

Bridging Capitalisms

The Transatlantic Hybridization between Italian Liberal Socialism and U.S. Public Choice

Giovanni Battista Bronzini



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Abstract

This article investigates the intellectual dialogue between James M. Buchanan and Francesco Forte, two key figures who shaped the economic thinking of Ronald Reagan and Bettino Craxi. Drawing on archival materials from the U.S. and Italy, it traces how constitutional economics and the Italian tradition of *Scienza delle finanze* converged to produce a case of ideological hybridization. Their transatlantic exchange-embedded in institutional reform projects-offers new insights into Cold War capitalism and a novel contribution to the New History of Capitalism by highlighting the role of transnational intellectual exchanges in reshaping economic governance.

Keywords: James Buchanan; Francesco Forte; Socialism; Capitalism; Transatlantic Relationship; Reagan; Craxi.

Giovanni Battista Bronzini – Università per Stranieri di Perugia (Italy)

 <https://orcid.org/0009-0006-3294-6433> |  giovanni.bronzini@unistrapg.it

Giovanni Battista Bronzini is a PhD candidate in Diplomacy and International Cooperation at the University for Foreigners of Perugia and a former Fulbright Visiting Researcher at George Mason University (Fairfax, Virginia). He represents doctoral students and serves as a teaching assistant in International Relations History at the University for Foreigners of Perugia and at LUISS Guido Carli. His doctoral research, *Abbaiare alla luna. Intersezioni tra liberalsocialismo e conservatorismo fusionista (1954–1987)*, examines Italy's international posture and argues that U.S. fusionist conservatism significantly shaped selected policies and ideas within Craxi-era reformist socialism during Italy's Eighth and Ninth Legislatures. He has published on the cultural influence of Catholic conservatism on U.S. foreign policy and on the history of political ideas in twentieth-century Italy.

1 Introduction

In recent decades, the historiography of political economy has moved decisively beyond binary narratives of capitalism versus socialism, replacing them with a more nuanced understanding of how ideas circulate, hybridize, and acquire political relevance across borders. Capitalism has emerged not as a fixed model but as a historically contingent constellation of institutions, norms, and narratives shaped by crises and cross-pollination.¹ This perspective, central to the “new history of capitalism,” has emphasized the plurality of capitalist formations and the heterogeneity of neoliberal trajectories, challenging linear accounts of market liberalism as a unified ideological project.²

At the same time, scholarship on planning and socialism has underscored the multiplicity of “socialisms” in the twentieth century, ranging from democratic planning and Christian-Marxist experiments to social democratic reforms and technocratic models of governance.³ Planning itself did not represent a monolithic socialist paradigm but rather an evolving repertoire of techniques, institutional logics, and normative aspirations circulating across the East-West divide and appropriated in divergent national contexts.⁴

This insight is particularly relevant for Western Europe, where traditions such as social democracy, liberal socialism, ordoliberal social thought, and reformist socialism interacted unevenly and often marginally within national political economies. Italy—characterized by a distinctive tradition on fiscal studies (*Scienza delle finanze*), a strong Communist Party (PCI), and a fragmented reformist left—provides a revealing vantage point for observing these hybridizations. In what follows, the terms “reformist socialism” or “liberal socialism” are used to describe those currents within the Italian socialist and social-democratic milieu—from sectors of the Socialist Party (PSI) and the Social Democratic party (PSDI) to intellectuals close to the Italian Republican Party (PRI)—that combined an acceptance of the market economy with a strong commitment to redistribution, civil liberties, and European integration. Politically, these groups remained minority actors in a landscape dominated by the PCI and by Christian Democracy (DC). Intellectually, however, they cultivated a distinct language of “programmed capitalism,” fiscal responsibility, and institutional reform that would later provide fertile ground for encounters with ordoliberal and Public Choice ideas. In any case, during the “Long 1980s” the Italian transition from Fordism to neoliberalization unfolded through a sequence of institutional reconfigurations, policy experimentation, and competing models of state-market relations.⁵

This article examines the intellectual exchange between James M. Buchanan, the U.S. architect of “Public Choice theory,”⁶ and Francesco Forte, a prominent economist in Italy’s reformist socialist

1. While commonly perceived as opposing frameworks, liberalism and socialism have intersected in intellectual debates. Keynes advocated for liberal socialism, while Hayek, early on, admitted limited welfare measures compatible with the rule of law. See James Crotty, *Keynes Against Capitalism: His Economic Case for Liberal Socialism* (Routledge, 2009), 1–2; Bruce Caldwell, “Hayek and Socialism,” *Journal of Economic Literature* 35, no. 4 (1997): 1856–1890, 1869.
2. On the “New History of Capitalism,” see: Sven Beckert and Christine Desan, eds., *American Capitalism: New Histories* (Columbia University Press, 2018); Kenneth Lipartito, “Reassembling the Economic: New Departures in Historical Materialism,” *The American Historical Review* 121, no. 1 (2016): 101–139; Seth Rockman, “What Makes the History of Capitalism Newsworthy?,” *Journal of the Early Republic* 34, no. 3 (2014): 439–466.
3. On the plurality of socialist traditions and planning practices in the twentieth century, see: Johanna Bockman, *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism* (Stanford University Press, 2011); Michael Ellman, *Socialist Planning*, III ed. (Cambridge University Press, 2014); Marcel van der Linden, ed., *The Cambridge History of Socialism* (Cambridge University Press, 2022).
4. Michel Christian, Sandrine Kott, and Ondřej Matějka, eds., *Planning in Cold War Europe: Competition, Cooperation, Circulation (1950s–1970s)* (de Gruyter, 2018).
5. Adriano Cozzolino and Diego Giannone, “State Transformations and Neoliberalization in Italy: A Critical Discourse Analysis of Governments’ Political Economy, 1988–2009,” *New Political Science* 41, no. 3 (2019): 443–458; Emanuele Ferragina and Alessandro Arrigoni, “I lunghi anni Ottanta come fase di transizione dell’economia politica italiana,” *Rivista italiana di storia internazionale* 7, no. 1 (2024): 29–48.
6. Public Choice applies economic reasoning to the public sector, treating politicians and bureaucrats as self-interested agents rather than neutral guardians of the common good. It explores how institutional rules, incentives, and information shape collective decisions, and how constitutional constraints might limit rent-seeking and fiscal expansion. Classic references include: James M. Buchanan and Gordon Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy* (University of Michigan Press, 1962); Francesco Forte and James M. Buchanan, “The Evaluation of Public Services,” *Journal*

tradition.⁷ Drawing on largely unpublished archival sources, it reconstructs how their transatlantic dialogue illuminates and intersects with the academic contours and the political trajectories of Reaganism and Craxism during the 1980s.⁸

The Buchanan-Forte connection exemplifies a form of ideological hybridization, i.e., a process through which concepts and normative languages rooted in distinct traditions converged in response to shared crises of legitimacy and governance.⁹ Rather than treating liberalism and socialism as mutually exclusive or doctrinally coherent categories, this analysis adopts a relational perspective attentive to their internal contradictions and their capacity for selective borrowing. This article argues that the Buchanan-Forte exchange contributed to reshaping the vocabulary of capitalism during the long 1980s in both Italian reformist socialism and the United States' conservative realignment. The assertive leadership styles of Reagan and Craxi similarly sought to broaden their movements' appeal among middle-class constituencies, linking the call for stronger executive authority to a language of modernization deemed necessary to overcome the political and economic crisis of the 1970s.¹⁰

The article unfolds in four sections. The first revisits the debates on capitalism, socialism and liberalism, underscoring the distinction between market liberalism and capitalist order, as well as the plurality of socialist traditions. The second reconstructs the biographies and early encounters of Buchanan and Forte. The third examines their intellectual dialogue, focusing on shared concerns and convergences. The final section considers their political impact within the Reagan and Craxi administrations, revealing how their dialogue helped recast capitalism as a terrain of ideological negotiation.

By analyzing materials from the George Mason University, Fondazione Craxi ETS, and the Hoover Institution archives, this study contributes to a transatlantic intellectual history of capitalism.

2 Reframing Capitalism: Liberalism and Socialism in Dialogue

The post-1989 euphoria that inspired teleological narratives—most notably Francis Fukuyama's "End of history"—projected liberal democracy and market economies as the endpoint of ideological development.¹¹ Yet precisely as capitalism gained global primacy, its meaning became more contested.¹² What do we really mean by capitalism? Is it a synonym for free markets? A set of economic institutions? A normative project?¹³

of Political Economy 69, no. 2 (1961): 107–121; Dennis C. Mueller, *Public Choice III* (Cambridge University Press, 2003).

7. For biographical accounts, see Francesco Forte, *A onor del vero. Un'autobiografia politica e civile* (Rubbettino, 2017); Richard E. Wagner, *James M. Buchanan and Liberal Political Economy: A Rational Reconstruction* (Lexington Books, 2017); Nancy MacLean, *The Deep History of the Radical Right's Stealth Plan for America* (Viking Press, 2017).
8. "Reaganism" refers to the convergence of the most influential currents that shaped the Reagan administration—namely the religious New Right, the neoconservative network, and the advocates of free-market liberalization—which together defined the Republican realignment of the 1980s. For reconstructions of this ideological constellation, see Kim Phillips-Fein, *Invisible Hands: The Making of the Conservative Movement from the New Deal to Reagan* (Norton, 2009); and Sean Wilentz, *The Age of Reagan: A History, 1974–2008* (Harper, 2008); while "Craxism" denotes the PSI's liberal socialist project of modernization. On this, see Wolfgang Merkel, *Prima e dopo Craxi. Le trasformazioni del PSI* (Liviana editrice, 1987); Simona Colarizi and Marco Gervasoni, *La cruna dell'ago: Craxi, il Partito Socialista e la crisi della Repubblica* (Laterza, 2005); and Daniele Caviglia and Silvano Labbate, eds., *Al governo del cambiamento. L'Italia di Craxi tra rinnovamento e obiettivi mancati* (Rubbettino, 2014).
9. In this article, "ideological hybridization" denotes the selective borrowing and recombination of concepts drawn from distinct intellectual traditions in order to address shared governance problems. Hybridization does not imply full doctrinal convergence but refers instead to contingent translations and cross-fertilizations across political and national boundaries. On approaches to translation, cross-fertilization, and the circulation of neoliberal ideas beyond the Washington Consensus, see: Dieter Plehwe, Quinn Slobodian and Philip Mirowski, eds., *Nine Lives of Neoliberalism* (Verso, 2020): 167–254.
10. Diarmuid Maguire, "The Recent Birth of Modern Italy," in James Kurth and James Fames Petras, eds., *Mediterranean Paradoxes: The Politics and Social Structure of Southern Europe* (Berg, 1993): 67–94, 87.
11. Francis Fukuyama, *The End of History and the Last Man* (Free Press, 1992), xi–xii and 3–18.
12. Adair Turner, "Capitalism and the End of History," *RSA Journal* 149, no. 5500 (2002): 36–38.
13. On contemporary capitalism and its political implications, see: Tilman Reitz and Dirk Jörke, "The Reshaping of Political Representation in Postgrowth Capitalism: A Paradigmatic Analysis of Green and Right-Wing Populist Parties," *Anthropology Theory* 21, no. 3 (2021): 287–314; Philip Rathgeb, *How the Radical Right Has Changed Capitalism and Welfare in Europe and the USA* (Oxford University Press, 2023). On partisan divide in the U.S.: Nancy Fraser, *The Old is Dying and the New Cannot Be*

The “New History of Capitalism” deconstructed the notion of capitalism as a singular, self-evident system, instead presenting it as a historically contingent assemblage of institutions, practices, and norms. The term itself has undergone semantic shifts, evolving from a nineteenth-century polemical label to a Cold War marker for the Western identity.¹⁴

A key insight lies in distinguishing “markets” from “capitalism”: while markets can exist under very different regimes, modern capitalism is typically associated with private property, consumer choice, entrepreneurial capital, decentralized decisions and wage labor.¹⁵ Scholars have emphasized its political dimension, including the separation of ownership and control, and the role of institutions in norming accumulation.¹⁶ Others have challenged the presumed affinity between free markets and democracy, questioning whether trade liberalization or deregulation inherently promote freedom in contexts marked by structural inequality.¹⁷ Capitalism thus appears as historically contingent and politically constructed.

These institutional insights underpin the “Varieties of Capitalism” (VoC) literature, which argues that divergences in labor relations, financial systems, education, and welfare provision generate distinct developmental paths—none of them more or less “capitalist.”¹⁸ In this perspective, the United States and Germany stand as opposite archetypes,¹⁹ while later work has highlighted Nordic, Mediterranean, post-socialist, and East Asian configurations—each grounded in different institutional complementarities.²⁰

If capitalism has come to be understood as a sum of institutional configurations rather than a singular model, a similar reframing is needed for socialism. Twentieth-century socialism did not unfold as a unified doctrine but as a spectrum of experiments stretching far beyond the Marxist-Leninist paradigm that dominated Cold War imagination. In North-Western Europe, social democracy reinterpreted planning as a democratic tool for stabilizing markets and expanding welfare rights; in Southern Europe, strands of reformist socialism combined modernization, institutional engineering, and new approaches to taxation that cast the state less as an agent of redistribution and more as a guarantor of collective responsibility.²¹ Elsewhere, Christian-inspired socialisms grounded their critique of capitalism in moral and communitarian arguments, producing forms of planning and corporatism that neither abandoned market mechanisms nor embraced state centralization.²² These currents shared neither a common epistemology nor a uniform institutional design. They diverged on the nature of planning, the legitimacy of markets, the role of religion, and the appropriate scope of state intervention. Acknowledging this internal diversity is essential for understanding how socialist ideas interacted—sometimes productively, sometimes conflictually—with liberal economic doctrines in postwar Europe. Within this broader constellation, the Italian reformist strand remained electorally marginal yet intellectually distinctive. Its emphasis on a civic conception of taxation and its sustained dialogue with ordoliberal and liberal democratic traditions made it a crucial site of ideological en-

Born (Verso, 2019), 12–20, and Gary Gerstle, *The Rise and Fall of the Neoliberal Order: America and the World in the Free Market Era* (Oxford University Press, 2022), 48–72. See also Raghuram G. Rajan and Luigi Zingales, *Saving Capitalism from the Capitalists: Unleashing the Power of Financial Markets to Create Wealth and Spread Opportunity* (Crown Publishing Group, 2003).

14. For a critical review of the term, see: Ludwig von Mises, *Liberalismo* (Rubbettino, 1997), 37–38; Jürgen Kocka, *Capitalism: A Short History* (Princeton University Press, 2016), 9. On Cold War imagination of capitalism as a Western bloc feature, see: John Lewis Gaddis, *We Now Know: Rethinking Cold War History* (Clarendon Press, 1997), 195–198.
15. Sergio Ricossa, *Dizionario di economia* (Utet, 1988): 58–63, 58.
16. Peter Temin, “The Cambridge History of Capitalism,” *Journal of Economic Literature* 53, no. 4 (2015): 996–1016, 1015.
17. Ha-Joon Chang, *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism* (Bloomsbury Press, 2007), xxiv.
18. Peter A. Hall and David Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford University Press, 2001), 8.
19. *Ibid.*, 20–33.
20. Bruno Amable, *The Diversity of Modern Capitalism* (Oxford University Press, 2003), 64–65.
21. Sheri Berman, *The Primacy of Politics: Social Democracy and the Making of Europe’s Twentieth Century* (Cambridge University Press, 2006), 152–176; Alan Granadino, Stefan Nygård, and Peter Stadius, eds., *Rethinking European Social Democracy and Socialism: The History of the Centre-Left in Northern and Southern Europe in the Late 20th Century* (Routledge, 2022).
22. José Casanova, *Public Religions in the Modern World* (University of Chicago Press, 1994), 167–209.

counter, helping to illuminate the reconfigurations that would shape the 1980s.²³

Liberal traditions also followed divergent paths. In the United States, theorists such as Ludwig von Mises and Friedrich Hayek portrayed capitalism as the foundation of Western civilization and denounced hybrid models.²⁴ Although this purist vision was questioned at the 1938 Colloque Walter Lippmann, it regained prominence after 1945 through the activities of institutions like the Foundation for Economic Education and the Volker Fund, and eventually coalesced around the Mont Pèlerin Society.²⁵ Milton Friedman's influential public profile gave this current a powerful voice.²⁶ Revisionist historians of the American state have nonetheless shown that laissez-faire was not a simple legacy of the founding era, but a historically constructed narrative shaped by twentieth-century political conflicts.²⁷ Neoliberalism, in fact, was never a monolith but a constellation of schools—Chicago, Austrian, Freiburg, and Virginia—often in tension with one another. Public Choice should not be conflated with other libertarian minimal-state approaches, given that Buchanan's constitutional political economy articulated a vision of rule-bound governance aimed at constraining majoritarian opportunism to prevent fiscal and regulatory overreach, not at dismantling welfare institutions *per se*.

Italian liberalism followed a different line because Luigi Einaudi, Guido Calogero, and Norberto Bobbio advanced a “civil” liberalism grounded in relational freedom, civic duties, distributive justice, and the ethical foundations of public institutions.²⁸ Even proponents of state intervention—such as Pasquale Saraceno—did not repudiate the legitimacy of the market economy. This tradition proved relatively open to reformist socialism and to normative visions of the state, and later resonated with Buchanan's insistence on constitutional constraints and fiscal responsibility.

In practice, liberal and socialist currents often overlapped. European liberalism absorbed solidaristic elements, while democratic socialisms progressively embraced markets as instruments of emancipation. Reformist currents drew on ordoliberal notions of rules-based governance. Neoliberalism, in this sense, cannot be reduced to a purely right-wing project: key categories such as efficiency, responsibility, flexibility also emerged in European reformist and social democratic milieus.²⁹

These fragmented and evolving configurations created the conditions for unexpected forms of cross-fertilization. It was against this backdrop that the intellectual dialogue between Buchanan and Forte took shape. Their exchange, grounded in shared concerns yet shaped by distinct national trajectories, offers a privileged vantage point from which to observe how ideas traveled, were reframed, and ultimately hybridized across the Atlantic.

3 James Buchanan and Francesco Forte: Intellectual Circulations Across the Atlantic

The intellectual affinity between James M. Buchanan and Francesco Forte did not emerge suddenly during the conjuncture of the 1980s. Rather, it rested on a set of shared formative experiences, overlapping scholarly milieus, and parallel concerns that predated their political prominence by decades. Their exchange reflected a joint attempt to rethink capitalist institutions and reshape the transatlantic political-economic lexicon.

23. On the role of economic intellectuals in the Craxian reform project, see: Bruno Pellegrino, *L'eresia riformista. La cultura socialista ai tempi di Craxi* (Guerini e Associati, 2010); Marc Lazar, “The Italian Socialist Party From the Mid-1970s to the Early 1990s: Socialists and a Weak State,” in Mathieu Fulla and Marc Lazar, eds., *European Socialists and the State in the Twentieth and Twenty-First Centuries* (Palgrave Macmillan, 2020): 363–378, 364.

24. Ludwig von Mises, *Economic Calculation in the Socialist Commonwealth* (Ludwig von Mises Institute, 1990), 21; Friedrich August von Hayek, *Collectivist Economic Planning* (Routledge & Kegan Paul, 1935), 226.

25. Dieter Plehwe, “Introduction,” in Philip Mirowski and Dieter Plehwe, eds., *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective* (Harvard University Press, 2009), 1–42, 13; and Antonio Masala, *Stato, società e libertà. Dal liberalismo al neoliberalismo* (Rubbettino, 2017), 132–133.

26. Mirowski and Plehwe, *The Road from Mont Pèlerin*, 35.

27. William J. Novak, “The Myth of a ‘Weak’ American State,” *The American Historical Review* 113, no. 3 (2008): 752–772.

28. Salvatore Veca, “Sul liberalismo politico e la giustizia come equità,” *Philosophy Kitchen* 8, no. 5 (2018): 8–23, 13.

29. Bockman, *Markets in the Name of Socialism*, 200–215.

The earliest documented contact between the two took place in 1955, when Buchanan received a Fulbright scholarship to conduct research in Italy.³⁰ In a 1989 retrospective for Paolo Martelli, Buchanan recalled that period as a turning point, noting that there he had “crossed the threshold into what would much later come to be called the research program in ‘public choice.’”³¹

During his stay, Buchanan engaged with the Italian *Scienza delle finanze*, focusing on institutional design and the normative foundations of fiscal policy.³² Thanks to interactions with figures such as Sergio Steve, Benvenuto Griziotti, Federico Caffè, and Paolo Sylos Labini, Buchanan developed a critical stance toward the idea of the state as a neutral actor.³³ With the support of the U.S. cultural attaché, Buchanan also met former President of the Republic of Italy Luigi Einaudi and lectured at the *Civiltà Americana* seminar on “The American Competitive System,” co-organized by the United States Information Service (USIS).³⁴ There, competition was presented as a historically constructed order, grounded in legal norms and cultural values.³⁵ From the outset, Buchanan showed concern for the vulnerability of majoritarian politics to fiscal exploitation. He developed a sustained interest in the institutional foundations of capitalism, anticipating the normative core of Public Choice theory and distancing himself from Galbraith’s model of power equilibrium.³⁶

I absorbed what was, for me, an attitude toward “the state” that I could never have quite attained in America (or in Britain) [...] after Italy, I was prepared, intellectually, psychologically, and emotionally, to join in an entrepreneurial venture with my Virginia colleague, Warren Nutter, a venture aimed at bringing renewed emphasis to “politic economy” in its classical sense. And from these beginnings, the more directed research spin-off into the “economics of politics,” initiated jointly with my colleague, Gordon Tullock, now seems as but a natural progression.³⁷

Buchanan had originally intended to translate Wicksell into English and study the Italian fiscal tradition during his year in Italy, but his engagement with local economists broadened his project into a deeper reflection on governance, legitimacy, and institutional rules.³⁸ These encounters also

30. On the role of the Fulbright Program in fostering pro-Western networks, see: Richard T. Arndt, *The Fulbright Difference, 1948–1992* (Transaction Publishers, 1993); Frances Stonor Saunders, *Who Paid the Piper? The CIA and the Cultural Cold War* (Granta Books, 1999), 75.

31. “Draft manuscript,” in George Mason University Special Collection (GMU), James M. Buchanan papers, s. 3: writings, 1946–2012, b. 162, f. 3, “Italian retrospective” drafts and correspondence, 1989,” 1.

32. On the intellectual exchange between the Virginia School and Italy’s *Scienza delle finanze*, see James M. Buchanan, “‘La Scienza delle Finanze’: The Italian Tradition in Fiscal Theory,” *Fiscal Theory and Political Economy* (University of North Carolina Press, 1960): 24–74. On Buchanan’s acknowledgment of Antonio de Viti de Marco’s influence, see James M. Buchanan, *The Demand and Supply of Public Goods* (Rand McNally, 1968), 166–168. See also Francesco Forte, *L’economia liberale di Luigi Einaudi. Saggi* (Leo S. Olschki, 2009), 258–259; and Giuseppe Eusepi, “From Subjectivism to Constitutionalism: The Intellectual Journey of James M. Buchanan Through His Italian Heroes,” *Public Choice* 183, no. 6 (2020): 273–285.

33. “List of people whom I should see,” in GMU, Buchanan papers, s. 2: correspondence, 1951–2014, b. 47, f. 16, “Fulbright year in Italy funding request, 1954–1955.”

34. “Letter from Shirley Ann Marlowe (cultural division) to Buchanan, October 25, 1955,” in GMU, Buchanan papers, s. 2: correspondence, 1951–2014, b. 47, f. 16, “Fulbright year in Italy funding request, 1954–1955”. On the impact of the USIS’ operation in Italy, see: Joseph Antonio Raffaele, “United States Propaganda Abroad: Notes on the USIS in Italy,” *Social Research* 27, no. 3 (1960): 277–294; Simona Tobia, *Advertising America: The United States Information Service in Italy (1945–1956)* (LED Edizioni Universitarie, 2009); Luigi Bruti Liberati, *Words, Words, Words. La guerra fredda dell’USIS in Italia* (CUEM, 2004); Alessandro Brogi, *Confronting America: The Cold War between the United States and the Communists in France and Italy* (University of North Carolina Press, 2011).

35. James M. Buchanan, “Il sistema della concorrenza negli Stati Uniti,” typewritten lecture, in GMU, Buchanan papers, s. 3: writings, b. 206, f. 1, “The Italian tradition fiscal theory: drafts and correspondence, 1957.”

36. The reference is to John Kenneth Galbraith, *American Capitalism: The Concept of Countervailing Power* (Penguin Books, 1952).

37. “Draft manuscript,” in GMU, Buchanan papers, s. 3: writings, 1946–2012, b. 162, f. 3, “Italian retrospective” drafts and correspondence, 1989,” 14–15.

38. “Letter from Buchanan to Charles Marshall Jordan, December 17, 1955,” in GMU, Buchanan papers, s. 2: correspondence, 1951–2014, b. 47, f. 14, “Fulbright year in Italy, 1954–1955.”

laid the groundwork for his later dialogues with Norberto Bobbio and Bruno Leoni, both concerned with constitutional constraints on democratic authority.³⁹

In Pavia that same year, Buchanan met Francesco Forte, a student of Benvenuto Griziotti and already active in reformist socialist circles.⁴⁰ Impressed by Forte's early writings, Buchanan invited him to the newly established Thomas Jefferson Center for Studies in Political Economy⁴¹ at the University of Virginia.⁴² This collaboration marked a crucial moment of intellectual cross-pollination between the Italian *Scienza delle finanze* and Public Choice.

In Virginia, Forte worked alongside Buchanan, Warren Nutter, William Craig Stubblebine, and Ronald Coase,⁴³ developing the ideas presented in his *Introduction to Welfare Economics*, which was challenging the dominance of allocative efficiency as the measure of social welfare.⁴⁴ He argued that "new welfare economics" should integrate the Pareto criteria, the compensation principle, collective choice approach, and the social welfare functions.⁴⁵ From this perspective, democracy itself was problematized and analyzed for its susceptibility to majority exploitation. Policies should be judged acceptable if winners could hypothetically compensate losers—even if no transfer occurred.⁴⁶

Upon returning to Italy in 1961 to succeed Einaudi at the University of Turin, Forte became a leading advocate of market-oriented reform inspired by German ordoliberalism.⁴⁷ Drawing on the Italian tradition and shaped by Einaudi and Ezio Vanoni, he sought to merge the ethical concerns of Italian fiscal thought with the intuition of U.S. economics.⁴⁸

Forte's critique of bureaucratic opacity and unchecked spending stemmed not from austerity dogma, but from a broader vision of the state as an enabler of individual responsibility and institutional accountability. His work foreshadowed what Michel Foucault would later describe as the extension of market rationality into governance.⁴⁹ Through this hybrid lens, Forte advanced a distinctive model of economic governance, critical of state paternalism yet cautious of market absolutism.

39. Buchanan and Tullock, *The Calculus of Consent*; and Bruno Leoni, *Freedom and the Law* (Van Nostrand, 1961) appeared just a year apart. On the link between the two, see Giacomo Brioni, "Bruno Leoni, James M. Buchanan and the Quest for a Theory of Collective Action," *Il Politico* 1 (2025): 147–172.

40. Francesco Forte, "On James Buchanan's Public Choice Enterprise," *Journal of Public Finance and Public Choice* 31 (2013): 61–75.

41. Opened in 1957 at the University of Virginia, the Thomas Jefferson Center for Studies in Political Economy became the Center for the Study of Public Choice upon relocating to Virginia Tech in 1969 and moved again in 1983 to George Mason University.

42. The works cited by Buchanan are: Francesco Forte, "Motor Vehicle Taxation as Pricing of Highways Service: Some Theoretical Notes," *Banca Nazionale del Lavoro Quarterly Review*, 34 (1955): 134–142; Francesco Forte, "Indagini sulla natura e gli effetti economici delle imposte sul valore aggiunto," *Quaderni dell'istituto di scienze economiche dell'Università degli Studi di Milano* (1955).

43. At thirty-one, Forte was cited in Ronald Coase's article, "The Problem of Social Cost," *The Journal of Law and Economics* 3, no. 1 (1960): 35. On his critique of planned economies and reflections on liberal socialism, see: Gilbert Warren Nutter, *Growth of Industrial Production in the Soviet Union* (Princeton University Press, 1962), a key reference in Forte's work.

44. "Introduction to Welfare Economics by Francesco Forte," in GMU, Buchanan papers, s. 8: Writing by others, 1930–2014, b. 431, f. 4, "Forte Francesco (1/3), 1970s."

45. *Ibid.*

46. *Ibid.*, 60–65.

47. "Libertà generale e libertà economica," in Fondazione Bettino Craxi ETS (F.B.C.), Francesco Forte Papers. The Francesco Forte Papers are currently being catalogued at the Fondazione Craxi; for this reason, references to this collection do not yet include series and box identifiers and citations therefore identify items by title (and date, where available).

48. Daniela Donnini Macciò, "La riflessione sul metodo della scienza delle finanze in Benvenuto Griziotti (1909–1940)," *Quaderni di storia dell'economia politica* 8, no. 2–3 (1990): 261–276, 267.

49. Michel Foucault, *Naissance de la biopolitique: cours au Collège de France, 1978–1979* (Gallimard/Seuil, 2004), 41.

4 Intellectual Resonance and Normative Hybridization: Public Choice and Liberal Socialism

The intellectual exchange between Buchanan and Forte went beyond collaboration, revealing a shared dissatisfaction with the Keynesian consensus and a joint pursuit of normative foundations capable of reconciling liberty, efficiency, and democratic legitimacy.

Public Choice theory, as developed by Buchanan and Gordon Tullock, posits that the same rational self-interest that governs markets also drives political actors. Rejecting the neoclassical ideal of the benevolent planner, the theory maintains that voters, politicians, bureaucrats pursue their own preferences within institutional constraints.⁵⁰ This framework challenged the idealized image of a neutral state and called for constitutional limits to rent-seeking and opportunism.⁵¹ For Buchanan, this approach was not cynical, but moral: institutions should discipline political behavior precisely because individuals are fallible. At the same time, it echoed social democratic concerns about protecting collective goods from both market and state failure.

Forte regarded this framework as a powerful tool to reinterpret the Italian state. In his essay *The Law of Selection in the Public Economy as Compared to the Market Economy*, he revisited Paretian criteria to address negative externalities stemming from distributive inequities.⁵² A draft version preserved in Buchanan's archives reveals a notable lexical revision: the phrase "economizing rational man" is said not to "prevail" but merely to "survive" within the market economy.⁵³ This formulation suggests that markets do not embody optimality, but rather minimal conditions for liberty. For Forte, democratic capitalism required a "moral grammar" for institutions, an idea influenced by ordoliberalism.⁵⁴

Forte's distinctive reception of Buchanan lay in his effort to connect the logic of exchange not merely to efficiency, but to the civic foundations of taxation. In contrast to Tullock's emphasis on political pathology, Forte advanced a normative and participatory model of fiscal legitimacy, grounded in Italy's civic humanist and ordoliberal traditions.⁵⁵ Drawing inspiration from Buchanan's theory of constitutional contract, he reimagined the fiscal state not as a Leviathan extracting resources, but as a voluntary association of taxpayers—a "club" whose obligations stemmed from reciprocity, subsidiarity, and a sense of belonging.⁵⁶ Citizens were not passive contributors but co-authors of tax rules, and public spending was legitimate only when aligned with transparent, accountable preferences.⁵⁷ Redistribution became not a technocratic act but a contractual duty among equals.

Forte's contributions went beyond the application of Public Choice: he actively shaped its development. In particular, Forte's work on taxation and economic citizenship contributed to the evolution of the Virginia School. His contractualist approach—especially evident in the co-authored article *The Evaluation of Public Services*—argued that public goods should be assessed not only according to technical criteria, but also through citizen preferences expressed via exchange.⁵⁸ Refusing Tullock's hostility toward public intervention, Forte employed what would later be identified as "rent-seeking theory" to critique inefficiencies within Italy's tax system and to advance incentive-compatible reforms, includ-

50. On the *homo oeconomicus* in Public Choice theory, see: Geoffrey Brennan, "Homo Economicus and Homo Politicus: An Introduction," in *Public Choice* 137, no. 3–4 (2008): 429–438, 432.

51. The term "rent-seeking" was coined by Anne O. Krueger, "The Political Economy of the Rent-Seeking Society," in *American Economic Review* 64, no. 3 (1974): 291–303. Yet its theoretical roots had been established earlier by Gordon Tullock, "The Welfare Costs of Tariffs, Monopolies, and Theft," in *Western Economic Journal* 5, no. 3 (1967): 224–232.

52. Francesco Forte, "The Law of Selection in the Public Economy as Compared to the Market Economy," in *Public Finance* 37, no. 2 (1982): 224–245, in GMU, Buchanan papers, s. 8: Writing by others, 1930–2014, b. 431, f. 4, "Forte Francesco (1/3), 1970s."

53. *Ibid.*

54. Forte, *L'economia liberale di Luigi Einaudi*, 223–238.

55. Despite James M. Buchanan, "An Economic Theory of Clubs," in *Economica* 32, no. 125 (1965): 1–14 being a common starting point, Forte had a distinctive way of applying the club theory to the fiscal community.

56. "Diritto di secessione, Miglio, Buchanan e la Public Choice," in F.B.C., Forte Papers.

57. Francesco Forte, *Il consumo e la sua tassazione. Elementi di una teoria generale* (Einaudi, 1973), 22–23.

58. Forte and Buchanan, "The Evaluation of Public Services," 117.

ing fiscal federalism and subnational tax autonomy.⁵⁹ These ideas coalesced around a major concern of constitutional political economy: the democratic legitimacy of taxation.

Whereas Buchanan and Stubblebine distinguished relevant from irrelevant externalities based on the potential for Pareto improvements, Forte underscored their redistributive dimension.⁶⁰ While teaching at the University of California in Buchanan's stead (1969-1970), Forte remarked in a note to him: "obviously the best scheme is that which subsidizes B [underdeveloped sector in the example, author's note] and taxes those who enjoy benefits from it."⁶¹ Fiscal policy, in his view, had to embed *ex ante* distributive justice grounded in collective responsibility. Moreover, through quantitative studies, he concluded that indirect taxation offered no anti-inflationary advantage over direct taxation, as it fueled cost inflation without ensuring a comparable level of employment.⁶²

Though skeptical of redistributive majoritarianism, Buchanan recognized the normative depth of Forte's position.⁶³ At a 1993 conference in Milan, Buchanan conceded that he had underestimated the asymmetry in exit options between markets and political institutions.⁶⁴ Exiting a market transaction may be costless; exiting a political community is not. Forte's view of taxation as civic bond thus resonated with Buchanan's evolving reflections on legitimacy and obligation.⁶⁵

Forte's transatlantic role also had a practical dimension. Beyond translating and disseminating Public Choice in Italy through journals, conferences, and publishing initiatives, he promoted in Italy the work of U.S. scholars on welfare, public goods, and fiscal federalism.⁶⁶ At the same time, Buchanan served as a key intermediary in fostering the exchange of ideas and academic networks.⁶⁷

Forte appropriated the Public Choice legacy and combined it with Italian civic traditions, producing a hybrid and complex theoretical framework. As Cubeddu observed, Forte—alongside Domenico da Empoli—was among the few liberals who could be labeled libertarian;⁶⁸ yet his liberalism always remained relational. Drawing on the ordoliberal emphasis on the person in society, he rejected both the atomized subject of neoclassical economics and the idea of liberty as mere consumption. Instead, he advanced a vision of democratic capitalism in which reciprocity, institutional fairness, and civic responsibility were the foundation for legitimate public action.⁶⁹ In Buchanan's constitutional political economy, Forte found a language and a logic to articulate his project of a reformed state that was neither Leviathan nor redistributor, but a polity of rules, bound by the consent and participation of its citizens.

59. On rent-seeking: James M. Buchanan, Robert D. Tollison, and Gordon Tullock, eds., *Toward a Theory of the Rent-Seeking Society* (Texas A&M University Press, 1980), 97–112.

60. James M. Buchanan and William Craig Stubblebine, "Externality," in *Economica* 29, no. 116 (1962): 371–384.

61. "Letter from Forte to 'Jim' Buchanan," undated, in GMU, Buchanan papers, s. 2: correspondence, 1951–2014, b. 47, f. 6, "Forte, Francesco, circa 1960s."

62. Forte, *Il consumo e la sua tassazione*, 217.

63. For an example of the evolution of Buchanan's thinking from the technical-analytical framework in Buchanan and Stubblebine, "Externality," 1962 to the constitutionalist approach in James M. Buchanan, *The Limits of Liberty: Between Anarchy and Leviathan* (University of Chicago Press, 1975), 54–73.

64. James M. Buchanan, *Comportamento indotto dalle istituzioni nel mercato e in politica* (1994): 4–17, 4, in GMU, Buchanan papers, s. 3: writings, 1946–2012, b. 180, f. 14, "Notizie di Politeia, Comportamento indotto dalle istituzioni nel mercato e in politica, 1994."

65. On the costs of making public administration efficient, see: Francesco Forte and Alberto di Piero, "A Pure Model of Public Bureaucracy," in *Public Finance* 35, no. 1 (1980): 91–100.

66. Through sustained correspondence with Gordon Tullock, Forte facilitated the inclusion of U.S. articles in Italian journals and edited several anthologies on welfare and public goods ("Tullock to Miss. M. Aliata of Franco Angeli, October 6, 1969," in Hoover Institution archives, Tullock (Gordon) Papers, Tullock: Materials received in 1990, b. 116, f. 6, "Forte, Francesco 1967–1974"). In addition to publishing, Forte promoted Italian translations of foundational texts by Buchanan and Tullock, advancing their diffusion beyond the Anglo-U.S. sphere.

67. James M. Buchanan's personal archives at GMU document an intellectual correspondence with numerous scholars, including prominent Italian economists such as Alberto Di Piero (s. 2, b. 43, f. 9), Giuseppe Eusepi (s. 8, b. 428, f. 1), Gianluigi Galeotti (s. 8, b. 424, f. 8), Angelo Maria Petroni (s. 8, b. 481, f. 13), and Pietro Navarra (s. 2, b. 75, f. 4).

68. Raimondo Cubeddu, "I liberisti nella cultura politica italiana," in *Philosophy Kitchen* 8, no. 5 (2018): 61–94, 67.

69. Flavio Felice and Markus Krienke, "Understanding Social Market Economy: Francesco Forte and His Interpretation," in *International Advances in Economic Research* 23, no. 1 (2017): 21–37.

For Craxi, Forte's rule-based approach offered a language through which modernization could be framed as both democratic and disciplinarian, allowing the PSI to distance itself from Communist voluntarism while avoiding full alignment with neoliberal minimalism.

5 Political Translations: The Impact on Reagan and Craxi

The political impact of the Buchanan-Forte dialogue unfolded within two institutional settings undergoing profound but distinct transformations during the long 1980s: Reagan's United States and Craxi's Italy. In both countries, fiscal governance, party structures, and the legitimacy of democratic institutions were under strain; yet the channels through which economic ideas entered politics differed markedly. Their intellectual exchange did not produce linear policy transfers. Instead, it offered a shared analytic vocabulary—rules, credibility, responsibility—that political actors could mobilize while navigating domestic constraints. This occurred in an era when the figure of the technocrat was both valorized and criticized: popular culture (for example, Hal Ashby's film *Being There*, 1979) depicted managerial elites and “depoliticized” expertise as symptoms of a broader neoliberal transition.⁷⁰

In the United States, Ronald Reagan's embrace of fiscal reform reflected a broader shift within the Republican Party, in which Public Choice theory coexisted with more radical libertarian and neo-conservative currents.⁷¹ While the Virginia School held advisory roles during Reagan's early years, their influence was filtered through the strategic calculations of party operatives and campaign priorities. Buchanan's proposals for constitutional fiscal rules, notably a balanced-budget amendment, were ultimately sidelined in favor of immediate tax cuts and deregulation.

Previously, during Reagan's tenure as Governor of California (1967-1975), he had already engaged with Buchanan and like-minded thinkers on fiscal constraints.⁷² The latter endorsed plans to control revenue collection, asserting that such measures protected individual liberty from the fiscal exploitation of political majorities.⁷³ In a 1973 memo to California Assembly Speaker Bob Moretti, he defended Reagan's tax plan as benefiting “all taxpayers” and especially “those who value freedom of individual action in opposition to an all-embracing bureaucracy-judiciary that threatens us.”⁷⁴ This vocabulary reveals that Buchanan's concern extended beyond economic efficiency: it was a moral plea to restrain democratic excess in order to safeguard personal freedom. Reagan found this line of reasoning appealing. By the late 1970s, as he prepared for a presidential run, Reagan's circle (including figures like Milton Friedman, William Niskanen, and advisor Martin Anderson) discussed ideas such as constitutional spending limits and taxpayer “bill of rights” that echoed Public Choice themes of fiscal discipline and skepticism toward interest-group politics.

Reagan's election in 1980 raised expectations for a full implementation of the Public Choice agenda. Indeed, early in his presidency Reagan prioritized a massive tax cut (the Economic Recovery Tax Act of 1981) and promised to “*curb government spending*” and balance the budget.⁷⁵ Crucially, while Reagan adopted the rhetoric of Public Choice—railing against “big government” and warning of special interests—he did not fully implement their constitutional reform agenda. Buchanan later

70. Johanna Bockman, “Being There in Neoliberalism,” in *Spectator* 44, no. 2 (2024): 13–18, 16.

71. Lee Edwards, “Barry M. Goldwater: The Most Consequential Loser in American Politics,” in *The Heritage Foundation: First Principles* 11 (2014).

72. “Correspondence between Buchanan and Lewis K. Uhler, 1972,” in GMU, Buchanan papers, s. 2: correspondence, 1951–2014, b. 84, f. 8, “Reagan, Ronald 1972–1974.”

73. “Draft: Post-Reagan Political Economy, January 1988,” in GMU, Buchanan papers, s. 3: writings, 1946–2012, b. 187, f. 6, “Post-Reagan Political Economy-drafts with comments, correspondence: (1 of 2), 1988–1989.”

74. “Letter from Buchanan to the speaker of the Assembly, Bob Moretti, April 9, 1973,” in GMU, Buchanan papers, s. 2: correspondence, 1951–2014, b. 84, f. 8, “Reagan, Ronald 1972–1974.”

75. Iwan Morgan, *The Age of Deficits: Presidents and Unbalanced Budgets from Jimmy Carter to George W. Bush* (University Press of Kansas, 2009), 84–85.

called the presidency a missed opportunity for structural reform, as short-term aims and traditional measures prevailed.⁷⁶ This mismatch between tax cuts and spending widened the federal deficit.⁷⁷

Public Choice ideas in the U.S. translated into bold promises to “get government off our backs,” but political realities led to compromise. No constitutional amendment ever materialized; instead, the main lasting legacy was a reframed tax code and a higher tolerance for deficits.

In Italy, the reception of these debates took a different turn. The neo-reactionary *Movimento Sociale Italiano* praised Goldwater’s campaign, while moderate liberals and reformist socialists selectively engaged with his emphasis on individualism and anti-communism.⁷⁸ Within the PSDI, already in the 1960s Forte argued that a market economy could accommodate certain planning mechanisms as long as they reinforced competition and social cohesion.⁷⁹ During the turbulent 1970s, marked by double-digit inflation, currency instability, and rising public debt, these ideas were recast within a parliamentary, consensus-oriented system. The growing sense that Italy needed stricter rules to govern fiscal policy and monetary stability—reinforced by the external constraint of the European Monetary System—created a receptive environment for Public Choice-inspired proposals.⁸⁰

When Forte entered the Italian governments under Fanfani (1982-1983) and Craxi (from 1983), Italy faced severe pressures. Yet Forte was not the sole architect of Italian fiscal reforms. Franco Reviglio and the “Reviglio boys” from the PSI brought a technocratic, budget-consolidation approach rooted in applied public finance; the Christian Democrat Beniamino Andreatta orchestrated the separation of Italy’s Treasury from the Bank of Italy to curb the monetization of debt; Giuliano Amato, another PSI intellectual, was formulating constitutional tweaks to bolster executive authority and streamline decision-making. Together, these actors formed an ecosystem of reforms. Forte’s Public Choice-influenced ideas found concrete expression in several mid-1980s initiatives. One notable reform was a revision of the income tax (IRPEF) in 1983-1984, which reduced the number of tax brackets from 32 to 9 and lowered the top marginal rate, amounting to a significant tax cut for high earners.⁸¹ The rationale was to incentivize investment, aligning with international trends. At the same time, the government cracked down on tax evasion through new reporting requirements and enforcement campaigns, which particularly affected self-employed professionals and small entrepreneurs who had traditionally under-reported income.

Beyond technical proposals, Forte articulated a vision of constitutionalized fiscal governance. His reflections intersected—without coinciding—with Amato and Craxi’s *Grande Riforma* (Great Reform), aimed at strengthening executive authority and stabilizing parliamentary dynamics.⁸² Forte’s focus remained narrower: the “fiscal constitution” required transparent rules, credible constraints, and the active participation of taxpayers as responsible citizens. In other words, PSI was advocating a socialism attuned to market principles and grounded in constitutional reform.⁸³ Drawing from both German ordoliberalism and Public Choice, Forte considered such a path an essential component of a liberal

76. “Reagan’s first week in office and transition team advice,” in GMU, Buchanan papers, s. 5, Professional service, 1958–2013, b. 334, f. 1, “Reagan Administration File.”

77. “Draft: Post-Reagan Political Economy, January 1988,” in GMU, Buchanan papers, s. 3: writings, 1946–2012, b. 187, f. 6, “Post-Reagan Political Economy-drafts with comments, correspondence: (1 of 2), 1988–1989.”

78. As cited in Giuliano Urbani, “Come ricordo Bruno Leoni,” in *Il Politico* 47, no. 1 (1982): 169–176, 171, after returning from a stay in the U.S., Bruno Leoni offered a reading of Goldwater’s platform that emphasized its liberal rather than reactionary elements. This reappraisal, hosted at the *Centro di ricerca e documentazione “Luigi Einaudi,”* gained traction despite Goldwater’s enduring association with far-right views. On the affinity of the Italian social Right for the U.S. Republican candidate: Giorgio Sorgonà, *La scoperta della destra. Il Movimento sociale italiano e gli Stati Uniti* (Viella, 2019), 23.

79. Francesco Forte, *Introduzione alla politica economica. Il mercato e i piani* (Piccola Biblioteca Einaudi, 1964), 48.

80. Dieter Plehwe and Quinn Slobodian, “Neoliberals Against Europe,” in William Callison and Zachary Manfredi, eds., *Mutant Neoliberalism: Market Rule and Political Rupture* (Fordham University Press, 2020), 89–111.

81. Luca Sandonà, “La lotta all’inflazione negli anni Ottanta. Il dibattito parlamentare sulla legge di revisione della scala mobile,” in *Pensiero Economico Italiano*, 32, no. 1 (2024): 71–104.

82. For a better understanding of Craxi’s idea of reform, see Gennaro Acquaviva and Luigi Covatta, eds., *La “grande riforma” di Craxi* (Marsilio, 2010).

83. As cited in Patrick McCarthy, *The Crisis of the Italian State: From the Origins of the Cold War to the Fall of Berlusconi* (St. Martin’s Press, 1995), 121, the leader of the Italian Communist Party, Enrico Berlinguer, saw the rise of neoliberalism and felt that Craxi was turning the PSI into a bulwark of a New Right.

socialist tradition.⁸⁴ Once a proponent of the “New Frontier” and “Great Society,” Forte became progressively the link between Public Choice and the reformist left in Italy.⁸⁵ For Forte, revitalizing Italian capitalism meant breaking free from the twin shackles of bureaucratic clientelism and welfare dependence.⁸⁶ “If we mistreat entrepreneurs and stifle business autonomy,” he warned, “we cannot expect economic development—you can’t make a horse run by beating it.”⁸⁷

PSI’s main figures also applied Gordon Tullock’s rent-seeking theory to identify where public resources were being sapped by special interests: for example, Italy’s heavily regulated energy and fuel sectors, where state subsidies and concessions had created protected niches for certain firms at the expense of consumers. Denouncing these arrangements, Forte argued, was essential to free up Italy’s economic dynamism. In this he found common cause with economists like Antonio Pedone, who sought to expose the hidden costs of clientelism in Italian policy.⁸⁸

Forte’s thinking also intersected with the moral discourse emerging among U.S. neoconservatives. Irving Kristol and Michael Novak presented capitalism as a value-based order grounded in responsibility, authority, and the family. Novak acknowledged Luigi Einaudi’s influence, while Buchanan, through his exchanges with Italian scholars, recognized Italy’s civic economy as a valuable normative foundation for market societies.⁸⁹ As Angelo Maria Petroni noted—recalling Cardinal Ratzinger’s critique of the Church—there was a deep resonance between Public Choice and the Christian-personalist view of society, the latter being the strand of Catholic social thought—associated with thinkers such as Jacques Maritain and Luigi Sturzo—that emphasized the moral agency of the individual within a framework of social responsibility.⁹⁰

The encounter between liberal socialist tradition and some currents of the Reagan administration did not produce a linear chain of influence but a moment of transatlantic hybridization in which ideas and institutional concerns converged to recast the vocabulary of Western capitalism. The social effects of these reforms, however, were uneven. In the U.S., Reagan’s tax cuts favored upper-income groups and corporations while shifting the burden toward payroll taxes, widening inequality despite the administration’s claims of neutrality. In Italy, Forte’s emphasis on generality of taxation reduced sectoral privileges but increased the fiscal exposure of small professionals and protected categories. In both contexts, market insiders and high-compliance taxpayers tended to benefit, while those reliant on exemptions or discretionary transfers faced new constraints.

6 Conclusion

This article has examined a pivotal yet underexamined dimension of late twentieth-century capitalism, namely the transatlantic exchange between liberalism and socialism embodied in the dialogue between Buchanan and Forte. Their interaction exemplifies ideological hybridization rather than

84. Citing Francesco Forte and Elena Granaglia, eds., *La nuova economia politica americana* (SugarCo Edizioni, 1980), 11, James M. Buchanan, along with John Rawls and Mancur Olson, was among the exponents of a progressive, liberal socialist political economy. Buchanan’s writings had to be read within a reformist tradition that challenges both laissez-faire and interventionism, aiming at institutional frameworks fostering democratic accountability and distributive justice.

85. Francesco Forte, “Dichiarazione alla Costituente Socialista, 30 ottobre 1966,” in F.B.C., Forte Papers, 1.

86. Francesco Forte, “Saggio Politeia, agosto 1992,” in F.B.C., Forte Papers.

87. Francesco Forte, “Per una riscoperta della produttività a proposito di recenti polemiche negative, 1980,” in F.B.C., Forte Papers.

88. Antonio Pedone, a leading figure in Italian public finance, consistently called for a demystification of public policy, arguing that economic analysis should unveil the political and distributive choices embedded in fiscal decisions. See Antonio Di Majo and Antonio Pedone, eds., *Elementi di scienza delle finanze* (La Nuova Italia, 1985), 78.

89. On the influence of Italian thinkers on Buchanan, see: Giuseppe Eusepi, “From Subjectivism to Constitutionalism,” 273–285. On Novak’s intellectual roots, see: Flavio Felice, *The Civil Economy: A Bridge Between the Shores of the Atlantic Ocean*, Catholic University of America, 2025, <https://business.catholic.edu/news/2025/03/the-civil-economy-a-bridge-between-the-shores-of-the-atlantic-ocean.html>.

90. “Public Choice e il Cardinale,” in GMU, Buchanan papers, s. 1: biographical materials, circa 1800s, 1936–2012, subseries 4: clippings, 1956–2013, b. 19, f. 25, “Chiesa tra Lumi e Stato and Public Choice e il Cardinale,” *Il Sole 24 Ore*, September 15, 1990.”

doctrinal fusion—a process in which concepts and normative languages rooted in different traditions are recombined under the pressure of fiscal crisis and democratic fatigue.⁹¹ The encounter between liberal constitutionalism and reformist socialism emerges here as an attempt to rethink capitalism beyond oppositions between market and state.

As the previous sections showed, the analogies between Reagan and Craxi did not stem from imitation. They reflected an adaptive uptake of global discourses centered on economic efficiency, fiscal responsibility, and the promotion of entrepreneurship in the wake of the crises of the 1970s.⁹² Both leaders sought to recalibrate the post-war social compromise through tax reform and institutional modernization. Ordoliberal legacies and the analytical frameworks developed by Buchanan and Forte offered languages of responsibility, transparency, and constraint that helped legitimate these agendas.⁹³

Despite their different ideological origins, Reagan and Craxi converged on several key fronts: the defense of core capitalist institutions, anti-communist foreign policy, and an emphasis on individual responsibility over bureaucratic paternalism. Under Craxi's leadership, Italy remained a loyal NATO partner and echoed aspects of Reagan's Atlanticist posture, even as it asserted national sovereignty, notably in the 1985 Sigonella incident.⁹⁴ Public Choice critiques provided rhetorical support for tax cuts and deregulation, while entitlement programs remained largely intact and no constitutional amendment materialized.⁹⁵ In Italy, by contrast, Forte and allied technocrats introduced new governance norms like multi-year budget planning, inflation targets, and greater transparency in public finance that anticipated subsequent convergence toward European monetary standards. Notably, neither Buchanan's nor Forte's proposals fully determined policy outcomes. Their influence lay in narrowing the range of acceptable options and in framing executive-led reforms as matters of constitutional responsibility rather than partisan preference.⁹⁶

Understanding late twentieth-century capitalism requires engaging with its margins, those zones of ambiguity, hybridity, and adaptation that gave rise to “third way” alternatives long before the term entered mainstream discourse.⁹⁷ Approaching neoliberalism as an institutionally embedded and normatively contested process makes it possible to see how economic orders are shaped not only by material outcomes but also by the justificatory languages and rule systems that sustain them. The Buchanan-Forte dialogue offers a telling example of how such languages travelled and were reworked across borders.

Neither Buchanan nor Forte fits neatly into standard “Varieties of Capitalism” typologies. Both operated as mediators at the intersection of theory and practice, Europe and the United States. Their trajectories show how national political economies appropriate and transform external ideas, and how apparently antagonistic traditions can be reconciled within technocratic, rule-bound frameworks. In this sense, the convergences between Reagan's United States and Craxi's Italy reveal capitalism's dialogical character and the possibility of strategic alignments between distant actors struggling to navigate a shared era of transition.

91. Harm Schepel, “Rules of Recognition: A Legal Constructivist Approach to Transnational Private Regulation,” in Paulius Jurčys, Poul F. Kjaer, and Ren Yatsunami, eds., *Regulatory Hybridization in the Transnational Sphere* (Martinus Nijhoff Publishers, 2013), 189–202, 194.

92. Simone Selva, *Before the Neoliberal Turn: The Rise of Energy Finance and the Limits to US Foreign Economic Policy* (Palgrave Macmillan, 2017), 216. On the “shock of the global” during the 1970s, see: Niall Ferguson et al., *The Shock of the Global: The 1970s in Perspective* (Harvard University Press, 2010).

93. Slobodian, *Globalists*, 27–40.

94. Marco Gervasoni, *Le Guerre delle sinistre: socialisti e comunisti dal '68 a tangentopoli* (Marsilio, 2013), 192.

95. Ola Innset, *Reinventing Liberalism: The Politics, Philosophy and Economics of Early Neoliberalism (1920–1947)* (Springer Nature, 2020), 186.

96. Marc Lazar, “Socialists and Changes in Capitalism and States: Introduction to Part II,” in Fulla and Lazar, eds., *European Socialists and the State*, 247–255, 248.

97. Raimondo Cubeddu, *Margini del liberalismo* (Rubbettino, 2003), 133.