

## Public and private management of Italian railways: 1905-1985

## Gestión pública y privada de los ferrocarriles italianos: 1905-1985

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**Abstract:** This article traces the history of private and public management of Italian railways, starting from the private management systems created after the unification of Italy, with particular attention to the period from 1905 to 1985, when a large part of the national network was managed by the State Railways (Ferrovie dello Stato – FS). The research identifies the problems related to Italian railways in that period, from the first years after the foundation of FS, until the beginning of the new process of privatisation. The first years after 1905 focused on improving the railway system, left in poor condition by the private companies prior to nationalisation. The Great War required a huge effort for the recently established FS. Then came the twenty years of fascism (1922-1943), with an increase in the efficiency of the railway system but also with the first manifestation of competition with cars and trucks. Finally, the period of the second half of the 20<sup>th</sup> century recorded a serious crisis of the system, with the closure of many secondary railways and with the perception of the train as a means of transport for the poor. Despite the commencement of the construction of the high-speed railway between Florence and Rome, trains continued to lose ground in the transportation market. Private management returned between 1985 and 1992.

**Keywords:** Railway History, Italian State Railways, Railway Management, Railways on the 20<sup>th</sup> century

**Resumen:** Este artículo traza la historia de la gestión privada y pública de los ferrocarriles italianos, a partir de los sistemas de gestión privada creados después de la unificación de Italia, con especial atención al período de 1905 a 1985, cuando una gran parte de la red nacional fue administrada por los Ferrocarriles del Estado (Ferrovie dello Stato – FS). La investigación identifica los problemas relacionados con los ferrocarriles italianos en ese período, desde los primeros años después de la fundación de FS, hasta el comienzo del nuevo proceso de privatización. Los primeros años después de 1905 se centraron en la mejora del sistema ferroviario, abandonado en mal estado por las empresas privadas antes de la nacionalización. La Gran Guerra exigió un enorme esfuerzo para la recién creada FS. Luego vinieron los veinte años de fascismo (1922-1943), con un aumento de la

eficiencia del sistema ferroviario, pero también con la primera manifestación de la competencia con automóviles y camiones. Finalmente, el periodo de la segunda mitad del siglo XX registró una grave crisis del sistema, con el cierre de muchas líneas ferroviarias secundarias y con la percepción del tren como un medio de transporte para los pobres. A pesar del inicio de la construcción de la línea de alta velocidad entre Florencia y Roma, el tren siguió perdiendo terreno en el mercado del transporte. La gestión privada volvió entre 1985 y 1992.

**Palabras clave:** Historia del ferrocarril, Ferrocarriles estatales italianos, Gestión ferroviaria, Ferrocarriles en el siglo XX

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## INTRODUCTION

The purpose of this paper is to review the private and public management of railways in Italy. The initial section focuses on the era of private management prior to the birth of the State Railways (Ferrovie dello Stato – FS). The paper then continues with an analysis of the public railway company, created in 1905 with the nationalisation of the railways.

The history of the FS is analysed by exploring its organizational structure, its impact on national life, technological progress and contributions to social modernization.

FS remained a publicly owned entity until 1985, enduring the challenges of two world wars. It served as the primary national employer for an extensive period, with railway workers being highly unionised and politically active.

The public management of Italian railways can be divided into at least four distinct periods: the initial phase from 1905 to 1920, marked by the establishment of the company and the challenges during WWI; the Fascist era, characterised by technological advancements and increased efficiency; the post-war reconstruction period, highlighting the social significance of north-south migration trains; and finally, the introduction of high-speed trains and reformation initiatives, culminating in the transition to private ownership between 1985 and 1992.

This study draws upon both historiographical and legislative sources, with a particular emphasis on statistical and economic data published by FS.

### 1. BEFORE FS. THE PRIVATE MANAGEMENT

In post-unification Italy, railway construction benefitted from state subsidies, while relying on private capital, including of foreign origin, to prevent further strain on the already substantial national budgetary deficit.

Private entities participated through the legal mechanism of *concession*. Under this arrangement, railway companies were granted rights for construction and management of a service that, despite being public, was subject to restrictions. Moreover, companies were demanded to provide equal treatment to all users.

During the second half of the 19<sup>th</sup> century, Italian railways faced a tumultuous administrative journey. Railway concessions sparked a lengthy debate on state supervision methods. The private companies administered a sector of considerable political and military significance, with significant impact on local communities that relied on trains to be supplied with essential commodities. Consequently, leaving railways solely in the hands of a majority of shareholding bankers was deemed unacceptable. Hence, concessions were established with numerous clauses safeguarding collective interests, which were subjected to frequent revisions.

Inheriting a complex railway landscape from pre-unification governments, the Kingdom of Italy grappled with a perplexing scenario. It encompassed state railways in Piedmont and Naples alongside lines entirely under private ownership. Additionally, there was an intermediate model where infrastructure was publicly owned while operation was delegated to concessionary companies.

The discussion regarding the legislation for railway management unfolded in the Chamber of Deputies between March 23<sup>rd</sup> and April 12<sup>th</sup>, 1865. After being approved in the Chamber of Deputies, the law was also approved in the two sessions of the Senate. Subsequently, it was promulgated on May 14<sup>th</sup>, 1865. It became known as “the law of large groups” (Law 14 May 1865, n. 2279).

The construction and operation of most railways were delegated to three main companies: Strade Ferrate Alta Italia, Strade Ferrate Romane, and Strade Ferrate Meridionali, each overseeing a network spanning between 1,500 to 2,000 kilometres. These companies typically received subsidies for each line or kilometre operated, with the subsidy decreasing as the productivity per kilometre increased. At times, this subsidy was replaced by a guaranteed annual interest on shares, alongside other forms of subsidies, with varying mechanisms applied across different lines within a company. Additionally, pre-existing agreements from 1863 with Compagnia Vittorio Emanuele (managing railways in Calabria and Sicily) and Compagnia Reale Sarda (managing railways in Sardinia) remained in effect. Private companies were subject to supervision by officers of the Ministry of Public Works.

The large group system proved ineffective. Consequently, a comprehensive reorganisation became imperative within a few years to address the enduring financial crises plaguing railway companies (Maggi, 2012, p. 98).

In March 1878, a decision was made to establish a commission of inquiry regarding railways. Its mandate was to evaluate whether the previously established agreements aligned with state's interests and to determine the most optimal methods for granting operational concessions to private initiative (Article 1 of Law 8 July 1878, n. 4438).

The commission of inquiry published its report in March 1881, shedding light on the challenges faced during the governmental operation of the Upper Italy network. The commissioners recommended a new concession to private operators. However, four years of deliberations and unfinished projects ensued until Francesco Genala, the former chair of the commission of inquiry and the new minister of Public Works, expedited the finalisation of the previous agreement in April 1885 through the so-called "convention law" (Law 27 April 1885, n. 3048): "Few projects on railway conventions have been the subject of long, patient studies like this one – thus began the introductory report of over 300 pages – perhaps because no other project bested it in importance" (Barazzuoli, Curioni e Corvetto, 1884). Indeed, the railway issue remained central to national economic policy.

The peninsula was longitudinally divided to facilitate north-south traffic development. The Società per le Strade Ferrate del Mediterraneo managed the western part with 4,046 km in operation, while Strade Ferrate Meridionali oversaw the eastern part with 4,515 km. The government aimed to balance national and international traffic between both companies, distributing ports and mountain passes accordingly: Genoa was assigned to the Mediterranean network and Venice to the Adriatic, while Livorno, Naples, and Taranto were interconnected by both networks. The Milan-Chiasso line was also shared due to the significant importance of the Italy-Germany Gotthard route via Switzerland. Additionally, the Strade Ferrate della Sicilia was granted concession of the 599 km of lines traversing the island, while the old organisation of the Sardinian railways (Compagnia Reale Sarda) remained intact, with a total length of 414 km.

Furthermore, there were additional local companies, which by December 31<sup>st</sup>, 1887, operated 1,326 km of network. These included: the Palermo-Marsala-Trapani line, spanning 189 km in Sicily; the Veneto company, managing 134 km comprising the Vicenza-Schio, Vicenza-Treviso, and Pa-

dova-Bassano lines; the Ferrovie Nord Milano, 63 km in length, which would undergo significant expansion in the 20<sup>th</sup> century; and the Arezzo-Fossato di Vico Central Apennine Railway, stretching across 134 km. In the early 20<sup>th</sup> century, more lines were added to the system, particularly connections with mountainous areas in the Alps and the Apennines. By 1905, the total extension had increased by 2,296 km (table 1), consisting of 1,098 km of standard-gauge and 1,198 km of narrow-gauge railways.

Year	FS (until 1905 under management of large private companies)	Railways in concession to local companies	Total
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

**Table 1. Railway network in Italy 1839-2000 (in kilometres)**

Source: Istat, 1958, p. 73; Ministero dei Trasporti, *Conto nazionale dei trasporti*, several years.

Regarding the 1885 reform, a key development was the separation between ownership and operation. The state retained ownership of the railway infrastructure, as it had become too extensive for any private entity to purchase. Operational control was delegated to three companies for a maximum period of sixty years, including the option renewing the contract every twenty years. An exception was made for the 1,720 km managed by the Strade Ferrate Meridionali, which remained under private ownership through previous concessions. Some shares were held by German financial

groups, reflecting the increasing presence of German capital in the peninsula, but primarily by Italian groups. “The political significance of these agreements laid in the government’s connection with the most influential economic interests in the country”. Consequently, there was a widespread perception of significant influence wielded by high finance over ministers and deputies (Carocci, 1956, pp. 355- 356).

The conventions adopted a hybrid public-private model inspired by the Netherlands. Under this arrangement, the companies were responsible for the technical and financial management of a state-owned network. Gross revenue was divided, with the operator receiving 62.5% and the state 27.5%. To support the Sicilian network, where traffic was limited, the percentages were adjusted to 82% for the operator and 18% for the state. However, the state’s share increased if total revenue surpassed certain thresholds: 112 million lire annually for the Mediterranean network, 100 million for the Adriatic network, and 8.5 million for the Sicilian network. Profits from equity would also be shared, but only if they exceeded 7.5% annually; otherwise, they would remain entirely with the companies. Nonetheless, the State guaranteed a minimum dividend of 3% for shares.

The rolling stock, along with operational commodities, was sold to the companies for a total price of 265 million lire, excluding what was already owned by the *Meridionali*. Additionally, three special funds were established: one for natural disasters, another for the renewal of infrastructure and rolling stock, and the third for capital increases (funded by issuing bonds). It was anticipated that the capital should grow by 3.5% annually, but this goal was not met due to limited traffic growth during the economic depression that followed. The numbers of passenger transportation increased from 41 million in 1885 to 52 million a decade later, while goods transportation rose from 14 million tons to 18.5 million in the same period. However, this growth was lower than expected, invalidating initial forecasts, and prompting companies to seek renegotiation of agreements and implement cost-saving measures, including staff and maintenance, leading to widespread discontent.

### 3. THE ACTIVITY OF FS IN THE FIRST YEARS

The disentanglement witnessed in the final phase of private management called for a complete overhaul of the system, often met with enthusiastic dedication from railway officials who believed they were undertaking a crucial task for both the state and the nation.

Between July 1<sup>st</sup>, 1906, and June 30<sup>th</sup>, 1907, there was a 20% increase in train services, leading to improved productivity of both rolling stock and personnel. To create an immediate impression of enhancement, bathrooms were installed on two express trains on the Florence-Rome route in the latter half of 1906, equipped with dedicated baggage cars. Additionally, short-term measures were taken to address carriage heating, particularly in colder regions, which had long been a source of frustration. Consequently, a directive was issued to outfit as many trains as possible with steam pipes for heating, and special heating wagons were constructed to attach to the rear of the longest trains, ensuring heating in the last cars.

Another significant improvement was the expansion of electric lighting. In 1905, only 1,300 carriages were fitted with electric lighting, while 1,400 cars had gas lighting and over 4,200 were still using obsolete oil lighting. Four years later, electric lighting had been extended to 3,400 carriages. Equally important was the implementation of the Westinghouse *continuous brake* on passenger trains, enhancing safety and preventing significant time loss during train deceleration. Over the first four years of state management, the number of trains equipped with this system doubled.

In the meantime, corridors were introduced to facilitate communication between carriages. Between 1906 and 1909, the number of daily trains/km equipped with corridors increased from 4,600 to 30,100, thereby facilitating the expansion of dining services on the most significant routes.

Renewed research efforts led to the development of new types of steam engines. Among them was the 680, which conducted a speed experiment on February 7<sup>th</sup>, 1907, with a special train transporting participants of the 13<sup>th</sup> meeting of the Italian Society for the Progress of Sciences from Parma to Piacenza. The engine achieved a speed of 120 km/h, setting an Italian record for a passenger service train.

On the commercial perspective, a new fare known as the *differential fare* was introduced, applicable to all trains. This fare structure resulted in substantial price reductions for long-distance journeys, making travel between the north and south of Italy more accessible. Additionally, a special fare was implemented for the third class of *omnibus* trains, aimed at reducing costs for short journeys to encourage the growth of local traffic.

In 1906, with the opening of the Simplon tunnel, the *Simplon Express*, a luxury train, was inaugurated from Paris to Milan and Venice. Following the Great War, the *Simplon Orient Express* initiated the Paris-Istanbul route via Lausanne, Milan, Trieste, Zagreb, and Belgrade.

In 1905, only 178 km of railway were electrified. It was Riccardo Bianchi, an Italian engineer and the first Director-General of the FS, who revitalised the electrification of railways programme, focusing efforts on electrifying mountain pass lines. Electricity promised significant improvements over steam locomotives, as it not only provided greater power but also eliminated the smoke, which was particularly harmful in tunnels for both passengers and staff. Between 1910 and 1915, several lines were electrified using a three-phase power system on overhead wires, which became known internationally as the Italian system. These included the Passo dei Giovi railways between Genoa and Ronco Scrivia; the original 1853 route via Busalla; and the so-called branch of the Giovi via Mignanego, opened in April 1889. These lines handled the substantial flow of goods to the Ligurian port, 80% expedited to the north, crossing the Apennines. By 1915, other electrified lines included the Savona-San Giuseppe-Ceva railway and the Busoleno-Modane line, which traversed the Moncenisio tunnel, totaling 349 km in length. Additionally, two large hydroelectric power stations were activated at Morbegno in Valtellina and Rochemolles in the Upper Susa Valley (Celli, 1956, pp. 80-81).

The innovations implemented in the railway sector during this period were also the outcome of significant research efforts initiated in the early years following nationalisation. In 1905, the Experimental Institute of the Ferrovie dello Stato was established to foster collaboration among researchers in various railway sectors. The institute primarily focused on material analysis and technoscientific experimentation on railways.

Riccardo Bianchi's reorganisation and development efforts within the railway system indeed yielded positive outcomes in operations. However, the impact of these changes took several years to manifest and did not shield him from severe criticism. Ultimately, this criticism led to his resignation in January 1915, following allegations of sluggishness by the railways in the rescue efforts following an earthquake in Marsica. With the resignation of prime-minister Giovanni Giolitti from the political arena, Bianchi no longer enjoyed unconditional support from the government. Additionally, he faced hostility from railway workers, whose organisational reinforcement led to significant cost increases due to salary raises and workforce expansion, resulting in decreased productivity.

#### 4. THE FASCIST PERIOD: 1922-1943

Prime Minister Ivanoe Bonomi assumed office in July 1921 amidst the turmoil of fascist violence. He wrestled with the phenomenon of *bureaucratic inflation*, which entailed a significant increase in the number of employees across the Italian public administration. His administration shed light on the alarming deficit within the railway sector, which reached a record figure of 235,460 lire in 1921, partly due to the implementation of the eight-hour workday and the retention of additional personnel hired during World War I emergency measures. The railway workforce included 102,000 labourers in 1900. Despite the pressing need for decisive action, Bonomi's government was unable to enact significant measures.

It was Mussolini's government that eventually addressed the challenging situation. In his early years, Mussolini prioritised public services to gain popular support, recognising their efficiency and functionality as symbols of restored order.

Upon assuming power, Fascism implemented drastic measures against railway workers, unlike any other public sector reform. In December 1922, the Board of FS was dissolved, and its responsibilities were temporarily entrusted to special commissioner Edoardo Torre. Within approximately two years, Torre completed the company's reorganisation. The railway workforce, consisting of 226,907 employees as of June 30, 1922, was significantly reduced to 174,140 labourers two years later, with over 50,000 individuals being *exonerated* through government decrees. These decrees often targeted activists and sympathisers of the socialist and communist parties under the pretext of *poor performance*.

A new compensation structure was introduced, reducing seniority status and salaries for lower grades while increasing wages for officials (Valentinuzzi, 2000, pp. 29-32). For example, the minimum annual salary of a senior executive, such as the head of service, was raised from 21,000 to 27,500 lire. Conversely, the minimum wage of a train driver decreased from 9,900 lire to 7,400, that of a conductor from 6,600 to 5,000, and that of a common worker from 7,650 to 5,000. A significant portion of the reduction was allocated to increasing *accessory skills*, linked to individual productivity. Upon the railway workers' return to work, characterised as "ordered, disciplined, and quiet", FS reported "uninterrupted and profitable work of all categories of personnel" during the 1923-1924 fiscal year (Amministrazione delle Ferrovie dello Stato, 1925, pp. 12-16).

Mussolini's response to the unrest among railway workers went beyond purges; he sought to establish a coercive system to maintain strict control over them. In May 1923, a special railway militia corps was established, forming part of the voluntary military militia for national security. This militia was tasked with military surveillance of railway workers' behaviour, alongside the need to ensure order aboard trains and in stations.

Initially, there were proposals for privatisation, reflecting the liberal policy of Finance Minister Alberto De Stefani. However, these plans were eventually abandoned, and in May 1924, the board of directors of FS was reinstated. Nonetheless, it was transformed into an advisory body, with no decision-making authority, presided over by the newly appointed Minister of Communications, Admiral Costanzo Ciano. This restructuring coincided with the establishment of a new ministry, which oversaw not only railways, but also post offices, telegraphs, and the merchant marine (Coletti, 1985, pp. 87-89).

As a result, railways were removed from the control of the Ministry of Public Works, which maintained supervision of new railway constructions. Additionally, a definitive separation was established between railways and roads, prioritising the operational aspect over infrastructure. The propaganda campaign initiated in 1924 by Minister Ciano, promoting the slogan of "trains on time" focused on improving service delivery, with an emphasis on achieving rigorous "discipline and regularity of operation" (Ministero delle Comunicazioni, 1926, p. V). Indeed, according to the reputable testimony of the Baedeker guide, the improvements were evident. In 1928, the guide noted that "as a rule, trains are very punctual today". This indicates a noticeable enhancement in the timeliness of train services (Baedeker, 1928, p. 16).

Until the 1920s, the train had a monopoly on long-distance transportation. The truck changed the situation, because it could travel "from door to door", something trains could not do. To face the competition from trucks, railways lowered fares in all routes where there was competition. An intermodal transport combining train and truck was created to allow goods shipped by train to go from "door to door" too. For this intermodal transport, FS founded a private company in consortium with some banks: the National Institute of Transport (Istituto Nazionale Trasporti – INT). INT offered transportation services by train and by truck, promoting synergies instead of competition.

During the Fascist era, the streamlining of operational systems led to a noticeable increase in productivity among locomotive personnel (train

drivers and stokers) and train crews (chief conductors, conductors, brakemen). In 1939, there were 18,277 workers assigned to locomotives compared to 16,260 in 1914. The difference was explained by the volume of traffic. There were 96 workers per million train-kilometres in 1939 compared to 138 in the pre-war period. Similarly, in 1939, train crews numbered 12,218 compared to 11,713 in 1914, with 65 agents per million train-kilometres compared to 99 previously (Direzione Generale delle Ferrovie dello Stato, 1940, pp. 205-208).

## 5. THE CRISIS OF FS AND THE RETURN OF PRIVATE MANAGEMENT

During the 1960s and 1970s, FS, as a public company, became a focal point for discussions among experts, press outlets, and trade unions. Its problems garnered widespread attention, extending even to Parliament, particularly during debates on the state budget and on the Ministry of Transport (Cici, 1980, p. 1404).

Nevertheless, the structure remained unchanged, with minor adjustments to the composition and duties of railway entities. Over time, the state-owned company, operating under the general direction of the Ministry of Transport, was increasingly perceived as ill-equipped to adapt to market conditions, and the railway sector was steadily losing ground. FS seemed burdened by various constraints, including a labour policy disconnected from management productivity standards and a pricing policy aimed at maintaining low fares but incompatible with rising production costs (Legitimo, 2006, p. 104).

The need for a change was felt from the mid-1970s. The push towards reform became more pressing in parallel with the growth of a financial deficit, with the active contribution of trade unions, interested in getting the 220,000 railway workers out of public employment to guarantee them higher salaries (Maggi, 2007, pp. 253-255).

Following the presentation of multiple bills and the appointment of various commissions tasked with formulating reform proposals, on April 18<sup>th</sup>, 1985, exactly eighty years after nationalisation, the law establishing the State Railways Agency was ratified. This entity was a public business entity granted legal status akin to any enterprise, and it operated with budgetary autonomy. Its objectives were to be achieved through means emphasising “economy and efficiency”. Nonetheless, the Minister of Transport retained significant powers of supervision and political direction, including the authority to appoint the Board of Directors (Law 17 May 1985, n. 210).

When comparing the situation in 1985 with that from 1905, when the autonomous administration of FS was established, it becomes evident that gradual technical advancements had resulted in the tripling of economic productivity of each railway employee. However, by 1985, personnel costs had increased sixfold. Meanwhile, fares, adjusted for inflation, were one-third of their value at the beginning of the century. In summary, despite a threefold increase in productivity compared to 1905, the company generated approximately the same revenue, while expenses had more than doubled (Mayer, 1985, p. 746).

The establishment of the State Railways Agency, marked by the slogan “Signori si cambia!” [People, time to change] and the aim to reform the railway budget, heralded the first comprehensive reform of the Italian administration in post-war era. This set the stage for an ongoing series of transformations, with the goal of privatising numerous sectors. The transition from a branch of state bureaucracy to an economic public business entity marked a significant shift for the largest company in Italy in terms of employees, budget, real estate capital, and investment quotas. Initially chaired by Ludovico Ligato, the first board of directors saw its term cut short in November 1988 due to the indictment of top management in the scandal known as the *sheets of gold*. This scandal involved inflated prices on purchases of furnishings for couchettes, symbolising the onset of management clientelism and favouritism within the institution (Menghini, 1988, pp. 1 e 7). Subsequently, a period of special administration ensued under the guidance of Mario Schimberni until the summer of 1990.

Under the reform law of the FS, which stipulated that the budget should not incur in deficits net of public service contributions for two consecutive years, administrators focused on enhancing the budgetary situation and achieving efficiency and productivity gains. To this end, they formulated organisational restructuring plans that included significant workforce reductions.

The greatest reorganisation ever carried out in Italy started when the privatisation process was underway. Ten years later, only 120,000 railway workers remained in the workforce. In the mid-1980s, they were around 216,000. Due to the abrupt drop in employment, employees found themselves in the paradoxical circumstance of having to retire at the age of forty, with all benefits paid for by the state. A June 1990 law allowed railway employees who were deemed unfit to perform their duties to the best of their abilities to retire early if they were forty years old and had worked for at least thirteen years. Additionally, all employees with nineteen years

of seniority in service received an increase in contributions up to a maximum of seven years, which could be used in pension benefits and severance allowance. This program was slated to run for five years (Law 7 June 1990, n. 141).

During this period, pension *blocks* began to emerge, coinciding with a deficit in social security institutions due to population aging. This situation delayed the retirement of both public and private employees. Additionally, pensions of railway workers were granted beyond the needs of restructuring. These were partially filled by new hirings with lower costs compared to older railway workers, thanks to public concessions and lower initial salaries. The rapid corporate transformation hindered the transmission of professional and work culture from one generation to the next, leading to a loss of collective identity among railway workers.

Overall, privatisation stirred significant labour conflicts, although the collective agreement of 1990 aimed to garner consensus by linking productivity gains to professional growth and consequent substantial salary increases (Regalia and Zanetti, 2000, pp. 84-93). This resulted in increased costs for the company, which nullified the reduction of employees. By the end of the 1990s, the few remaining railway workers cost approximately the same as the larger number of labourers previously in service (Spirito and Buratta, 2000, p. 23).

The transition to a public agency, intended to provide greater operational autonomy and a more effective entrepreneurial character, granted railways increased decision-making powers. However, despite the delegation of various subjects such as internal organisation, accounting, and finances, the expected outcomes were not achieved. The law on early retirement in 1990 illustrates this, as railway workers, although no longer part of the civil service, remained within the public sector for their labour rights. This hybrid status further strengthened their unionisation and their demands.

Train drivers continued to strike and spearheaded a new form of union, the Basic Committees (Cobas) (Gallori, 1996, pp. 60-101), which opposed traditional unions and embarked on a prolonged struggle for wage increases. Within a few years, they succeeded in securing significantly higher salaries, while wages in other public and private sectors stagnated.

At the close of 1991, amidst the nation's economic downturn and the burgeoning public budget deficit, robust economic policy measures were instituted to privatise major public enterprises. In July 1992, a decree was promulgated, legally transforming public economic entities into joint-

stock companies (Law of 8 August 1992 n. 359). It was also decreed that the Interministerial Committee for Economic Planning (CIPE) could authorize the conversion of additional “public business entities, regardless of their sector of activity”, without the need for further legislative measures.

With this provision in place, the stage was set for another shift of the Italian railways from the public to the private sphere. The main rationale behind this move was to establish a company less susceptible to political constraints and interference, which had persisted under the business structure established in 1985. During a meeting convened on August 12, 1992, CIPE endorsed the transformation, thus giving rise to State Railways – Transport and Joint-stock Company. However, the entirety of the capital remained under the ownership of the Ministry of the Treasury, a status that persists to this day.

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- Law 27 April 1885, n. 3048, "Concernente l'esercizio delle reti Mediterranea, Adriatica e Sicula, e costruzione delle strade ferrate complementari".
- Law 25 February 1900, n. 56, "Concernente autorizzazione di spese per diverse opere pubbliche, e determinazione degli stanziamenti nella parte straordinaria del bilancio dei lavori pubblici durante il quadriennio finanziario dal 1899-900 al 1902-903".
- Law 7 July 1902, n. 291, "Relativa al nuovo ordinamento del personale delle strade ferrate".

Law 22 April 1905, n. 137, “Che approva i provvedimenti per l’esercizio di Stato delle ferrovie non concesse ad imprese private”.

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