

Carlo Borromeo, the Counter-Reformation and the Catholic Economy of Credit — overview and summary

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Chapters B.I and B.II followed the minority that left. The Reformed families of Locarno crossed the Alps in March 1555, settled in Zurich and contributed to the silk trade and to the banking culture of their new city. This chapter turns to the majority that stayed. The parishes of the Italian-speaking bailiwicks remained Catholic, and in the second half of the sixteenth century they were reshaped by the Catholic reform that followed the Council of Trent (1545–1563). Its most energetic agent in the region was Carlo Borromeo (1538–1584), cardinal, archbishop of Milan and, from 1560, protector of the Swiss Catholics at the papal court. Through his visitations of the valleys, his colleges in Milan and Ascona, his provincial councils and his diplomacy with the Catholic cantons, Borromeo gave the Italian-speaking south an ecclesiastical order that lasted, in its main lines, until the nineteenth century.

The question of the chapter is how this Catholic reform shaped the moral and legal economy of money in the territory that later became the Canton of Ticino. The argument has four steps. The first is institutional: the Counter-Reformation produced clergy trained in Milan, parishes with inventories and accounts, confraternities with statutes and capital, and a network of colleges and convents that tied the valleys to Lombardy. The second step concerns doctrine. Catholic teaching on usury did not prohibit credit. In the sixteenth century the Church drew the borders of permitted credit with legal precision: the Fifth Lateran Council approved the *Monti di Pietà* in 1515, Pius V regulated the annuity contract (*censo*) by the bull *Cum onus* of 1569 and the exchange contract by the bull *In eam* of 1571. The third step follows the money. *Censi*, *livelli* and ground rents financed peasants and parishes, while ecclesiastical foundations acted as lenders. The pensions paid by Spain, France and the Papacy to the Catholic cantons for

the right to recruit mercenaries formed one of the largest capital flows into the old Confederation. The fourth step draws the line to the present: the Catholic culture of confession, conscience and discretion, the professional secrecy protected by modern Swiss law and the Church's current teaching on finance.

The chapter does not repeat the history of the Reformed community of Locarno and its exile (Chapter B.I) or the story of the Locarnese refugees in Zurich (Chapter B.II). It also leaves the general ecclesiastical geography of the territory, with its division between the diocese of Como and the Ambrosian valleys of Milan, to Chapter A.I, and the rural notarial credit of the transit economy to Chapter A.IV. Where those chapters are needed for the argument, they are cited. The chapter closes with a comparison between the Catholic economy of credit in the south and Calvin's Geneva, the subject of the corresponding part of the Geneva volume, and with a conclusion of Part B.

1 Conclusion

The Catholic reform that Carlo Borromeo carried into the valleys and towns south of the Alps was a legal and administrative project as much as a religious one. Its instruments were the visitation, the decree, the inventory, the register and the account. Through them the archbishop of Milan and the bishops of Como turned the scattered property of benefices, church buildings, confraternities and pious foundations into a documented and supervised system. The colleges in Milan and Ascona trained a clergy that carried this system into every parish. The Borromean League of 1586 and the Spanish alliance of 1587 placed it within a Catholic political order in which faith, military service, pensions, grain and salt were exchanged between the cantons and the Spanish government of Milan.

The economy of credit that this order sustained was sophisticated in its law and compatible with finance. Canon law, as codified by the Fifth Lateran Council in 1515 and by Pius V in 1569 and 1571, drew precise borders. It approved the Monti di Pietà with cost-based charges, regulated the *censo* as a sale of rents charged on fruitful land and condemned fictitious exchange. Within these borders, capital circulated through *censi*, *livelli*, foundations and notarial loans. Its main holders were ecclesiastical institutions and families of notables, its main borrowers peasants, communities and parishes. The Italian bailiwicks had no Monti di Pietà of their own, because their towns were small, their rulers distant and their credit needs covered by other institutions. The capital of the Catholic cantons, earned in foreign

service and paid as pensions, flowed into land, offices and local loans. It did not create banks.

The modern financial centre of Lugano owes its existence to other causes, set out in Parts C and D. The Catholic reform nevertheless left a recognizable inheritance: a culture of confidential relationships modelled on confession, of supervised administration of funds dedicated to purposes, of long-term secured credit and of conservative family wealth. Swiss law today protects the secrets of clergy, lawyers and notaries in the same provision of the Criminal Code. Catholic teaching, from the Catechism to *Oeconomicae et pecuniariae quaestiones* of 2018, defends professional secrecy while refusing it any role in the concealment of tax evasion or the damage of the common good. A financial centre that has abandoned banking secrecy towards foreign tax authorities can recognize in that teaching a statement of its own present law.

2 In five sentences

Carlo Borromeo, archbishop of Milan from 1560 and protector of the Catholic Swiss, reformed the parishes of the Ambrosian valleys by visitation, decree and recordkeeping and, through his collaborators, papal commissions and the bishops of Como, influenced those of the Comasque bailiwicks. He founded the Collegio Elvetico in Milan in 1579 and sponsored the Collegio Papio in Ascona in 1584, while the Borromean League of 1586 and the Spanish alliance of 1587 tied the Catholic cantons to Milan through faith, soldiers, pensions, grain and salt. Catholic doctrine controlled the forms of credit, approving the Monti di Pietà in 1515, regulating the *censo* in 1569 and condemning fictitious exchange in 1571. In the bailiwicks, which had no Monti di Pietà, rural credit flowed through *censi*, *livelli*, confraternities and benefices, so that the Church was the largest institutional lender of the valleys. The culture of confession, supervised endowment and discretion that resulted is reflected in modern Swiss professional secrecy and is limited, in current Catholic teaching, by the duty to the common good and the condemnation of tax evasion.

3 Conclusion of Part B

Part B has followed the confessional history of the Italian-speaking south in the sixteenth century and its consequences for money and trust. Chapter B.I described the small Reformed community of Locarno, formed under humanist and Protestant influences around Giovanni Beccaria and Taddeo Duno, which the Catholic majority of the ruling cantons expelled in March 1555. The episode showed what a minority without political protection

could lose: its home, part of its property and its legal security. It also showed how quickly capital and skills followed people across borders when the law turned against them.

Chapter B.II followed the Locarnese to Zurich, where families such as the Muralt and the Orelli, with Evangelista Zanino and others, contributed to the silk and velvet trade and to the putting-out system that made Zurich a manufacturing and later a financial centre. The Italian congregation of Zurich and the long line from the refugees of 1555 to the banking families of the eighteenth and nineteenth centuries form the Zurich counterpart to the Huguenot refuge that shaped Geneva, which the Geneva volume describes.

The present chapter has turned to the Catholic majority that stayed. Borromeo's reform gave the valleys a trained clergy, supervised parish finances, colleges, convents and a political order anchored in the Catholic cantons and Spanish Milan. Catholic doctrine regulated credit by form, while the Church of the valleys became the principal lender of a landed and local economy. Taken together, the three chapters describe a territory that lost its Protestant entrepreneurs to Zurich and kept a Catholic economy of endowments, rents and confidential relationships. Both outcomes belong to the history of Swiss finance, one in Zurich and the other in the later Lugano.

Part C opens in 1798, when the old order of bailiwicks, pensions and ecclesiastical rents came to an end. The subjects of the twelve cantons chose to be "free and Swiss", the Helvetic Republic and the Act of Mediation created the Canton of Ticino in 1803. The new canton then began the long task of building institutions, which included the redemption of tithes and rents and the conflict with the Church over its property and schools. Lugano became a refuge for Italian exiles of the Risorgimento. After the Gotthard railway had opened the south to northern capital, the first Ticinese banks rose and then fell in the crash of 1914. The young canton thus inherited from Part B both the experience of the exiles and the Catholic economy of credit, which it had to transform into the legal and financial institutions of a modern state.

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