

all at once they withdrew the capital that they had loaned us to establish our new industries”.

In the late 1880s and early '90s, the onset of a major crisis of the Italian financial system, in which Turin's banks played a major role, compounded the problems created by the agricultural depression and the trade war with France. In response to falling profits and land values in the countryside, wealthy investors and the principal local banks had begun to shift their capital out of agriculture and into a speculative boom in urban real estate in Rome and Turin, where land prices soared five to ten-fold after 1885. Turin's leading investment banks, the Banco sconto e sete and the Banca di Torino, in particular, were heavily involved in the purchase of building properties and in loans to the construction industry. When the construction boom collapsed in the winter of 1887-88 and real estate prices plummeted, these banks found themselves in very difficult straits, with loans that became harder to collect and properties and unfinished projects that they could not unload.

A panic among depositors provoked a run on the Banca di Torino and the Banco sconto e sete in early 1890. Their collapse marked only the beginning of a chain reaction of failures that swept through the entire banking community during the 1890s. In fact, the leading figures of Piedmontese finance were implicated in the downfall of the city's principal financial institutions, from the Credito Torinese and the Banca Subalpina to the Banca Popolare di Torino and the Banca di Torino, which managed to hold on until 1898 before shutting its doors for good. Nor were the losses from the banking crisis limited to the city's wealthy venture capitalists. More than a hundred million lire in small and middle-sized savings from the provinces also went up in smoke with the collapse of the real estate bubble and the accompanying bank failures. While a few small financial institutes survived, Turin had lost its position as the preeminent banking center of Italy, a status that the city had enjoyed for three decades.

This extraordinary combination of agricultural, banking and commercial crises plunged the city into a period of economic depression and mass misery during the last decade of the nineteenth century. The silk industry, already in difficulty before the 1880s, was dealt a lethal blow by the disruption of exports to France. In other sectors, large numbers of small factories and shops closed down, while construction came to an abrupt halt as prices for real estate fell from five to six times below their old values. The repercussions quickly showed up in the legal system. Between 1890 and 1891, the Tribunal of Turin, alone, decreed nearly twice