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- **Proposed title of paper**

Microcredit in the past. Lending to the poor in preunification Southern Italy

- **Abstract**

Many studies on economic and financial aids for the Third World poor have seen the light over the last few years. Today there is a widespread awareness that we need new forms of assistance and, especially, new ways to provide microcredit. We owe this awareness largely to Muhammad Yunus and the “village bank” he established in Bangladesh in 1976. This rural credit institute was created to grant loans and subsidies to poor people, who usually do not have access to the traditional credit system. These people are organized in “solidarity groups”. In the wake of the experience of the Grameen Bank, which has become the fifth bank in Bangladesh, over the last twenty years several international NGOs have set up microfinance and microcredit programs. Some economists and scholars believe that microcredit favors economic growth by allowing the poor and outcast to have access to financial services, as well as training, to improve their standard of living.

While microcredit is a new phenomenon in developing countries, in the Old Continent it goes a long way back. Starting from the modern age, European countries, including the Kingdom of Naples, fought poverty with private charity, whether lay or religious. Thanks to bequests and donations, a complex organization was set up to offer assistance to the poor. Multifunctional structures were created to meet everybody’s needs. In the eighteenth century, however, this system underwent a crisis. The poor had increased in number, and it became necessary to adapt the system to the new demands. The change was slow. Only at the end of the nineteenth century did governments begin to consider the opportunity, at least from a legislative point of view, of creating distinct sectors for social assistance and welfare, on the one hand, and credit, on the other.

The following is a brief analysis of eighteenth and nineteenth-century legislation. We will try to understand how the state slowly transformed the institutions charged with the assistance of a microcosm of poor people, whether able-bodied or disabled, which was always a major concern for governments. In particular we will explain how institutions created to give assistance to the poor were transformed in bank institutions, as *Monti di Pietà* and *Monti frumentari*.