



UNIVERSITÀ
di **VERONA**

Department
of **ECONOMICS**

Working Paper Series
Department of Economics
University of Verona

“Monopolistic” vs. “Cooperative” State in the Institutional
and Economic Modelling of Antonio De Viti De Marco

Luca Tedesco, Roberto Ricciuti

WP Number: 7

May 2023

ISSN: 2036-2919 (paper), 2036-4679 (online)

“Monopolistic” vs. “Cooperative” State in the Institutional and Economic Modelling of Antonio De Viti De Marco*

Luca Tedesco
Roma Tre University

Roberto Ricciuti
University of Verona

Abstract

Antonio de Viti de Marco was one of the most representative figures of the Italian school of public finance and is considered an intellectual father of the Public Choice school. In this paper we analyze the relationships between his theories and those of Herbert Spencer, explicitly cited by de Viti de Marco in his writings. We also explore to what extent the theory fueled the political and journalistic campaigns in which he was engaged, seeking to influence the economic and financial policy of the government. De Viti de Marco and his associates proposed a way out of the *fin de siècle* crisis based on a new fiscal pact and free trade, which in turn was grounded on a view of the British model that was already in crisis in its homeland. Unsurprisingly, this route was not chosen by the government, which opted for repression.

Keywords: De Viti de Marco, liberal Italy, public finance, taxation, free trade, protectionism, Italian economic thought.

JEL Classification codes: B13; B31; D72; D78; H11.

* Translations are ours unless they are already available.

1. Introduction

Antonio de Viti de Marco was one of the most representative figures of the Italian school of public finance¹ and, together with Maffeo Pantaleoni and Emil Sax, the first scholar to apply marginalism² to the field (Fossati 2006, p. 428).³ In *Il carattere teorico dell'economia finanziaria* [The Theoretical Character of Financial Economics] (de Viti de Marco 1888), he developed the theory of the tasks of the State and its relationship to citizens. The theory was dramatically tested during the Italian economic and institutional crisis of the late nineteenth century.

The aim of this paper is twofold. First, we retrace the theory to find points of contact and difference with Spencer, explicitly cited by de Viti de Marco, and analyze the critical remarks that have been made. Second, we try to uncover to what extent the theory fueled the political and journalistic campaigns in which de Viti de Marco was engaged, inspired by the British institutional model, seeking to influence the economic and financial policy of the government.

Since Buchanan (1949), de Viti de Marco has been considered an early representative of the “individualistic” approach to taxation and is deemed the founding father of Public Choice (Backhaus and Wagner 2005). Eusepi and Wagner (2013) maintain that in his theoretical framework political and market outcomes are established simultaneously under different institutional rules, and collective action is guided by tax prices rather than market prices. Giuranno and Mosca (2018) try to reconcile the model of state by de Viti de Marco with the theory of the ruling class developed by Gaetano Mosca and Vilfredo Pareto, with which de Viti de Marco agreed. Moreover, they analyze the validity of this theoretical construction for the interpretation of collusion, rent-seeking and “clientelism”, which are well-known forms of discretionary redistribution of extracted rent. The collective work edited by Mosca (2016) provides a multifaceted analysis of the personal, scientific, and political experiences of de Viti de Marco.

This paper is organized as follows. Section 2 reviews the notions of ‘cooperative’ and ‘industrial’ society in de Viti de Marco and Spencer; section 3 investigates the scientific fragility

¹ For the contribution of de Viti de Marco to the pure theory of public finance see Bellanca (1993, pp. 113-135) and Buchanan (1960, pp. 24-74).

² Barucci (1972) addresses the role of de Viti de Marco in the spread of marginalism in Italy.

³ Mosca (2010) discusses the origins of the pure theory of public finance.

of the Devitian political stance; section 4 analyzes the Devitian battlegrounds during the 1898-1900 crisis. Section 5 concludes.

2. The ‘cooperative’ and ‘industrial’ society in de Viti de Marco and Spencer

De Viti de Marco (1888) distinguishes three types of state: monopolist-egoist, monopolist-altruist, and cooperative.⁴ “The State can be conceived as the organization of a social class exerting power for its own benefit or as an organization of elites that aims to promote social welfare through absolute – albeit paternal – authority; and as the organization of all social classes that either directly, or through powers purposely established, look after their collective interests” (de Viti de Marco 1888, p. 68). The author focuses on the first and third models.

Historically the State has pursued several aims, with public assets changing in nature over time. However, a feature of the State is the “large industry” (de Viti de Marco 1888, p. 91) which transforms a share of private wealth into public services, usually considered the exclusive task of the State. This productive activity can only be achieved as a monopoly, “unless one thinks of several States that produce and compete” (de Viti de Marco 1888, p. 91). Although monopolies and manufacturing have existed down through the ages, their precise features have radically changed over time. In feudal times, the ruling class monopolized power and used it for its own benefit. Hence, a monopoly price was imposed, which included the cost of producing public services, profits, and extra profits taxpayers were required to provide to those running the “government industry”. These extra profits were in the form of feudal customs and abuses.

With the French Revolution and the demise of the *ancien régime*, the cooperative State emerged, with the general population cooperating in the running of the state administration as a historical tendency, making each citizen a part of “government industry”. All consumers were simultaneously public service providers and consumers, ending the conflict between their

⁴ In Fossati (2006, p. 427), they are called the *Monopolistic State*, *Tutorial State* and *Cooperative State*. Bellanca (1993, pp. 90 and 113-9) provides an elegant description of the several features of the monopolistic and cooperative state as conceived by de Viti de Marco, well beyond the “oversimplified” version given in the literature.

economies.⁵ Hence, it became necessary to overcome «the old idea of considering the State as a disruptor of the private economy» (de Viti de Marco 1888, p. 90)

Since producers and consumers coincided, citizens had to pay solely the production cost of public services and no longer the monopolistic price (de Viti de Marco 1888, p. 95). The cooperative State was characterized by a low level of government coercion⁶ since the administration limited itself to obliging economies that were failing to respect the social contract to pay their fair share of the overall cost (de Viti de Marco 1888, p. 96).

If in the “feudal period” the economic and legal relationship between taxpayers and the State finished with the payment of the tax, because taxpayers had no say in spending, now taxes were «voted by those who pay them, and therefore the House that represents the Nation and not the House of the previous ruling classes» (de Viti de Marco 1888, pp. 96-7).

The contrast between monopolistic and cooperative States only partially coincides with the model of the State according to Herbert Spencer (Tedesco 2019, p. 46).⁷ In *Principles of Sociology* (1876-1896) and *The Man Versus the State* (1884), the British philosopher drew a distinction between military and industrial societies (Boudon and Bourricaud 1982; Andreski 1971, p. 15; Acton 1993, p. 124n). In the former, individuals were coerced to adapt to the community, and the government came from a single, unchanging class. These societies were characterized by “rudimentary production and distribution mechanisms” and by an “extremely well-developed managerial” system (Flora 1893, p. 331). However, “predatory activities” (Flora 1893, p. 331) might not be absent in the modern era, such as in backward Russia. The “industrial” society (Flora 1893, p. 332) was characterized by contracts, and by the preeminence of production/distribution machinery, with a very weak government apparatus, in which “the role of industry-government is exercised by all members of the political cooperative, who are both masters and subjects” (Flora 1893, p. 332). The Spencerian State had solely

⁵ De Viti de Marco uses the term « cooperative social economy» (de Viti de Marco 1888, pp. 102-104 e 115). As noted by Cardini (1985, p. 21), the first appearance in his writing of the conflict between authoritarian and democratic State can be found in de Viti de Marco (1879).

⁶ See Da Empoli (2016) for the notion of coercion in public finance in de Viti de Marco.

⁷ For an all-encompassing analysis of the influence of Spencer on the Italian economic thought, see Mosca and Sunna (2017).

negative functions, such as protecting rights and providing security,⁸ both internally and externally.

At the turn of the century, most Italian free-market thinkers referred to the model of the State devised by Spencer and thought of it as eminently productivist and anti-authoritarian (see Tedesco 2021, pp. 16-30), indeed as a critique of the ruling elite for which reduced political and civil freedoms mortifying the poor through fiscal oppression and protectionism. A genuinely liberal government could only be based on the equal treatment of all citizens by the public authorities. The idea of social evolution was not to be found in the distinction between the Modern and Feudal State in de Viti de Marco. The “social military type” in Spencer corresponded to the “monopolistic organization, which originates in and is the expression of military power (de Viti de Marco 1888, p. 97), and the “cooperative social type” did not coincide with the Spencerian “industrial society”.

At the same time, liberals rejected the positivist conception of the German Rechtsstaat, which found its historical translation in Wilhelmine authoritarian Germany. The shift from the Kantian to the positivistic Rechtsstaat, originating in the unsuccessful outcome of Germany's 1848 uprisings, resulted in the "devaluation of fundamental rights as constitutional principles, associated with the emergence of a primarily formal conception of the Rechtsstaat" (Rosenfeld 2004), indifferent to the content of state law and attentive, instead, to the means required to implement it. Hence, German constitutional history testified to the difficulty of combining the formal and material sides of the rule of law, a problem not encountered in countries characterized by the rule of law, in which individual and political freedoms were intimately connected (Hesse 1962; Ridola, 2018, p. 467). Echoes of these difficulties can be found in de Viti de Marco, who bitterly accused Italian constitutionalists of seeking to arrive at political freedoms not from the study of the history of the country, Great Britain, which had undergone "secular struggles" to achieve them, but "from the philosophical elucubrations" of German public law professors who "were paid to legitimize the absolutist regime under liberal formulas" (de Viti de Marco, 1929, p. 335).

According to de Viti de Marco, Spencer believed that the new industrial society was different from the State. This dualism led Spencer to limit the prescriptive power of the State to impose

⁸ Mingardi (2016, pp. LXVIII and LXIX-LXXXV, respectively) analyses the relationship between Spencer and Nozick and Spencer and Hayek with respect to the Minimal State. See also Gray (1998, pp. 103-110) on Spencer and Hayek.

its citizens not to undertake certain actions (de Viti de Marco 1888, p. 97). In contrast, de Viti de Marco thought that society and the modern cooperative State coincided (“in the past, it was thought that the State was an economy antithetic to private economies, [...] but the establishment of modern democratic States demonstrates that financial activity is also productive since it does not only aim to raise taxes but to transform taxes into public services (de Viti de Marco 1888, p. 61). In this way, the cooperative society was able to satisfy needs that neither the private economy nor smaller entities could achieve (de Viti de Marco 1888, p. 97). Therefore, it was impossible “logically to set an upper limit to the productive activity of the state different from the one chosen” (de Viti de Marco 1888, p. 97) by the society itself.

In his lectures on public finance delivered in the last fifteen years of the nineteenth century, de Viti de Marco maintained that the growth of both the demand for the government by citizens and in the tools to meet that demand was not given *a priori* but was the product of the social and political environment. Collective needs are not determined *ex ante* by the intrinsic and objective features of the populace, but are historically determined by social and political conflict and therefore subject to change over time (Bellanca 1993, p. 123).

In his 1886/87 lectures at the University of Pavia, de Viti de Marco claimed that the enlarged role of the state was caused by the increase in private wealth, lifting the amount of taxes raised and hence the wealth of the State. The increase in public wealth boosted the demand for public services (de Viti de Marco, undatedA, p. 6).⁹ In the academic year 1898/1899 he stated that “the conditions under which the production of a good that is provided by the State are established from time to time” (de Viti de Marco, undatedB, p. 19) and production may be managed by the private sector, then by the State and possibly revert to the private sector (de Viti de Marco, undatedC, p. 8).

One characteristic of the modern cooperative state was the “universal”, “public” need for the good (de Viti de Marco, undatedA, p. 8), produced at a lower cost by the state; added to this

⁹ This and the following undated sources are lithographed lecture notes.

was the tendency of the private market to become a monopoly¹⁰ (de Viti de Marco, undatedA, pp. 12-13).¹¹

In his scientific works, de Viti de Marco insisted on the opposition between the monopolistic and cooperative State. Even in the 1930s, in his *Principii di economia finanziaria*, he suggested that, on the one hand, there is the «absolute State type» and, on the other hand, the

democratic state in which, instead of one class having de jure or de facto monopoly on the government, hypothetically social groups and political parties compete freely, so each class can achieve power, and once reached, be held accountable to the public. In this way, at least in theory, the conditions for free competition are met. Indeed, the main feature of free competition is that each producer can be replaced by a new one, representing consumers. [...] From this notion of replacement, we can easily move to the one of a “cooperative” system. We only need to imagine that the turnover of groups in government occurs quickly enough to get to the theoretical situation in which each group is in turn in government and governed. [...] Therefore, we can consider the democratic state as the closest to the economic notion of a cooperative. Here, we assume that people are both producers and consumers, because all citizens pay taxes even when they consume public services (de Viti de Marco 1953, pp. 40-41).

These two political systems represented different ideotypes, and any combination of elements was possible. Indeed, theoretically it was possible to analyze financial phenomena in both an “absolute political constitution” and a “democratic constitution”, however neither the monopolistic State (because the will of the autocrat finds inherent limitations) nor the democratic constitution (where the dominant group enjoys some monopolistic power) existed in a pure form. The monopolistic state was not an equilibrium. The dominant class exploited its power to maximize its consumption, causing other groups to react against that type of State. In the end, only the cooperative State is a political equilibrium (de Viti de Marco, pp. 41-42).¹²

¹⁰ Fossati (2006, pp. 433-434) claimed that the only condition de Viti de Marco devised in both *Il carattere teorico dell'economia finanziaria* and in *Principii di economia finanziaria* (1934) to justify public provision was its lower cost.

¹¹ We expect that if the second and third conditions hold, de Viti de Marco would have opposed a private producer charging higher (although not monopolistic) prices than the public counterpart. See also Fossati (2006, p. 434).

¹² At the end of the decade, however, de Viti de Marco had significantly changed his mind, writing: «The current State is relinquishing the features of cooperative organizations to return to the monopolistic type» and claiming that in Europe there still existed «old-fashioned ethical and political constructs that were (and are) always the pseudo-scientific disguise of a simple truth. That is, the burden of taxation is imposed by the ruling class (which runs the state) according to its own interest» (from an undated manuscript quoted in Bellanca, 1993, pp. 134 and Cardini 1985, pp. 375-6). Later, de Viti de Marco interpreted World War I as a struggle between liberal democracies and authoritarian states (Martelloni and Mosca, 2018).

3. Scientific fragility and the political effectiveness of the Devitian stance

Fossati and Montefiori (2019) have shown the weakness of the parallel between democratic and cooperative states and in how the latter is described. The former “seems to imply that political votings instantly and continuously follow each other. However, we do not think it possible that any useful indications to explain reality can be inferred from the unrealistic hypothesis of very frequent voting” (Fossati and Montefiori, 2019, p. 239). For the characterization of the cooperative enterprise as the place where individuals are simultaneously producers and consumers of the goods “it is important to note that this hypothesis does not usually correspond either to the practice of cooperative enterprises or to their theoretical settings [...]. The hypothesis that participants in a cooperative enterprise are both producers and consumers of goods corresponds only to Robert Owen’s utopia of 1813” (Fossati and Montefiori, 2019, p. 239-240).

Contemporary economists with de Viti de Marco had already pointed out the scientific fragility of his theory, because "the state always presupposes the existence of an exploiting class that uses coercion to satisfy certain sets of needs in its own way, and since it is a political relationship of authority, not a utilitarian economic relationship that binds the individual to the state, the tax can never be represented as the monopoly price of public services or as the individual contribution paid to the cooperative society that produces them" (Conigliani 1894, pp. 122-123), while "between the individual who buys certain goods from the monopoly producer or cooperative society, and the producer or society itself, there is an essentially economic relationship, an act of exchange, free, spontaneous, regulated by the law of value, certainly productive of individual utility" (Conigliani 1894, pp. 121-122). Hence, to call the tax an exchange price would have been like calling "the price of the slave's labor as the food he receives from his master" (Conigliani 1894, p. 122).

From a political point of view, however, de Viti de Marco’s idea of the State, where the general interest corresponded to the benefit of the largest possible number of individuals, was bound to appeal to those opposing the authoritarian State.

His interpretation of the democratic State as a cooperative determined his view of the crisis of the late nineteenth century, considered essentially a fiscal crisis (Tedesco 2002).

The crisis was the rebellion of consumers and taxpayers against a State that implemented fiscal and trade policies to the benefit of only a few specific interest groups (Cardini 1981, pp. 77-78).

4. The Italian *fin de siècle* crisis and the battleground of de Viti de Marco

The crisis at the end of the nineteenth century was seen by de Viti de Marco as the testbed for his theory, and the opportunity to build the cooperative State, which at the time was only theorized.

After a bad harvest in 1897 leading to an increase in the price of bread, riots broke out in the early months of 1898 and were repressed by the military in May. These events have been studied in depth.¹³ The interpretation put forward by Levra (1975, pp. 121-123) saw the reaction by the government as a *coup d'état* planned by the *bourgeoisie*, considered a cohesive social group.

Later, from Belardinelli (1976) and Canavero (1976) onwards, this interpretation was challenged, distinguishing among the elite between reactionaries, who supported the repression and limitations to freedom, and conservatives who thought that popular discontent should have been addressed in a more comprehensive way, not simply as a public security issue. The political stance of de Viti de Marco and the fellow free trade and market economists¹⁴ was original, based on the “fortunate intuition” of the linkage between political repression, a class-based public finance policy, protectionism¹⁵ and militarism (Levra 1975, p. 49).

Opposition to the policies of the governments at the end of the century was based on an anti-authoritarian view of the relationship between governors and the governed, as radically expressed in *Il carattere teorico dell'economia finanziaria*. While some entrepreneurs not interested in an expansionist foreign policy broke their allegiance to bourgeois groups over

¹³ For a historical survey, see Tedesco (2021, pp. 47-92).

¹⁴ In addition to Pantaleoni, we can at least include Vilfredo Pareto and Luigi Einaudi. For an overview of the anti-protectionist culture in Italy from the *fin de siècle* crisis to fascism, see Tedesco (2021).

¹⁵ In 1878, Italy renounced free trade, its policy since unification, and adopted protectionism (reinforced by tariffs in 1887), followed by Germany in 1879 and France in 1881. Russia, Spain, and the Austro-Hungarian Empire were forerunners of the policy in 1877-1878. Britain was the only country that kept its free trade stance, and some small countries such as Belgium, Denmark, The Netherlands and Switzerland introduced low tariffs.

colonial policy and military spending, free trade and market economists did not need to be shown the dangers of expansionism by the wrong foot in China¹⁶ to break the ‘bourgeois front’.

They wanted to reduce the distance between institutions and the people. Their thinking was at the heart of the Italian post-unification issue, a political project that sought to bring together bourgeois hegemony, economic growth, political and civil liberties, easing social tensions. In the realm of liberal thinking, the urgings of these economists were among the most coherent. Moreover, they understood that the riots at the end of 1897 were not a plot of the Extreme Left (socialists, republicans, and radicals).

In the most important economic journal of the time, the «Giornale degli Economisti», purchased in 1890 along with Maffeo Pantaleoni and others, de Viti de Marco frequently (in 1898-1899) attacked the government policy to reinstate the monopolist and authoritarian State.¹⁷ The pillars of this economic policy were protectionism, which defended the interests of the iron and steel industry, crucial for the development of military power, and helped wheat-producing landowners, coupled with taxation centered on the consumption of basic goods. “In Italy, in the struggle between the people and the government, Parliament has never taken a stance against the latter. It has never stood up for the interests of taxpayers, but in cahoots with the dominant class has taken its share of the spoils” (de Viti de Marco 1994, p. 270). Instead, in British history, «Parliament fought against the Crown, that is against absolutism based on the army, bureaucracy, and the control of judges. [...] The servile Parliament of Henry VIII (according to Bagehot) started its rumblings under Elizabeth, mutinied under James I and rebelled against Charles I” (de Viti de Marco 1994, p. 270).

Moreover, trade policy and public finance favored the special interests of the protected industry, which also benefited its workers, depressing consumption for most of the population. De Viti de Marco proposed reducing government spending, which was largely unproductive, to raise the resources available for private consumption.

“The economic struggle to defend salaries against profits and interests *degenerated* [italics in the text] into a struggle against the State” because the State increased public works and those working in them were interested in “keeping the system going”. As a result, “entrepreneurs became irresponsible mediators between workers and the State, which was in charge of all the

¹⁶ In 1899, Italy repeatedly tried to build an area of influence in Ce-kiang and the San-Mun Bay (south of Shanghai), but China reacted fiercely (Quartararo, 1997, pp. 453-498).

¹⁷ De Viti de Marco was also a prolific and poignant author in newspapers (Mosca, 2016).

national production” (de Viti de Marco 1994, pp. 255-256). The discontent of the working class was not the outcome of “seditious” propaganda from socialists and republicans, itself legitimate after all, but of economic depression stemming from the capital investment “in buildings, monuments, railways, canals, land reclamation, ports, which do not pay interest on their costs” (de Viti de Marco 1994, p. 257). Inefficient government investments would lead to no additional demand for labor, which otherwise would materialize if the private sector were able to invest. “The capital invested by the private sector can be compared to composite interest, whereas the investment by the State is similar to simple interest, and sometimes no interest” (de Viti de Marco 1994, pp. 257-258). To stop the waste of national resources, de Viti de Marco (1994, p. 276) suggested reducing the scope of the State and returning the related taxation to citizens. In this way, it would be possible to reduce the overall tax burden and make it fairer for taxpayers. The precondition for this reduction was a decrease in expenditure, and the outcome would be an increase in private spending.

In addition to its size, what made public expenditure incompatible with a liberal regime was the fact that those who paid little benefited the most (de Viti de Marco 1994, p. 277). Abolishing customs duties on wheat, and more in general on the goods consumed by the working class, was needed and this would reinstate the principle that the wealthy, who voted for public expenditure, should not place the burden of taxation on the poor (de Viti de Marco 1994, p. 279).

To be rid of the tyranny he saw being exercised by a small class via Parliament, he proposed various reforms: the abolition of house arrest, the independence of the judiciary, decentralization, municipal referendums, the reduction of public works (starting with the railways), cuts in the number of senior civil servants and military personnel.

De Viti de Marco proposed a political economy interpretation of the Italian crisis. The “social scourge” (de Viti de Marco 1898, p. 181) was based on the “cornerstones” of “class legislation” and its burden of duties and taxes. This was a restatement of a position already expressed in *Il carattere teorico dell'economia finanziaria* where he spoke of “the old-fashion caste system, that is, a sectarian organization of parasites, who exploit taxpayers through the public budget” (de Viti de Marco 1899, p. 96).

The turmoil demonstrated the linkage between economic and political freedom. After the attempt to change the political direction of the country, the backlash against the working class deprived it of both freedom and property (de Viti de Marco 1899, pp. 97-98) because the “ruling

caste" first violated their property rights and then their political rights. Failure by the working class to exercise its political rights in defence of property rights led to meaningless revolt (de Viti de Marco 1899, pp. 97-98). In the end, the discretionary powers of the executive became arbitrariness (de Viti de Marco 1898, p. 103), and the government faced a decision: repression or the rule of law (de Viti de Marco 1898, p. 582). It chose repression with government decrees promulgated in February 1899: de Viti de Marco wrote forcefully: "the government has abandoned the rule of law and stoked the violence. Obstructionism is the answer" (de Viti de Marco 1899, p. 91). "[...]. Our view is [...] different, i.e., the policy of the government must be based on the interests of the largest possible number; for this strengthens all institutions without the need for the army to impose them" (de Viti de Marco 1899, p. 93). Such an example of "political wisdom" was provided solely by Great Britain "where there is no standing army, no states of siege, no military tribunals; where the monarchy is solid, precisely because no one speaks of monarchical interests as opposed to the interests of the people; where the judiciary enjoys high public esteem, because it does not depend on the executive and is not an instrument of the political interests of a class in opposition to the general interest of the country" (de Viti de Marco 1899, p. 93).

Hence, the filibustering carried out in the Italian Chamber of Deputies was not "a symptom of the decadence of parliamentarianism" but reflected "the conflicting interests and the passions and struggles that agitate the country" (de Viti de Marco, p. 180). For the Salento nobleman, the coalition between radicals, socialists and republicans was part of the growing tension between reactionary and democratic forces not only in Italy but throughout Europe. Similar battles were taking place in France against "the clericals and the defense staff" and in Belgium "by insurrection against the reactionary government."

In the Dreyfus affair, the involvement of the French General Staff in his unjust persecution was seen by de Viti de Marco as yet another battle by lingering militarism against modern civilization. In Belgium, the attempt of the clerical-moderate majority to change the electoral law to its advantage and the detriment of the Socialist Party led to the fierce opposition of the working class because "Where the population is economically prosperous, morally and intellectually advanced and progressive, a law or policy which restricts the rights of citizens and men as opposed to other citizens and other men provokes a reaction" (de Viti de Marco, 1899, p. 94).

5. Conclusions

Vivarelli (1981, p. 176) claims that the political battle of the liberals can only be understood in light of the fact that their criticism of the Italian economic policy after 1887 was dominated by their concern for its non-economic consequences.¹⁸ Their view of the relationship between the government and citizens led de Viti de Marco and his fellow liberals to condemn both the protectionist economic policy and the repression of civil and political freedom because they were incompatible with the idea of a cooperative State.

What was the effect of their economic thinking and writings in the press on the economic policy of the government? The assessment is rather controversial. On the one hand, between the end of the nineteenth century and the World War I overall and consumption taxation increased. On the other hand, between 1904 and 1906 trade treaties were signed with Germany, the Austro-Hungarian Empire and Switzerland in an effort to reduce the negative effects of the 1887 tariff on agriculture.

Politically, the campaign of de Viti de Marco against the erosion of civil liberties probably contributed to the withdrawal of the freedom-destroying measures in April 1900. Nonetheless, in the first fifteen years of the twentieth century, governments retained legislation that was highly discretionary in matters of public security and the right to associate. The legal system was based on the central role of the civil code, which regulated relationships between individuals and set the prominence of property rights. Theoretically flexible, the code of the “owners” (Rodotà 1995, pp. 301-309) was seen as unmodifiable, whereas political and civil freedoms, regulated by the Statute, were given to “a single individual: male, bourgeois, over 21, literate, and an owner” (Rodotà 1995, p. 309), while the rest of the population was subject to the will of the governing power. This confirmed the “mono-class” (Giannini 1970, pp. 35-48) nature of the Italian state.

De Viti de Marco and other liberals constantly scrutinized and stigmatized the government policies that thwarted the increase of national income which, alone, could have prevented popular discontent and the emergence of distrust between the ruling class and a very large section of the society, which challenged the legitimacy of the governing group. This critique was fueled by persistent reference to the British political model, although their focus, in line

¹⁸ Although many liberals were active in some of the sectors badly hit by protectionism, such as wine for de Viti de Marco (Mosca 2012), we cannot find any link between their economic status and their political stance.

with their productivist philosophy, was mainly to urge the Devitian "organic reduction of state functions" and the subsequent decrease in the tax burden, especially on consumption.

Even before Waterloo, the wars unleashed by Napoleon had endowed the increasingly imposing British bureaucratic machine with authoritative and coercive powers to tap and distribute resources and to maintain the military apparatus. The creation of the largest imperial system in the world and, in the second half of the nineteenth century, the proliferation of legislation in a wide range of fields due to increased industrialization, could only multiply and reinforce these powers. Hence the emergence of a whole series of administrative courts whose power of ordinance helped to set up an embryonic welfare state. Alongside the principle of the immunity of the Crown ("the King can do no wrong"), in the late Victorian age, there emerged "a right other than in ordinary law, established by laws passed in Parliament, allowing the administration to guide, check, direct, stimulate, correct, but also to expropriate, coercively build on the property of private individuals, compel to do [...], coercively collect taxes, etc., and to use force to counter private individuals" (Cassese 2003, p. 29). The increased complexity of economic, social, and administrative relations, which could no longer be properly legislatively determined by Parliament and required detailed regulations, took the form of delegated legislation resulting in regulations, orders, rules and by-laws issued by the government, ministries, departments, bodies of territorial entities and various administrative authorities. While these institutional innovations left the principle of the legislative sovereignty of Parliament unaffected, the practice of administrative activity with power to impose vis-à-vis citizens, a power "not unlike the already long-lasting imperative and unilateral power possessed by the public administration in France", began to take shape. [...] From the second half of the nineteenth century onward, England possessed its own particular administrative apparatus, its own - albeit fledgling - administrative law and its own primordial administrative justice" (Parris 1969, p. 179). It is therefore important to highlight the weight attributed to the depiction of a "mythical" Britain, eternally anchored to a conception of the common law unscathed by authoritative, discretionary and coercive powers devolved to administrative bodies, had in sustaining the free-market battle at the turn of the century.

While accepting these limitations, and the inability of free market thinkers to translate their press campaigns into a coherent political alternative, Italian historiography of a Marxist orientation has nonetheless recognized the modernity of the liberal battle, seeking to combine economic development, political freedom and "general renewal of the state," a battleground in

no way reduceable as a "rearguard action" or seeking to "maintain the subordination of the working classes" (Ragionieri 1985, p. 1851).

References

- Acton, H.B. (1993). *The Morals of Markets and Related Essays*. Indianapolis: Liberty Fund.
- Andreski, S. (1971). "Introductory Essay: Sociology, Biology and Philosophy in Herbert Spencer", in *Herbert Spencer: Structure, Function and Evolution*, edited by S. Andreski, 7-35, London: Michael Joseph.
- Backhaus, J.G., and Wagner, R.E. (2005). Continental Public Finance: Mapping and Recovering a Tradition, *Journal of Public Finance and Public Choice*, 23(1-2), 43-67.
- Barucci, P. (1972). The Spread of Marginalism in Italy (1871–1890). *History of Political Economy* 4 (2): 512–531.
- Belardinelli, M. (1976). *Un esperimento liberal-conservatore: i governi di Rudini (1896-1898)*, Roma: Elia.
- Bellanca, N. (1993). *La teoria della finanza pubblica in Italia, 1883-1946. Saggio storico sulla scuola italiana di economia pubblica*. Firenze: Olschki
- Boudon, R. and Bourricaud, F. (1982). *Dictionnaire critique de la sociologie*, Paris: Presses Universitaires de France, *ad vocem*.
- Buchanan, J.M. (1949). The Pure Theory of Government Finance: A Suggested Approach. *Journal of Political Economy*, 57(6), 496–505.
- Buchanan, J.M. (1960). "La scienza delle finanze": the Italian tradition in fiscal theory, in *Fiscal theory and political economy*, in J. Buchanan (ed.), 24-74, Chapel Hill: University of North Carolina Press.
- Canavero, A. (1988). *Milano e la crisi di fine secolo 1896-1900*, Milano (first edition 1976).
- Cardini, A. (1985). *Antonio De Viti de Marco. La democrazia incompiuta 1858-1943*. Roma-Bari: Laterza.
- Cardini, A. (2003). De Viti de Marco in Parlamento, in M.M. Augello and M.E.L. Guidi (eds.). *Gli economisti in Parlamento 1861-1922. Una storia dell'economia politica dell'Italia liberale*, vol. II, Milano, Franco Angeli, pp. 573-591.
- Cardini, A. (1981). *Stato liberale e protezionismo in Italia (1890-1900)*, Bologna: il Mulino, 1981.
- Cassese, S. (2003). La costruzione del diritto amministrativo: Francia e Regno Unito, in Cassese, S. (ed.), *Trattato di diritto amministrativo*, I, Milano: Giuffrè, 2003, 1-88.
- Chiarini, R. (1983). La crisi di fine secolo in Italia, *Annali della facoltà di Scienze politiche dell'Università degli Studi di Milano*, (3), 531-582.
- Conigliani, C.A. (1894). L'indirizzo teorico nella scienza finanziaria, *Giornale degli Economisti* 5 (9) 105-129.

- Da Empoli, D. (2016). A Scholar of Scienza delle finanze, in Mosca, M. (ed.) *Antonio De Viti De Marco: A Story Worth Remembering*, Palgrave Macmillan, pp. 65-69.
- de Viti de Marco, A. UndatedA. *Appunti. Scienza delle Finanze*, Roma.
- de Viti de Marco, A. UndatedB. *Appunti. Scienza delle Finanze*, Roma.
- de Viti de Marco, A. UndatedC. *Appunti. Scienza delle Finanze*, Roma.
- de Viti de Marco, A. (1879). Qualche considerazione sulle vicende della diplomazia, «La rivista europea internazionale», vol. XVI.
- de Viti de Marco, A. (1888). *Il carattere teorico dell'economia finanziaria*. Roma: Pasqualucci.
- de Viti de Marco, A. (1898). *Le recenti sommosse in Italia. Cause e riforme*, in Antonio de Viti de Marco. 1994. *Un trentennio di lotte politiche (1894-1922)*, Napoli: Giannini (first edition 1930).
- de Viti de Marco, A. (1898a). "Cronaca", in *Giornale degli economisti* 17 (9): 181-187.
- de Viti de Marco, A. (1898b). "Cronaca", in *Giornale degli economisti* 17 (9): 101-103.
- de Viti de Marco, A. (1898c). "Cronaca", in *Giornale degli economisti* 17 (9): 581-584.
- de Viti de Marco, A. (1899a). "Cronaca", in *Giornale degli economisti* 18 (10): 94-103.
- de Viti de Marco, A. (1899b). "Cronaca", in *Giornale degli economisti* 18 (10): 599-605.
- de Viti de Marco, A. (1899c). "Cronaca", in *Giornale degli economisti* 19 (10): 89-95.
- de Viti de Marco, A. (1899d). "Cronaca", in *Giornale degli economisti* 19 (10): 180-184.
- De Viti de Marco, A. (1929). Il Parlamento contro la libertà di stampa, in Antonio de Viti de Marco. 1994. *Un trentennio di lotte politiche (1894-1922)*. Napoli: Giannini (first edition 1930): LIII-LXI.
- De Viti de Marco, A. (1953). *Principi di economia finanziaria*. Torino: Einaudi (first edition 1934).
- De Viti de Marco, A. UndatedA. *Scienza delle finanze e diritto finanziario*.
- Eusepi, G. and R.E. Wagner 2013, Tax Prices in a Democratic Polity: The Continuing Relevance of Antonio De Viti de Marco, *History of Political Economy*, 45(1), pp. 99-121.
- Flora, F. (1893). La dottrina dello Stato e la filosofia politica contemporanea. *Giornale degli Economisti* 4 (7): 322-345.
- Fossati, A. (2006). Needs, the Principle of Minimum Means, and Public Goods in de Viti de Marco. *Journal of the History of Economic Thought* 28 (4): 427-438.
- Fossati A. and Montefiori, M. (2019). "Antonio De Viti De Marco, The Principle of Minimum Means, and Political Competition", in *Journal of the History of Economic Thought*, 41 (2): 237-253.
- Giannini, M. S. (1970). *Diritto amministrativo*, Milano: Giuffrè.
- Giuranno, M. and Mosca, M. (2018). Political realism and models of the state: Antonio de Viti de Marco and the origins of Public Choice, *Public Choice*, 175 (3-4): 325-345.
- Gray, J. (1998). *Hayek on Liberty*, London: Routledge (first edition 1984).

- Hesse, K. (1962). Der Rechtsstaat im Verfassungssystem des Grundgesetze", in Konrad Hesse. 1984. *Ausgewählte Schriften*, Heidelberg: C.F. Müller.
- Levra, U. (1975). *Il colpo di stato della borghesia. La crisi di fine secolo in Italia 1896-1900*, Milano: Feltrinelli.
- Martelloni, F. and Mosca, M. (2018). De Viti de Marco, the "European war" and President Wilson, *Journal of the History of Economic Thought*, 40 (2): 179-199.
- Mingardi, A. (2016). "Introduzione", in H. Spencer, *L'uomo contro lo Stato*, IX-CXI, Macerata: Liberilibri.
- Mosca, M. (2016). *Antonio De Viti De Marco: A Story Worth Remembering*, Palgrave Macmillan.
- Mosca, M. (2016). Antonio de Viti de Marco as a political commentator in the daily press, *History of Economic Thought and Policy*, 5 (1): 43-63.
- Mosca, M. (2010). Emil Sax and Italy. Three episodes. *Storia del pensiero economico* (2): 47-62.
- Mosca, M. and Sunna, C. (2017). Heterogenesis of Ends: Herbert Spencer and the Italian Economists, *The European Journal of the History of Economic Thought*, 24 (1): 25-57.
- Parris, H. (1979. First original edition 1969). *Una burocrazia costituzionale. L'esperienza amministrativa dello Stato britannico e la sua evoluzione dal Settecento ad oggi*, Milano: Edizioni comunità.
- Quartararo, R. (1997). L'affare di San-Mun. Un episodio dell'imperialismo coloniale italiano alla fine del secolo XIX, *Clio* 33 (3): 453-498.
- Ragionieri, E. (1985). *La storia politica e sociale*, in *Storia d'Italia*, 4, *Dall'Unità a oggi*, 3, Milano: Fabbri (first edition 1976).
- Ridola, P. (2018). "Dallo stato di diritto allo stato costituzionale", in *Dialoghi con Guido Alpa. Un volume offerto in occasione del suo LXXI compleanno*, edited by A. Somma, A. Fusaro, G. Conte, V. Zeno-Zencovich, 459-477, Roma: Roma TrE-Press.
- Rodotà, S. (1995). *Le libertà e i diritti*, in *Storia dello Stato italiano dall'Unità a oggi*, edited by Raffaele Romanelli, 301-363, Roma: Donzelli.
- Rosenfeld, M. (2004). "Lo stato di diritto e la legittimità della democrazia costituzionale". *Diritto & Questioni pubbliche* (4): 117-152.
- Tedesco, L. (2002). *L'alternativa liberista in Italia. Crisi di fine secolo, antiprotezionismo e finanza democratica nei liberisti radicali (1898-1904)*, Soveria Mannelli (Catanzaro): Rubbettino.
- Tedesco, L. (2019). *La crisi fin de siècle. I liberisti italiani e il modello britannico*, Firenze-Milano: Le Monnier Università Mondadori Education.
- Tedesco, L. (2021). *La proposta antiprotezionista. I liberisti in Italia dalla crisi di fine Ottocento al fascismo*. Firenze-Milano: Le Monnier Università Mondadori Education.
- Vivarelli, R. (1981). *Il fallimento del liberalismo. Studi sulle origini del fascismo*, Bologna: il Mulino.