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**Pietro Verri's Contribution to
the Economic Theory of the 18th Century:
Commercial Society, Civil Society and
Governance of the Economy**

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PIETRO VERRI E IL SUO TEMPO

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*Pietro Verri's contribution to the economic theory
of the 18th century: commercial society, civil society
and governance of the economy.*

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1. Introduction

'Count Pietro Verri (1728-97) - Schumpeter writes (*History*, p. 178) - - would have to be included in any list of the greatest economists'. Within the Milanese school, he certainly stands out, alongside with Cesare Beccaria, during one of the most interesting periods from a history of analysis point of view. Luigi Cossa's famous introduction to the study of political economy rates Pietro Verri to be inferior to Beccaria in ingenuity and scientific cultivation, but greatly to be ahead of him as an economist.¹ This judgement by Cossa, in particular, seems to echo the relative position of the two men in the history of ideas, particularly after Beccaria's rise to fame with a book - *On crimes and punishments* - which had in fact been largely inspired by Verri himself and defended by him.² It is proposed in the present paper to revisit some of the basic tenets of Pietro Verri's political economy, with more in view than dwell on specific intuitions and theorems: namely relate those to Verri's own - quite original - conception of the economy.

The scholarly work of Pietro Verri - with a special reference to his *Meditazioni sulla economia politica* of 1771 - provides the first systematic contribution stemming from the quarters of Lombard enlightenment in the field of political economy, especially so if one considers that Cesare Beccaria's parallel work - namely his *Elementi di economia pubblica*, conceived and drafted at the same time as Verri's *Meditazioni* - would only be published posthumously several years later. From the vantage point afforded by Verri's political economy, we gain a considerably attractive view of the most significant elements and characteristic concepts of Lombard enlightenment during the latter half of the 18th century; Verri, moreover, as we shall see, builds on a number of them in a new and original way.

This paper is aimed at discussing Verri's political economy mainly along two distinct, but related, lines. In the first place the conception of *commercial society* is considered such as it is treated by the author particularly in his *Meditazioni*. In this perspective the analysis of such issues as competition and the market or money and taxation occupy a central place. Secondly it will be necessary to emphasise that Verri's approach has little to do either with forms of pure economics on one side - largely yet to be born throughout the 18th century - or, on the other side, with such conceptions of the *polis* - contrariwise well alive among his own contemporaries - as are founded on a sovereign

¹ Cossa, 1892, p. 303. For a biographical sketch on Verri, see also P.D. Groenewegen's Introduction, 1986, to *Reflections on Political Economy*. Groenewegen also contributed the entry on Pietro Verri in the *New Palgrave* (London, 1987).

² Verri coveted a role of leader of the group, he had gathered around himself at the *Accademia dei pugni*, which was in fact never recognized. His bitter personal fight with Beccaria after 1766 is probably the best known episode in this connection. For a reconstruction, see Beccaria, 1984, pp. 217-327.

authority conceived to be situated above the law. What Verri's political economy ultimately amounts to is an *economic conception of civil society*. The latter has natural strong connections with his own fact-mindedness - emphasised by Schumpeter - as well as with his deep practical involvement in administrative affairs and in the reforming process taking place during the latter half of the 18th century in Milan.

In our view, a thorough investigation along the mentioned lines is the precondition for an understanding of the intellectual stature and of the scholarly contribution of Pietro Verri. His main ground is distinctly analytical and only by appreciating his analysis is it possible to shed light on the meaning and intellectual significance also of his practical contributions. Moreover Verri's pronouncements on the criticism of despotic government, the relevance of intermediate powers or bodies and on multiple levels of governance will be examined in a new and original light, showing how close they are to the gist of his analysis.

2. Political economy and commercial society in Pietro Verri's contribution

The countenance and flavour of Verri's *Meditazioni sulla economia politica* (1771) may be highlighted by considering one of the early reactions to it. Franco Venturi reports about the extended review published by the leading periodical *Giornale de' letterati* in Pisa at the time. That review correctly emphasised from the very start - in Venturi's view - what was modern in the *Meditazioni*. Public virtue - the reviewer argued - had been made the object of the reflections of political writers of antiquity. In later times, particularly during the 16th and 17th century, prevailing attention had been focused on the *raison d'état*. It was now the turn of political economy. In the past - so ran the argument - all were bent on the *beaux arts*, luxury, war and glory to a much larger extent than on the problems of agriculture or taxation. It was now high time - rather than concentrate on how to preserve governments - to investigate how to preserve the peoples from which governments themselves draw their subsistence.³

For a full understanding of the nature and sources of such a *modern* attitude in the author, we have to turn to his formative years. In his *Meditazioni sulla felicità* of 1763 - here quoted from the annotated edition of 1765 - Verri spells out the foundational pieces of his approach to civil life. The utilitarian basis of his approach provides at the same

³ Venturi, 1978, p. 550. The review here mentioned appeared in the *Giornale de' letterati* for 1771, issue iv, pp. 81-109. Copy of reviews of the book are preserved in the Verri Archive (Fondazione Mattioli, Milano), folder 184, under 'Estratto di alcuni giornali letterarij che risguardano il libro "Meditazioni sulla Economia politica"', where the author himself had gathered evidence of some favourable reactions.

time the key to the specific route Verri takes to the definition and interpretation of the nature of the economic. Verri argues that the excess of desires over and above possibilities or power is a measure of *unhappiness*.⁴ The search for happiness thus lies at the root of the political philosophy of Pietro Verri, who really qualifies in the first place as one of the leading representatives of 18th century eudemonistic views.

The great object of *happiness* - Verri argues - can be pursued in two ways. Happiness consists in the reduction of the *difference* between the two terms of *desires* and *power*; achieving that reduction can be effected by acting upon either one or the other of the two terms. Following a logical scheme that would later reappear in the different context of his political economy, we can say that the object of happiness being reduced to a difference, it can be conquered either by addition or by subtraction: addition of power or subtraction of desires. Much as the way through *addition* would later be preferred and be illustrated as the better one by the author of the *Meditazioni sulla economia politica*, in the same way already in these earlier *Meditazioni sulla felicità* can we detect the same logic in the argument proving the *enlargement of power* to provide the main route to happiness as compared with the check on desires.

Pietro Verri's statement that the art of enjoying riches is far rarer than it is the art of procuring them must be understood in the light of the distinction between *creativity* and mere enjoyment of what is already in our possession. Anyone who has reached the possession of a moderate fortune - Verri argues in the opening sentences of the *Meditazioni* of 1763 - will tend either through lack of prudence to prefer present whims to future needs or through ill-considered distribution to postpone present needs to future whims; the mistaken calculation of the extravagant is the same as that of the miser and consists in pre-ordaining chimerical to real needs. When the fortunes of an individual or a family exceed the limits of subsistence, a lust for more of them is generated and the sum of our desires is multiplied.⁵ Such and similar opening propositions are a *leitmotiv* to the author, who develops them, for example, in a remarkable essay for the *Caffè*.⁶ The appropriate concept to be used in order to clarify Verri's meaning in this context is *ambition*, an ambivalent passion, described by him as the most ruinous and at the same time the most deserving of passions. The moral and jurisprudential approach, inseparable from Verri's mentality, leads him to attribute an algebraic sign to the content of concepts. Ambition, as a semantic unit, can bear both signs: there exists a positive ambition, which coincides with creativity and the continuous search and desire of man to better his or her

⁴ 'L'eccesso de' desiderj sopra il potere è la misura della infelicità'; we shall presently draw attention to the statement in the light of Verri's philosophy concerning the nature of pleasure and pain.

⁵ Le ricchezze 'portano seco la sete di accrescerle, - moltiplicano la somma de' nostri desiderj'.

⁶ 'Sulla spensieratezza nella privata economia' (on prodigality in the private economy), sheet xxix. See Francioni-Romagnoli edn. pp. 322-30.

condition;⁷ however, much as we owe any great achievement to it, at the same time we derive from ambition that peculiar desire for rank and distinction that easily turns into extravagance and prodigality, a delusive drift into ruin not infrequently exciting sneer and contempt in the hearts of the multitude.⁸ Therefore sheer enjoyment is just one form of enjoyment to be distinguished from creative enjoyment or the *pleasure to make and create*. Virtue - Verri states - is every useful act and the definition he puts forward for *utility* is that of a disposition to perform good things: '*utilità*' è '*attitudine a far del bene*'.⁹ From this it is not difficult to infer that utility has an active meaning to Verri, which also sheds light on his view of society in its formative steps, as industrious gathering of co-operating forces, founded upon a compact the end of which is the participants' well-being or public happiness, meaning by that the greatest possible happiness distributed with the greatest possible equality.¹⁰

The latter is the real aim of the *legislator*. Near the end of the *Meditazioni* of 1763 the analysis emerges of the historical place of enlightened society, identified by Verri with his own time, as a result of the supersession in time and history of the age of glory by the age of riches. To explain the historical path of transition not only need we pay heed to the changing concept of *virtue*: we must also take the new climate of *liberty* into due account. Following the age of national glory - Verri writes - the world enters a cosmopolitan age; navigation, trade and population are the new means to increase relative wealth. These new gods rest on public security; despotism and tyranny abolished or checked, the advantages of freedom are increasingly experienced throughout Europe and it reasonable to anticipate that the freedom of nations is going to expand. When that occurs, the old vigour will reappear. If, at this point, Verri talks about the ancient national war - la '*antica guerra di nazione*' - it is self-evident that he has commercial emulation clearly in mind. At the same time the dividends of growing wealth tend to be distributed as a result of such processes as Smith had called - in his ethics of sympathy - the *invisible hand*. We should in fact reflect, in Verri's own words, how '*la beneficenza puramente umana sia una emanazione dell'amore del piacere*': purely human beneficence

⁷ We purposely use here a Smithian expression, significantly close to the wording used by Verri himself, as we shall see also later on. See also, e.g., the short passage on ambition in *Caffè*, vol. I, sheet xvii; cit., p. 200.

⁸ This is what Verri argues particularly in '*Sulla spensieratezza nella privata economia*', cit., p. 323.

⁹ P. Verri '*Gli studi utili*', *Caffè*, vol. I, sheet xxviii; cit., pp. 311-18 (See p. 315). Concerning utility, we shall see presently the accent Verri puts on what has been called '*an accomplished rendering of the Italian utility-cum-scarcity version of the natural-law theory*' (Hutchison, 1988, p. 304). Even in that context, however, the active meaning of the term '*utility*' should not be forgotten. That - incidentally - makes of Verri a rather more interesting animal than a mere precursor of the marginal utility theory.

¹⁰ Society is analysed in the *Meditazioni* of 1763 as '*industriosa riunione di molte forze cospiranti*' based on a '*patto*', the end of which is '*il ben essere di ciascuno -, il che si risolve nella felicità pubblica o sia la maggiore felicità possibile divisa colla maggiore uguaglianza possibile*'.

is a by-product of our love for pleasure and love for pleasure operates through the 'secret connection' - la *secreta connessione* - between our own pain and the pain of others. On the issue the author clearly draws from his lifelong reflections, certainly stimulated by his early frequentation of Henry Lloyd, on the nature of pleasure and pain; reflections which were to find their mature expression in the *Discorso sull'indole del piacere e del dolore*.¹¹ Pain and unhappiness are to Verri primitive realities and pleasure consists in the control of pain: 'il dolore è un'azione, il piacere è una rapida cessazione di essa'.¹² He naturally denies that pain should be something good in itself; and yet - he continues (*ibid.*) - good arises from evil, sterility produces abundance, poverty generates wealth, burning needs spur ingenuity, blunt injustice arouses courage. 'In una parola il dolore è il principio motore [the moving principle, the engine] di tutto l'uman genere'; without it man would turn into 'un animale inerte e stupido'. Pain excites labour, leads to the perfection of trades, teaches us to think and reflect, creates sciences, induces to imagine arts and to refine them.

Through the forty sections of the *Meditazioni sulla economia politica*, Pietro Verri lays great stress on creativity as the source and origin of the formation of wealth. Section xiii, often quoted, 'Of the value of money and its influence on industry', focuses on the power of industry in increasing what the author calls 'annual reproduction'.

'In a country made rich through industry - Verri writes (English edn., p. 44) - machines and tools are perfected to such a degree that the workman in a single day will produce an article which in a less industrious nation would take several days to make; such are the resources available to a country which has grown rich through its industry, resources that are lacking in a country whose riches have come spontaneously from the land'.

Here, again, (§ I, English edn., p. 4)

'[n]eed or, in other words, the sensation of pain is the goad used by nature to arouse man from the indolent state of stagnation in which he would otherwise languish. ... *Need* - he continues - sometimes leads men to plunder, sometimes to trade. For trade to exist there must be both *want* and *plenty*'.¹³

¹¹ Verri, 1781.

¹² *Discorso sull'indole del piacere e del dolore*, in Verri, 1773, 2nd edn. 1781, § XI (entitled 'Il dolore precede ogni piacere ed è il principio motore dell'uomo'); see Verri 1964a, p. 55.

¹³ Such and similar concepts crop up time and again through Verri's writings. Particularly noticeable is the unity of three works, all of them originally drafted by him during the Seventies, later to be collected by the author himself under the heading of *Discorsi*: on happiness, on the nature of pleasure and pain, on political economy.

Concerning plenty, the author immediately goes on to explain (§ III, ed. cit., p. 9), outspokenly contentious with the 'sect of the economists', that '[r]eproduction applies as much to manufacture as it does to work in the fields', so that we should speak of 'this highly fruitful *sterile class*', on the product of which entire cities and states survive.

Pietro Verri's view on the scope of political economy as a discipline had already been explained in his essay on provisions of 1769, where he had written that all the operations of political economy ought are based on the assumption that the maximum of annual reproduction is achieved with the least effort and labour. It is a foundation of political economy - or, as he often call it, *public economy* - that the economy consumes and reproduces. The excess of reproduction above consumption is additional wealth. All the applications of the science consequently ought to take the form of maintaining or increasing that excess; in particular, as far as the policy on provisions is concerned, Verri argued that any prohibitions hampering a vent for surplus towards other economies directly contradicts that fundamental principle.¹⁴ This optimising approach should not be interpreted as a static canon; it corresponds, in fact, to a *search* in a dynamic sense. It embodies a searching spirit which is in fact at the heart of Verri's political economy. The essence of Political economy is the study of the conditions for the quickening of *industry* or of searching and productive activity. We may perhaps have recourse here to a famous paper by Alfred Marshall on competition (1890). Competition is not merely rooted in a search for the approbation of others; it contains, together with that and as a distinct root, to a considerable degree the strive 'to do good for its own sake': a sort of instinct of the chase or competition for excellence.

'The art of ruling a people - this is Pietro Verri's conception (§ XXXV, English edn., p. 106) - is known and defined as that of *reviving its prosperity*'. It is now easy to show how such aspects and elements of Verri's theory of price as are better known to historians of economic analysis and thought are indeed and integral part of that conception. We can thus proceed to clarify the nature of commercial society in the author's view of it and it will be apparent that the argument on that point is a necessary premise to Verri's vision on civil society.

There are two aspects in price theory. A former aspect concerns the absolute level of prices expressed in what Verri calls the 'universal commodity'. The latter, in turn, involves the theory of the working of the market and the formation of relative prices, where the term 'price' must be interpreted to mean what Verri calls the 'ordinary price' or *prezzo comune* (§ IV): this is what other authors call - without entering here subtler disquisitions - natural price or normal price.

¹⁴ Verri's argument is pithily applied to the policy of *annona*, against the laws prohibiting a free corn trade. See his *Riflessioni* etc., 1796, Custodi edn., p. 45.

The former aspect touches on the question if, as a result of the increase of the amount of the universal commodity, 'the prices of products will gradually rise until other countries cease to buy and look elsewhere for their supplies'.¹⁵ The new and original standpoint taken by Pietro Verri on that corner has often been noticed.¹⁶ He corrects (*loc. cit.*, § III, Custodi edn. p. 31; see English edn., p. 12) the classic Humean argument and concludes that *reproduction* will expand: 'particular commodities will multiply proportionately as the increase in the universal commodity becomes widespread and the number of contracts of sale and purchase will increase as there are more means to implement them'. Thereby will the universal commodity, acquired via industry and divided amongst a large number of people, compensate for and rectify through its greater celerity the deleterious effects that would otherwise follow from the single large amount. Further on the issue, Verri writes even more clearly in § XIII of the same book:

'Consequently the superabundance of the universal commodity will become noticeable when it enters the country in large amounts, without allowing industry time to accumulate sellers by adding gradually to their number. Money which mounts up imperceptibly in a State is like the dew that revives and invigorates vegetation; but it is like a raging torrent, uprooting, muddying and inducing sterility if it enters the country as accumulated treasure'.

Wherever

'unflagging industry and flourishing trade in a nation gradually add to the universal commodity, this will provide a new spur to industry and will increase the number of contracts, encourage the flow of internal circulation and lead to the introduction of new comforts and conveniences, to a refinement of the arts and crafts and to the invention of ways of perfecting them and speeding up their production. Everywhere cultivation, good living and prosperity will be diffused' (Custodi edn., 122, 124; English edn., p. 42).

It is, therefore, *il moto dell'industria*, 'active industry', which forms the *primum mobile* of the virtuous circle. An increase of 'circulating money, when it is achieved gradually and through industry and is shared generally among the people, leads to a proportionate

¹⁵ *Meditazioni*, 1771, § III, English edn., p. 11. Here, as well as elsewhere in same book (See in part. § XIII, English edn., pp. 43-44), Verri clearly, though implicitly, seems to refer to the standpoint taken by David Hume on the issue, particularly in the latter's *Essays* of 1741-42. On the precise identification of Verri's reference on this point, the English edition of *Meditazioni* has a useful footnote (p. 43, n. 17). It should be recalled that Verri's *Meditazioni* do not include the usual set of references and quotations, which would be expected in a fully worked out scientific treatise, which the *Meditazioni*, by open admission of the author, certainly are not.

¹⁶ For example by Schumpeter. See Schumpeter, 1954, II.6.1, p. 287.

increase in consumption; ... and the more sales a commodity finds, the more the sellers of it increase and the livelier its reproduction' (*ib.*, p. 44).

Schumpeter, in a well-known passage of his *History*, discusses the contrast between two different views: *Dearness-and-Plenty* on the one side vs. *Cheapness-and-Plenty* on the other. To the two sides belong, respectively, François Quesnay and Adam Smith. Pietro Verri - this is yet another ground for distancing him from the Physiocrats - is a precursor of the Smithian position and takes sides decidedly for *Cheapness-and-Plenty*. We have just seen this through his criticism on Hume about the effects of increasing the quantity of money and shall go on to see presently that same standpoint reinforced by Verri's theory of price. It is interesting that, in a perceptive remark deserving notice in the present context, Schumpeter himself finds reason to single out Verri as 'the most important pre-Smithian author on Cheapness-and-Plenty' (*ib.*, see above fn. 16).

So much for Verri's *macroeconomics*. However the author's position on Cheapness-and-Plenty cannot be fully understood without taking its *microeconomic* basis into consideration, which coincides with what we have called above the latter aspect of his theory of prices, namely the theory of relative prices. Pietro Verri makes a distinction between price and value. Much in the same way as Smith would do a few years later, Verri states that the calculation of 'how many ounces of metal were given in exchange for a certain commodity' cannot be used to indicate 'the true *value* of it, if by the term value is meant the degree of esteem it had in the common view, for the esteem in which the precious metals are held has varied with the passing of time' (§ XV, English edn., p. 50). It is now the place to consider the implications more closely of the increasing number of sellers and of the general redistribution of the whole mass of the precious metals. Particularly at § IV of his book of *Meditazioni*, Pietro Verri writes about the *prezzo comune* as the *relative* price. As a matter of fact such a *prezzo comune* can well be - and so it is in ordinary practice - expressed in units of specie; that practice, it should be noted, does not change the fact that the *prezzo comune* is thus expressed in terms of *another commodity*, such being the nature of specie itself - 'universal commodity' indeed in Verri's analysis. Price, in this sense, comes to depend - in Verri's view - on *utilità* and *abbondanza*, or - which boils down to the same - on *bisogno* coupled with *rarietà*.

'If the number of *sellers* increases (other things being equal), *plenty* will increase and the *price* will fall; if the number of *buyers* increases (again, other things being equal), so will the *want* grow and the *price* increase. Thus the *price* is deduced from the *number of sellers* in comparison to the *number of buyers*'.

After some more verbal elaboration, Verri comes to the conclusion that '*the price of things will be in direct proportion to the number of buyers and in inverse proportion to*

the number of sellers' (§ IV, English edn. cit., pp. 17-18). He adds in the sixth Livorno edition of 1772 of these *Meditazioni* (the text of which is given by Custodi¹⁷) that 'there proportions are approximate, because strictly speaking, to satisfy mathematical precision all buyers should purchase equal quantities'. In the same Livorno 1772 edition the famous appendix is also given, in which the mathematician Paolo Frisi, in summarising General Lloyd's essay on the theory of money, compared Lloyd and Verri on price.¹⁸ What seems relevant in the present context is to recall the purpose, Verri pursued in making use of his formula on price. That formula in fact shows that Pietro Verri had in mind a theory of *effective supply*, which corresponds to what he terms *abbondanza apparente*. 'Abundance of a commodity - Verri argues (§ IV, Engl. edn., 14) - has a bearing on its price; by the term *abundance*, however, I do not mean the absolute quantity of it in existence, but rather *the amount offered for sale*'. Apparent abundance or plenty - as the one which works in determining price - increases and decreases with the number of offers, approximately measured by the number of sellers (see *ibid.*, p. 16)¹⁹.

'Increased annual reproduction - Verri states (§ V, Engl. edn., p. 19) - must be the aim of political economy: to achieve this, *the proportion of sellers to buyers* must be as *high as possible*'. A necessary condition for that to happen - following an argument already sketched in the *Meditazioni sulla felicità* - is some equality in the distribution of wealth: in his own words, the 'number of sellers will always be greater in a nation according as wealth is more evenly distributed there among a greater number of people. ... When a nation's wealth is concentrated in the hands of a few ... [n]o abundance and no civil liberty will be found there'. That is an instance in which the resulting '[c]areful adherence to permanent uniformity would remove competition'. In conclusion, when 'there is too much inequality in the distribution of wealth, just as in the opposite case of perfect equality, annual reproduction is restricted to the bare necessities and industry is destroyed' (§ VI, English edn., cit., pp. 21, 22, 23).

In this way we complete the set of the conditions which justify and support a *spontaneous order* of a peculiar kind to which we shall have to revert:

'Nature, if left to itself, would be a benevolent mother to all men, correcting excesses and defects wherever they occurred, distributing good and ill according to the wisdom and activities of the peoples, and

¹⁷ It should be noted that the English edition, 1986, is based on the 1964 (De Felice ed.) reprint of the *Discorsi*, 1781, where the text of Verri's political economy contains several revisions compared to the 1772 sixth Livorno edition.

¹⁸ A thorough discussion of Verri's formula and of the debate involving Paolo Frisi, Pietro Ferroni and Augusto Montanari is given by Theocharis, 1961, pp. 27-40. For a more recent reconsideration, deeper on Paolo Frisi in particular, see Luini, 1996.

¹⁹ We differ here from the otherwise valuable work by L. Pesante, 1994. Pesante argues (see in part. p. 62) that the role of demand prevails in Verri's view on the formation of wealth.

leaving only sufficient inequality between them to keep desires and industry moving' (§ III, Engl. edn., cit., p. 12).

In connection with the conceived order of society, Verri has in mind, it is only natural that also some of the most typical items of his experience as a concrete and practical reformer should surface.

'Let any man be free to practise his business wherever he chooses. Let the legislator permit sellers in every category to multiply, and in a very short time he will see competition and the desire for a better life reawaken creative capacities and quicken the hands of his people; he will witness a refinement of all the arts, a fall in price levels, and the spread of plenty everywhere in the wake of competition its inseparable companion' (§ VII, English edn., p. 26).

The logic of the argument exhibits the close analogy with Smith's better known 'local situation' (*Wealth of Nations*, e.g., IV.ii.10), which transpires also for example from Verri's assumption that the 'buyer's judgement is always the most dispassionate and balanced'; on that basis it is only natural that, through competition, 'inexpert or importunate sellers will always be isolated, and will be forced by lack of profit to either improve or quit their occupation' (ibid.).

In order to keep the proportion of sellers to buyers on that high level, which is in fact the object of the policy of effective supply or *abbondanza apparente* - the real aim of Verri's political economy and the only possible source of wealth and prosperity through increased annual reproduction -, there are 'two means which spring naturally to the mind'. The means are, in Verri's own words, '*by increasing the number of sellers, and by reducing the number of buyers*' (§ XI; Engl. edn., p. 36). It is by taking the former that it is possible clearly to progress, while the latter 'calls for extreme caution'. Whenever then the policy of effective supply 'is achieved *by addition*, the State moves towards prosperity; and conversely moves away from it when the attempt is made *by subtraction*'. '[R]emoving constraints on sellers and encouraging their unlimited numbers' is the sole policy coherent with the view of a commercial society based on liberty and competition (see § 11; English edn., pp. 36, 38, 39). It will be evident that to Verri the concern for supply amounts to a plea against a kind of privilege, namely monopoly or quasi-monopoly, that, leading to a restricted supply, would then imply higher prices and counter directly his own Cheapness-and-Plenty philosophy.

3. Artificial Needs and the Formation of Wealth

A critical feature of the formation of wealth in the civilised state of society is, according to Verri, the proximity between human beings, and the easiness by which direct and indirect linkages may be introduced:

[T]he more isolated and distant from his fellows a person is, the closer he approaches the savage state and conversely, the closer he moves to a state of industry and culture, the nearer will he be to people in large numbers' (Verri, 1986*a*, p. 76; 1st edn. 1771)

As a consequence, 'every possible effort must be made to bring men closer to each other, to link one town with the next, and one city with the next' (Verri, 1986, p. 76; 1st edn. 1771).

At the root of the close relationship between proximity (as measured by the existence of linkages) and the formation of wealth is, according to Verri, the process by which artificial needs may arise in the civilised state of society. As a matter of fact,

[t]he more educated nations become - that is to say the greater the growth of ideas and needs among the people - the more trade we see introduced between one nation and another' (Verri, 1986*a*, p. 4; 1st edn. 1771).

The formation of artificial needs (that is, of needs arising from the interaction between human beings, and presupposing it) is considered to be an important condition for the development of industry and trade, once a nation has gone beyond the 'wretched' state in which there is 'excess of wants, over the ability to satisfy them' (Verri, 1986, p. 4; 1st edn. 1771), a historical condition in which '[need] sometimes leads men to plunder' (Verri, 1986, p. 5; 1st edn. 1771).

The civilised state, in Verri's view, is thus 'prepared' by the development of artificial wants characterising a nation that 'begins to move away from the savage state' (Verri, 1986, p. 5; 1st edn. 1771). However, the full development of civilisation requires artificial wants to force human beings

'to increase [their] industry proportionately and multiply the annual output of its products; so that over and above its consumption, it will have a surplus which will correspond to the amount of foreign commodities it must seek from its neighbours. In this way, a country's annual production from the soil, and its national industry, tend naturally to increase along with increasing wants' (Verri, 1986*a*, p. 5; 1st edn. 1771).

The above argument brings to the fore the critical role of needs (and wants) in Verri's theory of the formation of social wealth. A primitive nation is 'seldom unhappy' (Verri, 1986*a*, p. 4; 1st edn. 1771), since wants and resources are normally well balanced with

respect to each other²⁰. The subsequent expansion of needs derives from the communication of ideas among individuals and social groups, and is itself at the origin of a transient state of 'wretchedness', in which human wants are in excess of the ability to satisfy them; in the progress of civilisation, a nation becomes better equipped to achieve a balance between 'wants' and 'abilities', under conditions in which new artificial wants are born through social interaction and new abilities are developed to satisfy such wants by means of industry and trade.

In other words, the progress of civilisation initially upsets the original balance between wants and abilities, but eventually ensures that abilities are also increased and a new balance achieved.

4. On Moral Sentiments and Artificial Needs

Verri's analysis of artificial needs as a prerequisite of wealth formation in a civilised state of society has its roots in a sophisticated investigation of the 'moral' dimension of human behaviour, that is, in the analysis of the class of human feelings which are not directly stemming from a physical cause.

In this section, we shall briefly consider Verri's analysis of 'moral sentiments' as the foundation of his theory of civilisation and artificial needs.

In his *Discorso sull'indole del piacere e del dolore* (Livorno, 1773), Verri introduces a sharp distinction between physical and moral feelings. The former are originated by 'a rupture or violent irritation of our body' (in the case of painful feelings) (Verri, 1964a, p. 5; 1st edn. 1773), or by the termination of such a rupture or irritation (in the case of pleasant feelings)²¹.

Moral feelings are independent of a direct association with physical impulses, and originate in a sophisticated interplay between the personal memory of the past and the anticipation of the future. In particular, Verri maintains that

'all moral pleasures and pains are equally generated by fear and hope, so that a human being unable to hold hope or fear would only be capable of experiencing physical pleasure or pain' (Verri, 1964a, p. 15; 1st edn. 1773).

²⁰ According to Verri, '[i]n savage nations, because needs are limited, so is plenty - in other words, surplus is minimal; for the primitive nation obtains the necessities of life from its own lands (either from pastoral, hunting, or agricultural activities), and its diligence will not extend beyond its annual consumption' (Verri, 1986, p. 5; 1st edn. 1771).

²¹ Examples are found in the pleasures associated with 'a warm and soft bed [-] after a disastrous winter trip', or with 'a delicate meal [-] after a sober and demanding hunt' (Verri, 1964a, p. 10; 1st edn. 1773).

The association of the moral dimension with memory and expectation makes moral sentiments quite independent of current circumstances, and critically subject to the influence of past remembered and future anticipated:

[All moral feelings] are only experienced at the time when our mind, almost completely unaware of the present, is either recollecting the past or anticipating the future; and pain or pleasure are experienced in so far as fear or hope prevails' (Verri, 1964a, p. 12; 1st edn. 1773).

This 'absolutely general theorem' (Verri, 1964a, p. 12; 1st edn. 1773) turns moral sentiments into indirect (or 'higher order') feelings, which cannot be experienced unless a 'reflecting faculty' is sufficiently developed, that is, an attitude of considering a 'mirrored' reality and of evaluating one's own feelings in relation to it²².

Such a reflecting faculty derives, to a considerable extent, from an attitude to conceive abstract ideas and to elaborate 'artificial' mental constructs based upon them. In this way, a direct association may be established between the degree of development of the 'moral sense' of individuals (or social groups) and the cultural complexity of their relational setting:

[S]ensitivity to moral pleasures and pains is greater, the greater is the crowd of ideas that an individual has added to one's own existence. Differences between nations under this respect may also be detected; the most civilised peoples are more sensitive to praise and contempt: rude peoples are more sensitive to punishment and reward. Moral pleasures and pains are so much greater, the greater is the number of needs, and the number of relationships which a human being is aware of entertaining with others' (Verri, 1964a, p. 10; 1st edn. 1773)

Verri's analysis of moral sentiments is based upon an explicit association between personal identity and memory:

'As long as a human being [-] is capable of the two native sentiments, fear and hope, such a human being would also be subject to moral pains and pleasures. Such a manner of feeling, which takes place in the absence of the external object, entirely depends upon that unknown part of ourselves that is called *memory*: it is a part of myself, which acts upon me, which is a substitute for an external object, and by itself excites emotions and passions.

²² A possible analogy between Verri's theory of moral feelings and Joseph Butler's interpretation of the moral sense (and conscience) as a 'reflecting sense' (Butler, 1834; 1st edn. 1736) is worth mentioning. According to Butler, human beings 'have capacity of reflecting upon actions and characters, and making them an object to our thought: and on doing this, we naturally and unavoidably approve some actions, under the peculiar view of their being virtuous and of good desert; and disapprove others as virtuous and of ill desert' (Butler, 1834, p. 316; see also Darwall, 1995, pp. 244-83).

And it is memory that, while I am experiencing such feelings, works through myself, sometimes against my will, and is the sole origin of that *me* and *I*, which derives from the awareness of my ideas' (Verri, 1964a, p. 29; 1st edn. 1773)

Memory is considered to be at the root of 'moral' feelings (feelings in the absence of an immediate physical stimulation) through the development of hope and fear, that is, of a particular attitude to time consisting in the expectation of future emotions on the basis of ideas and associations deriving from individual and collective history.

Verri's linkage between memory, history and moral sense suggests an interesting relationship between cultural development, increasing 'roundaboutness' of feelings and the formation of an 'artificial' sensitivity (that is, sensitivity to needs and rewards that would not be felt in a 'primitive' state of society).

The more complex and varied individual and collective history is, the more sophisticated moral sentiments are likely to be. For this reason, a developed 'moral sense' (that is, developed artificial sensitivities) is considered to be a necessary, if not sufficient, condition for the formation of wealth based upon trade and division of labour (see Verri, 1986a, pp. 4-5; 1st edn. 1771).

However, the development of artificial sensitivities is not always conducive to civil and economic progress. The reason is that there could be circumstances in which the 'roundaboutness' of moral sentiments is such that 'it is very difficult to find by ourselves the origin and course of a great number of our sentiments' (Verri, 1964a, p. 28; 1st edn. 1773). Here, 'the human mind gets confused and lost in its attempt to discover the beginnings of the many small and intertwined threads by which a passion is woven [-]' (Verri, 1964a, p. 28; 1st edn. 1773).

This is a human condition in which moral suffering could be greatly increased, with respect to a more primitive state of individual or collective history.

However, further progress of civilisation may introduce greater simplicity of feeling through the practice of reason, by which suffering due to confused recollections and expectations could be considerably reduced (see Verri, 1964a, p. 28; 1st edn. 1773).

To conclude, Verri's analysis of the nature of moral sentiments, and of their evolution as one nation moves from the 'savage' to a 'civilised' state, is a remarkable attempt to bind together a philosophical investigation of the 'moral sense' and a historical reconstruction of the path by which the moral sense may evolve in the progress of civilisation²³.

²³ Such an interplay of analytical and historical considerations is characteristic of Verri, and suggests an interesting distinction with respect to Smith's theory of moral sentiments, which is formulated in purely analytical terms (see Smith, 1759).

The evolution of the moral sense in history is logically founded in Verri's analysis of the relationship between memory, personal identity and expectations (hope and fear). However, the historical evolution of the moral sense is not of the unilinear type. The transition from a 'primitive' to a 'civilised' state may either increase or reduce human unhappiness, depending upon whether '[t]he excess of wants over the ability to satisfy them' (Verri, 1986a, p. 4; 1st edn. 1771) is reduced or increased.

Pietro Verri here follows a characteristic theme of Italian eighteenth century thought in maintaining that the progress of 'civilisation' is not necessarily associated with a progress in wealth or 'civility'.

For civilisation expands the human capacity to develop moral sentiments and artificial needs, whereas human industry and civility are only increased if the capacity to conceive 'new wants and new comforts' is associated with trade (and division of labour) rather than with 'plunder' (see Verri, 1986a, p. 5; 1st edn. 1771).

The initial development of moral sentiments and artificial needs may be associated with a state of '*cultivated barbarity*' ('barbarie colta') (Broggia, ms 1752)²⁴, in which society is 'barbarous and corrupt' rather than 'civilised and lawful' (Verri, 1964b, p. 120; 1st edn. 1763). Here, as a result of the civilising process, 'desires are infinite', for 'they are born from the very fertile and unbridled opinion of social beings' (Verri, 1964b, p. 120; 1st edn. 1763). However, industry is not necessarily associated with such an expansion in moral sentiments and desires: 'if, in this society, barbarous mistrust prevails, if human existence and property become precarious, if from the [alleged] source of equity and justice terror and waste are born, everybody's ability is uncertain, and the excess of desires is unbridled' (Verri, 1964b, p. 120; 1st edn. 1763).

It is precisely the potentially widening gap between human desires and abilities in the progress of civilisation (a possibility leading to corruption rather than genuine improvement), which calls Verri's attention upon the need to stimulate a 'civilised' society to reduce such a gap by improving laws, manners 'and all kinds of educated politeness' (Verri, 1964b, p. 120; 1st edn. 1763), and also 'by exerting reason and industry, and speeding up the progress of truth by eliminating the opinions contrary to it and making the use of truth as widespread as possible in the ordinary course of life' (Verri, 1964b, p. 120; 1st edn. 1763). The progress of civilisation makes 'civil society' possible; but its actual realisation requires that it be actively pursued so as to achieve 'massimo incivilimento' (Verri, 1964b, p. 120; 1st edn. 1763).

²⁴ Broggia had noted that 'excessive civilisation' associated with the separation between productive activity and civil duty is likely to bring about 'the barbarity of civilisation and reflection', in which 'the pedantical, coward and malicious politics will be born, - together with avarice, rapacity, luxury, and the abuse of wealth' (Broggia, ms 1752, F. 70-71). We are grateful to Carlo Poni for calling our attention to this contribution by Broggia.

5. Economics, legislation and civil society

Pietro Verri, as a thinker and a political economist, is first and foremost an eminent representative of 18th century eudemonistic philosophy. But any view on him as a political economist would not be complete if we excluded his practical inclination as an applied economist and a reformer, bearing the mark of exquisitely Lombard traits. That aspect of Verri's contribution bears also a direct link with a vision on the role of the Austrian Monarchy, after Aix-la-Chapelle with the reign of Maria Theresa and, later, with the ascendance to the throne of her children Joseph and Leopold.

A common observation having a bearing on the historical evaluation of the reforming period and of Verri's place in the reforming process is the following. It is very easy, on the basis of the development and impulse toward reforms within the Austrian empire, to exaggerate the significance and the influence of Lombard intellectuals at the Viennese court. It is perfectly clear - Carpanetto and Ricuperati, for instance, wrote - that, as the historian Victor L. Tapié had already noticed, in the latter half of 18th century the cultural contribution, derived by Austria from the Milanese milieu, tended to thin and eventually peter out; and that was part of a larger retrenchment of Italian influence on the intellectual life of the Hapsburg Monarchy. Their intellectual life came much more under the spell of, say, German, Austrian, Bohemian or Dutch influences²⁵. Barring the instance of Beccaria, whose work had immediately commanded the attention of Western culture as a whole, the intellectual prestige of the Lombards - Pietro Verri included, as he was mainly considered on account of the technical propositions, he was able to put forward - was fairly low. On the other hand, as the same authors go on to remark, we should not forget that it was the Lombard enlightened themselves who attributed a pure political instrumentality to the relationship with the Hapsburg Monarchy. Their intellectual inspiration and their ideal masters lay elsewhere: in Paris, London, in the American Provinces, in the Corsica of Pasquale Paoli, in all places where political experience or ideological critique more clearly pointed toward a new social order, an order no longer founded on princely despotism. Also in the light of such and similar considerations, it seems fair to observe that Pietro Verri's intellectual approach, taken as a whole, showed much greater coherence with his own late constitutionalism than is sometimes supposed; in particular his approach seems to have been akin to constitutionalism to much larger extent than it was to his own earlier pronouncements in favour of enlightened

²⁵ Carpanetto-Ricuperati, 1986, p. 297.

absolutism.²⁶ If one of the horns of the dilemma - absolutism vs. constitutionalism - has to be understood, in Verri's own experience, as the result of practical involvement in political life rather than as a point dictated by a coherent elaboration of principles, that position should be rather the former than the latter. The point is of some significance, also in view of the fact that the current view of him is very often prone to offer the image of a contrary process: the young Verri is depicted as the earnest unflinching upholder of enlightened absolutism, who would then in his late years, disappointed and sceptical, fall back on the constitutional model and on a belated defence of precisely those intermediate bodies and levels of governance, he had so vehemently criticised and opposed.²⁷

We shall endeavour better to highlight Pietro Verri's conception; a conception in which the fundamental role of competition and of the market is closely linked up with his view of the civil society. Verri's conception, in other words, can only be understood in the light of a 'science of the legislator' which draws a great deal from French intellectual life (Montesquieu) and from England (Locke, Hume), where the legislator is the public figure who brings together and systematises the constitutive links of civil society. Verri's argument is neither an argument in pure economics nor is it mere theorising of the politician or of political power²⁸. We can trace in Verri the characters of a special conception of the *civitas* having its roots particularly in Montesquieu and a good deal of the Anglo-Saxon tradition. Verri's struggle against privilege is not to be confounded with a theorisation of political absolutism.²⁹

In discussing despotic governments, Montesquieu wrote:

'Après tout ce que nous venons de dire, il sembleroit que la nature humaine se soulèveroit sans cesse contre le gouvernement despotique. Mais, malgré l'amour des hommes pour la liberté, malgré leur haine contre la violence, la plupart des peuples y sont soumis. Cela est aisé à comprendre. Pour former un gouvernement modéré, il faut combiner les puissances, les régler, les tempérer, les faire agir; donner, pour ainsi dire, un lest à l'une, pour la mettre en état de résister à une autre; c'est un chef-d'œuvre de législation, que le hasard fait rarement, et que rarement on laisse faire à la prudence. Un gouvernement despotique,

²⁶ This observation seems to be in line with the line of argument developed by Carlo Morandi in a classic contribution on Lombard political ideas; in Morandi's account the personality of Pietro Verri has a large place. See Morandi, 1927. For example Morandi observes (p. 173) that Verri's constitutional project at the end of his life was the result of a whole political experience born and gradually brought to maturity also through the contact with the regional life of the Milan province. On Verri's constitutionalism, besides Morandi, see, for example, Ottolini, 1921.

²⁷ See, e.g., Valeri, 1937.

²⁸ A sharp distinction is implied in the argument between the legislator and the politician. On the legislator, see, e.g., Winch, 1996, pp. 33-123.

²⁹ On the issue, see the editor's introduction to Verri, 1964, esp. pp. xvi ff. Montesquieu's influence, particularly in connection with Verri's political economy, is emphasized by De Felice (See Verri, 1964, p. 128), who refers to Berselli-Ambri, 1960.

au contraire, saute, pour ainsi dire, aux yeux; il est uniforme partout: comme il ne faut que des passions pour l'établir, tout le monde est bon pour cela'.³⁰

The safeguard against despotism depends on the potential for developing a government as a *limited* power under the supreme authority of the law. In Montesquieu's view, however, the supreme authority of the law cannot be established and cannot last in the absence of independent institutions - the *pouvoirs intermédiaires* - to which the law itself attributes identity and powers. It is within a conception of that kind that the central role of civil society, considered as a network of social relationships within which the political authority or government power is itself encompassed. In this connection the canon of political philosophers teaches us to discover a parallel between the most celebrated chapter of the *Esprit des lois* - the sixth of the eleventh book, namely 'De la constitution d'Angleterre' - and another text on the division of powers, which came to be produced half a century earlier and which is also well-known - the twelfth chapter of the second treatise on government by John Locke 'Of the Legislative, Executive, and Federative Power of the Commonwealth'. Both of these texts deal with the English constitution. It is not by chance that Locke and Montesquieu are among the most important sources for Pietro Verri. This is, indeed, a connection which qualifies his constitutional view of the polity. The latter, in its turn, is first and foremost part of his philosophy well before being a source of practical proposals in reforming the public law of the country under the very special contingencies of the time of the French revolution after the death of Emperor Joseph II. Under a philosophical profile it is precisely the junction between the eudemonistic conception and the idea of civil society that gives rise to Pietro Verri's propensity for political economy. For all his fact mindedness, practical and political urgencies come in later. This, as a fact, also distinguished Verri from other personalities of reformers and administrators during the same period and in Milan in particular.

From Pietro Verri's biography we learn that it was, above all, his friendship with Henry Lloyd, a Welshman, which introduced him to the great problems of politics and political economy.³¹ From Lloyd he draws the inspiration leading him to reflect on the 'paradox' of pain and pleasure; from that reflection he then goes on to the explanation of the rise and growth of trade, of money, of markets.³²

³⁰ *L'esprit des lois*, 1748, livre V, ch. xiv.

³¹ See, e.g., Capra, 1987, p. 208.

³² See Venturi, 1978, pp. 533-34. It is Venturi's view that Verri takes up the *histoire raisonnée* in the form of a stages history developed by Lloyd in his philosophy of government (for example expressions like *bisogni artefatti* seem to echo Lloyd's text) and proceeds to focus on the political economy of the process.

Under that respect the conception of the law and of legislative activity developed by Pietro Verri plays a fundamental role. Political liberty is defined by Verri precisely in terms of civil liberty. By the name of *political liberty*, he states meaningfully, we should mean the opinion which each citizen has about self-possession and the possession of whatever is his own and the freedom to make use of such assets at his own pleasure insofar as he does not trespass the laws made by the legitimate authority. Law's empire is defined by him to be 'il più dolce, il più benefico impero'.³³

The anti-absolutist doctrine, in which the power of the government or of the sovereign is limited by the law and society subsists on the basis of a relationship of trust,³⁴ has certain connections with the rise of political economy as an intellectual development. Adam Smith opens the fourth book of the *Wealth of Nations* with the famous definition of political economy as a branch of the science of a statesman or legislator: it is not difficult to see that Verri is a precursor on the same itinerary, which makes of the *legislator* the leading character in the functioning of the 'civil society' in which the economy is embedded.

Liberty - much as in Montesquieu (xi, iv) - is defined by Verri as subjection to the laws. The great art of the legislator - in Verri's premise - is to know how to *ben dirigere la cupidigia degli uomini*, or channel the cupidity of men to the proper direction. Thereby the citizens' *utile industria*, useful industry, is revived: by example, emulation and habit useful citizens themselves are multiplied. They compete and strive to get rich by supplying the country with better goods at a lower price. Verri goes to maintain that freedom and competition - made possible by good laws - are *l'anima del commercio*, or the secret life of commerce; that is *la libertà che nasce dalle leggi, non dalla licenza*, liberty arising from the laws, not from license. It follows therefrom that the inner life of commerce lies in the security of property founded on clear, not arbitrary, laws and that monopolies, or exclusive privileges, are the outright opposite of a spirit of commerce.³⁵

It is evident from the above that the target of Verri's critique cannot be the existence of intermediate bodies with a constitutional status. The problem he is concerned with, is the

³³ See the essay 'Sulla interpretazione delle leggi', published in the *Caffè*, see 1993 edn., pp. 700, 703. In celebrating the sovereignty of the law, he writes: '[Le leggi] non conoscono parzialità, non hanno affetti; sode, immutabili, ordinano lo stesso ad ognuno'. This is Verri's idea of the guarantee against unjust privileges and the *ognuno* here should be taken to include the sovereign.

³⁴ That is Locke's conception of limited government. 'Men - Locke writes - give up all their Natural Power to the Society which they enter into, and the Community put the Legislative Power into such hands as they think fit, with this trust, that they shall be govern'd by *declared Laws* - Absolute Arbitrary Power, or Governing without *settled standing Laws*, can neither of them consist with the ends of Society and Government - For all the power the Government has ... ought to be exercised by *established and promulgated Laws*'. *Second Treatise of Government*, § 136, 137.

³⁵ See Verri's 'Elementi del commercio', in Verri, 1804a. The original ms, which dates back to 1760, was later (1764) published with few alterations in the *Caffè* (See 1993 edn., pp. 35-36) and reprinted by Custodi, 1804 (vol. xvii, pp. 323-35).

different one of preventing the establishment of privilege, meaning an unjust power by that word, and freeing from privilege - as a much more demanding enterprise - societies which have might have fallen under its dominance. Otherwise public economy would be totally prevented from reaching the object to which - as we have seen above - all its operations should lead and the exercise of industry would be made more difficult for the people. As a matter of fact, 'trade and craft guilds do not yield the benefit for which they were established, but tend to lower annual reproduction'. The latter argument is the ultimate decisive ground for Verri to condemn the 'spirit of monopoly and conspiracy', which leads 'to reduce the number of local sellers' with the result of increasing the price of commodities, diminishing the number of contracts, checking industry and annual reproduction.³⁶ Verri's radical remedy (*Meditazioni*, 1771, *ibid.*) is to open wide and free the field and let everyone be free to practise his business wherever he or she chooses; this will awaken industry and produce abundance and low price. Let every person be driven by the desire to improve his or her own lot and general improvement will ensue: Verri clearly paves the way to Smith's wish of men to better their condition (*Wealth*, ii. iii). Society ruled by good laws is likened to a tree left free to grow: 'everything gains strength and vigour and warmth when there are no obstacles in the way of our desire to improve our destiny and that is left to rule securely everywhere' (*Meditazioni*, § VII, Engl. edn., p. 26). Although the general therapy consists in the promotion of good and wise laws, if and when privilege is firmly rooted, it may well be necessary a special temporary initiative on the part of the governing authority, aimed at repairing damaged relationships and restoring the functioning of the system.

Far from forcing and prescribing, laws should invite and guide; 'a law which is against the interests and instincts of many, can never be continually and peacefully observed nor can it achieve favourable results for the city' (*Meditazioni*, § XII, Engl. edn., p. 40). The great art of the legislator - Verri writes - is and will always be to let the private and the public interests coincide.³⁷ A large share of the responsibility for arbitrary rule is to be attributed - which is brought out in Verri's own reconstruction of the history of the Milan State - to a large accumulation of power and privileges in the hands not only of intermediate bodies, but more precisely of the intermediate levels of government. In particular - Verri argues - the code issued under the Spanish rule was permeated by principles inimical to liberty and industry; senators and magistrates are taken to be the masters of the nation rather than serve the country. Against the principle illustrated by Montesquieu, within the same level of government both executive and legislative powers have been added together. The final upshot, as Verri sees it, has been the entire

³⁶ See Verri, 1771, esp. § VII (English edn. pp. 24-26).

³⁷ See Verri, 1796, esp. § XII; Custodi edn., p. 131

elimination of that civic security which had provided the foundation for the prosperity in former times: everything had turn more contentious, precarious and uncertain; the arbitrary power of the judge was prevailing over the law. The state had ceased to live under the rule of law and had started to lie under the rule of men.³⁸

It is necessary carefully to examine the particular conditions which should govern and accompany that change of habits and customs which the aim of any 'beneficial revolution'. Whenever it is a matter of caring for the

'execution of existing laws, it is useful, nay indispensable, for the decision to depend on the views of several men. Where, on the other hand, the concern is with organising systems and steering a path towards a given goal, with overcoming problems on the way which can never all be foreseen, this thrust and direction must of necessity depend on a single driving force'.

That is the case of the arbiter of new rules, 'just as in Roman times a dictatorship was successfully adopted when things were difficult'. In political economy, then,

'particularly when it needs to be simplified, involving the reform of old abuses, I say it is worthwhile to create a despotic system to last as long as is necessary to set in motion a provident system' (*Meditazioni*, §XXXVIII; English edn., pp. 113-15).

It is a leitmotiv of Verri's to argue that in

'enlightened countries, the people advance in a direct line and the laws move obliquely; but the fewer luminaries there are in a population, the more will the laws move in a direct line and the people obliquely' (ib., § XXVII, English edn., p. 80).

He accordingly castigates the misplaced ambition of the vulgar man to reconcile to the limited scope of his own mind the entire life of civil society. The vulgar man - Verri argues in his pamphlet on the policy of provisions - is ever more desirous to impress motion and make of society something which can appear to be his own creation, rather than channel the actions of men to some common purpose in an indirect way. Thereby he is prone to fall into a clumsy handling of the great machinery of civil society; he is bound thereby to disrupt its delicate devices, which he is unable even to see. Against this picture the image of the reflective man is contrasted, who appreciates that in the polity it is much more appropriate to let do rather than do: no country will be stolid enough to deprive itself of the necessaries, unless a very artificial system of prohibitions can produce that most unnatural outcome.

³⁸ See Verri, 1804, § 3; Custodi edn., p. 78.

It is from that kind of philosophy that Pietro Verri, in concluding his own reflections on political economy, draws the ideal characteristics of a Minister of the economy. His first duties are

[r]emoval of obstacles, abolition of restrictions, smoothing the way to the competition that inspires reproduction, increasing civil liberty, leaving a wide field open to industry, protection of the reproducing class especially with good laws, ... ; ensuring easy, rapid and disinterested movement in contracts of sale and purchase; spreading good faith in trade and never allowing fraud to go unpunished'.

The formula 'active in destroying and most cautious in building' - properly understood - summarises his own brand of political moderatism as well as his conception of the social order.

Verri's contribution to the 'moral' and economic theory of civil society is characterised by an innovative conceptual construction that makes selective use of different strands in eighteenth century thought, and suggests a careful blend of 'active' intervention and reliance upon the 'spontaneous' emergence of new orderly structures.

In particular, the attention for legislation as the constitutional framework of social interaction under given historical conditions is combined with the idea that excessive concern for details is seldom effective and is indeed likely to bring about undesired outcomes.

According to Verri, a critical distinction should be made between the rules governing individual and social behaviour respectively, while at the same time acknowledging that such rules may be different in different states of society. As noted by Verri at the beginning of his *Riflessioni sulle leggi vincolanti* (Verri, 1796; ms. 1769), individuals are the more straight in their actions the more enlightened they are: 'the more enlightened human beings are, the more simple and straight is the route by which their goal is pursued' (Verri, 1964c, p. 267; ms. 1769). The opposite is true in the case of confusion and indecisiveness:

'deviousness [-] is an effect of bewilderment or lack of clarity about our own ideas' (Verri, 1964c, p. 267; ms. 1769).

Legislation should be radically different from the principles characterising the enlightened behaviour of rational individuals:

'The spirit of brevity and simplicity that characterises the enlightened individual in his social behaviour, [should not] guide the activity of a wise legislator; to the contrary, we may see that the most considerate and beneficial laws are pursuing their aim by indirect means, and that

little is achieved by laws that are immediately targeted with respect to their object' (Verri, 1964c, p. 267; ms. 1769).

The above distinction between the rules of rational conduct for the individual and for the legislator respectively derives from the complexity of social interaction and from the unavoidable lack of knowledge as to the causal processes involved when individuals influence one another within a social set-up: 'the set of actions in any given society results from all actions of physics as well as from all existing legislation' (Verri, 1964c, p. 267; ms. 1769). As a result, any effective policy would require a reconstruction of causal processes and a careful intervention by which such processes would be suitably modified (Verri, *ibidem*).

In Verri's view, the effectiveness of direct policy in social affairs is impaired by the epistemic limitations of human beings:

[As] the insight of everybody is limited, and narrow its confines for the greatest part of human kind, so, of the great social machinery, only a small set of moving devices may be discovered' (Verri, 1964c, p. 269; ms. 1769).

Such an epistemic weakness of social knowledge suggests an indirect approach to policy issues: 'a new outcome is unwisely sought by means of command; and citizens are incautiously compelled to a new course of action by means of constraints' (Verri, 1964c, p. 267; ms. 1769).

On the other hand, the principle of liberty suggests an effective means by which policy goals may be sought. The reason is that 'the reluctant will of the human being wants to be solicited without disruption, and guided without violence, if we are to achieve a constant goal not compensated by worse evil' (Verri, 1964c, p. 269; ms. 1769).

The above general principle finds support in Verri's theory of 'interest', which is associated with the performance of useful actions, and includes both the 'actions that law has left free' (Verri, 1964b, p. 98; 1st edn. 1763) and the actions conforming to virtue, which are identified with 'actions useful to human beings in general' (Verri, 1964b, p. 98; 1st edn. 1763).

Effective policy, in Verri's view, coincides with the introduction of laws by means of which 'the private and the public interest are made to coincide' (Verri, 1964c, p. 270; ms. 1769).

An important implication of the above criterion is that '*to invite and to guide* are the distinctive mark of a beneficial and enlightened legislator, whereas *to force and to prescribe* are the mark of an ordinary legislator' (Verri, 1964c, p. 268; ms. 1769).

It remains to be seen whether there are cultural or historical prerequisites to be met for the principle of liberty to become a suitable guide in policy and in legislation. In this connection, Verri's historical approach to civilisation and moral sentiments provides an interesting cue. For Verri maintains that it is possible to identify a close relationship between the 'state' of any given society and the general character of its legislation:

[I] believe it is true to say that in civilised nations human beings are straight, whereas laws take an indirect course; and [that, on the contrary] in corrupted nations human beings take an oblique course, and laws a direct one' (Verri, 1964c, p. 267; ms. 1769).

It may be interesting to note that Verri's 'science of the legislator' (see also Haakonssen, 1981) presupposes the contribution of Montesquieu but blends it with a historical awareness of cultural development rooted in his philosophical investigation of human desires (see section 2 above).

As a matter of fact, Verri's distinction between two different courses which legislation may take seems to suggest a concentration of attention upon the 'dual path' open to nations during the process of civilisation (see section 3 above).

If society is 'barbarous and corrupt' ('barbara e corrotta') as a result of the development of artificial needs much beyond available means, legislation is compelled to take a direct course in order to 'circumvent' the roundaboutness of moral sentiments and the widespread mistrust that is associated with it.

On the other hand, if society is 'civilised and lawful' ('colta e legittima'), artificial needs are balanced by industry, and moral sentiments are less likely to get entangled in a vicious circle. Under these circumstances, legislation may take a different (and less constraining) course, by taking advantage of the unimpaired state of mind of free human beings. For 'moral sentiments' would in this case be characterised by 'brevity and simplicity', and the actions of individuals more likely to be influenced by incentives and indirect legislation³⁹.

³⁹ An interesting implication of the above principles may be found in the field of monetary policy. In particular, Verri's contributions to the 1762 debate on monetary disorders (Verri, 1986b, 1st edn. 1762) and the 1772 *Consulta* (Verri, 1986c; ms 1772) are worth considering. Here, Verri explicitly relates the principles of monetary policy with the principles of trade between countries closely intertwined by economic linkages. Such a perspective leads Verri to criticise the common association between monetary standards and national sovereignty, and to maintain that the goal of monetary policy should be 'to have good money, and to evaluate it correctly, without paying attention to the imprint that such money might have: this is the course of action taken in Hamburg and Frankfurt am Main, as it may be seen in Bielfeld's *Institutions Politiques*, tome I, ch. xiv, paragraph 29' (Verri, 1986b, p. 114; 1st edn. 1762). A general evaluation of Verri's monetary thought is presented in Quadrio Curzio and Scazzieri, 1992 (see also Meacci, 1996). Verri's criticism of monetary sovereignty (under the form of the so called 'provincial money') may be related to the conception of an international civil society based upon trade and division of labour (see Porta and Scazzieri, 1997).

6. Concluding Remarks

Verri's contribution to the economic and moral foundations of civil society appears to draw upon extensive and perceptive reading of classical eighteenth century sources. At the same time, on a number of critical issues, Verri suggests a fresh perspective and identifies 'conceptual solutions' of remarkable originality.

In particular, Verri's conception of 'civil society' (which is to be identified, to a large extent, with his 'società colta e legittima') makes it clear that 'moral sense' and legislation may be considered as critical prerequisites for the kind of 'producers' competition' discussed in *Meditazioni sulla economia politica* (Verri, 1771). In a sense, a comprehensive reading of Verri's economic and philosophical writings suggests a new perspective in the analysis of the interplay between moral sentiments, legislation and the competitive framework of a market economy which is not irrelevant to the understanding of the same relationship in other eighteenth century writers, including Adam Smith.

For Verri's *Meditazioni* are explicitly rooted in a 'historical' investigation of moral sentiments, and of the way in which these may influence the pursuit of private or public interest, and the characteristics of legislation.

According to Verri, civil society is an essential prerequisite of 'industry' and 'indirect legislation'. However, the evolution of moral sentiments is not always compatible with the formation of a 'società colta e legittima'. The progress of civilisation may indeed be associated with the development of roundabout feelings and the formation of artificial needs that could impair human industry and act as a check upon the growth of wealth.

Under the above circumstances, indirect legislation is seldom effective, so that laws tend to be 'particular' rather than general, and government activity ends up being associated with command more often than incentive.

The duality between the 'barbarous and corrupt' and the 'civilised and lawful' states of society brings to the fore the variety of alternative paths open to human beings in the course of the civilising process. The same duality also suggests that the 'structure' of moral sentiments may be of critical importance in determining the character of legislation and the possible development of 'industry' in any given society.

Industry is, in Verri's analysis, closely related with the intertwined activities of production and trade. For it may be argued that, in trade as in production, the most essential (or 'primitive') tasks are '*bringing together*' and '*separating*' (Verri, 1986a, p. 9; 1st edn. 1771), that is, operations associated with the transformation of matter from one state to another (see Verri, *ibidem*). In this connection, the *relational* features of wealth

formation are highlighted, since it is primarily by means of the 'free' interaction of individuals and social groups that material objects (or immaterial ideas) may be brought together or separated from each other.

Such a relational dimension of 'industry' is rooted in Verri's own representation of production (and trade), and leads in turn to a characteristic emphasis upon 'proximity' as a necessary condition for the development of wealth. Indeed, Verri is clearly distinguishing between physical and 'economic' proximity, and suggests that, as interaction between individuals (or groups) gets easier, 'so will it be easier to accomplish this [proximity] without people having to move their homes' (Verri, 1986a, p. 76; 1st edn. 1771).

Decreasing 'costs of interaction' (that may be associated with decreasing transaction costs) are considered to be at the root of a complex process, in which 'civilisation' (particularly under the form of developed moral sentiments and artificial needs) is a prerequisite of economic progress.

At the end of this investigation into the relationship between civil society, commercial society and 'government' (or legislation) in the writings of Pietro Verri, we may attempt a general assessment of Verri's own contribution to the formation of economic ideas in the course of the eighteenth century. In this connexion, as emphasised by Peter Groenewegen in his contribution to this Conference, we meet the apparent paradox of an economic monograph (Verri's *Meditazioni sulla economia politica*) widely known across Europe and translated in a number of foreign languages (three French, two German and one Dutch translations appeared between 1773 and 1823)⁴⁰, and yet seldom explicitly referred to in scholarly writings.

The 'Verri paradox' may be tackled from a number of different perspectives. For instance, it could be argued that Verri's *influence* was limited to the analytical treatment of market demand and supply, or to the introduction of a concept of 'income' explicitly founded upon consideration of the economic system as a circular flow (see, respectively, Schumpeter, 1959, p. 178 and 287; Studenski, 1958).

Our investigation has followed a different course, by attempting an assessment of what may be called Verri's 'pre-analytical' framework and discussing the cluster of concepts and formulations by which Verri's 'embedding structure' of economic relationship may be identified. Such an approach has led us to identify the most critical contribution of Verri's economic writings in the analysis of the relationship between civil society, moral sentiments and 'legislation'.

⁴⁰ See Groenewegen, 1986, p. x.

In this perspective, Verri appears as a leading theorist of the process by which a careful blend of 'need sophistication' and 'moral simplification' may make human beings responsive to the 'indirect government' of civil society.

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