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SESSION II. THE AGE OF PUBLIC OPERATION OF RAILWAYS: AN INTERNATIONAL ASSESSMENT.

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The State Railways (Ferrovie dello Stato - FS) in Italy: 1905-1985

Introduction

In Italy, the railways were nationalized earlier than in other European countries, in 1905. The role of the state company was very important, because the State Railways participated in the First World War. The paper will be dedicated to the history of the FS starting from 1905, as an organization, as impact on the life of the country, as technological progress, as social modernization. The initial paragraph is dedicated to private management before the State Railways were established.

The State Railways remained a public company until 1985, they then endured two world wars, they represented for a long time the main national employer, the railway workers were the most unionized and politicized workers.

During the public management of the Italian railways, at least four periods can be distinguished: the first from 1905 to 1920, during which the company was built and the difficulties of the war were faced; the second during the Fascist period, with technological progress and the “myth” of trains on time; the third with post-war reconstruction and the social role of the south-north migration train; the fourth with the launch of fast trains and the reform projects, which led to the transition to the private sector in 1985-1992.

The sources for this study are both historiographical and legislative, with particular attention to the statistical and economic materials published by the FS and on the FS.

1. Before the State Railways. The private management

In post-unification Italy, the railway constructions were subsidized by the State but left to private capital, including foreign capital. This was in order not to exacerbate the significant deficit already present in the national budget. The private entities intervened through the legal institution of the “concession”. In this framework, railway companies were granted rights for the construction and management of a service that nevertheless remained public, and which as such was subject to restrictions and obliged to ensure equal treatment to all potential users.

During the second half of the 19th century, Italian railways had a troubled administrative history. This process of operations granted to concessionary companies caused a long debate on the methods of supervision by the State. These companies controlled in fact a sector of significant political and military interest, which also had a fundamental social importance for the local communities, where

the basic necessities arrived by train. Therefore, in no way could the railways be left in the hands of bankers owning the majority of the share capital: the concessions were thus stipulated with multiple clauses protecting the collective interest, and repeatedly modified.

The Kingdom of Italy inherited from the pre-unification governments a confusing situation for railways, where state railways in Piedmont and Naples coexisted with lines entirely entrusted to private individuals, together with the intermediate case of public ownership of infrastructure and operations delegated to concessionary companies.

The debate on the law for railway management took place in the Chamber from 23 March to 12 April 1865. Passed in the Chamber, the law was approved in the Senate in two sessions and was thus promulgated on 14 May 1865. It was called “the law of big groups”¹.

The construction and operation of most of the railways were entrusted to the three major companies: *Strade Ferrate Alta Italia*, *Strade Ferrate Romane*, *Strade Ferrate Meridionali*, which would manage a network of 1,500-2,000 km each. To these companies was generally ensured a subsidy for each line or kilometer of line operated, decreasing as the product per kilometer increases; sometimes this was replaced by the guarantee of a minimum annual interest on the shares, as well as by other forms of subsidies, according to multiple mechanisms which also varied between the individual lines of a company. Then previous agreements of 1863 with the *Compagnia Vittorio Emanuele* (railways in Calabria and Sicily) and with the *Compagnia Reale Sarda* (railways in Sardinia) remained in force. The private companies were controlled by offices of the Ministry of Public Works.

The large group system did not work. A few years later, a further general reorganization would be necessary in order to put an end to the situation of perennial financial crisis in which the various railway companies found themselves².

In March 1878, it was decided to appoint a commission of inquiry on the railways, with the task of assessing whether the agreements previously concluded corresponded to the interests of the State and which were the best methods “for the concessions of operation to private industry”³.

The commission of inquiry presented its report on March 1881, highlighting the problems of the governmental railway operation during the interim administration of the Upper Italy network: the commissioners then expressed a favorable opinion to a new concession to private operators. Four years of discussions and incomplete projects continued until the new Public Works minister Francesco Genala, former speaker of the commission of inquiry, accelerated the conclusion of the old deal in April 1885 with the so-called “convention law”⁴:

“Few projects have been the subject of long, patient studies like this on railway conventions - the introductory report of over 300 pages began - perhaps because no other project bested it in importance”⁵.

In fact, the railway question remained absolutely central to national economic policy.

¹ Law 14 May 1865, n. 2279, “For the reorganization and extension of the railways of the Kingdom, with the transfer of those of the government”.

² S. Maggi, *Le ferrovie*, Bologna, Il Mulino, 2012, p. 98.

³ Article 1 of Law 8 July 1878, n. 4438, which called for “a railway inquiry” and established “that the operation of the railways of Upper Italy” was “provisionally taken on behalf of the State”. The commission was made up of six senators, six deputies and three members appointed by the government.

⁴ Law 27 April 1885, n. 3048 “For the operation of the Mediterranean, Adriatic and Sicilian networks and for the operation of complementary railways”.

⁵ Historical archive of the Chamber of Deputies, vol. 139 *quinquies*, *Relazione dei deputati Barazzuoli, Curioni e Corvetto*, p. 1.

The peninsula was divided longitudinally with the aim of developing north-south traffic, and the network was entrusted to the *Società per le Strade Ferrate del Mediterraneo* (Mediterranean network) in the western part with 4,046 km in operation, and *Strade Ferrate Meridionali* which took over the Adriatic network in the eastern part with 4,515 km. The government tried to ensure similar traffic at national and international level for the two companies, dividing ports and mountain passes: Genoa went to the Mediterranean and Venice to the Adriatic, while Livorno, Naples and Taranto were connected by both networks. The Milan-Chiasso line was also shared, due to the great importance of the Gotthard route Italy-Germany through Switzerland. Finally, the *Strade Ferrate della Sicilia* (Sicilian network) was granted concession of the 599 km of lines on the island, while the old organization of the railways of Sardinia remained (*Compania Reale Sarda*), the length of which now amounted to 414 km.

Then there were other local companies, which by 31 December 1887 managed 1,326 km of network. These included the Palermo-Marsala-Trapani of 189 km in Sicily, the Veneto company with 134 km of the Vicenza-Schio, Vicenza-Treviso and Padova-Bassano lines, the *Ferrovie Nord Milano*, which would expand considerably in the new century, with 63 km; the Arezzo-Fossato di Vico Central Appennine Railway of 134 km. In the early 20th century other lines were added to the list, especially links with mountain centers in the Alps and the Apennines, and already in 1905 the total extension had risen to 2,296 km (Table 1), of which 1,098 were standard gauge and 1,198 narrow gauge.

Table. 1. Railway network in Italy 1839-2000

Year (to 31 December)	State Railways, until 1905 under management of big companies	Railways in concession to local companies	Total km
1839	8	–	8
1851	702	–	702
1861	2.743	30	2.773
1871	6.637	73	6.710
1881	9.326	180	9.506
1891	12.452	1.512	13.964
1901	14.418	2.033	16.451
1905	14.782	2.296	17.078
1911	15.413	2.981	18.394
1921	16.295	4.261	20.556
1931	16.928	5.643	22.571
1941	17.105	5.957	23.062
1951	16.354	5.357	21.711
1961	16.395	4.763	21.158
1971	16.100	4.139	20.239
1981	16.162	3.671	19.833
1991	16.066	3.516	19.582
1995	16.005	3.527	19.532
2000	16.107	3.461	19.568

Source: Istat, *Sommario di statistiche storiche dal 1861 al 1955*, Rome, 1958, p. 73; Ministero dei Trasporti, *Conto Nazionale dei Trasporti*, vari anni.

Returning to the reform of 1885, it should be noted that the main novelty was represented by the division between property, which remained under state control since the railway infrastructure was now too big for any private group to buy it, and operations, entrusted to the three companies for a maximum period of 60 years, renewable from 20 to 20. An exception to state ownership was made for the 1,720 km of the *Strade Ferrate Meridionali*, which remained private under the previous concessions. Some shares belonged to German financial groups, due to the increasing penetration of Germanic capital into the peninsula, but above all to Italian groups. “The political significance of the conventions was therefore that of linking the government with the greatest number of dominant economic interests in the country”. There was thus the full perception of a strong influence of high finance on ministers and deputies⁶.

The conventions followed a mixed public-private model imported from the Netherlands. Since the companies provided only the technical-financial management of a state network, the gross revenue was divided between the operator at 62.50% and the State at 27.50%. To help the Sicilian network, due to the limited mobility on the island, the percentages were respectively 82% and 18%. However, the state share would increase if total revenue exceeded a certain amount: 112 million lire per year for the Mediterranean network, 100 million for the Adriatic network, 8.5 million for the Sicilian network. Equity profits would also have been divided, but only if they exceeded 7.5% a year, otherwise they would have remained in full to the companies. In any case, the State guaranteed a minimum dividend of 3% for shares.

The rolling stock, along with supplies, was sold to the companies at a total price of 265 million lire, with the exclusion of that already owned by the *Meridionali*. Then, three special funds were set up: for natural disasters; for the renewal of fixed equipment and rolling stock; for capital increases, the latter financed by issuing bonds. The capital should have grown by 3.5% a year, but the system did not achieve its goal, since the traffic did not progress to the desired extent during the following period of economic depression. The 41 million passengers transported in 1885 became 52 million a decade later, and the 14 million tons of goods became 18.5 million. This was a lower than expected increase, which invalidated the initial forecasts and led the companies to press for renegotiation of agreements and to look for savings in all areas, from staff to maintenance of materials and lines, generating a strong discontent.

2. The State Railways

On November 1898 the minister of Public Works Pietro Lacava appointed the umpteenth railway inquiry commission with the task of studying a new order of the railways. In the face of widespread complaints from users and railway personnel, it was not known what measures to take at the expiry of the first step of the conventions, termination of which could only come with two-years advance notice to operating companies.

In the following period the State increased its investments in the sector: in February 1900 it paid the companies for the purchase of new rolling stock, and in July 1902 had to finance salary increases to railwaymen, although they were in all respects private employees⁷.

⁶ G. Carocci, *Agostino Depretis e la politica interna italiana dal 1876 al 1887*, Turin, 1956, pp. 355-356.

⁷ Respectively with the Law 25 February 1900, n. 56, which authorized “higher expenses for public works” by allocating 28 million lire for the coffers of the Mediterranean, Adriatic and Sicilian networks; and with Law 7 July 1902, n. 291, “concerning the state involvement in the expenditure necessary for the new organization of railway personnel of the Mediterranean, Adriatic and Sicilian networks for the period of time from 1 January 1902 to 30 June 1905”, which allocated 10.5 million lire.

While the discussions on the future railway operations and also the negotiations between government and concessionary companies were in full swing, the final report of the commission was finally published in May 1903. It revealed regrettable incidents concerning the companies and even the resistance they opposed towards the fact-finding report. All this probably served to reinforce the ideas of nationalization of Prime Minister Giovanni Giolitti, who “did not accept that the railway companies behaved towards the State as power to power”⁸.

There were also other interests pressing for public management of railways. Suppliers of rolling stock accused the railway private companies of having purchased too much equipment abroad; agricultural and manufacturing enterprises hoped statization would bring a reduction of tariffs to make their products more competitive. Also, the same capital invested in the railway companies could be converted into more profitable businesses, since the operation of railways made about 2% at the beginning of the century, while the money to build them was borrowed at 5%⁹. For all these reasons and for the need to stop the advance of railway trade unions, who by then had repeatedly threatened to strike, it was decided to nationalize the railways. The state finance in better conditions than the post-unification period explains the relative ease with which compensation for the concessionary companies was disbursed, which amounted to about 500 million lire at the time¹⁰.

The debate that preceded nationalization was lengthy and characterized by the interventions of numerous authoritative figures. It should be remembered that nationalization arrived in Italy ahead of other European countries. Only Switzerland, in fact, had already nationalized a large part of its railways, following a referendum of March 1898 that had a large echo in Italy.

For the public management of the railways, approved in April 1905, the autonomous administration of the Ferrovie dello Stato (FS) [State Railways] was established¹¹. This was a novelty in the Italian legal system, representing the first example of an entity linked to a ministry, that of the Public Works, but endowed, through the board of directors chaired by the general manager, with the freedom necessary to manage a service aimed at the market.

The redemption of the railways was followed two years later by the redemption, at the time minor, of telephone lines. A broad transformation of the Italian administrative system took shape in this period, named the “Giolitti age”, which saw the emergence of “autocephalous” or self-governing entities, directed by independent bureaucratic personnel. The general management was established in Rome by unifying the former headquarters in Milan (Mediterranean Network), Florence (Adriatic Network) and Palermo (Sicilian Network).

⁸ A. Papa, *Classe politica e intervento pubblico nell'età giolittiana. La nazionalizzazione delle ferrovie*, Naples, Guida, 1973, p. 93.

⁹ F.S. Nitti, *Principi di scienza delle finanze*, Naples, Luigi Pirro Editore, 1903, p. 329.

¹⁰ Law 15 July 1906, n. 324, which approved “the agreement for the redemption of the *Ferrovie Meridionali* and for the liquidation of the management of the Adriatic Network”; Law 15 July 1906, n. 325, which approved “the agreements for the liquidation of the management of *Ferrovie del Mediterraneo*”; Law 31 December 1907, n. 813, which approved “the convention of 1 June 1907 for the liquidation of the management of the Sicilian network on 30 June 1905”. Finally, the Sardinian railways, which became part of the state network, were redeemed with Law 7 August 1919, n. 1443, which approved “the order for the redemption of all the railway lines and sections kept by the *Compagnia Reale Sarda*, authorizing the operations by the State Railways”. There were also additional redemptions of individual lines, while some railroads were sold to private companies that operated the secondary railways under concession.

¹¹ Law 22 April 1905, n. 137, “regarding the State operation of railways not granted to private companies”. This law abolished the conventions and established that the State would resume possession of the railways starting from the following 1 July. The state company, provided only generically by Law 137, was established with the Royal Decree of 15 June 1905, n. 259, which established “the functions and services of the administration of the national railways”.

The new company was directed by engineer Riccardo Bianchi, for whom the prime minister Giolitti had a particular esteem. Born in Casale Monferrato in 1854, Bianchi graduated in engineering at the Polytechnic of Turin in 1876, where he remained for two years as an assistant to the chair of Steam Machines and Railways. Hired in 1880 by the Upper Italy Railways, he had studied and built a hydrodynamic device for the centralized movement of exchanges and signals, which earned him a gold medal at the Universal Exhibition of Paris in 1889. With the conventions of 1885 he had meanwhile passed to the operations department of the Mediterranean network, becoming manager in 1900. The year after he received the appointment as general director of the Sicilian Railways¹².

Bianchi took charge of the construction of a railway bureaucracy in the midst of considerable financial and technical difficulties, retaining most powers in his hands. The company was organized mainly on a private basis, borrowed from the previous management. This framework enhanced the flexibility allowed by the foundational law, with a very agile structure and staff compensated differently from the state personnel. Constituted hastily in the summer of 1905, the administration then assimilated the ordinances of merchant companies. Only after more than two years was the new structure ready, foreseen by the subsequent Law of July 1907, “regarding the organization of the State operation of railways not granted to private companies”¹³.

The *Ferrovie dello Stato* were inserted in the bureaucratic structure of the Minister of Public Works, which initially left ample operating margins. But autonomy, which according to a sharp politician such as the socialist Filippo Turati could have led to “lack of responsibility”¹⁴, was gradually restricted over the years, imposing greater control on the company.

In fact, many observers believed the railways to be a sort of “State within the State”, given the presence of a separate budget and special bodies such as the railway attorneys. A Law of June 1909 made it necessary for the Minister to approve private contracts for an amount exceeding 200,000 lire, while after the war a decree of February 1920 modified the composition of the board of directors, removing the Director General from the presidency and entrusting it to a person outside the company appointed by the Prime Minister. This decree also established that the most important deliberations of the company were to be subjected to ministerial validation. The company began to be brought under closer political control, a process then completed with the Fascist regime¹⁵.

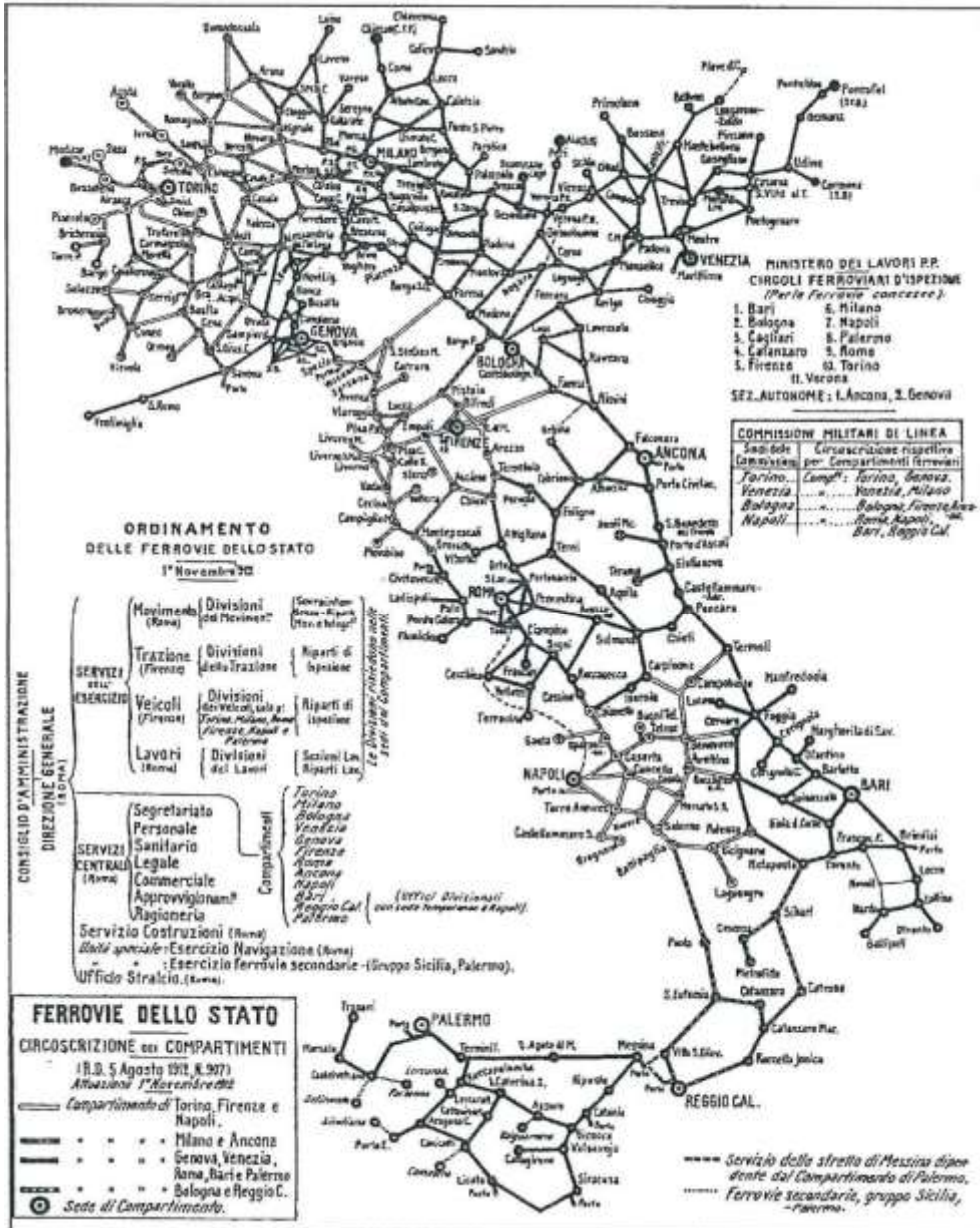
¹² See F. Bonelli, *Protagonisti dell'intervento pubblico: Riccardo Bianchi*, in “Economia Pubblica”, 1975, n. 11-12, pp. 11-27. G. Pavone, *Riccardo Bianchi. Una vita per le ferrovie italiane*, Rome, Collegio ingegneri ferroviari italiani, 2005.

¹³ Law 7 July 1907, n. 429, “regarding the regulation of the State operation of railways not granted to private companies”.

¹⁴ *Atti parlamentari Camera dei deputati, Legislatura XXII, I sessione, Discussioni, 6 December 1906*, pp. 10479 ss.

¹⁵ This is the Law of 25 June 1909, n. 372, which brought “modifications and additions to the Law concerning the regulation of the State operation of railways not granted to private companies”; and of the royal decree Law 2 February 1920, n. 130, concerning “the re-establishment of the Board of Directors of the State Railways”.

Fig. 1. The network of the State Railways in 1913.



Source: L. Leoni, *Testo atlante delle ferrovie italiane*, Novara, Istituto Geografico De Agostini, 1913, table 16.

3. The technical activity of the State Railways of the origins

The disengagement that occurred in the last period of private management made it necessary to completely reorganize the system, with a sometimes enthusiastic effort on the part of railway officials, convinced that they were carrying out a fundamental task for the State and for the whole country.

Between 1 July 1906 and 30 June 1907, an increase of 20% in trains was achieved, increasing the productivity of rolling stock and personnel. In order to immediately give an impression of improvement, in the second half of 1906 bathrooms were activated on two *Direttissimi*, very direct trains of the Florence-Rome, equipping special baggage cars. In the short term it was also decided to pay attention to the heating of carriages, especially those circulating in the colder territories, which had always generated a strong discontent. It was thus ordered to assemble the largest possible

number of trains equipped with a steam pipe, and special heating wagons were built that connected at the tail of the longest convoys to ensure heating in the last cars.

Another improvement was the extension of electric lighting: in 1905 only 1,300 carriages were equipped with electric lighting, compared to 1,400 cars with gas lighting and over 4,200 with the old oil lighting; four years later, electricity had already been extended to the lights of 3,400 carriages. Also very important was the application of the Westinghouse “continuous brake” to passenger trains, which increased safety and avoided losing significant time in train deceleration. During the first four years of state management, the trains served by the “continuous brake” doubled.

Meanwhile, gangways were adopted for intercommunication between one car and the other: from 1906 to 1909, from 4.600 to 30.100 daily trains/km were supplied with gangways, thus favoring the extension of the dining service in the most important trains.

New types of steam engines were also produced, the result of renewed research. One such engine was the 680, which on 7 February 1907 carried out a speed experiment with a special train, transporting from Parma to Piacenza the participants of the 13th meeting of the Italian Society for the progress of the sciences. The engine reached 120 km/h, an Italian record for a train in passenger service.

On the commercial side a new important fare was introduced, the so-called “differential fare”, valid for all trains, which led to significant price reductions on long-distance journeys, facilitating travel between the north and south of Italy. A special fare was also activated for the 3rd class of “omnibus” trains, which reduced the cost on short journeys in order to encourage the development of local traffic.

Meanwhile, with the opening of the Simplon tunnel, in 1906, the “Simplon Express” luxury train had arrived, from Paris to Milan and Venice. After the Great War, the “Simplon Orient Express”, began the Paris-Istanbul service via Lausanne, Milan, Trieste, Zagreb, Belgrade.

In 1905 only 178 km were electrified. It was Bianchi who resumed the program, trying to concentrate the efforts on the mountain pass lines. Here electricity would have brought enormous improvements over steam locomotives, which in addition to lesser power emanated the smoke so harmful in the tunnels for travelers and personnel. Between 1910 and 1915 several lines were electrified with three-phase power on an overhead wire, which became known worldwide as an “Italian electrification system”. These included the railways of the Passo dei Giovi between Genoa and Ronco Scrivia, the old route of 1853 via Busalla, and the so-called “branch” of the Giovi via Mignanego, opened in April 1889. These lines handled the large influx of goods to the Ligurian port, 80% of which had to cross the Apennines, being directed towards the north. By 1915 additional electrified lines included the other Ligurian railway with mountain passage, the Savona-San Giuseppe-Ceva and the Bussoleno-Modane, which included the Moncenisio tunnel, reaching an extension of 349 km. Also activated where two large hydroelectric power stations at Morbegno in Valtellina and Rochemolles in the Upper Susa Valley¹⁶.

The innovations introduced to the railways in this period were also fruit of an important research activity that began to be carried out from the first years after statization. In 1905, in fact, the experimental institute of the Ferrovie dello Stato was founded, in order to facilitate collaboration between researchers in the various railway sectors. The institute’s task was essentially the analysis of materials and all that concerned technical-scientific experimentation on the railways.

¹⁶ S. Celli, *Trasporti viaggiatori*, in *La gestione di Stato delle ferrovie italiane (1905-19055)*. Monografie, Rome, 1956, pp. 80-81.

The reorganization and development of the railway system undertaken by Riccardo Bianchi certainly had positive effects on operations. However, these effects began to be felt only after a few years, and did not spare him harsh criticism. This ultimately led him to resign in January 1915, following allegations of slowness by the railways in the rescue of the populations of Marsica affected by an earthquake. With the withdrawal of Giolitti from the political scene, the general manager no longer received the unconditional support of the government. He also found hostility from railwaymen, whose organizational growth had led to major increases in cost due to increases in salary and expansion of the workforce with consequent decrease in productivity¹⁷.

4. The Fascist period: 1922-1943

Prime Minister Ivanoe Bonomi took office in July 1921 as fascist violence raged. He had to face the phenomenon of “bureaucratic inflation”, ie the growth of the number of employees, present to a considerable extent throughout the Italian public administration. His efforts highlighted the alarming deficit of the railways. They reached the record figure of 235.460 in 1921, for the application of the eight-hour work day and for the failure to lay off the extra personnel hired in the emergency of the First World War. The railwaymen were 102.000 in 1900. However, it was not possible to carry out any incisive measures, because the strong railway union proclaimed continuous strikes.

It was the government presided over by Mussolini to remedy the difficult situation, given that in the early years, when he needed to acquire consent, he devoted particular attention to public services, whose efficiency and functionality represented the symbol of restored order.

As soon as Mussolini came to power, Fascism acted against the railway workers in a drastic way, unlike any other public sector reform intervention. In December 1922 the Board of the State Railways was dissolved. Its responsibilities were temporarily entrusted to the special commissioner Edoardo Torre, who in about two years completed the company reorganization. There were 226,907 railway workers as of 30 June 1922; two years later, only 174,140 remained. Over 50,000 excess staff were therefore “exonerated” by virtue of certain decrees issued by the government, which took great care to remove the activists and sympathizers of the socialist and communist parties, with the often fictitious motivation of “poor yield”.

A new compensation structure was also established, cutting seniority status in number and amounts, but above all reducing the fixed salaries of low grades to increase those of officials¹⁸. For example, the minimum annual salary of a senior executive such as the head of service was increased from 21,000 to 27,500 lire. The minimum wage of a train driver went from 9,900 lire to 7,400, that of a conductor from 6,600 to 5,000, that of a worker from 7,650 to 5,000. A large part of the reduction, however, went to increase the so-called “competenze accessorie”, ie all those items linked to individual productivity. Once the railwaymen returned to work, “ordered, disciplined and quiet” reads the annual report of the State Railways, the 1923-24 fiscal year was characterized by the “uninterrupted and profitable work of all categories of personnel”¹⁹.

But Mussolini did not content himself with these purges and he also wanted to implement a coercive system that would allow him to keep the unruly railwaymen under strict control. In May 1923 a special railway militia corps was founded, part of the voluntary military militia for national security.

¹⁷ *Lavoro e identità. I cento anni del sindacato ferroviari (1907-2007)*, edited by S. Maggi, Rome, Ediesse, 2007.

¹⁸ G. Valentinuzzi, *Il sindacato in ferrovia nel ventennio fascista (1922-1943)*, in *Il sindacato in ferrovia dal fascismo alle federazioni dei trasporti*, edited by S. Maggi e F. Paolini, Venice, Marsilio, 2000, pp. 29-32.

¹⁹ Administration of the Ferrovie dello Stato, *Relazione per l'anno finanziario 1923-24*, Rome, Libreria dello Stato, 1925, pp. 12-16.

This militia was responsible for military surveillance of the behavior of the railway workers, in addition to the felt need to guarantee order on trains and in stations.

There were initial proposals for privatization, due to the liberal policy of the Minister of Finance Alberto De Stefani. These were ultimately abandoned and in May 1924 the board of directors of the State Railways was restored. However, it was reduced to an advisory body presided over by the Minister of Communications, newly appointed in the person of Admiral Costanzo Ciano. This arrangement followed the establishment of the new dicastery, which grouped together railways, post offices and telegraphs and the merchant marine²⁰.

The railways were thus separated from the Ministry of Public Works, which retained the supervision of new railway constructions. Railways were also definitively separated from roads, to favor more the aspect of the service than that of the infrastructure. The propaganda initiated in 1924 by Minister Ciano, which began to spread the slogan of “trains on time”, was aimed at the service, a goal to be achieved with a rigorous “discipline and regularity of operation”²¹. In fact, according to the authoritative foreign testimony of the Baedeker guide, the results were clearly visible. In 1928 this guide stated that “as a rule, trains are very timely today”²².

During the Fascist period, due to the simplification of operation system, productivity also showed a noticeable increase among the locomotive personnel (train drivers and stokers) and train crews (head conductors, conductors, brakemen). In 1939 locomotive personnel totaled 18,277 compared to 16,260 in 1914, but the difference was related to the traffic carried out. There were 96 workers per million train-km against the 138 in the pre-war period. In 1939, train crews numbered 12,218 compared to 11,713 in 1914, with 65 agents per million train-km compared to 99²³.

5. The crisis of the State Railways and the return of private management

The railways suffered heavy damage during the Second World War, reconstruction took place from 1946 to 1950, by which time most of the railway lines had reopened. However, some minor connections were never rebuilt. At the end of the world war the Ministry of Transport was created and the State Railways merged into it, as an autonomous company (*Azienda autonoma Ferrovie dello Stato*).

In the mid-1950s, individual motorization of the Italians began, first with scooters and then with utility cars. In the collective imagination, the train became a means for the poor, i.e. emigrants from the south to the north of Italy and the commuters who reached work in the city.

In the '60s and '70s, the Ferrovie dello Stato public company was at the center of many discussions “of experts, press organs and trade unions, with widespread resonance even in Parliament, especially during debates on the budget of the State in general and of the Ministry of Transport in particular”²⁴. However, the structure remained intact and only a few changes were made to the composition and responsibilities of the railway administration.

²⁰ G. Coletti, *Storia di una riforma. L'Ente Ferrovie dello Stato*, Rome, Cafì, 1985, pp. 87-89.

²¹ Ministero delle Comunicazioni. Amministrazione delle Ferrovie dello Stato, *Relazione per l'anno finanziario 1925-26*, Rome, Provveditorato generale dello Stato, 1926, p. V.

²² K. Baedeker, *Italy from the Alps to Naples. Abridged handbook for travellers*, third revised edition, Leipzig-London-New York, 1928, p. XVI.

²³ *Il centenario delle ferrovie italiane 1839-1939*, edited by the Direzione Generale delle Ferrovie dello Stato, Rome, 1940, pp. 205-208.

²⁴ L. Cici, *Le proposte di riforma dell'azienda delle Ferrovie dello Stato*, in “Rivista Trimestrale Diritto pubblico”, 1980, n. 4, p. 1404.

The state-owned company, as the general directorate of the Ministry of Transport, over time was considered more and more unfit to operate in a manner responsive to the conditions of the market, in which the train was constantly losing ground. The Fs appeared to be crushed by a series of constraints, such as a labor policy unrelated to management productivity criteria, and a price policy aimed at keeping fare levels low but inconsistent with the growth of production costs²⁵.

The need for a change was felt from the mid-70s. The push towards reform became more pressing in parallel with the growth of the deficit, with the active contribution of the trade unions, interested in getting the approximately 220,000 railway workers out of the public employment to guarantee them higher salaries²⁶.

After the presentation of several bills and the appointment of numerous commissions responsible for drafting reform proposals, on 18 April 1985, exactly 80 years after nationalization, the law establishing the State Railways Agency was approved. It was a public business entity endowed with legal status like any enterprise and also endowed autonomy of budget; it had to achieve its objectives with criteria of “economy and efficiency”. The *Ente Ferrovie dello Stato* became autonomous from the Ministry of Transport. However, the Minister of Transport retained significant powers of oversight and political direction, including the appointment of the Board of Directors²⁷.

Considering the situation in 1985 and comparing it with the data of 1905, when the autonomous administration of Ferrovie dello Stato was created, it can be noted that gradual technical progress had allowed the economic productivity of each railway employee to triple. However, in 1985 personnel cost six times as much. Meanwhile, the fares net of inflation were one third of those of the beginning of the century. In short, a production triple that of 1905 brought the company about the same revenue, while the expenses had more than doubled²⁸.

The constitution of the Railways Agency, accompanied by the slogan “Signori si cambia!” [Gentlemen, let’s change] and the desire to right the budget, signalled the first extensive reform of the Italian administration in the post-war period. This paved the way for an incessant series of changes, aimed at privatization of numerous sectors. What passed from being a branch of the state bureaucracy to an economic public business entity was the largest company in Italy in terms of employees, annual budget, real estate capital, and investment quotas.

The first board of directors was chaired by Ludovico Ligato, but his tenure ended in November 1988 with the court indictment of the top management for the scandal of the “sheets of gold”, that is, inflated prices on purchases of the furnishing for couchettes, a symbol of management clientelism and favoritism that had immediately established itself within the institution²⁹. A period of special administration followed under the direction of Mario Schimberni until the summer of 1990.

Given that the budget was not supposed to register deficits net of public service contributions for two consecutive years according to the reform law of the *Ente Ferrovie dello Stato*, administrators tried to improve the budget situation and obtain efficiency and productivity gains, drawing up organizational restructuring plans that envisaged strong cuts in the workforce.

²⁵ G. Legitimo, *Aspetti economici e finanziari della gestione delle ferrovie*, in *Ferrovia e società. Il centenario delle Ferrovie dello Stato*, edited by M. Centra, Bologna, Il Mulino, 2006, p. 104.

²⁶ Cfr. S. Maggi, *I ferrovieri nella Filt*, in *Lavoro e identità. I cento anni del sindacato ferrovieri*, edited by S. Maggi, Rome, Ediesse, 2007, pp. 253-255.

²⁷ Law 18 aprile 1985 n. 210, “founding the Ente Ferrovie dello Stato”.

²⁸ L. Mayer, *Ottanta anni di gestione di Stato della rete Fs*, in “Ingegneria Ferroviaria”, XL, November 1985, p. 746.

²⁹ See for a brief summary of the story P. Menghini, *Scandalo delle “lenzuola d’oro”. Vacilla il vertice delle ferrovie*, in “Corriere della Sera”, 19 November 1988, pp. 1 e 7.

With the start of the privatization process, thus began the largest restructuring ever implemented in Italy. Of the 216,000 railway workers in service in the mid-1980s, a decade later only 120,000 remained. The rapid decrease in staff led to paradoxical situations of employees retired at just over 40 years of age, with incentives that the State bore entirely. A law of June 1990 provided for the possibility of early retirement for railwaymen unfit to carry out the tasks of their qualification, provided they were 40 years of age and at least 13 years of service, and all those who had a seniority of service of 19 years, giving them an increase in contribution up to a maximum of 7 years useful for pension and severance allowance. The program had a five-year duration³⁰.

All this happened right in the period in which the pension “blocks” began. With a deficit of the social security institutions due to the aging of the population, this situation inhibited other public and private employees from retiring at the originally scheduled times. Moreover, the railway pension was granted even beyond the needs of restructuring and the gaps were partly covered with new hires, whose costs were much lower than those of the elderly railwaymen, thanks to public concessions and lower initial pay. The rapid corporate upheaval made it difficult to transmit professionalism and work culture from one generation to the next, and caused a loss of the collective identity of the railwaymen.

In general, privatization caused considerable conflict in labor relations, although the collective agreement of 1990 had started an attempt to ensure consensus, linking productivity gains to professional growth and consequently to an abundant increase in salary³¹. This caused the costs for the company to rise, economically foiling the reduction in employees. At the end of the 1990s, the few remaining railwaymen cost more or less the same as the many railway workers previously in service³².

The transformation into a public agency, created as a necessary premise for greater operational autonomy and for a more effective entrepreneurial character, granted the railways an increase in decision-making powers. This was thanks to the “delegation” of various subjects, such as internal organization, accounting and finances, entrusted to the regulatory competence of the institution, but did not give the expected outcomes. As the law on early-retirement in 1990 showed, the railwaymen, who no longer belonged to the civil service, actually remained in the public sector, at least for their rights. Indeed, their new hybrid “status” had accentuated their unionization and their demands.

In particular, the train drivers continued to strike and became promoters of a new form of union, the Basic Committees (Cobas)³³, which opposed the traditional unions and began a long struggle for wage increases, succeeding in a few years to get a salary much higher than the previous one, while the wages of other public and private sectors remained almost steady.

At the end of 1991, the country’s economic crisis and the public budget deficit led to the adoption of strong economic policy measures aimed at privatizing large public enterprises. In July 1992 a decree was issued that converted as a matter of law public economic entities into joint-stock companies³⁴. It was also established that the Interministerial Committee for Economic Planning (CIPE) could

³⁰ Law 7 June 1990, n. 141, “Criteria, methods and requirements for the voluntary retirement of a portion of the staff of the State Railways”.

³¹ Cfr. I. Regalia e M.A. Zanetti, *La riforma infinita. Impresa, lavoro, sindacati nelle Ferrovie dello Stato*, Rome, Carocci, 2000, pp. 84-93.

³² *I risultati di gestione economica delle ferrovie italiane dal 1906 al 1998*, edited by P. Spirito e R. Buratta, Rome, Ferrovie dello Stato, 2000, p. 23.

³³ The story is told by one of the main protagonists: E. Gallori, *40 anni di lotte in ferrovia. Da sindacato a Cobas*, Florence, “Ancora in Marcia!”, 1996, pp. 60-101.

³⁴ This is the decree law 11 July 1992 n. 333, converted into the law of 8 August 1992 n. 359, “on urgent measures for the reorganization of public finance”.

deliberate the transformation of further “public business entities, whatever their sector of activity”, without other legislative interventions.

The time was therefore ripe for a further transition of Italian railways from the state to the private sector. The primary justification cited was that of creating a company more independent of political constraints and interferences, which had remained present with the business structure established in 1985. At the meeting held on 12 August 1992, the CIPE therefore decided on transformation and thus was born the “State Railways - Joint-stock Company” (*Ferrovie dello Stato - Società per azioni*). However, the capital remained wholly owned by the Ministry of the Treasury and it still is.

Conclusions

The 80 years of public operation of the railways represented a long and fruitful period of administrative innovation in Italy. Autonomous administration under the Ministry of Public Works was a major innovation in the bureaucratic apparatus, followed by developments in other sectors, from telephone to road. The privatization started in 1985 also set a precedent in other sectors.

Furthermore, the role of the railway workers should be mentioned. In 1905, railroad workers were by far the most numerous workers, both in the private and public sectors. They even outnumbered the teachers. The railway workers were also the most unionized and politicized workers in Italy. Their struggles, including that for 8 hours of work pursued with a 10-hour strike in January 1920, were a guide for other workers. The same for the so-called “juridical state”, i.e. the set of rights and duties, from which the other workers in the public sector drew their inspiration.

From a technological point of view, the State Railways have always represented an important node of innovation, from the electrification of railway lines at the beginning of the twentieth century, up to the development of high-speed trains with swap bodies, the so-called “pendolini”. Unfortunately, for a long period of the second half of the 20th century, the value of the public company was not understood and there was a move towards the private sector without solid guidance, leading to enormous problems in the first phase of privatisation, from the increase in railway accidents, up to the excessive retirement of railway workers who dropped from 216,000 to 120,000 in a few years, between 1985 and 1995, with a further decline to 69,000 in 2015³⁵.

After the first very difficult steps, privatization then stabilized and also saw a limited growth in the liberalization that characterizes railway services in Italy today.

³⁵ Ferrovie dello Stato Italiane, *Rapporto annuale di bilancio 2015*, p. 15, in https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/bilanci/FSI_RAB_2015.pdf