

Francesco Forte: an economist across boundaries

Silvia Fedeli¹

© Springer Science+Business Media, LLC, part of Springer Nature 2022

Francesco Forte ranks among the founding fathers of the Public Choice School. He left us on January 1, 2022, just before his 93rd birthday. Albert Breton (2010), described “classic Forte” as original, unconventional and imaginative, erudite and profound. All of those features have been a constant begetter of stimulus and suggestion to me ever since I first met him.

It is difficult to put into words what I owe Francesco Forte.

1 A brief tour of an illustrious career

Francesco Forte’s academic career was long and distinguished, most visibly in traveling, which was ceaseless lifelong. Beginning in 1951, immediately after graduation, he became a lecturer and research assistant in public finance at the University of Pavia. Shortly afterward, he was appointed as an adjunct professor of public finance at the University of Milan (1954–1957) and then associate professor of economics and public finance at the University of Urbino (1957–1959). At the end of the 1950s, he became a post-doctoral fellow at the University of Virginia’s Department of Economics, where he was appointed as an associate professor in 1960. In 1961, at the suggestion and with the support of James Buchanan and Ronald Coase, he was offered an appointment as full professor of economics at the University of Virginia, but he decided to return to Italy. In the same year, he also attained the position of full professor in Italy, where Luigi Einaudi, former President of the Republic of Italy, had chosen him as his successor to the chair of public finance at the University of Turin. In the following period, still professor in Turin and Head of the Laboratorio di Economia Politica S. Cognetti De Martiis, Francesco Forte became Dean of ENI’s (Italian National Hydrocarbon Holding Company’s) Scuola di Studi Superiori “E. Mattei”. He also was a visiting professor at the University of York (UK) and at the University of Virginia, the Rockefeller Research Professor of international economics at Washington DC’s Brookings Institution, and at the University of California, Los Angeles. In 1984, the University of Rome, La Sapienza, appointed Francesco Forte as Professor of economic policy and, subsequently, he was appointed to the chair of public finance. During that period, Francesco Forte also was a visiting professor at the International Monetary Fund and the World Bank.

✉ Silvia Fedeli
silvia.fedeli@uniroma1.it

¹ Department of Economics and Law, Sapienza – University of Rome, Via del Castro Laurenziano 9, 00161 Rome, Italy

He retired officially in 2005, becoming Professor Emeritus at the Faculty of Economics in Rome. He continued his research activities at Sapienza University and continued to collaborate with the Mediterranean University of Reggio Calabria, where he taught monetary economics until 2019. In addition to his prominent scientific academic positions, he held appointments as president of important academic societies, among others: the European Public Choice Society, the International Institute of Public Finance (honorary), the Italian Society of Demography and Statistics, the Atlantic Economic Society, and the Italian Society of Public Economics.

Francesco Forte also pursued a high-profile and successful political career. From 1979 to 1994, he was a Member of the Italian Parliament and served as a minister in the cabinet of Italian governments formed by Amintore Fanfani and Bettino Craxi: Forte was Minister of Finance (1982–1983), Minister for European Community Policies (1983–1985), and Secretary of State with extraordinary powers for international aid to less developed economies (1985–1987). In those years, he contributed to the economic undertakings of the European Commissions, focusing on the development of the European Community and the construction of the European Monetary Union. He served on the Marjolin Commission, the McDougall Commission and the Forte Study Groups on the EU's Equalization Transfer. He also wrote a report for the General Assembly of the United Nations on the "International Debt Crisis Caused by Foreign Debts in Developing Countries". He was very proud of his political accomplishments (from the late 1980s), during which he became Mayor of Bormio, a popular ski resort in Valtellina, a valley in the Lombardy region of Northern Italy, where he had grown up and where he more than once was a cross-country skiing champion.

Francesco Forte contributed frequently to various public debates, writing for major national media outlets. In the mid-1950s, he created the economics page of the newspaper *Il Giorno*. Afterward, he wrote for *La Stampa* and for the weekly magazine *L'Espresso*. He published a column every 7 days in *Panorama* from its foundation to 1978. More recently, he wrote for *Il Foglio*, *Il Sole 24 ore*, and *Il Giornale*. He served as an economic consultant for several important Italian companies. He advised Enrico Mattei, who extensively reorganized the energy company, ENI (Italy's National Hydrocarbon Holding), to which Francesco Forte was appointed as a member of the executive board and then became the company's vice president (1966–1976). It is worth noticing that, possibly because of his association with ENI, Forte inspired the protagonist of the last unfinished novel *Petrolio* by Pierpaolo Pasolini. I also like to recall his collaboration with the confectionery company *Ferrero*, which resulted in Francesco Forte's main success when he invented the product name of "Nutella". Unfortunately—as he wrote recently in his autobiography (Forte, 2017)—without any specific monetary return for it.

2 Contributions to public choice

Francesco Forte's contributions to public choice represent only a small part of his bibliography (including about 40 books and more than 350 journal articles, excluding commentaries and editorials in newspapers and periodicals).¹ His work in the field has its basis

¹ He reorganized his own curriculum vitae into seven main sections: Mainstream economics of public finance, theoretical welfare economics, law and economics, public choice before public choice, monetary economics, fiscal policy and political economy, and public choice.

in his microeconomic, individualistic, approach to the economics of public finance, which he saw as a complex (non-market) enterprise interacting with market participants under legal institutions emerging from those interactions. In that perspective, the reconstruction of Forte's view of public choice must begin with his works of the early 1950s on "Public choice before public choice", as he liked to call it. The relevant works include his undergraduate dissertation on the benefit principle in taxation and related papers on the costs and benefits of highway services and their non-market and market prices.² To that list could be added his law and economics research on constitutional fiscal rules and their applications to specific cases.³

Subsequently, during his American period in the last years of the 1950s and in the early 1960s, Forte concentrated on welfare economics. His perspective was that of finding general positive economic principles for establishing an optimal equilibrium for the non-market sector in relation to the market sector. The approaches to welfare maximization of both Marshall and Pigou appeared to him relevant with respect to their (positive) efficiency aspects, but unsatisfactory because of the arbitrariness of the (normative) value judgments adopted, which simply summed the welfares of different individuals. To him, the only convincing formulation from a positive microeconomics point of view was in terms of Paretian subjective preferences (Forte, 1961/2018). Given that the only way to induce revelation of those preferences was through collective democratic choices, Forte argued that the optimal rules for maximizing welfare required studying collective decision-making processes (Forte, 2012). That conclusion actually was Wicksell's approach to the principles of optimal taxation as well as that of several Italian scholars of public finance, as then also developed by James Buchanan. In other words, Francesco Forte's view of public choice emerged by combining the positive microeconomics of public finance—as a system of non-market enterprises—and theoretical welfare economics, in a collective decision-making version of revealed individual preferences. The emphasis on the behavior of the various actors in the public sector, pursuing their own individual welfare-maximizing objectives, distinguishes the public choice point of view from the paternalistic mindset of traditional public economics. A law and economics perspective also was paramount in Forte's focus on the rules of the games, conditioning the behavior of the factors of production in the non-market sector (Forte, 1982). Moreover, because the standard approach to welfare economics mostly was carried out in real terms, a positive economics view of the non-market public sector in relation to the market sector also required a welfare economics/public choice perspective on the monetary variables of the two (domestic and international) sectors interacting with fiscal policy.⁴

With his interdisciplinary perspective, which embraced empirical verification, it was possible for Francesco Forte to develop his own public choice view as a microeconomic-individualistic, positive discipline focusing on the failures of the market and the state. My reconstruction, based on Forte's (2010) *Principles of Public Economics—A Public Choice Approach*,⁵ is the following.

² See Forte and Buchanan (1961), Buchanan and Forte (1964), and Forte (1961, 1967).

³ For example, Cobb and Forte (1962) and, more recently, Forte (1984, 1994, 1997, 1999, 2005, 2006, 2007).

⁴ Willett and Forte (1969), Forte and Hochman (1969), and, more recently, Fedeli and Forte (2003c), Fedeli et al. (2014b), Beqiraj et al. (2018a, 2018b).

⁵ This book was updated in 2020 to the rules and institution of the Monetary Union in the Italian version (Forte, 2020).

The new public choice approach and its leading exponent, Buchanan, expanded the theory of collective decision-making processes from the constitutional level of the public economy to “lower” levels, including public bureaucracies. Having in mind Coase’s theory of the firm and the transaction-cost approach as applied to governments conceived as ‘complex firms’ supplying public goods, Francesco Forte adopted the analytical tools for modelling the decision-making process of the new school (i.e., voting theory, game theory, principal-agent relations). However, following Pareto (1916/1954), Forte distinguished between maximum social welfare (i.e., maximum aggregate welfare *of* the community taken as whole) and maximum *for* the community (i.e., the maximum welfare of every individual considered as single entity is a component of aggregate welfare according to Pigou’s model) (see Forte, 1961/2018). What emerges is that “the economic model positing that choices made in the public economy are based on the same concept of equilibrium between the collective demand curve of individuals and the supply costs as the concept that holds on market is only one, not the unique, of the possible hypotheses. It implies the existence of a democratic regime and an economic system where the market plays a central role.... And the role assigned to the market might vary” (Forte, 2010, p. 12), thus making the system vary depending on the public operator, whose interference in the market system might result in distorting administrative controls and corruption (Fedeli & Forte, 2003a), deforming the actions of public enterprises or regulators. In that context, the logic of the market is still that the market itself regulates the entire economic process, meaning that public intervention ought not to interfere with the market’s productive processes, except, perhaps, for Pareto-relevant market failures. Therefore, Francesco Forte’s system of public sector-market relations as related to democracy carries strikingly different interpretations depending on the various contexts of public economy. He referred to a range, running the gamut from the pure cooperative model—addressing that issue with the approach of Luigi Einaudi, integrating the frameworks of De Viti De Marco as well as Buchanan—to the models of imperfect competition, considering the government as a Coasean firm, wherein effective democratic competition effectively is absent “inasmuch as it focuses on the public choice processes of governments as firms”.

The picture above would be incomplete if I failed to specify the role of taxation, which in the pure cooperative model is “the voluntary price of the goods and services citizens have entrusted to the public operator”, as outlined by Einaudi on the basis of the model of De Viti de Marco. Borrowing also from his own thesis on the benefit principle, Francesco Forte clearly had in mind that, in the real world, taxes are not voluntary prices but compulsory payments, because the choices made by politicians satisfy only part of the demand expressed by citizens, with the remaining citizens obliged to pay for public goods they do not want. In Francesco Forte’s analyses, taxes emerge in complex and extensively bureaucratized organizations—as, indeed, representative democracies are—and characterised by severe transaction-cost problems, informational imperfections and opportunism. Those difficulties are compounded by problems stemming from the imperfections of any voting system and the paradoxes of collective decision-making, mainly where political parties (seen, in turn, as political enterprises) affect the interactions between voters and their political representatives and administrators. Several such issues were addressed during the course of Francesco Forte’s investigations (e.g., Fedeli & Forte, 2001, 2002, 2003b, 2007, 2009), knowing *ex ante* that none of them allow any ready-made solution.

3 Plans for future research

Being almost impossible here both to summarize in any detail all of Francesco Forte's contributions to public choice or even to choose his leading scholarship, I shall end this short summary with (a small part of) his plans for future research in which I was involved.

A long-term plan that we had was related to the Italian political class, from 1861 until the institutional break represented by the approaching reduction in the number of elected representatives and the likely related institutional changes entering into force in 2023. Beginning with political enterprises (parties) as composed of individual elected representatives, we concluded that a crucial issue for understanding political accountability is related to a key feature of representative democracies: the institutions regulating delegations of policy choices to elected politicians (Fedeli & Forte, 2013a, 2013b; Fedeli et al., 2014a). Political agency models study the decisions of politicians facing re-election (since Barro, 1973; Ferejohn, 1986). Those models aim at determining the extent to which general political elections can resolve the conflicts of interest between citizens and their elected representatives. Arguing that the representation of parties in the legislative body also is determined by how a given set of formal and informal rules function in practice, our research was directed at generating predictions from political agency models regarding individual politicians' coherent (or opportunistic) behaviors once elected. In other words, departing from the prevailing party-centered view found in political science, our focus was on the opportunistic behavior of individual representatives, who, through the filter of institutions, might change the destiny of the government in charge (and sometimes also of the legislative body itself and, thus, the lengths of their own terms of office in the Italian Parliament). Note that the ideological or non-ideological nature of Italy's political parties that compete for seats in the representative assemblies still may be relevant: when the ideological basis of a political movement is weak, opportunistic behavior on the part of its members is likely to occur. Nevertheless, instead of looking at the level of party discipline and the fluidity and clarity of party labels, we considered both the institutional features of the Italian Parliament and the voting behavior of individual elected representatives when in the governing majority or coalition in order to identify the consequences for the stability of the executive branch and of the same legislative body.

A second, shorter-term plan was to ask whether Ulysses can serve as the central symbolic figure (Elster, 1979, 2000) in constitutional political economy, as laid out in Buchanan and Tullock (1962) and subsequently stated in Buchanan's early papers on, amongst other things, Arrow's impossibility theorem, Wicksell, and the Italian public finance tradition.⁶ The aspect of constitutional political economy on which we were working was represented by Homer's *Odyssey* story, namely whether Ulysses' (and his sailors') "voluntary" pre-commitments could be considered relevant regardless of the qualities of the persons involved or the source(s) of their knowledge. Clearly, it would have been nice if Ulysses had conducted a vote on the ship, rather than implicitly assuming the crew's unanimous consent. But, even in that context, institutions enter into play: historically, formal voting with ballot inspection was not the proper way to arrive at a collective decision, not even in ancient Greece, where the assembly chose a leader by acclamation and the favorite drew the loudest collective shout. Indeed, the quantitative principle adopted by

⁶ See also Buchanan (1972/1999, 1975/2000, 1981/2001, 1986/2001, 1997/1999, 1997/2001), Vanberg (1994), Vanberg and Vanberg (2017), and Christiano and Bajaj (2021).

some primitive societies in ancient times simply meant that force prevailed (the louder vox or voice or *voix* and later vote, often accompanied by the din of arms, “*plausus armorum*”) (Ruffini, 1927/1976; Fedeli, 2017). In other words, the unanimous consent of Ulysses’ sailors actually was revealed in the absence of formal voting simply because the whole group did not contest Ulysses’ decision (having the force and thus the power to oppose him). On that basis, we also agreed that that form of pre-commitment might not be the only good argument for considering Ulysses a symbol for constitutional choice.

Well, I began by saying that travel was the main feature of Francesco Forte’s life. Ulysses’ journey for acquiring knowledge made Francesco Forte deeply prefer Ulysses to all the other heroes of Greek mythology. What he found brilliant in the idea of pre-commitment was related to the nature of the good for which pre-commitment had occurred. Following Dante Alighieri (but also Elster, 1979, 2000), the sirens’ songs represent knowledge, i.e., a superior good that cannot be traded off against anything else and that, per se, justifies self-restraint even (and perhaps especially) at the constitutional level. I like to think it was Francesco Forte’s last and main message.

Francesco Forte’s death is one of the worst jolts I ever have felt. But now—rephrasing Hardy (1940)—“I still say to myself when I am depressed and I find myself forced to listen to pompous and tiresome people: ‘Well I have done one thing you could never have done, and that is to have collaborated with Francesco Forte on something like equal terms.’”

References

- Beqiraj, E., Fedeli, S., & Forte, F. (2018a). Public debt sustainability: An empirical study on OECD countries. *Journal of Macroeconomics*, 58, 238–248.
- Beqiraj, E., Fedeli, S., & Forte, F. (2018b). Public budgetary rules and GDP growth. An empirical study on OECD and European Countries. *Southern Economic Journal*, 85(1), 170–188.
- Barro, R. (1973). Control of politicians: An economic model. *Public Choice*, 14, 19–42.
- Breton, A. (2010). *Commentary on F. Forte, Principles of public economics: A public choice approach*. Edward Elgar.
- Buchanan, J. M. (1972/1999). Before public choice. In G. Brennan, H. Kliemt, & R. D. Tollison (Eds.), *The logical foundations of constitutional liberty. The collected works of James Buchanan* (Vol. 1, pp. 429–441). Indianapolis: Liberty Fund.
- Buchanan, J. M. (1975/2000). *The limits of liberty*. In H. Kliemt (Ed.), *The collected works of James Buchanan* (Vol. 7). Indianapolis: Liberty Fund.
- Buchanan, J. M. (1981/2001). Constitutional restrictions on the power of government. In *Choice, contract, and constitutions. The collected works of James Buchanan* (Vol. 16, pp. 42–59). Indianapolis: Liberty Fund.
- Buchanan, J. M. (1986/2001). Contractarianism and democracy. In *Choice, contract, and constitutions. The collected works of James Buchanan* (Vol. 16, pp. 215–224). Indianapolis: Liberty Fund.
- Buchanan, J. M. (1997/1999). Generality as a constitutional constraint. In *The logical foundations of constitutional liberty. The collected works of James Buchanan* (Vol. 1, pp. 419–428). Indianapolis: Liberty Fund.
- Buchanan, J. M. (1997/2001). Democracy within constitutional limits. In *Choice, contract, and constitutions. The collected works of James Buchanan* (Vol. 16, pp. 225–236). Indianapolis: Liberty Fund.
- Buchanan, J. M., & Forte, F. (1964). Fiscal choice through time: A case for indirect taxation? *National Tax Journal*, 17(2), 144–157.
- Buchanan, J. M., & Tullock, G. (1962). *The calculus of consent: Logical foundations of constitutional democracy*. University of Michigan Press.
- Christiano, T., & Bajaj, S. (2021). Democracy. The Stanford encyclopedia of philosophy (Fall 2021 Edition), Edward N. Zalta (Ed.). <https://plato.stanford.edu/archives/fall2021/entries/democracy/>.
- Cobb, C., & Forte, F. (1962). *Taxation in Italy*. Harvard Law School World Tax Series.
- Elster, J. (1979). *Ulysses and the sirens: Studies in rationality and irrationality*. Cambridge University Press.

- Elster, J. (2000). *Ulysses unbound: Studies in rationality, precommitment, and constraints*. Cambridge University Press.
- Fedeli, S. (2017). Simple majority. In A. Marciano & G. B. Ramello (Eds.), *Encyclopedia of law and economics*. Springer.
- Fedeli, S., & Forte, F. (2001). Voting powers and the efficiency of the decision making process in the European Council of Ministers. *European Journal of Law and Economics*, 12(2), 5–38.
- Fedeli, S., & Forte, F. (2002). Minimising frustrations versus median voter's equilibria: A reasonable choice procedure. *Jahrbuch für Neue Politische Ökonomie*. Tübingen: Mhr-Siebeck, pp. 29–49.
- Fedeli, S., & Forte, F. (2003a). Public co-financing of private sector's investments. Subsidiarity and corruption. *Public Choice*, 116(1–2), 109–147.
- Fedeli, S., & Forte, F., et al. (2003b). The impact of the electoral system and of other political institutions on public debt and government's finances in Italy. In R. Mudambi (Ed.), *Economic welfare, international business and global institutional change* (pp. 36–80). Edward Elgar.
- Fedeli, S., & Forte, F. (2003c). International fiscal policy and economic development. In F. Carlucci & F. Marzano (Eds.), *Poverty, growth and welfare in the world economy in the XXI century* (pp. 375–400). Peter Lang AG.
- Fedeli, S., & Forte, F. (2007). Measures of the amending power of government and parliament. The case of Italy 1988–2002. *Economics of Governance*, 8, 309–338.
- Fedeli, S., & Forte, F. (2009). The role of the amending power in the Italian budgetary process (1979–2002). *Il Politico*, LXX, 195–231.
- Fedeli, S., & Forte, F. (2013a). A survival analysis of the circulation of the political elites governing Italy from 1861 to 1994. In J. Backhaus (Ed.), *Essentials of fiscal sociology. Series: Finanzsoziologie* (Vol. 5, pp. 309–335). Peterlang.
- Fedeli, S., & Forte, F. (2013b). The Pareto sociological theory of the elites and the Italian Parliament (1861–1928). In J. Backhaus (Ed.), *Essentials of fiscal sociology. Series: Finanzsoziologie* (Vol. 5, pp. 281–308). Peterlang.
- Fedeli, S., Forte, F., & Leonida, L. (2014a). The law of survival of the political class: An analysis of the Italian Parliament (1946–2013). *European Journal of Political Economy*, 35, 102–121.
- Fedeli, S., Forte, F., & Ricchi, O. (2014b). The long term negative relation between public deficit and structural unemployment: An empirical study of OECD countries (1980–2009). *Atlantic Economic Journal*, 43(1), 39–54.
- Ferejohn, J. (1986). Incumbent performance and electoral control. *Public Choice*, 50, 5–26.
- Forte, F. (1961). Marshall external economies and the contemporary theory of growth. In R. Coase (Ed.), *Jefferson Center of Economics of the Department of Economics, University of Virginia*. Translated in Italian as “Le economie esterne marshalliane e la teoria contemporanea dello sviluppo”. *Rivista Internazionale di Scienze Sociali*, 29(2–3), 116–160.
- Forte, F. (1961/2018). *Introduction to welfare economics*, Thomas Jefferson Center in Political Economy of the University of Virginia, republished in *Public Choice*, 177(3), 301–317.
- Forte, F. (1967). Should “public goods” be public? *Papers on Non-Market Decision Making*, 3(1), 39–47.
- Forte, F. (1982). The law of selection in the public economy as compared to market economy. *Public Finance*, 37(2), 224–245.
- Forte, F. (1984). *Il bilancio nell'economia pubblica* (Vol. I and II). Giuffrè.
- Forte, F. (1994). A cooperative game approach to optimal saving theory: Toward a constitution for savings. *Public Choice*, 81(3–4), 339–362.
- Forte, F. (1997). La costituzione fiscale di Maastricht e le regole di bilancio italiane sulle entrate pubbliche. *Rivista Italiana degli Economisti*, 2(2), 273–293.
- Forte, F. (1999). The Italian post war fiscal constitution: Reasons of a failure. *European Journal of Law and Economics*, 7(2), 103–117.
- Forte, F. (2005). *Analisi economica del diritto*, Vol. I. Le Regole. Reggio Calabria: Iiriti Editore.
- Forte, F. (2006). *Analisi economica del diritto*, Vol. II. Le Istituzioni. Reggio Calabria: Iiriti Editore.
- Forte, F. (2007). Coase theorem revisited. *Rivista di Diritto Finanziario e Scienza delle Finanze*, LXVI(3), 6–21.
- Forte, F. (2010). *Principles of public economics—A public choice approach*. Edward Elgar.
- Forte, F. (2012). From the “Calculus of consent” to public choice and to public economics in a public choice approach. *Public Choice*, 152(3/4), 285–288.
- Forte, F., (2017). *A onor del vero. Un'autobiografia politica e civile*, Rubbettino.
- Forte, F. (2020). *Manuale di scienza delle finanze*, Giuffrè Francis Lefevre.
- Forte, F., & Buchanan, J. M. (1961). The evaluation of public services. *Journal of Political Economy*, 69(2), 107–121.

- Forte, F., & Hochman, H. M. (1969). Monetary and fiscal policies: Ambiguities of definition. In H. Haller & H. C. Recktenwald (Eds.), *Finanz und Geld Politik in Umbruch*. Hase und Koehler.
- Hardy, G. H. (1940). *A mathematician's apology*. Cambridge University Press.
- Pareto, W. (1916/1954). *Trattato di sociologia generale*, Ed. Comunità, Milan.
- Ruffini, E. (1927/1976). *Il principio maggioritario*, Adelphi, Milan.
- Vanberg, V. J. (1994). *Rules and choice in economics*. Routledge.
- Vanberg, G., & Vanberg, V. J. (2017). Contractarian perspectives in law and economics. In F. Parisi (Ed.), *Oxford handbook of law and economics*. Oxford University Press.
- Willett, T. D., & Forte, F. (1969). Interest rate policy and external balance. *The Quarterly Journal of Economics*, 83(2), 242–262.

Publisher's Note Springer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.