

Carlo Cattaneo (1801–1869), Lombard Philosopher and Economist, Liberal Beyond Federalism

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Abstract Carlo Cattaneo is a prominent character of Italian *Risorgimento*, that is the political process that built Italy in the 19th century. According to him, the economic development depends on the same principles which the progress of civilization and ideas is founded on: freedom, will, intelligence. With his deep humanist animus, he is enlightened, because he believes in the human intelligence as spring of progress; is positivist, thanks to his trust in applied science; is liberal, since he thinks that only freedom can feed human intelligence. At the same time, he is a man of Romanticism, with his confidence in the possibility of overcoming all hindrances through liberty and will. As a true liberal, Cattaneo can hardly be classified in just one stream of thinking. The paper is organised as follows: after the Introduction, the second and the third paragraph give information about the historical and economic context of his activity. The fourth paragraph deals with his political vision and the fifth with his approach to political economy. The link between federalism and freedom, and the original idea of collective intelligence (*psicologia delle menti associate*) emerge. Finally, in the sixth paragraph a few concluding remarks are proposed.

1 Introduction

Carlo Cattaneo, intellectual deeply interested in political economy, politics, and philosophy, was a prominent character of Italian *Risorgimento*, that is the political process that built Italy in the 19th century. The Lombard Cattaneo was a liberal

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greatly appreciated by Luigi Einaudi, who called him an *Enciclopedico* belonging to the last generation of the Italian Enlightenment, and by Norberto Bobbio, who defined his thought *filosofia militante*, that is “militant, engaged philosophy”. His liberalism was not only a call for free economic activity, but also (and overall) a philosophical attitude rooted in the Enlightenment; but he pays attention also to the “independent” and “original” Vico, forerunner of the 18th century, who singles out the “social ideology”, that is the historical, collective dimension of the study of the individual (Cattaneo “Su la Scienza Nuova di Vico” [1839] 1957, pp. 328, 334, 354).

Cattaneo is an open-minded philosopher who constantly looks at the natural and social reality, with a profound belief in progress; in other words, a social scientist who wants to transform society, aware of the social and historical dimension that must assume the rational thinking: “the society cooperates with the individual thinking in several ways, beyond language” (Cattaneo “Psicologia delle menti associate”, especially par. “Dell’antitesi come metodo di psicologia sociale” and par. “Dell’analisi come operazione di più menti associate” [1859], 1972, vol. IV). Interestingly, he considers human intelligence, singled out in its collective dimension (*psicologia delle menti associate*), as the most important factor of economic and social development (Bertolino [1957](1979), 387).

Economic development depends on the same principles which the progress of civilization and ideas are founded on: freedom, will, and intelligence. Thus, public policy must also be based on these. A growing economy must be free from the constraints of administrative rules and tradition. Cattaneo supports free trade and property rights. Will, intelligence and hard work allow accumulation, investment, technical progress and infrastructures enhancement; government must back up this push, reducing uncertainty and establishing a fair fiscal system. Then agriculture will get benefit from the huge investments which increase productivity, and modern entrepreneurship will spread even to the countryside. The dichotomy between advanced industry and backward agriculture does not make sense in Cattaneo’s opinion, since in all sectors human intelligence plays a paramount role in modernising the economy and engendering social progress.

Cattaneo, with his humanist animus, is enlightened, because he believes in the human intelligence as spring of progress; he is a positivist, thanks to his trust in science and continuous claim for the empirical verification of the theories; he is liberal, since he thinks that only freedom can feed human intelligence. At the same time, he is a man of Romanticism, with his confidence in the possibility of overcoming all hindrances through liberty and will. As a true liberal, Cattaneo can hardly be classified in just one stream of thinking.

2 Cattaneo and the Italian *Risorgimento* in Lombardy

Cattaneo was born into a family of the petty bourgeoisie in Milano. Milan was the capital of the *Governo Milanese*, one of the two parts (the other was Venice and the *Governo Veneto*) of the Kingdom of Lombardo Veneto, established on 7 April 1815 by the Wien Congress. The administration had no actual political autonomy. The Austrian Empire, through the *Viceré* and the Governors of Milan and Venice, controlled all aspects of public life and, since the beginning of 1816, the Imperial civil and penal codes were adopted. Milan was a dynamic city, with a modern economy and high demographic growth. The population rose from around 111,000 inhabitants in 1800 to over 196,000 in 1861 (first Italian census). For 30 years (1818–1848) the *Viceré* was Archduke Ranieri, brother of Francis the First; he lived in Milan, and the Milanese aristocracy was not against his rule; however, he had no real power, because of the mentioned great centralisation. Differently, in Venice and its region the opposition was stronger, due to the legacy of the Venetian shining tradition of liberty and independence (Banti 2004).

In Milan and Pavia Cattaneo was a student of Gian Domenico Romagnosi, philosopher and political scientist, opposant of the Empire, suspected of conspiracy, arrested in 1821, then fired from the University. Cattaneo was deeply influenced by him, and their friendship lasted until Romagnosi's death in 1835 (Faucci 2013). Sestan expresses the influence of Romagnosi (especially in his last years) on Cattaneo in one phrase: scientific knowledge must ameliorate the human society. Romagnosi's entire life is the realisation of this program (Sestan 1957, xxv). Indeed Cattaneo is a pragmatist and sincerely politically engaged, both in the scientific debate, and in the direct action, e.g. as a member of the *Consiglio di guerra* (military headquarter) in the *Cinque giornate di Milano* (18–22 March, 1848), or, later, in the Swiss company for the Gottardo's railway.

However, scientific discussion and reflection published in books and journals, together with teaching in the secondary school, were the ways he preferred to take part into political debate and influence it. Even his parliamentary activity was virtual.¹

Federalism, which is the hallmark of Cattaneo's thought, is the pathway to ensure actual democracy, civil progress of enthusiastic and participating people and finally, together with the protection of property rights, economic growth. Indeed liberalism, radical democratic spirit, secularism and pragmatism mark the difference between Cattaneo's federalism and the federalism *neoguelfo* of Vincenzo Gioberti, who propounded an Italian federation ruled by the Pope, and the position

¹In March 1860, Cattaneo is requested to propose his candidacy by several Italian patriots, even though opposed by many others. Finally, he is elected at the Parliament in Turin, but he refuses to swear allegiance to the Crown, thus he never participates to the parliamentary sessions. In 1861 and 1865 he refuses, but in 1867 he runs for Parliament and becomes deputy. This time he goes to Florence, the new capital of Italy, but, again, he refuses the oath of loyalty to the King, taking part to the political life only out of Parliament (Armani 1997, 165 and 198).

of Giuseppe Ferrari, whose federalism was merged with socialist elements (Ferrari “La Federazione repubblicana”, cap. xi, p. 1112 ss. [1851], in Cattaneo et al 1957). Federalism, according to Cattaneo, is the only possible principle of freedom.

3 Economy in Lombardy and Northern Italy during the Cattaneo’s Years

A quick excursus on the Lombard economy at the middle of 19th century can help to understand Cattaneo’s thought. The landscape shows many small villages and an agricultural productivity quite high, but lower than in the most advanced regions of Germany, Belgium and the Netherlands. Morphologically, it is divided in three different belts. The Southern, plain belt has the most developed agriculture, with a large irrigation network, including also waterways: this is a “high technology” agricultural space, whose center is Po. Here the *grand culture* blossoms, in large estates owned by Lombard aristocracy or religious bodies, and managed by skilled farmers, who invest large amounts of capital. The intermediate belt, between plain and hills, has smaller estates (10–30 ha on average), owned by the aristocracy or high bourgeoisie, who often uses the villas as a summer residence. Here cultivation is based on sharecropping and provides revenue to landlords, but it is not their main source. The mountain is the poorest belt, with very small plots of land farmed by peasant families who own them, or are sharecroppers (in valley floor). Winter migration from the mountain to the city offers labourers for unskilled work (Cafagna 1993; Romeo 1985. See also Cattaneo himself: Cattaneo “Notizie naturali e civili sulla Lombardia” [1844], 1972, 369–470).

Lombard towns have a lively economic activity. They are centres of trade and services, and their markets (usually two–three times per week) are thoroughly regulated by an efficient administration.

The rise of population from the beginning of the 18th century changes the prevailing types of contracts ruling agriculture. The historically prevailing contract was the *masseria*. The sharecropper had to give the 50 % of the annual harvest to the land-owner, and obtained the use of land and farmhouse. Gradually it changed to *affitto misto a grano e mezzadria*. According to it, the landlord might pretend a fixed quantity of grain per unit of surface. Then the farmer had to raise a greater quantity of grain and give up products essential to his family. Due to demographical growth, also the farming of large estates changed. They were farmed by “mono-nuclear” families, with no bargaining power with the landlord. Then, in the second half of the 19th century, the standard of living of peasants and farmers fell, and many of them went to Milan and other cities, seeking a better standard of life.

In Lombardy industrialisation is beginning, thanks to private investments and the low customs duties in the Austrian Empire. Manufacturing grows from 1815–1848, when the revolution, and following repression, stops any further expansion. We have in Lombardy more than 50 % of the entire production of silk in the Empire,

and also a high production of cotton and textiles in Milan and Como. Metallurgy is well developed in comparison with the rest of Italy: Lombardy and Tuscany supply about 2/3 of the whole Italian production (Romeo 1985); but it represents a very small share of the total European amount (less than 1 % with respect to England). Modern handicraft is quite weak, with just few exceptions, like Milan's mint. Furniture, pottery, tobacco a (monopolistic publicly owned manufacture) and sugar must be mentioned as other important sectors, which absorb many workers (Romano 2012).

The neighbouring Kingdom of Sardinia was less developed, but the short Napoleonic experience had endowed it with a good administration, together with an advanced system of public accounting, on whose basis Cavour in 1853 renewed the administration of the Kingdom. There agriculture was not intensive, because of the morphology of the region, with just one half of plain land. Turin was the administrative centre, peopled by public servants, and very different from the dynamic Milan (Romani 1994, 2012).

In March 1821 the first revolutionary episode occurred in the Kingdom of Sardinia. The leader was Santorre di Santa Rosa, a noble member of *Carboneria*, a secret society that fought for the Constitution and political freedom. Independence of Northern Italy and Constitution were its main goals; but the revolution failed. Later, Gerolamo Ramorino, one of the leaders of the revolt, made the failed attempt of February 1834 in Savoia, organised and financed by Mazzini, with the participation of Cristina Trivulzio Belgioioso and the military collaboration of Garibaldi in Genoa. The first Italian revolution against Austria would burst in March 1848 in Milan, and there Cattaneo would play a prominent role.

4 Fundamental Aspects of the Political Vision of Carlo Cattaneo

Cattaneo is interested in history, political economy and also linguistics, in the wake of a very old tradition rooted in the French Enlightenment (Condillac, Turgot). His thinking is positive, in the sense that scientific knowledge must always have practical purposes, but without dropping in dogmatic positivism. His methodology derives from Romagnosi and the Lombard Enlightenment: Verri and Beccaria. He emphasizes the role of intelligence, science and technology, with an optimistic approach and a reformist attitude. He is a real European intellectual, attentive to the progress of transport (Gottardo railway), studies of compared agronomy (British and Lombard agriculture) and comparative literature (Schiller and Alfieri). In his short, relevant, paper *Del pensiero come principio d'economia pubblica* (1861), the relation between intelligence, freedom and will is expounded through several historical examples (Cattaneo "Del pensiero come principio d'economia pubblica" [1861] 1972). No biological analogy, nor dialectics of history are here present, but rather the principle that the free collective action of human intelligence, against ignorance and superstition, is the way to progress of institutions and the economy

(Fauci 2000, 179). On this basis he founds his science of history, particularly in *Notizie naturali e civili su la Lombardia* (1844), appreciated by Croce (Cattaneo “Notizie naturali e civili su la Lombardia” [1844] 1972, especially par. xlvii–l; Croce (1947³), 214–218).

Knowledge comes from experience and must be practically applied: this means civilisation and also politics, as a science of public good. This is the principle that informs his *Politecnico* in 1839–1844 and 1859–1869, where we find science, technology, political economy, administration (including public accounting and statistics), education, humanities and literature, whose topics are expounded and discussed to ameliorate the civil society.

His practical approach to politics is gradualist. He is in disagreement with the “revolutionarism” of Mazzini and also with the *Cinque giornate di Milano*, even though he plays a relevant role in them (Cattaneo “Dell’insurrezione di Milano nel 1848 e della successiva guerra. Memorie” [1849] (1957), especially par. xiii). As Cattaneo puts it, “Italy is not serf of the foreigner, but of Italians”: in fact, Austrians occupying Italy are merely “mercenary soldiers paid by a backward minority”, that is by the Italian upper class who is incapable of establishing a strong progressive hegemony over the country (Cattaneo “Dell’insurrezione ...” [1849](1957), 985–986). In fact, the upright Cattaneo is “moderate”, in the sense of gradualist. The keystones of his programme, which he invokes in many articles and occasional papers, are private property, free trade, particularly with Austria and Germany, and railways. He criticises the socialists like Proudhon, and is convinced that property and freedom can generate wealth and public happiness, as demonstrated by the agriculture of Northern Italy.

Generally speaking, he is radically in favour of liberty in all senses. “Liberty and truth” was his saying: “Liberty and truth! Sirs, write these words on the doors of all Universities! (...) Science is strength!” (Cattaneo “Psicologia ...” [1859](1972), par. “Dell’analisi come operazione di più menti associate”; see also Bobbio in Cattaneo (1945), 23). Then, not only is freedom a political and economic choice, but it also creates the atmosphere that allows the right use of reason and progress (Cattaneo “Ricerche economiche sulle interdizioni imposte dalla legge civile agli Israeliti” [1836](1957), capo viii).

Liberty generates liberty, tolerance, friendship, peace. Only free discussion can give birth to scientific knowledge. His profound faith in freedom goes with patience and prudence. Liberty will spread without violence; he believes in reform, not in revolution, differently from Mazzini, suspected also of bent for dictatorship. But Cattaneo is also against the *moderati* Gioberti and D’Azeglio, and fiercely against Cavour, accused of being an imperialist politician, who pays no attention to the popular claims for independence and freedom. Cattaneo’s liberalism is near to the republic, considered as a part of the Italian tradition. His patriotism leads him towards a political nationalism, merged with an intellectual cosmopolitanism; but always keeping in mind that freedom is more important than independence, because it will, sooner or later, create independence, whereas independence without liberty is just a change of master (Cattaneo “Dell’Insurrezione ...” [1849](1957), 991–995).

This is the core of the most famous doctrine of Cattaneo: federalism. Federalism both in Europe and in Italy; this is the core point of his thought, where natural, spontaneous freedom and association of intelligence converge, engendering civil and economic development. Liberty, republicanism, pluralism and federation must go on together, even though freedom and federation are essential, but the republic is not. Indeed, Cattaneo propounds federalism in the Habsburg Empire and condemns Mazzini's republicanism, because the republic must be not a goal itself, but rather, if possible, a tool to obtain and ensure freedom, and then federalism.

Cattaneo's federalism is not strict, conservative localism. Obviously, he refers to the geographical characteristics and historical legacy, but the core of his federalism is the principle according to which an unitarian state is doomed to be despotic, because unity stifles autonomy and liberty. Only pluralism of political decisional centres, that is unity *and* distinction, can guarantee freedom and social and civil advancement. According to him, this would be the only way for the Habsburg Empire to survive.

Federalism should be the political principle of Europe, and, broadly speaking, of the progressive Occident, as an alternative to war. Only free agriculture, trade and science, and the federal pact between nations, can create solidarity and eliminate wars and conquests, in the spirit of true liberalism. This is the natural outcome of politics founded on positive science and liberty. Here Cattaneo sets himself in the great European tradition of Constant and Sismondi, well known in Italy, who underline the role of local autonomy, as a space for liberty and a "school" of democracy and sociability. Last but not least, we can see here the influence of Tocqueville, who publishes in 1835 and 1840 *De la démocratie en Amérique*, where the most important federal state is described.

Cattaneo's federalism is coherent with his scientific approach, which shows him the difference, plurality and complexity of nature and society. His idea of federalism, which rises between 1835 and 1848, derives from his wide range of studies, always applying a scientific method, and is their achievement. In our opinion, Cattaneo's federalism is not just an institutional option, but it is also the sole political structure compatible with freedom and civilisation. Nevertheless, Cattaneo gradually realises that this theoretical principle is difficult to apply, and claims for federalist reforms more and more focused on particular states or public institutions.

Before 1848, Cattaneo's principle of federalism apparently should apply to the Empire and Europe. From 1848–1860, he has fully developed the idea, which is deemed suitable for Italy. Finally, after 1860 he believes in federalist administrative and military reforms in the new unitarian Italy (Bobbio 1945, 41 ff.). In the first period, before 1848, he thinks that federalism can deal successfully with the different nationalities in the Habsburg Empire and, more widely, in Europe. In the Italian peninsula, just Lombardy and Venice are involved in the process. Federalism is propounded as a real principle of universal peace, with its humanitarian, and also economic, positive consequences. Federalism in international relations plays the same role as the "association" of human beings that gives birth to the *psicologia delle menti associate*, i.e. collective intelligence: unity in diversity. The free

decision to coordinate the efforts of heterogeneous individuals, or states, is the way to obtain progress and peace.

The defeat of the revolution in 1848 convinces Cattaneo that the republic idea and federalism are the keys to winning the Italian revolution in the future. He believes that the intervention of Piedmont has been the cause of the defeat, because the Lombards were afraid of a new sort of colonialism, even worse than the Austrian occupation (Cattaneo “Dell’insurrezione di Milano nel 1848 ...” [1849] (1957), e.g. 991, where the politicians of Piedmont are called “makers of our fall”. See also Armani 1997, 162). Then the situation was far from a real political unity, which respects the local culture and customs. Unity does not mean fusion, Cattaneo asserts, against the imperialism of Savoia and the “Caesarism” of Mazzini. But the evident difficulty lies in the transposition of the federalist principle to a state that does not include different nationalities. Federalism must also be adopted, he underlines, in states with one language and one nationality, like France. The point is the nearness between the institution that makes the laws and the people who must obey them. Also in this sense, federalism and liberty are strictly connected.

Cattaneo does not have any organic and complete theory of federalism, its historical genesis, its institutions, its possible application in different countries. His references are the United States and Switzerland, where he spent the last 20 years of his life. The original project of the *Stati Uniti d'Italia* (United States of Italy) is a republic composed by a lot of small republics, even small towns, without any intermediate institution (Cattaneo “La riforma legislativa” [1861](1945), 189–196. According to Bobbio, this short paper is a very clear description of his federalist project. See Cattaneo (1945), 317, note 1). Like the other Italian republicans Ferrari and Montanelli, he looks at the Italian *comuni* of the Middle Ages and the battle of Legnano (1176).

In 1859 the second war for the independence of Italy bursts, where France and the Kingdom of Sardinia are the winners. Now Cattaneo is favourable to the alliance with Napoleon the Third, because he appreciates the republican and military *animus* that France brings in Italy; but this is in contradiction with his thought. Indeed he can hardly maintain that the Emperor of France is not a dictator; or that Napoleon the Third would raise several little republics in Italy that, in turn, would establish a great federal republic. Cattaneo is compelled to accept a geo-political play very far from him. The federalist perspective is out of debate, and he is involved in active politics, but with difficulty, as we have seen.

After 1860, the political federalism is even more utopian in Italy, therefore Cattaneo reduces his project and claims for federalism in administration and the Army, where the conscripts would have a real fighting spirit, since they defend their homeland, families and properties. This is the Army in a world where war is almost impossible; an Army that would not fight any aggressive war. Such Army, based on compulsory military education from the childhood, would be cheaper and worthy of praise. It would no longer be a bureaucratic structure of the State, but the State itself, that is people always ready to defend their country, freedom and independence. The sense of belonging, in this case, would be at the top, as we read in an article published on *Il Politecnico*, second series (Cattaneo “Nazione armata”

[1860](1945), 197–230). The *Mille* (the fighters led by Garibaldi) were the real popular Army, which won against the regular Army of the Kingdom of Naples.

As to administration, Cattaneo's programme is autonomy and decentralization, against the imperialist strategy of Savoy. The Italian states must reform the administration by themselves; the imposition of laws and bureaucracy from one state to another is wrong, since each state has its history and customs and, sometimes, more advanced laws than the conqueror's. Decentralisation means that every Italian state should have its Parliament, and that the general Parliament should decide only on common affairs. Then the town councils are the core of a free nation. This is the last form in which Cattaneo propounds federalism: an institutional shield of liberty and democracy. It remains his lively message also today (Cattaneo "La città considerata come principio ideale delle istorie italiane" [1858] (1957), 997–1040; Cattaneo "Il problema dell'ordinamento amministrativo" [1860 and 1864] (1966), 207–251).²

However, federalism in Italy would be partly adopted only many years later, in the republican Constitution (1948), whose part on Region was enforced in 1970, about a century after Cattaneo's death; and the coherence of the Italian regional decentralization with his project is disputable.

In Cattaneo's life, we can say that federalism was not really understood, and apparently it was not a political doctrine suited to Italy. Cattaneo believes in the direct, spontaneous, popular action, which, in the case of the Italian *Risorgimento*, could be a revolt organised in local councils. But, in fact, the independence of Italy was realised through the conquest by Savoy and plebiscitary annexations. Cattaneo's idea of an Italian federation comprehended several small monarchies, which were unlikely to give rise to Italian republic. As remarked by Mazzini, the United States were a continent, and Switzerland was a multi-national country; nothing to do with the Italian case. The Italian tradition in a country in quest for its unity was not favourable to federalism (Bobbio (1945), 80–88).

Beyond its actual historical legacy, Cattaneo also has the political idea of federalism as a theory of freedom. Federalism, he thinks, guarantees the civil and political liberty, because it recognises the territorial differences and brings power near citizens. Indeed, federalism is administrative decentralization, but also legislative autonomy. Now, democratic participation, self-government, even a sort of

²The paper "La città ..." was published in four parts in Milan on the newspaper *Crepuscolo* edited by Carlo Tenca in October and December 1858. In the last part we find a clear expression of the basic ideas of Cattaneo's federalism; see on this point Becattini (2001), 49–68 and Raffaelli (2014), 87. The chapter "Il problema dell'ordinamento amministrativo" is divided into two parts. It includes the article of *Il Politecnico* "La circolare del Ministro Farini sul riordinamento amministrativo", where Cattaneo criticises the reform proposed by Farini after the war of 1859, because its decentralisation is not effective. In the four letters addressed to *Diritto* in June–July 1864 (second part of the chapter), Cattaneo is critical of the reform of the *legge comunale e provinciale*, which regulates the local administration, proposed by Marco Minghetti.

direct democracy (in a realistic sense), were elements too new, unacceptable by the political instances at the time; but even more relevant today. In this sense, federalism is not only a “theory of freedom”, but also a “theory of democracy”.

5 Cattaneo and Political Economy

As we have seen, intelligence and liberty are the basis of human action and advancement of ideas. They are also the very cause of economic development, provided property rights are protected. These principles can be found in several articles and papers. We mention some of them, where, in our opinion, the economic (and social) doctrine of Cattaneo is thoroughly expounded.

In our opinion, the late essay *Del pensiero come principio d'economia pubblica* (1861) (Cattaneo “Del pensiero come principio d'economia pubblica” [1861] 1972) highlights some of the basic points of Cattaneo’s economic thought. He maintains that thinking and intelligence are the springs of economy. Primitive people are poor simply because they are not able to use the large natural resources they have; therefore intelligence is the only quality allowing economic and civil growth. Cattaneo remarks that the Physiocrats, Smith, Genovesi and the Socialists undervalued that. In particular, he criticizes the Physiocratic idea of *pur don*, and their ignorance of the role of human labour, which is the real producer of surplus. Smith appreciates labour, but considers intellectual classes as unproductive. Genovesi sees the indirect contribution to production of soldiers and intellectual classes, who defend and manage the economy. But he does not see correctly and suggests that these classes must be comparatively small, because the wealth of nations derives from the contribution of the directly productive classes. Socialist equality, Cattaneo comments, is a limit to human will and belittles intellectual activity, because the “fair” socialist distribution considers just the physical participation to labour, and overlooks intelligence. Moreover, Socialism wants to abolish personal interests, which historically have been the force that pushed man to action.

The real urgency is to study the economic effect of intelligence and will. Intelligence renders men able to use capital and labour correctly. Before labour and capital, intelligence must begin the work. It creates technical progress, then higher productivity. Neither nature, nor manual work are the fundamental cause of the wealth of nations, but intelligence. Government must understand this and encourage intelligence and will.

Now, some notes on the most important Cattaneo writings in political economy can be useful to understand his economic thought.

The *Ricerche economiche sulle interdizioni imposte dalla legge civile agli Israeliti* (1836) (Cattaneo “Ricerche economiche sulle interdizioni imposte dalla legge civile agli Israeliti” [1836](1957), 361–485) are occasioned by a controversy between France and Switzerland. Paradoxically, after the treaties of 1827 and 1828, Switzerland was compelled to recognize the property of land to French Jews, but not to Swiss Jews. Here the young Cattaneo establishes an original link between

religious discrimination, economic institutions and the creation and distribution of wealth. He discusses the prohibition to own land, and guesses that this is the cause of the wealth of Jews. Indeed they had no choice: since their ownership of land or firms was illegal, or, at least, unsure, just the lending activity was possible for them. Also luxury items and many entertainments were forbidden to them. As a result, the wealth of Jews rose dramatically because of their persecution.

The interdiction of the ownership of land, Cattaneo observes, has various bad consequences. Land is the first wetnurse of peoples and fundamental to civilisation. Landlords are always very much respected; in fact, the financial activity is more profitable, but it offers less respectability. Might Jews buy land, they would abandon the lucrative financial investments. This for a couple of characteristics of human nature: human vanity and risk aversion, which Cattaneo singles out as powerful forces that create a sort of natural preference for land. Such a flow of capital would enhance the productivity of agriculture, and finally the economic and social development. Thus, prejudice and intolerance stifle liberty and human dignity, and also cause global economic losses.

The reinvestment of financial or agricultural profits in the same sector has different effects on collective welfare. The free market offers very profitable business in finance, where profit is high because finance is risky (here Cattaneo offers a seminal theory of risk-profitability); but the financial entrepreneur is likely to seek less risky (even though less profitable) opportunities to invest his profits, and he finds them in land. This is a good chance for agriculture, since it needs large investment. In this case, the pursuit of self-interest on the free market, and the trade-off between risk and profitability, leads to collective welfare.

In the *Notizie naturali e civili su la Lombardia* (1844) (Cattaneo “Notizie naturali e civili su la Lombardia” [1844] 1972, 369–470) and in the *Saggi di economia rurale* (Cattaneo [1833–1857] 1975, 1° ed. 1939), collected and appreciated by Einaudi, Cattaneo describes the geography of Lombardy from various points of view.³ He says that cultivation is the creation and settlement of an artificial fatherland. In Lombardy, the natural landscape is not appealing. Ponds and infertile land are abundant and water is not easy to bring to the fields; but watering, manuring and the use of modern techniques have transformed useless land in real fields, highly profitable (*alta cultura*). Together with these techniques, various institutional novelties were introduced: e.g., the *diritto di acquedotto*, that is the right to set up aqueducts also if they pass through estates owned by different proprietors, thanks to the payment of a predetermined sum; property and entrepreneurship are both protected. Even in this case, we see that land, capital and labour are necessary, but not sufficient. Collective intelligence is needed, in the form of technical progress and fair institutions.

When the urban, industrial bourgeoisie invests in agriculture, a social transformation takes place. Landlords make the first group of investment in infrastructure:

³On the importance of geography and anthropology in Cattaneo’s thought, with particular reference to his economic vision, see Macchioro [1992] (2006), par. 3 “Economia ed geo-etnografia”.

buildings, bridges, waterways, and so on. Farmers lease the land with long-term contracts. They are entrepreneurs, who develop “high farming” (*alta cultura*), with high productivity. This virtuous mechanism rules only if the property rights are assured and contracts of insurance are possible. Moreover, specific institutions and conventions, elaborated by agronomists, are essential for agriculture. We can mention the long-term lease and the *enfiteusi*, or *consegna e riconsegna*, a contract by which the farmer, who ameliorates the estate, must be repaid by the landlord. The fiscal system of the *censo perpetuo* helps agriculture. In this case, the tax is not proportional to revenue, but to the original value of land; thus the whole rise in value, obtained through the work of the farmer, is free of tax. Then farmers are encouraged to enhance agricultural productivity (Cattaneo “D’alcune istituzioni agrarie dell’Alta Italia applicabili a sollievo dell’Irlanda. Lettere a Roberto Campbell, ufficiale della Marina britannica regio vice—console in Milano” [1847] 1975, 142 ff.).

Country and town, Cattaneo observes, are a couple of worlds not separated. As we have just seen, the profits of industry can be invested in agriculture; and modern entrepreneurship should grow not only in towns, but also in the countryside, thanks to modern systems of education, where theory and practice go together in agricultural schools economically self-sufficient (Cattaneo “Progetto di un istituto agrario nelle terre incolte dell’Alto Novarese” [1833] 1975, 3–9).

Cattaneo is able to understand the probable cause of the poverty of the Lombard peasants. Paradoxically, it is due to the growth of agriculture. Indeed, in this case, rent increases, landlords are richer and food becomes more expensive. Therefore real wages drop and labour supply increases, because many people are obliged to seek work, since the price of food soars (Cattaneo “Su le condizioni economiche e morali della Bassa Lombardia” [1851] 1975, 147–170, especially 163). Cattaneo understands this, and Einaudi praises him very much; but the Lombard economist is not able to find a solution, if not public charities, which he considers as the main way to deal with inequality and (potential or actual) social conflicts (Cattaneo “Beneficenza pubblica” [1839] 1989, 223–252. See Puccio 1977, 155–161).

Free trade is another key point of Cattaneo’s economic approach, founded on liberty. In his review of the volume *Das nationale System des politischen Oekonomie* (1842) by Frederich List (Cattaneo “Sistema nazionale d’Economia politica” [1843] 1989, 1219–1278), he criticizes the German author, who defends protectionism to develop the blossoming young national industry, with the idea that later, when the economy is strong enough, customs duties would be abolished. Cattaneo thinks that duties derive from private interest and rent-seeking behaviour, and that free trade and free market create the best atmosphere for industrial development even in this case. He shares the opinion of Smith, according to whom the enlargement of the market is necessary for economic growth. Furthermore, he notes that a few domestic industries, which supply important goods on the national market, can grow with great difficulty, due to geographical characteristics. Therefore their output is expensive and can be competitive on the internal market only thanks to the protection of duties, and this may increase the cost of production

of several industries. In this case, free international trade would push each country to specialize, and the final outcome would be positive for all countries involved: in modern language, a better allocative efficiency would be achieved thanks to the free market, provided no protection be allowed. Furthermore, the policy makers must take into account that, in general, the rent-seeking behaviour and the weakness of national industries developed under protection make it difficult the abolition of duties no longer necessary.

List is also against the importation of foreign capital, since he fears large external debt. Cattaneo disagrees, because a growing economy demands a great amount of capital. Renouncing to it means reduction of growth. Even if domestic industry could build, for example, the infrastructures needed, without investing foreign capital, finally it would make it at higher cost, and the scarcity of capital would harm the national economy. Instead of stopping the inflow of capital, Cattaneo suggests evaluating the perspectives of the domestic industry and verify its possibility of growth, compared with the subvention received.

6 Concluding Remarks

What remains of Cattaneo's legacy? His idea of federalism can be taken into consideration to cope with a political problem relevant today: the mistrust of citizens in politics and public administration. The European Union could fruitfully learn something from the thought of this ancient federalist, about the necessity of a political union growing harmoniously, with the participation of its citizens.

As to specific economic issues, the role of intelligence and the *psicologia delle menti associate* is an original intuition, also today, when collective intelligence is considered to be an autonomous factor of production. Finally, his argument in favour of economic freedom and protection of property rights appears perfectly in line with the institutionalist approach to the economy of development. This great scholar and patriot has something to tell us, after almost a century and half since his death.

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and Italy, 1789-1914

A Comparative Study

Soliani, R. (Ed.)

2017, X, 221 p. 1 illus. in color., Hardcover

ISBN: 978-3-319-25353-4