



## **The debt of municipalities in Liberal Italy (1861-1922)**

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### ABSTRACT

This lecture describes the problems of municipal finances in Liberal Italy (1861-1922). The fiscal rules of the Kingdom of Italy focussed mainly on the problems of Central government budget and did not leave enough resources to municipalities. It was extremely difficult for local governments to offer the public services that the Administrative Unification law of 1865 imposed upon them with their budget. For local government it was therefore inevitable to incur into debt, the re-payment of which reduced further the possibility of spending on social infrastructures and social services. The result was that, especially in the backward regions of the South, a vicious circle of lack of resources and lack of development was established, leaving the Mezzogiorno lagging behind the rest of Italy (and other European areas) both in terms of literacy and health conditions.

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