THE HUNCHBACK'S TAILOR

Giovanni Giolitti and Liberal Italy from the Challenge of Mass Politics to the Rise of Fascism, 1882–1922

Alexander De Grand

Italian and Italian American Studies
Spencer M. Di Scala, Series Adviser

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Library of Congress Cataloging-in-Publication Data

De Grand, Alexander J., 1938–
The hunchback's tailor : Giovanni Giolitti and liberal Italy from the challenge of mass politics to the rise of fascism, 1882–1922 / Alexander De Grand.
p. cm.—(Italian and Italian American studies, ISSN 1530–7263)
Includes bibliographical references and index.
ISBN 0–275–96874–X (alk. paper)
1. Giolitti, Giovanni, 1842–1928. 2. Italy—Politics and government—1870–1914. 3. Italy—Politics and government—1914–1922. 4. Liberalism—Italy—History—19th century. 5. Liberalism—Italy—History—20th century. I. Title. II. Series.
DG575.G5D4 2001
945.09—dc21 00–025126

British Library Cataloguing in Publication Data is available.

Library of Congress Catalog Card Number: 00–025126
ISBN: 0–275–96874–X
ISSN: 1530–7263

First published in 2001

Praeger Publishers, 88 Post Road West, Westport, CT 06881
An imprint of Greenwood Publishing Group, Inc.
www.praeger.com

Printed in the United States of America

The paper used in this book complies with the Permanent Paper Standard issued by the National Information Standards Organization (Z39.48–1984).

10 9 8 7 6 5 4 3 2 1

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Foreword

By all accounts, Giovanni Giolitti was a calm and cool leader, but one who always provoked passionate feelings. Nationalists, Socialists of all (or most) stripes, and Catholics denounced him. In an appellation that stuck, historian Gaetano Salvemini labeled Giolitti "the Minister of the Underworld."

This emotion persisted in heated debates among historians, despite more sophisticated interpretations of the "Man from Dronero" that marked the discussion following World War II.

Alexander De Grand's full-fledged biography of Giolitti is the first to appear in English. It has the merit of being the first to consider Giolitti in the context of Italian politics and the social situation of the time, and to provide the intimate details of how the Italian political and administrative system operated. This approach allows readers to evaluate what it was possible for Giolitti to accomplish, throwing this element onto the scales when considering the appealing—and in some cases the not so appealing—rhetoric of his detractors. At the same time, the author does not spare criticism where he judges Giolitti had shortcomings.

Giovanni Giolitti thus reappears in a fresh perspective. He emerges as a European statesman with positive features and warts, but operating in a perhaps more difficult context than many others. Alexander De Grand's portrayal will not end the controversy, but it does present a basis for the discussion of Giovanni Giolitti's legacy in terms that are closer to reality than those presented in previous works.

Spencer M. Di Scala

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Acknowledgments

A number of debts have piled up over the past ten years, as I became dependent not only on the goodwill of friends but also on the kindness of strangers. I would like to thank the directors and staffs of the Archivio Centrale dello Stato in Rome, the Museo del Risorgimento in Milan, the Archivio di Stato in Brescia, the Biblioteca Centrale of Florence and that of Rome, the Archivio Storico of the Bank of Italy, and Dott. Alessandro Franchini of the Istituto Veneto di Scienze, Lettere ed Arti, who granted me access to the Luzzatti papers on short notice. Ann Baker Ward, Gary Wilson, and Mimi Riggs of the Interlibrary Loan Department at North Carolina State University helped in every way to track down often vague references to books and articles. They are the people who made the research possible. The Circulation Department at the Duke University Library allowed me to cart off volumes of the *Atti parlamentari* from 1882 to 1922. Joseph Winkler of the Saint Louis Public Library generously lent the volumes of *Illustrazione italiana* for 1903, 1911, and 1920, which is a rare thing for libraries to do these days. All the photographs in the present volume are from *Illustrazione italiana*, and we thank the Saint Louis Public Library for permission to reprint them. Caroline Weaver of the Special Collections Department at North Carolina State's library and Sheri Thomas of the Agricultural Communications Department went the extra mile and beyond to obtain these photographs.

I owe thanks to friends and colleagues. Marion Miller, Philip Cannistraro, and Geoff Haywood read the entire manuscript in various stages; William Harris, Nancy Mitchell, Joan Stewart, Mary Ann and Ronald Witt, and Linda De Grand read parts. Joel Blatt, Will Dunstan, Tony Cardoza and Catherine Mardikes helped track down some difficult references. My friends in Florence, Luciana Capaccioli and Luigi and Caterina Lazzareschi, offered hospitality and advice, and made research on the manuscript a pleasure. My research would not have

been possible without the pathbreaking works of A. William Salomone and Frank Coppa, who brought the Giolittian era to the American audience.

Spencer Di Scala was extremely generous with his advice and patience through several readings. I thank him for his willingness to include *The Hunchback's Tailor* in his new series on Italian and Italian American studies. It was an act of faith that I hope will be rewarded. Peter Kracht of Praeger finally convinced me that I could cut the text by what seemed to be an impossible amount without losing a thing. Much to my surprise, he was correct, which only goes to prove that the author is the worst judge of a manuscript. I would also like to thank Ms. Betty Pessagno, the production editor, and, especially, Ms. Beth Wilson, the copyeditor at Greenwood/Praeger, who did an extraordinary job of finding even the smallest inconsistencies and who saved me from numerous errors. She is an excellent editor with an eagle-eye. Whatever remains in the way of mistakes are surely my fault.

North Carolina State University gave me a semester of released time for research. As it has done for countless researchers, the National Endowment for the Humanities provided an absolutely essential grant. Joseph Neville and the others on its dedicated staff work extraordinarily hard to make a finite amount of money go a long way to support research in European history.

Introduction

In March 1896, after surviving a scandal that almost destroyed his career, Giolitti wrote to his daughter, Enrichetta:

Men are what they are in all times and in all places with their vices, their defects, their passions and their weaknesses. Government must be adapted to people as they are. Certainly, government must aim at correcting, at bettering, but even it is composed of men and the perfect man does not exist.

He went on to compare himself to a tailor who ‘‘does not succeed in dressing a hunchback if he does not take the hump into account.” He tried, not entirely successfully, to soften the underlying pessimism about human nature and about Italy evident in the letter:

I am not a conservative. Quite the contrary, I see too clearly how much is ugly and displeasing in the present direction of Italian politics. But I do not want to aid those who would carry us to worse things. Unfortunately, it is not a choice between good and evil, but between different evils and this is the saddest part of political life.[1]

How did a man with such a bleak vision of his own country come to dominate Italian politics for over twenty years? And how did a political leader whose belief in the possibilities of radical change was so limited become identified with the Italian transition to a more democratic political system? The years from 1901 to 1914 are commonly referred to as the era of Giolitti. He was certainly one of the outstanding progressive liberal statesmen in Europe during the pre-1914 era, but he remains an atypical figure in Italian political life: a realist, a pragmatist, and a man of few words in a land often attracted to rhetoric and grand gestures. As

he saw it, the road ahead was always too long and too full of potholes for Italians to dream of adventures or shortcuts. Over and over, he rejected sweeping reforms because Italy, unlike more advanced nations, was not prepared for them.

Giolitti was a product of the slower, more deliberate era that predated the rise of mass politics. His political activity was punctuated by long periods of repose at home in Piedmont and abandonment of power to allies and opponents when he felt that a period of political clarification was necessary. His biographer, Gaetano Natale, noted that Giolitti, ever conscious of his independence, did not like to be rushed or pressured. He never drove a car. He lived within walking distance of his political and administrative world in Rome and, when necessary, took taxis.[2] He was also exceptionally honest in his personal affairs. His daughter Enrichetta recalled that he settled the issue of how she would travel—by regular train on an ordinary ticket—with the comment that the Italian constitution did not have a position of "daughter of the President of the Council of Ministers."[3] These values of independence and self-determination governed both his public and his private life. If he was a practicing Catholic, he kept the fact well hidden. Neither was he anticlerical. He never joined the Freemasons, although many of his closest associates were Masons. He did not frequent Turinese or Roman high society, nor did he enjoy court functions. His basic loyalties were to the Italian state, Piedmont, his province of Cuneo, and his family.

The period from 1901 to 1914 marked the beginning of mass politics in Italy, yet Giolitti was acutely uncomfortable with popular movements and never understood, much less used to his own advantage, the politics of the *piazza*. His relations with mass movements like socialism were uncomfortable and ultimately unsatisfactory. His embodied most of the virtues and a few of the defects of the nineteenth-century liberal parliamentarian but nothing of the modern democratic politician. For Giolitti politics remained confined to negotiations between leaders within the confines of the Chamber of Deputies and Senate in Rome where he remained the undisputed master of the game.

The liberal parliamentary system in Italy after unification in 1860 was shaped—some might say distorted—by the absence of those who had been alienated by the process of national consolidation. The first missing element was the Catholics. The country was unified in part by annexing the Papal States. The incorporation of Rome in 1870 was the final straw. The pontiff excommunicated the government and forbade practicing Catholics to serve or vote on the national level in the new state—a serious blow in an overwhelmingly Catholic country. The second missing element was popular participation. The new state emerged after 1860 burdened by debts incurred in the wars of unification and surrounded by enemies. Its borrowing power exhausted, the government imposed crushing taxes on the mass of Italians who had been excluded from the vote by an extremely restrictive franchise. The sullen resentment of workers and peasants was punctuated by widespread brigandage in the South and would later express itself in the rise of a revolutionary Socialist movement in the North.

With the Catholics and the representatives of the defunct states of the penin-

sula outside the institutions of the new state, the Italian parliament was composed almost exclusively of the liberal and national middle class that organized itself into the Liberal Party. Until the late 1870s this "great Liberal Party" was split into two factions: the Historic Right (the political heirs of Camillo di Cavour) and the Historic Left. Differences between the two wings certainly existed. The Right favored an active role for the state in building the infrastructure of roads and railroads. It was wedded to a policy of fiscal austerity, high taxes, and debt reduction that alienated the masses from the new state. The Left favored looser and more economically expansionist policies, was more inclined to free market solutions, and was willing to expand the franchise to include elements of the lower middle class.

But what separated the two wings of Italian liberalism was not as great as their collective fear of the enemies outside. Clericalism and the rise of socialism challenged the hegemony of the national middle class and of the secular liberal state that was so identified with this political elite. As a result, differences *within* parliament tended to revolve around personalities and regional issues rather than questions of fundamental principle. Those who proposed substantial alternatives, like the Catholics and Socialists, were outside the system. The tendency to mute differences within the national liberal elite became more marked after 1876, when the Historic Left came to power and its leader, Agostino Depretis, began to absorb former opponents from the Historic Right into his coalition.

Gradually, during the 1880s and 1890s, Radical, Republican, and Socialist deputies arrived in large numbers on the far left, the so-called Estrema, and became a major force in the early years of the twentieth century. After 1900 avowedly Catholic deputies also appeared on the right wing of the parliament, and just before World War I small numbers of intransigent Nationalists entered the Chamber of Deputies on the far right. In one way or another, these groups challenged the hegemony of the ''great Liberal Party" and made liberals of all persuasions ever more conscious of their fragile and tenuous hold on the country. Opponents of the existing system of parliamentary government portrayed it as separated from a "real" country outside the Chamber.[4]

The debates among liberal politicians that appear in the chapters which follow involve a search for the answers to these criticisms of the Risorgimento and the future of the Liberal Party in an age of mass politics. Giolitti and his opponents understood their common interest in standing together against the challenge posed by clericalism and by revolutionary socialism, but they disagreed over tactics. Consequently, there was a great reluctance to break the unity of the Liberal Party, even when its leaders pursued quite different policies. The hegemony of one large, amorphous party and the ever-changing alliances between right and left Liberals distinguished the Italian parliamentary regime in style from other European liberal representative governments, but in practice Italy was more akin to Third Republic France than to the established two-party system in Britain or the limited and authoritarian parliamentary practices of Bismarckian and Wilhelmine Germany.

A clear idea of what Giolitti did to try to save the liberal parliamentary system and of how and why he failed is also vital to our understanding of the triumph of fascism. Until the very eve of the Fascist seizure of power in 1922, he offered hope that the old liberal elites might survive the challenge of mass politics, revolutionary socialism, clericalism, and fascism, but in the end the political institutions that he defended collapsed into twenty years of brutal dictatorship. When things end badly, the natural tendency is to read history backward for flaws or errors that might account for the failure. Certainly, the history of Wilhelmine and Weimar Germany and Giolittian Italy has been read in such a light. Our view of Giolitti is inevitably conditioned by the triumph of fascism in 1922. To many observers Giolitti was the corrupter of the very parliamentary institutions through which he governed, thus making possible the rise of Mussolini. His most ferocious critic, the democrat Gaetano Salvemini, made this accusation in his famous *Ministro della malavita* (Minister of the Underworld). Salvemini blamed Giolitti for exploiting the South's political backwardness for his own short-term ends and for blocking the formation of a modern democratic movement. In fact, Giolitti never hid his belief that when you cook, you use the ingredients that are at hand. In the less economically developed South this meant working with the landlords and corrupt political intermediaries with ties to the underworld.[5]

Giolitti's curse was to have offered cold realism to a self-absorbed generation of intellectuals who sought poetry in politics. The world of culture certainly confirmed the old adage "Friends come and go, but enemies accumulate." Giolitti's critics among intellectuals appeared at the time of his first ministry in 1892–1893, and grew in number and power through his final government in 1920–1921 and the triumph of fascism in 1922. They objected to both style and substance. Giolitti was, in Arturo Labriola's words, "a poet of daily prose." At best, he seemed an efficient bureaucrat; at worst, an unprincipled schemer.[6]

The most astute observer of the Giolittian era, Alberto Aquarone, described the primary objective of Giolittian politics as "to govern from the center, with slight and always well controlled oscillations, now in a conservative direction, then in a progressive one, with the preoccupation of enlarging as much as possible, both in parliament and in the country, on the right and on the left, the consensus behind the institutions and the existing social order." But this "molecular process" of absorption on the left and on the right had the side effect of developing ever more radical elements on the extremes.[7]

Empiricism was quite at odds with the political and intellectual consistency desired by many of Giolitti's opponents. He governed from the left in the first government of 1892–1893 and again from 1901 to 1903, then shifted rightward from 1904 to 1909, to the left again in 1911, to the center from 1912 to 1914, to the left in 1920, and to the center-right in 1921. If he had come to power in August or September 1922, when there was a good chance that he might, it would have surely been in a center-right coalition with the Fascists. These shifts led to justifiable accusations by Luigi Albertini, longtime editor of Milan's *Corriere della sera*, that he blocked the emergence of a coherent party structure.[8] Like

his great adversary within the Liberal bloc, Sidney Sonnino, Giolitti never accepted the idea that Italy's liberal elite should be divided into alternating parties of the right and left. To that extent, he did stand in the way of projects for a democratic mass-based party that would unite elements of the modern bourgeoisie with reformist workers. Whether such a party could have existed anywhere in Europe outside of England during the first half of the twentieth century is another matter.[9]

The hostility of Italian intellectuals eventually came to encompass much of the legacy of the nineteenth century that was embodied in the rational and pragmatic Giolitti. The new culture of the first years of the twentieth century was anti-positivist, hostile to materialism, suspicious of democracy, and contemptuous of parliament. In short, everything that Giolitti, rightly or wrongly, seemed to represent! Critics on the extreme right and extreme left joined in championing elitism, instinct, will, and violence to counter Giolitti's faith in gradual and unglamorous progress.[10]

Giolitti has also been blamed for failing to reach an understanding with the leaders of reformist socialism and thereby broaden the basis of the liberal state. There is no doubt that he never considered a Socialist Party under reformist direction as more than an appendage to his parliamentary majorities. Moderates in the Italian Socialist Party received little in the way of fundamental reform but were occasionally lured into cooperation by recognition of unions and cooperatives, as well as favors extended to individual Socialist deputies.[11]

Despite criticisms and shortcomings, Giolitti remains Italy's greatest prime minister after Cavour. He was exactly what he seemed to be—honest, direct, unrhetorical but lethal in debate, hardworking. He did not form a modern mass political movement because it would have been out of character to have done so, and because the Italian bourgeoisie was too divided along religious and regional lines to make a modern liberal center-right party possible. He had a few great reforms to offer to the Socialists—or to Italians in general, for that matter—because he did not believe in radical reforms. Giovanni Giolitti was, as Alberto Aquarone noted, a nineteenth-century *Italian* liberal. He was a strong executive, but he did not operate in the authoritarian and hierarchical mode of Bismarck. Nor did he project the restless ambition of David Lloyd George, the rigid anti-clericalism of Émile Combes, the fierce political combativeness of Georges Clemenceau, or the charisma of Theodore Roosevelt. Giolitti took the nineteenth-century system and pushed it as far as it would go. He built on the diversity of regional, religious, cultural, and economic interests among the Italian bourgeoisie to construct his majority electoral college by electoral college, and deputy by deputy, into what Aquarone called "a kind of personal pseudo-party.''[12]

The political system in which Giolitti thrived was far from a mass democracy. The electoral law of 1881 increased the number of voters from 621,896 to just over 2 million. Illiteracy and poverty still remained tremendous barriers to political participation. As Interior Minister, the post that Giolitti invariably held along with the presidency of the Council of Ministers, he became the supreme manipulator of elections. Giolitti took older techniques of political control, de-

veloped by his predecessors Agostino Depretis and Francesco Crispi, to new levels of efficiency. No political figure before him so dominated the political and administrative apparatus of the state. Yet Giolitti's rule was far from absolute. Nothing like a parliamentary dictatorship existed, and Giolitti was often forced to draw back in the face of defections from his parliamentary majority or before the determined opposition of powerful economic interests.

Rapid economic growth between the last years of the nineteenth century and 1914 favored Giolitti's progressive conservatism. At least in the North, the possibility of a better life existed for more people than ever before. Giolitti took advantage of lower interest rates in the international financial markets to restructure the national debt in 1904 and 1905, and to redirect some of the savings into moderate social reforms while maintaining an acceptable level of military preparedness and balancing the budget (at least until 1909). Remittances from Italians living abroad and tourism helped close an ever-increasing, worrisome deficit in the trade balance.[13] Prosperity allowed Giolitti to defer fundamental reforms of the regressive tax system that had been at the center of debate in the 1880s and 1890s. Therefore, little was done directly to alleviate the sense of oppression and injustice that so alienated the working classes from the Italian state and fueled revolutionary politics. Nor was anything done about the gap between North and South—which, if anything, widened during the Giolittian era—or about the terrible problems of emigration and rural poverty.

The margins for reform began to narrow after the depression of 1907. The Libyan war of 1911 exacerbated growing budget imbalances that were also the result of slower growth in the last years before World War I. The economic underpinnings of Giolittian reformism were giving way; these changes would likely have imposed different policies even if the Great War had not intervened to impose even faster changes.

Giolitti's political system rested on his parliamentary majority, the state bureaucracy, and associated private interests. It was held together by a combination of personal ties and concrete economic interests. Protective tariffs drew shipping, steel, banking, textiles, and agribusiness into the system. The state became a major client for important sectors of industry through public works, military outlays, and direct subsidies.[14] Under Giolitti's direction a modern administrative state took shape between 1901 and 1914. He followed a tradition of state building that found its highest expression in Cavour and the leaders of the Historic Right under whom he served at the beginning of his career. Giolitti began the nationalization of the railway system in 1905 and of the telephone network in 1907, attempted to create a regulated monopoly of shipping services in 1908 and 1909, and engineered a partial nationalization of the life insurance companies in 1912. A 1902 law allowed for municipalization of public services, and the larger urban centers gradually extended their activities to housing, public health, tram lines, and electricity and water.[15]

Historians differ as to whether the Giolittian system entered into crisis with the expansion of suffrage in 1912, or at the outbreak of World War I in 1914

and 1915, or in 1919 with the rise of mass politics. Once Catholic and Socialist electoral forces entered the picture in a major way, in the first elections under manhood suffrage in 1913, Giolitti lost control of the mechanism by which the liberal bloc was elected. After 1919 the liberal bloc no longer held a majority in parliament, further undermining Giolitti's mastery of the political system. However, Giolitti, not Mussolini, was generally expected to receive the royal designation to form the government as late as the first week of October 1922. What defeated Giolitti in the end was his inability to adjust to the new demands of mass politics.

When Giolitti's career took off in 1901, he was nearing sixty. He was almost seventy-two when World War I broke out and nearing eighty when Mussolini took power. I am struck by Giolitti's remarkable vigor, but there were limits that are not often acknowledged. Giolitti habitually took long periods of repose after the end of the parliamentary sessions. The pace of nineteenth-century government allowed him to retreat to Cavour, but as he became older, he seemed to need longer periods of rest. Illness plagued him after periods of intense activity, such as in early 1903, following the pressures of setting the new course in domestic policy after 1901; in 1905, after two years of government; again in 1910, after over three years in office; and throughout the summer and fall of 1914, after three intense years as prime minister. I believe that these illnesses were genuine, and revealed a physical and psychological need for repose that became more necessary as he aged and may explain why Giolitti was willing to give Antonio Salandra so much leeway in 1914.

Giolitti was a remarkable politician, but there were only so many tricks that an old political dog could learn and only so many experiences he could absorb. He never addressed a mass rally, never strenuously campaigned for reelection, never sought to mobilize his followers outside of parliament. All of this was foreign to him and made democratic politics more distasteful after his defeat at the hands of the piazza in 1915, when Italy opted for war and he was driven from Rome.

In the following chapters I have joined material from archives, contemporary newspapers, and parliamentary records with recent scholarship to explain how Giolitti managed the parliamentary system. As much as possible, I have let the debates and private letters speak for themselves in illuminating the motivations, doubts, and hopes of Giolitti and his associates. Though Giolitti never, as far as I know, wrote an article for a newspaper, much less an extended work of political philosophy, his positions are amply documented in parliamentary speeches, interviews published in newspapers, and letters to friends and colleagues. Given the mountain of material available, much has been left undone in this work. Foreign policy is treated peripherally, and I have not delved into Giolitti's personal and family life. I have tried to set his liberal politics in a coherent political, social, and economic context by explaining how his politics evolved over forty years. The statesman who emerges from these pages is far more conservative, nowhere nearly so all-powerful, more prone to error, and more human than his contempo-

raries and other historians have viewed him. Giolitti had one great intuition around the turn of the century: that the Italian state was strong enough to allow workers to organize and to bargain freely. In one way or another, he spent the rest of his life trying to put the genie back in the bottle.

NOTES

1. Giolitti to Enrichetta Chiaraviglio, March 15, 1896, in Curio Chiaraviglio, *Giovanni Giolitti nei ricordi di un nipote* (Turin: Centro Studi Piemontesi, 1981), pp. 44–45.

2. On the nineteenth-century quality of Giolitti's life, see Gaetano Natale, *Giolitti e gli italiani* (Milan: Garzanti, 1949), pp. 22, 504.

3. Giolitti's favorite daughter, Enrichetta Chiaraviglio, recalled that discussion was always encouraged in the Giolitti household. See the fragment from her diary in Luciana Frassati, *Un uomo, un giornale*, vol. 1 (Rome: Edizioni di Storia e Letteratura, 1978), pt. 1, pp. 41, 43, and p. 46 for the incident of the train ticket.

4. For the literature on liberal institutions under Giolitti, see Guido Melis, "Istituzioni liberali e sistema giolittiano," *Studi storici*, 18 (1978), 131–174; and Arturo Labriola, *Storia di dieci anni 1899–1909* (Milan: Il Viandante, 1910), pp. 230 and 233, on the gap between the real and the legal country.

5. Salvemini repeated his charge many years later in his preface to A. William Salomone's *Italy in the Giolittian Era: Italian Democracy in the Making, 1910–1914* (Philadelphia: University of Pennsylvania Press, 1960), p. xix. See also "L'età giolittiana di W. Salomone," in Gaetano Salvemini, *Il ministro della malavita e altri scritti sull'Italia giolittiana*, ed. Elio Apih (Milan: Feltrinelli, 1962), pp. 135–136.

6. Labriola, *Storia di dieci anni*, p. 262; Alberto Asor Rosa, "La cultura," in *Storia d'Italia*, vol. 4, *Dall'unità a oggi* (Turin: Einaudi, 1975), p. 1107.

7. Alberto Aquarone, *L'Italia giolittiana (1896–1915)* (Bologna: Il Mulino, 1981), pp. 300 (quote) and 301; Emilio Gentile, *La voce e l'età giolittiana* (Milan: Pan Editrice, 1972), p. 75.

8. Ottavio Barié, *Luigi Albertini* (Turin: UTET, 1972), pp. 156–158. For the opposition of the *liberisti*, see Antonio Cardini, *Antonio De Viti De Marco* (Bari: Laterza, 1985), pp. 9, 101; and Asor Rosa, "La cultura," pp. 1186–1190.

9. On Giolitti's views on the single liberal party, see Hartmut Ullrich, *La classe politica nella crisi di partecipazione dell'Italia giolittiana, 1909–1913*, vol. 2. (Rome: Camera dei Deputati, 1979), p. 1164, n. 19; and Ettore Rotelli, "Governo e amministrazione nell'età giolittiana,'' in his *Costituzione e amministrazione dell'Italia unita* (Bologna: Il Mulino, 1981), p. 102.

10. On the culture of the turn of the century, see Walter Adamson, *Avant-garde Florence* (Cambridge, Mass.: Harvard University Press, 1993), chap. 3.

11. On the reaction of radicals like Antonio De Viti De Marco, see Cardini, *Antonio De Viti De Marco*, pp. 115–116. As for the Socialists and Giolitti, Giampiero Carocci's judgment was somewhat harsh: "The Giolittian system and reformist socialism were tied to the same cart. They had in common the same restricted economic and social base of protected interests, supported and paid by the country." Giampiero Carocci, *Giolitti e l'età giolittiana* (Turin: Einaudi, 1961), p. 71. A similar analysis was offered by Labriola, *Storia di dieci anni*, pp. 303–305.

12. Aquarone, *Italia giolittiana*, pp. 238–239, 296–297.

13. Douglas J. Forsyth, *The Crisis of Liberal Italy: Monetary and Financial Policy, 1914–1922* (Cambridge: Cambridge University Press, 1993), pp. 218–229. For a good overall survey of economic conditions, see Gianni Toniolo, *An Economic History of Liberal Italy 1850–1918* (London: Routledge, 1990), chap. 10.

14. Richard Webster, *Imperialismo industriale italiano 1908–1915* (Turin: Einaudi, 1974), pp. 8–9; Carocci, *Giolitti e l'età giolittiana*, pp. 38–40.

15. Alberto Aquarone, *Tre capitoli sull'Italia giolittiana* (Bologna: Il Mulino, 1987), pp. 125–127. See also Sabino Cassese's introduction to Guido Melis, *Burocrazia e socialismo nell'Italia liberale* (Bologna: Il Mulino, 1980), p. 9.

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Chapter 1 The Apprenticeship of a Statesman, 1842–1892

EARLY LIFE AND EDUCATION

Giovanni Giolitti belonged to the second generation of Italian leaders who emerged as relatively young men on the parliamentary scene around 1880, just as those who made the Italian state were about to leave the stage. He would be one of the first statesmen to have no ties to the wars for independence, but the Risorgimento leaders, consumed by the unglamorous tasks of state building after 1860, favored his entry into public life. Before he entered politics, Giolitti was part of the small administrative elite that understood almost all facets of the emerging state apparatus. He entered parliament in 1882, just as financial stress and rising deficits brought on by an agricultural depression and new demands for military and colonial expansion put a premium on economic and bureaucratic expertise. Giolitti made issues of balanced budgets and lower taxes his own; still, he softened demands for austerity by expressions of concern for those Italians who had been left out of the liberal state. He called on the ruling elites to turn inward and to concentrate on domestic policy. This hard message grated on many in the Risorgimento generation who dreamed of a greater Italy. They dismissed Giolitti as a "mere clerk," at best a good Treasury minister. To their surprise, he turned out to be much more than that.

Giolitti's rise to the top of the political world began in Mondovì, in the kingdom of Piedmont-Sardinia, where he was born on October 27, 1842. Piedmont was poised to break out of the torpor of the reactionary post–Napoleonic era and to take a leading role in the revolutionary wars of 1848 and in the unification movement of the 1850s. Giolitti's family on his father's side had been involved in public life in the Piedmontese province of Cuneo for several generations. His grandfather, Giovanni, had been marginally implicated in the abortive liberal

revolution of 1821, but contacts at court eventually won him the post of communal secretary for San Damiano and Cartignano.[1] Following his death in 1839, the mayor of Dronero and the royal governor of Cuneo intervened to see to it that Giovanni's eldest son, Giuseppe, would succeed to these offices. The second son, Giovenale, who was Giovanni Giolitti's father, had been working in the *avvocatura de' poveri*,an office to assist poor citizens in both civil and criminal cases. In 1835 the king appointed him to the additional post of secretary of the tribunal of the prefecture at Susa, where he remained until 1840. He subsequently transferred to Mondovì, where he died in 1843, a year after Giovanni was born.[2]

Giovenale married Enrichetta Plochiù, the daughter of Giovanni Battista Plochiù, a magistrate who served under the French occupation and was subsequently implicated in the liberal revolt of 1821. One of Giovanni Giolitti's maternal uncles, Giuseppe, was a doctor and the first deputy from the electoral college of Cavour in the 1848 Piedmontese legislature; another uncle, Melchiorre, helped finance Count Camillo di Cavour's newspaper, *Il Risorgimento*. A third uncle, Alessandro, pursued a military career, rising to the rank of general in the Piedmontese army.[3]

After the death of his father, the Plochiù family took young Giovanni and his mother into their home in the center of Turin. All of Enrichetta's brothers were unmarried, and Giovanni, the sole male heir, was the center of attention. Giolitti attended the Regio Collegio San Francesco di Paolo in Turin; then, in 1858, at age sixteen, he entered the University of Turin. He was at the university during the most dramatic moments of the process of unification, from the signing of the Treaty of Plombières with France in July 1858 to the entry of the Italian army into Rome in September 1870. Yet, unlike many of his contemporaries, who fought in the wars of independence, Giolitti remained at the university. This lack of military experience would be held against him as long as the generation of the Risorgimento was active.[4] A royal exemption from the full program, granted out of concern for his mother and in consideration of his uncles' service to the crown, allowed Giolitti to finish the five-year university course in three years.

Giolitti's three years at the University of Turin were unremarkable. He has left little record of the evolution of his thought between 1860 and 1880. What we have, indicates that Giolitti already shied away from sweeping changes and great gestures. His thesis, on the social and legal position of the family, questioned the rigid application of Piedmontese law, which placed married women in a position of substantial subordination to their husbands in the establishment of the household and in all legal matters. But he did not call for sweeping changes: "Psychology, in fact, demonstrates that the faculties of women are equal to those of men and there are only differences in the manifestation of these faculties."[5] He made an interesting connection between despotic family relations and political repression: "It can frankly be asserted that modern civilization derives from the proper organization of the family, as is revealed by the experience of the peoples of the East among whom the tyranny of the husbands over wives finds

an echo in the despotism of the sultans or the Shahs." When it came to the right to vote, however, Giolitti drew back on pragmatic grounds, as he would throughout his career. He never opposed the principle of female suffrage, but argued that other legal and social changes must take place before it could be granted.[6]

FIRST STEPS IN THE STATE ADMINISTRATION

Giolitti exhibited little interest in the practice of law, but was drawn to the bureaucracy of the new Italian state. Piedmont was just beginning to extend its institutional and administrative infrastructure to the new Italy. He worked briefly in a private law firm in 1861 and then with the *avvocatura de' poveri*, where his father had served for many years. When that agency was abolished by the new government, Giolitti entered the Ministry of Justice, serving after 1862 under Marco Minghetti and Raffaele Conforti. As justice minister in the government of Urbano Rattazzi, Conforti, a Neapolitan who had been exiled to Turin, was in charge of purging the court system of the former Kingdom of the Two Sicilies, and wanted someone like Giolitti, with no ties to Naples and immune to pressure.[7]

After five years at the Ministry of Justice, Giolitti abruptly resigned at age twenty-four when his mother became ill. He returned to Turin briefly as a state prosecutor. After his mother's death in 1867, Giolitti resumed his career in the central bureaucracy. In February 1869 the president of the Commission on Direct Taxation invited him to Florence, as secretary of the commission.[8]

Giolitti's move from Turin to Florence precipitated his marriage to Rosa Sobrero in March 1869. His bride was the daughter of the procurator general of the Turinese Court of Cassation and the niece of a noted chemist, Ascanio Sobrero. The close and happy marriage produced seven children: Giovenale, who died at birth; his favorite, Enrichetta, who married the engineer and radical politician Mario Chiaraviglio; Lorenzo, who died in an accident in 1879; Luisa, who married the jurist Giulio Venzi; Federico, an engineer; Maria; and Giuseppe.[9]

Giolitti soon came to the notice of Quintino Sella, who brought him to the Finance Ministry as his secretary in 1870 and 1871. Sella, one of the most assertive and dynamic politicians of the Historic Right, introduced the draconian grist tax in 1868 and was engaged in reorganizing the tax collection administration. Giolitti joined the ministry's Office of General Affairs, which dealt with prospective legislation, relations with Parliament, and various political matters connected with the taxation reform. By 1872 he had become inspector general for direct taxation and the agrarian census. Giolitti remained with Sella's successor, Marco Minghetti, from July 1873 to March 1876.[10]

Up to 1876 Giolitti's career had been sponsored by prominent politicians of the Historic Right, who had run Italy since unification; in that year, however, the leader of the left, Agostino Depretis, took office. Giolitti turned to Costantino Perazzi and Sella of the defeated Historic Right to intervene on his behalf with the new president of the Council of Ministers. He wanted the position of

director general of direct taxation, and felt that Depretis ‘‘is completely unaware that I exist and might well promise [the position] to someone else without having even the chance to see if I, by chance, might hold up well in comparison to the other [candidates].” When Depretis became finance minister in March 1876, he appointed Federico Seismit-Doda, a Risorgimento hero and prominent politician of the left, as his secretary-general; Giolitti remained director general for direct taxation.[11]

Giolitti did not have a smooth ascent. After a battle with Seismit-Doda, who had become finance minister under Benedetto Cairoli in 1878, he resigned. His relations with his nominal superior had never been easy. Seismit-Doda, more a politician than a financial expert, found that Giolitti ignored his orders. When he complained to Depretis, Giolitti retorted that the best way to sabotage Seismit-Doda was to execute all his orders. If Depretis enjoyed the rejoinder, Seismit-Doda did not. When Giolitti entered parliament in 1882, Seismit-Doda, who was as poor a prophet as he was an economist, commented that the new deputy “will never amount to much.”[12]

After refusing appointment as substitute procurator general in Turin, Giolitti, only thirty-five years old, accepted a position as secretary-general of the Corte dei Conti. The Corte dei Conti, the highest state administrative oversight body, reviewed the expenditures of all government ministries. Giolitti acted as secretary of its first section, which oversaw the expenditures of the Ministries of Finance, Treasury, War, Navy, Interior, Public Works, Justice, and Agriculture, Industry, and Commerce.[13] Rarely has an aspiring politician had such a comprehensive overview of the entire state administration. His five-year stint at the Corte dei Conti was interrupted by six months as royal commissioner to sort out the affairs of the Opere Pie di San Paolo di Torino, which he transformed from a loosely organized rural credit institution into one of Turin’s modern banks, the Istituto Bancario S. Paolo. In the process Giolitti established important contacts with the city’s financial and administrative elites.[14]

In 1882 the first phase of Giolitti’s life came to an end when Agostino Depretis offered him the position of counselor of state, which made him eligible for election to the Chamber of Deputies. Giolitti took from his years in the state administration a detailed knowledge of how the relatively small bureaucracy worked. His positions at the Finance Ministry and at the Corte dei Conti made him an expert on economics and administration. Giolitti also used these years to build contacts on the left and the right. His initial patrons—Sella, Perazzi, Minghetti—were prominent in the Historical Right. But Giolitti’s career took off under Depretis just as the old political divisions were being transcended by the merger of left and right, known as *trasformismo*.

THE PARLIAMENTARIAN

In September 1882, Spirito Riberti, the incumbent deputy for Dronero, Busca, and Caraglio, announced that he would not seek office again. The liberal left in

the province of Cuneo sought a successor. Three names were floated: Luigi Roux, the thirty-four-year-old editor of the *Gazzetta piemontese*: Sebastiano Turbiglio, a professor of philosophy at the University of Rome: and Giolitti. The conservative candidate was Antonio Riberi. The local paper, *La sentinella delle Alpi*, threw its support to Roux in defiance of Depretis, but Giolitti's victory was smoother than expected. Another deputy—Luigi Ranco, in the neighboring Borgo San Dalmazzo electoral college—was pressured to accept appointment to the Senate, which allowed Roux to move, thereby clearing the path for Giolitti.[15]

In calling the elections of 1882, the first under the new, expanded electoral law, Depretis sought to broaden the basis of his majority by bringing in emerging social groups, especially in the South, and to reach an accommodation with part of the Historic Right. Depretis also offered some tax relief after years of austerity. To this end, he entrusted the Finance Ministry to the Neapolitan Agostino Magliani, who ended the grist mill tax (*macinato*) and currency inconvertibility, the *corso forzoso*. But Magliani, who never saw an expenditure he did not like, had no plans to cut the budget to compensate for lost tax revenue. For example, the War Ministry budget grew from 238 million lire in 1882 to 403 million in 1888–1889, as Italy prepared for colonial expansion in Africa. Magliani attempted to cover the shortfall by encouraging foreign investment, but by the mid-1880s, agricultural crises and foreign doubts about Italian stability led to growing deficits.[16]

Though Giolitti ran as a supporter of Depretis, he regarded Magliani much as a teetotaler might view a habitual drunk. He made equalization of tax burdens and relief for poor and middle-class taxpayers the centerpiece of his campaign, with the clear understanding that major reductions in expenditures, especially in the military budget, would balance the lost revenue: "Italy, which remembers the enormous sacrifices made to acquire its independence, certainly will not put it at risk in order to undertake political adventures or out of a desire for military glory, which is false glory if it does not have as its aim the security and dignity of the country." Giolitti's program appealed to the small farmers and even to some workers who received the vote for the first time in 1882. He called for recognition of workers' mutual aid societies and for accident, sickness, and old age insurance.[17]

During his first year in the Chamber of Deputies, Giolitti worked on the local level to secure his political base. He lobbied the prefect of Cuneo to have the town council of Dronero dissolved for financial mismanagement. The new elections led to the election of Giolitti's cousin as mayor of Dronero. A year later Giolitti pressed the Ministry of Public Works for a road to be built through the Valgrana. Ignoring his caution on military expenditures, he also worked with the mayor of Cuneo to increase the number of artillery batteries in the town from one to three. By the end of 1883, Agostino Moschetto wrote to Giolitti: "By now when the public has need of something, the following phrase comes naturally, 'See Giolitti, he'll take care of it.'"[18]

In Opposition

Despite Depretis's comfortable majority in the new Parliament, the prime minister faced serious problems over the future management of the railway system and measures to deal with the agricultural depression of the 1880s. In 1883, Giuseppe Zanardelli and Alfredo Baccarini, two prominent leaders of the left, resigned in protest against Depretis's alliance with the right and center. They were soon joined by Francesco Crispi, Benedetto Cairoli, and Giovanni Nicotera (the five were collectively known as the Pentarchy), who defended the pure left tradition that Depretis allegedly abandoned. By 1885, Giolitti found himself drawn to the opposition because of Magliani's financial policies. The finance minister had established two budgets: one, for current accounts, could be covered by tax receipts; the other, for capital expenditures, could not. Magliani argued that the latter category was of long-term value and should be treated differently, but the consequences were disastrous, especially after the government sent an expedition to the African port of Massaua in 1885. Giolitti's Piedmont viewed the colonial adventure as wasteful and unnecessary, especially if it meant increased taxation for a rural population already under great stress.[19]

Depretis tried to persuade Giolitti that the opposition was too heterogeneous and politically ambiguous to become a real alternative. Giolitti acknowledged that "in the opposition we agree only to say no, not to govern the country."[20] Nonetheless, he had little choice but to respond to the impact of the economic crisis on his constituency. Beginning in 1885, Giolitti became more insistent in his call for tax relief and budget reductions to cover it. On December 14, 1884, he joined protectionist Pietro Lucca and 134 other deputies in calling on the government to ease the distress of the countryside.[21] On March 12, 1885, he moved to reduce the price of salt from 40 to 30 lire per kilogram and to cut the surtax on land with an eye to its eventual elimination. Times had changed, he noted, from the emergency years when the Historic Right was in power. Then the government had increased the price of salt and imposed the land tax, but now a continuation of such policies risked upsetting the balance of rural Italy by destroying the social order based on small proprietorship. The peasant farmer could no longer support the tax burden in an agricultural depression. The increasing number of agrarian strikes and the constant emigration from the countryside were symptoms of a breakdown of this social solidarity. The salt tax, he argued, fell especially hard on the peasants and workers. Giolitti insisted that his proposed cuts were not going to aggravate the budget deficit because reductions could be made in excess expenditures.[22]

The Railway Question

In a country still struggling to unify the national territory, the rail system took on special significance. The question of state versus private management raised issues of principle about the proper role of the government and concrete ques-

tions about how much domestic production would be required in rail construction. Management of the railway system had been put under state control during the last governments of the Historical Right in 1874. Negotiations for a new settlement with the private companies and the Rothschild bank began under Sella and continued in 1876 under the Depretis government with Giuseppe Zanardelli, a proponent of private ownership, at the Ministry of Public Works. Depretis eventually returned management of the system to private companies in the late 1870s.[23] In 1885 another Depretis government had to renew the conventions with the railway companies. Under the plan worked out in 1885, three companies managed the system: the Società per le Strade Ferrate Meridionali ran the Adriatic lines, the Società per le Strade Ferrate del Mediterraneo held the western concessions, and the Società per le Strade Ferrate della Sicilia had the island routes.

Zanardelli, Giolitti's rival and sometime ally for the next eighteen years, personified classical nineteenth-century left liberalism's commitment to suffrage expansion, anticlericalism, civil liberties, and laissez-faire economics. With Depretis and Cairoli he shared the experiences of the Risorgimento battles and the years of opposition to the Historical Right. Zanardelli was the architect of the electoral reform of 1882, which reduced the voting age from twenty-five to twenty-one, and lowered the minimum tax payment for voting or allowed possession of the elementary school certificate to qualify for the franchise. As a practicing lawyer, he developed a commitment to civil liberties and a suspicion of government interference in the rights of free press, association, and speech that paralleled his hostility to government economic control. Austrian rule over his native Brescia had been both politically repressive and overly regulatory in economic life. The Lombard bourgeoisie whom Zanardelli represented, viewed political and economic liberty as part of the same struggle.[24]

Giolitti was separated from Zanardelli, who was born in 1826, by more than years, conflicting ambitions, and political experience. As a Piedmontese whose family had been in government service for generations, he was less attracted to the Risorgimento as a movement of national independence than he was to its tradition of state building. His career began under conservatives like Silvio Spaventa, who accepted a governmental role and indignantly rejected accusations of statism. But, in 1885, Giolitti sought a middle position on public versus private control. He supported both the rail legislation and the moderate protectionist provisions that had been written into the legislation to ensure contracts to domestic producers.[25]

The Growing Rift with Depretis

In 1885–1886 Giolitti belonged to a loose grouping of independent deputies of the center-right and center-left that linked conservatives Antonio di Rudinì and Sidney Sonnino and left liberals Luigi Pelloux, Domenico Berti, Felice Chiapusso, Tommaso Villa, Bruno Chimirri, Pietro Lacava, and Luigi Roux in com-

mon opposition to Magliani's economic policies.[26] Depretis tried to lure Giolitti back in early 1886 but had little success. Instead, Giolitti and fellow independent Sidney Sonnino became the opposition's spokesmen on fiscal issues. Mercilessly, he added up the costs of spending, which transformed a surplus of 51 million lire in 1881 to a deficit of 46 million lire in 1886, a reversal of 97 million lire to Italy's disadvantage. Giolitti labeled the Italian budget "a great fiction through which each person seeks to live at the expense of all the others."[27] He recalled that he had been in the finance administration when the *macinato* was imposed: ''Then it was a question of asking for sacrifices from the country to pay what the liberty and independence of Italy cost. Today what will we say to the country? That the new taxes are needed because we did not know how to run things."[28]

In the Proclamation of the Subalpine Opposition of April 1886, Giolitti argued that Magliani's deficits were tearing at the social fabric of Italy: "We are convinced, finally, that if in Italy the social question has not arrived at the same dangerous level as in other nations, it would be a grave error to ignore the first manifestations [of social protest]."[29]

Parliamentary elections in June 1886 gave the government a huge nominal victory. The ministerial forces numbered 292; the opposition, about 214. The largest opposition group was still headed by the Pentarchy, whose strongest personality was Crispi.[30] On November 7, 1886, in a speech to the voters in his home district, Giolitti staked out his place in the new left of the Liberal Party: "There are two political systems according to which a nation may model its conduct: imperial politics and democratic politics." The former subordinated internal politics to the pursuit of expansion and "cannot be done without giving to the army and to the navy the largest part of the resources of the country … it demands therefore a strong government that has the support of a powerful aristocracy which, in its turn, cannot exist without large-scale property." In contrast, a democratic system ensured the well-being of the greatest number of citizens by favoring education, industry, and agriculture, and by reducing public expenditures to the minimum necessary. Giolitti sought to fuse the concern for civil liberties that had been a hallmark of the left with the rigorous financial policies of Sella.[31] He also revealed a more dynamic theory of state activity: "In Italy private initiative, if it can provide many services of public interest, certainly could never furnish the railway construction services and above all could not provide them in those areas where they are most urgently needed."[32]

At the beginning of 1887, Depretis's government found itself in difficulty. The loss of 500 soldiers at Dogali in East Africa in January aroused opposition to a costly colonial policy. In February, when Depretis resigned, Giolitti and Pietro Lacava, a veteran left liberal from Potenza, backed Crispi to succeed him, but the cagey Depretis outmaneuvered his opponents by reaching his own agreement with Crispi, who abandoned the opposition.[33] Giolitti's position changed once the new Depretis government took office. Crispi's participation meant that the dissidents could not attack in the same way, yet Magliani was still at the Finance Ministry. During the session of 1887–1888, Giolitti served on the Chamber of

Deputies' permanent budget commission, which made it difficult to hide his views on the budget for 1887–1888. Initially he adopted a friendly, but critical, position toward a government dominated by Crispi, whom he admired. When challenged by the conservative Ascanio Branca, who pointed out the obvious—that "the minister of finance is still the same"—Giolitti responded somewhat lamely: "Honorable Branca, I look at the government in its totality and it represents, in my eyes at least, a very different direction from the past."[34] To buy time, Giolitti asked for a balanced budget by November. The conservative Ruggero Bonghi refused to let Giolitti off the hook on the question of financial rigor, but Giolitti responded, "Questions of confidence are not regulated by rules of arithmetic … I said that on balance the present ministry inspires confidence in me." In short, the issue was no longer financial, but political.[35]

When Depretis died in late June 1887, Crispi moved up to the presidency of the Council of Ministers; Magliani remained finance minister. The Sicilian statesman came into office late in life, with enormous ambitions and great energy. Shortly before entering the government, Crispi indicated that he wanted to reshape politics by creating a true party system that would dissolve Depretis's alliance with leaders of the Historic Right. Crispi believed that it was the role of the parties to indicate to the crown the next leader of the government, and he called for the formation of a conservative party to compete with the progressive party that he intended to create.[36] But the clarity that Crispi desired was an unattainable ideal for liberal Italy. Some of his support came from Giolitti and the dissidents, but that group was itself a composite of right and left.[37] Determined to accomplish much quickly, Crispi preferred a government clearly oriented to the left. He took not only the presidency of the council but also the posts of minister of the interior and of foreign affairs.

The Bismarckian model of a powerful chancellor-executive that Crispi had in mind was like the two-party system, a transplant that fared poorly in Italy's political climate. Yet the government accomplished a good deal over the next two years. Depretis and Crispi pushed through a tariff revision in 1887; the next year saw the reform of communal government; in 1889 Zanardelli's new penal code passed, as well as a law allowing the state to take over public charities and to liquidate the formerly religious institutions. Crispi moved ahead with expansion of the army and navy and with closer ties to Germany and Austria.[38]

Giolitti's voting record during this period reveals a mixed progressive record. As a member of the commission that worked on the draft law on communal elections, he supported the expansion of the electorate and the election of mayors of larger cities.[39] But during the debate over a new public security law in November 1888, Giolitti sided with the government to keep the *istituto dell'ammonizione* (administrative surveillance) and to exclude those who were under *ammonizione* from the vote. The Socialist Andrea Costa, who had been under special surveillance, argued in vain that the administrative controls without trial should be abolished, on grounds that one should not be held for mere suspicion.[40]

Giolitti's stand on spending reductions and tax reductions gained him a posi-

tion of great influence. At the end of 1888 he was the chief parliamentary spokesman on the budget and could not long delay a break with Magliani without losing credibility.[41] Crispi finally replaced Magliani as finance minister with Bernardino Grimaldi, a veteran of the parliamentary left. Costantino Perazzi, a former colleague of Sella and longtime politician of the Historic Right, became minister of the treasury. Sidney Sonnino entered the government for the first time as Perazzi's undersecretary. (The appointments of Perazzi and Sonnino presumably ended Crispi's desire for a coherent two-party system.) Grimaldi proposed dealing with the deficit while providing revenue for Crispi's ambitious foreign policy by increasing taxes, but Giolitti would accept no general tax increase except as an emergency measure, virtually to save the independence of the country. He confidently insisted on spending reductions and improved administrative procedures: ''I have seen in all administration that those who know how [to administer] obtain great results with few resources and those who do not, need much to accomplish little.''[42] To placate Crispi, Giolitti excluded foreign policy from the budget cuts, but a line had to be drawn in Africa, because if Italy continued "to spend as much as we are spending today in Africa, a violent reaction will not be long in coming which might possibly induce the Parliament to call for the final withdrawal of our troops.''[43]

Military expenditures accounted for much of the deficit, but mere economies would not solve the problem. In 1884–1885 the government budgeted 310 million lire for the Ministries of War and the Navy, 17 percent of total state expenditures; by 1889–1890 the military outlays had risen to 457 million lire, 24.3 percent of total state expenditures.[44] Despite his criticism of Crispi's African policy, Giolitti avoided backing the prime minister into a corner by offering to delay a final vote until Grimaldi could reconsider the budget, but at this point, both Grimaldi and Perazzi chose to resign rather than face defeat on the tax proposals. After little more than six years in the Chamber of Deputies, Giolitti replaced Perazzi, thereby leapfrogging his future rival Sonnino, who left the government.

CRISPI, GIOLITTI, AND THE BANKS

The economic issues that brought down Magliani and Grimaldi did not go away.[45] Sooner or later Giolitti's austerity program would conflict with Crispi's foreign and military policies in Africa. The government had few options. Pension funds were drastically underfinanced, and the state had issued an excess of railroad bonds. Responding to an inquiry by Magliani in the Senate, Giolitti admitted that the budget could not be balanced rapidly; tax receipts were lower than expected and the government had overextended itself. Nevertheless, Giolitti promised to reduce the deficit to 48 million lire in 1889–1890 and stated that it would be even lower if the underfunded pension accounts were left out.[46]

As minister of the treasury, Giolitti offered a preview of his strategy toward the nascent labor movement when he supported legislation to allow worker coop-