli (1600–1647). Aspetti dell’ideologia del magistrato nell’età moderna* (Florence, 1974).

<sup>8</sup> Gérard Delille, *Croissance d’une société. Montesarchio et la Vallée Caudine aux XVIIe et XVIIIe siècles* (Naples, 1973); *Agricoltura e demografia nel regno di Napoli nei secoli XVIII e XIXe* (Naples, 1978); *Famille et propriété dans le Royaume de Naples (XVe–XIXe siècle)*, (Rome, 1985).



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Giovanni Muto has illuminated the political and institutional aspects of early modern Neapolitan financial life,<sup>9</sup> while Roberto Mantelli has brought to light important institutional, financial and administrative mechanisms in the Kingdom.<sup>10</sup>

Despite studies of such breadth and obvious interest, though, a history of the Kingdom of Naples which addresses the questions posed above and which seeks to account for change by exploring the connections between the economy, politics and society was yet to be written.

This book attempts to fill that gap by showing that from the late sixteenth century onwards, economic, political and social factors worked together to undermine the basis of Naples' great fifteenth-century achievements. As in Lombardy, plagues, famines and population decline figured prominently in the story of seventeenth-century Naples. The vagaries of international demand took a heavy toll on Naples, as they did, again, on Lombardy. In fact, as Northern Italy saw its overseas export outlets shrink and its industrial base become dislocated, it fell back on its own agriculture, thus reducing or closing its markets for wine, oil, silk, grain and wool to its traditional supplier, the Kingdom of Naples. That drop in demand for Southern agricultural products was as distinctive a feature of Southern Italy as the severe plagues, epidemics and population fall.

In all that, the two Italies shared the same fate. But they parted company in that political, and especially fiscal, pressures in the South were much heavier than in the North. As Domenico Sella has shown, the fiscal pressure imposed on Lombardy did not play a crucial role in restructuring that region's economy. Spanish fiscalism, Sella has cogently argued, did not help matters, but it was neither as intense and sustained nor as deleterious as other writers have insisted.

Naples' story, however, was different. Taxation played at best a secondary role in Lombardy's involution *because* the Kingdom of Naples bore its own weight and Lombardy's as well. In the seventeenth century, as in the sixteenth, Spanish policy deliberately and understandably shifted the costs of war in Italy and, to some extent in Central Europe, from the North to the South, in great part because Lombardy was too near the war theaters and too important a transit point for Imperial troops to be imperiled by harsh taxation. Naples, however, was a different case. Ever since the Spanish conquest, in 1504, it had played a role consonant with its position in the Imperial system and in Spanish strategy. When it was no longer a beachhead for action "against the common enemy of Christendom," it became, and it remained, a vital supply base of money, men and arms for "the defense and security of my Kingdoms and states," as successive rulers from Charles V to Philip IV called their far-flung ventures. War and war finance thus came to loom large over the Kingdom, as over Castile, from the early sixteenth century to the end of the Thirty Years' War.

<sup>9</sup> Giovanni Muto, *Le finanze pubbliche napoletane tra riforme e restaurazione (1520-1634)* (Naples, 1980).

<sup>10</sup> Roberto Mantelli, *Burocrazia e finanze pubbliche nel Regno di Napoli* (Naples, 1981) and *Il pubblico impiego nell'economia del Regno di Napoli: retribuzioni, reclutamento e ricambio sociale nell'epoca spagnuola (secc. XVI-XVII)* (Naples, 1986).

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Ironically, then, the very forces that in an earlier age had strengthened the Crown's authority and abetted its state building came to serve as a prime motor of dissolution in the sixteenth and seventeenth centuries. As Alan Ryder has shown, in fact, in the fifteenth century warfare had served as a catalyst for much of Alfonso's restructuring of the Neapolitan state, and it had enabled the Aragonese king to break or to loosen the nobility's grip on power in the Kingdom.<sup>11</sup> But the changed nature of warfare in the sixteenth and seventeenth centuries worked mightily to unravel the webs spun by fifteenth-century kings.<sup>12</sup>

War, indeed, imposed many and severe strains on Naples, as it did on Castile. Ever since the 1520s its cost had proved much too burdensome, and from the 1550s it outstripped even the Kingdom's burgeoning tax base and its productive capacities. The Monarchy came thus to be ever pressed for ready cash, squeezed at the same time by rising prices and ever greater commitments. The fiscal screws were turned harshly and repeatedly, but state income was regularly outstripped by expenditure. The Crown was thus forced to resort to deficit financing in a massive and systematic way. In that dizzying process of expense and indebtedness, the Crown came increasingly to rely on obliging but exacting bankers, "whence [Ambassador Bernardo Navagero told the Venetian Senate] has come much wealth for Germans and Genoese and other merchants."<sup>13</sup>

The cost of all that was hard to calculate, for it went beyond the swollen budget deficits to invest the economy, the society and the very structure of state authority in Naples. Genoese bankers came to acquire a stranglehold on finances in Naples, as in Castile, and they added profit to profiteering as they dominated the shipping industry, the export trade, the provisioning of the city of Naples and the fiscal machinery of the state. For their services in Naples and abroad, they were further rewarded with pensions and prebends, with lands, fiscal concessions, and titles of nobility. They passed on to others, whose savings they had "invested," the cost of the Crown's bankruptcies, and by the end of the sixteenth century they held apanages in Naples and Spain.<sup>14</sup>

Loans by merchant bankers, however, were only part of the system through which the Crown raised funds for its war efforts. In the 1540s and 1550s, the Crown was eminently successful in creating in Naples a dynamic market for its securities. It guaranteed those securities by mortgaging its future revenues, and it stimulated a veritable rush onto the government bond market by the relatively high interest rates

<sup>11</sup> Alan Ryder, *The Kingdom of Naples under Alfonso the Magnanimous: The Making of a Modern State* (Oxford, 1976).

<sup>12</sup> Cf. Michael Roberts, *The Military Revolution, 1560–1660* (Belfast, 1956); Geoffrey Parker, *The Army of Flanders and the Spanish Road, 1567–1659: The Logistics of Spanish Victory and Defeat in the Low Countries' War* (Cambridge, 1972); I.A.A. Thompson, *War and Government in Habsburg Spain 1560–1620* (London, 1976).

<sup>13</sup> Eugenio Albreri, ed., *Relazioni degli ambasciatori veneti al Senato*, series 1, vol. 1, p. 301 (1546) (Florence, 1839). Cf. also Raffaele Ciasca, ed., *Istruzioni e relazioni degli ambasciatori genovesi*, (Rome, 1951) vol. 1, p. 202.

<sup>14</sup> Cf. Antonio Calabria, "Finanzieri genovesi nel Regno di Napoli nel Cinquecento," *RSI*, 1989, pp. 578–613, and the works there cited.

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it paid. In the Netherlands, as James Tracy has shown, the same system was a source of strength, at least in part because of the progressively lower interest the securities bore.<sup>15</sup> But Naples, again, was another story. Credit conditions there, and the Crown's unending need for money, made it so that even at the end of the century, after repeated forced conversions of the debt, redeemable bonds could pay as much as 10 percent interest. Lifeterm annuities were no less than a windfall, for they paid on the average 13 and sometimes as much as 20 percent!

The effects of such policies were clear even before 1600. State securities syphoned off massive amounts of capital from growing numbers of investors – Neapolitans and foreigners, nobles and merchants, state officials and religious institutions. By the 1590s, investment in state securities worked like a magnet in Neapolitan society. It attracted several times the capital than even a generation earlier and a broader range of investors – a very wealthy few, with perhaps hundreds of thousands of ducats in capital investments; a sizable middle group, with several thousand ducats; and a growing mass of small fry, with 100, 50 or even less than one ducat. At the same time, cash-crop farmers could obtain credit only under the harsh *alla voce* system. In the 1580s and 1590s, they were being driven into bankruptcy or peonage-like indebtedness by high interest rates and non-existent profits, and land was taken out of cultivation and given over to grazing.<sup>16</sup>

Because of its financial straits, then, the Crown came in part to compete with enterprise in the Kingdom. The state and enterprise alike in the later sixteenth century were caught in a much wider movement which ran like a fever through society and of which investment in state securities, the flight from risk-taking and the rush to land and titles were clear symptoms. Then, in the 1620s and 1630s, as the flames of war raged anew over Central Europe and consumed ever growing amounts of money from the Kingdom, as the economy faltered and society stagnated, the forces that in an earlier age had impelled or abetted modernization spent themselves or were even reversed.

This book discusses such themes in five chapters. The first sketches economic trends in the Kingdom in the sixteenth and the seventeenth centuries. It examines productive structures, with their strengths and their liabilities over the long term. It focuses on the “Indian summer” buoyancy of the sixteenth-century economy and assesses the impact of the seventeenth-century crisis, using a variety of indicators, the silk trade in Calabria in particular.<sup>17</sup> Thus the first chapter sets the economic context for the rest of the volume, and subsequent chapters show whether or to what

<sup>15</sup> James Tracy, *A Financial Revolution in the Habsburg Netherlands* (Berkeley, 1985).

<sup>16</sup> Silvio Zotta, “Momenti e problemi di una crisi agraria in uno ‘stato’ feudale napoletano (1585–1615),” *Mélanges de l’Ecole Française de Rome*, 1978, pp. 715–96.

<sup>17</sup> The Calabrian silk trade is approached through a sample series of twenty-three registers by fiscal officials (*credenzieri*), which record the day-by-day movement of silk through dry-customs ports in the sixteenth and seventeenth centuries (ASN. *Sommaria. Arrendamenti*, F. 161/11 ff.). Additional summary registers provide yearly figures, with some gaps, until 1759. That material makes up a data base of over 7,000 cases for computer analysis, and it will be the object of a forthcoming study.

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degree those realities were reflected or ignored by fiscal developments in the sixteenth and seventeenth centuries.

Chapter 2 then presents an analysis of the fiscal system in the Kingdom in the early modern period. It focuses on elements of continuity and change in taxation and fiscal administration, and it examines the innovations that Spanish rule brought to Naples. Thus in addition to the several sources of tax revenue which Spain found and kept unchanged in the Kingdom, the chapter treats the loan system and the introduction of a market for securities in the Kingdom in the 1540s and 1550s.

Chapters 3 and 4 analyze government income and government expense in the Kingdom from 1550 to 1638. Those chapters are heavily quantitative, and they place the data for both income and expenses in the context of the price movement in the Kingdom. Both are based on a remarkable series of budgets and of fiscal reports, spaced at intervals of five to thirteen years. Such sources are eminently suited to measure both continuity and change in receipts and outlay for a period that, until now, has been approached by historians in a descriptive or fragmentary fashion.

Chapter 5 focuses on the establishment of a government bond market in the Kingdom and on its fortunes from the 1540s to the late 1590s. It summarizes some of the conclusions of a larger forthcoming study on investors and investments in the public debt in the Kingdom, generalizing on the basis of a computer analysis of a very large body of data, over 8,000 transactions for the sale of securities to about 4,500 investors.

A conclusion and two appendices follow the body of the work. The conclusion summarizes some of the results of this book, while the first Appendix presents tables for the figures in the text and graphs for some economic indicators and for the finances of the city of Naples in the late sixteenth and early seventeenth centuries. The second Appendix, intended for specialists, discusses in some detail the intricate problems presented by the quantitative sources for the core chapters.<sup>18</sup>

This study, however, is not simply based on quantitative sources. It has profited also from a wide range of other materials from several archives. Of great usefulness have been manuscripts from the National Libraries in Madrid and Naples, the Archivio Doria Pamphilj in Rome and the Haus-, Hof-, und Staatsarchiv in Vienna, and the Collection Favre at the Bibliothèque Publique et Universitaire in Geneva. Especially important have been the proverbially rich series of papers from *Estado*, *Visitas de Italia* and *Secretarías Provinciales* at the great Archivo General in Simancas and some equally fruitful but (at least in the United States) largely unknown series in the State Archive in Naples.

An invaluable source has been the great collection of documents drafted by the Sommaria, Naples' counterpart to the Castilian Consejo de Hacienda. The

<sup>18</sup> In the event that even more explanations about the sources should be required, the reader can consult Calabria, *State Finance*. Also useful, for methodological purposes and for a sense of the difficulties the sources can present to the unwary, is Antonio Calabria, "Per la storia della dominazione austriaca a Napoli, 1707-1734," *ASI*, 1981, pp. 459-77.

## *Introduction*

Sommaria's output is as informative as it was prolific – its *Notamenti*, *Partium*, *Arrendamenti* and *Dipendenze* sections alone could provide significant materials to teams of scholars for several lifetimes. This book has made particular use of the Sommaria's *Consulte*, the series of synthetic reports which that magistracy's indefatigable personnel prepared for the Viceroy and which Professor Galasso, starting almost thirty years ago, first brought to the attention and the benefit of historians.