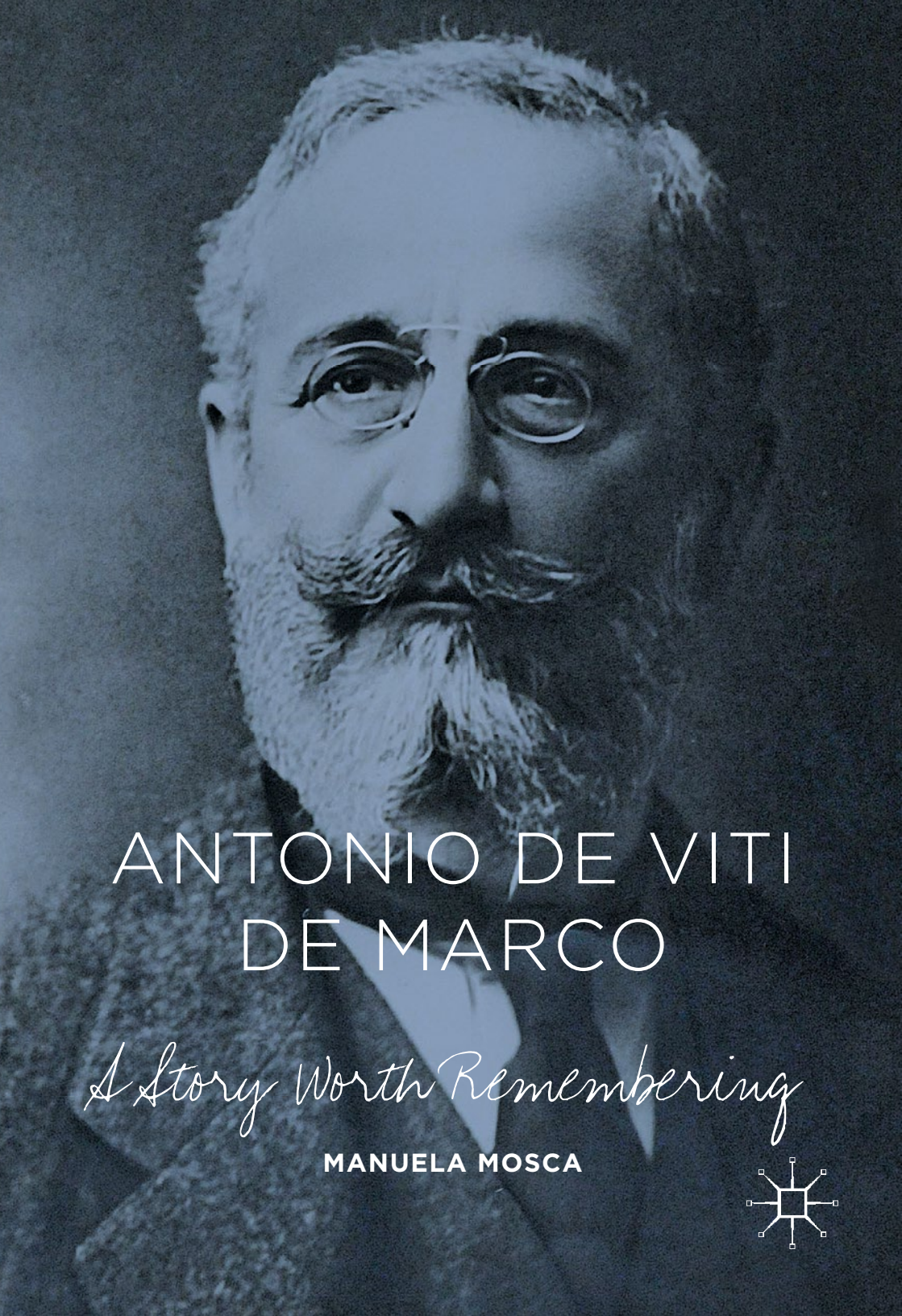

ANTONIO DE VITI DE MARCO

A Story Worth Remembering

MANUELA MOSCA

Antonio de Viti de Marco

Manuela Mosca

Antonio de Viti de Marco

A Story Worth Remembering

palgrave
macmillan

Manuela Mosca
Università del Salento
Lecce, Italy

ISBN 978-1-137-53492-7 ISBN 978-1-137-53493-4 (eBook)
DOI 10.1057/978-1-137-53493-4

Library of Congress Control Number: 2016939217

Cover illustration: © Photo by Photo EVENTI

Printed on acid-free paper

This Palgrave Macmillan imprint is published by Springer Nature
The registered company is Nature America Inc. New York

Foreword

1. All the clear intelligence of Manuela Mosca was required to carry out a project like this. All her keen civic commitment was required to deal with the theme, little known and even less explored, of the private life of Antonio de Viti de Marco. Her analytical skill too was required, however, to make a historical reconstruction of what happened and of what influence the Italian writer had among economists of the whole world, among today's Italian experts on the question of the South of Italy, and in the world of political historians of the united Italy.

This work edited by Manuela Mosca belongs to a literary genre almost unknown in our research. Historians of economic thought can now reflect on a wonderful series of interviews, some of which, dating back to even thirty years ago, are now classics in the profession. In a few rare cases, filmed material has been used to illustrate the work or the figure of some economist from the past.

What we now have available is made up of different parts. After a presentation by M. Mosca illustrating the general outline of the work and the way it was carried out, we start the series of interviews, the first of which with Emilia Chirilli consists mainly of memories.

In an atmosphere of romantic attention to small things, the figure of A. de Viti de Marco is a constant presence, with his youthful illusions, his thirst for learning, his friendships, and his early study companions.

Then comes the interview with Antonio Cardini, mainly devoted to De Viti's difficult political experience, full of ideas for the interpretation of the years from the end of the nineteenth century to about 1930.

This is followed by the interviews dealing with De Viti as a theorist of public finance, banking and economic policy.

Lastly there is a group of interviews which critically discuss the fame achieved by De Viti at an international level, and above all the influence his work has had on today's scholars of public finance, in particular in the theoretical work of the Nobel prize winning economist J.M. Buchanan.

Each of these interviews can be relived in the accompanying documentary, which contains the parts of the interviews considered most significant, planned by a well-known documentary maker whose premature death led to the work being completed by another equally well-known and respected film director.

2. The book can be read on various levels of information or for curiosity. Those keen to know more about the biography, from the point of view of the man or the scientist, can read and listen to the excellent interview with E. Chirilli,[1] or that with P.F. Asso which recounts the many difficulties that had to be overcome for the English translation of the *First Principles of Public Finance*, or the reviews expressing diametrically opposed opinions, by F.C. Benham on the German translation (1932) and H.C. Simons on the English translation (1936), a matter extensively discussed by Asso, but also by S.G. Medema, R.E. Wagner and J.M. Buchanan.

Those interested in Italian political history of the first twenty years of the nineteenth century can follow the pages of the interview with A. Cardini, but also the first part of R. Faucci's contribution, the longest of those published, and will be able to distinguish the factors that make De Viti's political involvement so different from that of M. Pantaleoni or V. Pareto.

Those curious about the relation between the evidence given orally and then transcribed will be able at least to account for the conversational tone found in many pages of the text, but also notice the autonomy they retain.

3. For historians of economic thought this work by M. Mosca contains many points of great interest, which need to be uncovered with patience and close attention. Those willing to do so will find, in the pages by various authors, interpretative hypotheses that are largely new and that deserve to be discussed. One almost gets the impression that once the authors were in front of the microphone, in many cases without the necessary bibliographical material which always induces a certain caution, they took the opportunity to put forward analytical hypotheses that they would otherwise not have done, or may have done with great caution.

When considering these hypotheses, readers will react differently according to their background of studies, so the evaluations I will express may not necessarily be accepted.

I feel I can share R. Paladini's reading, of a De Viti as precursor of the modern Law and Economics, part of the wholly Italian tradition which, starting from C. Beccaria, proceeding through G.D. Romagnosi and continuing with E. Amari and many others, arrives at the Italian financial scientists of the late 1800s.

I considered significant D. Da Empoli's hard-hitting and rigorous interpretation designed to show De Viti's priority in defining public goods and his determination to make it the fulcrum of the whole general theory of public finance. According to Da Empoli, the neglect of De Viti's position in the specialised literature, where—through R.A. Musgrave—some merits are attributed to U. Mazzola or to K. Wicksell, needs to be challenged.

De Viti's economic interpretation of the problem of the South of Italy is dealt with by F. Marzano, for whom the free trade stance of many authors who were his companions in political experiences (at least for a short while) could and should have made an exception from their general attitudes in political economy, and welcomed protectionist policies that could expand the flourishing food industry in the South. This is actually an argument that reappeared in the Italian debate immediately after the second world war and that is making a timid return nowadays.

I find convincing, and little discussed, P. Ciocca's thesis that in De Viti there is a clear, modern conception of a bank as an economic institution that can create bank money and thus expand its possibilities of extending credit. I find more questionable the statement that De Viti was unable to make an objective assessment of the work of G. Giolitti at the beginning of the century, a work that Ciocca shows to be in favour of competition policies designed to promote Italian industrial growth, also through a judicious State role.

The full length essay by R. Faucci brings up not a few problems related to the general interpretation of the development of Italian economic thought. The idea of De Viti's fiscal federalism seems convincing, as well as the reference to his theory as a voluntary approach to public finance, to his idea of democracy, and to the theoretical foundations of public finance. Actually, on this point, Faucci states that in the Italian school of public finance, De Viti was the 'absolute protagonist', if not the only one. After discussing the definition of public needs and that of income (two categories that sharply divide De Viti from his colleagues considered to

belong to the same school), Faucci introduces the theme of the 'scientific sources' of the Italian economist, who though a brilliant author, was not a wide reader. This is an argument that should not meet great objections.

On the contrary, the conclusion cautiously reached by Faucci is capable of triggering discussions. He believes there should be further study on the question of De Viti's marginalism, an aspect that the author naturally does not deny, but that in his opinion should be analytically rediscussed, starting from *La funzione della banca*. His relation with F. Ferrara should also be reappraised, so as to rethink De Viti's 'classicism', and more specifically his relation with D. Ricardo, the writer on money as well as on the theory of international trade.

After the words of an author who is very sensitive to this issue of the Italian contribution to the creation of the theory of Public Choice like S.G. Medema, the book closes with interviews with R.E. Wagner and J.M. Buchanan who, though both acknowledging the importance of this contribution, take a very different approach.

Wagner develops some ideas of De Viti (but also of Pantaleoni) and ends up comparing the Parliamentary chambers to special investment banks. His idea is that the parliamentarians are intermediaries trying to get the support of businesses, but they need their voters to provide them with the means to support these firms (consensus). This is something like an investment fund, which has to gain credit according to the merit the banks themselves attribute to it. In this way Wagner brings the issue of the electoral law and the parliamentary system back into the mechanism of forming the parliamentary consensus: in short, he raises the question of the 'market of politics'.

The second contribution is seemingly biographical, but it actually has great analytical importance. J.M. Buchanan recounts his stay in Italy in the mid-1950s, to study our tradition of public finance; he tells us of an encounter he had with L. Einaudi and openly says that De Viti's distinction between monopolistic state and democratic model was 'in the back of [his] mind' when he was making his decisive contribution in the creation of the theory of Public Choice. In his opinion, to understand 'politics and to formulate models for the behaviour of politicians', De Viti's work was fundamental. What's more, Buchanan believes that New Political Economy, led by G. Tabellini, can be connected to the theory of Public Choice and therefore indirectly to the Italian school of public finance.

4. The descriptive tone of the book, and the accompanying film[2], may induce the reader to lower his critical sights and to be satisfied with the

information and curiosities that fill these pages. In actual fact the book should be read trying to understand the many historical and analytical facets that fill it. Only then will it be clear how M. Pantaleoni, V. Pareto, F. Ferrara, G. Montemartini, R. Michels, M. Fasiani, B. Griziotti and others are to be seen with respect to A. de Viti de Marco; and only then will it be possible to reconstruct the fine line tying the Italian economist's work in English-speaking countries to K. Wicksell, E.R.A. Seligman, F.C. Benham, D. Black, G. Tullock, J.M. Buchanan and beyond. The wealth of notes by the editor of the book serve to guide the reader; the rest is left to the reader's curiosity and basic knowledge.

Piero Barucci

Preface to the English Edition

'I have greatly desired this translation.' These are the words Antonio de Viti de Marco used on the translation of his most important book into English.[3] With exactly the same words I would like to start this short preface addressed to my Anglo-Saxon readers. This is a book about a great Italian economist, the founder of the pure theory of public finance, and to a great extent the inspiration behind the theory of Public Choice. With Maffeo Pantaleoni, Vilfredo Pareto, Enrico Barone and Ugo Mazzola, he was a leading figure in one of the golden ages of Italian economic thought, one in which marginalist theory was refined, sharpened up and applied to new areas. A Member of the Italian parliament, a radical of liberal-democratic orientation, he was leader of the anti-protectionist movement. A southern agrarian entrepreneur, he fought for the implementation of reforms to enable agriculture to develop in a free trade regime.

Why was De Viti so keen on having his book read in the English speaking world? He wrote that he hoped 'to find among English economists … an easier understanding of [his] method'[4]; but also, more in general, it was because he felt his connection with Anglo-Saxon culture very strongly. As we shall see, this derived from his English descent on his mother's side, his marriage to an American, his trips to New York, his familiarity with Jevons' theory, his correspondence with economists like F.W. Taussig, E.R.A. Seligman, and O. Morgenstern, and last but not least, his political positions so very close to the values of the American democracy; we should also remember that in 1915 he was among the founders of the British-

Italian League, set up to foster contact with the Entente.[5] In his own lifetime there were numerous reviews of his academic work,[6] as well as some biographical essays written in English before and after his death.[7] Other sources are also available to the Anglo-Saxon public.[8] More recently, there have been several efforts to extend the knowledge of every area of his achievement beyond Italy's borders, for example by Eusepi and Wagner,[9] and myself.[10] Although De Viti's prestige is well recognized today, by no means all aspects of his life and work are known to the English-reading world. This book wishes to help fill this gap.

I wish to thank those who have helped bring this translation into being: I'm particularly grateful to the reviewer for his kind words of appreciation. I agree with him that more could have been said about some of the issues. However, Piero Barucci's preface to the Italian edition of this book, as well as my introduction, explain why the coverage of the different topics is uneven, and help the reader understand why it is impossible to modify it *ex post*. I also wish to thank my translators,[11] who have tried hard to keep themselves out of the translation as far as possible, without unduly attempting to soften or modify the various interviewees' personal oral delivery. Finally I would like to thank Brigitte Shull and Kristin Purdy, editors at Palgrave Macmillan: in my introduction to this book I explain why its publication in English was an essential part of my original project; I would not have been able to complete it without their approval.

This book collects together eleven interviews of both American and Italian scholars who, from several perspectives, present an overall picture of De Viti de Marco. Along with this book comes a documentary video[12] which tells of his life and work, and in which among other things one can watch and listen to those interviewed as they talk. Five years have gone by since their original publication,[13] and two of those interviewed are no longer with us: James Buchanan died in 2013, and Antonio Cardini in 2014. I would like to dedicate this English translation to the memory of these two scholars who did so much for De Viti de Marco's reputation; I am sure they would have reacted to the news of its publication with the same affectionate enthusiasm shown by other contributors.

Notes

1. M. Mosca rightly says that this part should be read keeping constantly in mind the book E. Chirilli (2010) *Tuzzo. Preistoria e protostoria di Antonio de Viti de Marco* (Bari, Cacucci). Available at http://vimeo.com/29599475
2. Available at http://vimeo.com/29599475
3. A. de Viti de Marco (1936) 'Preface to the English edition', in A. de Viti de Marco, *First Principles of Public Finance* (New York, Harcourt Brace & Co. - London, Jonathan Cape) p. 16.
4. *Ibid*.
5. On this occasion he published in English: De Viti de Marco (1915) *Italy and the European War. Two Political Addresses* (Tivoli, Tip. Popolare).
6. H. Parker Willis (1898) 'A. de Viti de Marco, *La Funzione della Banca* (1898)', *Journal of Political Economy*, VI, 4, 573–74; J.B. Morman (1907) 'A. de Viti de Marco, *L'iniziativa del Re d'Italia e l'Istituto Internazionale d'Agricoltura* (1905)', *The Political Science Quarterly*, XXII, 2, 348–50; F. Benham (1934) 'A. de Viti de Marco, *Principi di Economia Finanziaria* (1934)', *Economica*, I, 3, 364–7; C. W. Guillebaud (1936) 'A. de Viti de Marco, *Principi di Economia Finanziaria* (1934)', *The Economic Journal*, XLVI, 183, 514–7; J.W. Martin (1937) 'A de Viti de Marco, *First Principles of Public Finance* (1936)', *American Economic Review*, XXVII, 1, 187–99; H.C. Simons (1937) 'A. de Viti de Marco, *First Principles of Public Finance* (1936)', *The Journal of Political Economy*, XLV, 5, 712–7; D.C. MacGregor (1939) A. de Viti de Marco, *First Principles of Public Finance* (1936)', *Canadian Journal of Economics and Political Science*, V, 4, 559–60.
7. L. Einaudi (1936) 'Introduction', in A. de Viti de Marco, *First Principles of Public Finance*, (New York, Harcourt Brace & Co - London, Jonathan Cape), pp. 19–30; see also the posthumous essay by O. Morgenstern (1968) 'Antonio de Viti de Marco', in D. Sillis (ed.), *International Encyclopedia of the Social Science* (New York, The Macmillan Company), XVI, 343–5.
8. O. Kayaalp (1989) 'Early Italian Contributions to the Theory of Public Finance: Pantaleoni, De Viti de Marco and Mazzola', in D.A. Walker (ed.), *Perspectives on the History of Economic Thought* (Cheltenham UK, and Northampton, MA, Elgar), I, pp. 155–66; F. Cesarano (1991) 'De Viti de Marco as a Monetary Economist', *History of Political Economy*, XXIII, 1, 41–60; O. Kayaalp (1998) 'Antonio de Viti de Marco', in F. Meacci (ed.) *Italian Economists of the 20th Century* (Cheltenham UK, and Northampton, MA, Elgar), pp. 95–113; R. Realfonzo (2001) 'Bank Creation of Money and Endogenous Money Supply as the Outcome of the Evolution of the Banking System: Antonio de Viti de Marco's Contribution', in L.P. Rochon and M. Vernengo (eds.), *Credit, Interest Rates and the Open Economy*, (Cheltenham UK, and Northampton, MA,

Elgar), pp. 193–212. In Kayaalp essay the reader can find a discussion of De Viti's popularity in the international community of public economists. Other bibliographical indications on this literature will be provided further on this book.

9. G.Eusepi and R.E. Wagner (2013) 'Tax Prices in a Democratic Polity: The Continuing Relevance of Antonio de Viti de Marco', *History of Political Economy*, XLV, 1, 99–121.
10. M. Mosca (2005) 'De Viti de Marco, Historian of Economic Analysis', *The European Journal of the History of Economic Thought*, XII, 2, 241–59; M. Mosca (2007) 'The Notion of Market Power for the Italian Marginalists De Viti de Marco and Pantaleoni', in P.F. Asso e L. Fiorito (eds.), *Economics and Institutions* (Milano, Angeli), pp. 47–61; M. Mosca (2010) 'Emil Sax and Italy', *Storia del pensiero economico*, VII, 2, 47–62; M. Mosca (2013), 'The Daily Battles of Antonio de Viti de Marco', *MPRA Paper No. 47963*, July; M. Mosca and M. Giuranno (2015) 'Political realism and Models of the State: Antonio de Viti de Marco and the Origins of Public Choice', *POLIS working papers*, No. 232. December.
11. Charles Hindley and Joan McMullin.
12. Available at http://vimeo.com/29599475
13. M. Mosca (ed.) (2011) *Antonio de Viti de Marco. Una Storia Degna di Memoria*, (Milano, Bruno Mondadori).

Contents

CHAPTER 1

Introduction: A Story Worth Remembering

Manuela Mosca

In a work similar to this one,[1] five 'founding fathers' of modern Italy were singled out, and three characteristics attributed to them: commitment to the growth of the nation, presence on the international scene, and roots in the South. De Viti de Marco is not among them, but he belongs there.[2]

Active in politics and in economic theory in various fields, in many respects he was in the forefront of the national scene in Italy. There was also a very strong global dimension about him, both because he was influenced by international—especially Anglo-Saxon—culture, and because he in turn influenced it himself, being for a long time the only author in the Italian public finance school to be translated into other languages.[3] The

I would like to thank Gabriele Malinconico, Daniela Parisi, Stefania Portaccio and Francesco Somaini for their advice on my introduction. I am also very grateful to Valentina Kalk, Michele Alacevich and Steven Medema for their help. Lastly, I wish to thank those who took part in the conference sessions in which I presented the preliminary version of this introduction: the 14th Conference of the European Society for the History of Economic Thought (ESHET, Amsterdam, 25–28 March 2010), the VII Conference of the Associazione Italiana per la Storia dell'Economia Politica (STOREP, Trento, 30 May –1 June 2010), the 37th Conference of the History of Economics Society (HES, Syracuse, NY – USA, 25–28 June 2010). I take full responsibility for the final version.

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4_1

local dimension, too, was always very important since he was born and lived in the South, he set up business activities there, he wrote about it, and he promoted its interests.

So like the other five figures, there are three sides to him, geographically speaking: the national, the global and the local. Now, these three sides to his life, also mark his memory: today de Viti de Marco is in fact remembered in all three of them but each one contains an evocation of him that differs from the others. To make this clearer, it will help if we look at the geographical areas in relation to his main spheres of activity: his scientific, political and private life.

De Viti de Marco's Threefold Fame

In Italy, de Viti de Marco is well-known for his economic thought, reconstructed by the scholars of public finance, banking and the problems of the South.[4] His political battles, too, are well-known.[5] However, apart from some recollection by Ernesto Rossi, Gaetano Salvemini and Luigi Einaudi,[6] his private life is completely unknown, a gap I find, to say the least, disconcerting, but I will come back to this.

On an international level, his scientific contribution is known about, either directly (thanks to the translations mentioned above), or through the literature in English about the Italian school of *scienza delle finanze*[7]; but anyway a limited knowledge, being confined to this one aspect. Nothing is known beyond his national borders about his political thought, while his private life, already unknown at home, cannot even be imagined by non Italians: even if they could read Italian, in fact, the scarcity of existing information would not tell them anything about places, or periods, or atmosphere.

The local memory of this illustrious son of Salento (the south-eastern extremity of Italy) focuses mainly on the activities of his family[8]; of his political involvement there is some awareness, while despite the interest, his scientific works are inaccessible to the non-specialist. There is no clear idea of what great effect his achievements had on the international scene.

The memory of de Viti de Marco is therefore quite well preserved taken as a whole; but it is clearly a different one in each geographical area, and limited only to some of his spheres of activity. This has a strik-

ing implication, namely that there was never any communication between these spheres: if each of them is unaware of the content of the others' memory, it means that the different worlds did not speak, let alone listen, to each other.

How then could de Viti de Marco's personal and local history be made known outside the Salento, and at the same time his scientific achievements be explained to his local countrymen? How could they be made aware of the respect he enjoys outside Italy and the world be informed of his political activities and the range of his ideas?

The Project

To reach all these non-communicating worlds, the written word is not enough. In fact the written word fails to evoke his private life and conjure up the places, the people, the scenes that evoke his daily actions. And the written word is even less capable of breaching the walls around his specialist field so that the general public could access and enjoy his scientific thought.

That was what prompted this project, which consists of a documentary[9] as well as a book. The documentary contains selected parts of eleven interviews carried out in 2007 and 2008, and the book contains the entire text of all the interviews, except one. The only interview which is not transcribed in its entirety is the one with Emilia Chirilli[10]; later on this introduction I will explain why.

I met Emilia Chirilli in April 2003. I was introduced to her at the University of Lecce by the then Dean of the Economics Faculty,[11] which bears the name of Antonio de Viti de Marco, after a conference on the relevance of his thought today.[12] Emilia was writing a book on the 'prehistory and protohistory' of the illustrious economist[13] and wanted to talk to the Dean about it; I had given a paper at that conference,[14] so the Dean suggested I go with him to meet her. From that day on Emilia and I met almost every week for more than five years, and she shared many of her memories with me. From the same town as the de Viti de Marco family, at the age of twelve (in the early Thirties) she had been sent by her father to learn English in their house,[15] and she had become firm friends with Carolina, Antonio's youngest sister, and especially with her daughter Giulia.[16] Emilia often told me about the long conversations she had had with this sister, Carolina, who died in 1965 at the age of 102,

and she talked to me about all the members of the family she had known, including Antonio, as well as of the times she had met him in his house in Rome when she was at university there. She had also happened to receive some of the family papers, on which she was basing the book she was writing, in the style of *The Manzoni Family*.[17]

History in Pictures: The Documentary

There is no point in my dwelling on Emilia's qualities, on the beauty of her language and the vigour of her story-telling, because fortunately both this documentary and book give us a very good idea. What counts are her stories, always so extraordinarily evocative that I sometimes reported them to other people. One day (May 2004) a colleague[18] said it would be a good idea to record our conversations; so I started to think about the documentary and about the importance of capturing her memories, because I realised that she was not only the *last*, but also the *only* witness on de Viti de Marco. Emilia was in fact a voice crying in the wilderness: certainly in the usual wilderness surrounding all those who survive their peers, but above all in the deep wilderness surrounding the memory of Antonio de Viti de Marco's private life. Nobody prior to Emilia had revealed anything, nor are there any written documents or letters; there is nothing at all. If it had not been for her, there would not have been a single source to tell about the private life of the great economist. To spread this testimony beyond the barriers surrounding his native town, I then found it essential to use the pictures of her and of all that still exists: the few remaining photographs of people and places, the scenery, the boarding school, the walls of Antonio de Viti de Marco's houses[19]—they at least are still there, unlike their original contents which have disappeared in repeated burglaries. The documentary would therefore serve to weave together the few remaining fragments so as to conjure up a past on the verge of vanishing and to allow them to emerge from their local confines.

At this point we open another intense chapter of the history of this project. I suggested the project to Carlo Massa, the well-known documentary director,[20] whom I knew personally; I told him the story of Emilia and gave him the only then existing biography on Antonio de Viti de Marco.[21] Carlo was very impressed by the political side of the protagonist of this biography, and immediately said that in his view the documentary should be based on two mainstays: his private life (by interviewing Emilia) and his political life (by interviewing Antonio Cardini,

the author of the biography). We then started looking for funding,[22] but soon afterwards this became a matter of some urgency, because Carlo discovered he was ill. And when we had to provide some information on the project for a funding submission, Carlo did far more: he actually wrote the whole script, including the music. I was surprised by such premature zeal, but then I understood, because the illness soon absorbed his attention entirely.[23] Carlo left everything in order, including the documentary, asking the director Ugo Adilardi[24] to complete it. Concerning their friendship I will only say that thanks to Ugo in July 2007, even before the funding was granted, we started filming; that we managed to share with Carlo the work done, and to receive his last tips just before he died.[25] In making the documentary we followed his directions as far as possible given the inevitable unpredictability of the contents of the interviews; we differed from the original plan in choosing to use archive clips and not fictional re-enactment; we also interviewed a greater number of scholars.[26]

And so we come to the scholars. I said that in Carlo's view it was important to reconstruct the political side of de Viti de Marco, as well as the personal side: this was done mainly by Antonio Cardini, but also by Pierluigi Ciocca and Riccardo Faucci, for the first time providing information beyond Italian borders about the public commitment of this figure, known outside Italy only for *scienza delle finanze*. As I explained at the outset, in my view it was just as important to talk about his scientific side, mainly in order to make his field of study comprehensible to the non-specialist, but also to make his other economic contributions known outside of Italy (such as those on banking and international trade). This was seen to by Pierluigi Ciocca, Domenico Da Empoli, Riccardo Faucci, Ferruccio Marzano, Ruggero Paladini, Richard Wagner, each in his own domain, covering every aspect of de Viti's thought. At the same time, as I said, it seemed important to let his native province know about his international stature, as the inspiration for whole disciplinary areas which later, with appropriate development, received the highest recognition; his fame in the Anglo-Saxon world, initially controversial, is recounted brilliantly by Pier Francesco Asso, Steven Medema, Richard Wagner, and by the Nobel prize-winner for Economics, James Buchanan.[27]

Emilia and the other scholars brought into focus the most important values in de Viti de Marco's life: his native land, his economic ideas, his political battles, his open relationship to the world. Unlike Emilia, the scholars are obviously not first-hand witnesses, but they recount reflections

and evaluations on the contributions of an author of the past. However, in this case too the visual language is indispensable: the simple, lively stories, illustrated by images and film-clips, will I feel very clearly show his international stature and will finally satisfy the widespread curiosity about his scientific work.

All this concerns my work as a historian of economic thought[28]; I have done it trying to remain as faithful as possible to the path outlined by Carlo's script—which in any case left me the freedom to use a great range of features, like testimony, interviews with scholars, archives of photos and books, pictures of the present, in other words the usual ingredients of a historical documentary. Needless to say, however, I only provided the raw material: the real work was obviously done by the director Ugo Adilardi, who immediately grasped the essence of this story and translated it into a wonderfully persuasive language of images and sounds; I stop here, because I'm too illiterate in this area to say anything further.[29]

Oral History: The Interviews[30]

If oral history were the history narrated exclusively by those unable to write, then this work could not claim to be oral history: all the interviewees have in fact written extensively, also on the issues dealt with in my interviews. However, during filming many original personal memories emerged: Buchanan for instance told of his meeting with Luigi Einaudi, Asso of a conversation with George Stigler. Other times reflections were deliberately formulated for the interview, as in the case of Buchanan on Henry Simons and in the Da Empoli interview in general. As far as Emilia is concerned, a lot of the information to be found here doesn't appear in her book, because her book is based exclusively on written texts (letters and diaries) and not on her recollections, which are therefore found only here. I think that all this would be enough to justify the inclusion of this work in the category of oral history, even in the very restricted meaning given to it here.[31] But might I add another little cameo: what else, if not oral history, could we call Emilia's imitation of Antonio de Viti de Marco's tone of voice when he asked her, as a university student, questions about Latin literature?

One of the distinctions between oral history and written history lies in the dialogue form of the first and the monologue of the second. While it is true that all the interviewees have written, one sharp difference I have already mentioned must be considered between Emilia and the others: only the first is an eye-witness account. For this reason, as is customary in this

kind of work, the documentary contains the questions I asked her, to show that between us there was an actual dialogue. During the interview the fact that we had seen such a lot of each other was obviously very valuable, because I had a good knowledge of the stories she could tell, and in fact from the questions it is clear that I already know how she will answer; and yet sometimes during filming she said things I had never heard before. However, our familiarity also worked in the opposite direction because knowing full well that I knew all about the things I was asking her, at times Emilia found answering an artificial business.[32] Fortunately on a few occasions there were outside interlocutors who revived her desire, while the microphone was still on, to tell the story to new people. The following year, August 2008, we went back to Emilia with the video-camera to ask her some specific questions; the final part of the documentary belongs to this visit. Three months later she passed away, in November 2008.

As far as the other interviews are concerned, those with Cardini, Wagner and Buchanan were done without any preliminary agreement on the questions, which I had, however, prepared; with Asso I had agreed on the questions to be asked, while with the other Italian scholars and with Medema we had only agreed on the general themes based on their particular area of competence. But since in these cases 'the historian's agenda is interwoven with the narrator's agenda',[33] each interview then developed in its own particular way: at times I simply asked the questions envisaged, at times I did not have the opportunity to ask questions, at times I asked spontaneous questions arising from the way the narration was going. Very often it was me who asked if there was anything else the interviewees wished to talk about, very often it was they who digressed, moving off the subject of the questions. Without setting a hard and fast rule, I can say that the part of the interview where the participants are given 'free rein' often contains the best passages.[34] The documentary does not include my questions to the scholars, encouraging the impression that their answers are not part of a dialogue, but are the conveying of knowledge already elaborated[35]; the book is different.

Written History: The Book[36]

The book contains the interview transcriptions, so it is not strictly speaking written history in the sense the previous publications by the interviewees on these subjects were. However, this book, containing as I have said a great deal of original material, will be the only form in which the

interviews I did will be preserved, so it is an exclusively written form. The reason for this again concerns Emilia: I said that the transcription of her interview is not complete; in fact, I selected the parts concerning Antonio de Viti de Marco, his parents, his brothers and sisters, his wife and, in part, his children. I cut out the information about his forebears,[37] Emilia's personal memories that were not relevant and other information that she did not want to make public[38]; because of the latter, the filmed material will not be placed in any public archive.

The interviews with the scholars have been transcribed in their entirety, including, as I mentioned, my questions.[39] During filming the troupe and myself were the sole audience, but what they said was so interesting and enjoyable that I thought it must be published just as I heard it. I have given the content of the interviews with the style in which they were spoken, correcting only the slips and adding punctuation. Finally I have added explanatory and bibliographical footnotes. Thanks go to the authors and to Emilia's children, Gabriele and Giulia Malinconico, who checked the appropriate parts and translations.

The main role played by the book is therefore to make the whole text of the interviews public. And yet on reading it all straight through, it appears organic and coherent. At times this is due to the fact that I asked similar questions to various people I interviewed, thus prompting different explanations of the same episode, for example the controversial impact of the English translation of de Viti de Marco's *Principi*. In other cases the compactness of the book is due to the fact that the answers spontaneously extended over issues dealt with by others, bringing out alternative opinions, as in the case of his proposals for the South. There are also recurrent figures who are mentioned by many, such as Pantaleoni, Salvemini, Nitti and Einaudi. And then, to my great comfort, a large number of cross references are made by the interviewees, who however were not aware of which other scholars were participating in the project. Among the functions of this book there is also that of giving transparency to the cuts I made for the documentary: the reader can find in the book the utterances I chose, with the caution to keep in mind that some choices were due not to the content but to poor sound quality.

The Language Barrier: The Translations

The interviews were done partly in English and partly in Italian. I have often stressed how important I find two-way direct communication between de Viti de Marco's place of origin and the world outside Italy.

For this reason a great deal of translation was done: the translations from English to Italian are mine, those from Italian to English are by Joan McMullin with the occasional collaboration of Charles Hindley.[40] In the documentary it was decided to use subtitles, without recourse to dubbing for the interviews, so as not to lose the original voices, while my commentary was dubbed by Margot Dack.

Conclusion

This work has tried to break down many kinds of barriers,[41] to save an isolated oral source and to pay homage to more than one protagonist, providing an opportunity to reflect on the overall figure of Antonio de Viti de Marco. In the end, from whichever angle it is considered, this project has certainly told a story which is very well 'worth remembering'.[42]

Notes

1. They are: Crispi, Nitti, Menichella, Sturzo, Di Vittorio (2007) *Storie Interrotte. Il Sud che ha fatto l'Italia*, ed. F. Barca, L. d'Antone, R. Quaglia (Roma-Bari, Laterza).
2. I have already expressed this opinion in a review of the book cited, see M. Mosca (2008) *Il pensiero economico italiano*, XVI, n. 1, 156–159.
3. I am referring to the editions of *Principi di Economia Finanziaria* by de Viti de Marco published in German (Tübingen, J.C.B. Mohor, 1932), Spanish (Editorial Madrid, Revista de Derecho Privado, 1934) and English (New York, Harcourt Brace & Co.—London, Jonathan Cape, 1936).
4. See for example the articles collected in E. D'Albergo (ed) (1972) *Scritti in Memoria di Antonio de Viti de Marco* (Bari, Cacucci) and in A. Pedone (ed.) (1995) *Antonio de Viti de Marco: Tra Liberismo Economico e Democrazia Liberale* (Roma-Bari, Laterza).
5. See for example L. Gangemi (1945) *Anteguerra e Dopoguerra nel Pensiero di Antonio de Viti de Marco* (Napoli, Morano); A. Cardini (1985) *Antonio de Viti de Marco. La Democrazia Incompiuta* (Roma-Bari, Laterza); A.L. Denitto (2008) 'Introduzione', in A. de Viti de Marco, *Mezzogiorno e Democrazia Liberale* (Bari, Palomar).
6. L. Einaudi (1934) 'Prefazione' in *Principi di Economia Finanziaria* (Torino, Einaudi); English translation (1936) 'Introduction', in *First Principles of Public Finance* (London, Jonathan Cape), 19–30; E. Rossi (1948) *A. de Viti de Marco, Uomo Civile* (Bari, Laterza); G. Salvemini (1948) 'De Viti de Marco. Ricordo di Gaetano Salvemini', *La Gazzetta del Mezzogiorno*, 12 September; U. Zanotti-Bianco (1962) 'Antonio de Viti de

Marco', *Nuova Antologia,* March, 337–354; reprinted (1964) in *Meridione e Meridionalisti*, (Collezione Meridionale editrice, Rome), 329–335.

7. For all these, see D. Fausto, V. De Bonis (eds.) (2003), 'The Theory of Public Finance in Italy from the Origins to the 1940s', *Il pensiero economico italiano*, XI, 1.
8. See for instance the information on some of the De Viti de Marco family activities on the site devoted to the history of the 'Le Costantine' Foundation at http://www.lecostantine.eu/fondazione.html.
9. The documentary can be downloaded from http://vimeo.com/29599475.
10. Emilia Chirilli (1919–2008), biographer of Antonio de Viti de Marco, taught Italian and Latin at the Liceo classico Palmieri in Lecce, then *Filologia e critica dantesca* at the University of Lecce. She published studies on the language of the medieval Sicilian school of poetry, on Dante, Petrarch, and Pascoli, on modernist religious movements and on the polygraph Pierre Leroux. She wrote poetry and translated many poetical works into Italian.
11. Nicola Di Cagno, retired professor of Accountancy was Director of the Department of Business at the University of Salento (Italy), and Dean until October 2005; a member of the Board of Directors of Fondazione Cassa di Risparmio di Puglia and of other companies, he was in the College of Auditors of political party balance-sheets in the Italian Parliament during the XIV legislature.
12. Conference on *L'Attualità del Pensiero di Antonio de Viti de Marco*, Facoltà di Economia, Lecce, 8–9 novembre 2002.
13. E. Chirilli (2010) *Tuzzo. Preistoria e Protostoria di Antonio de Viti de Marco* (Bari, Cacucci).
14. M. Mosca (2005) 'De Viti de Marco, Historian of Economic Analysis', *The European Journal of the History of Economic Thought*, XII, 2, 241–259.
15. De Viti de Marco's maternal grandmother was English, so the Anglo-Saxon influence already mentioned had family roots, later consolidated by his marriage to the American Harriet Lathrop Dunham.
16. There is testimony of Emilia's friendship with Giulia Starace in E. Chirilli (1984) *In Memoriam* (Lecce, Ites).
17. N. Ginzburg (1985) *La Famiglia Manzoni* (Torino, Einaudi); English translation (1987) *The Manzoni Family* (New York, Arcade Pub).
18. I am referring to Giampaolo Arachi, professor of *scienza delle finanze* (precisely!) in the University of Salento in Lecce, and at the Bocconi University in Milan.
19. I am extremely grateful to the present owners of de Viti de Marco's houses: the De Donno family at Casamassella, the Guercia Sammarco family at Cellino San Marco, the Falvo family, who in 1999 bought the wine estate Li Veli established also at Cellino San Marco by our protagonist; my thanks

also go to Antonio Lepore for permission to enter the Collegio Palmieri, closed for restoration at the time of filming.

20. Carlo Massa made various programmes for the RAI, the BBC and other networks in Europe and Austalia. In 2003 his documentary on the Armenian genocide (*Destination Nowhere - The Witness*) won a prize at the Los Angeles International Film Festival.
21. A. Cardini (1985) *Antonio de Viti de Marco. La Democrazia Incompiuta* (Roma-Bari, Laterza).
22. In this regard, I wish to thank the then Dean of the Economics Faculty at the Università del Salento, Stefano Adamo, for his faith in me, Giovanni Pellegrino, then president of the Lecce Provincial Council, the already mentioned Nicola Di Cagno as Board member of the Caripuglia Foundation, and Alessandra Chirco, then head of the Department of economics and quantitative methods. The project was in fact funded by the Lecce Provinical Council (through the Salento Film Fund) and by the Caripuglia Foundation of Bari (through my Department). My thanks also go to Fabio Scrimitore who was an external assessor of the project for Caripuglia.
23. There is a splendid diary of his illness: Carlo Massa (2008) *Tutto Me Stesso Prima di Morire* (Sotto il Monte, Servitium/Viator).
24. Ugo Adilardi is a documentary director and producer. In 2005 he was awarded the David di Donatello for the best documentary film with *Un Silenzio Particolare*.
25. Carlo Massa died in August 2007.
26. Decisions made by the director. Thanks also go to Emanuele Redondi who contributed ideas and work during all stages of the making of the documentary.
27. I am very grateful to Steve Medema and Domenico Da Empoli who helped me to arrange the interviews with James Buchanan.
28. A brief study, referring specifically to the field of History of Economic Thought, about the ways recorded or filmed interviews enrich the knowledge deriving from written sources is found in R. Emmet (2007) 'Oral History and the Historical Reconstruction of Chicago Economics', in R.E. Weintraub and E.L. Forget (eds.) *Economists' Lives: Biography and Autobiography in the History of Economics* (Durham, Duke University Press) pp. 175 ff.
29. Thanks go to Aglaia Bianchi, Valeria Consolo, Giacomo Guilizzoni, Giulia Malinconico, Stefania Portaccio, Antonio Somaini, Stefano Toso and two other people who wish to remain anonymous, for giving me valuable advice after watching the preview of the documentary.
30. Thanks go to Pierluigi Ciocca and Alfredo Gigliobianco for information about oral history.
31. See P. Thompson (1988) *The Voice of the Past* (Oxford, Oxford University Press).

32. Such episodes are often reported in the literature on oral history. See for example A. Portelli, *A Dialogical Relationship. An Approach to Oral History*, http://www.swaraj.org/shikshantar/expressions_portelli.pdf.
33. *Ibid*.
34. This phenomenon is also well known for those working with interviews. *Ibid*.
35. The decision about whether or not to show my questions or my picture in the documentary was actually taken exclusively by the director. However I think I have interpreted his intentions correctly.
36. Thanks go to Piero Barucci, Ugo Adilardi, Daniela Parisi and Alberto Marcati for suggestions about the book.
37. This is to be found in the book by Emilia Chirilli, *Tuzzo*, cited above.
38. Information about a very personal sphere of De Viti de Marco's life.
39. On the need to include the questions in the interview transcriptions, see A. Portelli (2007) *Storie Orali* (Roma, Donzelli) p. 81.
40. This book was published in Italy by Bruno Mondadori (Milan, 2011).
41. To describe one of the purposes of oral history, Thompson uses the expression 'it can break down barriers'. See Thompson (1988) *The Voice of the Past* (Oxford, Oxford University Press), 3.
42. This expression is used by Emilia Chirilli about Cesare de Viti de Marco, Antonio's brother. See Chap. 2 in this book.

PART I

His Personal Life

CHAPTER 2

Memories

Emilia Chirilli

Casamassella, Villa de Viti de Marco, July 19th 2007[1]

Q. Emilia, can you tell us when the De Viti de Marco children used to come here?

Whenever they could. They came from boarding school, because they attended boarding school. But it wasn't a fixed holiday, it was a holiday that they got if they deserved it, and it was not more than two or three weeks. They really deserved it, because they were very good students, very interested in things. It's not that they were boys that studied … in a letter[2] they say: 'It's not to get a good mark', but to prepare the ground for what they wanted to do, which often did not coincide with what their father had decided for them. They lived right here, from Lecce they came here to Casamassella. There's a note from their father saying to their mother: 'at a certain hour you would see four knights on four donkeys going to Otranto' to have a swim. They lived here, but not straight away; first they lived in Lecce, then the boys went away to boarding school, the girls came down here, their mother fell ill and went to Naples.

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4_2

See those holes there? They provide air for the manhole. There's a manhole there, between the floors, and you get into it from the floor above, there's a big nail that is used as a handle and there are four red bricks that move—I've done it so many times—you pull it up and go down. Antonio De Viti de Marco's father, Raffaele,[3] had been a conspirator in 1848, and he spent three months in the manhole, and then at night he came upstairs to sleep, and once the police came and they found the bed warm, they stuck their hands in and it was warm. And the mother said: 'Search, search, search everywhere.' But he had already gone to the house of some trusted friends. That manhole, for me, was a spur to my imagination. Donna Carolina, Antonio's sister, said: 'Yes, they looked for him for such a long time, but they never caught him!'

Q. Do you remember the well here?

Which one? That well wasn't here.

Q. Ah, wasn't it?

That well wasn't here, there was one of those great big tubs…

Q. And these trees?

The trees were planted by donna Carolina.[4] She would plant trees everywhere. Donna Carolina had a Georgic soul. Water, trees. She used to say that someone who has planted at least one tree has not lived in vain. Well, shall we go upstairs?

[We go into the house, and up to the first floor.]

This is the reception room. It is here that he says that, after the others had all gone, he went out on the terrace and looked at the countryside and he felt the urge to write a poem. He had come down from boarding school. That's the terrace, looking over the square. The poem is rather sad, it has a Leopardian feel.

[Emilia turns to the present owners of the house.]

I was saying that don Antonio himself, here, used to say that, as a boy, he had come from the boarding school and he had looked out from that terrace with some other people, he had arrived. The others had all left and he felt an impulse to write a poem, and he wrote it and he says—he was 14 or 15—that he understood that it is possible to write things that you truly feel. And the poem is a beautiful one. It's not a sublime poem, but melancholy, Leopardian, beautiful.

Q. Did he dedicate it to his mother?

He sent it to his mother.[5] He did everything with his mother, he gave her things, he talked to her, he confided in her. See this room, it was Pitty's room, that's donna Carolina, his sister. Then she and her daughter Giulia moved down to the ground floor.

Q. Did donna Carolina spend her whole life in this house, from birth to death, all the 102 years?

Not all, but most of it.

Q. So she was the reference point for the family. Her brothers came to visit her.

Antonio did, because the elder brother Girolamo, Momo, died in 1884.[6] The younger brother Cesare, Cucù, died in 1923,[7] because the mixture he was working on exploded; he was making it to scarify the soil, otherwise the peasant-farmers had to use picks, you know, it's all rock, and so he was working on an improvement… because he had a feeling for experimentation, as it were.

Q. I remember that donna Carolina wrote[8] that when her brothers came home from boarding school she devoted herself entirely to them.

Once in a note she says to her mother: 'I've become very good, today I sewed a hundred patches.' That is, the reinforced buttonholes that were needed on woollen mattresses. She had sewn a hundred in one day! She was a child of nine when she wrote that.

Q. And she wrote this to her mother?

Yes, her mother was away because she wasn't well. She let her know, she told her what she had been doing.

Q. And who did they grow up with?

They had a series of governesses, an aunt who was an ex-nun: when the convents were abolished this aunt came here to look after the two girls.[9]

Q. Only the girls?

The two sisters, that's right. The males were at boarding school, the youngest girl was with her mother, and she later died in a meningitis epidemic in Naples, at the age of four.[10] Donna Carolina never got over that death. She used to talk about that little girl with such love, many years later. She was very old when she told me these things and she said she had never seen such a tiny, pretty

little creature, and that this girl had always had grace. To see her, and hear her talking about such distant things, so remote and all finished, with so much conviction, such involvement and regret, because they had so much trouble!

Q. Emilia, was this little girl's death the first of a series of deaths in the family?

Yes, unfortunately, because there was the girl …, then the mother: the mother died because she got worse right after her daughter died. Then the eldest brother: the eldest brother was an *attaché* at the embassy in Paris, he left the day after his birthday and a month later he died when he fell off his horse.

Q. How old was Girolamo, the eldest brother, when that happened?

He was 27, he was very young and he was already an *attaché*, he had finished his studies and done his examinations. The father also succumbed to this thing, so unexpected and so terrible, and he died a few months later. Both the father and the mother had the pain of losing a child before their own death. The mother died only a few months after the death of the little girl; the father too, because his son died in September 1884, and he died in June of the following year.

[Walking around the house.]

Now, when James, Antonio's son, died, he was on the other side of the house.[11]

Q. His sister Carolina died in 1965, and when did his son James die?

James died in 1957.[12] When donna Carolina died she was already living on the ground floor.

Q. And James was here?

Yes, James lived on this floor, while donna Carolina was on the ground floor. I would like to show you the other part of the house. Come and see the manhole, the one used by the head of the family, don Raffaele, in 1848. He used to go down and then at night he would go and sleep in his own room. The mother, who had been warned that the police were going to call, made sure that … anyway, he escaped. I have been down into it. Now, he was here when he died.

Q. Who?

James! Yes, he was right here. *Eh, mamma mia,* so many things, so many people! You know: don Antonio's daughter Lucia, the last daughter, in Fregene, at her own expense, looked after twenty or so disabled children;

she looked after a lot of people all over the area, children seriously disabled by poliomyelitis, and they were cared for with ultra-modern methods, with Steiner's anthroposophic methods.

[One of the present owners asks her: 'Do you remember when Benedetto Croce came here?']

Mrs Croce often came, donna Adele Croce.[13] There are a lot of messages from donna Adele. She had become great friends with donna Carolina. She used to say: 'Carolina I love you because you come for me, not for my husband.' As everybody went to see and be received by Benedetto Croce, it was something exceptional. He was what he was, but he was also grumpy, his wife had her hands full … four daughters, only one son who died as a child. They all had names without *r*. She said: 'When we gave our daughters these names, we didn't want there to be any grating *r* sounds.' So there was: Elena, who only recently died, she wrote a good book[14]; Alda, the most erudite one, the most cultured one, a scholar of Spanish culture; then there was Silvia, the youngest; and there was another one, the third, but her name escapes me.[15]

Q. And when did Emma Pantaleoni come here with her two children, Diomede and Adelchi?

Carolina tells how Adelchi, Pantaleoni's son,[16] broke a beautiful *musa*, a plant that she had received as a gift, and she was very fond of plants.

This was the family house, and it had gone to the one who was then the eldest son; don Antonio wasn't the eldest, he was the second, but the one older than him died, then there was a younger brother.

[We find a filing cabinet.[17]]

Q. Emilia, let's look at this.

Pantaleoni will be there.

Q. Let's try and see, because you probably know what it might be, it might be the card index of his library.

Maybe.

Q. You see? This is Palgrave and it's about taxes: *The Local Taxation of Great Britain and Ireland*.[18]

Who is the …

Q. Palgrave is the author. Palma Luigi *Corso di Diritto Costituzionale* …[19] this is Antonio's!

So it's Antonio's.

Q. Panizza Mario, *Le Tre Leggi. Saggio di* ….[20] But listen Emilia, this is a real find. Pantaleoni Maffeo.

Pantaleoni!

Q. *Principi di Economia Pura*.[21]

And this is just what we know about.

Q. *Teoria della Pressione Tributaria*.[22]

Pantaleoni.

Q. Here I can see … A lot of these books have probably …

… been lost.

Q. No, they went to his library at the Institute in Rome, in the Institute of economics and finance.

No, in the library in Rome, in spite of all their searching, they haven't found anything.

Q. No, books but not manuscripts, there are a lot of books, so he might have taken these books to Rome himself. But how can this filing cabinet possibly be here?

Ah I don't know.

Q. Let me see if Seligman[23] is here. Antonio Salandra, the president of the Council of Ministers.[24] Look, Sax![25]

Very interesting. What a surprise, because I would never ever have imagined that this filing cabinet was here. The daughters gave all their father's papers to the Alessandrina library, but now they can't be found.[26]

Cellino San Marco, Tenuta Li Veli,[27] Wine Estate, July 20th, 2007

Q. Do you remember this homestead?

This is better preserved, but I think they've added another nave. This is still more or less the same, more or less. It was all like that. And you know, these pillars holding up these arches as far as the eye could see, because the arches are multiplied if you look at them from a certain angle. Now, this one is more like it. You know, they're memories from sixty years ago.

Q. You told me he joked about the name of this estate.

Yes, he enjoyed this: 'St. Anthony the abbot, St. Anthony of Padua, who knows how many others … but I am St. Anthony of Li Veli.'

Q. Did he invest a lot of money here, Emilia?

Everything he earned from the estate went into improvements on the estate and he always said that he could do this because he had enough to keep his family without this income, but a working farmer who has to provide for the needs of his family could never do it. I think this idea came from his being an economist.

Q. And so did he introduce technological innovations in this estate?

Yes, and he also did small things, like cooling the must. You know, when the must is near boiling point, there was this device to stop it from boiling. He did various things and this was very important to him, as it also was when they said to him: 'Yes engineer, no engineer.' 'They took me for an engineer!' A world famous economist, and he was happy because that was a compliment, but he really had a gift.

Q. But did he come into this estate as an adult?

He inherited this, from I don't know which uncle. Because it's strange that the two families, both on the mother's and the father's side, were originally from Terlizzi, near Bari. He was already a rising economist. His wife was enthusiastic about this place, too.

Q. You told me that this was his kingdom, his glory and his boast, you said.

His glory and his boast, yes. His wine … which he didn't actually drink, he was nearly a teetotaller. This is an area of wine and oil. In fact he planted the whole boundary of Li Veli, a lot of hectares, the whole boundary was olive trees, little olive trees.

Q. Ah, I didn't know there were also …

And the tenant farmers, there were sixty-nine of them, if each of them had the chance to have his own share of a small plot of land, with a tree, he took the fruit from the tree.

Q. Naturally with this too, after his death nobody took over the management.

I think this part, Li Veli, went to Etta, the eldest daughter, because her invitation for my honeymoon came from Etta.[28] Both the daughters were at Casamassella.

Q. What year did you get married?

In 1956. Perhaps James was at Casamassella, I don't know if he had already come, I can't recall.

Q. This family died out because Etta didn't have any children.

No, and nor did Lucia.

Q. So he didn't have any grandchildren.

No, and none from James either.

Q. And just think that Salvemini remembers him saying: 'I work enjoying the thought that the fruits of my labours will go to my children'![29]

Look, if there was someone who was unlucky in the common sense of the word, it was him. He had a thoroughly deserved fame, because you've seen his preparation from the earliest years, and that is what counts, this determination, this desire to do what he wanted to do, and not what his father had decided for him. His other brother was like that, too. Antonio was a man of great moral strength. I saw him in certain difficult times when he came to Casamassella, very difficult, for him and for the whole family. Just think, a person who in his childhood and adolescence, can't wait to see his mother again, his mother meant everything to him, and he didn't see her, because on the way back she died. Just think what it must have been like. I mean, some things strengthen you for life.

[Emilia talks to the present managers of the estate.]

Don Antonio de Viti de Marco, he … It was his life, his joy, his … he felt *himself* when he was at Li Veli. He'd done everything himself. The land was obviously there already, he created the vineyard, and always invested the profits in improvements.

Cellino San Marco, De Viti de Marco's 'Castle', July 20th, 2007

This was a snow-store originally. That is, it was quite a common thing, this is not the only one … When it snowed, very rarely, they collected this snow and piled it up, they kept it together with straw, and it was used for the needs of the time. Then there was this snow-store in the middle of the

countryside and don Antonio thought he could make a house out of it, a *pied à terre* because little by little … And as he had a sense and a gift for engineering, as it were, and above all for architecture, he built this house. And he was happy when they said to him, a world famous professor, well, when they said: 'But *ingegnere*, how did you do it?' 'They called me an engineer!'

Q. Do you remember this *console*?

I think this must be that *console*, unless it was a reproduction made by the carpenters in Uggiano. There aren't any of them left now. But when he bought some valuable furniture, he always had copies made for the house in Casamassella, for here. So it happened that without any philanthropic intention, at least it was not visible anyway, there was a generation of carpenters who were more cabinet-makers than carpenters, because they learnt the technique and they learnt from him.

Q. So he provided the stimulus for something that grew a great deal bigger.

Yes, he had that ability, because he was a person for whom art was not something foreign. He was… they were things that he did for his own pleasure.

Q. So there was no cabinet-making school like the embroidery school.

The embroidery school was a different thing and his wife, the Marchioness Etta,[30] was very much involved in it because with donna Carolina she used to go to museums, and they would copy and buy pieces of lace, then they deciphered the pattern. There was a group of noblewomen around Italy, Countess Rasponi, Michele Amari's daughter, Countess Pasolini, and I don't know who else, who were very actively involved in this.[31]

Q. Did they also have international exchanges?

Donna Etta did.

Q. Antonio's wife?

Yes, because she was American and knew a great many people, she often sponsored new emerging artists. Out of friendship, you know, she wasn't a patron of the arts. Because perhaps the members of the De Viti family had different means of expression, but there was the fixed principle, and this was at least fifty years before its time: reaching out, doing this, doing the other, foundations, associations, etc., reaching out to people, helping

them to find themselves, to work independently on their own land, that's what it was like. When the embroidery school was set up, it was like that, it was for girls, farmers' daughters who didn't get married and then became a burden on the family. Donna Carolina, who had always done sewing, helped her with their supplies and she taught those girls an art. Once there was an exhibition in London of the Casamassella embroidery school, because donna Etta had friends and relations who put on these exhibitions.

Q. But in your opinion, Emilia, did this special aptitude of the family's come from Lucia Troysi, that is, from the mother?

I think it came from both sides, because the father Raffaele, who was a lawyer, often worked free of charge. Just as the brother, Cucù, that is Cesare, the doctor, did. He treated everyone here and he never charged anything. He looked after the land, he looked after the improvements, not only for the scarifying, the breaking up of rocks, because the terrain here was all rocky, and at that time they broke it up by hand with picks, and the men were exhausted after a day in the sun spent breaking rocks. That's why he was studying a way to get this mixture of explosives, to save work, so there was a humanitarian principle, and then unfortunately he paid with his life, because the one time he did this experiment right at Casamassella …. It happened, I can tell you the date, because I remember it well, because it seemed to me to be a thing very well worth remembering, it was 17 May, 1923, the explosive blew up.

Q. Anyway at the beginning of the Twenties, after the First World War, Antonio had so much pain, in his private life and in his public life.

Look, Antonio's happiest period I think, knowing everything that Pitty, Caroline said, was actually the period of their marriage and a few decades after their marriage.

Q. When he went to America.

Yes, these two young people suddenly falling in love.

Q. Were they very close?

Always very close. And donna Carolina used to say: 'Etta: Antonio said this, Antonio did that, she was ready', so you know, it really was one of those loves that last, come what may.

Q. But she was a great support in his private life and in his public life, she corresponded with a lot of his correspondents.

I didn't know that, because it wasn't talked about. However, I remember once when Cardini came and from him I understood…. I learnt … and it was true, she acted as an intermediary.[32] And then she had charm, Pitty says: 'When we got to know her she was so good and kind and so affectionate.'

Q. Emilia, is it true that after their death there were various burglaries in their houses?

When the house of his niece Giulia was burgled, all the furnishings were stolen. The house was abandoned after Giulia's death, as long as she was alive they didn't dare break in.

Q. But were there a lot of burglaries?

I made thirteen reports of burglary to the police in Minervino,[33] thirteen times I made these reports, in my role as president of the Foundation.[34]

Lecce, Emilia Chirilli's House, July 21st, 2007

Q. Emilia, you also have some letters that Antonio wrote when he was at boarding school with his brothers. Do you know why they were sent to boarding school?

Yes, the explanation that Carolina, the sister, gave later was that Raffeale's adoptive mother, that is the adoptive grandmother,[35] had kept the eldest boy, Momo, with her, and poured all her love onto him, the love that she had had for the father, they were always very fond of each other. It was obvious that she would spoil this boy totally, and in fact from the letters that exist you can understand that at eight years of age he was laying down the law. So, as they couldn't take him away from her, they invented the idea of boarding school. And naturally as he was there, the second boy had to go too, and then I think it was a year later, the third boy as well. Here in Lecce they went to the Palmieri boarding school, which was a very well respected school run by the Jesuits, but it was secular. Antonio did not want to go away to school. He couldn't understand why they had sent him to boarding school. Being there irritated him, since he explicitly says: 'But why do we have to be so subordinate or at any rate so submissive? Perhaps because they are helping us here to get used to bowing our heads? I will never bow

mine!' And that is what he did all his life. They were the early symptoms of the way he was, his behavior, his personality, that's what he was like.

Q. And what other interests did he have in those years at boarding school?

He used to write, he wrote poetry, and some were … there's a sense of art, of poetry, they were heartfelt. He says he tore up 63 tercets because of the imperfect rhymes, so they were not up to what he wanted to express. And they were all things he wrote as a gift to his mother, either for her birthday or for Santa Lucia.

Q. Did he like reading?

Yes.

Q. What books did he like best?

Well … he used to read about battles, history, Garibaldi. His mother was greatly in favor, she accepted the new things with fervor. There's a point where he says to his mother: 'here the discipline is tough, but there's nothing I like more than reading something.' And reading meant history, history above all.

Q. And did he tell his mother about what he read?

Yes, yes, absolutely. His mother had an extraordinarily great influence on him, and not only on him, but also on his elder brother. The mother was in Naples, all these letters are addressed to Naples. She was in Naples because she wasn't well. And the father, who later, from the letters from University, seems to be someone who only thinks about money…. He did think about it, but that is educational, too. But earlier, he who said he didn't understand poetry and yet he bought books of poets like Dante Gabriele Rossetti, like Shakespeare, like Aleardo Aleardi because Tuzzo liked him, all poetry, classical poetry, and also writers like Borghi who translated Pindar,[36] in other words, he did everything to please the boys.

Q. So the mother lived in Naples?

Yes, she was there for over two years.

Q. When Antonio was away at school?

According to the boarding school rules, holidays were given if they were deserved, otherwise, holiday or no holiday, they stayed in, and this really annoyed people like Tuzzo.

Q. Was he really called Tuzzo?

He was called Tuzzo, at boarding school by his schoolmates for sure, and in the family up until he died he was always Tuzzo.

Q. You were telling me about his mother.

His mother unfortunately was at long last coming home, her husband and the two daughters had gone to fetch her, no, not the sons as they were at boarding school, and this was in 1875, and they had done part of the journey and they had stopped at Foggia. His mother had been able to go for a few drives in the carriage, then they continued the journey by train to Bari, which was where everything went wrong. She never came home, and there were they, who had seen her leave two and a half years or three years before, with their baby sister … the little sister had died in an epidemic in Naples, a few months earlier; she was coming home, and she got no further than Bari. Donna Carolina doesn't go into this in the notes she made when she was very old.[37]

Q. What else do you want to say about the boarding school period?

I know he left it before the final exams and I suppose his elder brother did too, because they were together, there was an age difference of a year, one born in 1857 and the other in 1858 (Tuzzo) but they went through secondary school and then university together.

Q. What is your impression of him in this stage of his life, as a teenager?

A person far above his age in determination and clarity of opinions. For instance, what he said about the monarchy.

Q. What did he say?

Talking about Garibaldi, when he was 14, he said that they did nothing to celebrate Garibaldi's name-day, St. Joseph's day, while for the King's name-day there were celebrations right and left: 'but I don't think the House of Savoia feels guilty about this or anything else, because it is quite cunning. But I hope it finishes its time before I finish mine!' This was at the age of 14.

Q. So he was also interested in politics.

Very, very interested. And he says to his mother: I want to get mixed up in the affairs of state, of politics, I cannot renege', that's what he says: 'I cannot renege'—he uses the archaic term, because now and then there are words from the high-flown tradition, then there are dialect words: they are the letters of a boy! 'I cannot renege that I want to get mixed up in affairs

of state.' It was his goal. 'And I want to become' … once he even said he would agree to his father's wish that he become a lawyer provided it was in penal law, because he wanted to learn the art of oratory, to give kings, governments, and all those who behaved badly, a piece of his mind.

Q. He had anticipated …

My dear, that's what he said at 14. He repeated it in another way later. He was apparently a republican and he said to his mother: 'If I want to have fun, it annoys me being in boarding school because of the strict discipline, though one can have fun here too, but I would like to write of battles, I would write republican Constitutions the way they come into my head.' He was 14 or 15 years old. And he continued, because the later letters, which are no longer addressed to the mother … But that is the approach, the personality, it was the way he was. And then that determination so far above his age. That was extraordinary. But his brother too; he had a different temperament, he was softer, in fact he entered the diplomatic service and he was successful, because he too was supposed to be a lawyer, according to their father, who was a lawyer himself.

Q. Anyway, in 1877 the two brothers moved to Rome

Yes, there's the first letter dated 10 December 1877. And their father had brought them there earlier.

Q. And there they both enrolled in the Law Faculty.

Yes, they had enrolled in the Law faculty. Tuzzo was a close friend of Pantaleoni, a friendship that as you know lasted their whole life, apart from the fascist interruption.

Q. Emilia, the letters written to their father in the early years of University show their daily life; you can perhaps tell us something about it.

It was very Spartan, very Spartan, very Spartan. Look, those letters taken in themselves, without the people, the names, above all without the period, were like what we can't imagine today.

Q. What did they do?

They studied and studied, they went for a walk to the Pincio, but that was something special. They were in a rented room, and he says that the Roman landlords are even worse than the Roman cab-drivers.

Q. In the letters are there opinions on the teachers?

There's Filomusi Guelfi who taught Encyclopaedia of law,[38] there was a professor Schupfer before whom they had given lectures.[39] Because they didn't do exams, they gave lectures, that is, they were called by the professor to speak in public, and to speak in front of experts on the subject they were dealing with. And his brother says: 'this is very good for us, because it makes us more brazen-faced, the paternal tendency to be brazen-faced', he is teasing his father. Momo was more … Tuzzo wasn't, he was very serious, he didn't take these liberties. With his mother it was all different. He must have been one of those lads they call rebellious, not that he rebelled, he was … he wouldn't put up with certain things that he saw as unjust impositions. So it wasn't for him. He never could bear that. He was grown up, he had had a long career, he resigned, not the way they said, that he had got to the end of his career. That wasn't true, he still had some 3 or 4 years to go. He gave it up. There's a letter which you must certainly have, a letter to the Vice-Chancellor of the time, who was the Vice-Chancellor that I later found as a professor when I went to study in Rome.[40]

Q. In the years at University did they study anything else?

Yes, Momo says so explicitly, because in the university period the absolute interlocutor was his elder brother, while in the previous period, at secondary school, all the children wrote to their mother. The mother is not present, but the one that wrote more specially, and many of whose letters survive, was him, Antonio, Tuzzo. And he writes really beautiful, heart-rending letters, they are those of a boy yearning with all his heart for this return, and in the last letter there's that terrible phrase: 'but we will always, always be together, we'll do this, we'll read together.' It was exactly a year before his mother died and he never saw her again, the things he had hoped for were never to happen. It's desolating to think of it…..they were children, involved in so much family tragedy, illness, deaths; now that strengthened them, but the cost was too high. They were just children, they went to boarding school when they were ten, or eleven I think. That's the way it went and neither of them could tolerate it, but especially Antonio, because Girolamo was more … Antonio was so sure he was right, when he says that he would like to become a penal lawyer to learn oratory. And in Lecce there were plenty of penal lawyers, but he thought of it in terms of what his future activity would be and he said he would give a piece of his mind, those were his words, to all the governments, to all the deputies, to all those that behaved badly.

Q. But that's extraordinary!

It is really extraordinary for a boy of 14 or 15 but no more than 15, because afterwards there are no more letters from him, they go up to 1874. The most intense period was 1872–74, coinciding with his mother's longest absence.

Q. Emilia, getting back to the university years, they attended courses …

They did 'adornment' courses, that is, studies that helped to enrich the personality, but that are not done to educate or train for a profession, for the degree. For instance, music, for instance dancing. But he studied music when he was here too, yes, there are some letters where he says: 'the sonatas you sent me, I am doing various exercises.' Because his mother used to send him books of poetry, books of history above all, and she sent sonatas for the girls, who used to play for example the music of *La Traviata* with the piano teacher. And he did music, he says so explicitly; when they were in Rome they took it up again, and this was a so-called activity of 'adornment'.

Q. Did they also study languages?

They studied French above all, because their mother wanted them to be able to write in French, and then they studied English. They practiced their French with an English teacher. The mother was keener on French than on English—though she was the daughter of a real Englishwoman from England, Sutton, of Molesey in Surrey—perhaps because they did English in the family, I don't know. And then there is Salvemini's expression when he says he met Lucia, the youngest daughter, in London: 'very beautiful at 21.' I remember expressions because they seem very graphic: 'very beautiful at 21, Anglo-Saxon right down to her fingertips'.[41]

Q. Did all Antonio's children look Anglo-Saxon?

Yes, all three, especially James. The one that resembled her father most was Etta, the elder one, the elder of the two, because first there was James.

Q. Emilia, let's jump forward. You are in Rome at university, a friend of his daughter.

I was a friend … The daughters came later, because they were always away, travelling around Europe and then they came to Casamassella to visit aunt Pitty and I was almost always there. I knew him better than his daughters. Then, on the other hand, being in Rome, the opposite happened.

Q. And so you were invited to their house?

Yes, I was in university lodgings, it was wartime, I graduated in 1942. I went because I was invited to lunch, and he was there naturally, there was always him at the table. He came down, because his room was upstairs, then he came down for lunch and it was lunch as it used to be in good families of the past, it was very… I was especially embarrassed in his presence because he was famous, I knew he was a very well-known person, I knew that in Italy it was different, however I knew and I saw this face, that portrait[42] shows him quite well with those little shiny glasses, and the ironic look in his eyes, but a sympathetic irony. I was 18 or 19, he was a famous professor, but he was interested in what I did. 'And would you like to be a teacher?' I can hear him now. 'But what are you studying?' because he caught on at once … and he was particularly interested in Latin, because he had been a Latin champion.

Q. Oh, really?

Yes, he had been a Latin champion at high school. And he very much liked *The Lives of the Twelve Caesars*, by Suetonius,[43] because one of them had very clear affinities with some figures that he didn't like, that is, a person that didn't like him because he was ….[44]

Q. What year was this, Emilia?

I started university in the 1938–39 academic year, and I graduated in 1942, after four years. I saw him in the last years, but I had already seen him when he came here. He used to speak to me about Latin, about Suetonius, and he wanted to translate. 'I don't remember enough.' I recall his tone of voice: 'I don't remember enough, but I might be able to find …', he meant … Then he said: 'no no no.' He was afraid for me.

Q. What was he afraid of?

Of me laying myself open to attacks, because he wanted to send that emperor with the affinities, he wanted to send him … Well, he was a person that though he was old, very old—and for a person of twenty he was decrepit—he was … he had kept all his lively spirits, the rightness of his judgments, and also his equanimity because he was never …, he didn't prevaricate, he was like that.

Q. Emilia, was he a believer?

No, he wasn't at all. The strange thing was that the Palmieri boarding school had become much more secular, so their annual celebrations were held on the anniversary of the *Statute*[45] and the teachers were secular.

There was Antonaci, Clemente Antonaci, there was a study on positivism that was flourishing at that time.[46] There was a Maths teacher who was still famous in my time. These teachers also taught university courses.

Q. Is there anything else you would like to say about him?

That I wish he were alive, and I wish all those around him were alive.

Q. Did donna Carolina die in 1965?

Yes, she was born on Assumption day, August 15th 1863, and she died on St. John's day, June 24th 1965.

Q. Emilia, the things you know about Antonio de Viti de Marco you were told by donna Carolina?

A lot of them, because she had written a sort of year book, starting from 1946, which went ahead for a long time, up to more recent times, when I appear in it too. She told me a lot of things, and I remember them.

Lecce, Emilia Chirilli's house, August 8th, 2008

Q. Emilia, what sort of relationship did you have with donna Carolina?

I know a lot about donna Carolina because I lived with her. I was often there. First of all I was someone who kept her company, and donna Carolina used to talk, she needed to talk about things that she thought I understood, and so it was a pleasure for her to be with someone discreet. Now, I'm not, because by now I've said all I know, but at that time I didn't breathe a word, not because there was anything to keep quiet about, but because they were a reserved kind of people.

Donna Carolina, the one I'm talking about, De Viti de Marco's youngest sister, had set up an embroidery school. Tuzzo himself came down to Casamasella, with his wife who was American. She was very interested in the thing and they put on an exhibition in London. Donna Carolina used to go with her sister-in-law, my protagonist's wife, they used to go around museums, they bought pieces of old embroidery, they deciphered the pattern, which was not easy, and they learnt how to do the stitch, because there was the school at Casamassella and they taught the local girls.

Q. Emilia, where did Antonio and Etta go after their marriage?

Antonio and Etta got married in June in Florence, at Villa Fontallerta, then they went to live in Rome, at Palazzo Orsini. There's a cross letter

from Pantaleoni where he says: 'there are so many things to do and to say and what does he do, he goes off to America.' He went after the wedding, and he stayed there for I think almost a year. All these stories are very vivid for me, not because I was alive at the time, but because I heard them told with such love and enthusiasm—they were part of donna Carolina's life.

Notes

1. Casamassella is a small village within the jurisdiction of Uggiano La Chiesa, in the province of Lecce, not far from Otranto (Apulia, Italy).
2. Emilia is referring to a collection of family letters in her possession; for further details see E. Chirilli (2010) *Tuzzo. Preistoria e Protostoria di Antonio de Viti de Marco* (Bari, Cacucci).
3. Raffaele de Viti de Marco (1823–85) married Lucia Troysi (1832–75) and they had six children; Antonio was the second son.
4. Carolina de Viti de Marco (also called Pitty), who was born in 1863 and died aged 102 in 1965, was Antonio's younger sister.
5. The family of Antonio's mother, Lucia Troysi, lived in Napoli, and she often went there.
6. Girolamo de Viti de Marco (also called Momo), Antonio's elder brother, born in 1857, lost his life in a fall from his horse in 1884.
7. Cesare de Viti de Marco (also called Cucù), Antonio's younger brother, born in 1861, died in 1923 in the circumstances recounted here by Emilia.
8. I'm referring here to the reading of some recollections set down by his sister Carolina in her last years, also in the possession of Emilia. See E. Chirilli (2010) *Tuzzo. Preistoria e Protostoria di Antonio de Viti de Marco* (Bari, Cacucci).
9. Emilia is referring to Carolina de Viti de Marco (Pitty) and to the elder of the sisters Costanza (also called Trilla), who was born in 1860 and died in 1939, the mother of the poet Girolamo Comi.
10. The reference is to Antonio's youngest sister, Giulia (1869–74), also called Pittovalla.
11. Antonio de Viti de Marco had three children: James (1896–1957), Etta (1898–1962), and Lucia (1900–89).
12. The gravestone in Casamassella cemetery has the date March 13th, 1957.
13. The great southern Italian philosopher Benedetto Croce (1866–1952) had married Adele Rossi in 1914.
14. Elena Croce (1915–94) was the author of essays and novels; we do not know which of these Emilia is referring to here.
15. Benedetto and Adele Croce's four children were called Elena, Alda, Lidia and Silvia.

16. As we shall be seeing Maffeo Pantaleoni (1857–1923) was close to De Viti de Marco all his life, from the time they were at university together.
17. The catalogue of Antonio de Viti de Marco's books will be published shortly.
18. R. Palgrave (1871) *The Local Taxation of Great Britain and Ireland* (London, Murray).
19. L. Palma (1883) *Corso di Diritto Costituzionale* (Firenze, Pellas).
20. M. Panizza (1899) *Le Tre Leggi: Saggio di Psicofisiologia Sociale* (Roma, Loescher).
21. M. Pantaleoni (1889) *Principi di Economia Pura* (Firenze, Barbera); English translation (1898) *Pure Economics* (London, Macmillan).
22. M. Pantaleoni (1887) *Teoria della Pressione Tributaria* (Roma, Pasqualucci).
23. Edwin Robert A. Seligman (1861–1939) was professor of economics and public finance at Columbia University of New York. His name will be reappearing in later interviews.
24. Antonio Salandra (1853–1931) was Prime Minister of Italy from March 21st 1914 to June 18th 1916.
25. With Emil Sax (1845–1927) De Viti de Marco had a problem over priority in the formulation of a pure theory of public finance. See M. Mosca (2010) 'Emil Sax and Italy', *Storia del Pensiero Economico*, 2, 47–62.
26. We have been unable to trace papers of De Viti de Marco in the Biblioteca Alessandrina in Rome.
27. The estate is near Cellino San Marco, in the province of Brindisi (Apulia, Italy).
28. Emilia's first stop on her honeymoon journey was at the 'castle' of the De Viti de Marco, at Cellino San Marco (Brindisi, Apulia, Italy), to which we shall be referring a little further on, near to the Li Veli wine estate.
29. G. Salvemini (1948) 'De Viti de Marco. Ricordo di Gaetano Salvemini', *La Gazzetta del Mezzogiorno*, September 12th. Gaetano Salvemini (1873–1957), historian and politician, when he wrote this recollection on the occasion of the commemoration of De Viti, was living in America. We shall be returning to the subject of their friendship and collaboration.
30. Harriet Lathrop Dunham (called also Etta) was born in New York in 1864 and married Antonio de Viti de Marco in June 1895; she died in Roma in 1939.
31. Gabriella Spalletti Rasponi, Carolina Amari, Maria Pasolini Ponti, active in the women's associations of the age, were experts in lacework and founded schools of embroidery.
32. On this see A. Cardini (1985) *Antonio de Viti de Marco. La Democrazia Incompiuta (1858–1943)* (Roma-Bari, Laterza).
33. The *carabinieri*'s headquarters in Minervino (Lecce, Italy) is responsible for the Casamassella area.

34. Emilia is referring to the *Fondazione Le Costantine*, set up in 1982 at Casamassella (Lecce) by descendants of Antonio de Viti de Marco and still active today. Emilia was president of the Foundation for many years.
35. Antonio's father, Raffaele de Viti, had been adopted by his godmother Costanza Maria de Marco.
36. Pindarus (1824) *Le odi di Pindaro, traduzione di Giuseppe Borghi* (Pasquale Caselli & C., Firenze); English translation Pindar (1969) *The Odes of Pindar* (Harmondsworth, Penguin).
37. Emilia is referring to the recollections of the sister Carolina in her last years, mentioned above. See E. Chirilli (2010) *Tuzzo. Preistoria e Protostoria di Antonio de Viti de Marco* (Bari, Cacucci).
38. Francesco Filomusi-Guelfi had been professor of the philosophy of law, of civil law and Encyclopedia of law (in the nineteenth century the latter was a subject in the law faculty).
39. Francesco Schupfer, law historian, founded the *Rivista Italiana per le Scienze Giuridiche* with Guido Fusinato in 1886.
40. This was Pietro de Francisci, professor of the history of Roman law and Vice Chancellor of the Royal University of Rome (from 1930 to 1932 and then from 1935 to 1943). To him De Viti addressed a letter (November 5th 1931) asking to retire so as not to swear the oath required by the fascist regime for university professors. We shall be returning to this episode.
41. "In London I found myself for quite some time with Lucia de Viti, just the two of us; she was very beautiful, at twenty-one years of age, though a little thinner. Anglo-Saxon *au bout des ongles*". G. Salvemini (1985) *Carteggio 1921–1926* (Roma-Bari, Laterza), 72 (our translation).
42. The photograph printed on the cover of this book.
43. Gaius Suetonius Tranquillus (1979) *De Vita Cesarum* (London, Penguin).
44. She is referring perhaps to Gaius Julius Caesar Germanicus, nicknamed Caligula because of his *caligae*, military stockings that, together with other features, could be evocative of Mussolini.
45. The *Albertine Statute* was the constitution of the Kingdom of Italy and it lasted until Italy became a Republic after the Second World War.
46. C. Antonaci (1878) 'Gli Studi Classici ed il Positivismo Moderno', in *Il R. Liceo Ginnasio Palmieri*, Lecce.

PART II

The Political Sphere

CHAPTER 3

From University to the Rejection of the Oath

Antonio Cardini

Siena, February 29th, 2008

Q. Was Antonio de Viti de Marco, as well as being a theoretical economist, a man greatly committed politically?

Antonio de Viti de Marco, in common with many of his generation and also of his times, showed an interest in politics because he was born into a landowning family which felt invested with the task of governing the state. So right from the beginning, from when he was a student, he showed this tendency to be involved in politics, as something that was the duty of the ruling class, essentially; he was a liberal. As well as his family's social status, a very important role was played in his political commitment by his friendship with Maffeo Pantaleoni, who he met as a student in Rome in 1877, when he was 19. Before that, his family experience had linked him quite closely to Anglo-Saxon culture, as his grandmother was English. His father, with whom he never saw eye to eye, was engaged in the management of his land in the Lecce area. The title of Marquis, very important to him, was, however, quite recent, in that his father had been adopted by a marchioness De Marco, from whom he had received his surname and his land. And his grandfather had worked at the Bourbon court as an administrator. So this liberal nature derives essentially from the family's feelings of

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4_3

their duty towards the state. It was a family of the Risorgimento,[1] his father was a lawyer who had supported the Risorgimento: De Viti de Marco was born in 1858, right in the middle of the Risorgimento period. There had been no Bourbon supporters in the family, apart from the administrator, as one might expect, and he has this liberal tradition in the family. He took over the management of the household early as his father died prematurely, as did his elder brother, so he inherited everything, quite a considerable inheritance.

His liberalism was initially tempered by what De Viti was to fight hard against all his life, namely socialism of the chair.[2] At first he accepted this idea of state intervention, but he soon gave it up. Maffeo Pantaleoni was his friend at the time: the letters they exchanged in this period, some of which have been published,[3] were in English, because both of them, but especially Pantaleoni, were familiar with English. Pantaleoni's mother was English and he actually learnt Italian only afterwards, attending high school outside Italy. They read Stanley Jevons together, the *Theory of Political Economy*,[4] who put forward this new marginalism, of which they developed a version that was to be important not only in Italian economics, and in mathematical studies, for the mathematical approach to political economy, but also as a basic ingredient of liberalism. So as students they shifted from the state intervening to reform society to a liberal mechanism that perfected what had been the basis of liberalism up to that time, essentially the doctrine of *laissez faire*. They intended to create what would be for De Viti's entire life, though not for Pantaleoni's, a new Anglo-Saxon style of liberalism that differed from *laissez faire*.

Their political activities between university in 1887 and the early Nineties were those of a couple of students, quite ineffective. But they became more serious from the beginning of the Nineties, with the growing commitment of the two scholars, Pantaleoni and De Viti, still young, little over thirty, via the study of political economy. Between 1888 and 1889 they made fresh contributions to the new *scienza delle finanze*. De Viti's *Il Carattere Teorico dell'Economia Finanziaria*[5] and Pantaleoni's *Principi di Economia Pura*,[6] published in 1888 and 1889 respectively, introduced a new direction in the study of public finance and economics in Italy, and wished to be associated also with the liberal battle they saw as being necessary in the meantime to improve the Italian situation, especially after the 1887 customs duty. They were directly involved in discussing and criticising, harshly at times, the economic policy decisions that were being made, and this was part of the idea that the ruling class, to which they felt they

belonged, had a duty to discuss the measures to be taken and the direction the state should go. This was particularly deep-rooted in Pantaleoni, whose father, Diomede Pantaleoni, had played quite an influential role as adviser to Cavour.

This attitude of a small circle of people taking responsibility for the state was quite common among the ruling class of the time. But how were they going to do this? By doing what some wealthy young men of the time might do, that is they set up a journal, which actually already existed, the *Giornale degli Economisti*, at their own expense, taking it over by paying its costs and covering its debts.[7] The journal's offices were in De Viti de Marco's Rome residence in via Monte Savello. This was to be typical of De Viti de Marco also in the period when he was editor of *L'Unità*[8]: the journal's offices were in his house at Villa Adda between 1916 and 1918. It was also a characteristic of Croce, for example, who founded *La Critica*[9] at his own expense. They thus had an outlet for their ideas, starting from economics, but very soon entering into the political arena as well, with a journal that was critical of the government line on economic policy.

Q. Can we perhaps pass on to the history of his election to Parliament in 1901, to the twenty years he was in Parliament, at the end of which he developed the idea of setting up a radical liberal democratic party?

To get a clear idea of De Viti's election to Parliament in 1901, you have to see it in the context of what was happening at the end of the century, in the end of century crisis. As I said, the line of the *Giornale degli Economisti*, pursued energetically on the economic front, was highly critical of the choices made especially by the Crispi government,[10] with very interesting macroeconomic analyses by De Viti on the role of public spending in the economic system. Then an important change was brought about by Pareto[11]: Pantaleoni, but also De Viti, had met Pareto at the Peace Conference organised by the future Nobel prize-winner Teodoro Moneta.[12] Pareto was put in charge of the *Cronache* of the *Giornale degli Economisti*, and he transformed it into a very widely read political page, in which he harshly attacked Crispi, that is, he furiously attacked the government, linking his attack to the question of the Banca Romana. It must be taken into account that this group of friends gave Colajanni and Gavazzi the documents that nobody had had the courage to provide, in order to denounce the scandal of the Banca Romana[13]: Pantaleoni got hold of them, and he consulted De Viti. De Viti responded to the scandal of the

Banca Romana with a series of proposed banking reforms, which were later collected in a book in 1898, republished several times afterwards as *La Funzione della Banca*.[14]

The legacy of these *Cronache Politiche* that caused such a stir in the Nineties in the Italian political world, which at that time was quite small, was then taken over by De Viti: from 1897 for three years he wrote some very good *Cronache Politiche* which, taken together, are his first real writings on politics. 1897 was the point when he fell out with Pareto, because Pareto considered him too moderate, after he had unsuccessfully stood for election the first time, in the constituency of Gallipoli, as a liberal supporter of Di Rudinì,[15] who had succeeded to Crispi, having defeated him. So he stood for the first time as a moderate liberal in what had been the historical right tradition—also for Pantaleoni. Di Rudinì was standing as the last champion of the historical right. Naturally with this candidature De Viti de Marco showed his first intention to devote himself in a more organised way to politics, with the idea, which he was to advocate for twenty years, of forming a free trade brigade in Parliament; this idea was not destined to be very successful, but he would support it to the bitter end, until the 1919 elections with Salvemini: all three stood for election, he, Salvemini and Giretti,[16] intending to form a free trade brigade. The idea of a free trade brigade in Parliament to lead the battles for free trade was an idea essentially advocated by De Viti, who, after his liberal experience as a Di Rudinì supporter, finally decided to move onto the radical front.

This was not in complete contradiction with what he had done so far, because actually all through the Nineties the free trade group at the *Giornale degli Economisti* had been linked to the radicals of Cavallotti,[17] and in effect the campaign against Crispi had been conducted by the so-called *connubio*[18] between the radicals of Cavallotti and Di Rudinì, so it was not totally incompatible. At any rate, with the *Cronache* of the end of the century he finally consolidated his radical allegiance which, albeit unorthodox for the leaders of the radical party in the Giolittian period[19] (that is, Sacchi and Pantano[20]), De Viti would always lay claim to, for practically the whole twenty years of his active involvement in politics, until the coming of fascism. From 1901 he was always re-elected, except for one year, 1913, when he lost in his Gallipoli constituency, but he was then immediately re-elected. And in this parliamentary position even then he intended to form a group, a radical brigade. In particular, Pantaleoni was elected for Macerata, but Pantaleoni conducted a series of parliamentary bullfights, fighting against everyone and arguing with everyone; he then resigned in 1903 and was not

re-elected, so the cause failed partly because of his temperament. De Viti found himself isolated in the parliamentary radical group, basically in favour of Giolittian state intervention and protectionism, and as a result he found himself in some difficulty. From 1901 to 1912 he was always re-elected in the constituency of Gallipoli and he gave a series of parliamentary speeches of some importance. In contrast to what is often claimed, that his interest in the problem of the South of Italy prevailed, he always put forward arguments for a liberal change in Italy from a general perspective, in other words, trying to give, unlike Giolitti,[21] a liberal imprint to the formation of the state: the main problem was the state and also the formation of a liberal democratic party. At first he thought that Giolitti might create this party, but he quickly moved away from him. He would later declare that he had voted only twice in support of Giolitti, once on the issue of the strikes at the beginning of the century and once on universal suffrage in 1912.[22]

Q. So it was really the economic policies of Giolitti that he didn't agree with?

Economic policy was unfailingly discussed with speeches in Parliament and also with articles in the press. It must be remembered that for the whole Giolittian period De Viti's political speeches and writings were relatively few and far between. De Viti's political speeches and writings were concentrated in the crisis of the end of the century, in the *Cronache,* which are very good, and then in the later period between the war in Libya and the First World War, when however he dealt mainly with foreign policy. These articles of the age of Giolitti are critical above all of Giolitti's choice of state intervention and his protectionist policies. He advocated tax reform and customs reform, not actually returning to free trade, but concentrating his criticism on the economic policy at the time of the renewal of the trade treaties, that is, from 1901 to 1904 and from 1911 to 1914. Now at that time he tried to form anti-protectionist leagues, like in the Nineties. They were liberal economic associations with the aim, as has become typical of radicals today as well, of creating a great group with one precise aim, not a general party: in this case customs reform, and tax reform. Then he also dealt with other aspects, such as divorce, and women's suffrage.

Q. In favour?

Yes. His American wife, whom he met at the end of the Nineties, would have a great influence in this, as she was a feminist and advocated votes for women.[23] And so in general the system of American political parties had a

strong influence on him because they dealt with concrete issues. There are very good descriptions of the political clashes in the United States written by De Viti in the *Cronache* about that country.

Q. I would just like to go back for a moment to 1904, when he founds the anti-protectionist league. Is there a link with the politics for the South of Italy? And how useful was it in practice?

The issue of the South of Italy was always present in De Viti de Marco and also in Pantaleoni; in certain respects it was raised by them, but it was raised within a general perspective. It was raised from the beginning of the Nineties with reference to customs duties, with the argument, in fact well-grounded, that since 1887 these duties had been very harmful to southern agricultural exports. For practical purposes this was argued in order to reopen the trade treaties with the countries and the economies that might buy southern exports, that was the idea, referring to the customs war between Italy and France of 1888. In 1901–04, with the anti-protection league, the issue of the South of Italy was dealt within this discussion on customs treaties: it was the time of the renewal of trade agreements with Switzerland, Austria-Hungary, Germany and also partly with France; so they were trying to find outlets for southern agricultural products, it was a very specific goal. Then there was another aspect, concerning Nitti, who at the same time published for instance *Nord e Sud* on these issues,[24] very well received at the time, which was linked to the special legislation for the South of Italy, special for Naples and for Basilicata, introduced by the government led by Zanardelli, who had ridden through those areas on the back of a mule.[25] De Viti in particular argued essentially that these measures would be ineffective. It was then, at the beginning of the 1900s, that we see the establishment of the two main positions on the problem of the South of Italy, which would then run right through the century, as long as the issues were argued over, namely De Viti's view that southern agriculture needed to be strengthened by exports and by allowing growth, and the view advocating special interventions, public spending interventions, the so-called 'cathedrals in the desert', etc. These two approaches to measures for the South immediately confronted each other at the beginning of the 1900s, one supported by De Viti de Marco and one by Nitti. And Nitti clearly won, because from then onwards there were a series of interventions. From then onwards there was discussion about which was the more effective: naturally there were supporters of state intervention in the construction of these industrial areas, repeated

later in 1911, and in a series of other interventions. The other line was the case for autonomous development through agricultural exports, not totally groundless, as has often been observed.[26] In the trade agreements of 1904 the anti-protection league obtained some advantageous results for southern agricultural exports, which would always be rather limited—they were never to return to the memorable levels of 1888–89. In fact this is shown by the great wave of immigration that from that time on flooded into America from Italy.

Q. What was De Viti de Marco's attitude to the Great War? How can his interventionist positions be justified?

In the period between the war in Libya and the Great War, De Viti de Marco took these positions which are very interesting because they essentially go back to the American president Woodrow Wilson,[27] or rather, to reference points starting from 1906, after the election of Asquith and Lloyd George,[28] that is, after the return of the Liberals in England after a long period of Conservative government. These Liberal governments had led to the so-called People's Budget,[29] the first example of *welfare state*, and De Viti sided with these increasingly Anglo-Saxon positions, that is, he said: 'this is European democracy.' And then he also supported Wilson's 1912 programme *New Freedom*,[30] which envisaged both the demolition of American protectionism and a whole series of new freedoms which would later be collected in *Fourteen Points*.[31] So according to him, this was the democratic and radical position that should have been taken. This gave rise to the intervention, that he presented as a triumph of democracy against the autocracies of the central powers. He actually joined with Jules Destrée to make propaganda against the invasion of Belgium.[32] Moreover, the European war came at a time of great activism for the anti-protectionist league: it had been re-established in 1912 in view of the new customs treaties, for the renewal of the new trade agreements, and it was very successful. There is this telegram of support from the Turin students, among whom there are the names of Gramsci, Togliatti, Tasca and the whole group that would later set up the communist party, because at the time they had shown great support for free trade. He therefore supported these positions of democratic interventionism, which would almost all be expressed in *L'Unità*, founded by Salvemini in 1911 and which, as I said before, he took into his own house at the time of the financial crisis of 1916 until 1918. In this edition of *L'Unità* he wrote many editorials on the European war, signed *Observer*.[33] Democratic interventionism was

in fact clearly overwhelmed by nationalist interventionism: he ended up on D'Annunzio's platform with Salvemini supporting intervention.[34] The positions were the same as those of Salvemini and also of Bissolati,[35] there was no very great difference from democratic socialism, as there had been in the past. This is very interesting, because it shows that in Italy there was this liberal-democratic current of Anglo-Saxon inspiration which in Anglo-Saxon countries, but not in Italy, is actually very important. It must be remembered that the line taken by Wilson, who was not re-elected in 1920, was advocated by the United States for almost all the twentieth century, it was taken up by Roosevelt, by Franklin Delano Roosevelt.[36] This democratic reformism was supported at length in American politics, practically up to Reagan,[37] so it has a long history in American history, and through America, in the world. Now, at that time it was greatly overshadowed by the nationalist positions which overwhelmed interventionism in the 1915–18 war.[38]

Q. So would you call De Viti de Marco an anglophile?

In my opinion without a doubt. There is a strong influence of Anglo-Saxon culture in De Viti de Marco's ideas on the party system, also in 1929, under fascism, when he collected his writings which were then edited by Umberto Zanotti Bianco and Ernesto Rossi.[39] In his notes to the writings, for example concerning the reforms to the Statute, Italian law reforms, and in defence of parliamentary freedom, he wrote: 'I was inspired by neither the German constitutionalists nor German political economy which has always defended the state and subordinated the individual—and he is also referring to fascism—but I have always followed the example of English constitutionalism, from English political economy that defends the individual.' He says this also against fascism too, and against Gentile's idea that the state is everything and the individual nothing. This position is expressed clearly, and it refers specifically to constitutionalists, to Dicey.[40] And so he often tells the story, also in *Public Finance*, of the development of taxes and public expenditures; he says that in Anglo-Saxon countries great importance is placed on the defence of the individual before the state and so on. This is about civilized countries where parliaments oppose the levying of taxes, they are created to oppose the imposition of new taxes, not to decree them. In all his work there is this constant reference to the political, economic and also historical culture which then becomes very marked: there are a great many bibliographical references, and his library is also full of these works. It can be consulted at the University of Rome, because he donated

it to the Institute of Economics and Finance.[41] And then naturally, as I was saying, the most important period from this point of view is the one I cited between 1906, between the rise of Lloyd George and Asquith in England, and the rise of Woodrow Wilson to President of the United States, because he saw this liberal-democratic line triumphing in the Anglo-Saxon democracies, which should have been a reference point for the other European countries, something that naturally didn't happen in Italy, which will move towards fascism, a very long way away from this idea!

Q. Do we know much about the two occasions he went to the US?

No, we don't know much, but in his letters he says: 'I am a terrible traveller.' He went to New York, where his wife was from, he went for his wife's sake, but he travelled very little, that is, a few times to the United States, for quite a long time, but we don't know much. He wrote some letters; in the ones we have, however, he didn't record his daily activities, in the few we know about he only says that he had no desire to travel on the transatlantic liner. Secondly, he does describe in some articles the political customs in the United States, which he always sees in a favourable light overall, in the sense I mentioned earlier, that is, making political divisions concrete, as well as party divisions, with parties that deal with concrete problems. In his view the weakness of Italian politics was that it dealt with general theories with no reference to practical, concrete issues.

Q. And did he manage to direct its attention to concrete problems?

The parliamentary speeches he made are attempts to direct attention towards concrete problems, that is, tax reform, customs reform, each time he talks about the reform of the ports, a whole series of concrete problems, but without great success. He can't have been a good speaker as the parliamentary records show that whenever he uttered the words: 'I will now conclude', the comment was: 'Ohhhh, enough, enough.' These were the voices from the House of Commons recorded in the background by the stenographic records of De Viti de Marco's speeches, which do not provide evidence of his brilliant oratory convincing the Chamber. Yes, that's the impression, so as he himself admitted, there were no great successes, it was all a matter of having his say.

Q. Could he be: called an extremist over free trade?

I would not call him an extreme free trader in the sense that, first of all, absolute *laissez faire* never appealed to De Viti de Marco, who in this belongs to the older tradition of free trade, in the sense that you see an individual

opposed to the state, but the state must be there. And above all what characterised De Viti's thinking, as with all the free traders of his time, including Luigi Einaudi[42] for instance, was the fundamental criticism not against the state, but against the economic powers that took advantage of the state. The criticism of protectionism was not anti-state, but it was against the steelworks, the great landowners, all those who took advantage of state protection and public intervention; the free trade polemic is more aimed at those in the private sector, and then it is opposed to monopolies, it springs directly from the marginalist economic analysis: competition or monopoly. It is opposed to the monopolist, not opposed to the state. Therefore in this sense, extreme free trader, in the sense of anti-state intervention, is not an apt term for any of the free traders of that time. If we also take Luigi Einaudi, his whole polemic is aimed at the steelworks, the sugar refineries, the leeches on the state, there is no anti-state feeling. The state does have to be present to make rules, though not many. And De Viti supports the idea not of governing a lot, but of the government that makes clear rules and ensures that they are followed. In other words, he lays down the lines within which the individual must confine his actions. The schema I mentioned before is competition or monopoly: the state must bring back competitive activities, so that competition is possible. In this sense he was in favour of the antitrust legislation in the United States of the late 1800s, he is always in favour of antitrust laws. De Viti even proposed the nationalisation of the steelworks trusts during the war, and this was not acted on, because naturally they wanted to defend the profits of the steelworks. In this sense the state's action is always present, if this is what is meant by extreme free trade. On the antitrust issue there was a contribution, specifically on the question of telephones, with Giolitti, in *Giornale degli Economisti*.[43]

Q. In 1921 he begins his withdrawal into private life, while fascism advances. Can we talk about this period?

He was never in favour of fascism, but he didn't actually do anything in an anti-fascist sense, he didn't deal with it. In fact he retired, he did not stand in the 1921 elections. He was always essentially opposed to what he called a civil war being fought in Italy between fascists and antifascists with the suppression of the freedom of the cooperatives and the trade unions by the fascists. What was important, let's say particularly in the Twenties, was the writing of his public finance textbook, yes, he devoted himself to that.[44] The last article was I think from 1922 on taxes,[45] and then he didn't… His writings in the Twenties and Thirties were relatively slight. There was only this introduction to *Un Trentennio di Lotte Politiche* which shows

his intention of defending everything he had done in a liberal-radical-democratic direction.[46] And then there is this tribute to Ernesto Rossi in the German edition of his textbook, in which he deplores the fact that Rossi was sentenced to exile and to prison as the organiser of the movement 'Giustizia e Libertà'[47]; and naturally there's his refusal to swear allegiance to the regime, with his request to retire.[48]

Q. In those years there is also his commemoration of Pantaleoni … [49]

The commemoration of Pantaleoni is very interesting. It's very good, he remembers a friend, but naturally he does not say a word about Pantaleoni adhering to fascism. Pantaleoni died in 1923 and the last writings by Pantaleoni from a certain point onwards, above all from the war in Libya, are absolute ravings, they are not read much, they were collected in several volumes by Laterza[50]: exterminate Jews, blacks, native Americans, they sound almost like D'Annunzio. Also on the war, he suggests taking home the Giolittian members of Parliament who do not want the war to the accompaniment of pistol shots and kicks, using nationalistic jargon and extremely aggressive verbal language, absolutely harsh and violent, and De Viti does not mention this in his commemoration. Then there was the experience with D'Annunzio, when Pantaleoni participated as a minister in D'Annunzio's occupation of Fiume: there is a lot of correspondence also with D'Annunzio, then he fell out with D'Annunzio, too, and withdrew. However on this part certainly De Viti is mercifully silent, recalling only the free trade stage, admitting that towards the end he had somewhat lost his brilliance. They moved completely apart on the political level starting from the war in Libya, which De Viti had supported however, but not on the level of friendship: they had had so many ties of shared experience, and both De Viti's and Pantaleoni's daughters reminded me of this, how they used to go and pick them up together in the car, they had really grown up with the involvement of the two families. Then, there was this Pantaleoni family tragedy, with his wife losing her mind, so there was this tragedy hanging over Maffeo Pantaleoni's life and that was to have an effect later. But it's true that De Viti mercifully makes no mention of Pantaleoni's nationalist phase because in many respects it is unmentionable.

Q. Also in the introduction to the *Trentennio di Lotte Politiche* there is some bitterness for the end of his project.

De Viti's character was expressly antifascist, condemning what had been the evolution of the liberal state, for which he essentially blamed the ruling class. That is a sure fact, and in De Viti there was no activism between

1922 and 1943 apart from these appearances when he showed that he totally disagreed with what was happening in Italy in the two decades of fascism, and then he died in 1943. Therefore the last twenty years of De Viti de Marco's life coincided with the twenty years of fascist rule, during which on the rare occasions he spoke, he expressed the belief that everything that was happening was against what he had advocated all his life, in all his political life and in all his writing. This also concerned the textbook of public finance, *Principi di Economia Finanziaria*, in which he contrasts the authoritarian tendency of the state, namely fascism, to the liberal tendency. It is undoubtedly true that everything that was happening was a betrayal of what he had been advocating for many years about liberalism, both in *Trentennio di Lotte Politiche* and in *Principi di Economia Finanziaria*.

Q. Can you explain why in Boatti's book, *Preferirei di No*, and in Helmut's *Der freie Geist und seine Widersacher*, De Viti de Marco was not included in the list of those who refused the oath of allegiance to the regime?[51]

De Viti de Marco is not in the list of those who refused because he asked for retirement so as not to have to take the oath; technically it may be correct, in the sense that he wrote a letter to the Vice-Chancellor De Francisci saying: 'the oath that is required of me is totally in contrast to what I have advocated all my political life—exactly what we were saying earlier—and for this reason I am applying for retirement.'[52] So technically it is not his refusal to take the oath, but an application for retirement, it may have been considered like that, this may have been the explanation. I have the letter and that is exactly what it says, that is: 'I ask for retirement because the oath I have been asked to take is in contrast to my beliefs.' He was already of emeritus status, actually.

Q. Was Gaetano Mosca a great friend of his?[53]

He had some contact with Gaetano Mosca, he was not a close friend, there is correspondence, but it was not a friendship like the one with Pantaleoni. Then he had perhaps a closer friendship with Guglielmo Ferrero,[54] but the most significant friendships were with Gaetano Salvemini, for a time, in the period of *L'Unità,* and later with Luigi Einaudi, in the last part of his life when Einaudi tried to bring back what he called the tradition of Italian *scienza delle finanze* and he rediscovered the free trade group, writing a review of the book *Un Trentennio di Lotte Politiche* with the title *Un Gruppo che non Riuscì a Essere Partito*[55] which was very successful at

that time, both inventing, rediscovering, in his treatise on *scienza delle finanze* which was widely read, this idea of the Italian tradition in the study of *scienza delle finanze* in which he specifically praised the role of De Viti de Marco.[56] So the Twenties and Thirties saw the beginning of a great deal of correspondence, and the two saw a lot of each other. However, De Viti was very detached in friendships, he mainly frequented Roman *salons*, those of the aristocracy. For instance he was a great friend of the foreign minister Di San Giuliano, Marquis Di San Giuliano, the foreign minister who died prematurely.[57] He loved frequenting the great *salons* in Rome.

Q. Who were his pupils?

Among his students, the ones he loved the most, like Nicolò Fancello,[58] did not have much success later. Ernesto Rossi considered himself his student, and of Salvemini, and also of Einaudi, and Umberto Zanotti Bianco[59] who collected his articles. In particular he was very fond of Ernesto Rossi who left us the last first hand evidence concerning De Viti de Marco just before his death; he then commemorated him after the war in a very touching speech, very moving.[60] Ernesto Rossi actually tried to take up this De Viti legacy not so much from the point of view of theoretical depth, more in the denunciation of waste, which he managed to do well, the denunciation of the less edifying aspects of the relations between the state and public spending and taxes, a battle that he then conducted mainly in the *Mondo* between 1949 and the start of the Sixties.[61] Ernesto Rossi constantly acknowledges not only Luigi Einaudi, but also and above all De Viti de Marco. In the letters that have been published, in his correspondence with Gaetano Salvemini,[62] he explicitly asks Salvemini to: 'stress that this battle of mine is linked to that of the *Giornale degli Economisti*.' These forebears were important for him in using economics for the collective well-being, through political criticism, and political commitment to achieve an efficient state, as a condemnation of waste and as the best use of public expenditure and also as the best direction for economic policy; in this respect he took up the legacy of De Viti de Marco, who he acknowledged and of whom he was very fond.

Q. Can we talk a little about his private life?

What is also interesting about De Viti de Marco is the life he leads above all completely in the family, because the whole family was interesting, with the brother who died prematurely, the other brother who blew himself up in his laboratory while doing chemistry experiments,[63] with the uncle who had written a dictionary of the Italian language and who

was an expert on Italian lexis[64]: there is a multi-faceted range of cultural interests above all within the family. Then the story with his wife, Harriet Lathrop Dunham, who he met in Rome. She was American, but he met her in Rome in the most classical way like in a film or a novel, that is, as they used to do then, horse riding in villa Borghese, as the aristocracy of the time did: some went on foot, but most of them in a carriage or on horseback. There's a lot of literature on this, there are novels. And so that was the way they met, and it was undoubtedly a great love, they were very close all their lives. She was a very beautiful woman, there is also a very good portrait by the American painter Sargent,[65] who was famous for his portraits, they are still in the National Gallery. Well, this American lady had great … in short she was anti-conformist, because she drove a car—something quite unusual, normal in America but not in Italy—and in 1908 she participated in this feminist conference for women's right to vote.[66] In fact De Viti de Marco was quite unorthodox in being in favour of both divorce, and the issue was raised in 1903, and the vote for women, which most of the socialists at that time were against. In his constituency in the 1913 elections, when he stood against the socialists, he was even criticised for being a supporter of votes for women and divorce, paradoxically. This life with his American wife, their frequenting Roman *salons*, with everything that that entailed, was to have an important influence on his life, also on the formation of his ideas. His wife wrote some articles in *Giornale degli Economisti,* but then she gave up this intellectual activity. As for his children, I did meet the youngest last surviving one, Lucia De Viti de Marco, she was still alive when I was writing the book, I'm talking about twenty-five years ago.

Q. At the time of the writing of his biography,[67] what situation did you find in the Salento?

I looked into the Lecce state archives on the election campaigns, but strangely found very little, both at the 'castle' of Casamassella and that of Cellino San Marco, because De Viti, as well as founding journals, had the hobby of building 'castles'. Of course he could afford it. He had them built himself, and they are not genuine castles, really, but with that inspiration he had, I saw them, they could be seen at that time.

Q. And what else was there?

They let me see the family album, of all the children of the De Viti de Marco family, with the photographs of them and their mother, very

interesting, a photograph album starting from his parents, I don't know where that daughter's album has got to. And his papers were not there, Lucia told me she believed they had been destroyed, she let me have the surviving ones, but not letters, they were above all manuscripts, and notes that I managed to donate to the Fondazione Einaudi in Turin. They are to be found scattered all over the world, including Columbia University where there are the Ferrero papers,[68] various letters he wrote, to Croce, Pareto, Mosca, Papafava,[69] Salvemini, etc., but the letters of his correspondents have not been found, those he had received. We have no idea where they got to, probably by this time they have been destroyed. I collected what I could at the time.

Q. Emilia Chirilli told me they were burgled a lot.

I worked hard at it, I managed to get the book done at that time, and if not it would have all ended up, … everything would have disappeared.

Q. How did your interest in De Viti de Marco come about?

I got involved with him because I had got involved with the *Giornale degli Economisti*, and to see the economists' political commitment starting from the end of century crisis and from the problem of the state at the end of the century, wishing to trace the history of the Risorgimento and also the history of the unification of Italy. De Viti de Marco was the one who interpreted better both the liberal current, and that of the ruling elite of the time, he was the most consistent. He approached both the political and the economic problems with greater care, he was the one who summed up in himself our need to understand the way the liberal ruling elite dealt with the subjects of economic development and the development of the state that still had to be constructed.

Notes

1. By the term *Risorgimento* (1815–70) we mean the period of Italian history in which the formation of a unified national state was pursued and achieved.
2. The Socialism of the Chair was a movement of academics of historicist orientation originating in Germany in the second half of the nineteenth century, in favor of State intervention in the economy; it had a considerable following also in Italy.
3. A. M. Fusco (1983) 'Una Lettera Inedita di Maffeo Pantaleoni ad Antonio de Viti de Marco', *Economia delle Scelte Pubbliche,* 1, 61–71.
4. W. S. Jevons (1871) *The Theory of Political Economy* (London, Macmillan).

5. A. de Viti de Marco (1888) *Il Carattere Teorico dell'Economia Finanziaria* (Roma, Pasqualucci); English translation of the first chapter in M. Baldassarri and P. Ciocca (eds) (2001) *The "Theory" and "Application" of Economic Doctrines* in *Roots of the Italian School of Economics and Finance: From Ferrara (1857) to Einaudi (1944)* (New York, Palgrave) III, 505–529.
6. M. Pantaleoni (1889) *Principi di Economia Pura* (Firenze, Barbera); English translation (1898) *Pure Economics* (London, Macmillan).
7. Founded in Padua in 1875 and for three years the organ of the historical school, then resuscitated in Bologna in 1886 by Alberto Zorli under the banner of eclecticism, in 1890 75% of the *Giornale degli Economisti* was purchased by Mazzola, De Viti de Marco and Pantaleoni.
8. *L'Unità*, a journal founded by Gaetano Salvemini, was published from 1911 to 1920.
9. *La Critica*, the journal founded by Benedetto Croce, was published from 1903 to 1944.
10. Francesco Crispi (1819–1901) was Prime Minister of Italy from July 1887 to February 1891 and then from December 1893 to March 1896.
11. The political activity of Vilfredo Pareto (1848–1923) was directed at denouncing and combatting every kind of state intervention.
12. Ernesto Teodoro Moneta (1833–1918) received the Nobel Peace Prize in 1907.
13. The Banca Romana, one of the six issuing banks active in Italy before the Bank of Italy was established (1893), was accused in 1892 of having issued notes without authorization and banknotes in double series. Napoleone Colajanni and Ludovico Gavazzi, two members of parliament, had exposed the bank's irregularities in the Lower House.
14. A. de Viti de Marco (1934) *La Funzione della Banca* 2nd edn (Torino, Einaudi).
15. Antonio Starabba marquis of Rudinì (1839–1908) was Prime Minister of Italy from February 1891 to May 1892, and from March 1896 to June 1898.
16. Gaetano Salvemini was elected member of the Italian parliament in 1919; Edoardo Giretti (1864–1940) was a radical member from 1913 to 1919.
17. Felice Cavallotti (1842–98) was the founder of the original Italian Radical Party at the end of the 1870s.
18. *Connubio* refers to Cavour's policy of 1852, a pact between different chambers of the Italian parliament.
19. The reference is to the period between 1901 and 1914.
20. The radicals Edoardo Pantano (1842–1932) and Ettore Sacchi (1851–1924) took part in Sonnino's Italian government of 1906.
21. Giovanni Giolitti (1842–1928) was Prime Minister of Italy from May 1892 to December 1893, then three times between 1903 and the First World War, and finally from June 1920 to July 1921.

22. Cardini refers to the decision of Giolitti not to intervene in the general strike of September 1904, and to the promulgation in 1912 of the law establishing almost universal male suffrage.
23. As we have said, De Viti's wife, Harriet Lathrop Dunham, was born in New York.
24. F.S. Nitti (1900) *Nord e Sud: Prime Linee di una Inchiesta sulla Ripartizione Territoriale delle Entrate e delle Spese dello Stato in Italia* (Torino, Roux e Viarengo).
25. Giuseppe Zanardelli (1826–1903) was Prime Minister of Italy from February 1901 to November 1903. In 1902, to signal his commitment to the South of Italy, he traveled extensively there. The first special legislation for the South of Italy was passed in 1904 by the second Giolitti government (November 1903–March 1905).
26. This issue will also be discussed below.
27. Thomas Woodrow Wilson (1856–1924) was the 28th President of the United States (from 1913 to 1921).
28. Henry Asquith (1852–1928) was Prime Minister of the United Kingdom from 1908 to 1916. In his first government he appointed David Lloyd George (1863–1945) Chancellor of the Exchequer.
29. The *People's Budget* was passed by Asquith's liberal government with redistributive aims.
30. By the expression *New Freedom* is meant Wilson's reformist policies which included a strong antitrust policy and greater government control over the banking world.
31. In his speech of January 1918 Wilson listed the *Fourteen Points* on which he based his proposals to found a return to peace. Among the points there was the suppression of commercial barriers.
32. Jules Destrée (1863–1936) Belgian socialist politician, campaigned to get various European countries to resist the German invasion of Belgium of 1914.
33. See A. de Viti de Marco (1918), *La Guerra Europea: Scritti e Discorsi* (Rome, Edizioni dell'Unità).
34. Gabriele d'Annunzio (1863–1938) was a passionate Italian nationalist in favor of intervention, whereas the purpose of Salvemini's support for intervention was to create the conditions for democratic change.
35. Leonida Bissolati (1857–1920), an Italian radical politician first, and later a socialist, like Salvemini belonged to the group of democratic interventionists.
36. Franklin Delano Roosevelt (1882–1945), 32nd President of the United States (from 1933 to 1945).
37. Ronald Wilson Reagan (1911–2004), 40th President of the United States (from 1981 to 1989).
38. Italy entered the war in May 1915.

39. A. de Viti de Marco (1930) *Un Trentennio di Lotte Politiche (1894–1922)* (Roma, Collezione meridionale). The book contains a preface by U. Zanotti Bianco ('Nota Storica sul Movimento Antiprotezionista in Italia', pp. XI-XXII) and an appendix by Ernesto Rossi ('La Questione Doganale dopo la Guerra', 449–480); in 1928 the latter had helped De Viti de Marco to gather together the texts to include in the volume.
40. Albert Venn Dicey (1835–1922), jurist, was an influential English constitutionalist.
41. We have already encountered the card index of his library; we will return later to the question of the catalogue of his books.
42. We shall come back to Luigi Einaudi (1874–1961) both as an Italian scholar of public finance, as an intellectual known throughout the world, and as a public servant at the highest level.
43. A. de Viti de Marco (1890) 'L'industria dei Telefoni e l'Esercizio di Stato', *Giornale degli Economisti*, s.II, I, September, 279–306; English translation (2001) 'The Telephone Industry and State Exercise of Said', in M. Baldassarri and P. Ciocca (eds) *Roots of the Italian School of Economics and Finance* (New York, Palgrave) III, 505–529.
44. A. de Viti de Marco (1928) *I Primi Principi dell'Economia Finanziaria* (Roma, Sampaolesi); English translation (1936) *First Principles of Public Finance* (New York, Harcourt Brace & Co./London, Jonathan Cape).
45. A. de Viti de Marco (1922) 'Economie o Imposte?', *Problemi Italiani*, II, 13, 15 August, 429–462.
46. A. de Viti de Marco (1930) 'Al Lettore' (1929), in *Un Trentennio di Lotte Politiche (1894-1922)* (Roma, Collezione meridionale) pp. V-IX. This book was republished, with a fine introduction by the editor A. M. Fusco (Napoli, Giannini, 1994).
47. The German translation of 1932 of the *First Principles of Public Finance* contains a preface in which De Viti deplores the condemnation of Ernesto Rossi. 'Giustizia e Libertà' was an anti-fascist movement that played a leading role in the Italian resistance and, after the war, in the rebirth of the Partito d'Azione.
48. Letter to the Vice Chancellor of the University of Roma Pietro de Francisci of November 1931, in E. Rossi (1948) *A. de Viti de Marco, Uomo civile*, Bari, 5.
49. A. de Viti de Marco (1925), 'Maffeo Pantaleoni', *Giornale degli Economisti*, s. II., XLV, April, 165–177.
50. Laterza publishing house published various books by Pantaleoni between 1917 and 1925; see M. Mosca and M.A. Caffio, (2008) 'L'archivio Laterza: lettere di economisti all'editore (1901–1959)', in P. Barucci, L. Costabile, M. Di Matteo (eds.), *Gli archivi e la storia del pensiero economico* (Bologna, Il Mulino), 283–298.

51. G. Boatti (2001) *Preferirei di No: Le Storie dei Dodici Professori che si Opposero a Mussolini* (Torino, Einaudi); G. Helmut (1994) *Der freie Geist und seine Widersacher. Die Eidverweigerer an den italienischen Universitäten im Jahre 1931* (Frankfurt a. M., Haag & Herchen). These are two books which trace the history of the Italian university teachers who refused to take the oath of loyalty demanded by the Fascist regime.
52. De Viti wrote: 'The oath … would seem to me to be in contrast with my previous political history and practice, and with the doctrine I have always professed … I have, therefore, reached the decision—for me considerably painful—to ask to go into retirement', in E. Rossi (1948) *A. de Viti de Marco, Uomo Civile* (Bari, Laterza), 5 (our translation).
53. Gaetano Mosca (1858–1941), member of the Italian parliament and later senator, was one of the founders of the political theory of elitism together with Pareto.
54. Guglielmo Ferrero (1871–1942) was an Italian anti-fascist historian.
55. A group that did not succeed in becoming a party. L. Einaudi (1931) 'Per la Storia di un Gruppo che non Riuscì a Essere Partito', *La Riforma Sociale*, May-June.
56. We will come back to this aspect of Einaudi's contribution in a later interview.
57. Antonino Paternò-Castello, sixth marquis of San Giuliano (1852–1914) was the Italian Foreign Secretary from 1905 to 1906 and from 1910 to 1914.
58. Nicolò Fancello (1886–1944) was secretary of the anti-protectionist league in Italy and worked on the Italian journal *L'Unità*.
59. Umberto Zanotti Bianco (1889–1963) in 1910 participated in the foundation of the Associazione Nazionale per gli Interessi del Mezzogiorno d'Italia; he was later an active anti-fascist. We have already mentioned his preface to the political writings of Antonio de Viti de Marco.
60. E. Rossi (1948) 'Discorso tenuto da Ernesto Rossi alla Fiera del Levante il 12 settembre 1948, alla presenza del Presidente della Repubblica', in E. Rossi (1948) *A. de Viti de Marco, Uomo Civile* (Bari, Laterza).
61. Rossi was one of the main collaborators (until 1962) of the Italian journal *Il Mondo*, founded in 1949.
62. E. Rossi - G. Salvemini (2004) *Dall'Esilio alla Repubblica, Lettere 1944-1957,* edited by M. Franzinelli (Torino, Bollati Boringhieri).
63. As we know Cardini is referring here to the brother Cesare (Cucù) who died in 1923, the result of an explosion in his home.
64. F. de Viti (1871) *Saggio di Lessilogia Italiana* (Lecce, Tipografia Garibaldi).
65. John Singer Sargent (1856–1925) was a very successful portrait painter, well known in many parts of the world.
66. The congress of the Italian National Council of Women took place in Rome on April 20th 1908.

67. A. Cardini (1985) *Antonio de Viti de Marco. La Democrazia Incompiuta (1858–1943)* (Roma-Bari, Laterza).
68. Many documents of the Italian liberal historian Guglielmo Ferrero are preserved in the archives of Columbia University.
69. Francesco Papafava (1864–1912) was author of the *Cronache* of the *Giornale degli Economisti* from 1899 to 1909; they were collected together and published in the volume F. Papafava (1913) *Dieci Anni di Vita Italiana* (Bari, Laterza).

PART III

Economic Theory and Policy

CHAPTER 4

Forerunner of Law and Economics

Ruggero Paladini

La Sapienza University of Rome, April 16th, 2008

[In Paladini's office is to be found De Viti de Marco's library.]

Here behind me there is the De Viti de Marco collection, that is, all the journals and books De Viti left to the Law Faculty when he decided to retire,[1] also because, as he said in a letter, he did not believe he should take the oath of loyalty that the fascist regime required of him. It is a collection of books and journals, many of which are obviously in English, dating back as far as the 1700s, most of them to the 1800s, and also naturally the more recent books, to the first decades of the 1900s. The books are mainly about *scienza delle finanze*, since that was the subject he taught.

The first subject that may be of interest is the modernity, as it were, of his approach if we link it to the Law and Economics line of thinking, of economic analysis of the law, something which developed in the United States but that has now spread to Europe. When one compares De Viti's approach, but not just his, also Einaudi's and that of various other authors, with that of many Law and Economics authors, particularly Posner[2] and his work, one can't help noticing an interesting connection in many respects in their methodological approaches. This is actually not new, in the sense that Buchanan, in a famous work dating back to the Sixties,[3] after the period he

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4_4

had spent in Italy, had already pointed out that the Italian tradition, and here he was in fact referring to authors like De Viti de Marco, was different from the Anglo-Saxon one. I mean that of Marshall and Pigou and many others; because it was an approach that abandoned the basic characteristic of these Anglo-Saxon authors, focused on the cardinalist approach to utility, and instead adopted an approach of Public Choice and economic analysis that links, on the one hand, the theory of value that had been put forward at the end of the 1800s, with, on the other, considerations concerning social interaction and the voting system. So he indicated that these factors should be studied together in the way they related to each other. If we take his textbook of *Public Finance*[4] we see for example that when dealing with the matter of progressive taxation, De Viti devotes two chapters, one to the *economic* analysis of the progressive tax, but then one to the *political* analysis of the progressive tax, where he makes an analysis that shows that it is necessary to have the interaction of social classes, and somehow shows that the progressive tax can derive from an alliance between the poor classes and the middle classes. This type of approach precedes those that would later be developed by the school of Public Choice,[5] I am thinking of the median voter theorem, but would then be repeated by the Law and Economics analysis, by Posner himself, who makes reference to this school.

De Viti made a lot of notes in the books he received or read, and he wrote comments in the margins. He made notes on *Principi di Economia Pura*,[6] a book by Maffeo Pantaleoni, with whom he shared both studies and interests; on page 38 Maffeo Pantaleoni posed the problem of the commensurability of pleasures and pains, which is the problem of the cardinalist approach to utility, of whether it is possible to compare the utility of different individuals. Pantaleoni said it was a difficult issue, concluding: 'the fact remains that these hedonistic calculations are always being made by everyone, but we know not with how much error.' So Pantaleoni was saying: they are made, although we don't know how well-founded they are. De Viti de Marco's comment at the bottom of the page is: 'I absolutely confute that the hedonist can compare his own pleasures with those of others. It absolutely cannot be done.' This is a comment on a book by Pantaleoni dated 1889. In 1889 De Viti already had a very clear critical attitude to the cardinalist approach to utility. This was over ten years before Pareto's work, which was to lay the foundations for the ordinalist approach to utility.

Notes

1. We referred to the card index of his library and to the catalogue of his books in previous interviews.
2. Richard Allen Posner (b. 1939) in the Seventies took part in the birth of the movement for the economic analysis of law while teaching at the Chicago Law School.
3. J. M. Buchanan (1960) 'La Scienza delle Finanze: The Italian Tradition in Fiscal Theory', in *Fiscal Theory and Political Economy. Selected Essays* (Chapel Hill, The University of North Carolina Press), 24–74.
4. A. de Viti de Marco (1934) *Principi di Economia Finanziaria* (Torino, Einaudi); English translation (1936) *First Principles of Public Finance* (New York, Harcourt Brace & Co./London, Jonathan Cape).
5. There will be much more about Public Choice, a branch of theory founded by J. Buchanan in the 1970s, below.
6. M. Pantaleoni (1889) *Principi di Economia Pura* (Firenze, Barbera); English translation (1898) *Pure Economics* (London, Macmillan).

CHAPTER 5

A Scholar of *Scienza Delle Finanze*

Domenico Da Empoli

La Sapienza University of Rome, April 16th, 2008

I should like to say something that might surprise you. I think Antonio De Viti de Marco was the first economist that placed public goods in the context of the general theory of public finance and he therefore has precedence over all the other scholars who came later. In particular I would like to say this: by a series of strange coincidences, Wicksell, who in 1896 wrote a famous essay, or rather a book, containing some articles on public finance,[1] attributed the theory of the equilibrium of public goods in partial equilibrium analysis to Ugo Mazzola,[2] who in 1890 had published *I Dati Scientifici della Finanza Pubblica*.[3] This was because Wicksell had a German source, a long review that he had read in a German journal, of Mazzola's book.[4] In actual fact, two years earlier, in 1888, De Viti de Marco in his work *Il Carattere Teorico dell'Economia Finanziaria*[5] had already pointed out the concept of public goods and had defined *scienza delle finanze* as the science of the supply and demand of public goods. So we already have an extremely modern view of De Viti de Marco's thought, which again in 1888 was translated into a vision that we could call politological *ante litteram,* because it analyzed the two extreme cases of dictatorship and democracy using the theoretical categories of microeconomics. Thus democracy was free competition, as he calls it, while

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4_5

monopoly corresponds to dictatorship, something that has been taken up by modern politologists, who, however, as far as I know have never cited De Viti de Marco. The problem, getting back to Wicksell, is that Musgrave took what Wicksell said as the truth, so he always cited Mazzola as the original author, while De Viti de Marco was somehow pushed into the background.[6] Then naturally in certain cases, despite Musgrave's undoubted scientific honesty, Musgrave talks about the pre-history of the theory of public goods, I don't know why the Italian part should be pre-history, but ok.

There is another wrong that De Viti de Marco and also Mazzola suffered. In order to demonstrate he had made a personal contribution to the theory of public finance, Wicksell said that this idea of Mazzola's of the equilibrium of public finance, marginal utility, marginal cost, etc., was all very well, but these Italians were naïve because they thought that each individual would reveal his preferences, while Wicksell instead opened up this question of the non revelation of preferences, which is certainly an interesting contribution because it gives rise to the application of game theory to economics. However, the small detail is that both Mazzola and then also De Viti de Marco always talk about taxation as a coercive phenomenon, that is, neither of them imagined that the citizens would voluntarily reveal this information to the fiscal authorities, while Wicksell says: 'these naive Italians think that the citizen will declare to the taxman the utility he receives from the public services.' Now this is absolutely unfounded; moreover it is paradoxical that a Swede like Wicksell should teach a lesson to a Neapolitan (Mazzola) or any other Southerner (De Viti de Marco) saying: 'you know one can always evade taxes, one can always pay less than one should.' Now, this seems to me to be doing a wrong to De Viti de Marco. I must say I have great esteem for Wicksell, but here he did something that does not seem very correct.

But I would like to add something else: the theory of public goods in the domain of partial equilibrium, therefore before Samuelson, was completed by the theories of Erik Lindahl, a student of Wicksell's, who presents it with an excellent diagram.[7] De Viti de Marco in 1888 did not yet have the tools; it was only a year later in this book we have just seen, *Principi di Economia Pura*,[8] that Pantaleoni was able with Marshall's permission to reproduce Marshall's supply and demand graphs. But the year before, this absolutely did not exist, so in De Viti de Marco's essay there was no formalisation, either mathematical or graphic. However, reading De Viti de Marco, I see that he says essentially that there is equilibrium

when the total cost is covered by the sum of the parts of the cost borne by each individual, so this is exactly what Lindahl says, and nobody has ever recognised this. I have said these things a few times, but never really dwelling on it specifically. I think it is very serious, just because Wicksell was Wicksell, what Wicksell says must not necessarily be accepted.

Q. When De Viti accused his colleagues of having copied from his lithographs, to whom was he referring?

De Viti de Marco's textbook on *Public Finance* had a very long gestation in a series of lithographs that year by year were collected by his students, obviously under his supervision. They were lithographed handouts that were obviously not particularly elegant and not even very legible, they were essentially almost manuscripts. The first edition of these lectures was printed in 1923.[9] Viti de Marco realised perfectly well that both in Italy and abroad his work was underestimated, and this made him quite frustrated, and in allowing the publication of his lectures *I Primi Principi dell'Economia Finanziaria* he explicitly stated, in an elegant but very energetic way, that he wanted to thank his colleagues: 'my colleagues—and I quote—who have done me the great honour in their illustrious works of taking my lithographed lectures into account, even though they have forgotten to record their existence.'[10] Now, this seems to me to be a good illustration of De Viti's feelings towards those colleagues who did not pay enough attention to his contributions to the general theory of public finance.

There is also other evidence, for instance as we said before he was in the habit of making notes in his books, and if we take the book by one of his illustrious colleagues who was very well known as a scholar of public finance, I can even give his name, Federico Flora, also a senator, at one point De Viti de Marco writes on a page: '*Copio copias!*', then on another page with question marks, and: 'De Viti de Marco lithography.'[11] This clearly shows his attitude. Not only this, but De Viti de Marco was also very critical towards colleagues that not only did not cite him, but did not even consider his theories; while the illustrious colleagues he mentioned accepted them, but did not give their author's name. Quite an interesting case is that of Enrico Barone, who we think was one of the greatest Italian economists and also one of the greatest of his time[12]: in his 1912 book *Principi di Economia Politica*[13] Barone states that customs duties give rise to a destruction of wealth, which was not a concept original to Barone, because it is a concept that

is still considered valid today, and De Viti de Marco writes: 'Fool! He does not take public expenditure into account and therefore the compensation that public expenditure can make.' In other words he says: it is true that customs duties can destroy wealth, but if the revenue the state obtains is spent adequately, there is no destruction of wealth. This is interesting because as we know De Viti de Marco was an ardent, or perhaps we could say fierce, supporter of free trade and was therefore opposed to customs duties; such a harsh comment certainly shows his highly critical spirit.

Notes

1. Da Empoli is referring to K. Wicksell (1896) *Finanztheoretische Untersuchungen* (Jena, Fischer); English translation in R.A. Musgrave and A.T. Peacock (eds.) (1958) *Classics in the Theory of Public Finance* (London - New York, Macmillan), 72–118. On the role of Knut Wicksell (1851–1926) as public economist and as the inspiration behind the Public Choice approach, see below.
2. Ugo Mazzola (1863–99), together with De Viti de Marco and Pantaleoni, was one of the Italian founders of the pure theory of public finance. As we have seen, in 1890 with De Viti de Marco and Pantaleoni, he had bought a share in the *Giornale degli Economisti*.
3. U. Mazzola (1890) *I Dati Scientifici della Finanza Pubblica* (Roma, Loescher); partial English translation in R. A. Musgrave and A.T. Peacock (eds.) *Classics in the Theory of Public Finance* (London - New York, Macmillan), 37–47.
4. J. Kaizl (1890) 'Ugo Mazzola, I Dati Scientifici della Finanza Pubblica', *Conrad's Jahrbücher*, July.
5. A. de Viti de Marco (1888) *Il Carattere Teorico dell'Economia Finanziaria* (Roma, Pasqualucci); English translation of the first chapter in M. Baldassarri and P. Ciocca (eds.) (2001) *The "Theory" and "Application" of Economic Doctrines* in *Roots of the Italian School of Economics and Finance: From Ferrara (1857) to Einaudi (1944)* (New York, Palgrave) III, 505–529.
6. R.A. Musgrave & A. T. Peacock (1958) *Classics in the Theory of Public Finance* (London-New York, Macmillan) and R. A. Musgrave (1959) *The Theory of Public Finance* (New York, McGraw-Hill).
7. E.R. Lindahl (1919) *Die Gerechtigkeit der Besteuerung* (Lund, Gleerup); partial English translation in R.A. Musgrave and A.T. Peacock (eds.) (1958) *Classics in the Theory of Public Finance* (London/New York, Macmillan), 168–176.

8. M. Pantaleoni (1889) *Principi di Economia Pura* (Firenze, Barbera); English translation (1898) *Pure Economics* (London, Macmillan).
9. A. de Viti de Marco (1923) *Scienza delle Finanze. Lezioni Raccolte dal Sig. V. Leonelli e Riassunte sotto la Direzione del Professore* (Società tipografica A. Manunzio, Roma). The next edition (1928) was entitled *I Primi Principi dell'Economia Finanziaria* (Roma, Sampaolesi); English translation (1936) *First Principles of Public Finance* (New, York, Harcourt Brace & Co./London, Jonathan Cape).
10. This short preface is not included in the English translation.
11. F. Flora (1921) *Manuale di Scienza delle Finanze* (Livorno, Giusti).
12. Enrico Barone (1859–1924), together with De Viti, Pareto and Pantaleoni, was one of the leading figures of Italian marginalism.
13. E. Barone (1912) *Principi di Economia Politica* (Roma, Athenaeum).

CHAPTER 6

Free Trade and the South of Italy

Ferruccio Marzano

La Sapienza University of Rome, April 16th, 2008

I would like to underline one point in De Viti de Marco's activity that is prestigious, and other colleagues have dealt with it, but it's a point that has always puzzled and dissatisfied me. As a southerner, or rather as a native of the Salento, I would have understood, on the question of the international economic relations of the—technically—newborn united country, I would have understood on the part of the Italian theoretical economists, the scientists, a greater interest in economic policies that could have industrialised the South of Italy, too, as it was thought would happen in the North, or in the Center-North. I'm referring to the years between the first customs duty of 1878 and the second far more important duty of 1887.

In those years there was heated debate and I must say that, as far as I know, all the theoretical economists were in favour of the complete liberalisation of all trade, while figures like Luzzatti[1] and other less theoretically grounded figures were the advocates of the minimum intervention in favour of the infant industry which, I remember, had already determined the success firstly of the American economy and then of the German one, through Friedrich List's well-known and important studies.[2] Now we will find all

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4_6

the Italian economists taking the side, in the name of theoretical principles that are scarcely relevant to the context, we find them all taking the side of free trade.

In concrete terms, what could De Viti and the others have argued? They could have supported the extension to the case of industries to be established in the South of the country, instead of what eventually happened with the duties on steel production and on textiles. This is not the place to go into the issue, but I would have expected for example, from De Viti and others, protection for the food producing industry, to give an outlet to the success that Italian agriculture was having before the trade war with France, and to turn it around, as had happened with Terni which had been established and then benefited from the steel duty,[3] … so I would have expected an infant southern food producing industry, or similar, to be protected. And instead, what happened was that in the meanwhile the southern landowners, as, if I may say, Gramsci[4] was to foresee *ex post* (note the oxymoron), banded together, and the customs duty on wheat was introduced, which was folly.[5] I therefore accuse, if I may use this dreadful word, De Viti and the others of not being sufficiently active here, of not producing a serious idea *à la* Friedrich List, based on which the odious wheat duty would have been avoided. They could have avoided keeping the South totally incapable of starting to industrialise from that time on, and this could have happened earlier than in the period after the Second World War; I say after the Second World War because we must remember that in the meanwhile there was the wheat battle of he who shall be nameless.[6] So this is the point, on this point De Viti, who naturally remains a great figure at the level of public (but not only public) economics, his record has a blemish which naturally does him no harm, but marks a point that also involved all the other Italian economists who at the time were quite important, all free traders, and frankly that is disappointing.

Notes

1. Luigi Luzzatti (1841–1927), who was Prime Minister of Italy for a year, from March 1910, played a leading role in the drafting of commercial treaties, supporting a protectionist policy for Italian industry.
2. Friedrich List (1789–1846) criticized the classical theory of free trade, developing a protectionist theory based on arguments similar to those of the theory of infant industry.

3. The Terni, the first steel mill in Italy, was set up at the end of the 1880s, and benefited from protective duties on steel imports.
4. A. Gramsci (1975) *Tesi di Lione. Resoconto dei Lavori del III Congresso del P. C. D'I. (Lione, 26 gennaio 1926)* (Milan, Cooperativa editrice distributrice proletaria).
5. The duty on wheat had been introduced in Italy with the general duty of 1887.
6. The 'battle for wheat' was an autarchic measure launched by Mussolini in 1925 to replace the imports of wheat with domestic production.

CHAPTER 7

Economic Policy and Banks

Pierluigi Ciocca

La Sapienza University of Rome, April 16th, 2008

Antonio De Viti de Marco joined the school of Italian economics of the tail-end of the 1800s and the beginning of the 1900s, the high point of Italian economics. In his *History of Economic Analysis*, Schumpeter argues that it was second to none in the international scenario of thought on economic theory.[1]

On the one hand he was an economist of an extremely high theoretical level, as other friends have explained, and at the same time all his life he was a committed political economist, and therefore a politician and leader of a small radical party, engaged in the debate and proposals of what we would today call the political economy of those years. Basically he directed his political efforts against the pitfalls for the Italian economy created by the collusive style that had come to dominate in our country between producers and the state, and among the producers, in the phase starting with the last period of Depretis[2] and then above all in Crispi's time,[3] therefore the period of the historical Left and of its crisis at the end of the 1800s. He extended his criticism to the governments of Giovanni Giolitti.[4]

The sense of the criticism was precisely that of opposing the collusive anti-competition practices between the state and the market, and of producers among themselves. The forms taken by this collusion were many and

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4_7

varied: agreements between producers, public funding, protectionism—in particular the 1887 duty—a symbiotic relationship between firms and banks in which the dialectics between the firms' decision on what to produce and which firms and which investment projects should be financed were not spelt out. De Viti shared this position with the other giants of Italian economic thought of the time, namely Maffeo Pantaleoni, Vilfredo Pareto, Enrico Barone and others. This group of thinkers extended the criticism, as I mentioned before, from the period of Crispi to the age of Giolitti, and an interesting discussion could be opened up on the extent to which this extension was justified. In actual fact the economic policy of the Giolitti government can be seen as being totally different from what had prevailed in the period of Crispi and of his immediate successors. Without theorising and without writing manifestos, Giolitti actually worked along several lines in the direction of promoting competition in the Italian economy, and therefore of doing without the practices that were widespread in the previous period. Extending the critical judgement to Giolitti provoked, or helped to determine, an attitude to fascism after the First World War by many of the scholars we have mentioned, which laid great stress on returning to an order that in the 'two red years'[5] had been challenged by the workers' and farm labourers' demands. The attitude of these Italian scholars, while not favourable, was certainly not critical towards the fledgling fascist movement and then party (the situation would be different when faced with the fascist regime after 1925), and I think this largely depended precisely on this partly unjustified evaluation of Giolitti's economic policy decisions.[6] The fundamental point in De Viti's position cannot be better expressed than in these words, taken from his late book *Un Trentennio di Lotte Politiche*

> The scourge is *trasformismo*,[7] the result is that the idea of class privilege tends to prevail, the tendency is that each social group claims new privileges for itself. Every new privilege was claimed in the name of equal treatment with a pre-existing privilege; it follows that there is a gradual, growing extension of legislative favours passing from the more important groups to lesser ones, from long existing groups to newly formed groups, from landowners to industrialists, to state managers. There even developed a hierarchy of great, medium and small privileges; parliament logically became the market place where the great and small favours of the state were negotiated.[8]

It was against this state of society, of politics and of the Italian economy, that De Viti de Marco fought for years.

Then there is of course De Viti the theoretical economist, an economist tending to abstraction based on his excellent knowledge of economic historiography. One example concerns the nature of the bank. In one of his earliest essays, *La Funzione della Banca*,[9] De Viti makes a very important contribution to theoretical thinking about bank money and finance, clarifying most effectively, basically in a definitive way, that the modern bank had now become a credit institution, capable of creating bank money, and therefore of supporting business activity through loans. These loans were based on deposits which were made for that purpose. This was therefore a very profound change compared to the historic origins of the bank, basically as a custodian of the money that depositers entrusted to it and while it did make payments, this was done using the depositers' money. In the banking system that De Viti was looking at, the picture was different: the bank transforms assets that are not means of payment, into credit for its own account which instead are means of payment, so businessmen spend the bank's credit. He also posed the problem of the excessive granting of credit and therefore the problem of the tendency towards excessive investment compared to savings; De Viti solves this problem, in a neoclassical way, in terms of enforced saving: in short, there will be inflation, which will lead to distributive effects, that will cause enforced saving to grow.[10] He does not get to the point Schumpeter would reach a few years later, around 1910, to the idea of the bank as an *ephor* of creative destruction in the dynamic reallocation of resources.[11] De Viti de Marco's analytical contribution for those of us involved in banking, credit and finance, remains a milestone in the thinking on this issue.

Notes

1. J. A. Schumpeter (1954) *History of Economic Analysis* (London, Allen & Unwin).
2. Agostino Depretis (1813–1887) was Prime Minister of Italy from March 1876 to March 1878, then from December 1878 to July 1879, and finally from May 1881 to July 1887.
3. We recall that Crispi succeeded Depretis from July 1887 to February 1891; he was then again Prime Minister of Italy from December 1893 to March 1896.
4. As already mentioned, Giolitti became Prime Minister of Italy in May 1892.

5. By 'two red years' we refer to 1919–1920, in which workers and agricultural laborers were involved in social and political struggles in Italy.
6. Ciocca argues this case in (2007) *Ricchi Per Sempre? Una Storia Economica d'Italia (1796–2005)* (Torino, Bollati Boringhieri).
7. *Transformismo* was a parliamentary Italian method where reforms were passed thanks to the support of the opposition.
8. A. de Viti de Marco (1930), *Un Trentennio di Lotte Politiche (1894–1922)* (Roma, Collezione meridionale).
9. A. de Viti de Marco (1934) *La Funzione della Banca* 2nd edn (Torino, Einaudi).
10. On this see also R. Realfonzo (1995), 'La Teoria della Banca come Organo dei Pagamenti a Credito di De Viti de Marco', *Storia del Pensiero Economico*, 30, 3–22, reprinted in A. Pedone (ed.) (1995), *Antonio de Viti de Marco* (Bari, Laterza), 161–181.
11. J.A. Schumpeter (1883–1950) worked out a theory of economic development in which a fundamental role is played by the creation of banks' purchasing power. J.A. Schumpeter (1911) *Theorie der wirtschaftlichen Entwicklung* (Leipzig, Duncker & Humblot); English translation (1934) *The Theory of Economic Development* (Cambridge, Mass., Harvard University Press).

CHAPTER 8

His Place in Economic Thought

Riccardo Faucci

University of Pisa, November 26th, 2007

It is a pleasure for me to be able to talk about De Viti de Marco who is a fascinating author, and also mysterious, for reasons I will try to explain. He belongs, as we know, to the tradition of pure economics and particularly to theoretical public finance in Italy, between the 1800s and 1900s, a period considered the golden age of Italian economic and financial thought.[1] But I will also try to show that this pure theory, at least in public finance, was also very impure, because it was mixed with normative elements, political and ideological elements which in fact are important in reconstructing the pure nucleus of this theory. I would like to start from the famous article by James Buchanan, Nobel prize-winner for economics, who in 1960 published a work that is still considered a key reference point in the reconstruction of Italian thought on public finance, and on the Italian tradition of *scienza delle finanze*.[2]

Now, although this is certainly an article that absolutely cannot be disregarded for scholars of the question, one thing has always struck me when reading it, when Buchanan says that the Italian scholars of *scienza delle finanze* are philosophers with no idea of pragmatic, operative, let us say Marshallian economics, because they are locked into their definitions

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4_8

and rarely step out of them. Now, it may well be so, but in actual fact subjectively these Italian scholars of *scienza delle finanze* were anything but pure philosophers; if they had a philosophy it was a philosophy taken from the observation of the political and social situation of turn-of-the-century Italy. They were also very involved in politics, often members of parliament, and some became ministers during the twenty or thirty years of the flourishing of this school of *scienza delle finanze;* they were active in the press, doing political propaganda for various organisations, mainly aimed at advocating free trade; they frequented the great political leaders of the age, firstly Giolitti, Crispi, Di Rudinì. Whoever knows the correspondence for instance of Pareto or Pantaleoni[3] cannot help noticing in all of them, almost without exception, their profound political commitment.

And this is also true of our De Viti de Marco who was in Parliament for almost twenty years, he was a member for the Salento, more precisely for Gallipoli, in the constituency of Gallipoli from 1900 on.[4] This was an extremely important period, both for politics and for the Italian economy, the age of Giolitti, coming after that of Crispi, to the period at the end of the century, full of deep conflicts, of clashes, even bloody, between the social classes, and it saw De Viti de Marco in a very interesting position, criticising the government of the day from the left. But a liberal left which however, unlike other positions of colleagues, economists and public finance scholars, sought a dialogue with the real left, namely with the socialist forces, the workers' movement and above all with the rural workers' movement. So we have quite an interesting case, apparently paradoxical, of a great landowner, a great gentleman, as one might say, who cared about the condition of his tenant farmers, who wanted free trade not to be something just for the elite, for intellectuals detached from the social reality, but who wanted it to really be the core of the political initiative of the left-wing parties, who were supposed to advance on the basis of this credo. De Viti de Marco strongly believed in these assumptions and was their great spokesman along with other interesting figures, like Salvemini, Giretti, and Einaudi himself in the following period, and so there was all this great tradition of free trade thinking.

So I would say that Buchanan's remark certainly needs to be contextualised, and it probably needs to be contested too, because in fact these economists, scholars of pure public finance, despite the purity that we will now see was actually a feature of their thought, had their intellectual roots in the social and political reality of their time. A shade of condescension can be seen in the American Buchanan towards the Latin type of intellectual, who is part humanist and part technical scholar.

I would say that, to start looking at the problem we are most interested in, that is De Viti de Marco's public finance theory, we have to start from the father of this public economic culture, who is yet again, in my opinion, Francesco Ferrara,[5] who moreover, being a southerner, being a Sicilian, had a very good understanding of the society of his time and also had abilities—that Federico Caffè called 'a sixth sense'[6]—in understanding, and sensing the mood of the community. Now, at two different times Francesco Ferrara dealt with the problem of public finance, of public finance theory: the theory of the state. Public finance is seen by all these scholars as being closely connected to the problem of the state, the nature of the state. It is the problem of the optimal society, of society that from the point of view of *scienza delle finanze* can be considered optimum. Now, the state. The state is the government. The conception of all those belonging to the Italian school, to the Italian tradition, is almost Machiavellian: behind the state, ethical or less ethical, is the government, and the government is the group of men in power; this is a fact that cannot be ignored, it can be improved of course, but one cannot get entrenched behind magniloquent expressions of the ethical state, because the state is essentially the government. Second: in spite of this, there is the possibility of outlining a pure theory of taxation in which there is a perfect correspondence between the cost of paying tax and the benefit one receives. It is the benefit principle that these authors re-elaborate and interpret in a very attractive way; so what is a tax? Tax is the 'very small price' one has to pay to obtain from the government-industry, that produces the public goods and services, what we consumers, part of society, ask for. There is therefore a voluntary relation,[7] we could say today. More than a tax, it is almost a fee in this conception,[8] in which the coercive element is reduced to nearly nothing and there is however this strong sense of participation. One could say that the public/political market is a market of supply and demand. Naturally one must operate so that this market is as competitive as possible, so that those in power are not glued to their positions, but are constantly in competition amongst themselves, being continuously renewed, and so that those who ask, who make demands on the public services, are well informed consumers. Therefore on the one hand, information, on the other, competition in public services, which is certainly not easy to imagine, since there is only one operator, and it is the state, but it can be reached for instance by decentralising services as much as possible. Now, this is a democratic element in De Viti de Marco; and even more clearly than in the treatise or in the textbooks of public finance, it is found in the

political writings, in those on the problem of the South of Italy collected in the volume *Un Trentennio di Lotte Politiche*, a very interesting volume, rightly reprinted a few years ago.[9] There, De Viti presents a profile of fiscal federalism, that is, local bodies, first of all the local bodies in the South, that should have tax sources, sources of autonomous tax revenue, because a series of public works, a series of activities producing public expenditure that is useful to the population, should be shifted, decentralised. It is therefore a state that lightens up, that thins down as we say today. At that time regional government did not yet exist, but the idea is a regional idea in tendency, and De Viti de Marco argues in the regionalist sense. He isn't thinking of the municipalities, but he is actually thinking of groups of several municipalities and of regions in a sense of marked decentralisation, of marked autonomy; on some occasions he even talks about creating for the South of Italy a situation of great autonomy, of strong self-government which cannot but make an impression in a period like the one when De Viti de Marco was writing, marked in contrast by great centralisation. This centralisation was of a rather Piedmontese kind, which in a way characterises the origins of the unified state. Well, these questions, the government-state, the pure theory of public finance as a voluntary kind of theory, based on an agreement, on participation, seem to me, apart from divergences and nuances, to be shared. Mazzola for instance thought differently from De Viti de Marco about the nature of public goods and services; he had his own theory of the complementary nature of public goods compared to private goods, but these are details that are certainly very important to give an idea of the theoretical depth,[10] but I would say from the more general point of view of the vision, which I would not mind conveying, I would say that this element is shared by all: decentralisation, a liberalism that is not just free trade, although it certainly has free trade as its central focus, and that tends towards the democratic.

At the risk of forcing my argument, I would immediately like to say how these thinkers and above all De Viti de Marco can be considered democratic. Now, the idea of democracy held by De Viti and perhaps also by Salvemini is partly similar, and partly dissimilar from the idea we have today through the experience of post-war Italy. Our democracy is a democracy certainly based on equality and on participation. Now, anyone who claimed to be a selectivist-democratic, or an elitist-democrat, would be seen as an eccentric. And yet when De Viti de Marco made his speech commemorating his late great friend Maffeo Pantaleoni,[11] he defined him in this way, apparently paradoxically, almost with a figure of speech, the

two opposites, selectivist-democratic, something that today we cannot even imagine, but that at that time was typical of real democrats: democracy not as what we might call the rather flat equality of the finishing line, but as the equality of the starting line; giving everyone the chance to do their best in the competition of life, but naturally also recognising the merits and the scope of this contribution. Now, Salvemini, De Viti de Marco, and to a lesser extent Einaudi—perhaps not as sensitive to this issue until his later years, which were the years of his exile in Switzerland and of the post-war period, the period as President—I would say they feel this problem strongly: to ensure that the growth of society does not humiliate the lower classes, who must naturally be supported, but in such a way that the support given to the less fortunate classes is not to the detriment of those that want to emerge. This is the idea. Naturally democracy means giving everyone what is possible so that everyone's well-being or welfare increases, in short, Bentham's formula: the maxim of the greatest happiness for the greatest number.[12] Vilfredo Pareto, too, who certainly could not be called democratic in the real sense of the word, when writing at one point to Pantaleoni, says: 'I feel democratic in Bentham's sense: our great purpose, even of us intellectuals and economists, is to ensure the greatest well-being for the greatest number.'[13] Naturally this leads to contemporary thought, one thinks of Rawls, to concepts of justice a little different from those that can be understood from these formulae,[14] but certainly from a historical viewpoint, this must be taken into account. So democracy was seen as competition, an open competition, a competition where there are rules, of course: naturally, do not crush the last, but at the same time do not prevent those that can come first from reaching the finishing line; to use the image in Pantaleoni's famous article about the horse-race, the race of life compared to a horse-race. This is what we must remember.[15]

Let us look more closely at the content of this theory I am trying to talk about. We can deal with the problem of the theoretical nucleus of the Italian school of public finance that in De Viti de Marco had one of its protagonists, if not the absolute protagonist. To begin with, it needs to be linked to the thought of Pantaleoni, who was not only his great friend for many decades, his companion in political and cultural battles, but who with his 1883 work on *Contributo alla Teoria del Riparto delle Spese Pubbliche*[16] was the pioneer on this subject. What does it essentially consist of? It consists of showing that the theory of public finance is merely the theory of political economy shifted to relations between state and taxpayer, to the relations of public finance; that is, there is a perfect

symmetry. The rationality of the consumer finds a perfect correspondence in the rationality of parliamentarians who vote on national budgets. Just as one can talk about choices in a regime of perfect competition according to the maximisation of utility, to the law of weighted marginal utilities for the consumer, according to Pantaleoni the same reasoning can be applied to Parliament, or rather for the average intelligence of parliamentarians. This article aroused great debate, it was considered a breakthrough article, a great break with the past and not completely convincing, because starting from the average intelligence makes it very difficult to then prove with facts; however it opened up this path. We can say that the year 1883 was the year of the creation of the pure theory of public finance in Italy, a good number of years before the famous Sax, the great Emil Sax, the Austrian economist who with his work on the theory of public finance[17] claimed he had preceded the Italian school, as he wrote with great obstinacy in his last article on the valuation of taxation, in 1924, in which he reiterated his claim to be its originator.[18] I think on the other hand that the Italian tradition in public finance, however connected, however close it is to the Austrian school and to the issues of the Austrian school, can be considered independent. The way they look at economic questions is different, because while in Sax and the other Austrians they are always a question of the individual choosing and of the individual bearing a certain burden, in the Italian tradition, alongside the act of paying taxes, and therefore of the valuation of taxation to use Sax's words, there is the problem of spending, of the efficiency of spending. These two aspects are absolutely indivisible in the Italian tradition. If we look at the main works of the members of this school, we find great awareness of spending, of the spending side, which was not common for the time, because the European marginalist tradition was to neglect public spending, which as such was no longer part of economic theory, of economics, it was something relegated to sociology, to politics, to law. Now, I am thinking of what the Germans, for instance, did, who also focused a great deal on public finance; they created Wagner's Law, which was the law of the growth of public budgets and above all of spending,[19] as a historical law, as a mere historical law, as a mere acknowledgment, as a mere stance taken before a historical tendency that was entrusted to economic historians, not to economists. The economists only had to acknowledge that this spending grows as the society evolves. This does not mean much, essentially, because it doesn't explain the phenomenon, but just acknowledges it. However, in these economists, in these scholars of *scienza delle finanze,* from De Viti de Marco to Pantaleoni, and

as we have said in Luigi Einaudi himself, alongside revenues with its elements of cost and sacrifice, there is always the element of spending. One cannot judge a tax unless one can consider the problem of how it is spent, of how the revenue is spent. Also in the writings of De Viti de Marco—who perhaps devotes less attention to spending in his work *I Principi di Economia Finanziaria*, but who devotes a lot of attention to it in those works of his that are apparently political, but that in actual fact are economic and very important for our purposes[20]—we find this evaluation. He even pits De Viti de Marco against Francesco Saverio Nitti, who does not belong to the rigor of the school of pure public finance we are talking about, but who actually with his studies in *Nord e Sud* on the government budget places great stress on this element of spending[21]: to judge the tax system we cannot confine ourselves only to the item of revenues, but have to see how the spending is distributed. And so I would say, this time in agreement with James Buchanan, who almost in passing rather unwillingly acknowledges it, that the originality of this school lies in this aspect as well; I would say that this aspect is not only a sociological one, it is also economic, one of a theoretical kind, because it is through the examination of spending that we can construct a theory of public finance that leads towards a theory of equilibrium, and therefore this equilibrium cannot be defined unless we keep in mind this side of spending. So economic equilibrium and financial equilibrium, through these complex mechanisms like a voluntary relationship between state and taxpayer, between state and consumer, that can be defined in these ideal terms—then they naturally have aspects of complexity due to the historical and social circumstances in which the phenomenon is to be placed—are new in this respect, they are very new compared to a tradition of public finance like the Anglo-Saxon one. I would pick out one name amongst them all: Seligman.[22] Seligman was a great American scholar of public finance, a friend of most of these Italian scholars, but Seligman's main work is *Shifting and Incidence of Taxation*,[23] so it's the shifting of the incidence of taxation seen in a strictly Marshallian picture of partial equilibrium, and naturally totally indifferent to the question of spending, because Seligman's problem is a problem that is not the problem for our economists. It is the problem of seeing the partial equilibrium of a definite, clearly defined market, where in a certain point a certain tax rains down and the effect of this tax, the shift, is studied very carefully, depending on whether there are several firms, whether there is only one firm, whether there are a whole series of things. Naturally a solution of equilibrium is found, but it is a partial equilibrium,

it is a deliberately partial equilibrium, because the market is considered quite a separate thing compared to the mass of economic markets. And instead these Italian economists, perhaps using tools that were far less sophisticated than those of the Anglo-Saxon economists, try to get a big picture, in other words their vision, though not always formalised, is a vision of general equilibrium, a Paretian vision. Ironically Pareto considered public finance the 2nd division of economics: there is nothing theoretical to point out, because it's all a series of under-the-counter sales of favours, a very pessimistic, very Machiavellian vision of the state and of the effect of the state. But although it is true that Pareto subjectively had no respect for public finance, he in fact taught these scholars of public finance. A great many Italian scholars of public finance declare themselves Paretians, and I'm thinking of Borgatta, who is a great scholar, of Sensini, a professor at the university of Pisa for many years, who was a very loyal follower of Pareto, he also taught *scienza delle finanze*,[24] and I'm also thinking of De Viti de Marco who was also close to Pareto for the period when he was the editor of *Giornale degli Economisti*, a companion in the political battles for free trade and so on. So I would say that these aspects must all be present.

So we come to the problem of defining public needs. I would say that this is a question that must necessarily be of interest, because these economists, naturally with De Viti de Marco in the front line, devoted a lot of attention to these questions that to us seem confined to definitions, but in fact they are not just that. Well, private needs, public needs. What are private needs? They are needs that can easily be identified, they are practically individual. Although everybody feels these needs, like the need for bread, they are still individual needs, in short the collective need for bread will be the sum of the individual needs of each of us for these goods. A collective need on the other hand is a need in which it is not the individual but a certain collectivity that is important, and therefore it is a need that is manifested to man insofar as man is a social being. If the collectivity did not exist, if society did not exist, there would be no need for security, nor for justice, no need for defence, because they are needs that man can feel only in contact with others.[25] I have the impression that, naturally being children of their time, they did not have an idea of the public need that corresponded perfectly to what later entered the canon with Samuelson: pure needs, non exclusivity, indivisibility, etc.,[26] but they came quite close. I have the idea that they were almost precursors of this conception, strongly distinguishing the collective public need from private individual needs, and this is perhaps

the major characteristic of *scienza delle finanze*: it has to do with public needs. Well, here the first signs of disagreement started to show between Pantaleoni and De Viti de Marco, in the sense that practically all his life Pantaleoni believed that the public need is what is satisfied by the state through its coercive power, that is, without coercion there would be no public need. In contrast, De Viti de Marco says no, coercion is a secondary trait; the main trait is that a public need is shared; if you think about it, this is the opposite of Pantaleoni's idea. Pantaleoni sees the authorities that coercively impose satisfaction of public needs through tax, he relies on tax for the satisfaction of public needs, through its power of authority, so coercively administered tax on the group members is the way to deal with these needs. On the other hand, De Viti de Marco's, which is certainly a liberal, English style conception, is the idea that these taxes that serve to satisfy public needs are profoundly shared by the group members, even by those who complain.[27] One can't help thinking of the current comments that we hear every day: 'tax is beautiful', but what does it mean, to say 'tax is beautiful'? Well, those who are scandalised by a minister who lets slip this statement[28] obviously have never read these theoreticians of public finance, starting from Einaudi, who even wrote articles praising taxation. Above all in 1919, in an extremely difficult period from the political and social point of view, he wrote an article on the theory of depreciation concluding with a paean to taxation,[29] saying: 'I who am a free trader and may be suspected of being an enemy of taxation, must say that I find tax the great lever in modern society to make society itself grow.' This is therefore already a prelude to the optimal taxation elaborated by Einaudi in the following years.

So this is a very important element, the sharing. Yet again, at the centre of attention is democracy, democracy as a deeply felt social value, and then the aspect that may make us smile, the voluntary nature of taxpaying, the satisfaction with doing one's duty by paying taxes. Now, while in Pantaleoni this characteristic is present in all states, with no difference from the liberal parliamentary state to the absolute state, in De Viti de Marco on the other hand it is a feature only of the modern state and it is not a feature of the monopolistic state. De Viti de Marco was certainly too observant to deny that there could actually be a situation where taxes are extortions imposed on the citizenry against its will, but we are then looking at the figure, or let us say at the Weberian ideal type, of the monopolistic state.

What is the monopolistic state? It is the state where there is the maximum gap between the governing and the governed, and it is therefore a monopoly that perhaps will not translate into Cournot's formulae,[30] but it is an

intuitive type which is not an exact type. It is certainly a state where power is monopolised by a class, by an interest group which operates following the schema of the financial illusion, of corruption, of the false representation of reality, in order to extort the greatest sums from the taxpayers; so we are at the antipodes from the liberal state. Now the Italian situation, according to De Viti de Marco in the 1910s or in the fifteen years at the turn of the century, was precisely that of the monopolistic state.

Here a historical consideration needs to be made that will perhaps go beyond the judgement on the individual. How was it that these great intellectuals, Pantaleoni, Pareto, De Viti de Marco and in part also Einaudi, did not understand Giolitti, they did not understand the Giolittian era? Now, not long ago we went to hear Pierluigi Ciocca who gave us a brilliant, impassioned indictment of the interpretations and the political positions taken by the Italian economists, the Italian scholars of public finance of the time, towards the governments in the Giolittian era.[31] How was it that these people who were so enlightened and so intelligent did not realise that Giolitti was not at all the 'minister of the criminal underworld' that was talked about,[32] or was not only that, since he was also the man that reformed the administration, that gave more room to competition, that introduced far more transparent rules in public services and in the management of the economy and economic policy? Unfortunately it was essentially a meeting that could have been, a great opportunity lost, because these thinkers, these intellectuals who could have constituted synergies with a government that was in favour of economic growth and therefore of the progress of Italy, were not capable of seizing the moment. Now here I want to insist, beyond all error, it is not conceivable that a person is wrong for fifteen years, because in actual fact there are still many obscure sides to Giolitti's management of power. There's no doubt that the Italian economy grew considerably, from the statistical point of view. But statistics are known *ex post;* the Giolitti government was the one involved in the war in Libya, it was the one involved in the tenders to the cooperatives to keep them quiet, so it was a government that, all things considered, had an unambitious narrow range of policies—especially in the South of Italy of course, but in part also in the North—which struck observers in a very negative way. So certainly perhaps time and history have recognised in Giolitti some undoubted merits, but it is also true that the drive, the programmatic clarity … starting from the fiscal reform that was not passed—in fact the Wollemborg reform[33] was made to fail—and this is one of the main and harshest criticisms that Luigi Einaudi

directed at Giovanni Giolitti many decades after his death, when collecting his *Corriere della Sera* articles in the Fifties.[34] Einaudi says: 'I cannot do anything, even *ex post*, even in hindsight, but repeat my reservations on Giolitti's performance', precisely because Giolitti had a way of governing that strongly recalled the monopolistic state that De Viti de Marco talked about. This may be ironic, because later there was a monopolistic state that was far more monopolistic than Giolitti, but essentially in the interpretation of these liberal democrats like De Viti de Marco there was more a line of continuity between the minister of the criminal underworld of the 1910s and the fascist regime, which in certain respects followed, and worsened these monopolistic characteristics, of a state that does not seek objectives that are shared by the members of society, by the collectivity, but imposes its will from the top down.

One specific point deserves to be underlined. Alongside the theory of the cooperative state, and therefore of the democratic state as opposed to the monopolistic state, the idea of income is very important in De Viti de Marco, this concept of income naturally belongs to the core of public finance. Here too it is surprising that all these economists that belong to this school disagree sharply about the definition of taxable income. And we may find this striking, because usually schools are characterised by many shared elements, not by such strong divergences on such a central point. As we know there are at least three definitions of income for these economists, and they are clearly conflicting. Griziotti's broader idea of income earned,[35] De Viti de Marco's intermediate idea of income produced, and Einaudi's narrower idea of income consumed. These positions were not toned down during the very long debate between these authors, in fact if anything they were greatly consolidated. It is of interest to us above all to reconstruct the debate between Einaudi and De Viti, because Einaudi always declared himself in principle a student of De Viti, although he did not share one of the fulcrums of De Viti's thinking on public finance, which was precisely the definition of income as a product; so this is curious detail for the biographer and for the reader of these authors, that cannot be ignored. Now, what was this difference due to, despite their essential affinity? The essential affinity lies in both De Viti and Einaudi sharing the concept of the state as a factor of production, that is, the state is entitled to be paid by taxes: that in the production process, also in the production of private goods, the state acts as a factor of production. Therefore capital, labour, land and instead of the Marshallian organisation, as it were, the state. Through the provision of public goods, the state supplies a fundamental factor of production, and

on this Einaudi and De Viti de Marco are both in agreement. Naturally the differences between the definitions of income earned, income produced and income consumed are loaded with implications also for the purposes of the taxation system to be adopted. Einaudi, though accepting the notion of state-factor of production, wanted to make savings exempt, while De Viti de Marco included them in taxable income, simply because it was produced in a certain period, while the fruits of savings will be produced in a later period and does not justify their being exempt.[36] De Viti de Marco, as a coherent liberal, and this is another characteristic aspect of his, tones down the distinction between fees and taxes.[37] Fees are paid voluntarily when the customer asks for the service offered by the government. You will remember De Viti de Marco's pithy definition: 'the price of a season ticket is the cradle of the tax', one of the famous forceful expressions that are generously scattered all through *Principi di Economia Finanziaria*.[38] The concept is extremely simple: by buying a season ticket one receives …, for example a rail card, one receives a series of services. With the season ticket, one uses these services whenever one likes, there is no need for them to be used at certain times rather than others, so we have an unlimited supply of a certain service that is paid for with a fixed sum, the cost of the season ticket. From this point of view, it can rightly be said that the season ticket bears a strong resemblance to the tax, because the tax—apart from special-purpose taxes, for specific purposes—is a generic tax, serving to cover the cost of some services I receive at any moment in time, not at precise times, when I decide, as it would be if I paid a fee. And so this is one of the moments when I think De Viti de Marco's genius and creativity succeeds, in a positive way, in involving the reader. On the other hand, his reasoning does not always flow as one would like, and this has also been recognised by his great admirers, such as Ernesto Rossi who was a very loyal follower of De Viti de Marco, in other words, at times the need to be synthetic and extremely effective, graphic I would almost say, on De Viti's part, draws him into pitfalls such as the lack of expansion of some of his insights. However, I would put this and many others among De Viti's brilliant insights and among the contributions that most stimulate reflection on the origin of modern taxation systems.

I would like to look more closely at De Viti de Marco's scientific sources, which is a question that I feel is very interesting, but not examined by scholars, and this is perhaps because De Viti de Marco is extremely taciturn, extremely reticent in indicating his sources. Unlike other economists, such as Einaudi who often discusses with an elite group of colleagues

or of predecessors, or precursors etc., De Viti de Marco is extremely limited in this search for sources. And the doubt arises that perhaps De Viti de Marco did not have the economic culture, in the sense of erudition, of breadth of reading, that others of his time could boast. I am thinking that at the other extreme I could put Achille Loria, who I think had read everything—not to say that he had understood and studied it all—but certainly Achille Loria for his time was a classical wellspring of learning and erudition.[39] On the other hand, just as De Viti de Marco wrote relatively little, he appears also to have read little. This does not mean that he did not read with great attention and great depth, perhaps finding things that the faster, more voracious reader would not find. However, it is also fair to wonder to what extent De Viti de Marco considered himself a marginalist, because De Viti de Marco is traditionally linked with marginalism, it is traditional to interpret him as a marginalist scholar of public finance, but it is not so easy to say why he is a marginalist.[40] I think his peer, Enrico Barone, is undoubtedly a marginalist economist, as are his contributions to *scienza delle finanze*—I am referring to the difference between direct and indirect tax from the point of view of collective welfare—which are clearly in the marginalist approach, in the Paretian marginalist approach. Certainly the reasoning in Barone's theorem, which is the best known thing that Barone left to public finance, is clearly marginalist.[41] If on the other hand we look at De Viti de Marco, we find very few authors that inspired him, but these very few authors are hardly ever the founders of marginalism. I am thinking of David Ricardo, who is certainly his main author in a great many works. All the articles about trade, exports, imports and movements of gold and metal from one country to another due to the surplus or deficit of the balance of payments are clearly taken form Hume and Ricardo, this is essentially the line.[42] The theory of the bank, according to some colleagues who have more recently studied De Viti de Marco, is supposedly unorthodox and opens up to Keynes, to a vision of net creation of credit and therefore of assets.[43] But the book De Viti de Marco wrote about the bank, written in his youth, then reprinted edited by Einaudi, only in the Thirties,[44] is an extremely orthodox work in which the bank is essentially an intermediary between those he calls debts, corresponding to mortgages (therefore bank credits), and the credits on the part of clients that he calls promissary credits; there is also the idea that the bank plays a role of intermediation, but not of creation.[45] But apart from this, which can of course be loosely interpreted, apart from these insights of an author like De Viti de Marco who is so

often characterised by flashes of insight rather than by an overall vision, I have the impression that his theory of money and credit, too, has its roots in the classical age, that is, in the great debates of the early 1800s between the banking school and the monetary school, the Ricardians' banking and monetary works and in other respects probably the social theories of Stuart Mill, who is probably an author that the young De Viti de Marco would have read religiously, though he is never or hardly ever cited, and from whom he drew the lifeblood of his particular conception of democracy.[46] I would therefore have strong doubts about classifying De Viti de Marco without hesitation among the marginalists, unless the very definition of marginalism is to be completely reformulated. If marginalism is a more faithful representation of the working of the market than that given by the classical economists, we may also find ourselves in agreement; if marginalism corresponds to the study of free competition we agree that De Viti de Marco, too, is a marginalist; but if marginalism is a series of techniques that study the mechanisms by which a state of equilibrium is reached of maximum satisfaction and maximum profit for the consumer and the producer respectively, by means of a series of equations defining partial or general equilibriums, then I have the impression that De Viti de Marco's closeness to this form of ideas is rather less clear than it appears for Pantaleoni, and even for Einaudi. While I would have no hesitation in defining Einaudi a Marshallian as far as his spirit of approach to economic theory is concerned, and also broadly for the type of studies that he carried out, and while I would have no hesitation in considering Pantaleoni a pioneer of the marginalist kind of economic dynamics because of all his writings, because of his interest in the change through which competition constantly modifies the position of its protagonists,[47] with De Viti I would have some doubts. Naturally this is not meant to diminish De Viti at all, but actually to give him probably greater merits, because an author who is not easy to classify in a great school, and who has also made major contributions like De Viti de Marco, cannot but benefit from this attitude. But I don't think that the fact that as editor of the *Giornale degli Economisti*, De Viti de Marco gave ample space to Pareto, and to some great marginalists, counts, because this would still not be enough; so my impression is that rather than being analytical, and rather than tending towards the marginalists, De Viti's mental attitude is anchored to a classical vision. As I said before, the author is Ricardo, and it is not only money, but also the study of Ricardo's equivalence theorem: one of De Viti de Marco's main contributions is his correction of David Ricardo's famous

work on the public debt, with a complicated series of additions, we can say of observations made by De Viti de Marco.[48] So the authors he referred to, which is the thing that must strike us and which we should think more about, are certainly Ferrara, I have no doubt that De Viti de Marco had read Ferrara; perhaps the historical school,[49] for the aspects of the nature of the state, and there are even elements of Darwin's evolutionism. Another author that he recognises as an intellectual foundation is Angelo Messedaglia.[50] He dedicated an excellent article of great methodological rigour to Messedaglia: the meaning of scientific reasoning in economics and statistics.[51] For authors like Einaudi, Pareto, and Pantaleoni, we can find one economist or more as a reference point: Pareto without Walras would be incomprehensible, Pantaleoni without Pareto, Marshall and Walras would be hard to comprehend, Barone without Pareto would certainly be incomprehensible, and also without Marshall. The mania for historians of economic thought to divide it into so many schools seems destined to fail as soon as one approaches the authors and seeks the heart of these authors. Now in the case of De Viti de Marco, unless I am proven wrong of course, I would like to change my mind if someone persuades me to do so, but I think that is very unlikely. And anyway I was talking before about his extreme parsimony in acknowledging the merits of others, despite his well known statement: 'I am finally publishing my lectures thanking my illustrious colleagues who have made ample use of them forgetting to indicate the sources', or words to that effect, therefore elegantly complaining about being copied.[52] Certainly copying was not a habit of his, but it would have looked better if in his most important work *Principi di Economia Finanziaria*, where practically all the main problems of the discipline are dealt with, he had devoted some slight attention to the other authors who had come before him or were his contemporaries. It is noticeable for instance that Luigi Einaudi, who for years declared himself his spiritual heir and who had even made a solemn promise to reprint and rescue these works from the oblivion to which the fascist regime had had its own interests in consigning them,[53] is remembered only for a very old work on the tax on buildings, on which moreover Einaudi had completely changed his mind.[54] If we look through this very short index of names at the end of the *Principi*, we do not find Barone, we do not find Pareto, we do not find Walras, we do not find Marshall, but on the other hand we find D'Azeglio, Helvetius, Macaulay and Washington, that is, clearly not exactly great economists.[55] No Austrian is present, nor is Sax, although he is considered the secret

inspirer of the modern theory of public finance. Therefore I have the impression that the most lasting sources of his thought remain several great classical economists, plus Messedaglia, above all for the scientific method: authors that date back a bit. In other words, I have the impression that this depends on the one hand on the fact that, though a great mind, he did not have much mastery of mathematical tools, but he also had a certain *forma mentis*: despite his great modesty, his tendency to take the sidelines in the great discussions, it is most probable that he had, and with reason, a very high opinion of himself. In other words, he saw himself as a classical scholar and classical scholars are well known for talking only to other classical scholars. I think that the fact that he did not know Wicksell, although he comes so close to Wicksell's theories, when he argues that the calculation of public needs, unlike the calculation of private needs, is an algebraic calculation, not arithmetical, because the signs are often positive and negative. This is clearly the first step to a theory, that of voting, of the people's will in determining the budget; and that then perhaps at the same time Wicksell, I'm not sure, but probably without De Viti de Marco's knowledge, Wicksell defined in his ideas on public finance, which were to be published in Italian only in the Thirties.[56] They greatly surprised Einaudi, who frankly admitted that he had not read them before, also because they were in Swedish, then in German, languages Einaudi did not know.[57]

Now I would like to conclude this thought by saying that this is also what is good about reading and discovering authors of the stature of De Viti de Marco. We must imagine him as a great gentleman surrounded by his books, and who in his leisure hours (*horae subsecivae*, as Einaudi would say), remaining after overseeing the fields and his own interests in his role as an enlightened landowner, devotes himself to reflection, and in fact we must imagine him face to face with the great figures of the past. This can give us an idea of the man De Viti de Marco was, a solitary man concentrating on his thoughts and his studies, face to face with the great figures of the past, more than with the great men of the present, for whom however he had great respect and kind consideration, starting from Luigi Einaudi who he never fails to thank, though he addresses him formally, although Einaudi was a senator of the kingdom, and was about fifteen years younger than De Viti. And so it does not take much effort to imagine him in his study, probably lined with books, of which he perhaps was not an omnivorous reader, but which he selected carefully

when dealing with a problem which he was able to analyse with great intellectual force, without caring about others acknowledging him, nor perhaps about acknowledging others himself, because one likes to think that this gentleman, this nobleman, rightly had a high opinion of himself, and he saw himself as a classical figure in an atemporal dialog with other classical figures. Classical thinkers are by definition men of the past and therefore it is likely that he knew far more of the economic and financial literature than appears from his brief notes, or above all from the lack of bibliographical notes in his works. However, he was strongly selective in his choice of interlocutors which makes us think of another great economist who had this style, Piero Sraffa.[58] Piero Sraffa is naturally very distant from the mentality of Antonio de Viti de Marco, and in his equally brief if not briefer works than the Salentine marquis, he shows this attitude: one talks to the great, because only the great are able to talk adequately with the great, while the small at the most copy, gather information and news, but they do not rise to this level.

And then alongside this attitude which was perhaps innate to his personality, there were the numerous disappointments suffered during his life, his political life, certainly his public life. He is a man disillusioned with the present, a man who from the present has received only bitterness or mainly bitterness: firstly with the age of Crispi and Di Rudinì, the events in Milan, the clashes, the Sicilian uprisings, then the 1898 of Bava Beccaris[59]; he understood and was extremely sceptical towards the so-called age of Giolitti. There was a moment when with great intellectual honesty he declared his sympathy for the fascist movement, not the party, as a force that was to renew Italy and give back to the market and to the economic forces the vigour that it seemed to have lost, replacing the rotten, moribund elites of the old Italy with a new political class. But this of course failed, this faith failed immediately, which was a bitter disillusionment, and in the final lines of the unforgettable pages of his outstanding preface to *Un Trentennio di Lotte Politiche* which he wrote in 1929,[60] he does not fail to say it: 'at first we believed that fascism would restore order, but the order was the liberal order, not the fascist order.' When he discovered that fascism was only able to assert its own monopolistic power over all the other forces, De Viti brought the free trade group to an end, concluding: 'so our group was swept away.' And this epitaph I think may give an idea of the greatness of the man and of the great bitterness that marked the last years of his life.

Notes

1. Faucci is—among other things—the author of a history of Italian economic thought. See R. Faucci (2014) *A History of Italian Economic Thought* (London/New York, Routledge).
2. We have already encountered the article by Buchanan (1960), 'La Scienza delle Finanze: The Italian Tradition in Fiscal Theory', in *Fiscal Theory and Political Economy. Selected Essays* (Chapel Hill, The University of North Carolina Press), 24–74.
3. V. Pareto, in G. De Rosa (ed) (1960), *Lettere a Pantaleoni* (Roma, BNL), 3 vols.
4. Faucci, with A. Cardini, is the author of the entry 'De Viti de Marco, Antonio'. R. Faucci and A. Cardini (1991) 'De Viti de Marco, Antonio', in *Dizionario Biografico degli Italiani* (Roma, Istituto della Enciclopedia Italiana) XXXIX, 584–592.
5. Francesco Ferrara (1810–1900), among other things, is considered to be the initiator of the Italian tradition of public finance. He is the subject of Faucci (1995) *L'Economista Scomodo. Vita ed Opere di F. Ferrara* (Palermo, Sellerio).
6. Federico Caffè several times dealt with Francesco Ferrara's thought, editing some volumes of his complete works (*Opere Complete*, Roma, Bancaria editrice, various years).
7. We referred to this voluntary relationship in Da Empoli's interview.
8. We recall that legislation deriving from Roman Law distinguishes between tax (*imposta*) and fee (*tassa*): a tax is paid obligatorily without obtaining in exchange a specific service from the state, whereas with the payment of a fee there is always something given back in return. The term fee was chosen to translate *tassa* following the translation adopted in the manual of De Viti (New York, Harcourt Brace & Co.—London, Jonathan Cape, 1936).
9. A. de Viti de Marco (1930) *Un Trentennio di Lotte Politiche (1894–1922)* (Roma, Collezione meridionale).
10. U. Mazzola (1890), *I Dati Scientifici della Finanza Pubblica* (Roma, Loescher); partial English translation in R. A. Musgrave and A.T. Peacock (eds) *Classics in the Theory of Public Finance* (London - New York, Macmillan), 37–47.
11. A. de Viti de Marco (1925) 'Maffeo Pantaleoni', *Giornale degli Economisti e Annali di Statistica*, s. II, XLV, April, 165–177.
12. Jeremy Bentham (1748–1832), founder of utilitarianism, formulated the principle reported in the text as a guide to political action.
13. V. Pareto, in G. De Rosa (ed) (1960), *Lettere a Pantaleoni* (Roma, BNL), 3 vols.
14. J. Rawls (1971) *A Theory of Justice* (Cambridge, Mass., Belknap).

15. M. Pantaleoni (1901) 'Nota sui Caratteri delle Posizioni Iniziali e Influenza che Esercitano sulle Terminali', *Giornale degli Economisti*, a. XII, XXIII, 10, 333–355.
16. M. Pantaleoni (1883) 'Contributo alla Teoria del Riparto delle Spese Pubbliche', *La Rassegna Italiana*, IV, 15 October, 25–60.
17. E. Sax (1887) *Grundlegung der Theoretischen Staatswirthschaft* (Wien, Hölder).
18. E. Sax (1924) ‚Wertungstheorie der Steuer', in *Zeitschrift für Volkswirtschaft und Socialpolitik*; partial English translation in.R. A. Musgrave and A.T. Peacock (eds) (1958) *Classics in the Theory of Public Finance* (London—New York, Macmillan), 177–189). On this question of priority see M. Mosca (2010) 'Emil Sax and Italy', *Storia del Pensiero Economico*, n.2, 47–62.
19. A. H. G. Wagner (1835–1917) formulated the law bearing his name which pointed out empirically that the incidence of public expenditure on production increased with the growth of the development of a nation.
20. Faucci is referring to A. de Viti de Marco (1930) *Un Trentennio di Lotte Politiche (1894–1922)* (Roma, Collezione meridionale).
21. F. S. Nitti (1900) *Nord e Sud: Prime Linee di una Inchiesta sulla Ripartizione Territoriale delle Entrate e delle Spese dello Stato in Italia* (Torino, Roux e Viarengo). The issue of the contrast between the approach of De Viti de Marco and that of Nitti on the question of the South of Italy was dealt with in the interview with A. Cardini.
22. We already met Seligman who, as Faucci explains in the text, was one of the most important American public economists of the period around the turn of the century.
23. E.R.A. Seligman (1892) *The Shifting and Incidence of Taxation* (Baltimore, Guggenheimer).
24. Gino Borgatta and Guido Sensini, both important Italian scholars of public finance, are considered followers and continuers of Pareto. See A. Fossati (2012) 'Pareto's Influence on Scholars from the Italian Tradition in Public Finance', *Journal of the History of Economic Thought*, XXXIV, 1, 43–66.
25. We will come back later to the De Vitian definition of collective needs.
26. P.A. Samuelson (1954) 'The Pure Theory of Public Expenditure', *Review of Economics and Statistics*, XXVI, 4, 387–389. For Samuelson public goods are non-rivaled and non-excludable in consumption.
27. For greater detail on these matters, see A. Fossati (2006) 'Needs, the Principle of Minimum Means, and Public Goods in de Viti de Marco', *Journal of the History of Economic Thought*, XXVIII, 4, 427–443.
28. Faucci refers to the words pronounced on a television program of October 7th 2007 by the then finance minister Tommaso Padoa-Schioppa: 'we should have the courage to say that taxes are a marvelous thing'.

29. L. Einaudi (1919) 'La Liquidazione dei Debiti di Guerra. Prelievo sul Capitale od Ammortamento Ordinario?', *La Riforma Sociale*, XXX, 3–4, March–April, 134.
30. A.A. Cournot (1801–1877) was the first to formalize the problem of finding equilibrium price and quantity in a market in a monopoly regime in his book A.A. Cournot (1838) *Recherches sur les principes mathématiques de la théorie des richesses* (Paris, Hachette); English translation (1960) *Researches into the Mathematical Principles of the Theory of Wealth* (New York, Kelly).
31. We have already discussed this. Ciocca's ideas are found in Ciocca (2007) *Ricchi per Sempre? Una Storia Economica d'Italia (1796–2005)* (Torino, Bollati Boringhieri).
32. This expression was used by Salvemini for the title of a book in which he accused Giolitti of political corruption. G. Salvemini (1910) *Il Ministro della Mala Vita* (Firenze, Edizione della Voce).
33. Leone Wollemborg (1859–1932) in 1901, as finance minister of the Italian government, drafted a tax reform which failed to find approval because it did not have the support of the left.
34. L. Einaudi (1959–1965), *Cronache Economiche e Politiche di un Trentennio (1893–1925)* (Torino, Einaudi) vols. I–VIII.
35. Benvenuto Griziotti (1884–1856) provided contributions of great originality to fiscal theory from Pavia University, where he was director of the Institute of Finance.
36. On this see also A. Petretto (1995) 'De Viti de Marco, Einaudi e l'equità dell'imposizione sul reddito', in A. Pedone (ed.) *Antonio de Viti de Marco* (Bari, Laterza), 55–79.
37. The reason why the term *fee* is used to translate *tassa* was explained above (see endnote 8).
38. A. de Viti de Marco (1936) *First Principles of Public Finance* (London, Jonathan Cape), 103.
39. An idea of the personal library of Achille Loria (1857–1943) can be obtained through the book edited by D. Parisi and D. Borrello (2003) *Catalogo del Fondo librario Achille Loria* (Milano, V&P Università).
40. On the emergence and spread of marginalism in Italy, see the classic essay by P. Barucci (1972) 'The Spread of Marginalism in Italy (1871–1890)', *History of Political Economy*, IV, 2, 512–533.
41. The "Barone Theorem" demonstrates that direct taxes are preferable to indirect ones since the latter, altering relative prices, are distortionary and generate inefficiency. E. Barone (1912) 'Studi di Economia Finanziaria', *Giornale degli Economisti*, XLIV, 4–5, 309–353; 6, 469–4505; 7–8, 1–75.
42. David Hume (1711–1776) formulated the theory of automatic re-equilibrium of the balance of trade due to the effect on prices of the variation of the quantity of money (price-specie-flow mechanism); David Ricardo

(1772–1823) worked out a theory of international trade according to which it was in the interest of countries to specialize in the production where they enjoyed a comparative advantage.

43. J. M. Keynes (1883–1946) deals with the creation of means of payment by the banks. J.M. Keynes (1930) *A Treatise on Money* (London, Macmillan).
44. A. de Viti de Marco (1934) *La Funzione della Banca* 2nd edn (Torino, Einaudi).
45. We referred to this issue in the interview with P.L. Ciocca.
46. J. S. Mill (1806–1873) sets out a theory of democracy based on the reconciliation of freedoms of individuals. J.S. Mill (1859) *On Liberty* (London, Parker).
47. Among Pantaleoni's essays referred to, we recall the above mentioned M. Pantaleoni (1901) 'Nota sui Caratteri delle Posizioni Iniziali e Influenza che Esercitano sulle Terminali', *Giornale degli Economisti*, XXIII, 10, 333–355 and also M. Pantaleoni (1909) 'Di Alcuni Fenomeni di Dinamica Economica', *Giornale degli Economisti*, s. II, XXXIX, 2, 211–254; English translation (1955) 'Some Phenomena of Economic Dynamics', in *International Economic Papers.* 5 (London, Macmillan), 26–57.
48. In actual fact, De Viti de Marco had criticized the Ricardian theory according to which the financing of public expenditure with bonds of the public debt was the equivalent to financing with taxes.
49. The Historical School, which developed in Germany in the nineteenth century and branched out in various countries, criticized the abstract method in economics in favor of an historicist relativism; this criticism was also shared by the evolutionary approach.
50. Angelo Messedaglia (1820–1901) was an innovator in the method of economic and statistical studies in Italy.
51. A. de Viti de Marco (1901) 'Commemorazione di Angelo Messedaglia', *Giornale degli Economisti*, XXII, 432–461.
52. We referred to this episode in the interview with D. Da Empoli.
53. Einaudi publishing house republished A. de Viti de Marco (1934) *Principi di Economia Finanziaria* (Torino, Einaudi); English translation (1936) *First Principles of Public Finance* (New York, Harcourt Brace & Co.—London, Jonathan Cape), and A. de Viti de Marco (1934) *La Funzione della Banca* 2nd edn (Torino, Einaudi).
54. L. Einaudi, *Studi sugli Effetti delle Imposte*, Torino, Bocca, 1902.
55. Massimo D'Azeglio, Thomas Babington Macaulay and George Washington are quoted by De Viti on the right of taxpayers to consent to taxes in the course of history, whereas Claude-Adrien Helvetius is quoted on the ends of progressive taxation.
56. K. Wicksell (1896) *Finanztheoretische Untersuchungen* (Jena, Fischer); English translation in R.A. Musgrave and A.T. Peacock (eds) (1958)

Classics in the Theory of Public Finance (London - New York, Macmillan), 72–118.

57. Faucci is referring to the review of L. Einaudi (1934) 'Del Principio della Ripartizione delle Imposte', *La Riforma Sociale*, XLI, 4, July–August, 427–435.
58. Piero Sraffa (1898–1983), the Italian economist whose reserve and reluctance to publish are proverbial; his published writings come to not more than 200 pages.
59. In May 1898 General Fiorenzo Bava Beccaris (1931–1924) bloodily suppressed the revolt in Milan against the increase in the price of wheat.
60. A. de Viti de Marco (1930) 'Al Lettore' (1929), in *Un Trentennio di Lotte Politiche (1894–1922)* (Roma, Collezione meridionale) pp. V–IX.

PART IV

His International Reputation

CHAPTER 9

His Fate in the US

Pier Francesco Asso

Florence, November 26th, 2007

Q. How well known was Italian economic thought in the United States at the turn of the century, and how far was it appreciated?[1]

From 1890 onwards there was a high level of integration between Italian and American economic thought. If we look at the four main economics journals that had just been created in the United States—the *Quarterly Journal of Economics*, the *Journal of Political Economy* and the *Political Science Quarterly*, the *American Economic Review*—we can see that there are a lot of Italian authors present. Just to give a few numbers, between 1890 and 1945 there were something like four hundred reviews of Italian books, practically everything the Italian economists wrote was reviewed and discussed in the main American journals. Numerous articles by Italian economists were published in American journals, and Italians also wrote articles summing up the main results achieved by Italian economists. This degree of integration was only possible because there were no great barriers separating the two communities of economists. The first barrier that most easily springs to mind is the language barrier; but at that time the language barrier did not exist, because the most important American economists knew Italian, and could personally read the scientific productions

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4_9

and findings of the Italian economists. The barrier of personal knowledge did not exist, because the most important American economists had spent years studying in Europe, on the continent, above all in Germany, and many of them went to Italy for periods of research or sabbatical, and so they came into contact with the most important Italian economists of the time. Now, just to give one example, the most important case of the presence and the influence of an Italian economist in the United States was that of Maffeo Pantaleoni, who was the first continental economist to be invited by the American Economic Association which during its annual conference, in 1909 I think, devoted a session of studies to him with works produced by John Bates Clark, France Fetter and Simon Patten on Maffeo Pantaleoni's economic dynamics.[2] So Maffeo Pantaleoni was the first European economist to have the privilege of having an entire session of the American Economic Association dedicated to his work.

Q. What can be said about the American edition of De Viti de Marco's *Principles*?

The American edition of De Viti de Marco's *Principles* came out in 1936, published by a first rate publishing house, Harcourt Brace of New York, and it was unusual in that it came out simultaneously in London and New York with two different publishers. The same edition and the same translation was published in London by Jonathan Cape and in the United States by Harcourt Brace.[3]

Q. What evidence is there of the relationships De Viti de Marco had with American economists before the translation of the *Principles*?

Before the American edition of the *Principles*, De Viti de Marco had numerous contacts with American economists and his works were studied and discussed in American journals. I would like to give just three examples. The first is the close relationship De Viti de Marco had with the leading Harvard economist Frank Taussig,[4] the leader of the economics department at Harvard, who, getting back to what I was saying before, during his doctorate in Germany had spent a period of sabbatical in Rome at De Viti de Marco's house. This was at the beginning of the 1900s, and in Frank Taussig's first monograph, *Wages and Capital,* there is a memory of Rome in the winter of 1894–95.[5]

Another quite important and, I would say, particularly strange case, was that of the reviews that De Viti de Marco received of his book *La Funzione della Banca*, published in 1898 in a very special edition, as a paper given

at the Accademia dei Lincei,[6] and therefore not brought out by a publisher who would then see to its national and international circulation. In spite of this, this edition was reviewed by the *Journal of Political Economy* and it was specifically discussed by a leading economist of the time in the United States, Henry Parker Willis.[7] Henry Parker Willis is known for his studies on banks, on national and international financial markets, and for being the economist who was the first to be labelled a Wall Street guru, so this nickname which was then later widely used for other economists, appeared for the first time with Henry Parker Willis, who was actually De Viti de Marco's reviewer. Despite the fact that his review was mainly descriptive, there is one particular aspect in this review that I would like to recall here, that is, that Parker Willis stresses the very new methodology used in this work by De Viti de Marco, and recalls in his review that it was with Pantaleoni, and in this case also with De Viti de Marco, that Italian economic thought first moved away from historicism and made its entry into modern economic theory and marginalist economics.

A third case is naturally that of *First Principles of Public Finance*.[8] I want first to say that in the United States, public finance was not a very popular field of study in the early twentieth century. As a school, the American economists were a very pragmatic group, very interested in real issues, but preferring to devote special attention to the problems of the railways, customs duties, and monetary systems. However, as a group they did not devote much attention to the economic role of the state. Of course there were exceptions, the most important of which was Edwin Seligman, an economist working at Columbia University, a very important economist, and editor of one of the four main economics journals. However, Seligman was the only real scholar of public finance, at least until the beginning of the century. In his most important book, *Essays in Taxation,* of 1895,[9] Seligman acknowledges a special merit in De Viti de Marco, that is, of having started to analyse the financial phenomenon of public choices, or the behavior of the state, trying to follow the same group of principles that economists used to explain the phenomena of value, distribution and trade. From this point of view, it seems to me that he received recognition quite early.

Q. On whose initiative was the *Principles* of De Viti de Marco translated into English?

The 1936 American translation of De Viti de Marco's *Principles* can be linked to the efforts of at least three separate figures. The first was Gaetano

Salvemini. Self-exiled from Italy for political reasons and an illustrious *emigrè* in the United States in 1933, in 1934 Salvemini began a battle of ideas in favor of Italian economic thought and of other illustrious Italian intellectuals. One of these was his friend and old companion in the battles in *L'Unità*, Antonio de Viti de Marco. Salvemini, incidentally, was appointed professor of the chair of Italian studies at Harvard in 1934 after a very hard fought political battle against the Italian ambassador and the Italian authorities in the United States, who opposed Harvard's choice of Salvemini to the bitter end. At that point when Salvemini was at Harvard, he got in touch with the old director of the economics department Frank Taussig, and tried to promote the American translation of De Viti's *Principles.* In a letter to Salvemini, Taussig recognises the great merits of De Viti, reminds Salvemini of the early encounters dating back over thirty years in Rome between Taussig and De Viti, but also says that the publishing market—the great depression of 1929–33 had just finished—in the United States was going through a crisis, and that therefore the operation could only be managed if the book was adopted as a textbook in some university.

As I said, there were three protagonists in this story. Besides Salvemini, there was Fredric Benham. Fredric Benham was an English economist at the London School of Economics, and as one of Robbins' group[10] at the London School of Economics, he was the one that had examined questions of public finance and *scienza delle finanze* in depth. Now, at the same time that Salvemini was lobbying the department at Harvard, Benham wrote a long review of the German edition of De Viti's *Principles.*[11] This review is full of lavish praise for De Vitis' *Principles,* which Benham links with Alfred Marshall's *Principles.* In other words, Benham claims that this text is likely to have the same success in the history of economic thought as Marshall's *Principles,* that it is a book that when read a second and third time, brings to mind newer and newer ideas and increasingly important suggestions. The only difference that he notices is the problem that books of this kind may find in their circulation, in their international popularity, because apart from Italy and, Benham underlines, perhaps also Sweden, the impact of De Viti's *Principles* would naturally be far less than the impact of Marshall's *Principles.* So Benham for his part put pressure on Robbins in favour of an English translation of De Viti, and hence the British edition as well.

The third protagonist in this question, perhaps the decisive protagonist, was an American economist working in Minnesota called Arthur Marget,

who, as I said at the beginning, was one of the many that had a great interest in, a great intellectual passion for, Italian economic thought. Marget had no problems with the language, he was a very erudite person and managed to obtain these rights for the translation. He had a wife, I don't know if she was of Italo-American origins because she signed herself Edith Marget, but she knew Italian perfectly, and she translated this work from Italian into English. Marget was a liberal, and he had devoted himself to a very serious battle of ideas to stop Keynes' thought from reaching the United States, with all the expectation that there was at the time for the new thinking coming out of Cambridge, England. Marget wrote two volumes entitled *The Theory of Prices*[12] to show that the new aspects in the question of public intervention and state role in the economy deriving from the *General Theory*[13] could be radically criticised, and were the result of Keynes's great ignorance concerning the history of economic thought. So he wrote two very thick books on this question that have had no influence, unlike the influence Keynes was to have. At the same time, in these years, in 1935–36, he managed to complete this edition which came out in 1936, and as far as American economic thought is concerned, it was not a very lucky year for De Viti de Marco, because that year there was the enormous sense of expectation over the publication of the *General Theory*. Almost all the American economists in those months, until February 1936, lived in such feverish expectation that when the first copies finally arrived in New York, they went to the port to buy them first hand.

Q. How did the scientific community react to the publication of the American edition of De Viti de Marco's *Principles*?

The American edition of De Viti de Marco's *Principles* was reviewed in the leading American journals, and the most important review article, it cannot be called just a review, was the one written by Henry Simons. Who was Henry Simons? Simons was one of the three leaders of the first Chicago School, whose leaders were himself, Jacob Viner and Frank Knight.[14] Compared to Knight and Viner, Simons was the least scientifically active and perhaps also the least qualified, to the extent that one of the other protagonists of the Chicago school, Paul Douglas, the famous author of the Cobb-Douglas production function[15] and later United States senator, started a campaign in the Thirties to get rid of Simons from the department, because he did not publish enough. In this case however, the motto that is frequently heard in the corridors of American departments, 'publish or perish', did not work, because although Simons never published very

much during his academic life, he managed to keep his post in the economics department, and in fact was the principal economist in the Chicago University Law School, where the famous Law and Economics tradition was born, starting from the Forties. Of the three, Simons was therefore certainly the least prestigious, but he had quite a fortunate destiny because more than the others, that is, than Viner and Knight, he was the one that managed to influence the principles, methodologies, economic and monetary policy battles conducted by the second Chicago School, the more famous one, whose uncontested leader was Milton Friedman, but also George Stigler as regards the more microeconomic aspects and the theory of regulation.[16] Why did he influence Friedman and Stigler? Because starting from the second half of the Thirties, Simons wrote some articles in support of the ultra free trade vision of society, and a major article on the importance of fixed rules in monetary policy, as opposed to the discretion that economics schools, also those following Keynes's thought, wanted to attribute to the Central Bank or to the monetary authorities. He wrote this article entitled *Rules versus Authorities,*[17] a very successful title which continued to be used to show that in the management of monetary policy it is better for the economic policy authorities to adopt rules. And this was then a lesson used by Friedman, but not only Friedman, also John Taylor[18] and many others. Let us return for a moment to the Simons-De Viti issue: until 1935–36 Simons was a great reader, a good teacher and a not very active researcher, but he published review articles that were very important, precisely because they were very long and well thought out. One of these was devoted to De Viti de Marco, giving this work a thorough panning, tearing it apart.[19]

D. What were the main critical arguments Simons put forward in his review article?

In his review Simons makes a general critique of De Viti's book and then some specific criticisms. Briefly, for the general critique, the review, as I said before, is a thorough panning. He does not forgive a thing. He finds it a book unsuitable for the American public, unsuitable for American students, pointless even for those engaged in fiscal reform in the United States. He attacks its methodology, he attacks the terminology, he also attacks aspects of the content. From this point of view he really is very ungenerous; later I will perhaps say something about what might have been the reasons for such a scathing tone in Simons' judgment. For the specific criticisms, he dwells above all on two particular aspects. The first

is the criterion to use in taxing income, and he maintains that De Viti advocates an exclusively proportional scheme in taxing income, which he sees as a very antiquated method, never able, even as a tool in economic policy, to solve the problems of the more advanced capitalist economies. From this point of view Simons sees himself as a discoverer of the tradition coming down from J.S. MIll in favor of progressive taxation of income and therefore of the higher tradition in liberal economic thought. And this again has to do with his battle against Keynes, against the *General Theory*, against massive public intervention in the economy: while the state must have very limited, specific tasks, progressive taxation can also serve as a method in economic policy and for the achievement of a more equal society. So Simons criticises De Viti because he uses very old-fashioned categories, basing his reasoning on an exclusively proportional scheme. The second attack he makes on the content of the book is about the problem of the shifting of the tax decided by the state, see where this tax falls, which goods should be involved and which social classes should end up paying this tax. Now for Simons, De Viti is again an author who dusts off a theory of incidence and shifting of tax now out of fashion, because, according to Simons, De Viti maintains that the whole weight of the tax falls on the shoulders of the poor consumer of the final good, since as soon as the state decides to levy a tax, the immediate effect is an equal rise in the prices of final goods.

Now from this point of view this review aroused a great many critical reactions. Firstly from Marget, one of the protagonists of the American edition, who judged Simons' reading extremely ungenerous and extremely partial, precisely because according to Marget the interpretation Simons had offered the American public of De Viti's book was a very partial reading in which he did not realise that while in some parts De Viti was a supporter of the proportional taxation, in other parts, for certain levels of income, and in certain institutional contexts, De Viti supported progressive taxation. Just as while in some contexts De Viti underlined that the tax might be entirely shifted on to the poor consumer, and therefore immediately on to final prices, in other cases, characterised by the production of particularly efficient public goods that could stimulate the accumulation of capital and the growth of economic systems, the shift on to the consumer and on to final prices was not as total as in the previous case. So from this point of view, De Viti's analysis was far more sophisticated and far more complete, both from a theoretical angle and from the angle of the institutional context and type of state and economic policy that the state

intended to establish. Now, Marget's reaction took many forms, sparking off a real debate over the book.

The first thing Marget did was to write to the editor of the *Journal of Political Economy,* Jacob Viner, to complain about such a prestigious journal publishing such a panning without the slightest filter and with no refereeing. Then he started an intense exchange of letters with Henry Simons, in which they criticised each other; Simons also made some rather rude allusions to the role of Marget's wife. But Marget did not fall into the trap, and responded by saying that here his interpretation was very partial; probably Simons had interpreted the text in the light of Benham's review, which criticised De Viti for maintaining the criterion of proportional taxation. In the end, as actually often happens in the exchange of letters between economists, the two more or less remained in the same positions.

Marget tried to take it further, in the sense that he offered Viner, the editor of the journal, the chance to give an external authority the task of deciding who was right, Marget-De Viti on the one hand or Simons on the other, and in doing so Marget also offered names and surnames, suggesting that Viner appoint Einaudi or Benham himself as referees in this controversy. It was a difficult period, they had just closed down Einaudi's journal *La Riforma Sociale*, we are on the eve of the Second World War, and this attempt by Marget to set up a kind of 'jury of honour' to restore De Viti's dignity after Simon's influential review fell by the wayside. For his own part, Einaudi did, however, try to help solve the controversy, because although he did not intervene officially with a comment on Simons' review, he wrote to perhaps the leading American economist of the time, Irving Fisher[20] of Yale, with whom Simons was on excellent terms, both because Simons was a supporter of the quantity theory of money and because they had worked together on a system to restore solvency to the American banking system. In any case, Einaudi wrote to Fisher saying that he believed this review by Simons was a great blunder, 'a very poor performance', as Einaudi writes to Fisher.

Q. What do you think was behind Simons' reasoning?

Essentially and I would say, in conclusion, I think there were, there are, some rather obscure sides to what Simons did, because the analytical reasons underlying his observations, his criticisms, are I would say questionable and rather poor in view of the importance of the book. I think, and Simons partly mentions this in his correspondence with Marget, I think that underlying all this there was Simons' attempt to

prevent this book from being adopted by American universities, so we are back to what was said before, because he felt it was totally inadequate to face the challenges in the liberal sphere and in opposition to the Keynesian orthodoxy that was gaining ground at that time. He felt it would be very inopportune for this book to become a textbook. Remember also that in the *General Theory* there is no real theory of the state; Keynes introduces the state in the last chapter of this important book as a sort of *deus ex machina* that can solve all the problems that he had theoretically defined in the previous chapters. So I think that Simons might even have feared—but this is my own counterfactual fear, let us say—he might have feared that this book would provide another tool for American economists of the younger generation, Samuelson and others, to find a sort of missing link to the *General Theory.* As a result, there is certainly the desire to oppose this operation from the broader point of view of dissemination, not just scientific dissemination, but the broader academic dissemination.

One final comment. Simons, who died quite early, in 1946, in one of his last letters still remembers this controversy over the De Viti de Marco review as a nightmare, for the deep impact the review had, for all the criticism he received, in short he still remembers it as a very painful period in his intellectual biography. And when I went to the United States to carry out this research on the relations between Italian and American economists, after going to Harvard, and to Columbia University, where I knew the most frequent contacts were with Seligman, Taussig, and Schumpeter, I also went to Chicago, but I only went there because there was an enormous library, with a great many archives where I imagined I could find fresh traces of such relations. Now, the first day I was in Chicago, before going to the library I was lucky enough to meet and be introduced to George Stigler. I went to his office and he asked me: 'But why have you come here?' I told him more or less about my research project and he said: 'Ah! So you've come to reconstruct the story between Simons and De Viti.' I actually knew nothing about it, this was in 1985, and he said: 'this was something that created an uproar in the economics department, it was discussed at length and so don't look in the papers in the University of Chicago archives where there is the Regenstein Library with Knight and Viner's papers, you need to go to the Law School, because that is where Henry Simons was in a sense relegated at the end of his days, and certainly in his files you will be able to find some documents of interest in reconstructing this question that had

such a lasting effect in the Chicago department.' That is what I did and actually all this correspondence that I have briefly talked about and that I then published,[21] with Benham, with Viner, with Marget, with Einaudi etc., is kept at the Chicago Law School.

Notes

1. Information about the way De Viti's *Principi* was received in other countries is to be found in D. Fausto (1995) 'I *Principi di economia finanziaria* nella letteratura straniera', in A. Pedone (ed.) *Antonio de Viti de Marco* (Bari, Laterza), 80–102.
2. J. B. Clark, S. N. Patten, F. A. Fetter (1910) 'The Phenomena of Economic Dynamics. Papers and discussions of the XXII annual meeting, NY, December 27–31, 1909', *American Economic Association Quarterly*, s. III, XI, 1, 123–135.
3. A. de Viti de Marco (1936) *First Principles of Public Finance* (New York, Harcourt Brace & Co.—London, Jonathan Cape).
4. Frank William Taussig (1859–1940) was called the 'American Marshall' for his approach and big influence.
5. F. W. Taussig (1896) *Wages and Capital* (London/New York, Macmillan).
6. A. de Viti de Marco (1934) *La Funzione della Banca* 2nd edn (Torino, Einaudi).
7. H. Parker Willis (1898) 'Review of *La Funzione della Banca* by A. de Viti de Marco', *The Journal of Political Economy*, VI, 4, 573–574.
8. A. de Viti de Marco (1928) *I Primi Principi dell'Economia Finanziaria* (Roma, Sampaolesi); English translation (1936) *First Principles of Public Finance* (New York, Harcourt Brace & Co.—London, Jonathan Cape).
9. E.R.A. Seligman (1895) *Essays in Taxation* (New York-London, Macmillan).
10. Lionel Charles Robbins (1898–1984) taught at the London School of Economics from 1925, decisively influencing its development and the formation within it of a circle of economists opposed to the Keynesian theories of Cambridge.
11. F.C. Benham (1934) '*Principi di Economia Finanziaria*. A. de Viti de Marco (Einaudi: Torino, 1934) - *Grundlehren der Finanzwirtschaft*. A. De Viti de Marco (J. C. B. Mobor: Tübingen, 1932)', *Economica*, n.s. I, 364–367.
12. A. W. Marget (1938–42) *The Theory of Prices; A Re-examination of the Central Problems of Monetary Theory* (New York, Prentice-Hall), 2 vols.
13. J.M. Keynes (1936) *The General Theory of Employment Interest and Money* (London, Macmillan).

14. Jacob Viner (1892–1970), Frank H. Knight (1885–1972) and Henry C. Simons (1899–1946), in the period between the two world wars were leading figures in the Chicago School, a pillar of neo-classical theory and free trade liberalism.
15. At Chicago Paul H. Douglas, together with the mathematician Charles W. Cobb, empirically tested a particular production function originally used by Knut Wicksell, which had become a classic of microeconomic theory.
16. Milton Friedman (1912–2006) and George Stigler (1911–1991) in the 60s gave the Chicago School an even greater emphasis to its free market approach.
17. H. C. Simons (1936) 'Rules versus Authorities in Monetary Policy', *Journal of Political Economy*, XLIV, February, 1–30.
18. John Brian Taylor (b. 1946) in 1993 worked out a rule of monetary policy to indicate to Central Banks how to determine interest rates.
19. H. C. Simons (1937) 'Review of *First Principles of Public Finance* by Antonio De Viti De Marco', *Journal of Political Economy*, XLV, October, 712–717.
20. Irving Fisher (1867–1947) was one of the greatest American mathematical economists, well known among other things for his theory of interest.
21. P. F. Asso e L. Fiorito (2001) *Dalla Periferia al Nuovo Mondo. La Diffusione del Pensiero Economico Italiano negli Stati Uniti, 1890–1940* (Torino, Ente per gli studi monetari, bancari e finanziari Luigi Einaudi).

CHAPTER 10

His Influence in the Anglo-Saxon World

Steven G. Medema

Paris, December 12th, 2007

Q. What could you tell us about the influence of the Italian public finance school in general on the Anglo-American economic thought?

What happened was that because so little of the Italian literature was translated into English, the diffusion of this literature into Anglo Saxon public finance was relatively slow. It was really De Viti who really brought this to the English-speaking crowd sooner, because his *First Principles of Public Finance* was translated into English in the Thirties.[1] When Buchanan was a graduate student he became exposed to De Viti's *First Principles* and it stimulated him to learn Italian. Buchanan's original interest was in Wicksell. Wicksell had done a great deal of work on the relationship between voting processes and government policy outcomes.[2] It was only after Buchanan had read Wicksell that he ran into some of this Italian literature, De Viti in particular, and when he did so he recognized the important communalities between these two streams of literature and decided that he needed to explore this Italian literature even further. What was really important for Buchanan about this early work was that it viewed politics as a process that operated according to the very same principles that the private sector market system operated. So the voting process was

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4_10

seen as a process basically equivalent to consumer purchases of goods and services, where voting functions in the same way that payment in the market place does; and just as voters are consumers of goods and services provided by the government, politicians are suppliers and the same with their companies, are suppliers, so politics here was simply modeled as a market exchange where you have the government sector supplying public services, individuals demanding public services, and you can model the political process as a market, just like the market for apples and oranges.

It really wasn't until 1960 when Jim Buchanan wrote a lengthy survey article[3] that dealt with Pantaleoni, Mazzola, De Viti de Marco, Puviani[4] and others that western scholars became exposed to the vast variety of this work. And what was so interesting about it was that the Italian scholars looked at the political sector the same way they and western economists looked at the market sector. So what was truly unique about the Italian approach was when they talked about economic policy, they had a theory of how the governmental process itself operates. What British and American economists had done in the past was looking at government policy in isolation: the market was seen to have certain problems, the government was seen as being able to correct those problems, and all this was nicely worked out in theory, but without an underlying sense for how the governmental process actually works. And when De Viti de Marco, Mazzola, Pantaleoni and others began to examine in depth how the market process worked, they were able to develop side by side with that the theory of the governmental process, so they could look at the two in tandem, within the same basic economic framework. And what they were able to show then was conditions under which the government policy process operated efficiently and the conditions under which it did not operate efficiently; so you have a real sense for not just when the market was successful and when the market would fail but also under what conditions the government could successfully engage in policy, and when the government policy process would fail to operate efficiently. And that was where the link with Public Choice came in. The Public Choice movement of the Sixties and Seventies in the US and in Britain involved an attempt to do exactly this: to model the government policy-making process with the same tools as you model the market process. The Italians had done a lot of this before, but the Americans and the British hadn't been exposed to this simply because they could not read the language. Of course the theory had advanced a lot in the Fifties or Sixties, since Pantaleoni and De Viti de Marco wrote as well, and so the combination of some of the

same ideas and the new tools of economic analysis allowed people like Jim Buchanan and Gordon Tullock[5] and their students to develop very penetrating insights into the market process, and when you lay these two literatures on top of each other you see a tremendous amount of similarity. So what is perhaps most interesting about this is that the Italians had a profound influence on Buchanan, not as great as Wicksell's influence, but a very large influence. But Buchanan then, by bringing this literature to the attention of a larger English-speaking audience, helped to facilitate a renewed interest in this Italian tradition in the English-speaking world. So in some sense the respect for, and the attention given to, the Italian public finance tradition in the English-speaking world is greater today than it was in the 1910s and Twenties and Thirties simply because of the work of Buchanan and Public Choice scholars in popularizing this new approach to the analysis of government policy making.

Q. How was the reception of De Viti de Marco's book in the English speaking world?

What was really interesting was the two divergent views that we saw in the English-speaking world of De Viti's work when it first was translated. At the London School of Economics you have Frederic Benham reviewing the book extremely positively, he called it the best treatise on public finance that had ever been written in any language.[6] In contrast at the University of Chicago, another bastion of liberalism, you had Henry Simons reviewing the book and arguing that it was perhaps the worst book in public finance that had ever been written,[7] and so the contrast between these two free market oriented views of De Viti's book is absolutely incredible. Now I happened to believe that Simons was wrong and I think the history has proved that position to be correct, and in fact De Viti's influence has been very substantial, particularly in the last thirty years.

Q. What is your guess on these two divergent reviews?

My guess …, as I talk about it in my article,[8] there are really two different strains of the Italian public finance literature. There is a set of ideas that suggested that government policy making process actually works out efficiently, that government does indeed function like a market, and De Viti falls into that tradition; Montemartini[9] and Puviani both suggested that the government fails, they are the government failure theorists, and that's a position that I think would have resonated maybe a little more with Henry Simons. I think Henry Simons might not have been able to buy

the idea that the government process does in fact work like the market. He might have wanted it to work like the market, but Pantaleoni and De Viti really suggested that it does work like a market, and they attempted to demonstrate that in various ways by showing how the information would get diffused through the policy making process and all that. So, it may be that about him, but I don't know. I can't remember if there are some of Henry Simons' papers at Chicago or not, that one can go look and see, you know. Oh, a great would be to get his copy of the book and look for marginal notes, that would be interesting. But I don't know if that exists anywhere or not.[10]

Notes

1. A. de Viti de Marco (1936) *First Principles of Public Finance* (New, York, Harcourt Brace & Co.—London, Jonathan Cape).
2. K. Wicksell (1896) *Finanztheoretische Untersuchungen* (Jena, Fisher); English translation in R.A. Musgrave and A.T. Peacock (eds.) (1958) *Classics in the Theory of Public Finance* (London - New York, Macmillan), 72–118.
3. J.M. Buchanan (1960) 'La Scienza delle Finanze: The Italian Tradition in Fiscal Theory', in *Fiscal Theory and Political Economy. Selected Essays* (Chapel Hill, The University of North Carolina Press), 24–74.
4. Amilcare Puviani (1854–1907) is known especially for his theory of fiscal illusion.
5. Gordon Tullock (b. 1922) founded Public Choice with James Buchanan and contributed to its development.
6. F.C. Benham (1934) '*Principi di Economia Finanziaria*. A. de Viti de Marco (Einaudi: Torino, 1934)—*Grundlehren der Finanzwirtschaft*. A. De Viti de Marco (J. C. B. Mobor: Tübingen, 1932)', *Economica*, n.s. I, 364–367.
7. H. C. Simons (1937) 'Review of *First Principles of Public Finance* by Antonio De Viti De Marco', *Journal of Political Economy*, XLV, October, 712–717.
8. S.G. Medema (2005) '"Marginalizing" Government: From *La Scienza delle Finanze* to Wicksell', *History of Political Economy*, XXXVII, 1, 1–25.
9. Giovanni Montemartini (1867–1913) is best known for his contribution to the theory of the regulation of public utilities.
10. An answer was given to this question in the P.F. Asso interview.

CHAPTER 11

The Modernity of His Financial Thought

Richard E. Wagner

George Mason University, Fairfax County, Virginia,
June 26th, 2008

Q. What do you think about the period from 1880 to 1940 for the Italian approach to public finance?

I think that the period from 1880 to 1940 was a period of immense flourishing of Italian scholarship on public finance, because the Italians developed an approach to public finance that tried to give an economic explanation for what governments actually do. Up until that time the standard orientation towards public finance was to think of public finance as a practical discipline that had the task of advising the Prince, of advising the state on what to do. The Italian scholarship of this period posed a different question and said that there are basic economic causes at work in governing what the states actually do, and so public finance can be thought of as a scientific discipline on the same basis as the theory of the market economy was a scientific discipline. Over that subsequent period, from roughly 1880 to roughly 1940, there was a great amount of scholarship that pursued these ideas, that I think has an immense value even today.

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4_11

Q. What do you find 'unique' in the Italian theory?

The uniqueness in the Italian theoretical orientation was the idea that the activities of government have fundamentally an economic explanation, an economic cause behind them, and that the discipline of public finance had as its objective the explanation of the observed activities of governments that we see; and so it was this orientation, that the task of public finance was one of explanation, as against one of practical advice on what the state should do. We may say there is a rhyme and reason to what governments do, and the Italian scholars of this time were saying: 'well, the ideas of utility, cost, demand, and supply are as relevant to explaining what governments do as they are to explaining what happens in markets.' And this was, I think, a very unique insight that has carried forward to the present days, being incorporated in the broader literature on Public Choice which has a very basic Italian origin.

Q. The period you mentioned almost coincides with the productive life of Antonio de Viti de Marco. How do you consider him?

I consider Antonio De Viti de Marco along with Maffeo Pantaleoni as probably the two premier Italian public finance scholars in that period, in terms of their influence on my work, in the American style of public finance. De Viti de Marco is the only one of those economists who had a major book translated into English, that was translated in 1936,[1] but long before then in 1888 he published a small book on public finance[2] that expressed the themes that were to appear in that later book published fifty years later, and again, that book and that theme was one of trying to explain the activities of governments as ordinary kinds of economic activities.

Q. What do you think of the two divergent book reviews his book received?

When De Viti's book was published, two book reviews came out on that book that if you read the reviews you cannot believe that the two reviewers had read the same book, because one reviewer, Frederic Benham, said that this was the greatest work on public finance he had ever seen[3] and it was a work that would put to shame the English public finance of that time as represented by people like Edgeworth and Pigou[4]; and so here you have Benham saying that De Viti de Marco really embarrasses British public finance in terms of having such a much higher quality of thought. And then you had another prominent public finance person of the period, Henry Simons at the University of Chicago, saying to the contrary that

the book of De Viti was an embarrassment, that he found nothing in it.[5] And so how do you have two prominent economists, one in the UK and one in the USA, offering totally divergent views of De Viti's book? What is the source of that divergent opinion? Well, Henry Simons in his work very much saw public finance as a practical discipline that sought to give advice to rulers. Benham shared De Viti's orientation that said, well, the most significant theoretical scientific problem is to cultivate a better understanding of why governments are doing the things they do, to the extent they do. And so Simons and Benham started from totally divergent views on what a science of public finance should entail, and that led to these dueling book reviews that make marvelous reading.

Q. What do you think of the idea that Wicksell completed the unfinished work of the Italians?

Some people have suggested that Knut Wicksell did complete some of the Italian work with his constitutional emphasis.[6] I'm a little skeptical about that claim myself. I think Wicksell was a very fine scholar, I have written works on Wicksell myself[7] and have all kinds of high regard, but Wicksell's concerns were different from the Italians' concerns. I think the Italians were more concerned with trying to develop realistic theories about how governments operate, and Wicksell was more concerned with trying to develop a normative framework for governmental operation, wherein government tax policies would be agreeable to most people. So Wicksell I think had more an ultimately normative kind of concerns. I think the Italians were more concerned with trying to develop their scientific ideas, to develop understanding, but rather certainly to the extent if we have a better understanding about how things work we can do better in terms of addressing the normative concerns. My guess would be that many of the Italians who wrote on this theme had their normative interests: many of them … De Viti for instance was a member of the Italian parliament, and I think the belief there was that the first task of a scholar is to understand better our material, and from there you might develop ideas about reform.

Q. You said that De Viti de Marco in particular influenced your recent book.

In the summer of 2007 I published a book called *Fiscal Sociology and the Theory of Public Finance*.[8] This is a book that in many places, to many people, I described as my effort at Italian style public finance, and in particular I regard De Viti as one of the premier sources of my inspiration, for

how I approach public finance in that book. The idea in that book, that went throughout that book, is one that looks around at various government activities—what they are doing—and asks how you can bring the basic economic principles of utility, demand, cost, contract and so forth to bear on what you see. And so for instance in that context I look upon parliamentary assemblies as what I sometimes refer to as peculiar investment banks. You may say: how can a Parliament be a peculiar investment bank? One thing is it is peculiar, which makes a difference from the normal investment bank, but yet you can look at it as an investment bank, and I would further submit that had he thought about it De Viti would have gone along with that idea. Because the idea is a Parliament has a series of members who are in an intermediary position, they are financial intermediaries. On the one hand Parliament faces various people who have enterprises they want to get support for, on the other hand Parliament faces various people who have the means to support those enterprises. Now in regular investment banks of course this is all voluntary and so people who come to an investment bank will petition for support, the investment bank will select some, reject others, and people who offer their means of support then will expect to get payments for it. The image of the peculiar investment bank follows that same kind of motif, with a difference: to take care of the peculiarity. I think this is something that De Viti would have supported very much, and so then this gets into how different forms of Parliamentary organization will affect how this peculiar investment bank does its work; and the task always I think is to explain how different kinds of collective arrangements play out, where with the image of the peculiar investment bank projects are proposed because people think that they are going to get higher value in the presence of those projects than in their absence, that's a straightforward simple notion that everyone recognizes in ordinary business activities. The Italian genius of public finance would say that there's the same thing when you get to political activities, that things are proposed because some people think that those measures will lead them to be better off than otherwise. Now in some cases it works out that those people are thinking they will be better off because they can get someone else to pay part of the bill. That's what makes Parliament a peculiar investment bank because people … it's not people contributing money voluntarily, but rather the money is taken through taxation. But even then there's a limit to how much Parliament can extract in taxes, that people can resist paying taxes and so forth, and so that in any case the idea there is to explain budgeting as the same kind of activity as we

witness in ordinary economic markets—but with a difference, because of the peculiar place of Parliament. It is a peculiar, yes, in the sense of being different from the ordinary investment bank, but nonetheless Parliament itself is not a forum of producers but rather it is like a bank that connects people who have enterprises and people who have the means to support those enterprises, and I think that's an insight that has a great deal of merit to offer in thinking about different forms of parliamentary organization, and it is one that I think can be read directly from De Viti even if he did not phrase it in exactly that way. But after all De Viti wrote his first book in 1888, the other one we are talking about in the Thirties, and a lot has gone on since then.

Q. Is there anything else that you want to tell us?

There is a lot more. For instance, I think one of the interesting challenges is to incorporate a lot of these more elite-style theories that people like Pareto, Michels,[9] Mosca and so forth developed, that I think can be integrated into this matter, there is just a rich amount of stuff. And as I told you earlier, talking to …, having some conversation with professor Da Empoli, they were possibly doing a translation, perhaps a two volume translation of some of the Italian works of this period that haven't been translated into English, that would be a worthwhile project, because I think the Anglo-Saxon literature in particular has been too much imbued with this notion of the state as some kind of perfecting agent. I have sometimes used the image that the standard Anglo-Saxon public finance has a sequential conceptual framework that says in the market economy people write the first drafts of the life of society and then the state comes in and revises the manuscript, and that is an image that only professors can probably like, but that fits the style of the Anglo-Saxon public finance, first the market acts and then the state perfects. I think the Italianate style, the style that I have in my *Fiscal Sociology* book, is one where market action and state action both go on simultaneously, at the same time, the same sort of search for profits.

One of the I think important ideas of De Viti was the way he developed the notion of collective wants.[10] You see, the Anglo-Saxon literature works the notion of public goods, which is given a terribly objectivist kind of figure. People point to the lighthouse as if it was a public good and things like this. De Viti had I think a much more sensible notion which is: collective wants are simply the wants that arise because people live in proximity to one another. You might think that Robinson Crusoe

on his island all by himself has no collective wants, he is by himself; what happens if Crusoe and Friday come together? They may still have their own individual wants, but there can be some things, some wants that arise simply by virtue of their being together. It doesn't mean that those wants have to be dealt with by governments, but there are a particular category of wants that arise by virtue of people in proximity, living together whether it be wants for peace, security … so forth, whether it be wants for envy, because somebody catches more fish than you have, and you like to have more fish, all kinds of … all of these things arise because people are in proximity. And so De Viti then tried to develop his approach to the theory of public finance: he says that public finance deals with collective wants and tries to explain how…, the origin of those wants, and how they inspire various kinds of collective action. And I think that is a wonderful approach to public finance that has much merit still today. And I have taken it perhaps as one of my main kind of missions at this stage of my life … is to reintroduce that Italianate public finance into the Anglo-Saxon economic literature.

Notes

1. A. de Viti de Marco (1936) *First Principles of Public Finance* (New York, Harcourt Brace & Co. - London, Jonathan Cape).
2. A. de Viti de Marco (1888) *Il Carattere Teorico dell'Economia Finanziaria* (Roma, Pasqualucci); English translation of the first chapter in M. Baldassarri and P. Ciocca (eds) (2001) *The "Theory" and "Application" of Economic Doctrines* in *Roots of the Italian School of Economics and Finance: From Ferrara (1857) to Einaudi (1944)* (New York, Palgrave) III, 505–529.
3. F.C. Benham (1934) '*Principi di Economia Finanziaria*. A. de Viti de Marco (Einaudi: Torino, 1934) - *Grundlehren der Finanzwirtschaft*. A. De Viti de Marco (J. C. B. Mobor: Tübingen, 1932)', *Economica*, n.s. I, 364–367.
4. Francis Ysidro Edgeworth (1845–1926) and Arthur Cecil Pigou (1877–1959) were the leading figures in the Anglo-Saxon neo-classical and utilitarian approach to public finance.
5. H. C. Simons (1937) 'Review of *First Principles of Public Finance* by Antonio De Viti De Marco', *Journal of Political Economy*, XLV, October, 712–717.
6. Wagner is referring to S.G. Medema (2005) '"Marginalizing Government": From *La Scienza delle Finanze* to Wicksell', *History of Political Economy* 37, 1–25.

7. See for example R.E. Wagner (2004) 'Knut Wicksell and Contemporary Political Economy', in J. G. Backhaus (ed) (2004) *Founders of Modern Economy: Maastricht Lectures in Political Economy* (Cheltenham UK, and Northampton, MA, Elgar).
8. R.E. Wagner (2007) *Fiscal Sociology and the Theory of Public Finance* (Cheltenham UK, and Northampton, MA, Elgar).
9. Robert Michels (1876–1936) contributed to the political theory of elitism, together, as mentioned above, with Mosca and Pareto.
10. We referred to this subject in R. Faucci's interview.

CHAPTER 12

Scienza Delle Finanze and Public Choice

James M. Buchanan

Blacksburg, Virginia, June 27th, 2008

Q. How was your research year in Italy in 1955 and 1956?

As I look back on my research year in Italy more than half a century ago I find that year was very influential on my career, much more than I realized at that time. I went to Italy to just sort of try to understand and learn about the Italian tradition in *scienza delle finanze*. But I found out that the effect was to really change my whole view about politics and the state, and man's relation with the state and those kind of things. I absorbed a lot of the Italian thinking there, without realizing quite how important it was for my own career. I don't think Public Choice or the approach that I took in a lot of other research would have ever got off the ground, certainly not in the same way, had it not been for the Italian influence.

Q. Why did you decide to explore the Italian literature on public finance?

I started out as an ordinary research student in public finance, that is in the state, in taxes and spending, and debt, and so forth and so on. I don't think anyone who has a critical mind could look at the literature at that time, you remember we are talking now of more than half a century ago … the standard public finance material simply didn't question

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4_12

at all what model of politics or the state they were operating in, and my absolutely first piece,[1] before I was acquainted with any of the Italian work at all, my first piece in 1949 was simply asking the question that people should in fact pay a little attention to how to model the state, and I notice looking back on that piece I did have a reference to De Viti de Marco's book, which was the only book that had ever been translated from that tradition into English, and apparently it had much more influence on me than I realized. Because I did cite that book in my paper.[2] I was simply calling on my colleagues to try to talk about at least what model of politics they were using, before they started out talking about what taxes ought to be or that sort of thing.

Q. What was the state of economics in Italy when you were there?

I'm not sure about the state of economics in Italy at that time. It certainly was important and recognized as being important as a tradition, but the idea I think had been that the great figures in that tradition were more or less finished. There weren't any current people working in that area. It had had this great period in which De Viti de Marco, Barone, Einaudi, Fasiani,[3] and others had worked in this tradition, but you didn't have anyone who was sort of carrying it forward at that time. And at least the people I talked to seemed to think that Italy needed to catch up with the other western countries in terms of its ordinary economic theory, rather than *scienza delle finanze*; there was not much talk about that.

Q. You met Luigi Einaudi, who considered himself a pupil of De Viti de Marco. What impression did you have?

My conversation with Professor Einaudi was one of the highlights of the whole trip. He had just retired as President of the Republic of Italy.[4] And Parravicini[5] knew him a little bit, and I worked with Parravicini at Banca d'Italia a lot. And so, at the end of spring, early summer of 1956, I had drafted up a sort of long critical article about the Italian tradition.[6] And Parravicini suggested that I might want to meet Einaudi. I said that would be great. And so it turned out that after he retired from being President, Einaudi maintained a small villa outside of Rome and spent some time down there. So Parravicini arranged for me to go out and meet Einaudi one afternoon, and I was very impressed first by his place, in the sense that he had a room that was bigger than this one, he had all the journals in all the languages he kept up with, a very intense scholar, he was still very active in thinking in many ways. And I told him about my project and he

was very excited about that, and he agreed that he would take a look at it when I got a draft such that I could send to him, which I did within a few weeks, and then he wrote me back some very, very useful comments, it was very nice to have his comments on that piece. Very pleasant man, I liked him very much.

Q. What do you think about the two famous reviews De Viti de Marco's book received from Benham and from Simons?

Of course my prejudices come as a result of my own thinking about it, that is: Benham was right and Simons was totally wrong. But why? I thought about that yesterday, when you were coming down to talk to me. Why did Simons, who was one of my professors, a very, very, very bright man, why should he have reacted that way? He called it 'a monument of confusion.' I think the mindset of the American and English economists were just so locked into studying markets and no attention paid whatsoever to the organization of the collective sector, that it just didn't make much sense to him, it's the only way I can figure, because he was very sharp, very bright, but he didn't get into that category at all. I never knew Benham, but certainly in that review he understood the impact of the book.

Q. How do you consider De Viti de Marco in the Italian tradition of *scienza delle finanze*?

In one sense he was the originator of it, in the sense that his books in the 1880s were a sort of the starting point for something that can be sort of set up as a block. My work, my long summary article had to have a starting point and a finishing point, so to speak, and it sort of starts with De Viti de Marco.

Q. When did you read De Viti de Marco's *First Principles*?

I must have read that in my first year or so in Chicago when I was a graduate student, I must have read that in 1947 I suspect.

Q. Do you remember what was your impression of that reading?

It didn't have much impact on me immediately, it didn't have an immediate impact, because I wasn't thinking in terms of how you extend the notion to how the state operates. What is interesting however, and it is probably worth mentioning, is that among the founders of Public Choice or what later became Public Choice, was Duncan Black, this professor at Wales, a Scotsman who was professor at Wales, he also started out reading the Italians, the Italian tradition. His first book was on the incidence

of income taxes,[7] long before he got into majority voting and all those things. It's interesting the two of us who had some influence in developing this area of Public Choice, both of us had started as public finance economists, and both of us had discovered the Italian tradition. So Italy came through in his work, and no doubt in my work had a big influence.

Q. Is it true that De Viti's book stimulated you to go to Italy?

I wanted to spend a research year in Italy, you had to apply several months, a year, maybe so, in advance, and so it had to be De Viti's book was the thing that got me started on it. Looking back, I don't remember it, I don't remember that I was sort of using that book as a springboard to start this work, but something got me interested in the Italians, and that must have been the book, by its influence, we can say that.

Q. Is there a part of your research that was directly influenced by De Viti de Marco?

Well, the thing that I can point to as a direct …, not so much specific to all of my work, but always in the back of my mind, was this idea of how you model the state. And his development of the idea that you have two parallel models of the state, the monopoly model and democratic model, that carried through. Fasiani did the same thing in his book,[8] probably more up to date, and that was always impressive to me, that you needed to sort of model the way politics works, the way the state works, so that was not a direct influence but it was there, that contribution.

Can I backtrack a little bit? I said that for my purposes I could sort of start the program of research thinking of De Viti, and then go on further, but this was only later, only later did I discover it, after I'd read a lot of that tradition. But you can go back and find origins of a great much of this, a lot of this in Ferrara, who wrote in the middle 1850s. In those introductions to the classics, translations of the classics in political economy, Smith, Ricardo and all,[9] you can find tremendous contributions made by Ferrara; and nobody paid much attention to it, you can sort of rediscover Ferrara; and that was a very, very important discovery for me. But certainly in the way ideas developed no doubt Ferrara had a big influence on De Viti himself and many others, I think. He was the dominant force in ideas in that period.

Q. Do you believe that De Viti's ideas remain relevant today?

I think that in general the impact that Public Choice has had in this country in a way has been to dispel rather totally the image of the benevolent

despot state, that is to say the public interest notion that somehow…, the old utilitarian notion. People were skeptical in general, we have become like the Italians. One very important influence of the Italian year on me it was not only the reading this material, it was also living there, living in the culture, becoming a part of the culture, the attitude of the Italians toward politics, politicians and the state. You are much more skeptical, much more cynical, much less idealistic, much less romantic about the state, and that influenced me, influenced me a great deal. Because, as I say, I don't think I would have ever had a contribution in Public Choice so much, had that not given me a feel for the way of looking at the state. And in a sense that had negative features as well as positive. If you take away this romantic image of politics and the state you've got just ordinary, grubby politicians out there, trying to get it for their constituents, as Wicksell recognized.[10] Aside from the Italians, the other great influence on my own development for a lot of these ideas was Knut Wicksell, the great Swedish economist, who was writing about the time of De Viti, a little bit later, and who really tried to take economics and extend it to the collective side, as they were doing in Europe in general, in Italy, in Austria, in Germany, and in Sweden. None of that was going on in the English language, English language economists in this respect were at least a half century behind the Europeans in general. They were still locked in this utilitarian romantic view of politics and the state.

But to go back to the question, whether or not he still has an influence: he is still very important in trying to understand politics as to how the politicians can be modeled, how they can behave and so forth and so on. There is a lot of that going on, a new field which is almost the same as Public Choice but is being developed as if it was a different field; it is called the New Political Economy,[11] Tabellini is one leader in this field.[12] They simply sort of ignore Public Choice, but it is the same thing, the same operation. And they are still very active right now. I think Richard Wagner, a former student of mine, and a colleague, he has a book which he calls *Fiscal Sociology*[13] where he is trying to model politics quite differently as a kind of an emergent outcome rather than a decision structure at all. I think the idea is good on how to model the state.[14] In a sense the Italian attitudes and viewpoints have been incorporated now in economics generally into the way we look at the public sector and so on.

Q. So it was this political realism that impressed you.

Yes, in general, hard-nosed political realism, that's right.

Notes

1. J.M. Buchanan (1949) 'The Pure Theory of Government Finance: A Suggested Approach', *Journal of Political Economy*, LVII, 496–505.
2. The reference in the first note of the article (*Ibid*.) states: 'The theory presented by the Italian school best represents the individualistic approach (cf. Antonio de Viti de Marco, *First Principles of Public Finance,* trans. E. P. Marget [London: Jonathan Cape, 1936])'.
3. Mauro Fasiani (1900–50), pupil of Einaudi, was the continuer of De Viti's idea of the various models of state.
4. We recall that Einaudi was second President of the Italian Republic, from 1948 to 1955.
5. Giannino Parravicini (1910–2001), a pupil of Griziotti, was researcher at the Bank of Italy, and from 1954 taught at Pavia University.
6. J.M. Buchanan (1960) *La Scienza delle Finanze: The Italian Tradition in Fiscal Theory*, in *Fiscal Theory and Political Economy. Selected Essays* (Chapel Hill, The University of North Carolina Press), 24–74.
7. The work of Duncan Black (1908–1991) to which Buchanan refers is D. Black (1939) *The Incidence of Income Taxes* (London, Macmillan).
8. M. Fasiani (1941) *Principi di Scienza delle Finanze* (Torino, Giappichelli).
9. F. Ferrara (1955–1961) *Prefazioni alla Biblioteca dell'Economista* (Roma, Istituto grafico tiberino).
10. K. Wicksell (1896) *Finanztheoretische Untersuchungen* (Jena, Fischer); English translation in R.A. Musgrave and A.T. Peacock (eds) (1958) *Classics in the Theory of Public Finance* (London/New York, Macmillan), 72–118.
11. The New Political Economy, a research program founded in the mid-Eighties, models the economic policy decisions and the effects of political institutions on the economy.
12. Guido Tabellini: Vice Chancellor of the Bocconi University of Milan from November 2008 to October 2012.
13. R.E. Wagner (2007) *Fiscal Sociology and the Theory of Public Finance* (Cheltenham UK, and Northampton, MA, Elgar).
14. Wagner described the ideas this book contains in his interview.

Note on Contributors

Pier Francesco Asso is professor of History of Economics at the University of Palermo (Italy).

Piero Barucci is a retired professor of History of Economic Thought (University of Florence, Italy); a former Treasury Minister and member of Italian Competition Authority.

James M. Buchanan 1986 Nobel Prize in Economics, was Emeritus professor at George Mason University (Virginia, USA).

Antonio Cardini biographer of Antonio de Viti de Marco, was professor of Contemporary History at the University of Siena (Italy).

Emilia Chirilli biographer of Antonio de Viti de Marco, taught Dante Philology and Criticism at the University of Lecce (Italy).

Pierluigi Ciocca economist, correspondent member of Accademia Nazionale dei Lincei, and managing co-editor of *Rivista di Storia Economica*.

Domenico Da Empoli is a retired professor of Public Finance at La Sapienza University (Rome, Italy).

Riccardo Faucci is a retired professor of History of Economic Thought at the University of Pisa (Italy).

Ferruccio Marzano is a retired professor of Economics of Development and Growth at the La Sapienza University (Rome, Italy).

Steven G. Medema is professor of economics at the University of Colorado at Denver (USA).

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4

Ruggero Paladini is a retired professor of Public Finance at La Sapienza University (Roma, Italy).

Richard E. Wagner is professor of Economics at George Mason University (Virginia, USA).

Index

M. Mosca, *Antonio de Viti de Marco*,
DOI 10.1057/978-1-137-53493-4