

# Wealth and Ideology in Italy: The 1923 “Quasi Abolition” of Inheritance Tax<sup>1</sup>

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## Abstract

In summer 1923, in the midst of the ‘fight’ to balance the budget, Alberto De Stefani - appointed in October 1922 as Treasury Minister of Mussolini's new government - announced the abolition of inheritance tax, pursuant to the ‘full powers’ granted to the government by the Parliament. This abolition – possibly the most iconic act of the ‘financial restoration’ carried on by De Stefani – provoked surprise and interest, in the country and abroad, as it admittedly went against ‘the universal tendencies of the times’. However, the episode has been substantially overlooked by historians. By looking at the available archival evidence, together with a wide survey of printed sources, this paper offers a first historical reconstruction of this episode of early 1920s Italian economic history, by documenting the lobbying activity carried on by pressure groups such as the bankers’ association, and a young, very proactive association of notaries. Moreover, by carrying on an extensive survey of the press in summer 1923, the paper discusses the way in which both Italian and international media reported on this case of politics of inequality - in many ways, an early example of ‘middle class politics’ - offering a different perspective on a crucial period in the consolidation of Fascist power.

## 1. ‘The Only Fascist Fiscal Reform’

In the cabinet meeting of July 9<sup>th</sup>, 1923, Alberto De Stefani – academic economist, Finance and Treasury Minister of Mussolini’s government until 1925<sup>2</sup>– raised the ‘issue of abolishing inheritance tax’ within the family. According to the official statement, published by most newspapers the following day, Mussolini himself ‘stated his complete agreement to the brave proposal, perfectly in line with Fascist government social and political programme’.<sup>3</sup> By defining ‘family’ as ‘ascendants and descendants; spouses; siblings; aunts and nephews; siblings’ descendants’ (‘that is to say, within the third degree of kinship’: McGuire, 1927, p. 432), the proposal exempted more than 65% of estates, and strongly reduced rates for the

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<sup>2</sup> On De Stefani, see Marcoaldi (1986); for a discussion of his time in office, see Toniolo (1980, pp. 43-58).

<sup>3</sup> *Mattino*, 10-11 luglio 1923.

rest. By August 20<sup>th</sup>, pursuant to the ‘full powers’ granted to the government by the Parliament in December 1922 in order ‘reorganise the fiscal system, to simplify it, adjust it to budgetary needs, and better redistribute the fiscal burden’ (Gangemi, 1924, p. 3), the abolition became effective through a Royal Decree. The accompanying Ministerial report, rather than mere summary, was a manifesto of De Stefani’s ‘productivist’ policy; one aiming at ‘creating the social, political, economic and fiscal conditions to transform Italy in an oasis (...) in which capital and private enterprise could find the best conditions for productivity’ (MEF, 1923). Scholars cannot avoid mentioning the abolition as one of the most iconic, as well as debated, actions in the economic policies of early, ‘laissez-faire’ Fascism – the ‘only great financial “reform” of the Fascist Government’, in some of the last words of the socialist MP Giacomo Matteotti (1924) before his murder.<sup>4</sup> Still, we still lack an accurate history of this episode; despite its historical exceptionalism, recently noted by Piketty (2020, p. 468), at a time when inheritance and wealth taxes rates became for the first time ‘significant enough to affect wealth distribution (Scheve and Stasavage, 2016), the 1923 ‘quasi-abolition’ has been neglected by historians.<sup>5</sup> Piketty (2020) himself warned us on the importance of ‘ideology’ and political discourses in writing comprehensive histories of inequality: an aspect to be considered in a country, like Italy, whose economists and statisticians, starting from Vilfredo Pareto and Corrado Gini, were at the same time pioneering the modern investigation of economic inequality (Gabbuti, 2020a), and debating the impact of the Great War and the later social turmoil on Italian income distribution (Gabbuti, 2019, pp. 106-111). Despite the limitations imposed by the pandemic made impossible to fully explore De Stefani’s rich private archive, this paper offers the first historical reconstruction of the quasi-abolition of 1923, its premises, and consequences. An extensive survey of newspapers, magazines, and journals allowed me to reconstruct the public debate surrounding the reform<sup>6</sup> – in some ways, a sort of ahead-of-time ‘middle class politics’ (Bartels, 2005) - and the overlooked lobbying by different interest groups and businessmen. First, section 2 places the episode in the context of post-war fiscal policy debates; section 3, reconstructs the successful lobbying activity, started in October 1922, by a new association of notaries; section 4 surveys the reactions of the Italian and international press and observers to the sudden abolition in summer 1923; finally, section 5 places the episode in the broader literatures on Italian Fascism and inequality.

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<sup>4</sup> See, among many, Fausto (1993, pp. 119-20) and La Francesca (1972, p. 8).

<sup>5</sup> De Stefani (1953) himself wrote a paper ‘celebrating’ and reaffirming the rationale of his reform three decades later.

<sup>6</sup> For summer 1923, and whenever possible, given the limitations imposed by the pandemic, for the whole 1919-1923 period, I have surveyed the newspapers *Avanti!*, *Resto del Carlino*, *Corriere d’Italia*, *Corriere Mercantile*, *Corriere della Sera*, *Giornale di Udine*, *Idea Nazionale*, *Impero*, *Gazzetta del Popolo*, *Gazzetta Ferrarese*, *La Giustizia*, *il Lavoro*, *il Mattino*, *il Mezzogiorno*, *il Mondo*, *il Nuovo Paese*, *Osservatore Romano*, *Popolo Romano*, *il Popolo*, *Popolo d’Italia*, *il Roma*, *il Secolo*, *il Tempo*, *la Tribuna*, *il Sole*, *la Stampa*; and the magazines *Giornale di agricoltura della domenica*, *Sicilia industriale e agricola*, *La nuova politica liberale*, *Rivoluzione liberale*, *Finanza italiana*, *Giornale economico*, *Prospettive economiche*, *Politica*, *Problemi italiani*, *Echi e commenti*, *Critica sociale*, *Per la nostra ricostruzione economica...*, *Economista*, *il Carroccio*; and journals like *Economia*, *Rivista di Politica Economica*, *Giornale degli economisti*, *Riforma sociale*, *Rivista di diritto civile*, *Rivista bancaria*. Extensive quotes from these newspapers are reported, in Italian, in Gabbuti (forthcoming).

## 2. How Inheritance Tax Became ‘Confiscatory’

According to the Minister himself, by abolishing the tax, the Fascist government ‘detache[d] itself from the universal tendency of our times in terms of inheritance tax’ (MEF, 1923, p. 5). After the Great War, inheritance and wealth were increasingly, progressively taxed, to ‘conscript capital’ and pay back for the costs of the war;<sup>7</sup> together with inflation, wars and later the Great Depressions, authors such as Piketty (2014) attribute to progressive taxation the dramatic reduction of inequality experienced in the interwar decades by many countries. Scheve and Stasavage’s (2016) database on top marginal rates on direct line transfers reveals indeed a generalised, marked increase in the few years following the wars, with Weimar being the most extreme case (75%) (Figure 1). In Italy, this debate was made more urgent by the failure, in the pre-war decades, to reform income taxation (Favilli, 2009), to make it more progressive and efficient, in line with the British example (Forsyth, 1993, pp. 3-9). In the absence of a modern income tax, able to follow the evolution of personal incomes, during the war the government could only ‘chaotically increase the rates of existing taxes’, or ‘introduce new taxes’ burdening the same tax base (Einaudi, 1927; Fausto, 1993, p. 24). Overall, fiscal revenues covered only one sixth of the increase in expenditure, with the share of direct taxes increased by 33 to 39%, mainly due to extraordinary levies, like the one on war profits; but according to Forsyth (1993, p. 70), ‘most taxpayers and users of government services were in a position to pass taxes and charges back to the state in the form of higher prices on state contracts’.<sup>8</sup> In any case, according to the economist Gino Borgatta (1922, p. 543), taxes could only follow ‘by distance and imperfectly the evolution of private income’: if the war-profit tax absorbed part of the new incomes, ‘the increased values realised by selling land, houses, bonds’ were not taxed, and ‘existing inequalities in direct taxation increased enormously’. For Borgatta, even more than on State revenues, this had terrible consequences on ‘the general fiscal psychology’: Italian taxpayers increasingly perceived ‘the injustice of tax, the right to attempt any possible evasion’. It was only in 1919-1920 (in times of economic slowdown, and with the impossibility of relying on more foreign loans) that the government committed to a balanced budget. In these two years, the issue of distributing the fiscal burden finally emerged, and progressivity of inheritance tax emerged as a crucial political issue, alongside new levies on capital. The rates, only modestly increased in the previous decades, were raised to ‘confiscatory’ levels by two laws - the Tedesco-Nitti (D. 24.11.1919, n. 2163) and the Giolitti-Facta-Meda (L. 24.9.1920, n. 1300);<sup>9</sup> moreover, dozens of decrees added surtaxes, or adjusted tax assessment criteria, making the inheritance tax ‘among the most tortured issues in our fiscal law’ (Senato del Regno, 1920). All political groups – from fascists to leftist radicals, including conservative MPs – agreed on ‘heavy taxation of inheritance’, even after the two laws, considered too moderate (Vigezzi, 1965). In his memoir, Giolitti (1945, pp. 624-627) himself stressed how the government needed redistributive measures against the wealthy (‘especially those who had profited from war’) to neutralise the ‘most impressive arguments’ of socialist propaganda, gaining the ‘moral authority’ to abolish the expensive subsidy to bread price, and thus balance the budget. In expressing the Catholic

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<sup>7</sup> See Scheve and Stasavage (2016), but also, for an Italian example, Griziotti (1919).

<sup>8</sup> This is documented, for Fiat, by Castronovo (1977, pp. 82-83).

<sup>9</sup> See Figure A 1 for the longer-run evolution of top tax rates.

*People's Party* support for Giolitti's financial programme, Vincenzo Tangorra stated that 'the honest historian of the future will reckon that this programme, almost revolutionary', was even insufficient due to the 'the heavy necessity of these times', because 'no statesman ever inherited a financial problem' such as the one faced by the cabinet (Camera dei Deputati, 1920, p. 2788). In fact, the most draconian marginal rates, even above 100%, that were to provoke the strongest opposition in later years, were applied to the very infrequent transfers to most distant relatives or unrelated people, and only above 20 million lire - and were, in fact, never applied (La Loggia, 1923). Plagge et al. (2010) allow us to compare the most common case: applying both the top rate and the surtax, in 1923 direct line transfers were taxed at 32.4% in Italy, compared to 38% in the victorious France, 35% in the defeated Germany, and 41% in a poor and capital scarce country such as Ireland.

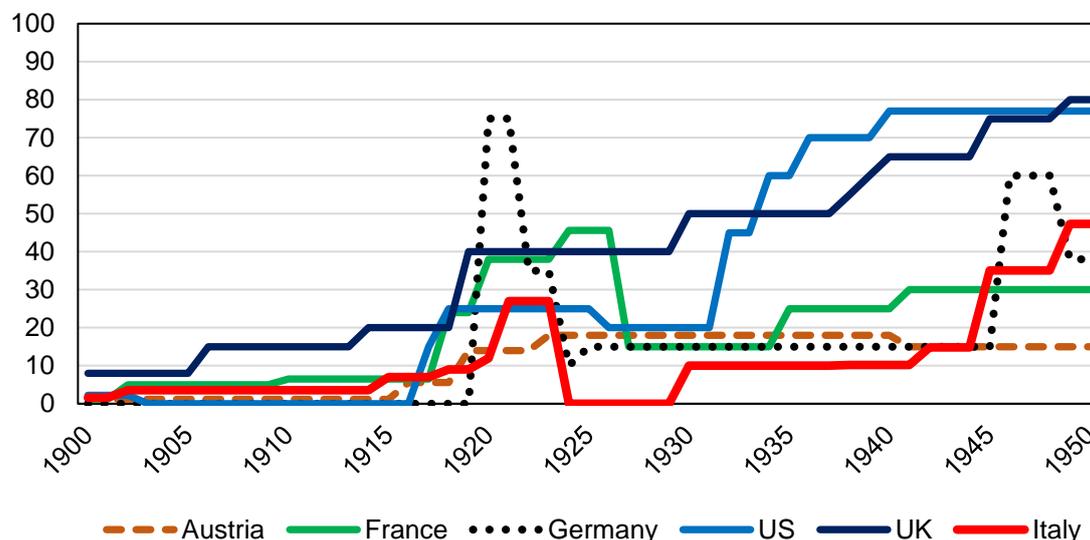
According to the opinion of contemporaries, fiscal evasion had strongly increased. Of all levies, inheritance tax was considered the foremost 'indicator' of such tendency, and of the 'incompetence and hypocrisy of financial demagoguery': in spite of the new rates, the returns from the tax had not increased in real terms (Borgatta, 1922, p. 557).<sup>10</sup> Even *il Sole*, the newspaper of Milanese business community, would later admit that the socialist opposition to the abolition of bread price subsidies was motivated, since the government 'had not respected its promise' of making the rich pay, and the new taxes applied 'only on those who do not feel up to rely on tricks, frauds and reticence' (Catalano, 1964, p. 184). Benvenuto Griziotti, an economist close to the socialist reformist leader, Filippo Turati, had denounced on the party's newspaper *Avanti* the 'demagogic and delusive fiscal politics of Giolitti': 'only idiots could honestly believe to apply' the 'insane increase of inheritance tax rates'. In the post-war political climate and administrative disarray, what lacked was the '*will* to ascertain estates'; supporting similar proposals had brought discredit to the socialists, 'strengthening Fascism and preparing our current defeat' (Griziotti, 1922). Turati replied quoting Matteotti's parliamentary speeches, denouncing both the 'unpunished evasion', and the 'anti-economic nature' of excessive rates: they represented a 'pseudo-socialism, able only to destroy the basis of national wealth'. However, Matteotti himself had proposed to attribute to the state all inheritances above 100,000 lire and destined to wealthy individuals (Guasti, 1922, p. 81). In fact, supporting the infamous proposal by Eugenio Rignano of a tax, progressive over time, capable of transitioning the ownership of capital to the state (Erreygers and Di Bartolomeo, 2007); or celebrating in Parliament the abolition of inheritance, 'the most unequal of all privileges', carried on by revolutionary Russia, Italian socialists contributed to transform a demagogic, largely ineffective tax increase, into an ideological menace to the bourgeois values of family and property, as already denounced by the Senator and law scholar Vittorio Polacco (Senato del Regno, 1920). Few years later, the Matteotti (nicknamed as 'millionaire' for the affluence of his family) would become one of the major targets of those opposing the 'confiscatory' rates (Flora, 1923, pp. 83-89; Gangemi, 1924, p. 199), while Polacco would write the 'juridical part' of the ministerial report on the abolition (De Stefani, 1953, p. 208). Indeed, right after the abolition of the political price of bread, Giolitti (1945, pp. 624-627) faced the opposition to those same laws, enthusiastically approved by Parliament – starting from the certification of financial assets

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<sup>10</sup> They eventually increased in terms of GDP between 1921 and 1923 (Figure A 2), but remained below the 1911 or 1916 levels; estimates of evasion by Giovannini and Diotallevi (1962) are reported in Figure A 3.

(*nominatività*), that would have strongly reduced the scope for evasion on capital and inheritance taxes. In fact, while such certification was continuously postponed, and the new wealth tax required time to be implemented, the new rates on inheritance became immediately ‘effective’, exasperating Borgatta’s ‘taxpayers’ psychology’.

**Figure 1 - Top Tax Rates on Inheritance (Direct Lines) in Selected Countries, 1900-1950**



Source: elaboration on Plagge et al. (2010); as discussed in the main text, this is not inclusive of the surtaxes applied in Italy before 1923.

By the end of 1920, with the failure of factory occupations and the end of the ‘red biennium’ (Zamagni, 1991), the socialist ‘menace’ was, if not dissolved, way less pressing (Castronovo, 1977); on the other hand, the need to balance the budget remained the major issue of Italian politics. Salvemini and Zamagni (1993, pp. 185-186) showed that Italian ‘public finances were restored before the advent of Fascism’, and that, contrary to contemporary perception, Italy was possibly ‘the least taxed country’; still, the press reflected the widespread intolerance of middle classes to fiscal pressure. A vivid testimony is represented by the diary of a Bocconi accounting professor, reporting his profound impression in following the news on the troubled fiscal position of the country; an impression that was alimanted by the words of authoritative leaders from all parties, from Giolitti to Matteotti, or economists as Luigi Einaudi, all agreeing on the dramatic urgency of balancing the budget (Greco, 1959, pp. 22-32). In 1922, from North to South, Italian taxpayers protested for the excessive fiscal burden, as testified by the dozens of letters addressed to the Prime Minister’s Office by local Chambers of Commerce, federations of traders and shopkeepers, and the like.<sup>11</sup> In November 1922, these complaints were exposed by the convenors of the first congress of the Economic Parliamentary Alliance (APE, 1923), created in May by MPs of different groups - including De Stefani and other Fascists - to advance economic reforms in line with those of associations, such as the employers’ federation *Confindustria* (Melograni, 1972, pp. 20-25). Launched in July under very different political circumstances, the congress warmly applauded ‘its’ new Minister; during the meeting, several speakers among the representative of 230 categories and local associations mentioned inheritance tax as the foremost example of the ‘demagogic and anti-economic’ attitude

<sup>11</sup> Archivio Centrale dello Stato, Presidenza Consiglio dei ministri (ACS-PcM), Affari Generali, 1922, 9/1, n. 612 Reclami contro aggravio tasse imposte ecc. Voti vari sull’oggetto.

of previous governments. Abandoning their early, radical denunciations of war profiteers, within a broader convergence with owners and industrialist demands (Bel, 2011, p. 945), in 1922 Fascists had been campaigning for a radical simplification of the ‘whirl of taxes and surtaxes’ (first of all, ‘those on inheritances’), approved between and after the war not to raise money for the state, but ‘simply to demagogically undress some citizens, with no benefit to anyone’.<sup>12</sup> While authors such as Rossi (1966) stressed how this policy change followed industrial owners’ donations to the Fascists, and were approved by the liberal press, historians have not sufficiently investigated the wider world of small owners, shopkeepers, professionals, to which these programmes were strongly appealing.

### 3. The Notaries’ Campaign for Abolishing Inheritance Tax

On October 29 and 30, 1922, while De Stefani was marching on Rome with thousands of black shirts, four hundred notaries convened in Milan to the founding assembly of a new national association (*Unione Notarile Italiana*, UNI). At the meeting, Federico Guasti (1922) - former general secretary of the Chamber of Commerce, among UNI promoters - presented an accurate report on ‘the inheritance and donation taxes’. The assembly approved by acclamation a motion for the ‘prompt reform the current succession law’; entrusted the UNI to ‘actively operate’ for this objective; launched a ‘contest’, offering 5,000 lire to the best reform proposal;<sup>13</sup> finally, deliberated to publish Guasti’s report as a ‘propaganda tool against the aberration of post-war fiscal demagoguery’, in the hope that the ‘new rulers of Italy’ would ‘unfold their reformer energy’ (Guasti, 1922, pp. 7-8). The pamphlet had indeed great success, and was reprinted several times, often by other associations, starting few days later with the Milanese *Circolo per gli interessi industriali, commerciali e agricoli*, led by the entrepreneur Cesare Goldmann, who had hosted the launch of Mussolini’s *fasci di combattimento* in 1919. With his witty examples (such as the ‘daughter-in-law, war widow of a fifth son’, for which it was convenient to renounce the one million-house inherited by the father-in-law), Guasti (1922) largely set the arguments of the debate on inheritance tax reform, becoming the major source of journalists, as well as for academics- including those, such as Griziotti, close to socialists.

Fascists initially showed some ‘reformer energy’. On November 17, when the Chamber of the Deputies was debating the ‘full powers’, Tangorra – appointed by Mussolini Minister of the Treasury, before his sudden death in December<sup>14</sup> – had stressed the ‘well-known guidelines’ of the cabinet in fiscal matters: ‘The Government is against a gradual transfer of private wealth to the State through high rates’; it ‘thus intends to lower the rates of the inheritance tax, within more reasonable limits, and believes it is possible to do so without damaging fiscal revenues’ (Camera dei Deputati, 1922). Cabinet members stressed the point in several occasions: notably, Treasury undersecretary Alfredo Rocco - among the main representatives of the nationalist movement (Michellini, 2019), later Justice Minister (1925-1932) - urged to fight back the ‘very advanced realisation of socialism’ by previous governments, ending the ‘unreasonable regime of prosecution of savings’,

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<sup>12</sup> M. Rocca and O. Corgini, ‘Pel risanamento finanziario dello Stato italiano’, *Popolo d’Italia*, 29 agosto 1922.

<sup>13</sup> According to *Corriere della Sera (Il convegno notarile a Milano, 31 ottobre 1922)*, Guasti himself donated the money.

<sup>14</sup> Tangorra was then replaced by De Stefani, the first to hold both economic Ministries in Italian history.

and thus ‘toning down’ the inheritance tax rates.<sup>15</sup> On Christmas Eve, newspapers reported De Stefani’s decree was a matter of ‘few days’.<sup>16</sup>

But the real energy came, behind the scenes, by UNI. After the October meeting, notaries had ‘shouted their protests in the streets’, and were ‘strongly echoed by some elected associations that live in greater contact with practical life and did not go unanswered’ by the new government (UNI, 1923, p. 436). In January, De Stefani gathered a ‘committee’, including Guasti, the professor Pasquale Jannaccone, and three ‘director generals of the Finance Ministry’. According to his correspondence with Einaudi, Giuseppe Bianchini - General Director of the banking association (*Associazione Bancaria Italiana*, ABI) - also participated: ABI was ‘joint to UNI’ in lobbying for ‘revising’ the inheritance tax, something on which ‘the Minister agrees in principle’.<sup>17</sup> However, the ‘usual bureaucracy’ of the Ministry posed the ‘sine qua non’ condition of ‘not reducing the revenues’ (UNI, 1923).<sup>18</sup> To overcome this impasse, and also ‘remove all the regulations impeding for fiscal reason the circulation of bonds, the availability of safety deposit boxes, the registration of bank accounts, and so on’, Bianchini suggested it was ‘more convenient a radical reform, limiting inheritance tax to real estate and mortgage credit alone’; all other movable should have been ‘exempted, and subject to a surrogate annual income tax of 5%’.<sup>19</sup> The state of archival evidence makes it impossible to figure out whether bankers’ interests explained the notaries’ activism;<sup>20</sup> for sure, they seem to have been among the Minister’s concerns. In a letter written on June 6th, 1930, De Stefani warned Mussolini of the ‘financial consequences’ of reintroducing inheritance tax: ‘in the absence of financial assets certification, inheritance tax almost entirely burdens real estate property, and the actions undertaken for its evasion disturb banking activity, provoking larger losses than the expected fiscal return’.<sup>21</sup> Einaudi’s letters testify the wide-ranging activism of Bianchini on several fiscal matters in the period - from the consequences of the 1919 ‘proposal of wealth tax’ on foreign investment and even ‘migrants’ remittances’, to the necessity of ‘cutting public expenditure’ as done by the British government, limiting new taxes ‘on consumption’, in order to balance the budget: it was necessary to ‘sacrifice some classes, but save the broader economy, to let it keep producing and then create new life’.<sup>22</sup> After the March on Rome, Bianchini seems more acquainted with the government: just before the letter on the Committee, he asked Einaudi’s advice for a suitable name to provide to the ‘Secretary of the Financial

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<sup>15</sup> ‘I problemi dell’economia nazionale in un discorso del sottosegretario Rocco’, *Corriere della Sera*, 12 dicembre 1922.

<sup>16</sup> ‘La politica tributaria del Governo’, *Corriere della Sera*, 24 dicembre 1922.

<sup>17</sup> Archivio Fondazione Einaudi, Luigi Einaudi (1874-1961), Sezione 2. Corrispondenza, Bianchini Giuseppe, 8 gennaio 1923.

<sup>18</sup> De Stefani (1923, p. 187) himself had solemnly vowed to never commit to more expenditure before indicating the corresponding backing.

<sup>19</sup> Archivio Einaudi, Corrispondenza Bianchini, 8 gennaio 1923.

<sup>20</sup> ABI documentation for the interwar period is mostly lost, and the inventories do not include any material on the inheritance tax, while UNI left no archive. For sure, Guasti and Bianchini had worked together before the first is reported as the author of the deed that made official ABI’s founding charter in December 1920 (Calabresi, 1997, p. 129).

<sup>21</sup> Archivio Storico della Banca d’Italia (ASBI), Carte De’ Stefani, 12, fasc. 1.

<sup>22</sup> Archivio Einaudi, Corrispondenza Bianchini, 19 settembre 1919 and 2 agosto 1922.

Commission', who had asked him recommendations for an economic consultant to be sent at the League of Nations.<sup>23</sup>

ABI and UNI's activism became visible, again, in February: on the 23<sup>rd</sup>, a public meeting had been called at Milan's Chamber of Commerce, in which the proposals for reforming the tax were to be discussed. While the meeting had been advertised by most Milanese newspapers in their local news - from Mussolini's own *Popolo d'Italia*, to the *Avanti* - on the same day, the Milanese *Corriere della Sera*, already among the most authoritative and widespread Italian newspapers (Castronovo, 1970), hosted in its frontpage a letter by Bianchini himself: *Abolish the inheritance tax*.<sup>24</sup> Rather than a complete abolition, however, Bianchini was restating the proposal, raised with the Committee and anticipated to Einaudi, of exempting financial assets, and make them subject to a new, surrogate yearly tax. This proposal was discussed at the UNI meeting, and on an 'improved' surrogate was working Jannaccone (1923) himself - what the Fascist dissident Massimo Rocca (1925, p. 56) defined as the 'official' proposal - despite the government denied its support for a new tax of this kind.<sup>25</sup> Already on the 22<sup>nd</sup>, Einaudi, *Corriere della Sera*'s foremost columnist on economic and fiscal matters, had in fact expressed major concerns on the surrogate tax: the economist was sympathetic with the need to reform inheritance tax,<sup>26</sup> and later, very vocally supported UNI's opposition to any 'presumptive' assessment of the estates, but saw an 'insuperable objection' in the State's 'solemn oath' to exempt public bonds from surtaxes (Einaudi, 1965, pp. 115-125).

After this 'moment in the sun' (mostly limited to Milanese newspapers),<sup>27</sup> the reform of inheritance tax was once again a matter for experts. Among the socialists, Griziotti (1923) stressed the importance of the presumptive assessment, and in particular, to entrust the Revenue agency (instead of the Registry office) with this crucial role: while the latter 'had no idea' of any circumstance of the decedent, the first received all declarations for income tax purposes, and could therefore use them to evaluate the plausibility of declared estates. What Einaudi (1965, pp. 247-249) considered an idea 'so diabolic' that 'not even the Bolsheviks could come out with it', was, according to a Chief Inspector of the Registry, successfully adopted in France and Germany.<sup>28</sup> Indeed, after the sudden announcement of the abolition, UNI (1923) itself admitted it was not fully

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<sup>23</sup> Archivio Einaudi, Corrispondenza Bianchini, 2, 9 and 15 November 1922. Einaudi was in contact also with Guasti, who had sent him his articles since 1914, but did not mention the committee in later correspondence: Archivio Einaudi, Corrispondenza, Guasti Federico, 1914-1935.

<sup>24</sup> G. Bianchini, 'Abolire la tassa di successione', *Corriere della Sera*, 23 febbraio 1923.

<sup>25</sup> On March 13th, Einaudi congratulated De Stefani for the 'public statement denying the introduction of surrogates on state bonds': 'I received letters testifying that small and medium bourgeoisie would be profoundly offended by that, while bankers and industrialists were in favour': Archivio Einaudi, Corrispondenza, De Stefani Alberto.

<sup>26</sup> On *Corriere*, in August 1922, he had quoted Guasti, denouncing the 'unproductive fiscal ferocity' of the new inheritance tax (Einaudi, 1963, pp. 780-786); in November, had then plauded Tangorra's speech (Einaudi, 1963, pp. 960-964), and again in January 1923 for the 'announced revision of inheritance tax law' (Einaudi, 1965, p. 69); moreover, in his correspondence for *The Economist*, Einaudi (2000, pp. 1032-1033) reported how the 'first financial acts of the Fascist Government are promising', noting especially that 'the announcement made by Signor De Stefani that the Government intends to reduce rates all round was greeted with relief by many families, menaced with ruin'.

<sup>27</sup> Including socialist *Avanti* ('L'imposta successoria abolita', 25-26 febbraio 1923), that reacted to Bianchini's letter stressing that the 'patriotic bourgeoisie' tried to avoid its fiscal duties, starting from 'the most moral of all taxes'.

<sup>28</sup> A. Cutrera, 'La base dell'imposta di successione', *Giornale economico* 10 giugno 1923. The fact he was arguing for reforming the collection of a tax his Ministry was to abolish in few weeks confirms Einaudi's claim that nobody could expect it.

aware of the Minister's intention. Despite De Stefani's 'detailed speech' reported by the official statement, cabinet minutes are extremely concise, simply listing the abolition among more than 50 decrees approved unanimously - including a more favourable way to liquidate the wealth tax introduced in 1920.<sup>29</sup> It took seven more weeks for the Decree to be presented to the King; weeks in which UNI, ABI, *Sole*, but also Einaudi, invoked a retroactive application of the abolition, to exempt all pending acts of succession; on Mussolini's newspaper, Bianchini advocated for the 'complete abolition', even outside the family, 'and the suppression of all the assessment offices', to employ the personnel in 'more convenient operations'.<sup>30</sup>

The July 9<sup>th</sup> official statement reported by the press was silent on similar details, focusing only on the 'motivations' of the measure: 'reinforcement of the family', rhetorically appealing to an alleged 'Roman' mentality (*mentalità quiritaria*) based on 'the respect for the family, in its sentimental and practical reality'; the end of discrimination of real estate against financial assets, and the general benefit coming from 'wide, direct and indirect consequences on capital accumulation'; finally, 'national fairness', given the higher share of real estate accounted by the rural South. This latter point, already in Nitti (1905), only partially reflect the estate composition, revealing a much more heterogeneous situation within North and South (Gabbuti and Morelli, 2021): while a sympathetic statistician such as Zingali (1933, pp. 138-139) highlighted that the share of revenues coming from the South was 'way greater' for inheritance than for other taxes, his tables show it was barely more than 20% of the total. Moreover, as shown in this section, the campaign against the tax was entirely originated from the Northern, industrial centres of Milan and Turin. The other two motivations were long present in the fiercely anti-egalitarian arguments of De Stefani's main advisor, the economist Maffeo Pantaleoni (Gabbuti, 2021b). In fact, the official statement, and even more MEF (1923), heavily borrowed from a memo by Pantaleoni (1928), published posthumously, since it was made 'superfluous' by Mussolini's 'supreme act of faith and fitting intuition'. Possibly inspired by Bianchini's 'abolitionist' proposal, Pantaleoni argued in favour of the real, complete abolition of inheritance tax: however, the tax should have been abolished 'gradually', since 'Fascism has not yet reached such a universal support'. The Minister himself was under attack by 'extremists', accusing him of 'aloof Fascism' and to hire anti-fascist collaborators: for Mussolini's biographer, 'the first days of July marked a small crisis in the relationship between De Stefani and Mussolini' (De Felice, 1966, p. 452)– and in fact, the day of the announcement, newspapers still rumoured about De Stefani's resignation.<sup>31</sup> Under this pressure, De Stefani or some of his collaborators might have realised how abolishing the tax was to attract larger support from the broader 'middle classes'. While De Stefani's archive will hopefully allow me to trace the origins of this 'intuition', a survey of the press reveals the huge impact his move had, in Italy and beyond.

#### **4. The Abolition in the Italian and International Press**

In Einaudi's (1965, p. 299) words, the abolition caused the 'biggest surprise among the public': 'everybody agreed the inheritance tax, as it was designed, was a monstrosity, crusher of families, destroyer of

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<sup>29</sup> ACS-PcM, Consiglio dei ministri, Verbali delle adunanze. Originali, 1861-1943, 9 luglio 1923.

<sup>30</sup> G. Bianchini, 'La riforma delle tasse di successione', *Popolo d'Italia*, 14 agosto 1923.

<sup>31</sup> E.g., *Stampa*, 9 luglio 1923 and *Avanti*, 10 luglio 1923.

savings, a proper scourge of God'; still 'nobody could imagine the Finance Minister would be brave enough to abolish it'. The abolition not only contradicted the early Fascist anti-plutocratic slogans, but – possibly unique among De Stefani's measures - was never mentioned in the later 'laissez-faire' turn of the party (De Stefani, 1923), including the speech the Minister had given just two months earlier at *La Scala* theatre, in front of Milan's business community, considered his 'true manifesto' (Salvemini and Zamagni, 1993, p. 186): if cabinet members had simply announced a moderation of tax rates, Fascists themselves were working on alternative proposals (Rocca, 1925, pp. 56-57). In summer 1923 – a heated period for Italian politics, debating about the infamous majoritarian electoral reform, that would lead the *People's Party* to leave the government and split (De Felice, 1966) – the fight to balance the budget was still uncertain, as we have seen was De Stefani's post at the Ministry.

The attention to the abolition paid for all July and August by Italian press is therefore impressive, starting from the *Popolo d'Italia*, that dedicated the 10<sup>th</sup> and 11<sup>th</sup> front-pages to the matter; Mussolini's 'complete agreement' with the abolition, reported by the official statement, seems quite sincere (Figure 2). Nationalist newspapers celebrated the 'Restauration of morality and function of national saving by the Fascist government', based on 'Family and property'; *Impero*, one of those 'extremist' that had just attacked De Stefani, titled 'God-Fatherland-King-Family. The abolition of inheritance tax strengthens and sanctify family'.<sup>32</sup> The Minister's 'bravery', as well as the political, economic and moral nature of the abolition, was stressed even by newspapers leaning to the non-socialist left, such as the *Messaggero*, or the Giolittian *Tribuna* – that published the very same commentary than the *Popolo d'Italia*.<sup>33</sup> The most interesting case, however, is Milan's *Secolo*. The first modern Italian newspaper (Castronovo, 1970) initially opposed a measure 'never discussed before', causing a loss of 'at least 220 million lire' of revenues, interpreted as a restoration to landowners after the introduction of a new tax on rural incomes.<sup>34</sup> In August, however, the newspaper changed ownership (Castronovo, 1970): on August 26<sup>th</sup>, it was a UNI member to celebrate on its pages the 'conclusion of the campaign' started by Guasti, 'and vigorously supported (...) by the *Circolo per gli interessi industriali* led by Cesare Goldmann' - one of *Secolo*'s new, pro-Fascist shareholders.<sup>35</sup> Straight celebrations came, not surprisingly, by those, like *il Sole*, who could claim to have 'launched the campaign for a reform' even before 'the Chamber of Commerce, the *Circolo*, the Association of Traders and Merchants and ABI', by first publishing Guasti's articles from early 1922. The newspaper even reported that UNI had decided to award half of the prize for the best proposal to De Stefani, in the form of 'a celebratory golden medal', together with an 'album with the signatures of all members'.<sup>36</sup> ABI and *Confindustria*'s journals expressed their approval,<sup>37</sup> and so did in a public speech the new industrials' leaders, MP and APE member, Antonio Stefano Benni (1923).

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<sup>32</sup> *Impero*, 11 luglio 1923.

<sup>33</sup> Rastignac, 'A proposito di successioni', *Tribuna*, 11 luglio 1923.

<sup>34</sup> 'La tassa di successione', *Secolo*, 16 luglio 1923. The support to the 'least innovative' economic activities characterised the reform as 'markedly conservative'.

<sup>35</sup> G. M. Civetta, 'La riforma delle tasse di successione', *Secolo*, 26 agosto 1923.

<sup>36</sup> 'Il concorso della U.N.I. per le tasse di successione', *Sole*, 25 agosto 1923.

<sup>37</sup> 'Rassegna di legislazione,' *Rivista di Politica Economica*, XIII (1923), Luglio-Agosto e Novembre.

Figure 2 - Fascist and Nationalist Front Pages, July 10th and 11th 1923



Sources: BSMC and BNCR.

Not surprisingly, *Avanti* opposed such a ‘pro-rich measure’ (July 10<sup>th</sup>). In Parliament, Turati ridiculed the ‘quiritarian’ rhetoric: the only ‘ancestral home’ Fascists defended were ‘those of the rich’ bourgeois, since ‘proletarians have kids, not families!’ (Marongiu, 2005, p. 111). On July 12<sup>th</sup>, the socialist newspaper underlined ABI’s celebration (in the form of telegrams to the press): how could people used on ‘living on public and private parasitism’, all of a sudden, ‘abandon their materialistic spirit, to become idealist’? For *Avanti*, bankers’ enthusiasm was motivated by the ‘large real estate, speculative investments’ carried on in previous years. Banks’ heavy investment in real assets, not visible in the available data on their balance-sheets, seems confirmed by BDI (1937, p. 129), according to which its considerable growth in the post-war period had led banking authorities to supervise the issue. The argument fits, in fact, the one raised by De Stefani himself in the aforementioned letter: notably, Bianchini’s harsh reply to the socialists was hosted by *Popolo d’Italia* on the following day.<sup>38</sup> Another attack came from Arturo Labriola - a former leader of revolutionary trade-unions, and then Labour Minister in the last Giolitti’s cabinet, often assumed as the quintessential ‘Bolshevik’ (e.g., APE, 1923, p. 4). According to him, the abolition clarified the ‘the ultra-reactionary wing of fascist government’, even more than the infamous stop to asset certification: it not only redistributed the fiscal burden in favor of the wealthy, but was against ‘the national interest’, because ‘the true pool of national savings is not the few privileged rich, but the small contribution of the many damaged, that is the savings of the petit bourgeois, the farmer, the well-paid worker’.<sup>39</sup>

Against the abolition was also the liberal-democratic *Mondo*, founded by the MP Giovanni Amendola, one of the fiercest opponents of Mussolini (Lyttelton, 1973), died in 1926 for the long-lasting consequences of Fascist beatings. The newspaper, together with Matteotti’s *Giustizia*, was among the most severe in scrutinising the actual results of De Stefani’s budget cuts – and noted that while violating the pledge of not ‘accepting new expenditures without providing corresponding new revenues’, the abolition jeopardised in one

<sup>38</sup> G. Bianchini, ‘La tassa di successione e l’Avanti’, *Popolo d’Italia*, 13 luglio 1923.

<sup>39</sup> A. Labriola, ‘L’imposta sulle eredità e il fascismo’, *Critica Sociale*, 1-15 settembre 1923.

blow all previous ‘economies’. Amendola’s newspaper also interpreted the abolition of a tax ‘applied all over the world’ as a ‘compensation’ for the landowners; it denounced De Stefani’s ‘fiscal demagoguery’, opposite and equivalent to the previous one (to which Fascists themselves had agreed); it debunked the idea that the abolition, alone, could make Italy an ‘oasis’ for foreign capital, or benefitting the South while exempting also the North; eventually it laughed at the wide definition of ‘family’ adopted (‘inclusive of the uncle from America!’).<sup>40</sup> More uncertain was the position of the People’s Party, traditionally in favour of progressive taxation, but that, as mentioned, was torn by internal struggles: Giolitti’s Finance Minister, and author of the foremost reform proposal, Filippo Meda (1920), was considered by *Mondo* a potential minister in a reshuffle. His mild criticism (Meda, 1923) provoked the hard reaction by Senator Filippo Crispolti, soon to left the party: for Crispolti, republished by *Popolo d’Italia* itself, ‘had a referendum been called on which tax to abolish’, inheritance tax (‘especially among relatives’) would certainly win.<sup>41</sup> As a result, the party’s newspaper highlighted both pros (the defence of the family) and cons (the regressive nature of the measure), waiting for the final decree to evaluate ‘the broader social and financial consequence of the reform’.<sup>42</sup> After all, it was a period in which, starting from economic issues, such as the bailout of *Banco di Roma*, the Holy See and Fascists were getting closer (Rossi, 1966, p. 101).<sup>43</sup> The Prime Minister’s Office papers preserve the ‘hidden, but sincere words’ of ‘enthusiastic admiration’, addressed to Mussolini by the Vice-Camerlengo, Cardinal Ugo Boncompagni Ludovisi, ‘when reading on the deliberated abolition of inheritance tax’ on July 9<sup>th</sup>.<sup>44</sup>

The same folder includes a cheering letter of the Sicilian farmers’ society, but in fact, the most vocal in stressing the pro-South nature of the abolition, together with the Northern opponents, were the conservative papers from the Capital, celebrating ‘the first time since 1860 that Southern Italians learned the government abolished a tax’: Naples, ‘the moral capital of “small ownership”’, was ‘even more astonished than enthusiastic’.<sup>45</sup> According to the *Corriere Italiano, Mattino* especially praised the move;<sup>46</sup> but in fact, the most widespread Neapolitan paper simply reported, as the rest of the press, the official statement. As its main local competitor (*Roma*), *Mattino* rather focused on the special measures for Naples, the appointment of a Sicilian at the new Ministry for the Economy, and Mussolini’s visit to Abruzzi. Neapolitan papers had long been lamenting the discrimination of fiscal and trade policies against Southern farmers and did not stop after the abolition.<sup>47</sup> Even the *Giornale di agricoltura della domenica*, a specialised magazine issued in Piacenza (Emilia) by *Federconsorzi* - the (substantially filo-fascist) confederation of local agrarian consortia - ignored the decree, while providing his readers with detailed technical reports on the tax on agrarian incomes. In fact, while the revenues of the new tax almost equalled those formerly paid for the inheritance tax (Borgatta, 1922),

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<sup>40</sup> ‘L’imposta successoria e la finanza italiana’, *Mondo*, 11 luglio 1923; ‘A proposito di demagogismo finanziario’, 19 agosto 1923; ‘Ritorno quiritario?’, 25 agosto 1923.

<sup>41</sup> ‘Sull’abolizione della tassa di successione’, *Popolo d’Italia*, 5 agosto 1923.

<sup>42</sup> ‘L’imposta scomparsa’, *il Popolo*, 10-11 luglio 1923.

<sup>43</sup> According to Einaudi (1927, p. 368), Popular opposition to the registration of financial assets came from the necessity, for religious orders, to assign them on old priests, subject, at death, to inheritance tax.

<sup>44</sup> ACS-PeM, Affari correnti, 1923, fasc. 9/1 n. 1919 - Abolizione della tassa di successione – voti e rallegramenti.

<sup>45</sup> ‘Politica fascista per il Sud’, *Idea nazionale*, 11 luglio 1923.

<sup>46</sup> ‘Le terre del mezzogiorno e la tassa di successione’, *Corriere Italiano*, 21 agosto 1923.

<sup>47</sup> Kim, ‘Industria e agricoltura’, *Mattino*, 5-6 luglio 1923; ‘La grave crisi della proprietà fondiaria in Calabria’, 25-26 agosto 1923.



*A Epoca* (July 30<sup>th</sup>).<sup>53</sup> It was Einaudi (2000, pp. 295-297) himself to enthusiastically write, on *The Economist*, about the ‘bold’ reform approved; this despite ‘it was feared that nothing would come out’ to solve the ‘extraordinary severity of the succession duty’, on which the Italian scholar and Senator ‘ha[d] repeatedly called attention to’. After the publication of the decree, Einaudi (2000, p. 299) added that it ‘will have beneficial effect’: readers of the influential magazine were further reassured on how ‘Signor De Stefani is quietly adding, almost every week, something to his rebuilding of our financial System’. Some months later, *Forbes* interviewed De Stefani on the ‘Fascist views on taxations’, and on the importance to avoid confiscatory levies on inheritance and not persecute capital (Sermolino, 1924) (Figure 3). As stated in Italy’s volume of the New York *Institute of Economics* series of *Investigations in international economic reconstruction*, in the early 1920s, the ‘Fascist regime at once made an unequivocal declaration of policy on the subject of taxation’: among these measures, ‘the most important’ was ‘the decree abolishing inheritance taxation altogether upon property passing within the family’ (McGuire, 1927, pp. 430-433).

McGuire (1927) also noted how each of De Stefani’s measures ‘aroused sharp protest’, but ‘on the whole, the economists writing in Italy seem to have held the opinion that Fascist fiscal policy has been both sound and constructive’.<sup>54</sup> In fact, somehow surprisingly, the large majority of academic economists supported, or not opposed, the complete abolition of a tax applied all around the world, and with solid basis in both international and Italian economic thinking (Gabbuti, 2021b). Even though, commenting on De Stefani’s resignation, Einaudi would mention the abolition as one of the few disagreements with him, we have seen his supportive statements, on both *Corriere della Sera* and *the Economist*. Together with Griziotti (1926), we can count among the ‘opponents’ his student Mario Pugliese (1926), who wrote his dissertation on the subject. The simple observation by Antonio De Viti De Marco (1928) that, ‘precisely because was an act of reaction’ of demagoguery, the abolition ‘had overstep the mark’, motivated Gangemi to send for publication the aforementioned memo by Pantaleoni (1928) - even though it came at the end of a paragraph in which De Viti De Marco had harshly denounced the ‘Bolshevik’ fiscal measures of the 1919-20 period, mentioning Guasti’s examples, and elaborated, much in line with Pantaleoni, on the necessity to not overtax capital.<sup>55</sup> Jannaccone himself, after working on a more moderate proposal, the same day of the announcement would categorically state, in an interview to Mussolini’s newspaper, that the lost revenues would be ‘largely compensated later on’, and celebrated De Stefani’s ‘fiscal bravery’, bringing ‘Italy once again at the forefront of civilised nations’.<sup>56</sup> On the Bolognese *Resto del Carlino*, close to the landowners who had supported early Fascism, Federico Flora (1923, p. 84) had opposed the surrogate tax proposed by UNI and ABI, but now celebrated the abolition; Gangemi (1924, p. 208) reports the supportive words by Gino Borgatta on Turin’s *Gazzetta del*

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<sup>53</sup> Ministero degli Affari Esteri, Ufficio Stampa, *Rassegna della Stampa Estera*, n. 157, 158, 172. *Problemi Italiani* (5 agosto 1923) also mentioned *Paris Echo*.

<sup>54</sup> While referring to Gangemi (1924), he acknowledges the help of Einaudi (who in turn, positively reviewed the book on the *Economic Journal*).

<sup>55</sup> In fact, De Viti De Marco simply referred to the ‘greater ease’ of a tax imposed when receiving inheritance, as compared to other taxes, a common argument in the Italian tradition on the matter (Gabbuti, 2021b).

<sup>56</sup> ‘L’abolizione della tassa di successione nel giudizio di un eminente economista’, *Popolo d’Italia*, 10 luglio 1923; on the same newspaper wrote in support the economist Agostino Lanzillo, member of the Fascist ‘trade-unionist left’.

*Popolo*; Alfonso De Pietri-Tonelli<sup>57</sup> and Giuseppe Prato (1923) placed it within the academic writings of the former colleague - somehow surprisingly, given that in his work on French data, De Stefani (1921, p. 37) had not only concluded that small and medium estates were growing, but had also stressed that in the trade-off between ‘productivity’ and ‘distribution’, ‘I believe sometimes distributions with lower accumulation of savings are to be preferred, because wellbeing and productivity must not be confused, and a reduction of productivity might sometimes mean an increase in wellbeing’. Not surprisingly, a supportive statement came also from Enrico Barone, who had theorised the importance of inheritance in capital accumulation, as well as the importance of distributing fiscal burden in a way that was ‘the least obstructive to average income growth’ (Michelini, 2001, pp. CXII-III). Barone added a short, severe gloss to Spinedi (1923): writing in Barone’s magazine, the younger economist, very supportive of the rationale of the abolition (to the point of affirming its overall *progressive* redistributive effect!), had simply questioned whether ‘in the immediate, extreme necessity of public finances’, was preferable to delay the abolition.

## 5. Conclusions

The ‘brave’ reform would not, however, last long. In 1930, and even more in 1935, following both the post-1929 ‘anti-capitalistic’ rhetoric (within a generalised increase in European and US inheritance tax rates, as shown in Figure 1), and the Fascist pro-natalist demographic policies (Treves, 2001), the exemption was restricted to ‘large families’ - contradicting the whole ‘productivism’, whose starting point was the ‘imbalance between population’ and capital (De Stefani, 1923, pp. 177-178). De Stefani himself had to resign in 1925, due to his inability to stabilise the lira (Salvemini and Zamagni, 1993; Segreto, 2019); his replacement with Volpi, few months after the end of the crisis following Matteotti’s murder – that for historians marks the beginning of the truly ‘dictatorial’ Fascist regime – is generally considered as the watershed between the ‘laissez-faire’, and the more protectionist, and eventually dirigiste, phase of Fascist economic policies (Giordano and Giugliano, 2015). While De Stefani’s actions were less coherent than claimed by Gangemi (1924), neither Volpi nor his successors seemed to pursue such an organic economic vision. After the war, disciples of Griziotti, such as the Christian-Democratic Ezio Vanoni (Minister of Finance from 1948 to 1954, when he moved to the Budget, until his sudden death in 1956) took the responsibility of Italian fiscal policies (Figure 1). But this is not a reason for underestimating the historical importance of this episode: not only for inevitable consequence on wealth inevitably and its intergenerational transmission.

In the years between 1922 and 1925, ‘fiscal reform’ - the need to balance the budget - was ‘the most powerful single driver of Fascist economic policy’ (Bel, 2011). As we have seen, both protagonists and coeval observers identified in the abolition of inheritance tax the most paradigmatic of Stefani’s measures. In the long Fascist ‘seizure of power’, by no means concluded with the March on Rome (Lyttelton, 1973), the balancing of the budget – for which the Parliament had granted De Stefani unprecedented powers (Toniolo, 1980, p. 46) – represented a crucial step, both internally, and externally. According to McGuire (1927), the idea ‘that a greater revenue might be expected from rates substantially lower than those theretofore enforced, if only

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<sup>57</sup> A. De Pietri-Tonelli, ‘Lo sgravio delle successioni’, *Gazzetta Ferrarese*, 6 agosto 1923.

principles of assessment were brought more in line with reality (and, perhaps, with human psychology)’ – a sort of pragmatic, not formalised Laffer curve – was common to ‘other countries’; as noted by Mattei (2017, p. 1000), Britain had ‘set the example of orthodox fiscal and monetary policy since 1920’ (an example to which Bianchini explicitly referred to). Still, Fascists – already in the spotlight for their political novelty – abruptly brought Italy from inconclusive progressive reforms to a radical return to fiscal orthodoxy, aimed at setting the clock back to 1914. This dramatic turn included ‘the earliest case of large-scale privatisation in a capitalist economy’ (Bel, 2011), and came at a time in which, as famously stated by Schumpeter (1954, p. 855), Italian economics was then ‘second to none’. The support and direct involvement of internationally renowned economists such as Barone, Einaudi, Pareto, Pantaleoni, and others (Mattei, 2017), contributed to raise the interest for these policies<sup>58</sup> – and one wonders whether the Italian example contributed to the substantial rate reduction approved in 1926 in France (whose press had enthusiastically reported on the Italian case) (Figure 1). More broadly, while recent scholarship has brought new attention and reinterpreted the economic thinking of these ‘Fascist-liberals’ (Mattei, 2017; Michelini, 2019), it seems necessary to include them in the broader discussion on the origins of neoliberalism in the interwar decades (Slobodian, 2018). While Italian historians have traditionally considered De Stefani’s Ministership as a ‘normalisation’, an attempt to return to the pre-1915 ‘business as usual’, within a coalition government that included liberals, an international perspective makes it possible to appreciate the abruptness of this normalisation.<sup>59</sup> The abolition of a tax that had been working since the country’s unification (and, first, had progressive rates from 1902), shows the extent to which De Stefani’s ‘authoritarian neoliberalism’, according to the definition of Marcoaldi (1986), distanced itself from the reformist liberalism of the Giolittian period.<sup>60</sup> Indeed, the explicitly regressive nature of these policies and their underlying economics – an interesting point of convergence, as testified by Corradini and Rocco’s words, between the ‘laissez-faire’ and the ‘corporatist’ souls of Fascism (Michelini, 2019, pp. 71-83) – and the political debate that accompanied them, has been so far overlooked.

Despite the later celebration by De Stefani (1953), we can probably apply to the abolition of inheritance what Bel (2011) wrote on privatisations: it was ‘an instrumental measure, not a coherent long-term policy’, that together with economic objectives, aimed at increasing ‘political support for Fascism’ by the most important pressure groups. The history reconstructed in this paper made it possible to appreciate the extent to which De Stefani – often depicted as an independent, detached academic economist, in opposition to the well-connected Volpi (Michelini, 2019, p. 72) – was close to influential actors, such as ABI and Bianchini, but also with the ‘smaller’ UNI, one of the dozens association that, through letters and petitions, or convening at the

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<sup>58</sup> De Stefani himself, presented on July 3rd, 1923, by the *Times* as ‘an Italian Oxford Don’, ‘soaked in the English economists’, whose ‘unconcealed ideal is to apprehend and copy the British system of public finance’, in 1937 ‘was invited by Chiang Kai-shek to propose a plan to reform the public administration and the tributary system of the Republic of China’ (Coco, 2021).

<sup>59</sup> See for instance, the discussion by Toniolo (1980, pp. 50-51), still the most accurate and authoritative economic history of the period.

<sup>60</sup> The word ‘neoliberalism’ was arguably adopted by Marcoaldi in a different sense to the current one, to mark the differences between Pareto, Pantaleoni, and De Stefani, in all sense part of Italian nationalism (Michelini, 2019), and the ‘classic’ liberalism, represented by Einaudi. Notably, the word was adopted also by Fascists such as Rocca before the March on Rome.

APE meeting, were trying to exert their pressure on the new government to obtain favourable legislation. Since Melograni (1972), historians have well established the process through which, from 1921, industrial owners and economic elites had accepted the idea of including Fascists in coalition governments, and then, somehow reluctantly, dealt with their leading role during and after the March on Rome; both the banking association, and this universe of smaller, middle-class associationism, were somehow overlooked. In fact, compared to the rest of De Stefani's programme and reforms, the abolition of the inheritance tax directly impacted on a much wider group, inclusive of all kinds of 'middle classes', traditionally considered Fascists' electoral constituency, at least since Salvatorelli's (1923) real time account. As discussed in Gómez León and Gabbuti (2021), these heterogeneous middling strata - small landowners, shopkeepers, as well as dependent, white-collar workers of private and public sectors – accounted for a large share of Italian labour force. By representing Fascism as 'based on the respect for the family, in his sentimental and practical reality, and on the respect of roman property' (MEF, 1923, p. 5), the abolition aroused both the economic and 'political-cultural' aspects of what Salvati (1994) defined as 'middleclass-ness' (*cetimedietà*). The celebration of this aspect is clear on Mussolini's *Popolo d'Italia*: notably, the nationalist Enrico Corradini stressed how, while the 'static' concept of property generated envy from the poor, its 'dynamic' counterpart – saving – was 'the closest to the people, it belongs to all classes'.<sup>61</sup> The Fascist newspaper, in fact, would devote to the Minister and his reform considerable attention also in the week before the crucial elections of April 6<sup>th</sup>, 1924: reports from a new speech at *La Scala* dominated the headlines of April 1<sup>st</sup>, followed by a 'conversation' with De Stefani and his colleague Corbino on the 2<sup>nd</sup>, and eventually the transcription of the 'glorious' electoral speech in Verona on the 5<sup>th</sup>. In these occasions, the Fascist newspaper stressed the importance of abolishing inheritance taxation – according to the socialist, the most paradigmatic example of the openly pro-rich nature of Fascism<sup>62</sup> – to defend the economic and 'moral' position of the petit bourgeoisie (Vigezzi, 1965, pp. 500-501); something hard to claim when discussing measures more clearly appealing to the wealthy, such as privatisations, the cancellation of asset certifications, or dismantling the Parliamentary board of enquiry on war profits before it was able to conclude its work (Rossi, 1966).

Overall, therefore, the history of the 1923 abolition of inheritance offers a privileged perspective on the ideological and political debate on inheritance, wealth and inequality in Italy in such a crucial historical period, as well as a new perspective on the complicated relationship between early Fascism, economic elites and the 'middle classes'. Despite the relatively high level of inequality in wealth (Gabbuti and Morelli, 2021), and the regressive nature of Italian fiscal system, the fiscal policies pursued by the Fascists in the 1920s protected the wealthy from the progressive levies, that had been introduced in the rest of Europe to pay for the costs of the war and the return to normality. A survey of the Italian press revealed how Fascists tried, and arguably managed, to depict an openly pro-rich measure such the abolition of inheritance tax into a defence of the middle class, in its economic stability and its 'ideology' of property and family, as well as a stimulus to capital accumulation and economic recovery. Notably, they did so with the almost universal support of those

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<sup>61</sup> E. Corradini, 'Statica e dinamica della società nazionale', *Popolo d'Italia*, 18 luglio 1923.

<sup>62</sup> Quidam, 'Temi di propaganda elettorale: l'iniquità delle riforme tributarie fasciste', *Avanti*, 10-11 febbraio 1924.

economists and statisticians, who had been pioneering the emergence of the modern measurement and study of income and wealth distribution (Gabbuti, 2020a). While most of these authors shared conservative positions, they were most likely influenced by the diffused opinion that the Great War had disproportionately benefitted industrial workers, at the expenses of the middle classes (Gabbuti, 2019, pp. 106-111).<sup>63</sup>

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<sup>63</sup> Notably, in one of the earliest attempts of consistently compare income inequality across countries, Boldrini (1925) had concluded that Italy experienced a higher fiscal pressure, and its lower income concentration made the imposition of progressive levies on the rich less remunerative for the State.

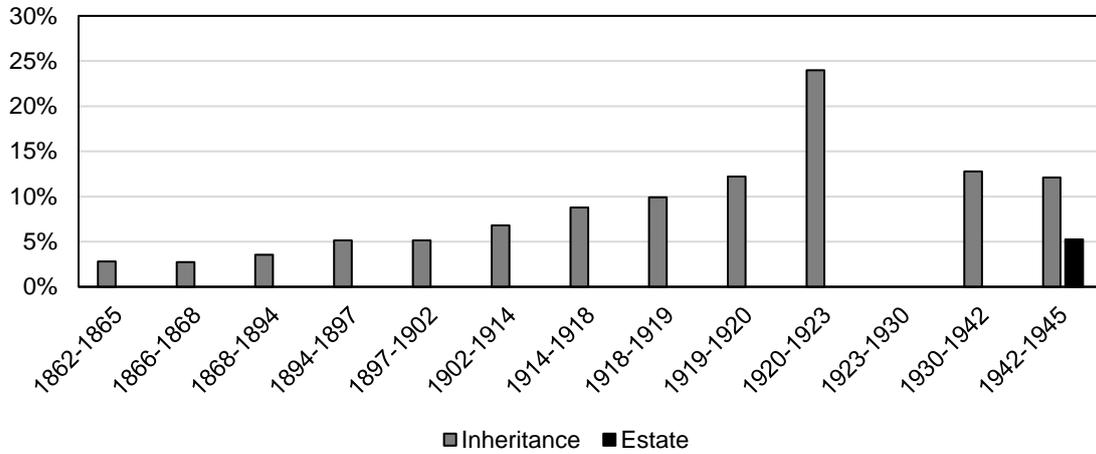
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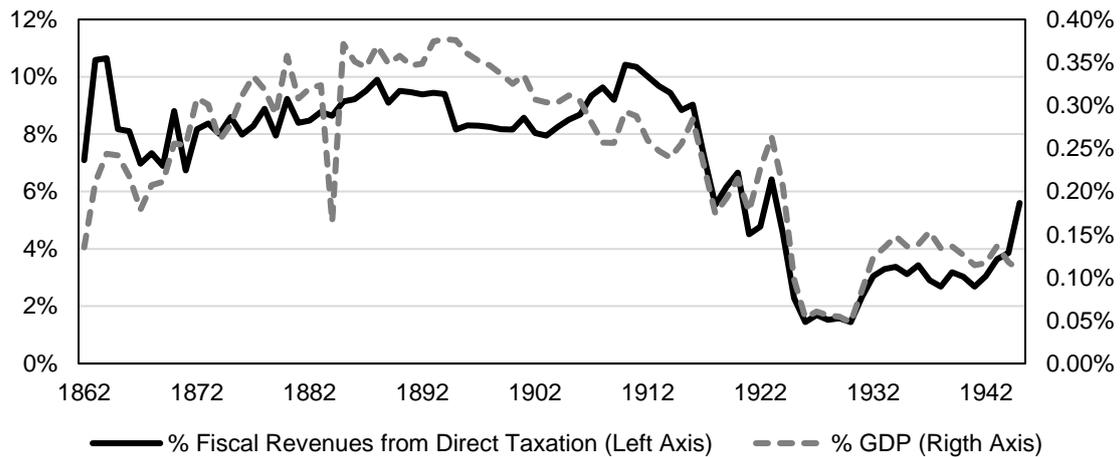
## Appendix

**Figure A 1 - Top Marginal Rates for Direct Wealth Transfers, 1862-1945**



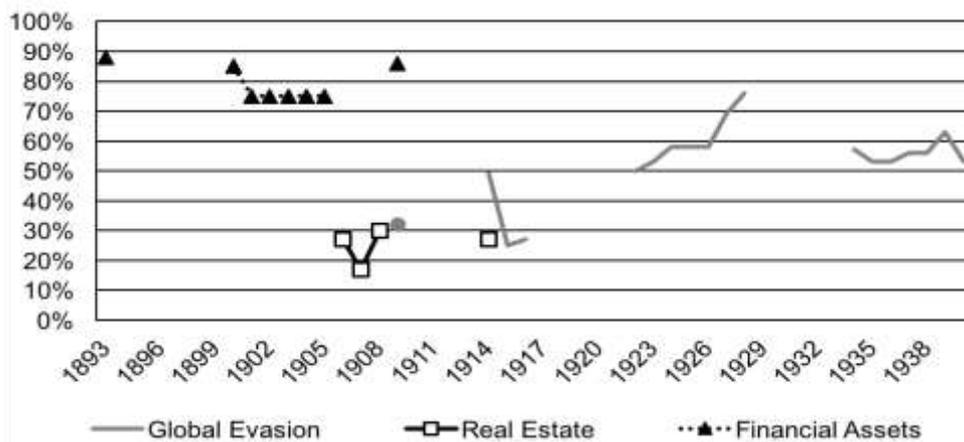
Source: elaborations on Manestra (2021).

**Figure A 2 - Revenues from Inheritance Tax, 1862-1945**



Source: elaborations on Manestra (2021) and Baffigi (2013).

**Figure A 3 - Estimates of Inheritance Tax Evasion, 1893-1938**



Source: authors' elaboration on Manestra (2010).