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Taxation and Forced Labor: The Two Bodies of the Citizen in Modern Political Theology

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According to Robert Nozick, “Taxation of earnings is on a par with forced labor.”¹ This analogy is somewhat humdrum in libertarian circles, as in both cases we have a group of people (the few making up the political class) extracting resources from another (the many governed) against their will and thus limiting their liberty and dominating both their earnings and bodies.

Nevertheless, this phenomenological perspective is not commonly accepted, because the most popular political cultures consider taxation the principal legitimate instrument for the improvement of economic efficiency and for achieving social justice. In one of the most important recent studies about taxation and welfare economics, Louis Kaplow adopts an apparently value-free stance when he states that his intention is to investigate “how various government instruments are best orchestrated to achieve ... the maximization of a conventional social welfare function.”² What Kaplow presents as a technical issue is, in fact, a problem of power, of relations between human groups, and ultimately between the two ultimate political actors of modernity: the state and the individual.

In this article, which is the starting point of a broader research project, we will show that there is nothing innocent about taxation. We will investigate the various relations of the subject with political authority for the purpose of showing that monetarization of political exploitation, while a crucial turning point in modern times, did not modify the essence of domination. The sacralization of the physical body of the subject – evident in the simple fact that torture, killing and being killed in the name of the state are constantly decreasing – has paved the road for the exploitation of the second body of the citizen, the one that produces wealth.

¹ Robert Nozick, *Anarchy, State, and Utopia* (Oxford: Blackwell, 2001), 169.

² Louis Kaplow, *The Theory of Taxation and Public Economics* (Princeton: Princeton University Press, 2011), XVII.

In a recent article, the philosopher Adam Moore applied novel arguments to confirm that Nozick was correct.³ Moore quotes a passage from an article written by Judith Jarvis Thomson in which she affirms that nobody can dispose of another person's body.

You wake up in the morning and find yourself back-to-back in bed with an unconscious violinist. A famous unconscious violinist. He has been found to have a fatal kidney ailment, and the Society of Music Lovers has canvassed all the available medical records and found that you alone have the right blood type to help. They have therefore kidnapped you, and last night the violinist's circulatory system was plugged into yours, so that your kidneys can be used to extract poisons from his blood as well as your own.⁴

According to Moore, if I have the right to free myself and to disconnect immediately from the violinist, regardless of the consequences for her health (as an overwhelming majority of political philosophers would maintain), then I could also legitimately hide or defend the product of my labor. In both cases, there is an illegitimate, aggressive, and immoral control over the life and the body of a human being. What Moore highlights is the strict connection between body and labor, and the fact that there are many analogies between the control over both. In the background, it is easy to recognise the restatement of fundamental themes of classical liberalism. In essence, Nozick and Moore revitalized theses that were at the heart of John Locke's theory, notably the concept that men possess a natural and inviolable right to their bodies, their work and that portion of the world which they legitimately appropriate:

Though the earth, and all inferior creatures, be common to all men, yet every man has a property in his own person: this no body has any right to but himself. The labour of his body, and the work of his hands, we may say, are properly his. Whatsoever then he removes out of the state that nature hath provided, and left it in, he hath mixed his labour with, and joined to it something that is his own, and thereby makes it his property.⁵

To appropriate the fruits of a person's labor against her will is therefore an attack on that person, not different from forcing someone to work. Thus, Nozick's remark is correct, and the aim of our paper will be to analyze the intellectual background that helped make taxation not only possible, but acceptable. Fiscal policy is the key to understanding the control exercised by the sovereign state over society, and we will try to show how it was reinforced by a great intellectual endeavor in the modern era and how this systematic violence carried out by a group of men in the name of the state was in fact concealed and rendered palatable.

³ Adam D. Moore, "Taxation, Forced Labor, and Theft: Why Taxation is 'On a Par' with Forced Labor," *Southern Journal of Philosophy* 58 (September 2020).

⁴ Judith Jarvis Thomson, "A Defense of Abortion," *Philosophy and Public Affairs* 1 (1971): 48-49.

⁵ John Locke, *Second Treatise of Civil Government*, ch. 27.

1. Political obligation as fiscal compliance

Gianfranco Miglio, an eminent political scientist, meditating on Carl Schmitt's legacy, advised several years ago that it was "necessary ... to get rid of the idea that political relations can be converted into legal relationships: law and politics have always been two autonomous and heterogeneous realities." Although the modern state is predicated on the determination to describe political relations in legal terms, Miglio pointed out that there is nothing more than "a structural interference" between the two phenomena. "The undertaking that modern legal theory had proposed to itself – to transpose and exhaust politics within the legal system – turns out to be completely utopian, and destined, since its inception, to failure."⁶

While this is true, as politics and the law cannot be reduced to any kind of unity, the failure has thus far been rather on the side of the efforts to limit the powers of the state and its claim to consider the lives and properties of its citizens at the mercy of the ruling class. The juridical robes with which the state is adorned are somewhat worn out, but the state is in a position that no other political organization in history has ever even remotely dreamed of. It effectively claims a total control of the lives and properties of its subjects. Political obligation is in fact discharged to an unprecedented degree in the times of the triumph of the state. The state is a solely modern political and all-encompassing institution "that (successfully) lays claim to the *monopoly of the legitimate physical violence* within a particular territory,"⁷ as Max Weber defined it more than a century ago.

The subject of political obligation first appears in Thomas Hill Green's *Lectures on the Principles of Political Obligation*. Right at the beginning of his lectures Green clarifies that the term includes "both the obligation of the subject towards the sovereign, of the citizen towards the state, and ... of individuals to each other as enforced by a political superior." Green wanted to show the moral function of the law "or ... the system of rights and obligations which the state enforces, and in so doing to discover the true ground or justification for obedience to law."⁸

This line of research is of fundamental importance for our subject. Green sought to clarify the profound differences between three types of obligation: political, legal, and moral, but the political obligation turns out to be a simple prop for the absolute respect of the entire juridical order

⁶ Gianfranco Miglio, "Oltre Schmitt," in *Le Regolarità della politica* (Milan: Giuffrè, 1988), vol. 2, 755.

⁷ Max Weber "Politics as a Vocation" (1918), in *The Vocation Lectures*, edited with an Introduction by David Owen and Tracy B. Strong (Indianapolis: Hackett Publishing Company, 2004), 33.

⁸ Thomas H. Green, *Lectures on the Principles of Political Obligation* (Kitchener, Ontario: Batoche Books, 1999), 5.

enforced by the state. Political obligation is nothing but a grand design of citizenship grounded on the obedience to a system of rights and duties imposed by the state.

Modern times generated a novel political organization in which the rulers could count on a reflex of compliance that was hitherto inconceivable. The political stage was simplified by annihilating the polycentricity of the medieval cosmos.⁹ Thus, the “historical stage was reduced to two actors, the individual and the state, each the consequence of the same process, each allied with the other in the same life and death war against old ideologies and organizational practices.”¹⁰

In short, the first item on the agenda of the modern state was the centralization of power. Absolute monarchs created a single decision-making center of command, which gradually imposed itself on all other decision makers. The state asserted itself as the sole, overriding, and exclusive focus. In due time no other political power persisted. Hence, “state sovereignty” became “the prevailing idea of political and legal authority of the modern era.”¹¹

Centralization also meant the formation of a rational basis for the power of the state. This happened through the creation of the increasingly bloated bureaucratic apparatus. While all states in the 17th and 18th centuries moved to attack any sort of intermediate body between themselves and individuals, “by the mid-eighteenth century, the European states had for the most part won ... their ‘war of annihilation’ against the major intermediate institutions that had survived since the Middle Ages.”¹² The state became the master and creator of all other forms of association between the people. “For both state administrators and the early theorists of the state ... virtually all associations of any consequence were treated as if they were gratuitous concessions of sovereign authority, if not administrative extensions of the state itself.”¹³ In the end, such a general concurrence of legal and political rules brought about an institution that moved autonomously and that represented neither rulers nor the ruled. The state is construed as a legal person, and it must

⁹ For a formidable portrayal of the legal complexity of the medieval age and its polycentricity, see in particular the second part of Harold Berman’s masterpiece: *Law and Revolution: The Formation of the Western Legal Tradition* (Cambridge Mass.: Harvard University Press, 1983), 273-519.

¹⁰ Paolo Grossi, “Modernità politica e ordine giuridico,” *Quaderni fiorentini* 28 (1998): 32. Grossi, a famous historian of medieval law, concludes: “The free-spirited itinerary of political modernity evolved over the history of law into the confines of legal positivism, thanks to the intensification of politics by the deceptive but effective means of natural law strategy, of which, despite the passage of time, we are still victims,” 39. In his view, “eighteenth century natural law theory” presented itself as “the most intelligent, the most aware, the most able foundry of legal myths ever encountered over the long history of Western legal thought; from it emerged a complex of integrally imagined and ordered myths that gave rise to a true legal mythology”; “Oltre le mitologie giuridiche della modernità,” *Quaderni fiorentini* 29 (2000): 218).

¹¹ Robert Jackson, *Sovereignty. The Evolution of an Idea* (Cambridge: Polity Press, 2007), 7.

¹² David Gross, “Temporality and the Modern State,” *Theory and Society* 4, 1 (1985): 63.

¹³ Ibid.

occupy a definite space. Its existence takes place only within certain geographical lines that trace its corporeity. Within its boundaries, the state created good citizens through public education, made citizens into soldiers, and taxed them at will. It is only in such a modern state framework that political obligation makes any sense, and the groundwork for taxation is built.

The free individual is bound by a relationship of loyalty to the state based on blood and money. If in an earlier and exceptionally long period, it seemed much easier to obtain lives than estates, in the past decades the opposite seems to be the case. The twentieth century has seen an enormous increase and then a progressive exhaustion of governmental claims on lives. After a peak during the Second World War, the demand for blood donation as a fundamental part of the political obligation collapsed to almost zero. At the same time, the pressure for money has increased exponentially. And it is no coincidence that the two curves reach their zenith at different times: The first half of the century sees the maximum attack on lives, while from the second half the plundering of the wealth produced by society reaches all-time highs.

Taxes could really be the primary driving force of history, as Charles Adams argued a few years ago.¹⁴ And to properly understand taxation it is crucial to unmask the delusions of most statist fiscal doctrine, which maintains that taxes are nothing more than the total cost of the services offered by the state.

Political obligation, once centered on both blood and money, has now become mainly a fiscal duty. It is now fulfilled in one way, through a pecuniary disbursement, and thus it increasingly parallels a legal obligation. After all, it is legal obligations that can be performed at any time through a simple payment.

The state, which from its early stages was nurtured by a cluster of concepts that attempted to displace theology with juridical notions, has in the end destroyed politics itself or, at the very least, has diluted it in a sea of taxes. Political obligation becomes then one great, irresistible demand for money. Political obligation was once indeterminate and global—the demand of loyalty for the supreme leaders. Fiscal obligation is now the only bond left between the two political actors of modernity, the state and the individual. Leviathan quenches its thirst in only one way: money.

¹⁴ Charles Adams, *For Good and Evil. The Impact of Taxes on the Course of Civilization* (Lanham, MD: Madison Books, 1993).

2. Exploitation and Concealment in Civil Society: from Marx to Foucault

As we are discussing similarities between taxation and forced labor, the most important instance of exploitation ever theorized in the history of the social sciences comes to mind. While the doctrine of exploitation in the market could be considered a figment of Karl Marx's imagination, not only did it gain an impressive support, but it is still regarded with veneration in academic circles. The Marxian analysis of exploitation is too well known to require a summary here. It is important to keep in mind that it never vanished. It survived the wreck of the labor value theory upon which it is predicated and resurfaced, as we will indicate, in different guises even after the death of Marxism was proclaimed by everyone.

According to Marx, "Labour-power can appear upon the market as a commodity, only if ... its possessor ... offers it for sale ... as a commodity."¹⁵ Though "equal in the eyes of the law" the buyer and seller of labor are in a quite different position. In order not to become a slave "the owner of the labor-power should sell it only for a definite period, for if he were to sell it rump and stump, once for all, he would be selling himself, converting himself from a free man into a slave, from an owner of a commodity into a commodity."¹⁶

Marx compares a slave and a wage earner in several passages in his most important work, *Das Kapital* (1867). While it is not clear which system is better for the dominated, one thing is sure, exploitation and privilege were once seen with the naked eye, whereas in the capitalist system exploitation is occult.

In slave labour, even that part of the working day in which the slave is only replacing the value of his own means of existence, in which, therefore, in fact, he works for himself alone, appears as labour for his master. All the slave's labour appears as unpaid labour. In wage labour, on the contrary, even surplus labour, or unpaid labour, appears as paid. There the property-relation conceals the labour of the slave for himself; here the money-relation conceals the unrequited labour of the wage labourer.¹⁷

The Marxian theory of exploitation has had an exceptionally long lasting influence, even in today's debate. In the contemporary conversation, the state assumes the role of the "great liberator," since in the eyes of most people only political power can free us from a series of social chains. Only public institutions can mend the injustices resulting from the excesses of wealth, through redistribution of resources. Political power is there to counter and bridle the fundamental

¹⁵ Karl Marx, *Capital. A Critique of Political Economy* (Moscow: Progress Publishers online edition, 1867), 119.

¹⁶ *Ibid.*, 119.

¹⁷ Marx, *Capital. A Critique of Political Economy*, 381.

ideological agencies that are at work within society, be it the confessional agencies (as it was in the 19th century) or the media (as it was in the 20th century).

We can see the reemergence of an ancient representation of society, divided into three powers (political, cultural, and economic), which to some extent resembles the Indo-European tripartition classically illustrated by Georges Dumézil. In the Middle Ages, on the other hand, it was the distinction between *bellatores* (knights with swords), *oratores* (men of the Church with control over speech) and *laboratores* (those who provide economic support for the whole of society) that laid the foundations for what would become the class system. Taken up today, that vision leads to the belief that any dimension – that of force, wealth and thought, and therefore of politics, economics, and culture – can generate domination and thwart freedom.

In a certain sense, mainstream culture has outlined a sort of super-constitutionalism whereby the tripartition of public law (separating and balancing legislative, executive and judicial) would be flanked by a tripartition that refers to the balancing of the three powers mentioned above. In this way, the collective reformulation of the sovereign state, the “political” par excellence of the contemporary era, would derive its legitimacy and necessity from the task of containing and limiting the threats to the underprivileged coming from economy and culture, from wealth and thought.

Within this framework, the thesis championed by some contemporary libertarians and classical liberals appears naïve. It would, in fact, limit itself to the defense of that “formal” freedom that Karl Marx – already in his writing *On the Jewish Question* – had denounced as a simple screen to protect bourgeois interests. The menace of coercion by government is not generally denied, but it pales by contrast to two greater threats: “economic” and “cultural” power.

Consequently, in most Western countries the crisis of one of the pillars of free society, the contract, derives precisely from the Marxist notion that a contractual and free relationship among consenting adults is only a chimera. It is impossible because one party is weak and the other strong, exactly like the bourgeois and the proletariat in the labor market. For this reason, the objective is no longer freedom of negotiation, which implied equality before the law, but instead a form of positive discrimination which – going beyond the will of the contracting parties – protects the tenant vis-à-vis the owner, the consumer and not the producer, the employee against the employer, the smaller company from the larger one, and so on. Freedom is dangerous in this view as it is destined to replicate the struggle between capital and labor over and over again.

It is certainly true that Marx would have never endorsed any intrusion into capitalist relations (as it risks adjourning the communist revolution *sine die*) yet it is necessary to recognize the link that

connects the two perspectives. In our societies, the increasing regulation of bargaining relationships rests on that critical account of the free market which is the heart of Marxist philosophy. The materialistic philosophy of history and a dual representation of social relations, such as the conflict between proletariat and bourgeoisie, are pretty much gone, but a watered-down Marxism has resurfaced stronger than ever. While Marx had built his grand theory (which had the ambition of explaining the laws of development of societies once and for all) starting from the fact that economy would be the starting point of every analysis, his bequest even widens the horizon. The new Marxists, re-envisioning the doctrine of their doyen, see cultural relations not as a mere superstructure, but as a determining factor that must be placed at the same level as economic relations.¹⁸

If today legislation pervades every space, one of the reasons is the need, felt by those who fear the threat of economic and cultural power, to use the weapon of law against the aggressions that spontaneously stem from the world in which ideas, goods, and services are exchanged. If by now public power regulates every relationship and taxes every single human activity, the ultimate reason lies in the fact that even within private law the idea that there is always a “weak” party in need of protection has taken hold. In due time, this will signify the dissolution of negotiating autonomy. And if, today, government controls the educational system and orients it towards certain “truths” that must necessarily be accepted, this is due to the fact that only public power is conceived as “neutral,” and therefore able to control every possible faction, confession, ideology, or partisanship.

Those who – within a classical liberal perspective – still believe that only coercion is power, and that therefore the only possible domination is produced in the political arena, believe instead that economic or cultural exchanges are not in themselves aggressive or immoral, even if they can certainly become so when they stop being freely chosen and when regulation introduces advantages and privileges.

In the contemporary world, then, the major economic and cultural agencies (corporations, churches, lobbies, and the like) can use political power to gain illegitimate rents and impose their own worldview. There are groups that are not “political” in the strict sense of the word but exercise nonetheless dominance over the rest of the population. For the classical liberal reading of society, they do so because of the control they are able to exert over the institutional system. In the end, if

¹⁸ It is exactly from this new centrality of the cultural dimension that the importance of Antonio Gramsci’s thought in certain academic circles can be explained.

that political dominance were not there or were drastically reduced, they could not dominate or pose any threat to anyone.

In this sense, the words of George Orwell in the conclusion of *Animal Farm* can be useful to understand the link, for instance, in today's Russia between the heirs of the KGB (the men) and the oligarchs connected with them (the pigs), but they can also tell us a lot about the relation between economy and politics in Western societies:

The creatures outside looked from pig to man, and from man to pig, and from pig to man again; but already it was impossible to say which was which.¹⁹

Wealth and culture are resources, not centers of power; they become instrumental to coercion only because of the politicization of society. In the original sense, therefore, violence belongs to the heirs of the armed knights, and not to the educated or the producers. But certainly the “resources” that the latter have at their disposal can be used to obtain a broad dominion over society, and they become very aware of this exactly because they have knowledge and money.

This perspective is not really shared by the main and most influential intellectual schools, even if many are willing to recognize that there is a threat of arbitrary political power, and that the latter has been established thanks to an exploitation of the ideological apparatus. Following Foucault, when in the age of Enlightenment there was a strong alliance of power and knowledge, a micro-political control over human bodies was crucial; taxation was not as important as the physical control over personal life:

Panoptism was a technological invention in the order of power, comparable with the steam engine in the order of production. This invention had the peculiarity of being utilized first of all on a local level, in schools, barracks and hospitals. This was where the experiment of integral surveillance was carried out. People learned how to establish dossiers, systems of marking and classifying, the integrated accountancy of individual records. Certain of the procedures had of course already been utilized in the economy and taxation. But the permanent surveillance of a group of pupils or patients was a different matter.²⁰

Since the control of bodies can be institutional and coercive (as in slavery or forced labor) or non-institutional (as in the family, religious communities, and factories), it is not rational to simply fix our attention on public law and the bureaucracy. On the other hand, the outcome of this process that leads from the state to society would imply an increasing, tendentially unlimited strengthening of domination of the control that a small group exerts over others. Within this biopolitical

¹⁹ George Orwell, *Animal Farm, Burmese Days, A Clergyman's Daughter, Keep the Aspidistra Flying, Coming up for Air, Nineteen Eighty-Four* (London: Octopus Books, 1976), 66.

²⁰ Michel Foucault, *Power/Knowledge*, edited by Colin Gordon (New York: Pantheon Books, 1980), 71.

perspective, which sees the essence of the violence in commercial relations and cultural exchanges, *power is everywhere*, it is a fact that is not only ineradicable, but that one cannot really think of containing or limiting. Even in Foucault's late Marxist framework, science would be an instrument at the service of power exercised by monopoly capitalism.

Knowledge and power are integrated with one another, and there is no point in dreaming of a time when knowledge will cease to depend on power; this is just a way of reviving humanism in a utopian guise. It is not possible for power to be exercised without knowledge, it is impossible for knowledge not to engender power. 'Liberate scientific research from the demands of monopoly capitalism': maybe it's a good slogan, but it will never be more than a slogan.²¹

The classical liberal tradition has always emphasized the link between power and ideology, since the former always needed legitimation and the modern state – in the course of its history – has found its justification from time to time in theology, law, even literature and now (of course) economics. As Bertrand de Jouvenel has remarked:

It seems to us, therefore, that in obedience there is an enormous part of belief, of credence, of credit. Power can be founded by force alone, sustained by habit alone, but it can only grow by credit, which is logically not useless for its creation and maintenance and which, in most cases, is not historically alien to them.²²

In the real world we constantly deal with an intersection between power and knowledge thanks to which rulers try to offer a sugarcoated representation of their empire, while intellectuals do their best to play the role of advisors to the princes of the moment. Foucault himself did not fail to recognize how the expansion of state power has made many intellectual figures simply collaborators of the group in command. "Magistrates and psychiatrists, doctors and social workers, laboratory technicians and sociologists have become able to participate, both within their own fields and through mutual exchange and support, in a global process of politicization of intellectuals."²³

As mentioned above, however, the French philosopher does not limit himself to highlighting this. On the contrary, his idea is that culture as such represents a form of power and therefore of domination, just as according to Marx there is oppression in the contractual relationship that binds the entrepreneur and his employee. Domination exercised by government is therefore a form of control, but it is not the most relevant, nor the most brutal. This explains how in Foucault's thought, alongside a persistent reference to Marxist doctrines, there is the idea that power not only

²¹ Ibid., 52.

²² Bertrand de Jouvenel, *Du Pouvoir. Histoire naturelle de sa croissance* (Paris: Hachette, 1972 [1983]), 54.

²³ Foucault, *Power/Knowledge*, 127.

marks every human interaction but is also at the heart of voluntarily chosen relationships, whether economic or cultural:

I don't claim at all that the state apparatus is unimportant, but ... one of the first things that has to be understood is that power isn't localised in the State apparatus and that nothing in society will be changed if the mechanisms of power that function outside, below and alongside the State apparatuses, on a much more minute and everyday level, are not also changed.²⁴

Foucault's thesis is crystal clear. The state is not easily conceivable without its growing ability to take away resources, so that political modernity is affirmed first by cameralism, then by political finance and finally by welfare economics. But in his opinion the crucial issues lie somewhere else, where one can see the direct control over the body that has had its most complete form in slavery:

In fact, nothing is more material, physical, corporal than the exercise of power. What mode of investment of the body is necessary and adequate for the functioning of a capitalist society like ours? From the eighteenth to the early twentieth century I think it was believed that the investment of the body by power had to be heavy, ponderous, meticulous and constant. Hence those formidable disciplinary regimes in the schools, hospitals, barracks, factories, cities, lodgings, families.²⁵

During late modernity, the expansion of taxation has increasingly become the negation of this visible brutality. The immediate control of the body of others – as witnessed by Foucault and his studies on clinics, prisons, and asylums – makes the old forms of domination difficult if not impossible, even when it comes to the rules that affect the life of schools, cities, or families. It follows that, obviously, if from the age of the Enlightenment it is necessary to free the body as much as possible from any extreme form of domination (capital punishment, torture, *corvée*, imprisonment), then all this also makes possible the expansion of a new and even more powerful version of control, this time necessarily mediated by taxation.

3. Rationalizing State, Subject and Property

According to the Marxian creed, market wages are the way in which the bourgeoisie hides the exploitation of the lower class. When people were enslaved, all labor was unpaid, but with the birth of capitalism it became possible to disguise this form of domination:

²⁴ Ibid., 60.

²⁵ Ibid., 57-8.

All the slave's labour appears as unpaid labour. In wage labour, on the contrary, even surplus labour, or unpaid labour, appears as paid. There the property-relation conceals the labour of the slave for himself; here the money-relation conceals the unrequited labour of the wage labourer.²⁶

This labor theory of value implies the idea that the proletariat are incapable of *perceiving* the exploitation, because law and economic theory have built a curtain obstructing the understanding of how things really occur. In the new Marxian science, the task was to show the reality.

Hence, we may understand the decisive importance of the transformation of value and price of labour-power into the form of wages, or into the value and price of labour itself. This phenomenal form, which makes the actual relation invisible, and, indeed, shows the direct opposite of that relation, forms the basis of all the juridical notions of both labourer and capitalist, of all the mystifications of the capitalistic mode of production, of all its illusions as to liberty, of all the apologetic shifts of the vulgar economists.²⁷

Many scholars – starting from Eugen Böhm-Bawerk – have shown conclusively how wrong Marx was.²⁸ In order to emphasize the exploitation relationship the German thinker introduced an analogy between market exploitation and state exploitation: When we have a capitalist buying the services of a worker, “the transaction is for all that only the old dodge of every conqueror who buys commodities from the conquered with the money he has robbed them of.”²⁹

Though it is impossible to agree with Marx when he sees exploitation in “capitalist acts between consenting adults,”³⁰ it is true that it is vital to comprehend *how* and *when* people have stopped to recognize the aggression of the rulers and the exploitation of the political class. In this sense, Western history includes a sort of mystery. In fact, it is not easy to explain why Marxian theory of exploitation – based on a quite abstruse economic theory – has been so successful, while very few people have analyzed in depth the relationship of domination of the political class over the ruled. To begin an investigation of this in modern times, it would be crucial to study the origins of the state finance system. It is precisely there that we can discover that a machine controlled by the kings to increase their availability of resources has become the core of a new legal order conceived to improve our life and to strength our sociability.

²⁶ Marx, *Capital. A Critique of Political Economy*, 381.

²⁷ Idem.

²⁸ Eugen Böhm-Bawerk, *Karl Marx and the Closing of His System* (New York: Augustus M. Kelley, 1949 [1896]).

²⁹ Marx, *Capital. A Critique of Political Economy*, 412.

³⁰ Nozick, *Anarchy, State, and Utopia*, 163.

4. A new science: Cameralism as the specific armament of the ruler

In human history the emergence of money is one of the basic steps toward civilization. Money implied division of labour and, at the same time, specialization, but it also opened the door to new opportunities in the exploitation of human beings. Joseph Schumpeter argues that a fundamental change in modern history is connected with the transformation of the old “domain states” into “tax states.”³¹ In addition, as Ernst Kantorowicz pointed out in his masterpiece, the origins of this separation between the king *as a person* and the king *as a function* originated in the medieval age and immediately had some consequences for the forms of ownership and resource extraction by the public apparatus. During the 12th century in England,

By building up a royal demesne as an administrative entity which was set apart from lands falling in with the feudal dependencies, Henry II certainly laid the foundation to the *fiscus* which, clearly by the thirteenth century, “has been separated, as something for the common utility, from the person of the king.”³²

For centuries kings and other rulers had their own properties, and they funded their activities (wars and invasions, above all) mainly using these assets. For a long time, using Kantorowicz’s words, “the distinction between what pertains *ad coronam* and what may be held *de rege*”³³ was not crucial. Such a political order impeded a modern and strong presence of the state power in society. When a ruler was basically a “person” and not a “function” (or a “role”), it was almost impossible to build a sovereign order based on the supremacy of the state.³⁴

At the end of Middle Age, the rulers could not grab the wealth of the subjects. As the kings needed to extract resources in a rather permanent way, they accepted to share power with assemblies. This is the beginning of the so called *Ständestaat*, the corporate state, or “the polity of estates.” In this political order, “the ruler can, jointly with the estates, determine policy,” and typically “a ruler comes to the gathering to ask money and resources (mostly needed ... for the

³¹ Cf. Joseph A. Schumpeter, “The Crisis of the Tax State” (1918), in Richard Swedberg, ed., *The Economics and Sociology of Capitalism* (Princeton: Princeton University Press, 1991), 99–140.

³² Ernst Kantorowicz, *The King’s Two Bodies. A Study in Mediaeval Political Theology* (Princeton: Princeton University Press, 1957), 343.

³³ *Idem.*

³⁴ In his notable work on late medieval times, Otto Brunner has explained that the Emperor never really had a complete control over *his* territories, as every local ruler preserved a strong autonomy. Cf. Otto Brunner, *Land and Lordship: Structures of Governance in Medieval Austria* (1939), trans. by Howard Kaminsky and James Van Horn Melton (Philadelphia: University of Pennsylvania Press, 1992).

purpose of waging war).³⁵ But “it can be said that polity of estates is marked by a ‘power dualism’. Both parties—rulers and estates—consider themselves in possession of a higher right.”³⁶

The new theory of the sovereign state (mainly French) modifies the king’s relationship with communities, individuals, and territories and was crucial in building a systematic and organized exploitation of the entire population. The fiscal innovations introduced in the 18th century are essential, because when rulers can control all the activities and the patrimonies of the jurisdiction, their personal resources become irrelevant as they control all the goods of their kingdom.

What happened in continental Europe and especially in France had universal consequences. In the course of time one institutional model (the state) that was forged in continental Europe became – little by little – the only possible solution to the problem of organizing political communities. Unfortunately, it was mostly in Paris that the institutional forms that have since been adopted everywhere on earth were established, and it was mainly in continental Europe that the framework of the modern state was developed. That is to say, a great tradition of Western thought and practice, ranging from London to Zurich, and then to Philadelphia, became, to say the least, peripheral in the creation of the state.

Taxation increases the budget of the prince and introduces a sort of “rationalization.” As Schumpeter remarks, “tax brings money and calculating spirit into corners in which they do not dwell as yet, and thus becomes a formative factor in the very organism which has developed it.”³⁷ The Enlightenment period marks the beginning of the fiscal state, a perfect marriage of modern rationality and new forms of domination.

At the time of the emperor Joseph II of Austria and Frederick the Great of Prussia, state organizations started to become more and more centralized. In this age the German cameralism (*Kameralismus*) developed a study of the functioning of government which was one of the main pillars in the creation of a modern public finance system. In German territories and especially in Prussia some intellectuals – the “cameralists” – involved in the management of state finances developed a new *science* in order to achieve a centralised economy.

As Schumpeter remarks, for centuries taxation was not easy and well-accepted. In the late 17th century, the “cameralists” had a bad reputation; they were perceived as bloodsuckers helping the prince to extract money from ordinary people. In fact, they were supporting state power and its

³⁵ Gianfranco Poggi, *The State. Its Nature, Development and Prospects* (Cambridge: Polity Press, 1990), 41.

³⁶ *Ibid.*, 42.

³⁷ Schumpeter, “The Crisis of the Tax State,” 117.

efforts to become more and more invasive. As the historian Andre Wakefield explains, “the good cameralist, that utopian servant of the *Kammer* and protagonist of the cameral sciences, driven only by selfless dedication to the happiness of the people, arrived later.”³⁸ While “the science of the *Kammer* was a chimera ... the job description was simple: meet the financial needs of the ruler. Nothing more.”³⁹

As the new science became more and more important, cameralism was seen as a part of a new enlightened culture devoted to the modernization of society. Moreover, the new cameralist intellectuals, pretty much like today’s court economists, believed that government initiative was critical for economic growth.

In 1717 a Thuringian lawyer, Gottlob Christian Happe suggested building a kind of “fiscal Panoptical” and putting on the entrance this motto: “God sees and hears everything; the emperor, king or prince [sees and hears] as often as he wants.”⁴⁰ For all these reasons, it is evident that this group of civil servants developed a new technique of exploitation, and they created a science of fiscal propaganda. This combination of true domination and a false (pseudo-scientific) theory is of paramount importance for understanding how people have learned to accept this concealment of state coercion.

“Enlightened absolutism” or “benevolent absolutism” was the political form adopted by absolute monarchs in Europe in the age of *Lumières*. Government espoused rationality to boost the power of the rulers. While the civil servants helped the rulers to develop a state apparatus, some thinkers defended the idea that government power was required if morality and civilization were to prevail.

In his short text of 1784, *What Is Enlightenment?*, Immanuel Kant explores his idea of individual liberty, emphasizing the distinction between a *private* and a *public* use of reason. According to Kant, an enlightened man has the duty to reject any kind of authority. While he opposes free choices and imposed behaviors, the reference to the logic of mechanism is totally different when he is speaking about thinking or acting. In fact, here we have probably the most radical attempt to *moralize* and *rationalize* state power. The obedience must be total, in order to avoid the destruction of the social

³⁸ Andre Wakefield, *The Disordered Police State. German Cameralism as Science and Practice* (Chicago: The University of Chicago Press, 2009), 5.

³⁹ Wakefield, *The Disordered Police State. German Cameralism as Science and Practice*, 10. Cf. Maria Machiavel, *Der vollkommene Kameraliste: Entworfen von Maria Machiavel aus der Italienischen Urschrift des Verfassers ins Teutsche übersetzt von U.* (Frankfurt and Leipzig: 1764).

⁴⁰ Wakefield, *The Disordered Police State. German Cameralism as Science and Practice*, 15.

order and the loss of any kind of individual right. The shadows of Hobbes and Rousseau are quite easy to detect.

According to Kant, the case against rebellion is unambiguous. The people cannot possess a right to rebel. There can be no power to determine what constitutes the right to rebel. Rebellion would upset the whole system of laws. It would create anarchy and violence. It would also destroy the civil constitution which the idea of the social contract demands. For if a constitution contained an article permitting a people to rebel or to depose a sovereign, a second sovereign would thereby be established. This event would be a contradiction. It would, in fact, require a further, third sovereign to decide between the two, which is absurd. There cannot therefore be in a constitution a clause giving any one a right to resist or to rebel against supreme authority.⁴¹

This submission to the sovereign power is the other side of intellectual freedom, and this abdication of the real and concrete possibility of a right of resistance leads to a state that is without limits. From an intellectual point of view, an adult man has to free himself from “dogmas and formulas, those mechanical instruments to rational use (or rather misuse) of his natural endowments.”⁴² When we live as scholars, we must reject any kind of link and bond; at the same time, in our practical activities we must accept the total domination of the sovereign state, as when “the tax-official says, ‘Do not argue, pay!’”⁴³ For Kant “in many affairs which affect the interests of the commonwealth, we require a certain mechanism.” People “must behave purely passively, so that they may, by an artificial common agreement, be employed by the government for public ends.”⁴⁴

In other words, the same mechanical passivity that is entirely rejected as an expression of intellectual authority (master, book, church, physician) is accepted and exalted if it is in the interest of the political community. Kant thinks that every human being has an innate right to freedom, but at the same time a duty to enter into a civil state governed by a social contract. This is essential in order to protect exactly that fundamental freedom.

Kant, in conclusion, proposes to Frederick II, in scarcely veiled terms, a sort of contract that might be called the contract of rational despotism with free reason: the public and free use of autonomous reason will be the best guarantee of obedience, on condition, however, that the political principle that must be obeyed itself be in conformity with universal reason.⁴⁵

⁴¹ Hans Siegbert Reiss, “Introduction,” in Immanuel Kant, *Political Writings*, (Cambridge: Cambridge University Press, 1991), 31.

⁴² Immanuel Kant, *An Answer to the Question: ‘What is Enlightenment?’*, in Kant, *Political Writings*, 54-5.

⁴³ Kant, *An Answer to the Question: ‘What is Enlightenment?’*, 55.

⁴⁴ *Ibid.*, 56.

⁴⁵ Michel Foucault, *What Is Enlightenment?*, in Paul Rabinow, ed., *The Foucault Reader* (New York: Pantheon Books, 1984), 37.

In general, the prohibition against any kind of “private use of reason” in the political realm, as argued by Kant, opens the door to an unlimited power of the rulers over the subjects. It is very revealing that when Kant highlights the obligation of obedience to the sovereign power, he refers primarily to the duty to pay taxes.

The citizen cannot refuse to pay the taxes imposed upon him; presumptuous criticism of such taxes, where someone is called upon to pay them, may be punished as an outrage which could lead to general insubordination. Nonetheless, the same citizen does not contravene his civil obligations if, as a learned individual, he publicly voices his thoughts on the impropriety or even injustice of such fiscal measures.⁴⁶

The Enlightenment political culture produced an abstract idea of freedom. While most intellectuals were ready to cherish some basic rights (abolition of serfdom and torture, for instance), they also wanted to build an irresistible yet rational power over the subjects of the state. In the noted words of Joseph II, “everything for the people, nothing by the people.”

In 1781 in all the lands of the Habsburg Empire *corvée* was abolished, and it meant the substitution of an inefficient mode of exploitation with a new one better suited for the needs of the state apparatus. When the French Revolution did the same (August 4, 1789) this “humanization” of the relationship between rulers and ruled was purely formal, as the old visible power of *corvée* was replaced by a new one, based on taxation and on the systematic extortion of money. Power limited its capacity to control the bodies of the subjects only to achieve other advantages. Tax imposition rendered political exploitation less painful, but at the same time it inaugurated an expansion of domination of individuals and society unparalleled in previous history.

5. The dissolution of the body of the subject: Rousseau and the birth of the collective sovereign

The steps leading to the weakening of individual freedoms and the complete triumph of sovereignty, and thus also of an unlimited ability to tax, are numerous. A crucial moment in this process undoubtedly occurs when, with the advent of parliamentary regimes, the crown ceases to rest on the head of the king. Although formally the monarch remains in place, in substance it is an

⁴⁶ Kant, *An Answer to the Question: 'What is Enlightenment?'*, 56.

entire assembly that supplants him. The sovereign parliament goes hand in hand with the doctrine of popular sovereignty.

This new idea of political order and society had multiple origins. But from the 19th century onwards, a nationalist culture took hold, while a republican and communitarian vision emerged, placing the city above the individual, the collective above the self. The sacrifice of one's possessions in favor of the nation, the new creation of the state, is considered simply necessary.

A classical liberal like Benjamin Constant, for instance, in his defense of the freedom of the moderns (the individual sphere as a shield protecting from government power) against the freedom of the ancients (participation in the community) was very outspoken against Jean-Jacques Rousseau, a thinker who has marked the history of ideas like no other.

In his *Discourse on Inequality*, 1754, Rousseau openly states that the crucial cause of the decay of humanity is the birth of private property. The economic integration resulting from the division of labor causes natural sociability of primitive community orders to vanish. The original "secular" sin denounced by the Genevan theorist is the rise of market relations. In his eyes, property is an artificial and illegitimate creation, which changes the very soul of man. While for Montesquieu, the society of exchanges favored a willingness to interact with others, in Rousseau's opinion, with the advent of the market, men became "stingy, ambitious and bad." Law was conceived only to protect the landowners, to crystallize an order of inequality and deny natural freedom. Some of the fundamental theses of nineteenth-century socialism, starting with the condemnation of the original occupation of the land, are already clearly formulated in this well-known essay.

The first man who, having enclosed a piece of ground, bethought himself of saying This is mine, and found people simple enough to believe him, was the real founder of civil society. From how many crimes, wars and murders, from how many horrors and misfortunes might not any one have saved mankind, by pulling up the stakes, or filling up the ditch, and crying to his fellows, "Beware of listening to this impostor; you are undone if you once forget that the fruits of the earth belong to us all, and the earth itself to nobody."⁴⁷

The democratic being prefigured by Rousseau is construed as the antithesis of the modern bourgeois, a despicable private creature who finds happiness in the affection of family relationships, yearns for social respect and desires the best possible job. The objective of the new political community envisioned in the *Social Contract* (1762) consists in restoring a humanity that civilization and progress have disfigured. Community is the only possibility for humanity to be as politically free as possible. Such a freedom is nothing but a compensation for what human beings lost when

⁴⁷ Jean-Jacques Rousseau, *Discourse on the Origin and Basis of Inequality Among Men*, second part.

private property came to separate individuals and when the logic of private interest made its way into human relations.

Rousseau believes that with the social contract and the resulting democratic order, mankind could regain its lost values: “What man loses by the social contract is his natural liberty and an unlimited right to everything he tries to get and succeeds in getting; what he gains is civil liberty and the proprietorship of all he possesses.”⁴⁸

The crucial notion that allows Rousseau to guarantee order and freedom (sovereignty and self-government) is that of *volonté générale*, the general will. In a democratic society, the future is not established by a king or a group of rulers, nor by that sum of individual private and selfish wills that can be expressed in the electoral game of representative systems. In the dynamics of radical democracy, in fact, a will emerges that transcends individuals and which, for Rousseau, “is always righteous” and consequently infallible. Following democratic sovereignty does not entail any loss of autonomy of the individual, as the only possible earthly salvation is to be part of a community and to follow the general will. For this reason, it makes no sense to even consider any limitation of power. Even when one is hurt by a decision, the conflict is between a fictitious (distorted) individual will and the authentic will, which is embodied in the law, the ultimate expression of the general will. In a true democracy, the individual who believes herself to be oppressed has nothing but a cognitive problem. She has not well understood what she really is, and in a higher sense, what she really wants. Within a collectivity rightly constructed and guided by the general will, if “the opinion that is contrary to my own prevails, this proves neither more nor less than that I was mistaken, and that what I thought to be the general will was not so.”⁴⁹

Many have pointed out that the logic that would later generate Jacobin terror and even totalitarianism starts from here. In Rousseau, in fact, we have for the first time the theorization of a sovereign collectivity in which “the whole” transcends everything else. The result is a concealment of power, since in theory thanks to the general will the people simply govern themselves, and all forms of exploitation and domination are implausible. Rousseau’s speculation of a community in which there is no difference between the ruling class and the people, the rulers and the ruled, paved the way to the unlimited expansion of power.

It is interesting to note that the thinker who most influenced the elaboration of contemporary institutions has some objections to taxation in the rigorous sense. He seems to echo some

⁴⁸ Rousseau, *Social Contract*, I, § 8.

⁴⁹ *Ibid.*, IV, § 2.

antimodern strains in his preference for the use of forced labor to the transfer of money. On the one hand, we see the most explicit re-proposition in modern times of an ancient type of community, organic and ethically superior to any particular will; on the other, however, there is the rejection of civilization and progress that goes as far as the indictment of money and, consequently, leads to the preference for *corvées* instead of taxes. “It is through the hustle of commerce and the arts, through the greedy self-interest of profit, and through softness and love of amenities that personal services are replaced by money payments.”⁵⁰

Rousseau’s position is paradoxical. He condemns taxation not because he wants to protect society from power, the exploited from the exploiters, but instead because he identifies taxes as a characteristic feature of societies characterized by the division of labor, specialization and, consequently, the use of money and the development of finance. For Rousseau, in an era characterized by mercantile, and thus degraded, rationality, the subtraction of monetary resources is what forced labor represents within societies founded on the citizen spirit, and on civil religion. The same reasons that led him to oppose political “representation” (which empties democracy and debases the agora) leads him to reject currency over goods and, consequently, the replacement of forced labor with taxation.

The word finance is a slavish word, unknown in the city-state. In a country that is truly free, the citizens do everything with their own arms and nothing by means of money; so far from paying to be exempted from their duties, they would even pay for the privilege of fulfilling them themselves. I am far from taking the common view: I hold enforced labour to be less opposed to liberty than taxes.⁵¹

6. Normativism, Welfare State, and Distribution

In Kantian political philosophy the idea of a radical freedom of thinking is coupled with a religious reverence for state power. The development of public economics is the ultimate concealment of this deep ambiguity: modern Western political culture is predicated on a schizophrenic vision of the body of the citizen. As we remarked before, on the one hand the *public use* of human reason must be totally free, but on the other hand the *private use* can be restricted.

⁵⁰ Rousseau, *Social Contract*, III, § 15.

⁵¹ Idem.

Then it is clear that people can *argue* without any boundaries as *human beings*, but they must *obey* the sovereign power as *political subjects*. In this sense, we can say that the modern citizen of the new political society has two bodies, because at the same he is both a *human being* and a *political subject*. The freedom of the human being is the background of the subjugation of the citizen, and this second element is dominant.

For this reason, Hans Kelsen, probably the most influential legal theorist of 20th century, declares that individuals have no natural rights, as what we call *rights* are nothing, but permissions granted by the legal order or the state. First of all, for Kelsen a right comes from an obligation:

The behavior of one individual that corresponds to the obligated behavior of the other is usually designated as the content of a “right” – as the object of a “claim” that corresponds to the obligation.⁵²

Moreover, the obligation comes from a legal order that cannot be separated by the state power, because Kelsen rejects any kind of dualism and, above all, the classical distinction between law and state. What we call “individual right” is only a “reflex right,” and “a reflex right, at any rate, cannot exist without the corresponding legal obligation.” The conclusion is clear: “A subjective right (as a reflex right) presupposes a corresponding legal obligation – that indeed, it *is* this legal obligation.”⁵³ He adds that “the legal power, discussed in the preceding pages as ‘right’ (that is, as private or political right), is only a special case of that function of the legal order described here as ‘authorization’.”⁵⁴ If we have rights, it is only because other people have obligations.

Consequently, in the *Pure Theory of Law* there is no room for individual rights. Refusing any sort of dualistic perspective (combining a *subjektives Recht* and an *objektives Recht*), he reformulates the idea of individual autonomy as a simple permission coming from the general legal order, as a system of sanctions and obligations:

A certain behavior by a certain individual is “authorized” by the legal order not only if a legal power is conferred upon him (that is, the capacity of creating legal norms), but also generally, if the individual’s behavior is made the direct or indirect condition of the coercive act as the legal consequence, or if this behavior is in itself the coercive act.⁵⁵

Analyzing ownership, Kelsen denies the possibility that we can have property rights that originate before state laws. “Traditional science of law defines it as the exclusive dominion of a

⁵² Hans Kelsen, *Pure Theory of Law* (Clark, NJ: The Lawbook Exchange, 2005 [1960]), 126.

⁵³ *Ibid.*, 128, 129 and 130.

⁵⁴ Kelsen, *Pure Theory of Law*, 145.

⁵⁵ *Ibid.*, 146.

person over a thing and thereby distinguishes this right from the right to claim which is the basis only of personal legal relations. This distinction, so important for civil law, has an outspoken ideological character.”⁵⁶ If “the right of property is defined as the legal power of the owner to exclude all others from the disposition over a thing, then we are no longer dealing with a mere reflex right. An individual has this legal power only if the law authorizes him to assert in court that the obligation not to prevent him from his disposition of a certain thing had been violated.”⁵⁷

Some decades later and in a quite different cultural context, we find basically the same arguments in a very influential book on taxation, *The Myth of Ownership: Taxes and Justice* written by Liam Murphy and Thomas Nagel.⁵⁸ As it is explained by the American scholars, adopting a purely normative perspective,

What belongs to you is simply defined by the legal system as what you have discretion to dispose of as you wish, after taxes have been levied. Since there are no property rights independent of the tax system, taxes cannot violate those rights. There is no prima facie objection to be overcome, and the tax structure, which forms part of the definition of property rights, along with laws governing contract, gift, inheritance, and so forth, must be evaluated by reference to its effectiveness in promoting legitimate societal goals, including those of distributive justice.”⁵⁹

In their socialist perspective, private property is no more than a mere legal convention

Largely defined by the tax system; therefore, the tax system cannot be evaluated by looking at its impact on private property, conceived as something that has independent existence and validity. Taxes must be evaluated as part of the overall system of property rights that they help to create. Justice or injustice in taxation can only mean justice or injustice in the system of property rights and entitlements that result from a particular tax regime.⁶⁰

Other scholars largely influenced by neo-Keynesian perspective have defended the idea that money, as property right entitlements, is a state product too.⁶¹ For this reason, not only would it be irrational to denounce inflation as a sort of extraction of money, but we can admit that any kind of redistribution is fair. If all comes from government, politicians can manage everything as they like.

⁵⁶ Ibid. 130.

⁵⁷ Ibid. 132.

⁵⁸ Liam Murphy and Thomas Nagel, *The Myth of Ownership: Taxes and Justice* (Oxford: Oxford University Press, 2002).

⁵⁹ Ibid., 58-9.

⁶⁰ Ibid., 58.

⁶¹ About the Modern Monetary Theory, see Warren Mosler, *Seven Deadly Innocent Frauds of Economic Policy*, foreword by James K. Galbraith (Valance co. Inc, 2010).

7. Public Finance and Welfare Economics: Cameralism Writ Large

After Rousseau, economic theories reformulated the basic tenets of cameralism and developed a modern science of public finance based on two fundamental principles: 1) Important services can be offered to the citizenry only by the sovereign power; 2) taxes represent the “price” for goods and services that the populace receives. Taxes therefore are masked as a technicality that the general public cannot dream of grasping, not a simple question of power.

Even an important nineteenth-century classical liberal like Francesco Ferrara saw a legitimate and voluntary character in taxation, speaking of a contractual relationship between society and rulers.

Here is the idea of the tax in its purity. Nothing could be more legitimate or indeed more voluntary. It is a contract between the majority of society and that portion of men who, because of their special ability or for reasons which we do not care to discuss here, represent the constituted authority, the government. It is a fraction of our wealth which we give in exchange for the utilities inherent in the organized state and if we reflect that, for each of us, the sacrifice is minimal while the utility is immeasurable, the idea of sacrifice almost disappears. The tax is no more than one of our necessary and better calculated expenses.⁶²

Following Schumpeter, who in a fundamental article of 1918, “The Crisis of the Tax State,” spoke of the transition from the “domain state” to the “tax state,”⁶³ Richard T. Musgrave has reconstructed the history of taxation in modern times, underlining how, with the decline of feudalism, the mechanism of public finances shifted from the management of royal wealth to the taxation of subjects. Schumpeter’s analyses focus on Germany and Austria prior to the rise of cameralism. The rationalist and enlightenment logic generated a technical and scientific culture placed at the service of the good functioning of public administration. The efficient reformulation of the state apparatus – from land registry to tax system – was part of this encounter between scholars and power. As Joel Mokyr has remarked, “the Enlightenment in the West is the only intellectual movement in human history that owed its irreversibility to the ability to transform itself into economic growth.”⁶⁴

Musgrave, however, sees in Adam Smith’s thesis on the duties of the sovereign a clear reformulation of the governance of society. At the heart of Smith’s thesis there is the necessity, for

⁶² Francesco Ferrara, *Lezioni sulla teoria delle imposte* (1849-50), in *Opere complete* (Rome: Bancaria editrice, 1992), vol. 12, II, 248.

⁶³ Joseph A. Schumpeter, *Die Krise des Steuerstaats* (Graz: Leuschner & Lubensky, 1918).

⁶⁴ Joel Mokyr, “The Intellectual Origins of Modern Economic Growth,” *Journal of Economic History* 65, no. 2 (2005): 336.

a dynamic economy and a functioning market system, of a sort of “exchange” in the form of taxation for the provision of essential public services.

Smith offers a convenient point of departure to trace the emergence of modern thought. The major issues are already present and neatly arranged, from the duties of the Prince to provide public services to appropriate ways of raising the necessary revenue. What follows over the next two centuries are variations, if dramatic ones, on his essential theme.⁶⁵

In this interpretation, for some specific reasons certain functions need be provided for by the public sector and funded by taxpayers. These reasons can be explained by the fact “that market failure occurs in the provision of certain goods, goods which it does not repay the individual to provide.” In a more general way, “natural liberty requires a framework of security and legal rules, and government is needed to provide it.”⁶⁶

So, when we analyze the foundations of the tax state, the most important notion is that of “fiscal exchange.” The idea is that the political process can be compared to a kind of market process because the benefits of government decisions and their costs are supposed totally internalized by the agents.

As Richard Musgrave and Alan T. Peacock have remarked in the *Preface* of their anthology about the theory of public finance, at the end of the 19th century the main discussion about the nature of the tax state “was concerned with the optimum distribution of resources between the government and the private sector, and with the ideal means of taxing individuals so that resources could be put at the disposal of the state.”⁶⁷ For almost all the economists, there is no discussion about the fact that some people (the “rulers”) can expropriate the wealth of other people (the “ruled”), and all the controversies concern “how” and “how much” this taxation can be realized. All the important studies about public domination of some (rulers) over others (ruled), which had seen in spoliation the fundamental manifestation of this oppression, ends up being marginalized. In fact, especially in early nineteenth-century France, finance adopt this scheme.

In one of the best-known works within this tradition, Knut Wicksell expounds the notion of “fiscal exchange.” The political process of negotiation between citizens must be structured so as to approximate the outcome of a hypothetical market process, in which the benefits of public

⁶⁵ Richard T. Musgrave, “A Brief History of Fiscal Doctrine,” in Alan J. Auerbach and Martin Feldstein, eds., *Handbook of Public Economics*, vol. 1 (Amsterdam: Elsevier, 1985), 2.

⁶⁶ Musgrave, “A Brief History of Fiscal Doctrine,” 4.

⁶⁷ Richard A. Musgrave and Alan T. Peacock, *Classics in the Theory of Public Finance* (New York: St. Martin’s Press, 1958), VII.

action and its costs (e.g. taxes) are fully internalized by the agents. At this point, the subtraction of resources by the sovereign power (taxation) is both fair and efficient. As Bernd Hansjürgens has remarked, in Wicksell

The process of taxing and spending is to be understood as a process of voluntary exchange, which is guaranteed by the unanimity rule; the taxation is in accordance with the principle of "value and countervalue" (benefit principle). In contrast to the sacrifice theory of taxation (ability-to-pay principle), this principle ensures that both public revenues and public expenditures are determined simultaneously and with respect to the other side of the fiscal account. The advantage of this fiscal rule cannot be emphasized enough: The voters-taxpayers decide by comparing costs and benefits, taking both the benefits of public expenditures and the corresponding tax burden into consideration.⁶⁸

After Wicksell and following his insight, Erik Lindahl develops a theory in which the "supply-demand curve" is transformed into a "taxation curve" able to suggest what is the just "price."⁶⁹ Lindahl tries to justify the extortion of money using the model of the free market. Coercion and violence are nowhere to be seen.

At this point, it is clear that an entire tradition of political and economic thought, which had developed a very promising analysis of the actual class struggle: that between the parasites (in various ways linked to state rents) and the exploited (lacking any legal protection). This tradition of thought, ranging from Frédéric Bastiat to John C. Calhoun, from Gustave de Molinari to Herbert Spencer, and many others, was eventually marginalized. The perception of domination was almost lost, above all because an ideological curtain fell over taxation and the redistribution of resources.

For this reason, the realist theses of Vilfredo Pareto have not even been taken into consideration. In one of his major works, never translated into English, the *Cours d'économie politique*, the Italian scholar wondered how it is possible that a few could become rich to the detriment of the many.⁷⁰ This question is a starting point from which he developed a demystification of taxation and its relationship to public spending. One of the main principles of public finance, as a specific science at the service of government funding, is that taxes must be – as much as possible – *invisible* (as in the case of VAT) and *shared* by a large number of people (so to be a modest burden for

⁶⁸ Bernd Hansjürgens, "The Influence of Knut Wicksell on Richard Musgrave and James Buchanan," *Public Choice* 103, no. 1/2 (April 2000): 97.

⁶⁹ Erik Lindahl, *Die Gerechtigkeit der Besteuerung. Eine Analyse der Steuerprinzipien auf der Grundlage der Grenznutzentheorie* (Lund: Håkan Ohlssons Buchdruckerei, 1919), partially translated as "Just Taxation: A Positive Solution," in: R.A. Musgrave and A.T. Peacock, *Classics in the Theory of Public Finance*, 168-176.

⁷⁰ "L'appropriation illégale, par la violence, s'explique facilement par la raison du plus fort. On conçoit de même que la majorité qui fait les lois, puisse imposer en sa faveur tel tribut qu'il lui plait. On comprend moins bien comment, par des voies détournées, un petit nombre d'individus peuvent se faire payer un tribut par la majorité. Pourquoi celle-ci se laisse-t-elle enlever ses biens?" Vilfredo Pareto, *Cours d'économie politique*, second volume (Lausanne-Paris: Rouse-Pichon, 1897), § 1046, 386.

everyone). Pareto was well aware of this when he remarked the importance of ignoring who is gaining from taxation, that is, being in the dark about what we give and what we receive.

Consumers of sugar do not know that they are supporting the parasitism of national producers protected by customs duties. Pareto asks, “why is the majority easily deprived of their property? First of all, because of ignorance. A large number of economic phenomena are so complicated that few people have even a superficial knowledge of them. Among the people who use sugar, not one person in a thousand understands the appropriation of wealth that is hidden by export subsidies.”⁷¹ Moreover, a large number of people are penalized by a minimal levy in order to significantly subsidize a few:

In a country of about thirty million suppose that under some pretext it is proposed to make each citizen pay one franc a year and to distribute the total sum among thirty people. Each of the spoliated will pay one franc a year, each of the spoliators will receive one million. The action will be quite different on both sides. People who hope to earn a million a year will have no rest day or night. They will offer a monthly payment to newspapers and will seek supporters everywhere. A discreet hand will pay the outstanding services of hard-working legislators and even ministers. In the United States, these roundabout ways are not used as contracts are dealt with in broad daylight. There is an exchange of votes, just as there are cotton and wheat exchanges. On the side of the looted, the activity is much less.⁷²

During the 20th century many public finance handbooks have been conceived exactly to hide the oppositions between the dominant few and the and exploited many. In their technical language they have tried to show that state control over the life, the body and the time of the subjects is connected to the provision of services.

When we observe social reality behind this smoke screen, we recognize that taxation is not really an alternative to forced labour. If modern rulers have oriented their activities toward a progressive abolition of *corvée*, it was only because taxation would produce a better functioning state apparatus.⁷³

⁷¹ Pareto, *Cours d'économie politique*, vol. 2, § 1046, 386.

⁷² *Ibid.*, 383.

⁷³ For the same reason, the compulsory military system – still present in many countries – is a form of forced labor, but is very often abandoned because it makes more difficult an interventionist foreign policy.

8. Conclusion: Power and Economy

With the advent of representative sovereignty and, subsequently, with the process of the democratization of institutions – culminating in the idea of popular sovereignty – there was a fundamental change. Political power rejects even the idea of disposing of the body of subject, now elevated to the status of citizen. Unless there is a war your body is yours, there is no slavery and no *corvée*, no torture or corporal punishment. Step by step, the body of the citizen appears inaccessible. For a long period, the advent of popular sovereignty was accompanied by conscript armies, but since the Vietnam War this power to dispose of the lives of citizens has been almost eliminated in Western countries.

Consequently, political obligation is essentially the constraint to allocate to the state its own resources, in an ever-increasing amount. In this sense, the monetarization of the economy precludes the monetarization of politics, the main – if not the only – obligation of the modern citizen is to hand over a large part of her income, and therefore of the time necessary to obtain it, to the state apparatus.

Once again we see the spectacular failure of classical liberalism, which nurtured the delusion of taming sovereignty and using public power to guarantee a framework of private liberties. From Montesquieu to Constant, from Bastiat to Spencer a long tradition of thought had seen war and exchange, conflict and the peaceful logic of trade, physical violence, and voluntary agreement as dichotomic dyads. The universe of law and the market (on the one hand) and that of politics and war (on the other) are radically opposed. However, it is naïve not only to expect that the opening of markets will reduce conflicts, but above all that the heart of modern warfare (the state) can somehow be tamed by the liberal perspective that has found its lintel in constitutionalism.

In this regard, some of Carl Schmitt's analyses are still rather useful. According to the German jurist, in the age of modern democracy, liberalism has been a constant effort to eliminate the tensions inherent in society: in fact, it “has attempted to transform the enemy from the viewpoint of economics into a competitor and from the intellectual point into a debating adversary.”⁷⁴ In this way it has endeavored to nullify all political and conflictual dimensions, declaring “war on war.”

⁷⁴ Carl Schmitt, *The Concept of the Political* (Chicago: The University of Chicago Press, 2007 [1932]), 28.

Schmitt charges precisely to this angelic vision of human reality the origin of the conversion of democratic pacifism into an intolerance that does not recognize any dignity to the opponent:

The will to abolish war is so strong that it no longer shuns war, then it has become a political motive, i.e., it affirms, even if only as an extreme possibility, war and even the reason for war. Presently this appears to be a peculiar way of justifying wars. The war is then considered to constitute the absolute last war of humanity. Such a war is necessarily unusually intense and inhuman because, by transcending the limits of the political framework, it simultaneously degrades the enemy into moral and other categories and is forced to make of him a monster that must not only be defeated but also utterly destroyed.⁷⁵

All this, after all, comes from a sort of compromise between state and liberal theory, motivated by the foolish illusion that the encounter between constitutional technology and market forces would be enough to defuse the destructive potentialities of state power.

In the end, the political structures of modernity certainly tend to evaporate any recourse to direct aggression and other forms of physical domination. At the same time, however, there has been a spectacular substitution. The expansion of trade has often enabled the overcoming of war, but in turn it has been peace—within the frameworks of the state—that has made possible the almost unlimited expansion of taxation. The logic of violence and prevarication have not been defeated but have found a new expression. As the Italian Science of Finance school has well pointed out, the perception of financial flows is far more important than the flows themselves.⁷⁶ In this sense, it must always be kept in mind that during the second half of the 20th century in many societies the average income grew very rapidly, and this made it possible to boost the percentage share of income taken away from entrepreneurs and workers. The result is that just as Western humanity was becoming richer and richer, it was also becoming more enslaved.

This expansion of the new servitude, no longer immediately corporeal but mediated by financial flows, has then benefited from the illusions that many have nurtured around the idea of power as a neutral reality (because constitutional) and participated (because democratic). In short, it is the logic of liberal democracy that has paved the way for this reformulation of exploitation that most of the exploited are not even able to perceive.

Modern times produced a schizophrenic subject, and two bodies of the citizen, one that became impenetrable by political power, and rendered sacred by liberal notions of rights, and another that

⁷⁵ Ibid., 30.

⁷⁶ Amilcare Puviani, *Teoria della illusione finanziaria* (Palermo: Remo Sandron, 1903). About this school, the well-known article written by Buchanan is still interesting: James M. Buchanan, “La Scienza delle Finanze: The Italian Tradition in Fiscal Theory,” in *Fiscal Theory and Political Economy* (Chapel Hill: The University of North Carolina Press, 1960), 24-74.

was generating wealth for the state. One had to be decreed untouchable for the other to be subjugated. It is similar to the bourgeois illusion of equality denounced by Marx; the only difference is that it happens solely because of political power.

At the end of this intellectual love affair with state power that has seen taxation as the sole political obligation, it is possible that the expansion of taxation has reached levels that are no longer sustainable. Charles Adams pointed out that civilizations generally end because of the expansion of taxation.⁷⁷ In his well-known *Over-taxation and the Decline of Rome*, Hugo Jones has seen high taxation as the decisive cause of Rome's downfall. In his book he cites the Christian historian Lactantius and his idea that "the resources of the farmers were exhausted by outrageous burdens of all taxes, the fields were abandoned, and the cultivated land reverted to waste."⁷⁸ After almost two millennia, Western civilization could implode again and for similar reasons, but the two bodies of the subject, i.e., the veil of ignorance of modernity, will render impossible to comprehend how it happened and why.

⁷⁷ Adams, *For Good and Evil*.

⁷⁸ Quoted in Adams, *For Good and Evil*, 126.