

for the most part, shopkeepers, artisans, construction trades people, and domestic servants, provided services or products to the various branches of the government and state institutions.

In this context, the rapid departure in the spring and summer of 1865 of the court, international diplomatic corps, parliament, government ministries, public offices, and state monopolies, along with companies tied to the state, had effects that rippled throughout the local economy. To begin with, the sudden drop in demand imposed severe cuts in production that hurt many smaller family-run operations, especially those providing luxury goods such as vermouth, silk, liquors, and chocolate, with particular force. Local jewelers, for instance, reduced their staffs by more than a third once their wealthy clients had departed for Florence. For similar reasons, hotels, shops, and cafés suffered a sharp drop in business. As a consequence, large numbers of artisans, small merchants, and luxury-goods producers went out of business between 1864 and 1870. In the same years, the textiles, machine, leather goods, and printing sectors stagnated. Predictably, the city's booming real estate market also took a major hit after a three-year period when investments in urban property had yielded annual returns of 20%. In the second half of 1865, rental rates and returns on investments in real estate plummeted in virtually areas of the city and they remained low for the rest of the decade. Likewise, the ranks of the joint stock companies, which had doubled in number during the speculative fever of the early 1860's, contracted abruptly after the transfer. In fact, fewer than half of these companies were still existing in 1866.

As one might expect, the loss of the capital and its economic repercussions affected all segments of local society. The population of Turin, which had grown steadily in the previous decade, fell sharply from its peak of 220,000 in 1864 to 191,500 by 1868. The exodus of the most dynamic and youthful groups tied to the state also resulted in declining birthrates and an aging population in these years. Both old aristocratic families and other segments of the propertied classes with a long history of public service had to uproot from their ancestral homes and cherished way of life in order to follow the court and state bureaucracy south to Florence. Those wealthy families who remained behind in Turin tended now to shift their investments back to the countryside, thereby depriving economic sectors vital to the city's prosperity of much needed capital. The transfer of the capital had an even more tangible and painful impact on Turin's lower-middle class and workers due to the loss of government jobs and drastic cuts in the staffs at court and within the military hierarchy. Laid-off service employees joined