

Economic Vichism

(Vico, Galiani, Croce - Economics, Economic Liberalism) (*)

1. As every reader of the *New Science* knows, Vico's book contains a section on "poetic economy" — the economy of the "age of heroes". This was the first study of such a topic ever conceived. Vico also dealt with some socio-economic problems of later stages of social evolution. In none of his works, however, did he pay specific attention to problems of economics *stricto sensu*. In spite of this, a study of (a) the set of direct and indirect inferences that can be drawn from the principles of the *New Science* in the economic field — what we might call "Economic Vichism" — and (b) the relationship or analogy, if any, of "Economic Vichism" to later economic theories or viewpoints, and its place in the history of economics, is justifiable and very interesting. Let us remember with Professor Fisch (1) that "just as Euclid's *Elements* as a system is susceptible of indefinite further development without addition or change in the definitions, axioms or postulates, so Vico's *New Science* is susceptible of indefinite further development without change in its principles".

2. In order to draw inferences in any field from the principles of the *New Science*, one must have previously singled out those principles and selected the ones most relevant to his field — be it philosophy, anthropology, psychology, economics, or any other.

(*) This article will appear in *Giambattista Vico: An International Symposium*, ed. Giorgio Tagliacozzo, which will be published by The Johns Hopkins Press in early 1969. We are happy to bring it out on the three hundredth anniversary of G. B. Vico's birth (June 23, 1668-January 23, 1744).

(1) MAX H. FISCH, *Introduction to The New Science of Giambattista Vico*, trans. Thomas G. Bergin and Max H. Fisch (New York: Doubleday, 1961), p. xlii. All quotations from the *New Science* in this essay, as well as the page numbers cited, refer to excerpts from this edition.

Nevertheless, anyone interested in "Economic Vichism" does not need to single out the principles of the *New Science* by himself, or to select those most relevant for economics, or even to draw basic inferences from them on such problems as value, interest, or monetary and economic policy, because, as we hope this essay will demonstrate, these tasks have already been performed, perhaps unsurpassably. The scholar who accomplished this feat a few years after Vico's death — developing a full-blown economic viewpoint that is still worthy of attention — was Ferdinando Galiani (2). Such being the case, our basic tasks in this essay will be: (a) to single out those principles of the *New Science* which are the foundation of Galiani's economic thought; (b) to point out the inferences Galiani drew from those principles and, of course, to recall his rich and original elaborations upon them; (c) to point out the influence of Galiani's thought on, or analogy with, later theories; (d) more generally, to define the place of the economic viewpoint stemming from Vico and creatively developed by Galiani — "Economic Vichism" — within the history of economic thought. A prerequisite for the performance of task (d), however, is a comparison between Galiani's and Benedetto Croce's economic ideas, and between "Economic Vichism" and "Economic Liberalism". The foregoing explains the title of this essay and its sub-title. For the sake of brevity there will be a certain amount of overlapping in the treatment of the topics listed above.

3. There are singular analogies between Vico's discussion of the principles of the *New Science* and Galiani's discussion of the principles of economic value. These may be condensed as follows:

(a) Vico devoted Book I of the *New Science* to the "Establishment of Principles". Galiani opened his *Della Moneta* with

(2) On Galiani's life, personality, and work see Giorgio Tagliacozzo, ed., *Economisti napoletani dei sec. XVII e XVIII*, (Bologna: Cappelli, 1937), *Introduzione*, pp. xvi-xx, and *Nota*, pp. xl-lxviii. This book also contains a bibliography on Galiani (pp. lxx-lxxvi) and large excerpts from his *Della Moneta* (pp. 93-214) and *Dialogues sur le Commerce des blés* (pp. 217-63). All quotations from Galiani's works in this essay, as well as the page numbers, refer to excerpts included in the above volume. An extensive bibliography on Galiani has recently been compiled by Walter Brauer (Ferdinando Galiani, in *Handwörterbuch der Staatswissenschaften*, vol. IV [Stuttgart: G. Fischer, 1965], pp. 200-201). See also HERBERT DIECKMAN and PHILIP KOCH, "The Autograph Manuscripts of Galiani's *Dialogues sur le Commerce des blés*", *Harvard Library Bulletin*, vol. IX, No. 1 (Winter, 1955), pp. 110-18.

a "declaration of the principles from which the value of all things originates" (3).

(b) In Vico's *New Science*, "principle", in addition to its usual relatively abstract scientific meaning, has the etymological meaning of "beginning"; hence, it has a relatively concrete genetic meaning (4). Something similar can be said about "principles" in Galiani.

(c) Before putting forth his principle that "the world of civil society has certainly been made by men" and that "its principles are therefore to be found within the modifications of our own human mind" (5), Vico blamed the "conceit of the nations, each believing itself to have been the first in the world", for leaving us "no hope of getting the principles of our science from the philologists", and the "conceit of the scholars, who will have it that what they know must have been eminently understood from the beginning of the world", for making us "despair of getting them from the philosophers", so that "for purposes of this inquiry, we must reckon as if there were no books in the world" (6). Elsewhere, Vico lashed out at the philologists for accepting "with an excess of good faith the view that in the vulgar language meanings were fixed by convention" (7). He also stated that the natural-law theorists failed in what they attempted, and they failed "by beginning in the middle, that is, with the latest times of the civilized nations... from which the philosophers emerged and rose to meditation of a perfected idea of justice", instead of "beginning the treatment of law [as he does] at this most ancient point of all times..." (8). Finally, Vico censured the viewpoint of the Enlightenment, according to which laws, names, family coats of arms, medals, money, language, and writing are created by convention, substituting for it his concept that, on the contrary, they are natural creations of the human mind (9). Analogous to all this, Galiani, on two occasions (10) — i.e., before pre-

(3) *Della Moneta*, pp. 94 ff. The works quoted in the text appear in the title of Book I, Chap. 2.

(4) See FISCH, Introduction to the *New Science*, p. xxii.

(5) BERGIN and FISCH, *New Science*, sec. 331, pp. 52-53.

(6) *Ibid.*, sec. 330, p. 52.

(7) *Ibid.*, sec. 444, p. 104.

(8) *Ibid.*, secs. 394 and 398, p. 83.

(9) *Ibid.*, sec. 434, p. 100 and *passim*.

(10) *Della Moneta*, pp. 94-95 and 125-26.

senting his basic principles on value in general and on the value of precious metals in particular — denounced the “scholars” (“saggi”), according to whom the value of precious metals is determined by convention. “How ridiculous”, he said on the second of those occasions, “are those who claim that men all gathered at one time and agreed to use as money those metals, by themselves useless, thereby endowing them with value. Where are these congresses, these agreements [“convenzioni”] of all mankind...? His answer, which followed immediately, was: “One must indeed say that when all men share in a given sentiment and keep that sentiment for many centuries, this is not due to a decision made at meetings held beside the Tower of Babel or the Ark; it is rather due to the dispositions of our souls and to the intrinsic qualities of things, because these, indeed, are always the same and always will be” (11). This passage — the starting point of Galiani’s explanation of the value of precious metals — is closely related to a combination of the Vichian statements mentioned a moment ago. Furthermore — as Nicolini was the first to point out in 1918 (12) — it is a paraphrase of two Vichian axioms: “Uniform ideas originating among entire peoples unknown to each other must have a common ground of truth” (13); and “The nature of institutions is nothing but their coming into being [“nascimento”] at certain times and in certain guises. Whenever the time and guise are thus and so, such and not otherwise are the institutions that come into being” (14).

(d) Galiani’s view that the value of money stems from a natural relationship between “the dispositions of our souls” (i.e., the natural inclinations of the human mind) and the “intrinsic qualities” of precious metals is, as he points out, only one instance of a natural relationship between the human mind and a particular type of

(11) *Ibid.*, pp. 125-26. Galiani (*ibid.*, p. 124) also explains in an obviously Vichian vein that, “since things have very small and invisible beginnings, a slow growth, an irresistible power of forging ahead (because they are sustained by nature itself, which is ordained to give them motion), man cannot either perceive their beginnings or stop their growth, or undo them, once they are established”.

(12) FAUSTO NICOLINI, “G. B. Vico e F. Galiani”, *Giornale storico della Letteratura italiana*, LXXI (1918), p. 159; see also FAUSTO NICOLINI, ed., *Nota*, in FERDINANDO GALIANI, *Della Moneta* (Bari: Laterza, 1915), p. 368.

(13) BERGIN and FISCH, *New Science*, sec. 144, p. 22.

(14) *Ibid.*, sec. 147, p. 22. On the genetic meaning of “nature” in the *New Science*, see FISCH, Introduction to the *New Science*, p. xxii. Similar remarks would apply to Galiani (see n. 11 above).

things. Another of the several instances mentioned by Galiani is the natural feeling of men for the “things capable of bestowing honor upon their owner” (15). These Galianian views are reminiscent of Vico’s statement that “... all nations, barbarous as well as civilized, though separately founded because remote from each other in time and space, keep these three human customs: all have some religion, all contract solemn marriage, all bury their dead” (16).

(e) Before dealing with any particular instance of a natural relationship of the type indicated, however, Galiani analyzed the natural relationship existing between the human mind and “things” in general. This is his value theory proper. “Any edifice erected on these bases” (i.e., on the natural inclinations of the human mind in their relationship with “things”), Galiani says, “will be durable and eternal” (17). This statement, *mutatis mutandis*, is reminiscent of the following ones by Vico: “Now since this world has been made by men, let us see in what institutions all men agree and have always agreed. For these institutions will be able to give us the universal and eternal principles... on which all nations were founded and still preserve themselves” (18), and “Doctrines must take their beginning from that of the matters of which they treat. This maxim... is universally used in all the matters which are herein discussed” (19).

4. Galiani’s value theory proper, based on *utility* and *scarcity*, is well known to, and has been highly praised by, historians of economics. Therefore, we shall dispense with summarizing it again here. The following statements, which appeared after the publication by this writer of a note on Galiani’s economic theory (20), will be sufficient to recall the main reasons for such praise:

(a) Galiani developed an economic theory based entirely on subjective estimation. The outlines of his system are still valid today (21).

(15) *Della Moneta*, p. 99.

(16) BERGIN and FISCH, *New Science*, sec. 333, p. 53.

(17) *Della Moneta*, p. 96.

(18) BERGIN and FISCH, *New Science*, sec. 332, p. 53.

(19) *Ibid.*, secs. 314 and 315, p. 49.

(20) TAGLIACOZZO, *Economisti napoletani*, pp. xl-lxviii.

(21) EMIL KAUDER, “Genesis of Marginal Utility Theory”, *Economic Journal*, LXIII (September, 1953), p. 645.

(b) Value in use, according to Smith, is a precondition of exchange value. But value in use does not directly constitute value in exchange or price. This is a crucial point in the history of economic theory. Smith observed what was later called the "economic paradox", i.e. that the most useful things, such as bread, are cheap, while things comparatively less useful, such as diamonds, are expensive... The degree of usefulness, however [according to him] will not determine price; to do so will be left to the cost of production under the pressure of competition. It remained for the so-called modern or subjective theory of value, developed one hundred years later, to resolve the economic paradox by relating exchange value and price to the degree of value in use. The procedure for doing this had already been suggested by Galiani but was overlooked by Smith (22).

(c) Galiani, the critic of the physiocrats, had impressed Turgot; but his real successor, much older than himself, was the abbé and philosopher Etienne Bonnot de Condillac... Condillac restated the doctrine of Galiani (23).

(d) Galiani anticipated by one hundred years two important schools of thought — the neo-classical and the historical (24).

(e) Anyone who today reads Gossen, Jevons, Menger or Marshall is bound to recall Galiani's penetrating views... (25).

(f) [Galiani was] one of the ablest minds that ever became active in our field (26).

(g) He [Galiani] displayed sure-footed mastery of analytic procedure and, in particular, neatness in his carefully defined conceptual constructions to a degree that would have rendered superfluous all the nineteenth century squabbles — and misunderstandings — on the subject of value had the parties to these squabbles first studied his text, *Della Moneta*, 1751 (27).

(h) ... It was the "subjective" or "utility" theory of price that had the wind until the influence of the *Wealth of Nations* — and

(22) EDUARD HEIMANN, *History of Economic Doctrines* (New York: Oxford University Press, 1945), pp. 67-68.

(23) *Ibid.*, pp. 108-9.

(24) *Ibid.*, p. 62.

(25) LUIGI EINAUDI, *Galiani Economista* (Rome: Accademia Nazionale dei Lincei, Rendiconti, Classe di Scienze morali, storiche e filologiche, serie VIII, vol. IV, fascicolo 3-4, marzo-aprile 1949), p. 123. Also: LUIGI EINAUDI, "Einaudi on Galiani", in *The Development of Economic Thought*, ed. Henry W. Spiegel (New York: John Wiley, 1952), p. 64.

(26) JOSEPH A. SCHUMPETER, *History of Economic Analysis* (New York: Oxford University Press, 1954), p. 292.

(27) *Ibid.*, pp. 300-1.

especially Ricardo's *Principles* — asserted itself. Even after 1776, that theory prevailed on the Continent, and there is an unbroken line of development between Galiani and J. B. Say... Beccaria, Turgot, Verri, Condillac, and many minor lights contributed to establishing it more and more firmly (28).

(i) Galiani's contemporaries appreciated the new vistas which he opened. The French economist and statesman, Anne Robert Turgot, in an unfinished paper, "Valeurs and Monnaies", developed a price theory along Galiani's lines (29).

(j) With Galiani and Turgot subjective valuation becomes the keystone for a system of thinking. This theory had to be defended against the classical system which was based on labor costs. The defense of Galiani, his followers, and his friends was taken over by Condillac (30).

(k) Due to Adam Smith the Galiani school never went beyond the very promising start indicated in Turgot's unfinished work. Adam Smith had an unfortunate influence on the further development of the value explanation... (31).

(l) Most works which [Menger] perused for the publication of his *Principles* are quoted in two lengthy footnotes which read like a history of the value-in-use theories from Aristotle to Albert Schaffle. He examined, but not too carefully, Montanari, Galiani, Turgot, and Condillac. He dismissed the achievement of the earlier French and Italian writers with the remark that the German economists offer a more profound treatment of the subject (32).

5. Neither the analogies that exist between Vico's and Galiani's "principles" nor the lavish praise bestowed upon Galiani's value theory by so many economists, however, specifically answers the fundamental question concerning the extent of Vico's influence on: (a) Galiani's value theory proper, beyond its "principles";

(28) *Ibid.*, p. 302.

(29) EMIL KAUDER, *A History of Marginal Utility Theory* (Princeton: Princeton University Press, 1965), p. 25. Turgot's paper "Valeurs et Monnaies" was written in 1769. (Kauder's "1796" is a misprint. Turgot died in 1781). On this and on Galiani-Turgot-Condillac see TAGLIACOZZO, *Economisti napoletani*, pp. xlvi-xlvii.

(30) KAUDER, *Marginal Utility Theory*, p. 27.

(31) *Ibid.*, p. 28.

(32) *Ibid.*, p. 83. Kauder refers to Carl Menger's *Principles of Economics*, first published in 1871 (English ed. [Glencoe: Free Press, 1950], app. D, pp. 295 ff.). TAGLIACOZZO (*Economisti napoletani*, p. xlviii) has demonstrated that Menger's statement is unjustified and misleading. Actually, according to F. A. HAYEK ("Carl Menger", *Economica*, Nov., 1934, p. 955) and to TAGLIACOZZO (*Economisti napoletani*, p. xlviii) Carl Menger owed to the Galiani-Turgot-Condillac subjective value theory much more than is generally realized.

(b) his other achievements in technical economic theory (i.e., theory of "alzamento", theory of interest, etc.); (c) Galiani's views on applied economics and methodology of economics. What is to be said about that influence?

Schumpeter attempted an answer to question (a) when he said: "It must not be forgotten that the theory [of value] he developed was really that of the scholastics"; and Schumpeter added: "Nicolini... in his Note to his edition of Galiani's *Della Moneta* (1915)... being a philosopher... is inclined to exaggerate the dependence [of Galiani upon Vico], which amounted to little, so far as technical economic theory is concerned" (33).

These remarks deserve attentive consideration. Our viewpoint on the issues they involve will emerge in the following pages and in the conclusions of this essay. For the time being we shall add that, if the first of the above remarks was meant to imply, as it probably was, that the theory of the scholastics was the *only*, though primitive, foundation of Galiani's modern construction, and that Galiani's construction upon that weak basis was made possible *only* by his genius as an economist — i.e., independently of Vico's influence — then, in our opinion, it does not go nearly far enough. As to the second remark, perhaps we should point out that Schumpeter, in his book, discussed only Galiani's value theory and added a few remarks on his economic methodology and applied economics. He did not mention or elaborate upon his other achievements in technical economic theory such as, for instance, his theory of the rate of interest. This means that Schumpeter's judgment, according to which Galiani's dependence upon Vico "amounted to little", is based uniquely on value theory *stricto sensu*.

6. We shall now make some remarks related to questions (a) and (b) in section 5 above. Question (c) will be dealt with in sections 7 and 8.

(a) Nothing comparable to Galiani's typically Vichian "principles from which the value of all things originates" (see 3 [a]) can be found in any of his scholastic predecessors. Yet these "principles" are not just a fascinating reminder of Galiani's familiarity with the *New Science* or a tantalizing but unnecessary springboard for Galiani's value theory. As we hope to demonstrate, they are

(33) SCHUMPETER, *Economic Analysis*, p. 300.

— in combination with another general statement related to them, which will be discussed below in (d) and (e) — the very heart and blood of his value theory and also the core and point of departure of his other achievements in technical economic theory, as well as of his applied economics and methodology of economics.

(b) It might be observed, however, that the above-mentioned "principles" of value, with all their depth and beauty, were not sufficiently specific to lead necessarily to the sophisticated value theory elaborated by Galiani, and that therefore that theory is basically only a product of the latter's genius. These two points appear, at first glance, to be fairly well justified; and, perhaps, if Galiani's value theory were his only great theoretical achievement, and if that achievement were independent of the rest of his thought, they might even be conceded.

(c) However, this is not the case. Galiani's "other" great achievements in technical economic theory (see [f], [g], and [h] below), are by no means few. Furthermore, these achievements, together with his value theory, form a unitary system which also extends to include a theory of applied economics and of economic methodology. The factor which, together with the principles of value, unifies that system is the fundamental idea, derived from Vico, to be quoted in (d) below. Hence, even though we must acknowledge Galiani's genius in formulating his value theory, we must add that such a theory — a "quantum jump" as compared with those of his predecessors — was made up of the same basic principles as those of his other achievements in technical economic theory, i.e., the same Vichian frame of mind, the same set of recollections, the same enthusiasm, generated by the *New Science*. In other words, Galiani's value theory was born and thrived within the framework of his way of thinking, which had been shaped at a very early age by the *New Science*, and which cannot be fully explained independently of it.

(d) The fundamental idea (derived from Vico); to which we alluded in (c), is the following:

Of the many errors by which our mind is beset and among which it perpetually wanders, very few would be left if it were possible to make people avoid those which stem from relative words taken in an absolute sense (34).

(34) *Della Moneta*, p. 155.

This statement — endowed with an almost Pirandellian flavor — is actually a reaffirmation, in a more general and more profound Vichian key, of the Galianian “principles from which the value of all things originates” (see 3 [a]). It is more profound, we might explain, because, as Pagliaro points out, “within the picture of the *New Science* the theory of language occupies a central place, or rather it is the nucleus around which the solid or perhaps grandiosely baroque edifice of Vico’s thought has coherently, even though not always organically, developed (35). Many affinities between Galiani’s above statement and Vico’s specific formulation of certain basic tenets of the *New Science* (e.g., its semantic emphasis, its diachronic conception and structure, etc.) could, of course, be pointed out also.

(e) Galiani’s quoted statement (d) is immediately followed by these words.

If this [i.e., to make people avoid the errors that stem from relative words taken in an absolute sense] were possible, all of this third book would have been omitted because all that has been written by the scholars and decreed by the rulers concerning the value of money in most cases has been done without account being taken of the fact that value is a word expressing a relationship. What will shortly be said about the alzamento — that is, whether it is profitable or not — would not have been so inconsistently dealt with if only it had been kept in mind that utility is relative (36).

The above not only underlines the importance attached by Galiani to his statement quoted in (d) but it confirms the strict relationship existing in his mind between that statement and his relativistic conception and treatment of the problem of value in general and of the value of money in particular. (Galiani’s discussion of the alzamento is part of the latter; see [f].) However, Galiani could have gone even further in his remarks than he did. In fact, his awareness of the tendency of the human mind to take “relative words” ... “in an absolute sense”, coupled with his views that “value is a word expressing a relationship” and that “utility is relative”, is the basis not only of his theory of the alzamento but also of those of the rate

(35) ANTONINO PAGLIARO, *La dottrina linguistica di G. B. Vico* (Rome: Accademia Nazionale dei Lincei, Memorie, Classe di Scienze morali, storiche e filologiche, serie VIII, vol. VIII, fascicolo 6 [1959]), p. 380.

(36) *Della Moneta*, p. 155.

of interest and of the rate of exchange (37) (see [g]), as well as of his views on applied economics and economic methodology (see 7, 8 and 9).

(f) Alzamento was the name, in Galiani’s time, for what we now call devaluation. It was caused by an artificial reduction of the precious-metal content of a given currency by different means, such as by shearing or new minting. Following that reduction, prices tended to rise, while the purchasing power of the currency shrank. We shall not elaborate on Galiani’s sophisticated discussion of the consequences of the alzamento (38). For our purposes it will be sufficient to recall Galiani’s definition of it: “a gain that the prince and the state derive from the slowness with which people change their connection of ideas concerning the prices of goods and money” (39). In other words, as Galiani points out, the alzamento “does not produce any change of things, but only of words” (40); “the prices of things, in order to remain the same in fact, must change as to the words” (41), which means that, if the change of the nominal prices (“words of prices”) “occurred the same day on which the alzamento took place, and occurred proportionally and uniformly throughout the market, the alzamento would have no consequence whatever” (42). To sum up: The alzamento brings about its consequences because of the tendency of the human mind to take relative words in an absolute sense (or, we might say, because of the tendency of the human mind to change its understanding of things more slowly than circumstances would require). Galiani’s theory of devaluation, based on Vichian principles, is, of course, as sound today as it was yesterday.

(g) According to Galiani, the rate of interest and the rate of exchange are not in the nature of an unearned surplus, but serve as a means to accomplish equality in exchange — a means used by the contracting parties with a view to equalizing values that are

(37) Our statement is confirmed *ad abundantiam* by Galiani’s own words. On p. 95 of *Della Moneta* he emphasizes the relationship that exists between the “dispositions of the human mind” and the value of money, alzamento, interest rate, etc.

(38) Einaudi has devoted several fascinating pages to Galiani’s discussion of alzamento. (See *Galiani Economista*, pp. 139-48. In Spiegel, *Economic Thought*, “Einaudi on Galiani”, those pages have not been reprinted).

(39) *Della Moneta*, p. 165.

(40) *Ibid.*, p. 166.

(41) *Ibid.*

(42) *Ibid.*

numerically equal but that are separated by time or space (43). A creditor who is afraid that the principal might not be repaid will suffer from palpitations of the heart. But "if somebody suffers from palpitations of the heart, this is painful; hence it is only proper to pay for it. What is known as reward for pain is — if it is legitimate — nothing but the price for palpitations of the heart" (44). Galiani further explains that a "loan", in substance, is "the surrender of a thing, with the proviso that an equivalent thing is to be returned, not more" (45). However, what is "equivalent"? The usual definitions (based on "relative words... taken in an absolute sense") relate equivalence to material, objective circumstances, for example, to "weight or similarity of form" (46), and thus to the identity of the thing that is to be surrendered and returned (number of units of money, etc.). But those who adopt such definitions "understand little of human activities" (47). Value is not an objective characteristic of goods; it is "the relationship of goods to our needs. Goods are equivalent when they provide equal convenience to the person with reference to whom they are said to be equivalent" (48). To sum up, Galiani's theory of interest is also an application of his general principle that value is a relationship and that relative words should not be taken as absolutes.

The theory of interest is, of course, one of the most important in economic science. It has been one of the latest to receive adequate treatment by economists. According to Böhm-Bawerk — the founder of the modern viewpoint — the "germ" of his own theory can already be found in Galiani (1750), Turgot (1769), then in Rae (1834), and later in Jevons (1871) (49). In the analysis of Böhm-Bawerk's elaboration of the above view (50), however, this writer pointed out that: (a) Böhm-Bawerk substantially acknowledged Galiani's superiority above the other forerunners; (b) Menger, the founder of the Austrian school of economics, never achieved a theory of interest comparable to Galiani's; (c) Irving Fisher's viewpoint

(43) *Ibid.*, p. 209.

(44) *Ibid.*, p. 211.

(45) *Ibid.*

(46) *Ibid.*

(47) *Ibid.*

(48) *Ibid.*

(49) See TAGLIACOZZO, *Economisti napoletani*, pp. xlix-l, which also contains bibliographical references.

(50) *Ibid.*

on interest was similar to the views of Galiani and Böhm-Bawerk. This analysis has been confirmed by Einaudi (51) and by Kauder (52). While this chorus in praise of Galiani is certainly justified, one should not forget that such an achievement would have been impossible without the principles derived from Vico which have been mentioned in (d) and (e).

7. Like his achievements in technical economic theory, Galiani's views on applied economics and the methodology of economics, expressed in the *Dialogues sur le commerce des blés*, are a series of variations on, or applications of, the principles derived from Vico that we mentioned in 6 [d] and 6 [e]. At the same time, Galiani's views on methodology and applied economics bear a great resemblance to much later and even contemporary viewpoints on the same subjects. We shall explain both of these statements, and point out their combined significance, in sections 8 and 9. As background for that discussion, however, it is necessary to present here a few statements or quotations referring to Galiani's views.

(a) Galiani's remarks in *Della Moneta*, on the tendency of the human mind to take "relative words... in an absolute sense" and on the fact that "utility is relative", become, in his *Dialogues*, a criticism of the tendency of the "laissez-faire" economists of the physiocratic group to draw practical conclusions from abstract principles (53).

(b) The *Dialogues* are thus a plea for a relativistic judgment of economic matters, based on a realistic consideration of the "circumstances" and the "ends" (54).

(c) As far as "circumstances" are concerned, Galiani points out that men in general, and statesmen in particular, have a tendency always to follow the same principles without realizing that circumstances are constantly changing (55). For example, the physiocrats proclaim: "Laissez-faire; no hindrances, no prohibitions" (56). To this Galiani replies: "I am neither for nor against the export

(51) *Galiani Economista*, p. 138; see also Spiegel, *Economic Thought*, "Einaudi on Galiani", p. 80.

(52) *Marginal Utility Theory*, p. 24.

(53) See TAGLIACOZZO, *Economisti napoletani*, p. lii.

(54) *Ibid.*

(55) *Dialogues*, p. 219.

(56) *Ibid.*, p. 222.

of wheat... I am for nothing... I am for people not to reason falsely... The export of common sense is the only one which exasperates me" (57). In other words, Galiani is against abstract principles and metaphysical preconceptions. He is for a correct use of "reason".

(d) Reason, however, cannot draw correct inferences directly from metaphysical generalizations. Yet this is what the physiocrats were doing. "They posit big principles that no one is supposed to oppugn; they draw their inferences boldly, sharply, right and left, without confronting obstacles..." (58). Reason only brings good results when it elaborates upon sound theoretical assumptions and corrects and reformulates them in order to take into account the changing circumstances of time and place. Sound theoretical assumptions, according to Galiani, can and should be made. They are those arising from man's proper nature: "Let us establish principles that are derived from the nature of things themselves. What is man? What is the relationship between man and his food? Let us then apply these principles to time, place, circumstances. Which is the kingdom with which we are concerned? What is the situation? What are the mores, the opinions, the opportunities that are open, the risks that are to be avoided? Knowing all this we may arrive at a decision" (59).

(e) Human nature, in Galiani's *Dialogues* as well as in *Della Moneta*, is not an abstract concept similar to the utilitarian and materialist "homo oeconomicus" of so many generations of economists. Human nature, for him, corresponds to man in his reality and can include any and all the "dispositions of the human soul". This is explicitly stated in the *Dialogues* as follows: "Do you know what the mistake of your writers [the physiocrats] consists of — a mistake of which they have never become aware, but which is the cause of all others? It consists of the belief that men always consume the same quantity of food" (60). A few lines before, Galiani had explained that different groups of people live a different life, have different economic needs, behave differently toward spending or saving their money, etc. (61). What he had meant to say was, sub-

(57) *Ibid.*, p. 224.

(58) *Ibid.*, pp. 236-37.

(59) *Ibid.*, pp. 231-32.

(60) *Ibid.*, p. 235.

(61) *Ibid.*

stantially, that men have different "ends" and that, therefore, "wealth" is not an absolute but a relative word and should not be implicitly or explicitly identified with given material things, as if the latter were the only possible aim of men.

(f) What has been said on "wealth" relative to individuals could be repeated, *mutatis mutandis*, relative to societies, states. For instance, economic policy concerning grain can be directed toward different aims: commercial, political, military, etc. (62). As Einaudi has pointed out, wheat, in certain circumstances, could represent "veritable war ammunition" (63).

(g) If economists consider man in his full nature and wealth, as a relative concept to be judged according to individual aims, with no moral or utilitarian implication involved (64), then economics becomes a "science of man's behavior", a study of relationships between means and ends, a "science of administration" (65). According to Galiani, "it is absolutely the same science as that of pilotage and the steering of a ship: the end is the route, the means are the maneuvers that it is necessary to make" (66).

8. The relationship between Galiani's views on applied economics and on the methodology of economics, as presented in the *Dialogues*, and the main themes, derived from Vico, that form the basis of *Della Moneta*, is so evident as to require only a few words of comment.

(a) A general remark applying to most of the above highlights is one concerning the striking parallelism that exists between Vico's frontal attack against Cartesianism and his criticism of the natural-law theorists, and Galiani's polemic against the physiocrats — the representatives, in the field of economics, of the basic viewpoint of Rationalism and the Enlightenment. As a matter of fact, as Vico was one of the first and most authoritative critics of Cartesianism, so Galiani was the first and — until 1926, when John

(62) *Ibid.*, p. 237.

(63) EINAUDI, *Galiani Economista*, p. 138; see also Spiegel, *Economic Thought*, "Einaudi on Galiani", p. 81.

(64) Long before writing the *Dialogues*, Galiani had, in *Della Moneta* (p. 99), rebuked those who "blame our nature for giving us this or that disposition of the soul". And he had added: "We have received that disposition [from nature], we cannot do away with it ... and we cannot and should not submit it to anyone's judgment".

(65) *Dialogues*, p. 259.

(66) *Ibid.*

Maynard Keynes' *The End of Laissez-Faire* (67) appeared — the most forceful critic of "laissez-faire".

(b) What has been said in 7 (e), (f), and (g) seems to be somehow related, *mutatis mutandis*, to Vico's defense of passions, in which he dismisses "from the school of our Science the Stoics, who seek to mortify the senses, and Epicureans, who make them the criterion... for both deny providence" (68).

9. A few remarks now on the relationship, or analogy, between the Galianian viewpoint on applied economics and the methodology of economics, and much later and even contemporary theories on the same subjects.

(a) From the end of the seventeenth century — or, more consciously, from about 1750 — until at most a few decades ago economic thought was dominated by the "laissez-faire" maxim. In 1926 John Maynard Keynes wrote in his *The End of Laissez-Faire*: "We do not dance even yet to a new tune. But a change is in the air" (69). Galiani had danced to that tune over one hundred and fifty years before.

(b) The only important exception to the dominance of "laissez-faire" in economics during the period between Galiani and Keynes is the one represented by the German Historical School and related German trends, which had their early roots in the philosophy of Fichte, Müller and Hegel (70). Einaudi saw a parallel between Galiani and the Historical School when he wrote: "Anyone who turns the pages of Roscher, Hildebrand and Knies is bound to recall Galiani's *Dialogues sur le commerce des blés*, where he insists that those who develop theories should keep in mind the specific circumstances of time and place" (71). Similarly Schumpeter wrote: "[Galiani] was the one eighteenth-century economist who ever insisted on the variability of man and on the relativity, to time and

(67) (London: The Hogarth Press, 1926).

(68) BERGIN and FISCH, *New Science*, secs. 129 and 130, pp. 19-20. See, in this connection, nn. II and 64.

(69) KEYNES, *The End of Laissez-Faire*, p. 5.

(70) For a broad panorama of those German trends see RALPH H. BOWEN, *German Theories of the Corporative State* (New York: Whittlesey House, McGraw-Hill, 1947). On the German historical school see GIORGIO TAGLIACCOZZO, *Economia e Massimo edonistico collettivo*, (Padua: Cedam, 1933), pp. 53 ff.

(71) EINAUDI, *Galiani Economista*, p. 123; see also Spiegel, *Economic Thought*, "Einaudi on Galiani", p. 64.

to place, of all policies; the one who was free from the paralyzing belief — that then crept over the intellectual life of Europe — in practical principles that claim universal validity" (72). However, in our opinion, neither Einaudi nor Schumpeter went far enough in his praise of Galiani from this standpoint. This writer has pointed out that the economists of the historical school did criticize the extravagances of laissez-faire economics, as Galiani had done before them; unlike Galiani, however, they went too far in that criticism by denying the possibility of establishing general principles of economics (73). Heimann has enlarged upon this writer's opinion by praising Galiani's "historical-institutionalist criticism of abstract theorizing" and adding: "Galiani was not opposed in principle to economic theory... He thus achieved a balance between abstract theorizing and historical analysis which neither orthodox theory nor orthodox historical school proved capable of maintaining" (74).

(c) Many aspects of Galiani's methodological thought bear a strong resemblance to the most advanced contemporary viewpoint. Among them are: Galiani's emphasis on the necessity of basing economic reasoning on a realistic consideration of the "circumstances" and "ends"; his relativistic conception of "wealth"; his consequent view of economics as being neutral between ends and as a "science of human behavior", a study of relationships between means and ends, a "science of administration". These resemblances will be made clear in (d), (e), and (f).

(d) Lionel Robbins' *Essay on the Nature and Significance of Economic Science* (75) — an authoritative book inspired basically by Max Weber's work on the methodology of the social sciences (76) — centers on the same methodological problems as those discussed by Galiani and reaches analogous conclusions. Robbins strongly criticized the "definition of Economics" which, at the time when he wrote, was still commanding "most adherents, at any rate [those] in Anglo-Saxon countries": "that which relates it [economics] to

(72) *Economic Analysis*, p. 292.

(73) TAGLIACCOZZO, *Economisti napoletani*, p. liii.

(74) *Economic Doctrines*, p. 62.

(75) (London: Macmillan, 1st ed. 1932; 2nd ed., revised and extended, 1935).

(76) *The Methodology of the Social Sciences* (Glencoe: The Free Press, 1964), esp. I, "The Meaning of 'Ethical Neutrality' in Sociology and Economics" (pp. 1-47) and II, "Objectivity in Social Science and Social policy" (pp. 50-112).

the study of the causes of material welfare" (77). He also pointed out that "attempts have certainly been made to deny the applicability of economic analysis to the examination of ends other than material welfare", adding: "No less an economist than Prof. Cannan has urged that the political economy of war is 'a contradiction in terms', apparently on the ground that, since Economics is concerned with the causes of material welfare, war cannot be part of the subject of Economics" (78). According to Robbins, then, "it is not legitimate to say that going to war is uneconomical if, having regard to all the issues and all the sacrifices necessarily involved, it is decided that the anticipated result is worth the sacrifice" (79). Obviously Galiani would have agreed with Robbins (see 7 [f]). Macfie (80) and Morgenstern (81) have presented viewpoints quite similar to those of Robbins and Galiani.

(e) To Robbins and to most modern theorists, as to Galiani, then, "wealth" is relative. Robbins uses almost the same words as Galiani to express this concept: "... man wants both real income and leisure... his want for the different constituents of real income and leisure will be different... The ends are various... Here we are, sentient creatures with bundles of desires and aspirations, with masses of instinctive tendencies all urging us in different ways to action" (82). Elsewhere Robbins points out: "Any kind of human behavior falls within the scope of economic generalization" (83); "The hedonistic trimmings of the works of Jevons and his followers were incidental to the main structure of a theory which — as the parallel development in Vienna showed — is capable of being set out and defended in absolutely non-hedonistic terms" (84). Of course, Galiani was as far from hedonism and utilitarianism as any modern economist.

(f) Robbins' delineation of the fundamental implications of a relativistic (i.e., non-hedonistic) conception of "wealth" is analogous to Galiani's. The first implication of that viewpoint is that

(77) ROBBINS, *Economic Science*, p. 4.

(78) *Ibid.*, p. 7.

(79) *Ibid.*, p. 145.

(80) ALEC L. MACFIE, *An Essay on Economy and Value* (London: Macmillan, 1936).

(81) OSKAR MORGENSTERN, *The Limits of Economics* (London: William Hodge, 1937).

(82) ROBBINS, *Economic Science*, pp. 12-13.

(83) *Ibid.*, p. 17.

(84) *Ibid.*, p. 85.

economics is "neutral between ends" (85) — i.e., "economic analysis is *wertfrei* in the Weber sense. The values of which it takes account are valuations of individuals" (86); "it [economic analysis] assumes that human beings have ends in the sense that they have tendencies to conduct which can be defined and understood" (87); "what is of relevance to the social sciences is, not whether individual judgments of value are *correct* in the ultimate sense of the philosophy of value, but whether they are *made* and whether they are essential links in the chain of causal explanation" (88).

(g) The following are examples of other interrelated implications of a relativistic concept of wealth, pointed out by Robbins in a way similar to Galiani's:

"The generalizations of economics, in addition to being based on the psychological premise of individual valuation" also depend on the assumption of "rational conduct" (89). (Galiani, it will be remembered, has much to say on "reason" in economics, and speaks of a "science of human behavior".)

Economics is "the science that studies human behavior as a relationship between ends and scarce means which have alternative uses" (90). (Galiani spoke of economics as a study of relationships between means and ends and as a "science of administration").

Applied economics consists of propositions of the form, "If you want to do this, then you must do that" (91). (As to Galiani's analogous viewpoint see 7 [f]).

10. Before concluding this essay, we must add a few remarks on two topics that have an important bearing on it: Benedetto Croce's economic thought, and "economic liberalism". The latter will be dealt with in section 11.

In an earlier study (92) this writer recalled the following facts:

(a) Between 1881 and 1884 Croce became acquainted with the books that were to become the starting point of his intellectual

(85) *Ibid.*, p. 24.

(86) *Ibid.*, p. 91.

(87) *Ibid.*, p. 24.

(88) *Ibid.*, p. 90.

(89) *Ibid.*

(90) *Ibid.*, p. 16.

(91) *Ibid.*, p. 149.

(92) GIORGIO TAGLIACCOZZO, "Croce and the Nature of Economic Science", *Quarterly Journal of Economics*, LIX (May, 1945), 307-29.

pursuit: De Sanctis' works on literary history. This means that Croce's first — at least indirect — acquaintance with Vico dates as far back as those years. He read the *New Science* for the first time shortly before 1893 (93). As is well known, De Sanctis' views on aesthetics — influenced by Vico's thought — were the point of departure of Croce's philosophical career, which began in the field of aesthetics and eventually led to a parallel view of aesthetics and (philosophical) economics. (Note: Croce's first acquaintance with Galiani cannot be traced back with exactitude. It can be pointed out, however, that it must have occurred well before the end of the century (94) and that in 1908 Croce, in his *Philosophy of the Practical*, mentioned Galiani together with other important economists and quoted one of his least known works).

(b) Between 1895 and 1900 Croce plunged into economic studies, beginning with Marx and continuing with the classics of economic science. By 1900 he had gone all the way, in his sympathies, from Marxism to what he called "purist" economic science. This is demonstrated by the following statements he made in 1897 and 1899:

It is about time to confess that neither socialism nor "laissez-faire" ("liberismo") is or ever could be a scientific deduction (95).

The scientific theory of value can only be found in the "purist" or Austrian trend (96).

I adhere to the "purist school". However, while doing so, I would like to put forward a few warnings... I think that pure economics must get rid of its illegitimate marriage with "laissez-faire" ("liberismo"), because "laissez-faire" is a very good moral-social-political creed, but it is not a scientific one. Therefore, one must let the "purists" in economics be whatever they want to be in any other field, without accusing them of being in contradiction with pure economics: in fact, the common acceptance of very general laws lends itself to different and even opposite political and concrete programs (97).

(93) BENEDETTO CROCE, *Contributo alla Critica di Me Stesso* (1918) in *Etica e Politica* (Bari: Laterza, 1931), p. 380.

(94) CROCE (*ibid.*, pp. 377 ff.) informs us that after 1886 he devoted a great deal of time to research on Neapolitan culture of the seventeenth and eighteenth centuries.

(95) BENEDETTO CROCE, "Di alcuni Concetti del Marxismo" (November, 1897), in *Materialismo storico ed Economia marxista* (Bari: Laterza, 1918), p. 98.

(96) BENEDETTO CROCE, "Marxismo ed Economia pura" (October, 1899), in *ibid.*, p. 177.

(c) In 1900 Croce exchanged letters with Vilfredo Pareto dealing with the "economic principle" (98). After 1900 he abandoned his economic studies and began building up his philosophical system. Between 1902 and 1908 Croce published his *Aesthetics, Logic, and Philosophy of the Practical* (the last subtitled *Economics and Ethics*). Both in his second letter to Pareto and in the *Philosophy of the Practical* (in the chapter dealing with economics as a science) (99), Croce interestingly linked his concept of economism with that of rationality, and hence with the relationship between means and ends.

The importance of the above facts will become apparent in the conclusions of this study.

II. In another essay (100) this writer quoted the following statement made by Croce in 1945:

Opening the Socialist paper *Avanti* [September 19, 1944], I read that in England political liberalism has "died irremediably" and that "it has been supplanted... by Fabian socialism, which is diametrically opposed to it"; this in spite of the fact that (the paper adds) "the British are liberal by temperament". The foregoing appears to me, on the contrary, to be an acknowledgment of the real supremacy that liberalism still holds in England; and "Fabianism", namely the concrete and progressive acceptance of economic reforms formerly found only in the programs of the socialists, is proof that in England liberalism has freed itself from its old union with "laissez faire". I have picked up a very instructive book on the "deflation of American ideals" [Edward Kemler, Littauer Fellow, Harvard University, *The Deflation of American Ideals: An Ethical Guide for New Dealers* (Washington, 1941)]. What is in fact this "deflation"? It is the abandonment of the easy optimism characteristic of the nineteenth century, especially of the four decades between 1830 and 1870; it is the vindication of the ethical-religious nature of liberalism against the economic ties that liberalism had developed and the objections deriving therefrom; it is the arrival at the conviction that,

(97) *Ibid.*, p. 187.

(98) BENEDETTO CROCE, "Sul Principio economico: Due lettere al Prof. V. Pareto" (1900), in *Materialismo storico*, pp. 243-65.

(99) BENEDETTO CROCE, *Filosofia della Pratica* (Bari: Laterza, 1909), pp. 257-68, esp. p. 261.

(100) GIORGIO TAGLIACOZZO, "Croce e il Liberalismo economico", *Studi economici*, VIII, no. 3-4, May-June, 1953, p. 7 of the reprint.

on the one hand, the destruction of capitalism would not make us free, and on the other, that the big corporations and the big concentrations of power must be directed and turned to social purposes (101).

The above statement is fully consistent with Croce's position on applied economics since 1897 or 1899 (102). It is also in full harmony, *mutatis mutandis*, with Galiani's position, on the one hand, and with contemporary economic liberalism, on the other.

There is no need, here, to expand on economic liberalism or on its literature. This writer's essay on "Croce and Economic Liberalism" (103) discusses them extensively (104). We might recall that the viewpoint on applied economics which began to be called economic liberalism in the early forties had its origins in 1926, with the appearance of J. M. Keynes' *The End of Laissez Faire*, forged ahead in the United States after 1933, thanks to the New Deal, was immeasurably strengthened theoretically by the publication of J. M. Keynes' *General Theory of Employment, Interest and Money* in 1936, fought a winning battle in the years immediately following the Second World War, and has emerged triumphantly in both theoretical developments and economic policy in the last decade or so. It is also important to point out that economic liberalism,

(101) BENEDETTO CROCE, *Considerazioni sul Problema morale del Tempo nostro* (Bari: Laterza, 1945), pp. 16-17.

(102) On the same topic see also BENEDETTO CROCE, *Liberismo e Liberalismo* (Naples: Tipografia Sangiovanni, 1927), and BENEDETTO CROCE, "Osservazioni sulla Scienza economica in Relazione alla Filosofia e alla Storia", *Quaderni della Critica*, November 1946.

(103) See n. 100.

(104) From among the countless writings on topics related to economic liberalism we might quote the following books: WILLIAM BEVERIDGE, *Full Employment in a Free Society* (New York: Norton, 1945); CHESTER BOWLES, *Tomorrow without Fear* (New York: Simon & Schuster, 1946); J. M. CLARK, *Alternative to Serfdom* (New York: Knopf, 1948); J. M. CLARK, *Guideposts in Time of Change* (New York: Harper, 1949); ALVIN HANSEN, *American Role in World Economy* (New York: McGraw-Hill, 1945); SEYMOUR HARRIS, ed., *Saving American Capitalism — A Liberal Economic Program* (New York: Knopf, 1948); EDUARD HELMANN, *Freedom and Order* (New York: Scribner, 1947); HORACE KALLEN, *The Liberal Spirit* (Ithaca: Cornell University Press, 1948); FRANK H. KNIGHT, *Freedom and Reform* (New York: Harper, 1947); ABBA LERNER, *Economics of Control* (New York: Macmillan, 1944); ARTHUR M. SCHLESINGER Jr., *The Vital Center: The Politics of Freedom* (Boston: Houghton, Mifflin Co., 1949); MORTON G. WHITE, *Social Thought in America: The Revolt Against Formalism* (New York: Viking Press, 1949).

We might also recall the following: BENEDETTO CROCE-LUIGI EINAUDI, *Liberismo e Liberalismo* (Milan-Naples: Ricciardi, 1957); AMINTORE FANFANI, *Il Neovolontarismo economico statunitense* (Milan: Principato, 1946); NORBERTO BOBBIO, "Liberalism Old and New", *Confluence*, vol. 5, no. 3 (Autumn, 1956).

besides sharing with Galiani and Croce a common attitude toward "laissez-faire", also partakes with them — implicitly or explicitly — the following tenets, which could, perhaps, be considered as premises for that attitude: (a) a relativistic conception of wealth; (b) a basic agreement with the "marginal utility" (or "subjective utility") value theory; (c) a methodological viewpoint based on such concepts as "rationality", "means-ends relationship", and "neutrality between ends".

12. These are our conclusions:

(a) Galiani's singling out of some of the most significant principles of the *New Science* for use as foundations for his own economic thought was so skillful and faithful to its source as to make Galiani's economics a true corollary of Vico's ideas and of Galiani the legitimate founder of "Economic Vichism". It is very doubtful whether an analogous statement could be made about Vico's influence on any other thinker, in any other field.

(b) If Galiani had not been pervasively influenced by Vico, the founding principles of his economic thought could not possibly have been what they were. The philosophical background of his time, in that case, would undoubtedly have guided him on a different path. This conclusion is indirectly supported by the fact that, fourteen years after the appearance of Galiani's *Della Moneta*, Antonio Genovesi — a philosopher-economist born sixteen years before Galiani, who frequented Vico's home (105) and lived in practically the same Neapolitan intellectual environment as did Galiani, but who was only sporadically and superficially influenced by Vico — published an unsystematic economic treatise, *Lezioni di Economia civile* (1765), which contained a poorly digested version of Galiani's ideas on value but which was loosely centered on the then fashionable problem of "public happiness" (106).

(c) If Galiani had not been pervasively influenced by Vico, and if his *Della Moneta* had not been based on principles derived

(105) See ENRICO DE MAS, "Vico and Italian Thought", to appear in *Giambattista Vico: An International Symposium*.

(106) On Genovesi's life, personality, and work see TAGLIACOZZO, *Economisti napoletani, Introduzione*, pp. xx-xxii and *Nota*, pp. lviii-lxi. This book also contains a bibliography on Genovesi and excerpts from his *Lezioni di Economia civile*. For a judgment on Genovesi see also SCHUMPETER, *Economic Analysis*, p. 177.

from the *New Science*, his overall achievement (including technical economic theory, applied economics, and economic methodology — what amounts to a full system developed out of a few general principles) would have been impossible.

(d) It is perhaps true, nevertheless, that, even if Galiani had not been influenced by Vico — i.e., if his *Della Moneta* had not been based on Vichian principles — his genius as an economist could have allowed him this or that sporadic “discovery” in technical economic theory, applied economics, or economic methodology. For instance, he could have improved upon the value theory of the Scholastics to some extent without Vico’s influence. His treatment of that or of any other technical, applied, or methodological topic, however, could not have been equally compelling, and his overall economic thought could not have been systematic and unitary.

(e) Galiani’s founding of “Economic Vichism” probably would have occurred even if his faultless use of Vichian principles in the economic field had not been accompanied by his genius as an economist. In that case, however, his performance would have been weaker. This would have been the case more in the field of technical economic theory than in that of applied economics or methodology.

(f) The remarks in (e) above are, in a sense, confirmed by Croce’s position in the field of economics. Like Galiani, Croce was influenced by Vico. Unlike him, he was not a first-rate genius as an economist (in any case, in Croce’s times the approach to technical economic theory pioneered by Galiani was no longer in need of a founding genius). Croce’s position was analogous to that of Galiani in the fields of technical economic theory, applied economics, and methodology; it was, however, less original, detailed, and forceful in the first of those fields than in the other two.

(g) Galiani and Croce are both representatives of “Economic Vichism” — a way of economic thinking stemming from the use of Vichian principles as a frame of reference for the study of economic problems.

(h) Because Vico was a genius as a philosopher, not as an economist, it is perhaps fortunate that “Economic Vichism” was founded by Galiani rather than by his inspirer.

(i) If Croce’s “Economic Vichism” was born independently of Galiani’s — which is probably the case — then it can be said that

Vico’s principles gave birth to a Vichian approach to economic problems not just once but twice: first in 1750 (Galiani), then around 1900 (Croce).

(j) If — as F. A. Hayek and this writer have pointed out (107) — Carl Menger owed the Galiani-Turgot-Condillac subjective value theory much more than is generally realized, then: (i) Menger and the Austrian School, which he founded, are indirectly indebted to Vico; (ii) the acknowledged analogy between Galiani and Böhm-Bawerk’s theory of interest becomes something more than mere chance; (iii) Croce’s adherence to the “purist” or Austrian trend becomes even more meaningful; (iv) Menger’s *Principles of Economics* become, in a way, at least partly a Vichian bridge between the first and second births of “Economic Vichism”. It is an incomplete bridge, however, because Menger’s range in technical economic theory is narrower than Galiani’s, his methodology is far duller, and his applied economics is unsystematic and unrelated to technical economic theory (108).

(k) The striking analogies between “Economic Vichism” and contemporary economic liberalism are highly significant and deserve far more reflection than they have so far been granted.

GIORGIO TAGLIACOZZO

Washington

(107) See n. 32.

(108) See TAGLIACOZZO, *Economisti napoletani*, p. xlviii and *passim*. Menger’s views on applied economics are briefly discussed by KAUDER, *Marginal Utility Theory*, p. 64.