

rations to Austria. Initially, he adopted a series of fiscal measures aimed at previously exempted activities and privileged segments of the population. Direct taxes were introduced on a host of new items, while the remaining feudal privileges like primogeniture were eliminated. In addition, he tightened management of state monopolies and made the financial administration more efficient in order to increase government revenues. To meet the immediate needs of the treasury, he expanded the sale of state bonds and negotiated an international loan from foreign banks.

At the same time, Cavour boldly involved the government in various infrastructural improvements to encourage and stimulate economic development and private initiative in Turin and the surrounding territories. To reorganize the system of credit, he doubled the capital of the Banca Nazionale (formed in 1849 through a merger of the Banks of Genoa and Turin) in 1852 and the following year made it central bank of the state. During the same period, he promoted the establishment of additional private financial institutions and oversaw the expansion of the existing savings banks (*casse di risparmio*) with an eye to increasing the availability of commercial credit in the country. The founding of stock exchanges in Turin and Genoa between 1850 and 1855 worked in a similar direction by encouraging the growth of new joint-stock companies and additional instruments of capital formation. Such measures paved the way for joint public-private collaboration, often orchestrated directly by Cavour, to expand rail lines, modernize the port facilities of Genoa, develop irrigation projects, and build new roadways. Railroad construction and the expansion of transatlantic shipping, in particular, stimulated the development of a Piedmontese machine industry, heavily dependent from its inception on state subsidies and contracts.

The pursuit of these many projects entailed risks as well as rewards. Cavour's reliance on foreign and domestic private loans to finance his initiatives, for instance, produced an alarming increase in the public debt, which climbed from less than 120 million lire in 1847 to 725 million by 1859, when interest payments were absorbing more than a fifth of state revenues. Moreover, his preference for joint ventures favored the growth in Turin of a small, politically connected, oligarchy that dominated whole sectors of the economy and blurred the distinction between private enterprise and public power. Still, the rewards of Cavour's policies were undeniably impressive. By 1861, the Savoyard kingdom's railroad system was larger than that of any other Italian state, covering 40% of the total for the entire peninsula. The 1850s also saw the value of Piedmontese trade triple with the increased export of textiles, oils, wines, and rice, while local industries flourished. By the end of the