FRIEDRICH LIST AND THE INFLUENCE OF GERMAN HISTORICAL SCHOOL ON THE ECONOMIC GROWTH OF ITALY AFTER THE UNIFICATION.

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Resumo: O artigo destaca o fecundo debate econômico que se seguiu a Unificação da Itália, envolvendo, por um lado, os defensores da ortodoxia liberal clássica e, por outro, o grupo de intelectuais italianos que constituíam o chamado "Círculo de Pádua". Detalha-se a influência da Friedrich List e da Escola Histórica Alemã no que diz respeito à introdução de medidas protecionistas e políticas sociais no país durante as últimas décadas do século XIX. Ressalta-se também o contributo dos economistas contemporâneos para a organização do Estado e seus esforços para institucionalizar a cátedra de Economia Política em diversas universidades italianas. Finalmente, as atividades empresariais de Alessandro Rossi, bem como sua atividade política a favor do protecionismo nesse particular contexto histórico recebem especial atenção.

Palavras-chave: List, Escola Histórica Alemã, Círculo de Pádova, ortodoxia liberal clássica, protecionismo

Abstract: This paper highlights the fecund economic debate, following the Unification of Italy, involving, on the one hand, the supporters of the classical liberal orthodoxy and, on the other, the group of Italian intellectuals constituting the so-called "Circle of Padua". It details the influence of Friedrich List and the German Historical School as regards the introduction of protectionist measures and social policies in the country during the last decades of the nineteenth century. It also points out the contribution of contemporary economists to the organization of the central state and their efforts to institutionalize the chair of Political Economy in several Italian universities. Finally, Alessandro Rossi's entrepreneurial activities and political agitation in favor of protectionism in that particular historical backdrop receive special attention.

Key words: List, German Historical School, Circle of Padua, classical liberal orthodoxy, protectionism

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1. INTRODUCTION

Once it overcome the armed conflict resulting from the political unification, the Italian State was immersed in serious and urgent social, bureaucratic and, above all, economic problems. In the decades that followed the unification, the Italian economy was in actual circumstances of backwardness, not only in comparison with England, but also with the economies of the industrially advanced countries of continental Europe. The new state was characterized not only by the low level of its productive powers, the technical-industrial gap, and the meager agricultural production, but it also had low per capita income, budget deficits, high illiteracy rates, and infant mortality. Besides the unresolved political issues, the newly unified country had a rather uneven economic structure. Some northern regions, such as Piedmont, Veneto, Lombardy and Tuscany, had industry, commerce and agriculture based on modern, efficient and well-endowed infrastructure, and were therefore reasonably developed. On the other hand, a considerable part of the south-central regions was characterized by the use of old-fashioned methods of production. The basis of its economy was founded on the large agricultural estate, and, unlike the north, its industry was fundamentally based on state-owned and formerly protect enterprises (GERSCHENKRON, 1975, p. 71; BERTOLINO, 1980, p. 33).

Still in this context of structuring of the Italian state, it is worth pointing out that until the last quarter of the nineteenth century, large part of the Italian political and intellectual forces shared the idea that laissez-faire would be the most advantageous bias to accelerate the economic growth of this country. However, after the introduction of free trade, and the adoption of the Piedmont tax system, the economic and social disparities between North and South became evident, as well as the discrepancy between the theory and practice of the doctrine that until then had been proclaimed by classical liberal orthodoxy. That being the case, the aims of this article are to highlight the unquestionable importance of Italian economists both in the implementation of the chair of Political Economy and in the organization of the Italian state after the unification. It also sheds light on the prolific quarrel involving the adherents of free trade and the supporters of protectionism in this country. To fulfill this purpose, the article is divided into four sections. The first one deals with discussing the influence of the classical school on the conception of Political Economy of Antonio Scialoia and Francesco Ferrara. Next, it examines the differences between cosmopolite economy and the national economy according to Friedrich List. In the third session, the influence of the German Historical School on the Italian economists is highlighted. Finally, Alessandro Rossi’s entrepreneurial and intellectual activity is analyzed, emphasizing not only his growth strategies but also the influence of protectionist theories in the expansion of his business.

2. THE CLASSICAL LIBERAL TRADITION IN THE CONCEPTION OF POLITICAL ECONOMY OF ANTONIO SCIALOIA AND FRANCESCO FERRARA

Among the great cast of intellectuals who prepared Italy for the new challenges posed by the Risorgimento in the 1850s, Antonio Scialoia (1817-1877) deserves special mention. In addition to being acknowledged as one of the main responsible for the institutionalization of the Political Economy faculty, Scialoia was also one of the most outstanding heralds of classical liberalism in Italy. His most prestigious work is undoubtedly the Principi di Economia Sociale esposti in ordine
ideologico (Principles of Social Economy expounded ideologically, 1840). In 1844, this work was reviewed and translated into French, and later was published in many successive editions, in which Scialoia affirms that Political Economy is the basis on which all political and social sciences are founded, since it contains in itself the history of the society’s organic manifestations, as a whole. Consequently, the purpose of Political Economy is to apprehend the origin, nature and the regulative principle of this great social body (SCIALOIA, 1846, p. ix). On the other hand, Scialoia was convinced that, if guided by liberal teachings, the Political Economy would promote the development of the productive powers without depriving the citizens of the freedom to conduct their business and at the same time it would foster the unification of the national markets (SCHUMPETER, 2006, p. 486; CARDINI, 1996, p. 25; GIOLI; MAGLIULO, 2007, p. 17).

During the greater part of his intellectual activity as an economist, Scialoia was keenly critical of protectionism and of those who arrogate for themselves extraordinary prerogatives to oversee the economy in order to avoid possible excesses. To him, in any case, the protection that the government intends to give to some domestic manufactures with a view to defending them from the competition of foreign industries is always harmful to the economy, since it not only deprives the taxpayer of consuming more accessible goods, but also because it conspires against the national industry, the commerce and chiefly against the humble worker, by inhibiting the free circulation of raw materials, as well as the freedom of exchange and work, harming thus the profitable use of its salary. According to Scialoia, economic freedom is the fundamental principle on which every efficient economic system should be founded. In this sense, he regards as pernicious all the forms of commercial contracts and agreements based on monopolies or privileges, either those concluded in favor of private interests or those established between governments. In his opinion, such practices conspire against the free competition, and, thereby, damage the development of the productive powers of all the nations.

Instead, in the absence of obstacles, goes on Scialoia, a single global economic system, characterized by a strong production specialization in several countries, would ensure not only universal exchange but also it would institute a balanced and continuous supply of goods and services as a general rule. Indeed, Scialoia believed in the possibility that one day all states would realize that prosperity is in everyone's interest and inasmuch as each one of them becomes wealth and powerful, in the same way the others will be able to enjoy collectively from the benefits of production, trade and economic gain. He also thought that, when this process occur, free competition will then become an international dogma of peace, and wars of aggression or defense will cease or become very rare, so that international justice will be the daughter of an economic calculation3. Nevertheless, although public intervention plays a limited role in Scialoia's thinking, he, like the classical English school, basically distinguishes two forms of state interference. On the one hand, harmful encroachment is the situation in which the state opposes itself to the public, by instituting norms against commerce, private property, luxury, etc.; on the other hand, there is another situation in which the state’s intrusion is opportune since it eradicates certain accidental obstacles that emanate from superstition and moral corruption. Such an interference propitiates the reestablished, under the care of Scialoia. At the time of his appointment, the young exponent of the Neapolitan school was entrusted by the rector, that is, the former illustrious Professor of Mechanics, Dr. Carlo Ignazio Giulio, to carry out a dialogue between the Natural Science and the Political Economy. Scialoia, however, remained in the faculty only from November 1847 to February 1848, when he returned to Naples to bear the position of Minister of Agriculture and Commerce in the revolutionary cabinet during the new Neapolitan constitutional government. After having fulfilled his period of exile in Piedmont (1852), Scialoia returned to Naples, where he was Senator (1860), Minister of Finance (1865), and Minister of Education (1872-1874) (MARCHIONATTI, 2005, p. 13-14; GIOLI; MAGLIULO, 2007, p. 2; BARUCCI; ASSO, 1986, p. ix).

3 “Un giorno, quando tutti gli Stati avranno sempre meglio compreso che la generale prosperità è interesse di ognuno di essi, e che quanto più ciascuno è ricco e potente, altrettanto potrà giovare producendo, concambiando, acquistando ecc.; allora la libera concorrenza diventerà anche un dogma internazionale di pace, le guerre di offesa cesseranno e quelle di difesa diventeranno rarissime. La giustizia internazionale sarà figlia di un calcolo economico” (SCIALOIA, 1846, p. 233).

On the other side, Francesco Ferrara (1810-1900) is acknowledged as one of the most distinguished intellectuals of the Risorgimento, exerting an almost hegemonic influence on the Italian economic thought until 1870 (RABBITO, 1891, p.442). After replacing Scialoia at the University of Turin, Ferrara had an outstanding position among the most esteemed Italian economists for about a decade until 1858, widening his renown and reputation even during the first decades that followed the unification. In 1859, Ferrara was invited by Bettino Ricasoli (1809-1880) to become Professor in Pisa, where he took the chair of Social Economy at the Facoltà di Giurisprudenza. However, he did not remain in office, pronouncing only his inaugural speech (FAUCCI, 1981, p.35). During his teaching practice, in addition to scientific production, Ferrara also gave a significant contribution to the implementation of the course of Economics\(^5\). With the support of the publisher Giuseppe Pomba and the Biblioteca dell’Economista, Ferrara published a set of Prefazioni in which he explained his point of view on the progress of economic science, giving remarkable spotlight to Quesnay, Smith, Bentham, Malthus, Mill, Say, McCulloch\(^6\). Besides being an eminent economist, Ferrara was equally notable as patriot and journalist, taking an interest in the political clashes of the time, as well as positioning himself in favor of liberalism with regard to the polemic spearhead by the liberals and the adherents of protectionism. Indeed, in his inaugural address to the University of Turin, entitled Importanza dell’ ‘Politica Economica e condizioni per coltivarla, dated November 16, 1849, Ferrara devises the Political Economy as a theory of progress and exaltation of freedom (MARCHIONATTI, 2005, p.15, MICHELAGNOLI, 2007, p. 7-16, BARUCCI; ASSO, 1986, p. xii-xiii, WEINBERGER, 1940, p. 93, SIMON, 2009, p.774).

The period of greatest splendor of Ferrara's intellectual production coincides with the moment in which the monetary stability and the expansion of credit to the industry and to the large infrastructure works had made extraordinary progress in the Italian economy. At that time, more precisely from the 1850s onwards, it came into force a new customs tariff, which, in great extent, followed the liberal model preached by the classical orthodoxy. As a consequence, the rates of imports and exports of silk (seta greggia) and cereals were abolished, which favored the conclusion of a series of trade agreements with several European countries. Added to that is the expansion of the railways, which, by modernizing the transport system, shortened distances and greatly furthered the trade among various regions. All these changes were viewed with great optimism as achievements of free enterprise. For this reason, Ferrara was convinced that the Political Economy’s aim is to carry out the progress resulting from the increase of freedom. In truth, according to Weinberger, in the nineteenth century, there probably was not an Italian economist who cultivated and spread the English classical doctrine as intensely as Ferrara did. Relentless adept of the economic liberalism, the Sicilian scholar vehemently was against any form of state intervention,

\(^4\) It is noteworthy that although during his youth Scialoia had been an adherent of classical liberalism, after 1861, that is, when the negative performance of the Italian economy became evident, among others, on account of the introduction of liberal model, he became increasingly inclined to interventionist measures, following the tendency of most of the economists of the time (FAUCCI, 2014, p. 114).

\(^5\) According to Gioli, since the second half of the nineteenth century, the changes that occurred in the field of economics had repercussions in its academic teaching and in the way in which this science came to become a specialized knowledge. From 1870 onwards, the institutionalization of the discipline was achieved, reaching a great level of specialization and autonomy of research (GIOLI, 1990, p. 303-304).

\(^6\) Besides being an eminent economist, Ferrara was equally notable as a patriot and journalist, taking an interest in the political clashes of the time, as well as positioning himself in favor of liberalism with regard to the polemic spearhead by the liberals and the adherents of protectionism. Indeed, in his inaugural speech at the University of Turin, entitled Importanza dell’ ‘Politica Economica e condizioni per coltivarla, dated November 16\(^{th}\), 1849, Ferrara devises the Political Economy as a theory of progress and celebration of freedom. After the unification of Italy, Ferrara took a long pause in teaching, engaging in the fulfillment of several political offices until 1880 (MARCHIONATTI, 2005, p.15, MICHELAGNOLI, 2007, pp. 7-16, BARUCCI; ASSO, 1986, Pp. Xii-xiii, WEINBERGER, 1940, p. 93, SIMON, 2009, p.774).
condemning even the few exceptions made by Adam Smith. To him, it is an illegitimate and even abominable practice to regulate the economy (SCHUMPETER, 2006, p. 488; BOUTQUET, 1980, p. 253; MICHELANGOLI, 2007, p. 15; WEINBERGER, 1940, p. 93).

Since much of Ferrara's economic thinking is dispersed in prefazioni and lezioni, it is an exhaustible effort to carry out a synthesis of his conception of Political Economy. Nevertheless, it is worth noticing that in some passages Ferrara recognizes that for a long time the practice of this science was limited to a set of measures taken by European monarchs in order to become their states wealthier and more powerful. In his Lezione di Economia Politica on November 5, 1856, he asserts that the earliest studies of economics were made in the interest of the nation. In this sense, the name Political Economy was nothing more than the science that investigated and prescribed rules from which a nation should provide for itself the means of subsistence in the most advantageous way, with emphasis as to the revenues as well to questions concerning the trade and money. Ferrara's scholarly work was designed to reveal the absurdity and the impertinence of the idea that the state should intervene in the economy to ensure national prosperity. In the same way, he is categorical in asserting that the State is indeed the only institution that everyone strives to take part in detriment of others. In this sense, the protectionists would be a fraction of this whole; they even appreciate the law, but only if it favors exclusively their interests. Similarly, the communists and socialists would also be the other fraction. Indeed, in the Ferrarian conception, as the State is identified with the government, it necessarily represents a minority (FAUCCI, 1995, p. 26). Therefore, in his opinion, the government should be ruled on the basis of the principles of political and economic freedom.

In the years that followed the 1850s, Ferrara proposed a heuristic division for the study of Political Economy, drawing heavily on the methodological tripartition of Jean Batiste Say. In fact, there are striking similarities between these two economists. Both consider as essential the relation between theory and practice in the field of Political Economy. Since it is fundamentally an applied science that deals with the human facts whose manifestations express the laws that govern the economy in the individual, social and international spheres, both economists believe that it is imperative for the statesmen to understand the functioning of this area of knowledge. In accordance with his subjective theory of value, Ferrara ascribes remarkable importance to such a subject, especially, as regards the full achievement of economic facts. Thus Ferrara, as well as Say, divides the human economy into three fundamental areas: the first, which is the most elementary, is called the Individual Economy; the second, which encompasses all the small and large associations of mere individuals, is called the Social Economy; and finally the one which comprises all the small and large groups of nations is called International Economics (SAY, 1833, p. 62-41; 1816, p. 62; DONNI; SIMON, 2014, p. 19-20; FERRARA, 1986 (1856), p. 6; FAUCCI, 1980, p. 57; SIMON, 2007, p. 11).

7 “I primi studii sulla Economia furono fatti nell’interesse della nazione, onde il nome di Economia Politica, che per lungo tempo altro non fu che lo studio in cui si contemplavano e prescrivevano norme relative al modo con cui una nazione provvedeva ai suoi mezzi di vivere. Quindi si parlava delle sue entrate, delle sue spese, del suo commercio; delle sue opere pie, del suo denaro” (FERRARA, 1986 (1856), p. 5).

8 “Il fenomeno economico che ci proponiamo di studiare sarà elargito dall’una e dall’altra parte. Si comincerà dalla piccola sfera dell’individuo per giungere alla immensa sfera della umanità. (…) Quando lo studioso avrà conosciuto in che modo avvengano nell’individuo i fenomeni economici, potrà direttamente passare a considerarli nella nazione, perché il grado della famiglia rientra nell’individuo, e quelli della città, della provincia, e del Comune, rientrano in quello della nazione di cui, in più piccole dimensioni sono la copia” (FERRARA, 1986 (1856), p. 6).

9 “L’economia umana, o, come è uso chiamarla, politica, si divide secondo il mio metodo in tre precipui studi: all’uno, che è il più semplice e che serve di base fondamentale, do il titolo di Economia individuale; al secondo, in cui sono comprese tutte le piccole e grandi associazioni di meri individui, do quello di Economia sociale; al terzo, in cui comprendo tutti i piccoli o grandi gruppi di nazioni, do quello di Economia internazionale” (FERRARA, 1860 (1860), p. 75).
In the 1870s, in connection with the growing influence of the German Historical School on a considerable part of Italian economists, Ferrara published in the *Nuova Antologia* an essay entitled *Germanismo economico in Italia* (1874), in which he accused German professors and their Italian followers, especially the Lombard-Venetians, to have painted an idealized picture of the state as a real entity, ignoring the fact that in the practical world it is only the government of a group of men. Between November 1878 and January 1879, Ferrara published a series of open letters against what he meant to be the unscrupulous and ambition interests implicitly inserted in the protectionist measures proposed by men like Alessandro Rossi, who was a potent textile entrepreneur, Senator, and admirably knowledgeable about the German economic literature. Indeed, these letters were the conclusion of repeated disappointments that Ferrara had experienced throughout the 1870s, particularly highlighting the inquiry on manufacturing conducted by Luigi Luzzatti in the years 1870-1874 and the protective tariff for the textile industry, sanctioned in 1878. In his letters of 1878-1879 to Tullio Martello, Ferrara criticized Alessandro Rossi's protectionist claims, and denounced the possible fraud or adulteration on the data on trade used at that time to support the so-called legislative action in favor of the consumer. These pronouncements stimulate and enrich the clash of ideas that marked the history of economic thought in Italy in the second half of the nineteenth century (FAUCCI, 1980, p. 57; MACCHIORO, 2006, pp. 128-129).

2. FRIEDRICH LIST AND THE AIM OF THE POLITICAL OR NATIONAL ECONOMY

List was born on 6 August 1789, at Reutlingen, a free imperial city situated South of Stuttgart. After having busied himself with the public administration, he was appointed, in 1816, the first professor of Administration and Politics (*Staatspraxis und Saatwissenschaft*) at the University of Tübingen, (LEVI-FAUR, 2012, p. 156). While he was lecturing at Tübingen, List simultaneously wrote profusely for many newspapers and journals such as *Württembergische Archive* (Archive of Württemberg), the *Volksfreund aus Schwaben* (Friend of the Nation of Swabia), and to the *Deutsche Handels- und Gerwerbeverein* (Germany Industrial and Commercial Journal), dealing not only with issues concerning the reforms, but also contradicting the dominant thought of the time, he questioned the universal validity of the free trade, defending a national economic policy to the detriment of a cosmopolitan economy (SCHUMPETER, 1964, p. 150). As List himself admits, for many years he was a loyal disciple of Smith and Jean Baptiste Say, as well as a zealous professor of the classical doctrine, only changing his opinion owing to the positive results of the Napoleonic continental blockade for the German industry, and the damaging effects following the return of the free trade after Napoleon's fall. The partial protection against English competition, as explained by List in his *National System of Political Economy*, unleashed admirable progress in the different sectors of the German industry, as well as it made flourish all areas of the agriculture (LIST, 1883 [1841], p. 4-64; 1909 [1827], p. 173).

According to Marshall, from an economic standpoint, cosmopolitanism bore its fruits in modern times as a reaction against the regulations of the precious metals trade and the countless ordinances that determined what each individual could produce and how he should do it, what he could win and how could he better employ his fortune (MARSHALL, 1982 [1890], p. 333-334). This idea should have been very fashionable in the second half of the eighteenth century, for, as Hume stressed, even in nations quite acquainted with commerce, it was possible to notice a strong jealousy regarding the trade balance, and an extreme fear that all their gold and silver were leaving them (HUME, 1983 [1752], 217). Indeed, thinkers such as Seigneur de Vauban (1633-1707), Pierre Boisguillebert (1646-1714), Richard Cantillon (1680-1734) and Hume himself (1711-1776) proposed a critical revision of the mercantilist doctrine, highlighting, among others, the importance of international trade for the reproduction of capital. However, the systematic criticism against the mercantilism and its mechanisms of intervention was elaborated in France by a school of economic thought whose members were called *économistes*, although later they became better known as physiocrats, thanks not only to the publication of a collection of the group in 1768, but mainly due
Physiocracy, from the Greek \( \Phi \nu \sigma \iota \varsigma \) (Nature) and \( \kappa \rho \alpha \tau \omega \varsigma \) (power), regarded the economic system as an "organism" governed by natural laws, that is, by mechanisms that are independent of the human will. Certainly, the natural order conception found in the physiocratic writings is based on regularities and physical functions that precede any state of things established by the excessive and misguided activity of a government. Thus the \textit{economistes} believed that the freedom of trade, understood as the primary force of social wealth, was necessary to enrich the state by means of the products of the land. Accordingly, they developed a theory of economic equilibrium based on the idea that all wealth comes from productive activities such as agriculture, fishing and mining, that is, goods produced with the help of nature. Therefore, they argued that the taxes should be levied only on natural surpluses arising from the work of the land. Moreover, they were also pioneers in conceiving the free trade as the \textit{condictio sine qua non} to rise in the wealth and prosperity of all nations. In this respect, it should be remembered that Quesnay was the first to extend his investigations to the whole mankind, without taking into account the idea of nation\(^{10}\). In his work \textit{Physiocratie, ou Constitution naturelle du Gouvernement Le Plus Avantageux au Genre Humain} \textit{(Physiocracy or the Natural Constitution of the most advantageous Government for Mankind, 1767)} lies the matrix of cosmopolitical economy \textit{(KUCUKALKSOY, 2001, p. 109 -110; OLIVEIRA, 2013, p. 157; NAPOLEONI, 1988, p. 23; TRIBE, 1988, p. 120-123).}

Assuming that traders from all over the world form a single trading republic, this new science intended to teach how all mankind can attain prosperity. Surely, the physiocrats were convinced that if all barriers and extortions were eliminated, trade, agriculture, and the economy would in general flourish continually \textit{(LIST, 1983 [1841], 89)}. By contrast, in order to expose the sophistry of the argument in defense of free trade, List proposes an analytical division between Political or National Economy and Cosmopolite Economy. According to the German economist, the adherents to Quesnay's ideas, and especially of Adam Smith, were in complete disagreement with what would in fact be the Political Economy, that is, the science that limits its teaching to investigate how a particular nation can obtain, (considering the current conditions of the world), prosperity, civilization and power by means of agriculture, industry and commerce\(^{11}\). In this sense, the cosmopolitan conception of economics, grounded on the premises of an existing universal republic in perpetual state of peace, has the sole purpose of protecting the economic interests of human society as a whole, without, however, considering the specific interests of individual nations. Nevertheless, List continues, at the moment, the human race is still separated into distinct nationalities, each one being held by common powers and interests, being different from other societies of the same species, which, in the exercise of their natural freedom, oppose each other\(^{12}\) \textit{(LIST, 1983, 1841, p. 89-90).}

Wherefore, by giving to its cosmopolitan economy the name of politics, all the classical liberal orthodoxy dispenses the need to explain a fundamental paradox in its theory, effecting thus not only a transposition of terms, but also a transposition of meaning, to conceal grave errors in their science. Indeed, Smithian thinkers, to a large extent, did not contemplate in their elucubrations

\(^{10}\) "Quesnay zuerst, bei welchem die Idee der allgemeinen Handelsfreiheit entstand, dehnte seine Forschungen, ohne auf den Begriff der Nation Rücksicht zu nehmen, auf das ganze menschliche Geschlecht aus" \textit{(LIST, [1851] 1841, p. 129).}

\(^{11}\) "[…] derjenigen Wissenschaft, die sich darauf beschränkt, zu lehren, wie eine gegebene Nation unter den gegebenen Welthverhältnissen durch Ackerbau, Industrie und Handel zu Wohlstand, Zivilisation und Macht gelange" \textit{(LIST, 1851 [1841], p. 129-130).}

\(^{12}\) "[…] zur Zeit noch in abgesonderte, zu einer Einheit der Kräfte und der Interessen verbundene, andern Gesellschaften gleicher Art in ihrer natürlichen Freiheit gegenüberstehende Nationalitäten getrennt ist" \textit{(LIST, 1851 [1841], p. 131).}
the complex nature of nations, their specific historical interests and conditions. Furthermore, they
did not pay attention to the gross error of considering as given a state of things that is yet to come.
According to List, by dealing extensively with his doctrine of free trade, Adam Smith and his
“school” arrogated to themselves the discovery of the way by which all nations of mankind can
achieve the utmost grade of wealth and prosperity. However, if universal free trade were set up, the
result would not be a universal republic, but rather a total subjection of the less advanced nations to
the supremacy of the currently dominant industrial, commercial, and naval power. To List, if free
trade had been instituted in the first half of the nineteenth century, England, on account of its
superior stage of development of its productive forces, would have become an industrial city of
immeasurable proportions (LIST, 1983 [1841], p. 89).

In this case,

Asia, Africa and Australia, would be civilized by England, and be covered with new States
her own image. In the course of time, under the presidency of the mother country, would
come forth a world of English states, in which the nations of the European continent would
be lost as insignificant and sterile races. France would share Spain and Portugal the mission
of supplying the English world with the best wines, and of drinking themselves the worst,
not at the most, she might retain the manufacture of a few articles for the world of fashion.
Germany would have nothing to furnish this English world but toys for children, wooden
clocks, philological writings, and, now and then, a body of auxiliaries, destined to be killed
or consumed in some desert of Asia or Africa, in a struggle to extend the manufacturing and
commercial supremacy, the literature and the language of England 13 (LIST, 1851 [1841], p.
206-207).

Relying on historical experience, List came to the conclusion that a union among the nations
of the world, all recognizing the same conditions of law and renouncing their own interests, can
only be achieved if the majority of these nations have reached more or less the same degree of
industry and civilization, political culture and power. Only under such circumstances can such a
union foster the free trade and provide them with the same great advantages that are now felt only
by provinces and politically unified states14. According to List, therefore, a cosmopolite economy in
the present conditions of the world would be a great chimera. On the contrary, he believed that the
true Political Economy is a National Economy, since it emanates directly from the concept and
nature of the nation. In this sense, unlike the cosmopolitan economy or economy of mankind, it
teaches in which way a nation can maintain and improve its economic conditions, to prepare such a
nation to be admitted into the universal society of the future (LIST, 1983 [1841], p. 91-124).

It is in this sense that List emphasizes the role of state intervention in the development of the
productive forces. To him, the protective system, inasmuch as it is the most effective way to put into
place nations still lagging behind on a par with the prevailing nation, is the fastest and safest means
of promoting the final union of nations. On the other hand, in total contrast with what is commonly
thought about his concept of protectionism, List points out that

So entständen mit der Zeit eine Welt von englischen Staaten, unter dem Präsidium des Mutterstaates, in welcher sich die
europäischen Kontinentnationen als unbedeutende unfruchtbare Volksstämme verloren. Frankreich würde sich mit
Spanien und Portugal in die Bestimmung teilen, dieser englischen Welt die besten Weine zu liefern und die schlechten
selbst zu trinken; höchstens dürfte den Franzosen die Fabrikation einiger Putzwaren verbleiben. Deutschland dürfte
deren englischen Welt schwerlich etwas mehr zu liefern haben, als Kinderspielwaren, hölzerne Wanduhren,
philologische Schriften und zuweilen ein Hilfskorps, das sich dazu hergäbe, in den Wüsten Asiens oder Afrikas für die
Ausbreitung der englischen Manufaktur- und Handelsherrschaft, der englischen Literatur und Sprach zu
verschmachten”(LIST, 1851 [1841], p. 140-141).
14 “La liberté du commerce et la paix perpétuelle sont, à ce qu'il nous paraît, deux principes qui reposent sur la même
base et qui sont intimement liés: elles ne seront possibles toutes deux que lorsque la civilisation, la condition politique
et l'industrie des nations seront tellement avancées, seront devenues tellement semblables que leur union puisse être utile
à chacune d'elles comme elle qui existe aujourd'hui entre les vingt-quatre états de l'Amérique du Nord leur est à tous
avantageuse” (LIST, 1831, p. 38).
The protective system would be contrary to cosmopolite economy, and also to the admitted interests of the nation, if it should completely and suddenly exclude foreign competition, and thus isolate the nation from the rest of the world. When manufacturing industry is still in the first stage of its development, protective duties should be moderate; they should be raised by degrees in proportion as intellectual and material capital, skill in the arts, and the spirit of enterprise, increase in the country. But it is not necessary that all branches of industry be equally protected. The most important those of which the development requires large capital, fixed and circulating, much machinery, consequently, great knowledge, much dexterity and experience, and vast body of labourers, whose products are to be classed among the chief necessaries of life, having as such, of course, considerable importance, not only in reference to their total value, but in reference to the independence of the country.¹⁵

(List, 1856 [1841], 266-267).

Conforming to List, the great mistake of the liberal economists was to have exclusively treated the effects of material exchanges. Therefore, as these scholars confused cosmopolitan principles with political ones, they did not achieve to fully apprehend the true object of political economy. This object does not consist properly in exchanging matter by matter, as it happens in the individual and cosmopolitan economy, especially in the business of a trader, but in raising the productive powers of the nation (List, 1909 [1827], p. 187). Furthermore, List proceeds, the Smithian thinkers were manifestly diverging from what it would in fact be the Political Economy, that is, the science that limits its field of study to investigate how a given nation can become wealthy, civilized, and powerful. Wherefore, Political Economy is, for List, the science that, by taking into account the existing interests and the specific circumstances of nations, predicates rules with which each individual nation can reach that stage of economic development in which free and unrestricted trade with other equally developed nations may become possible and useful for all (List, 1983 (1841), pp. 93-94).

3. THE INFLUENCE OF GERMAN HISTORICAL SCHOOL ON THE ITALIAN ECONOMIC THOUGHT

From the mid-nineteenth century, basically, three currents of economic thought stand out thanks to their proposals regarding the solution of the socioeconomic problems generated by the advance of industrial capitalism. Surely, classical liberal orthodoxy preponderated up to the 1870s, when it gave way to the marginalist school. However, the complexity of the circumstances brought to light new analytical perspectives, such as the French reformist approach and the historical strand of the German school. Following the unification of Italy, several factors may have contributed to the diffusion of the historical school, especially in the Lombard-Venetian region. Beyond the relative similarity inherent in the political history of the two countries, and the fact that Germany became a model of rapid economic growth in Europe, another reason to favor the German school was its emphatic discourse in support of a national economy, in which the state should not only create the propitious conditions for the development of the productive forces, but it also should be the arbiter of social issues. Moreover, for those Italian economists who studied in Germany, under the guidance of Schmoller and Wagner, the German approach was determinant to understand a new way.

of interpreting economics. Once back in Italy, they became inclined either to the doctrine of state intervention or to the historical approach of the genesis and the evolution of economic theories, as it was the case of Luigi Cossa. Thus, in the last quarter of the nineteenth century, the philosophy and methodology of historicism notably penetrated the juridical and human sciences in which generations of Italian economists were formed, becoming one of the main strongholds against the Ferrarian school (AUGELLO; BIENTINESSI, 2007, p. 217; PELLANDA, 1984, p. 28; BERTOLINO, 1980, p. 38; LECCE, 1953, p. 14).

In general, in spite of their marked heterogeneity, the adepts of the German Historical School believed that the existence of a single, abstract and universal economy was unconceivable. In fact, in opposition with this concept, they argued that for reasons intrinsically related to soil, climate, race, tradition, etc., only national economies do actually exist (SCHUMPETER, 2006, p. 776-777; CHANG, 2007a, p. 8). Its particular way of dealing with economic issues was compatible with the new challenges that had become even more evident after the unification of the Kingdom of Italy, above all those essentially related to the solution of practical problems such as the overcoming of inequalities in regional economic formations; the suppression of disparities in the degree of growth of the agricultural and manufacturing activities, as well as issues inherent to monetary convertibility etc. Such a state of things required study of specific and applicable cases, rather than a purely abstract treatment of the economy. Since then, as Pellanda pointed out, the rigidly mechanistic and liberal conception proclaimed by Ferrara, along with the extreme denial of any form of state intervention in the economy, did not find an effective audience in the great majority of Italian economists. Immediately after the political unification, various "regional schools" of economics emerged in Italy. In Naples, a current of liberal thought, but with a strong social appeal, was formed around Scialoia, so that his vehicle of information was the Giornale napoletano di filosofia, lettere, scienze morali e politiche. In Florence, a "liberal school" was founded by Ferrara, Peruzzi and De Johannis. Besides its newspaper L'Economia, deserves also to be mentioned the Società Adamo Smith. On the other hand, a group of scholars was assembled under the name of “Circle of Padua”, of which Angelo Messedaglia, Fedele Lampertico, Luigi Luzzatti and others were considered the chief representatives, followed by Luigi Cossa, and Vito Cusumano. Its most important means of communication was the Giornale degli Economisti (PELLANDA, 1984, p. 29-30; GIOIA, 2016, p. 80; RABBENO, 1893, p. 445).

Indeed, to affirm the existence in Italy a historical school of economics may inspire mistrust, since this label was invented by Ferrara for strictly political reasons. Often this epithet took on the name of socialisti della cattedra, an expression that was also originated in Germany, and was used to refer to the group of intellectuals who were to some extent sensitive to social issues, in spite of approaching this subject always having in sight the State’s orientation. Furthermore, the name “Lombard-Venetian-school” refers to the two regions in which not only were situated the universities of the main supporters of the movement, but also where the Austro-German influence was more significant. In addition, the preference for the German approach relates to the perception according to which the State should actively cooperate in the organization of economic life, as in Bismarck's Germany, in which the State and the scholars worked together for the construction of the nation. The followers of the Lombard-Venetian circle founded the Associazione per il progresso degli studi economici, where several social reform projects were discussed accordingly with the Italian experience. Later on, this association expanded throughout most of the national territory, establishing local headquarters, particularly in southern Italy, so that the “Lombard-Venetian

16 Renowned scholars such as Grimmer-Solen and Romani call into question the existence of a "Historical School" of economics. Besides its methodological inaccuracy, these authors believe that the use of this terminology is problematic, since the historical approach was not meant for the exclusive use of the German economists. Wherefore, it is important to remember that not only Roscher, but also Karl Heinrich Rau and Christian Kraus before him had already admitted that David Hume, Adam Smith, James Steuart and Thomas Malthus gave a remarkable impetus to the development and application of the historical approach to economic analysis (GRIMER-SOLEN, ROMANI, 1998, pp. 268-272).

17 As Rabbeno points out, in Italy, foreign theories were rarely accepted in toto. On the contrary, often, they were adapted to the Italian reality. In this way, doctrines that were considered excessive or radical were attenuated to make them more eclectic and multifunctional (RABBENO, 1891, p. 440).

One of the leading representatives of the Lombard-Venetian group was Fedele Lampertico (1833-1906), the renowned economist, politician and zealous adept of the new ideals of unified Italy. Beyond Scialoia, also Lampernico illustrates the ideological metamorphosis that took place in the 1870s. After having been formed under the influence of liberalism, he was faced with the need of considering the possibility of giving greater attention to the question concerning the state’s intervention not only in the process of industrial development, but especially with regard to social issues. In his opinion, in many cases, the natural order and the historical one do not coincide. Therefore, the intervention of a political authority is necessary both to promote the fair distribution of resources and goods, and to prevent events such as the Paris Commune (1871) and the economic crisis of 1873 (GUIDI, 2007, p 177). As a matter of fact, it was the influence of such events that led Lampertico, Messedaglia, Luzzatti, Cossa and Cusumano to lay the basis of an approach to economics that moved away from liberal orthodoxy while at the same time drawing inspiration from the German historical school.

In his most remarkable work, L’Economia dei Popoli e degli stati (1874-1884), which is both a treatise and a set of independent monographs, Lampertico vehemently expressed his regret against the concept of Political Economy as mere science of wealth. Likewise, he categorically rejects its subdivision into the economy of individuals, social economy, and economy of mankind. Moreover, instead of considering production and exchange only as economic phenomena, Lampertico conceives them as essentially social facts (LAMPERTICO, 1874, p. 329, 337). Without going too much into details, the work is divided into an (i) *Introduzione generale* (1874), which contains the exhibition of the fundamental doctrine, as well as some epistemological aspects and methodological questions; (ii) *Il lavoro* (1875), dedicated to the history of work and to the theory of production; (iii) *La proprietà* (1876), devoted to the theory of distribution. In 1878, (iv) *Il commercio* is published, anticipating, thus, to a certain extent his last work, that is, (vi) *Il credito*, which in turn had to wait till 1884 to come to light. Two crucial ideas stand out in Lampertico’s thinking, namely the trends of economic laws and the discussion relating to the application of the Darwinian approach and the Malthusian demographic theory to social sciences (FAUCI, 2014, p. 113; GRIMER-SOLEN; ROMANI, 1998, p. 282).

Another intellectual of huge importance in the “Circle of Padua” was Luigi Luzzatti (1841-1927). Throughout his training as an economist, it is possible to note that Luzzatti was immensely influenced by Lampertico, to whom the young scholar, in a letter dated August 19th, 1861, asked for suggestions of economics books. Besides Lampertico, another indelible contribution to Luzzatti’s learning process was given by Angelo Messedaglia, of whom he was favorite student, and to whom he owes much of his knowledge in statistics and economics, as well as his first contacts with the German economic thought, according to Roscher’s interpretation. From this latter, Luzzatti

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18 It is in this context of settlement of the Lombard-Venetian group that Ferrara published *Il germanismo economico in Italia*, followed in 1876 by two other articles: Gli Equivoci del vincolismo: Il Congresso di Milano e L’Italianità della Scienza economica; Lettera all’On. Sen. Fedele Lampertico. These three articles mark the birth of a distorted interpretation of the influence of the German Historical School in Italy (GIOIA, 2016, p. 80).

19 “Di Economia so ben poco: la pregherei anzi di voler indicarmi qualche buon libro che io difetto quasi del tutto di notizie bibliografiche, e mi va male assai, perché son costretto di camminare a tentoni, e non mi par vero complessivi di economia non facciano che ripetersi, cosicché quando si conosco i principali (Smith, Say, Mill, Storch, Rau, Roscher), non resta altro che approfondire le singole parti con istudi speciali” (Carteggio Luigi Luzzatti-Fedele Lampertico (1861-1905). In: PASSOLUNGH, 2010, p. 9).

20 Angelo Messedaglia (1820-1901) is an economist of distinguishable genius. It was probably during his teaching at the Universities of Padua and Rome that he instilled in the younger generation the commitment to the inductive method (GRIMER-SOLEN; ROMANI, 1998, p.282). As a result, Messedaglia has been considered the first Italian economist to apply the historical approach to economic analysis, with the aim of not losing sight of the comprehension of the events in their totality and evolution in time (PELLANDA 1984: 40). Although he had remained relatively distant in regard to
probably assimilated the historical view of the economic approach and the concern relating to the
economic thought of the social transformation, a principle that was applied to the critical
interpretation of the problems arising from the modernization of Italy. Luzzatti argues that after the
crisis of classical liberal orthodoxy, Political Economy has been dominated by the German school,
whose historical-empirical background contrasts, mostly, with the abstract-deductive methodology
of the Manchester school. As a follower of the German approach, he believed that the Political
Economy cannot relinquish the observation and the careful examination of concrete economic
phenomena, especially with regard to the production, distribution, circulation and use of wealth.
Seen in these terms, a purely theoretical and abstract investigation such as that proposed by the
marginalists would necessarily incur the gross error of neglecting the process under which the
socio-political conditions of the peoples are forged (LUZZATTI, 1933 (1876), p.5; PECORARI,

Another representative of the Lombard-Venetian group was Luigi Cossa (1831-1896),
Professor of Political Economy at Pavia, acknowledged as one of the most celebrated Italian
economists of the time, having bequeathed several courses of Introduction to Economics that were
translated into many languages (French, English, German, Spanish, Russian, Japanese, etc.)
(RABBENO, 1893, p.355; FAUCCI, 2014, p 113). In his Primi Elementi di Economia Politica
(1875) (10th ed., 1895; from the 8th ed., the subtitle Social Economy was added), he defines the
Political Economy as the dottrina dell'ordine sociale delle ricchezze and suggests that its aim is to
seek to grasp the causes and laws that rule the production of wealth in general, and at the same time
it provides economic normative principles to the proficient political activity of the administrative
organs. In this regard, its conception of Political Economy encompasses (i) economic policy, that is
the norms concerning the doctrine of public intervention on private wealth and (ii) the financial
policy, viz. the principles and rules relating to the efficient management of public revenue.
(COSSA, 1921 (1875), pp. 3-5). Indeed,

Political Economy is a subject that deserves to be studied, both for the theoretical
importance of its goal, potent instrument of civilization, and for the usefulness of its
doctrines, either in private life, as regarding the businessmen, owners, capitalists, labours,
and particularly those who directly (magistrates, members of deliberative bodies,
councilors, administrators) or indirectly, by virtue of the rights of association, meeting,
petition, and press, exercise any influence on the government of the public thing21 (COSSA,
1921 (1875), p. 6).

His later works, for example, Guida allo studio dell'economia politica (ibid., 1876, 3rd ed.,
re-elaborated under the title Introduzione allo studio dell'economia politica, ibid 1892), are
notorious for their historical-methodological feature, though Cossa had become increasingly critical
of the German historical school, even declaring that it has not carried out any lasting and useful
innovation in analyzing the foundations of the social economy (EDGEWORTH, 1892, p. 686,
RABBENO, 1893, p. 468). However, his main merit, like Messedaglia, was to have educated a
whole generation of economists who went to study in Germany, and once returned to Italy, they
entered the academic career (FAUCCI, 2014, 113). An emblematic example of this is the case of
Vito Cusumano (1844-1908), the young student of law who, after transferring from the University
of Palermo to the University of Pavia, won a scholarship in 1871 and, thanks to the Cossa's letter of
the advance of the historical school, his writings revealed the influence of the works of Friedrich Karl Savigny (1779-
1861) and Wilhelm Roscher (1817-1894). In accordance with the German economic tradition, Messedaglia recognizes
the distinction between Political, National and Social Economy, and Economic Policy in itself, which is vinculated to

21“L'economia politica è materia degna di studio, tanto per l’importanza teoretica del suo oggetto, potente strumento di
civiltà, quanto per la utilità pratica delle sue dottrine, sia nella vita privata, in ispecie per gli imprenditori, i proprietari, i
capitalisti, gli operai, sia nella vita pubblica, ed in particolare per coloro i quali, o direttamente (magistrati, membri di
corpi deliberanti, consultivi, amministrativi) o indirettamente, in forza dei diritti di associazione, di riunione, di
petizione, e mediante la stampa, esercitano una qualche influenza sul governo della cosa pubblica” (COSSA, 1921 (1875),
p. 6).
recommendation, went to study in Berlin, attended classes taught by Ernst Engel and Adolf Wagner, some of the leaders of *Kathedersozialisten* and founders of *Verein für Sozial-politik*, of whom Cusumano probably assimilated the idea that, as regards social issues, the direct action of state intervention is urged (TRAVAGLIANTE, 2003, pp. 21-22, MILLER, 1980, p 672).

Not only in fulfillment of the promise made to Lambertico and Messedaglia, interested in knowing more about the economic studies in Germany, but also in response to the constant broadsides of Francesco Ferrara in the *Nuova Antologia*, Cusumano publishes in *Archivio Giuridico* in 1873 a series of articles entitled *Congressi degli economisti tedeschi ad Eisenach e Sulla condizione attuale degli studi economici in Germania*, which forms the central part of his successive work *Le scuole economiche della Germania in rapporto alla quistione social*22 (CUSUMANO, 1875, p.9). It may be argued that in his whole work, Cusumano aims to call into question the universal validity of the doctrine of *laissez-faire*, relying on the German economic thought, while proposing an alternative route to the modernization of Italy, taking as a starting point no longer the ideals of political and economic liberalism *latus sensus*, but the principles derived from *Kathedersozialisten*, that is, taking into account the yearnings of the nation, the demands of time and circumstances, and, especially, calling on the state to assume its responsibility with regard to both economic affairs and social issues23 (TRAVAGLIANTE, 2003, p.9, CUSUMANO, 1875, p. 92-93, RABBENO, 1893, p.443). It is noteworthy that after Cusumano, the influence of the German historical school was still felt for many years in the economic thinking of authors such as Emilio Nazzani (1832-1904), Giuseppe Toniolo (1845-1918), Ugo Rabbeno (1863-1894), Gino Arias (1849-1942), among others. This fact makes clear the importance of the Lombard-Venetian group in the introduction of protectionist policies and social legislation in Italy during the period following the 1870s until the advent of World War I.

4. ALESSANDRO ROSSI AND PROTECTIONISM AS ITALY'S INDUSTRIALIZATION STRATEGY.

In spide of Vincenzo Rossi, Giuseppe Sacchi, Lorenzo Fabroni, Giambattista Pirelli, Giuseppe Colombo, Ercole Lualdi and Giuseppe Ferrari are among the firsts to advocate the need to grant protection to the emerging Italian industry, it was actually Alessandro Rossi the most notable adept of protectionism in the last quarter of the nineteenth century in Italy (ZALIN, 1985, p. 530). After visiting some of the most advanced industrial centers in England and France in 1845, Rossi took the leadership of the family business, and soon transformed a small textile factory located in Schio, a region situated in the north of Venice, in one of the most important industrial corporations of Italy. Rossi distinguished himself by his remarkable knowledge on the progress of economic science. His reading basically covered Colbert's mercantilism; the physiocratic doctrine of Quesnay and Mirabeau; the socialism of Saint Simon and Robert Owen; the classics of the economic theory from Adam Smith to Mill, as well as Jean Baptiste Say, De Molinari, Bastiat and De Petris. Among the German economists, Wagner, Brentano, Hertzka, and so on. Furthermore, it is noted that Rossi greatly appreciated the ideas of Wolff, Godeffroy, and Buech, that is, economists who emerged from Listian teachings. As regarding to American economists, Carey and Patten are certainly the most cited (ROSSI, 1871, p.7, ZALIN, 1985, p 564). Indeed, despite refraining from spreading his conception of political economy, perhaps on account of the censorship of the Austrian regime, the businessman of Schio was constantly informed about the economic discussions underway in the

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22 This work is dedicated with great honor and affection to Fedele Lampertico, of whom Cusumano considers himself a faithful and persevering disciple.

23 “Mentre gli economisti inglesi e francesi (…) han considerato lo Stato come un mecanismo e un semplice istituto di sicurezza i cui problemi sono soltanto negativi, quelli della Germania hanno avuto migliori opinione di esso e della vita sociale; han considerato lo Stato come necessario e giustificato in sé stesso, come depositario dei più alti e generali interessi della nazione; hanno desiderato il suo intervento anche nell’ordine economico, e quindi hanno opposto alle teorie economiche utilitarie, un vero spirito di umanità e un forte sentimento per il bene di tutte le classi sociali” (CUSUMANO, 1875, p. 93).
main scientific production centers in Europe and in the United States. It is interesting to note, however, that until the end of the 1860s Rossi was an intrepid supporter of liberalism, convinced that industry essentially represents a cosmopolitan phenomenon (ZALIN, 1985, p. 542).

Elected deputy soon after the unification, Rossi became an active herald of the interests of national industry. As a result, he radically defended protectionist measures as the only possible way to promote the economic development of Italy. It has been said that it was precisely his considerations on the tendencies of world market and above all his analysis of the American economic policy that triggered this change of position. In fact, he sponsored Egisto Rossi's stay in the United States so that he could provide a detailed study of the economic policy of this country, whose government had embraced protectionism since the first half of the nineteenth century. This work was intended to establish on factual grounds his protectionist claims, by showing how such measures had favored and consolidated the United States’ economy (BERTOLINO, 1977, p. 52; ZALIN, 1985, p. 564; RABBENO, 1893, p. 448). An alternative interpretation was presented by Silvio Lanaro and Emilio Franzina, who suggest that Rossi's political and economic thoughts are intrinsically related to the ideological metamorphosis that was set within the bourgeois class in the last decades of the nineteenth century, which was expressed, basically, through the national-corporativist ideology and, therefore, protectionist doctrine (FAVERO, 1999, p. 246-247; 1980, p. 20-21). On the other hand, Lanaro himself acknowledges that although Rossi assimilated protectionism only around 1870, his full conversion took place only around 1885, that is, when American concurrence and parliamentary debates concerning customs on grain was intensified (LANARO, 1971, 61-119).

It is interesting to highlight that albeit List was not among Rossi's favourite authors, from the mid-1880s the Senator of Schio elaborated complex arguments very similar to those exposed in the theory of the German economist, among which, it can point out together with history’s teachings, a vigorous defense of national interests, as well as the resumption of the political factor on economic issues. Finally, Rossi and List insist on the necessity of not excluding ethical questions from economic life. In other words, they were convinced that political economy should not only be concerned with increasing material wealth, but also promote the elevation of moral values and especially the capital of mind of a nation. In his famous speech of April 29th, 1885, which he considered as his testament in economics, Rossi made clear and irrefutable the influence of List on his ideas, by citing one of his most emblematic criticisms of List against English liberalism: “And, to serve myself of the beautiful expression of List, I will say that after being fortified by protection, prohibitions and maybe through halter, England pulled up the ladder behind, in order to the others were not strengthened; it pulled up the ladder when it came mature to exercise free trade”. In fact, conforming to Zalin, from the late 1870s, Rossi became increasingly attracted to the German world, recognizing that the liberalism spread by classical orthodoxy was nothing more than a theoretical label that does not fit with the practice of true political economy. Such a fact explains, in his

24 In a letter to Luigi Bodio dated May 7th, 1881, Alessandro Rossi states: “Sono sul decidermi a mandare un giovane studioso agli Stati Uniti per appurarvi le mie teorie economiche per l’Italia e convincere certi dottori che non hanno ancora viaggiata l’Italia”. In another letter dated August 30th, he says: “Mando il mio segretario D[otto]r Egisto Rossi agli Stati Uniti perché studi sul sito gli effetti della politica economica ivi dominante e me ne fornisca tema d’un libro con dati autentici a studio o notizia degl’italiani, istruiti finora d’una politica economica tutta diversa e da me combattuta, ma non ancora vinta, benché sussidiato da una falange di fatti e di cifre”. It should be noted also that this was not the first time that the Senator of Schio had entrusted Egisto Rossi with a study mission. In 1879 he sent him to Germany to collect documents on the establishment of the cooperative credit created by Schulze-Delitsche, the same that had inspired Luigi Luzzatti to establish popular banks in Italy (BNB, Carteggio Bodio, fasc. 1820 - “Alessandro Rossi”, lett. n. 2-3). In: FAVERO, Giovanni. Lo Statistico e L’Industriale: Carteggio tra Luigi Bodio e Alessandro Rossi (1869-1897). Roma: Istituto Nazionale di Statistica, p. 48-49, 1999.

25 “E per servirmi della bella espressione di List dirò che l’Inghilterra dopo essersi fortificata colla protezione, colle proibizioni e magari col capestro, perché non vi si fortificassero gli altri; ha tirato su la scala quando è venuta matura essa per poter esercitare il libero scambio”. Speeches by Senator Alessandro Rossi in rounds of 28,29,30 April and 4 May 1885 on measures for the agrarian crisis. [S.1]: Tip. Senate, Rome, p. 17, 1885.
opinion, why many of the governments of the European continent have become more and more aware of the damages caused by free trade (ZALIN, 1985, 552-561).

While conducting his efforts in defense of national industry, Rossi undertook one of the most impressive works of business management ever carried out in all Italy. Certainly, he had in mind a concept of development in which the pacification and the stability of social relations were seen as *condictio sine qua non* for the increase of labour productivity. For this reason, the implicit meaning of Rossian social policies has been the subject of a rich debate, even though often under a dichotomous parallelism. Indeed it can be argued that Rossi was a champion of democracy when proposing a wholesome coexistence between capital and labour, as well as it can say that his social measures were to hinder the socialist politicization of the working class and at the same time to show in practice that it is possible to conduct social reforms in the absence of labour legislation at the national level. Although the mobilization of the working class either by the socialist and communist parties or by the trade unions had been a political phenomenon fully performed only during the first decades of the twentieth century, it could say that in Italy the first manifestations of workers in support of the increase in wages and in the regulation of the working hours date back to the 1870s (CANAGLIA, 1985, pp. 420-421). In this regard, it should be pointed out that, in the last quarter of the 19th century, articles, essays, surveys and reports were written in the *Giornale degli Economisti* not only to highlight the harsh living conditions of workers, but also to draw attention to the need for a legislation that regulates factory work.26

Certainly, for the *socialisti della catedra*, the term labourer was somehow linked, albeit potentially, to the idea of social upheaval. In order to prevent the onset of a social revolution, they advocated the immediate promulgation of labour laws that enacted limits on working hours, minimum wage, sanitary codes, income redistribution, etc. Vito Cusumano, for example, stated that his group aimed to save society from a revolution similar to that of 1789, which would become increasingly imminent and inevitable if the necessary socio-economic reforms did not occur to prevent the expansion of socialism and communism (CUSUMANO, 1875, p. 364-366). This was one of the factors that intensified the conflict involving Rossi and the group of Padua. In fact, the polemic goes back to 1876, when Rossi contended with Luigi Luzzatti concerning the establishment of a legal instrument to widen State’s prerogatives on the regularization of the work of women and children in factories (LANARO, 1980, p.144). Against this measure, Rossi argued that a labour legislation for the whole Italy would disregard a set of factors, such as the specificity of each industrial center, the cost of living of each region, as well as the fact that in a context of falling demand, entrepreneurs would have trouble either to maintain or increase the supply of employment (ROSSI, 1980, p. 252-253).

Even though it is not possible to determine precisely the implicit reason for his reforms, it is undeniable that, with the profits of his businesses, Rossi founded mutual-aid associations, houses, schools, nurseries, recreation areas, etc., creating thus a favorable environment for the achievement of company's objectives. These advantages were devised not only to satisfy the aspirations of workers, but also to meet his own interests, since they gave him an excuse to keep the value of the

work at a relatively low level. According to Canaglia, the wage policy pursued by Rossi, despite being above the average salaries of other industrial centers like Piovene, did not produce a labour aristocracy, but a large mass of workers whose salary did not exceed the level of subsistence. Actually, all his paternalistic practice was a form of compensation to maintain production continuously, while at the same time suppressing dissatisfaction that could result in strikes. Roughly, Rossi's goal was basically to maximize his profits, to promote the development of the infant national industry and to face foreign competition (CANAGLIA, 1985, p. 428).

As reported by Lanaro, it is an unquestionable fact that protectionist policy exerted a notable influence on the process of economic growth in Italy between 1880 and 1915 (LANARO 1980: 163). However, in spite of being indubitable that there was an increase in the Italian industry's productive capacity in this period, it should also be noted that not all sectors of the Italian industry were benefited by protectionist measures, since these were accompanied by an oligopolistic attitude on the part of large companies, which aimed at dominating domestic market, albeit it slyly marginalized smaller competitors (FAVERO, 2011, 305). In this case, it is worth remembering that the small and medium-sized business of the furniture and carriage sectors in Venice, Genova, Varese, Cremona, Parma, Ravenna and Faligno complained about the negative effects of taxes on wood, while in Padua, taxes on coal made it more difficult to establish new factories. Likewise, in Turin and Rome, taxes on construction materials of any kind restricted urban growth. In Italy, therefore, protectionism was born and developed only as a response of the industrial elites of some urban centers to the problems of economic crisis and unequal competition with countries that, owing to their technological superiority, put at risk the growth of the Italian infant industries (FRASCANI, 1988, p. 99-101; BOLCHINI, 2002, p. 369).

In addition, it is necessary to investigate in depth the reliability of informations regarding this economic growth, since, as it is known, still in the last quarter of the 19th century, Statistics was considered a powerful instrument of rationalization of the practice of government, as well as to justify political decisions. Furthermore, it is also important to mention that there is a fundamental difference between the "atomistic" change in the data collected and a conscious effort on the part of data providers to modify the results of statistical surveys and their interpretation. As Favero observes, obviously, the latter case occurs only when the informers enjoy some kind of monopoly or oligopoly control over the supply of information, as was the case of Rossi, who exerted significant influence on the research of the industry until the end of the 19th century, due to his successful entrepreneurial activity, his illustrious political life and, above all, thanks to his intimate personal bond with Luigi Bodio, the same person who since 1870 was director of Dirstat (Direzione Generale della Statistica), an institution designed to collect statistical data, among others, on the growth of the industry. In fact, the relationship between Bodio and Rossi, the owner of the largest Italian textile industry and the most impetuous advocate of protectionism, was strategic for both. On the one hand, the fact of gaining industrialist's confidence allowed Bodio to enjoy a regular flow of wage and price data that he could use to implement his statistical projects. On the other hand, Rossi acquired the prerogative not only to exclude from statistical counts the small firms which depended on traditional systems of production and possible competitors, - as indeed he did in the research of the wool industry of 1895 -, but could also alter or conceal information in his favour, raising many doubts about the authenticity of such data. This raises many doubts about the reliability of such data, and justifies Italian economic historians' efforts to correct and revise them (for a review see FENOALTEA, 2010).

CONCLUSION

From the 1870s, economic problems caused by the spread of free trade divided Italian economists and, at the same time, created the favorable conditions for the advent of a prolific debate that
extended practically from the last quarter of the nineteenth century to the Great War (1914-1918). In addition to the indelible contributions of Scialoja and Ferrara, special attention is paid here to the group of intellectuals gathered in the circle of Padua to highlight how List’s economic thought, as well as the exponents of the German Historical School were read and re-interpreted by Italian economists. Likewise, one of the aims of this paper was to emphasize the importance of economists, both as regards the institutionalization of economics as a university discipline, and in the political and economic organization of the Italian state after its unification. In this sense, notwithstanding the depth and breadth of the thinking of these intellectuals, their respective conceptions of Political Economy were here highlighted, with a view to presenting, albeit briefly, the different perceptions of the purpose of this science according to these scholars. On the other hand, although it is not possible to speak of an Italian protectionist school, in contrast to the liberal one, the case of Rossi was considered emblematic to understand this phenomenon, since he was undoubtedly the main advocate of tariff policies in Italy, not neglecting any opportunity to vigorously proclaim his ideas in Parliament and elsewhere. The economic historical debate on Italian development has questioned the extent to which protectionism promoted economic growth in Italy and, above all, has highlighted that only some specific industries actually benefited from such measures. There is still the need to investigate how such interests found expression and fostered the emergence of different positions in the theoretical economic debate of the time.

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