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FRIEDRICH LIST AND OLIVEIRA MARRECA:
SOME ODD COINCIDENCES

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Abstract

In the middle of the 19th century Portuguese economic backwardness was apparent to the most attentive intellectuals who tried to analyse its causes.

António Oliveira Marreca (1805-1889), an economist and politician, was one of them. At first he supported free trade, but as time went by he became closer to the nationalist, protectionist doctrines. His arguments reveal an impressive similarity to the economic views of Friedrich List (1789-1846), though Marreca had never showed to be aware of List's writings.

However Marreca's analysis of the effects of Portuguese economic dependence from England - an important cause of Portuguese backwardness in his opinion - and the very concepts he applies - namely the concept of *nation* - are extremely close to the ideas developed by the German economist.

As far as economic policy is concerned, Marreca's prescriptions were also definitely similar to the policies advocated by List. Both emphasized the need of a temporary industrial protectionism, no protection for the agricultural sector and the development of a transport network to support the implementation of a national economy.

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“The nation will be richer that introduces manufacturing in every sector within its territory at the highest degree of perfection, and whose territory and agricultural production are large enough to endow its manufacturers with the majority of the food supplies and raw materials that it needs.”

F. List (1841)

“To create producers; agricultural producers who will sustain manufacturing; manufacturers who will consume our agricultural surplus; this is the main economic need we are supposed to face.”

A. Oliveira Marreca (1849)

1. Introduction¹

This paper attempts to shed some light on certain areas of economic thought in Portugal in the mid 19th century, and specifically the economic ideas of António de Oliveira Marreca.

This economist, who was probably the most outstanding economist of the Portuguese liberal regime established after the end of the Civil War in 1834, showed a clear understanding of the backwardness of the Portuguese economy and sought to define the conditions that would foster the modernization of the Portuguese economy.

Both his theoretical approach and views on the economic policy to be pursued in Portugal show him to be a pioneer of development economics. They reveal some odd coincidences with the viewpoints that List was also introducing, at that same time, into Germany and disseminating

¹ Paper to be presented at the *12th International Economic History Congress - C Session - Economic Thought and Economic Policy in 19th Century Less Developed Europe*.

abroad, especially after the publication of his well-known book *The National System of Political Economy*.

2. Two disorderly careers

António de Oliveira Marreca was born in 1805 in Santarém, a small town some 75 km from Lisbon, and died in Lisbon (Portugal) in 1889. He was sixteen years younger than Friedrich List who was born in Reutlingen in 1789, and died in Kufstein, (Austria), in 1846. During his long life, Marreca became a liberal politician (who was forced to spend some time in London), a member of parliament, a professor of economics, a bureaucrat, a publicist and a newspapers editor. This means that his experiences were very similar to those of the well-known German economist.

Their intellectual background was also similar. Both Marreca and List were heavily influenced by romanticism and the organicist paradigm. However, the most relevant coincidence between the two men is that they were both distinguished self-taught economists.

The core of Marreca's economic writings was published between 1836 and 1854, mainly in the form of reports and newspapers articles¹. List's writings, mostly published between 1827 and 1841, were also to be found scattered in various newspapers, although he also published a number of books, and in particular *The National System of Political Economy*, in 1841², where the most comprehensive exposition of his views can be found.

Just like List, Marreca observed the world from a semi-peripheral backwater in an expanding world economy. Their main concern was to understand the conditions needed to overcome economic backwardness, a common feature to both Germany and Portugal. But they also sought to re-evaluate the axioms of economic theory in order to adjust them to the demands of their own doctrine of "national economy". The way List defined the purpose of his approach - "the task of political economy is to promote the economic development of the nation" (List, 1988, 124) - also applies to Marreca.

As in most Western European countries, the theoretical framework of economic thought in Portugal and Germany had been influenced, at least since the 1820's, by the classical and liberal paradigm (in the case of Portugal mainly following the French approach - that of Say and showing little direct knowledge of Smith's or Ricardo's theories). List claimed to have "preached free trade" in his early lectures (cf. Tribe, 1988, 21) and so did Marreca: his sole economic book, a textbook published in 1838, *Noções elementares de economia política* (Marreca, 1983, I, 71-197) was

1 Marreca's writings are available in a two-volume edition (Marreca, 1983). His speeches and letters and some studies on the history of economic ideas are not included.

2 All quotations from List's *The National System of Political Economy* are taken from the more recent Brazilian translation (List, 1988). There is no Portuguese translation of List's book published in Portugal, with the sole exception of part of Ch. 5 (Valério, 1980).

clearly inspired by Say's *Cours d'Economie Politique*. As time went by, his deeper awareness of the nature of Portuguese backwardness made him break with his own early economic views and reject the notion of free trade.

Although he never published a book similar to the *National System of Political Economy* in many of the articles he published from 1846 onwards in an ideologically radical newspaper - *A Revolução de Setembro* - and in a report on an industrial exhibition published in 1849, he propounded developmentalist views that were quite close to the theoretical positions and policy proposals put forward by List.

In spite of the coincidences stated so far, there was no relevant direct transfer of ideas between them. Though List makes long, persistent references to Portugal he never quoted, and probably never read, any Portuguese author, including Marreca.

As for Marreca, he quotes economists who also represented important intellectual references for List, such as Ferrier or Chaptal, but he never travelled to America and never became acquainted with the most important writings of the American protectionists who were so influential upon List, especially Hamilton¹. He did, however, read very little of List's writings. He only once quoted List's *The National System of Political Economy* directly, in 1854, in a footnote, when discussing certain demographic questions (Marreca, 1983, II, 278). This sole quotation, taken from the first edition of the French translation - for a long time the only one made by a Portuguese economist - suggests a superficial and belated knowledge of List's book (Bastien and Ferreira, 1996). Otherwise, Marreca would at least have mentioned the long discussion of the impact of the Methuen treaty established in 1703 between England and Portugal, a major subject in chapter 5 of List's book and whose argument was akin to his own argument.

The arguments and the evidence presented by Marreca in his writings were mostly unscholarly, revealing someone who was a popularizer of ideas for an emergent well-informed audience but not an academic economist. Marreca's and List's careers show again remarkable similarities.

3. Theoretical and methodological positions

The economic writings of Marreca are both few in number and less systematic in nature when compared to List's. Nonetheless, they suggest a similar theoretical criticism of the liberal school and a similar break with the classical canon especially after 1848. Although economic policy was his major concern, his work induced a theoretical reflection founded upon the analysis of historical processes to validate his developmentalist views. Such considerations, which lacked a

¹ Marreca did, in fact, have an indirect connection with North-American protectionist literature. He frequently quotes the Portuguese economist Solano Constâncio (1777-1846) who, like List, lived for some time in the USA. He was acquainted with this literature and anticipated some views of the "national economy" school.

sound formal structure, focused on three main topics: the critique of cosmopolitan economics, the theories of value and of productive forces, and the different stages in the development process.

3.1. The critique of cosmopolitan economics

The starting point for Marreca's considerations was his discussion and rejection of the abstract classical ideas of the individual and the belief in individual liberty as a convenient basis for the understanding of economic life. In the classical scheme of thought, egoism was considered to be a universal and eternal feeling, the motive behind all economic activity conducive to the harmony and well-being of humankind. To him - and to List - it was the origin of an erroneously cosmopolitan doctrine.

According to Marreca, such a spurious generality had to be substituted by the concept of the nation, which he saw as the relevant historical reality shaping individual behaviour and consequently the basic tool in economic analysis. In his view the nation was in his view an entity - and not merely an economic one - that came before individuals, so that its interests were different and had priority over theirs:

“A nation is a continuous set of generations that remain in a confined territory. So, the ephemeral calculations of individual selfishness are therefore not appropriate. The horizon of the nation's economy is larger than the mean rule by which it must buy in the cheapest market. It should equip itself with the instruments of wealth in order to build the prosperity and glory of modern peoples.” (Marreca, 1983, II, 28).

This somewhat romantic idea of the nation was supplemented by an organic view of society which defined the nation as “a community of interests” (Marreca, 1983, II, 33), and as “a collective body, multiple entities performing different functions and having an energy that not only ensures preservation but also guarantees progress and growth” (Marreca, 1983, II, 49). These ideas were surprisingly close to List's: “nations, just like human beings, have an instinct for selfpreservation, a tendency towards progress.” (List, 1988, 123).

Other statements by List such as “as the distinguishing characteristic of my system I would indicate nationality” (List, 1988, 5) and “the interests of the national community are infinitely different from the private interests of the individuals that form a nation (...); isolated individuals are little concerned with the continuity of the nation” (List, 1988, 121), could have been made by Marreca, as they were entirely consistent with the latter's thinking.

Marreca's definition of a nation makes little reference to the social relations of production and barely recognizes the capitalist system, although he was very much aware of the importance of groups, of specific intermediate social interests, in particular the interests of the social classes which he saw as collaborators in his developmentalist blueprint. He accepted that the much desired

social integration and harmony was not the spontaneous result of a natural order but the result of cultural solidarities and of an intelligent “organizational intervention” (Marreca, 1983, II, 176) by the state. Marreca’s views were again very close to those of List.

3.2. The theories of value and of productive forces

Unlike List, Marreca's writings provide no sophisticated critique of the liberal school's theory of value. Even the concept of wealth - “ all goods with which man satisfies his wants are goods (...) wealth consists of those very same goods” (Marreca, 1983, I, 80) - and the subjective concept of value adopted in his early writings - “ utility is the basis of value” (Marreca, 1983, I, 89) - are not explicitly discussed and were abandoned in his mature writings. The same thing happened with the labour theory of value, a subject to which Marreca never paid much attention.

At the second stage of his theoretical ideas, Marreca rejected this static idea of wealth. For him, the very concept of wealth no longer amounted to a stock of material goods available at a certain moment, but depended on the productive forces of the nation. He would speak of these forces, the “instruments of wealth”, as “the basis of the prosperity and glory of modern peoples.” [Marreca, 1983, II, 28]. List's views on this subject were quite similar:

“ The causes of wealth are something totally different from wealth itself. A person may produce wealth, that is, exchangeable value; if, however, he cannot produce goods of a higher value than the ones he consumes, he will become poorer. A person may be poor; if, however, he can produce a larger quantity of goods than he consumes he will become rich.

A productive force of wealth is infinitely more important than wealth itself.” (List, 1988, 97).

On the other hand, these productive forces are not confined to a set of material goods. They also include natural resources and a diversified set of intellectual forces. According to List:

“The Christian religion, monogamy, the abolition of slavery and feudalism, the inheritable nature of the throne, the invention of the press, of the postal system, of money, of standard weights and measures, of the calendar, of watches, of police, the introduction of property rights in agriculture and means of transport are important sources of productive forces.” (List, 1988, 100).

In Marreca, the definition of productive forces is not so clear but his support of the most participative, democratic political regimes (he became a leading figure in the Portuguese Republican Party), his demand for legal reforms to guarantee "freedom of production" (Marreca,

1983, II, 58], his statements about the need to foster “technological education” (Marreca, 1983, II, 176) or his reference to industrial entrepreneurship as “the raw material of the prosperity and glory of some nations” (Marreca, 1983, II, 168], are significant parts of his developmental economic discourse, precisely because all this was considered to be part of the productive forces.

These considerations about the productive forces drove Marreca to explicitly revise the Smithian doctrine according to which “the law of the division of labour, the splitting of the different productive tasks is the main cause of the improvement of producers, of increasing production” (Marreca, 1983, II, 48). Anyway, his expounding of the benefits of the division of labour he did not restrict his considerations to individual enterprise but examined the benefits of the relationship between the different economic sectors at the level of the entire nation. As List also put it: “(...) the growth of productive forces as a result of the division of labour and of cooperation of individual forces begins at the level of individual manufacture and spreads to the entire nation” (List, 1988, 109).

3.3. The stages in the development process

Sometimes Marreca refers to a simplistic dichotomy between “retarded countries” and “rich manufacturing countries” (Marreca, 1983, II, 195), quite similar to List’s contrast between “backward nations” and “advanced nations.” (List, 1988, 93).

List sketched out the well-known, more sophisticated, scheme of five separate stages - “the savage stage, pastoral stage, agricultural stage, agricultural and manufacturing stage, and agricultural, manufacturing and commercial stage (List, 1988, 125) - which are supposed to characterize the course of the development process and to give some indications as to how each stage arose from the previous one.

Marreca has no clear theory about these stages. In fact he talks of certain different types of economies, not very different from List's, which he mentions at various moments but not in a systematic typology. In his own words: agricultural nations, manufacturing nations, commercial nations, agricultural and manufacturing nations, and agricultural, manufacturing and commercial nations. He maintained that this last type would be the most convenient for Portugal (Marreca, 1983, I, 263).

In broad terms, his considerations provide a rather simplistic description of the dynamics of these economies. But, unlike List, he adds no relevant features to explain the processes of transition from one stage to another, namely the transition from the primitive stages in the economic life of mankind, which Marreca does not explicitly refer to in his implicit typology. As he was specially worried with the modernization of the Portuguese economy - in Listian terms the transition from the agricultural stage to the agricultural and manufacturing stage - he confined himself to suggesting some economic policy measures that would make such a transition possible

(see Section 4 of this paper). He simply tried to demonstrate the "deplorable destiny" (Marreca, 1983, II, 59) of every country that did not strive to achieve such a transition and therefore remained as agricultural economies.

There was apparently only one exception to List's views on this subject: the case of hot countries. He thought that under such climatic conditions countries had to accept an international division of labour that would deprive them of access to industrial development, so that they become "dependent" (List, 1988, 114) on the temperate countries. Marreca does not look into this topic. However, he describes such countries as mere suppliers of agricultural goods and raw materials (Marreca, 1983, II, 48) and as markets for the "goods manufactured in this country [Portugal]" (Marreca, 1983, II, 204).

In the case of temperate countries that successfully modernized their economic structures, List implicitly foresaw an ever lasting growth in productive forces, in contrast to the theory of the steady state defended by some classical economists. This optimistic view also prevented him from formulating a theory of economic crisis. In a similar way, Marreca considered crises as typical of agricultural economies, and having only a minor impact on agricultural and manufacturing economies, at least if a well-proportioned structure had resulted from a balanced growth strategy: "a country that allocates labour and capital to agriculture and manufacturing minimizes risks wherever those crises occur that disturb and upset the economy of nations." (Marreca, 1983, II, 62).

His long-run prospects were a little less optimistic than List's. Although the idea of the steady state was not a *must* in his theoretical system, he explicitly mentioned the "hypothesis of a probable stationary situation for peoples" (Marreca, 1983, II, 294).

Anyway, the historical wisdom of both economists was more voluntaristic than deterministic. If List thought it possible for the development process to stop, or even to be reversed by "retrograding steps" (cit. Hirst, 1909, 238), Marreca argued, much along the same lines: "retarded nations must move towards prosperity unless a powerful impulse pushes them out of the way." (Marreca, 1983, II, 195-196).

3.4. The historical methodology

Of all the *items* in which the ideas of List and Marreca show significant coincidences, methodology is certainly the one where these coincidences are most apparent.

In both cases, a historical account of the development of particular nations provides the basis for causal interpretations and economic policy prescriptions. Their thought revealed an empirically substantiated line of argument, minimizing the value of pure abstract knowledge. List stated that "political economy must build up its doctrine on international trade from experience" (cit. Anson-Meyer, 1982, 38); similarly, Marreca stated that: "the branch of social science that includes economics has few absolute principles" (Marreca, 1983, II, 41). It is worth noting that this

methodology did not prevent Marreca, just as it did not prevent List, from producing certain counterfactual reasonings with which they argumentatively explored the possibilities of alternative paths of development.

However, despite the fact that both of them defended the use of an inductive methodology, the precise way in which they did this was not entirely similar in both authors. List reaches his conclusions on the strength of a comparative analysis of several cases such as Italy, the Hanseatic League, Holland, England, Spain, Portugal, France, Germany, Russia and the United States of America. Marreca's writings also contain a few references to other national cases, such as North America, China and Germany (Marreca, 1983, II, 60-61, 79-80 and 196-198), but they are short and not very conclusive. In fact, Marreca's historical analysis is less sophisticated, devoted mostly to the Portuguese case. According to his interpretation, the main cause of Portugal's economic backwardness lay in the specialization generated by its historically asymmetric relations with England. The historical discussion (and not any considerations about abstract laws) of the Methuen and 1810 commercial treaties signed by Portugal and England, led him to reject free trade. He underscored the importance of long-run analysis, stating: "It is important to investigate the benefits that the Methuen treaty brought us. We will do this by analysing the state of our factories since 1703." (Marreca, 1983, II, 90). The idea that "our economic history is the light that must guide us in the discussion of these matters" (Marreca, 1983, II, 42) was the same as the idea that "history teaches us (...)" (List, 1988, 120, 213) stated by List again and again to validate his views and policy proposals.

4. Economic policy proposals

The theoretical attitudes of Marreca in his mature years, more so than List's, were generally embedded in his presentation and discussion of economic policy proposals and only rarely were they seen to emerge from an abstract discussion or introduced systematically. Such proposals were designed to solve the problem of Portuguese backwardness and were the most sophisticated alternative to the prevailing free trade doctrines. They formed an institutionalist blueprint whose main pillars of support were a balanced growth strategy, protectionism, and state intervention.

4.1. Balanced economic growth

According to Marreca's theory of the different stages of development, economic progress represented a successful transition from one stage to the next. However his main concern was

pragmatic, centred around what in Listian terminology was the transition from an agricultural stage to an agricultural and manufacturing stage.

According to Marreca, remaining in the agricultural stage while other nations were becoming industrialized was undesirable: "(...) an agricultural country has to endure an ever growing population confined to a specific, limited territory, where food production has, according to its nature, clearly defined limits." (Marreca, 1983, II, 62).

Although he supported industrialization, he was against a transition to the manufacturing stage (as was the case with England), which he considered a dangerous situation: "a manufacturing country and an exporter of manufactured goods, but faced with a shortage of grain, is in risk of decaying under the law of competition" (Marreca, 1983, II, 62). In his opinion all of these stages would experience numerous crises, which, in the long run, would lead to the nation's decline and loss of political independence.

Consequently, in spite of his enthusiasm for "industrial growth and the spread of steam engines" (Mendes, 1996, 205), Marreca emphasized the advantages of harmony and complementarity between the two sectors, advocating a balanced growth strategy:

"We must feel happy that manufacturing growth is keeping pace with a plentiful production of grain here. If, as happened some time ago, we lacked grain, the price of bread and the wages of factory workers would rise and it would be impossible to devote ourselves to the huge tasks of manufacturing and still expect reasonable profits. (...) And manufacturing - if we protect it - will create an important demand for agricultural goods, and, thanks to the necessary - providential - payments, will face a demand for its goods due to the numerous workers." (Marreca, 1983, II, 45).

Like Marreca, List defended a balanced growth strategy, a strategy relying on the existence of a dynamic home market which called out for important changes in the agricultural sector: "Agriculture will not attain a high level of prosperity unless it can guarantee the exchange of agricultural goods for manufactures in the future" (List, 1988, 78).

It is therefore no surprise that, while for Germany List supported "a system for the division of land into many arable allotments" (cit. Anson-Meyer, 1982, 142), Marreca maintained that for Portugal: "the best system for us is that of arable allotments, small and medium-size farms, the distribution of our common land amongst hardworking families" (Marreca, 1983, II, 184).

These strong convictions of Marreca were based on the virtues of the domestic market - "the domestic market is the largest market we can depend on" (Marreca, 1983, II, 34) - and often caused him to hesitate in the terms he chose to use to define the desirable path for the Portuguese economy. He gradually tended to abandon the expression "commercial", which he had frequently used in his early writings when he was a supporter of free trade (Marreca, 1983, I, 263).

4.2. Protectionism

The main instrument for ensuring that the nation was correctly heading towards a balanced state of growth was the use of protective tariffs against trade.

The idea was to seek protection against the more powerful economic nations. Like List, Marreca argued that “manufacturing cannot forever be the lasting privilege of some countries” (Marreca, 1983, II, 196) and explicitly rejected an international division of labour imposed by the more advanced and politically influential countries:

“No one has the legitimacy to prescribe to one country that it should become a commercial economy, or to another that it should be an agricultural economy, and to yet another that it should be a manufacturing economy. A person can stay forever in the same productive activity, without moving to another one. (...) However, nations must not guide themselves by this rule.” (Marreca, 1983, II, 49).

According to Marreca, a protectionist policy was the mechanism by which “retarded nations” could change their position in the international division of labour and enforce their interests. But protectionism, based on tariff barriers, should not be either absolute or permanent - “absolute prohibition is to deny trade itself, the obstacle to all progress” (Marreca, 1983, II, 53). However, “tariff barriers restrict foreign competition but not national competition” (Marreca, 1983, II, 53) and “an abundance of low-priced grain from abroad is good for the manufacturing nation” (Marreca, 1983, II, 56). So, these instruments should have an educational role and only be used to protect “infant industries” from external competition: “after some years (...) factories will converge day after day with their foreign competitors in price and quality, [so that] the tariffs that protect them must end.” (Marreca, 1983, II, 29-30). List said exactly the same thing when he stated that “duties must never be used to protect national agricultural production” (List, 1988, 207), and that:

“through effort, skill and frugality any branch of industry can and must become profitable as time goes by; (...) in any agriculturally advanced and civilized nation the use of a moderate level of protection for an infant industry, however imperfect or expensive their products may be at the beginning, will help it to converge rapidly in every aspect towards the perfection of the products of their foreign competitors, through practice and internal competition.” (List, 1988, 33).

This obvious agreement between Marreca and List on this subject was to break down when this doctrine was applied to the historical situation of the Portuguese economy. In a brief reference to Portugal List states that the Portuguese economy, suffocated by its relationship with England, had degenerated to a stage where it was no longer convenient to follow a protectionist policy:

“ History teaches us that nations (...) can and must change their systems according to their own developmental stage: in the first stage, adopting free trade with advanced economies as a means of accomplishing the transition from the barbarian stage and making some progress in agriculture; in the second stage, fostering the growth of manufacturing, of fisheries, of navigation and foreign trade, and adopting some restrictions with this trade. In the first stage we find (...) Portugal; in the second, Germany (...).” (List, 1988, 86).

4.3. State intervention

In his early writings, particularly in the above-mentioned textbook, Marreca showed a deep concern with entrepreneurship and the working of the market system. After 1846 it is quite clear that he no longer accepted the idea that a hidden hand should be a major regulatory mechanism of economic life.

According to his changed views, the state should not only act as the repository of abstract values, such as justice, but also as an active economic agent which could often pursue efficiency more effectively than individuals, i.e. a major force in promoting economic development. As has been said, in Marreca’s approach, development meant a change in economic stage, but the transition from one stage to another was not automatic. It was mainly the result of a voluntaristic intervention by the state, at least as far as the transition from an agricultural nation to an agricultural and manufacturing nation was concerned.

The intervention in order to promote development, an “organizing intervention”, was supposed to take place in a liberal political environment (Marreca, 1983, II, 176). It had to be able to create or regulate economic sectors which were of definite public interest and to promote the above-mentioned balanced growth in different sectors.

Of course, protectionism was an instrument of government intervention, but Marreca advocated an increased economic role on the part of the state. In his opinion, a whole series of economic activities should come under state ownership or at least under its direct control, whenever this represented an efficient means of compensating market failures and fostering economic growth:

“government as a great consumer of manufactures, as a great distributor of incomes, as a great borrower, as a great tax collector, as a great capitalist, as a great protector of production, as a great entrepreneur, as a great road builder, and as a great promoter of technological training, should be responsible for its acts whether for or against the manufacturing sector.” (Marreca, 1983, II, 176).

Among all these activities that the state already performed, Marreca emphasized the importance of its specific intervention in transport networks as a powerful device for the creation of a dynamic domestic market. Surprisingly, in contrast to List, he did not mention railways; he preferred “the building of roads and canals to reduce the costs of transporting goods from the manufacturing to the consumer centres” (Marreca, 1983, II, 44). Obviously this idea was linked to his demand for the abolition of all restrictions on the internal “circulation of goods” (Marreca, 1983, II, 141) and especially of the “exorbitant taxes on consumption (...) whose impact on both agriculture and manufacturing is similar to that of creating an unsuitable environment.” (Marreca, 1983, II, 139).

Another area in which the views of Marreca and List coincided was the subsidizing of the private sector. List supported subsidies, especially those given in favour of “the machine-producing industries” (List, 1988, 210). As for Marreca, he believed that “the firms created after the industrial exhibition of 1844 (...), [were] the factories that had been established with State funding.” (Marreca, 1983, II, 166).

As far as monetary issues were concerned, Marreca advocated that the government should substitute non-existent investment banks and exercise a direct credit policy designed to foster private investment. It should lend money “to active and efficient entrepreneurs” for them to invest at an interest rate of 0%. (Marreca, II, 44). Similarly List wrote: “when entrepreneurial abilities are just awakening (...), the state should lend money and charge no interest.” (List, 1988, 211).

In contrast to List, who suggested a budgetary deficit policy to finance public investment projects, by using “part of the expected revenue from tariff charges to finance those investments” (List, 1988, 288), Marreca was never very explicit about this subject, nor did he ever mention public debt. In his early writings, he adopted orthodox views about budgetary policy. However, in his mature writings, he called both for the abolition of some taxes, namely consumption and industrial taxes (which would be partially offset by external tariffs) and for an expansion of government spending, particularly when arguing that: “the state should be financially responsible for the most expensive works (...) irrigation, draining, canals and road building.” (Marreca, II, 184).

5. The nation and the *Zollverein*

Both List and Marreca had strong nationalistic ideals, which they introduced into their economic blueprints for Germany and Portugal. As is known, the *Zollverein* was a pillar in List’s doctrine of “national economy”, since it was considered a crucial instrument which could accelerate the catching-up process and lay the political foundations of the German state.

Zollverein was considered to be a transitional developmental stage. After some time, when most countries (at least the temperate ones) had reached a similar level of development, the open competition between the large economic blocs would be settled. Thereafter, the whole of humanity would fuse together into a single economic community, due to the spread of international trade.

Small nations had no significant role to play in this process. According to List, a shortage of natural and human resources would deprive them of an efficient use of tariffs and they would be either integrated in economic blocs or absorbed by larger national economies: “a small state will never be able to attain a high level of perfection in the different economic sectors inside its territory. In such a state, protection becomes a mere private monopoly and it will have difficulty in remaining independent (...)”. (List, 1988, 124).

Marreca's political and economic views and proposals differed slightly from List's as far as small countries, and in particular Portugal, were concerned. Marreca agreed that protectionism was not only a question of economic efficiency but a sign of strength in the international political arena - “the issue [the protective duties] (...) is a matter of politics and social interest” (Marreca, 1983, II, 42) - but the *Zollverein* had no place in his doctrine. As was said above, his proposals were analogous to List's in relation to the transport network and the abolition of internal restrictions on circulation, but his narrow nationalism, probably reflecting his hopes for the rebuilding of the Portuguese colonial empire and his fear of Spanish hegemony, prevented him from reasoning in favour of an Iberian *Zollverein*.

Oddly, this scenario was discussed by a number of Portuguese (and Spanish) intellectuals and politicians from quite different ideological tendencies in the 1850s, but Marreca did not mention the topic, clearly avoiding even considering the German case, except for a couple of oblique references.

Both Marreca and List considered the availability of natural resources to be central to the modernization process. No wonder that Marreca repeatedly stated that Portugal had “a very large area where agriculture may unleash all its power and resources” (Marreca, 1983, II, 45). After this statement, Marreca could afford to exclude Portugal from the group of small economies, so that it became a member of the group of “normal nations” (List, 1988, 124). Now he could avoid any discussion about how to overcome the restrictions of the territory and above all ignore and implicitly to reject any reference to the hypothetical Iberian customs union. Marreca did not accept either the Listian idea that the Portuguese economy was in a barbarian stage, and so showed no advantages for the adoption of protectionism, or the idea that it was not able to embark on a successful development process.

Marreca had neither an Iberian policy nor a Continental policy: we can find almost no clear, detailed ideas about the future of either the European or the world economy in the long run. Nonetheless, he once more showed that he had a similar position to List, especially when he admitted the possibility of a future convergence towards a single economic and societal system: “societies progress in accordance with their need for self-preservation and towards a universal community.” (Marreca, 1983, II, 294).

6. Concluding remarks

The works of both Marreca and List achieved their main purpose. Both allowed nationalism to compete with an emergent socialism; both sought to provide an economic basis for a nationalism that, until then, “had neglected the economic sphere” (Szporluk, 1988, 95); and both produced theoretical considerations and prescribed a set of developmentalist policies which showed them to be pioneers of development economics.

As noted below, many features in their different careers brought them together but others divided them. As far as theory is concerned, Marreca underscored the national dimension of political economy and made a critique of the classical school that was quite original in the Portuguese scene, although less systematic and detailed than List's theoretical discourse. Marreca was an up-to-date economist, in spite of his heterodoxy and the fact that he lived somewhat isolated from the main centres of economic theory in his time. He made no claim to be an original thinker or a propounder of new economic theories, and never thought of himself as the forerunner or founder of an eventual Portuguese historical school. The fact that Schumpeter's *History of Economic Analysis* did not mention him is, to a certain extent, further confirmation of his self-evaluation.

Marreca tried mainly to go beyond common-sense analyses and provide some coherence and theoretical grounds for protectionist policies, strengthening the basis for the discussions that had already been going on in Portuguese society for some time. In this sense, he was one of the few theorists of international economic relations who supported protectionism as a privileged policy instrument to promote economic development in the mid 19th century.

He was less rigorous than List when he characterized protectionism and the conditions necessary to introduce it at an advanced developmental stage. The only really significant differences in relation to the policy views of List were the specificities of the road to development to be followed by the small nations, namely Portugal, and his refusal to accept the economic integration exemplified by the German customs union.

Marreca presumed that his views expressed the interests of the whole society in seeking to find a Portuguese road to developed capitalism. In fact, he became a representative of a weak manufacturing bourgeoisie who, needed to influence public opinion, especially in the late 1840s, when once more the Portuguese authorities were about to give in to British commercial interests and sacrifice their expectations of industrial growth.

Like List in Germany, Marreca was highly regarded by his fellow countrymen, even being afforded recognition by some of his fellow economists (Freitas, 1889), and by university professors, (Carneiro, 1850; Sampaio, 1853). But, unlike List, he did not succeed in promoting the formation of contemporary Portuguese policy and was to remain unknown abroad.

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