

RESEARCH ARTICLE

# The political economy of insecure property rights: insights from the Kingdom of Sicily

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## Abstract

How did the evolution of the rule of law become stunted in Sicily during the 19<sup>th</sup> century? The work of economist Yoram Barzel, particularly his property-rights approach to understanding the political economy of state formation, is uniquely suited to understanding the failure of Italy's unification process to secure the rule of law in Sicily during the 19th century. This failure can be explained by a lack of a credible commitment to the rule of law in the state formation process. I argue that this lack of credible commitment manifested itself in the abolition of previously existing parliamentary institutions as an independent collective action mechanism, as well as prior constitutional agreements that existed in the Kingdom of Sicily. The resulting uncertainty over the security and legal definition of property rights over land raised the transaction costs of competing for resources through productive specialization and market exchange. In turn, it reduced the relative costs of competition for land ownership and the use of enforcement through other means, such as rent seeking or organized crime.

**Keywords:** Yoram Barzel; Italian unification; property rights; rule of law; Sicily

## 1. Introduction

Since the publication of Leopoldo Franchetti and Sidney Sonnino's joint investigation of Sicily<sup>1</sup> (1974 [1877]), social scientists have continued to analyze the impact of the Italian unification process upon the political and economic conditions of Sicily during the 19<sup>th</sup> century (Canciullo, 2002; Lecce *et al.*, 2019; Pezzino, 1985, 1987, 1988; Riall, 1992, 1998, 2003; Sabetti, 2002 [1984]). Following Franchetti's account<sup>2</sup> regarding the state's inability to secure property rights in Sicily, recent research has been particularly focused on the emergence of the Sicilian Mafia as an alternative enforcement mechanism of contractual exchange over valuable goods and services (Bandiera, 2003; Buonanno *et al.*, 2015; Catanzaro, 1988; Davis, 1988; Dickie, 2004; Dimico *et al.*, 2017; Gambetta, 1993; Skaperdas, 2001). The primary emphasis of this literature has been to explain a set of institutional *outcomes*, taking a context of weak state enforcement of property rights as already given. These outcomes include not only the emergence of the Sicilian Mafia, but also political competition over state delineation of legal rights<sup>3</sup> to land and other resources, and hence a stunted path toward governance based on the rule of law.

<sup>1</sup>This report combined the separate accounts of Franchetti, entitled *Condizioni Politiche e Amministrative della Sicilia* ("Political and Administrative Conditions of Sicily"), and Sonnino, entitled *I Contadini in Sicilia* ("The Peasants in Sicily").

<sup>2</sup>An important exception has been the work of Filippo Sabetti, whose work follows more directly the particular account of Sonnino, in particular of how Italian unification undermined the informal institutional arrangements that governed land ownership amongst the Sicilian peasantry (see Sabetti, 2002 [1984]).

<sup>3</sup>Barzel makes an important distinction between economic rights and legal rights. Economic rights refer to "the individual's ability, in expected terms, to consume the good (or the services of an asset) directly or consume it indirectly through exchange"

Given the foundational importance of the rule of law to the security of property rights, economic growth, and the development of democratic political institutions, this raises an important question: how did the evolution of the rule of law become stunted in Sicily during the 19<sup>th</sup> century?

This question is particularly important in understanding the origins of the development of Western political institutions, the conditions under which governing authorities are responsive and adaptive to problems of collective action, and hence the political foundations for economic development (see Benson, 1999; Congleton, 2011; Cox *et al.*, 2019; Hough and Grier, 2015; Koyama, 2016; Leeson and Suarez, 2016; North *et al.*, 2009; Olson, 1993; Salter, 2015a, 2015b; Salter and Hall, 2015; Weingast, 1997).

The work of economist Yoram Barzel, particularly his property-rights approach to understanding the political economy of state formation (Barzel, 1997a, 1997b, 2000, 2002; Barzel and Kiser, 1997; Kiser and Barzel, 1991), is uniquely suited to answering the motivating inquiry of this paper. In doing so, I apply and extend Barzel's framework by analyzing the evolutionary advance toward the rule of law in medieval Sicily in three ways. First, as Barzel argues, his property-rights approach to understanding state formation under the rule of law is generalizable across much of Europe from the feudal period until the 19th century (2002: 4). This is consistent and directly applicable to the time period of medieval Sicily being analyzed here.<sup>4</sup> The historical circumstances that prevailed in Sicily prior to the Italian unification process, as depicted by social scientists, precluded the institutional conditions for the rule of law to emerge. For example, as Stergios Skaperdas writes, "[i]t is perhaps then no accident that the Sicilian Mafia grew significantly during the years immediately following the unification of Italy in an area that was previously under authoritarian rule for many centuries and in which republican institutions were unfamiliar compared to other parts of Italy" (2001: 182). In section 2, I address the literature describing the political and economic conditions of medieval Sicily. By placing analytic focus on economic and political outcomes that emerged in Sicily *after* its political absorption into the Italian peninsula, the literature has inferred a set of assumptions about medieval Sicily that are inconsistent with historical facts, which, as a result, are left unexplained. For example, if indeed medieval Sicily was authoritarian, then how could parliamentary and constitutional arrangements emerge in the Kingdom of Sicily?

Second, taking such historical facts as given, in section 3, I apply Barzel's theoretical framework. I do so by explaining the origins of the rule of law in Sicily from its initial Norman conquest during the 11<sup>th</sup> century.<sup>5</sup> Barzel provides a theoretical framework for understanding how the rule of law can gradually emerge from an initially authoritarian political environment. The basis for this process is rooted in the self-interest of the ruler, who faces a tradeoff between personal wealth and security.<sup>6</sup> The more that the ruler feels secure from potential overthrow from his or her subjects, the more willingly he or she will allow their subjects to trade and accumulate wealth without feeling threatened. Therefore, political institutions, such as parliament, emerge as a means through which a ruler can credibly commit to securing the property rights of their subjects. A secure ruler will allow a parliament to meet regularly in order to serve as a collective action mechanism<sup>7</sup> that constrains its ability to confiscate the wealth of his or her subjects. This process constitutes an evolution toward the rule of law. Furthermore, I explain the subsequent evolution of political institutions, including the Sicilian Parliament, constitutional arrangements, and property rights institutions in the Kingdom of Sicily.

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(emphasis original, Barzel, 1997a: 3; see also Barzel, 2002: 15), whereas legal rights are the subset of economic rights "*recognized and enforced, in part, by the government*" (emphasis original, Barzel, 1997a: 4; see also Barzel, 2002: 157; Barzel, 2015).

<sup>4</sup>Though there are no exact dates defining this period, I use the term "medieval Sicily" to refer to the period between the Norman conquest of Sicily in the 11<sup>th</sup> century and the abolition of feudalism in 1812.

<sup>5</sup>My analysis serves to complement Barzel's empirical application of his theory to understanding the origins of the rule of law in England (see Barzel, 1997a, 1997b; Barzel and Kiser, 1997; Kiser and Barzel, 1991).

<sup>6</sup>Allen and Leeson (2015) similarly employ a tradeoff to explain England's adoption of longbow military technology in medieval England. However, their argument is based on a tradeoff between the internal and external security of a ruler, not between personal security and personal wealth.

<sup>7</sup>According to Barzel, collective action "*consists in simultaneous actions by a number of individuals*" (emphasis original, 2002: 114).

Third, as Barzel notes, his property-rights approach to the theory of the state mainly emphasizes advances in the rule of law, not setbacks (Barzel 2000: 3). Section 4 contributes to this underemphasized aspect of Barzel's approach by providing an empirical illustration of when such a setback to the rule of law emerges. When exogenous changes undermine the security of a regime, it will induce a ruler to abrogate prior agreements consistent with the rule of law. The failure of the Italian unification process to secure and enforce property rights in Sicily during the 19<sup>th</sup> century can be explained by the lack of a credible commitment to the rule of law in the state formation process. Following Barzel, I argue that this lack of credible commitment manifested itself in the abolition of previously existing parliamentary institutions as an independent collective action mechanism as well as prior constitutional agreements regarding the abolition of feudalism. The resulting uncertainty over the legal definition of property rights over land raised the transaction costs<sup>8</sup> of competing for resources through productive specialization and exchange, thereby reducing the relative costs of competition for land ownership and the use of enforcement through violent means, such as rent-seeking or organized crime. Section 5 concludes with implications for future research.

## 2. Barzel and the security of property rights in Sicily: incapacity of enforcement or enforcement incapacitated?

Barzel's work on the political economy of property rights provides an important theoretical basis from which to contribute to two distinct, though complementary hypotheses regarding the *cause* of poor property rights enforcement in Sicily during the 19<sup>th</sup> century. To the extent that the security and enforcement of property rights are predicated on the rule of law, what both hypotheses have in common is that they take the preexisting political conditions of medieval Sicily, prior to the Italian unification process, as lacking any foundational basis for the rule of law, thereby precluding secure property rights. However, the fundamental issue that I address with both hypotheses is that they are based on assumptions that are regarded as exogenous to their analysis, but in fact are endogenous to the very outcomes they are describing.

The first hypothesis stresses the lack of preexisting state capacity to secure and enforce property rights. Broadly speaking, state capacity refers not just to the ability of state collect revenue for the provision of public goods (Tilly, 1975). It also includes the ability of the state to secure property rights and enforce contracts (Besley and Persson, 2009, 2010; see also Acemoglu *et al.*, 2015; Geloso and Salter, 2018; Johnson and Koyama, 2014, 2017, 2019; Piano, 2019).

From a Barzelian perspective, a political regime that possesses state capacity is characterized by two outcomes. First, it will have the coercive ability to enforce those legal rights that it chooses to delineate, thereby enhancing economic rights over such goods.<sup>9</sup> For example, if a farmer is granted legal title to land, the farmer's economic rights can be enhanced directly from increased consumption derived from greater specialization in farming, rather than expending resources and effort to protect the land itself. Or, by recognizing legal title to such land, it can also be used in exchange as collateral from which to borrow and invest in capital that enhances the land's productivity. Second, given that legal rights constitute a subset of all property rights, the remaining economic rights are delineated through the process of voluntary exchange. Therefore, state capacity, from a property rights perspective, exists when the state specializes as the ultimate, though not exclusive, provider of violence for the legal enforcement of property rights (Barzel, 2002: 4), and as a result, the remaining economic property rights tend to be defined *as a by-product of productive specialization*, rather than non-state actors specializing in protection itself.<sup>10</sup> Fundamentally, such positive-sum outcomes are predicated on the existence of the rule of law in the first place.

<sup>8</sup>Barzel follows economist Douglas Allen in defining transaction costs as "the resources used to establish and maintain property (i.e. economic) rights" (emphasis original, 2002: 15, fn. 7; see Allen, 1991).

<sup>9</sup>But as Hodgson (2015) has argued, a dysfunctional state also has the capacity to devalue economic rights.

<sup>10</sup>When economic rights to goods and services are imperfectly delineated, residual claimants to the exchange will be directly incentivized to minimize the expenditure of resources in the delineation of goods being exchanged, thereby maximizing the rents obtained in the exchange process (see Anderson and Hill, 1983: 439; Anderson and Hill, 2004: 8). Armen Alchian

To the extent that I reframe state capacity theory in terms of Barzel's theory of state, my analysis also builds on Boettke and Candela (2019), who argue that the positive relationship between state capacity and secure property rights is proximate, not fundamental. From a Barzelian perspective, both state capacity and property rights enforcement are fundamentally *by-products* of a long process of political development, whereby predefined rules that constrain a ruler's capacity to confiscate the resources of his or her subjects are gradually accumulated overtime. A set of events that set back the evolution toward the rule of law will in turn undermine a state's capacity to secure and enforce property rights.<sup>11</sup>

A broad overview of this vast and growing literature on state capacity is beyond the scope of this paper. That being said, I will briefly illustrate how Barzel's theory of the state differs from that of Olson (1993), the reason being that Barzel himself claims that Olson's work most closely resembles his own theory (Barzel, 2000: 28; Barzel, 2002: 8). What distinguishes Barzel's theory of the state is that it *explains* the emergence of the preconditions of the rule of law as endogenous to an exchange between a ruler and its subjects (Barzel, 2000: 28), rather than presupposing that such preconditions, including parliamentary institutions, are already given.

Olson's famous distinction between a "stationary bandit" and a "roving bandit" provides a powerful argument explaining the conditions under which a ruler will behave in accordance with the rule of law. However, the argument implicitly assumes a set of conditions in which the rule of law already exists. In a world of roving banditry, a political ruler will have little incentive to invest in activities that are consistent with state capacity. Only when a bandit has settled down will they be incentivized to invest in the provision of public goods that encourage individuals to accumulate wealth, rather than concealing it from confiscation. However, Olson admits that his stationary bandit argument is a necessary, though not a sufficient condition for the rule of law (Olson, 1993: 573). Ultimately, Olson argues that "autocracy is prevented and democracy permitted *by the accidents of history* that leave a balance of power or stalemate – a dispersion of force and resources that makes it impossible for any one leader or group to overpower all of the others" (emphasis added, Olson, 1993: 573). Thus, implicit to Olson's thesis regarding the political and economic foundations of development is a *description* of the preconditions for the rule of law, not an *explanation* of how such conditions emerge over time.<sup>12</sup>

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and William Allen draw a similar distinction, between what they refer to as the "creation" and the "operation" of property rights (1972: 243). The former pertains to the legal assignment and enforcement by government authority; the latter refers to the process of discovering previously unnoticed attributes, which result in a more complete definition of a particular bundle of property rights. Positive transaction costs preclude the complete definition and enforcement of all the attributes of such rights by government. However, it is the operation of property rights after their creation that leads to the discovery of those previously unnoticed attributes to a particular bundle of property rights, the by-product of which is a reduction of transaction costs between parties to an exchange. On this point, see a recent analysis by Murtazashvili and Murtazashvili (2019) and Cai, Murtazashvili, and Murtazashvili (2019) on the political economy of legal titling, as well as Piano and Rouanet (2018).

<sup>11</sup>Acemoglu and Robinson (2012: 79–83) make the distinction between "inclusive political institutions" that are centralized and pluralistic, consistent with the enforcement of property rights throughout society, and "extractive political institutions," which concentrate power among a narrow elite without credible constraints on the exercise of political discretion. Though they would regard inclusive political institutions as dependent on state capacity, from a Barzelian perspective, state capacity as well as inclusive political institutions are a consequence, not a cause, of binding constraints on a ruler. To the extent that such predefined constraints on a ruler's discretion do not exist, inclusive political institutions will degenerate into extractive political institutions.

<sup>12</sup>The accounts given by North and Weingast (1989), North *et al.* (2009), and Acemoglu and Robinson (2016) are similar to that of Olson in the sense that they implicitly presuppose the institutional underpinnings required for political and economic development as a set of initial conditions for their analysis. For example, North and Weingast (1989) illustrate how a credible commitment to rules was established as a result of the Glorious Revolution, which thereafter constrained the discretion of the English Crown. However, such an outcome was contingent, as Barzel (2000: 35) would argue, on the existence of a collective action mechanism with sufficient power to oppose the ruler in the first place (see also Barzel, 2002: 115). North *et al.* do argue that the "problem with this approach is that it begins by assuming elements that *were actually end products of the process*" (emphasis added, 2009: 241). Yet their description of the transition to an "open access order" is ironically one in which the "doorstep conditions" are already in place, such as was the case in Britain, France, and the United States in the early 19th century.

Directly relevant to our discussion of Barzel and the application of his framework to Sicily is the work of Daniel Ziblatt. In his important work comparing German and Italian unification during the 19<sup>th</sup> century, Ziblatt argues that in Italy, “before national unification, the states that Piedmont<sup>13</sup> inherited possessed limited institutional capacity to do the work of modern governance” (emphasis original, 2006: 80). These included the lack of (1) the ability to maintain civil order, (2) the ability to tax resources effectively for the provision of public goods, and (3) the ability to implement policy goals (2006: 80).

The underlying premise of his argument is that if preexisting subnational units of governance, which serve as the building blocks of state capacity, “are patrimonial states lacking constitutions, parliaments, and rationalized systems of administration, negotiation usually breaks down and the prospects of self-governance after state formation are limited, leading the way to unitary political institutions. When annexed, these states lack basic governance capacity vis-à-vis their own societies” (Ziblatt, 2004: 78). Given that medieval Sicily lacked the institutional prerequisites for its own governance, “it was *only* Piedmont that had the *state capacity* to carry out the unification of Italy” (emphasis original, 2006: 72).

The fundamental problem with Ziblatt’s argument is that the underlying premise taken to be exogenous to his argument is actually endogenous to the very process he is attempting to explain. Therefore, the lack of state capacity was a consequence of the Italian unification process eliminating the institutional conditions for the rule of law, and thereby undermining the security of property rights – not the lack of such institutional conditions in the first place. By not taking into account that state capacity, from a Barzelian perspective, is predicated on the rule of law, Ziblatt’s analysis defines away the very problem he is trying to explain, namely how the political process of Italian unification had eliminated the preconditions for state capacity.

The second hypothesis, advanced by Robert Putnam, takes Sicily’s conquest by the Normans of the 11th century as an initial condition from which a low-trust path dependence took hold.<sup>14</sup> Given, as Putnam suggests, that “*both states and markets operate more efficiently in civic settings*” (emphasis original, 1993: 181), the autocratic nature of Norman rule crowded out not only the generalized norms of trust, reciprocity, and civic engagement required for voluntary exchange under anonymity, but also the preconditions for the evolution of modern democratic institutions.<sup>15</sup> Thus, given this “pervasive lack of trust and security, ensured neither by the state nor by civic norms or networks, *mafiosi* (and their counterparts elsewhere in the south) provided a kind of privatized Leviathan” (Putnam, 1993: 146–147) to fill the institutional vacuum left after the formal abolition of feudalism in 1812. Following Franchetti (1993 [1877]), not only Gambetta (1993), but also more recently Buonanno *et al.* (2015: F180), specifically emphasize that the abolition of feudalism was a prerequisite for the insecurity of property rights in Sicily. However, it was not the abolition of feudalism *per se* that resulted in uncertainty over the state enforcement of property rights, but, as I will argue in section 4, the lack of a credible commitment to abolish feudalism that resulted in insecure property rights in Sicily.

Though there have been various critiques leveled against Putnam’s historical account of southern Italy (Cohn, 1994; Tarrow, 1996), the puzzle raised by Goldberg’s review of Putnam is particularly relevant. Given that historians have regarded Norman conquest in the 11<sup>th</sup> century as analytic starting points of feudalism for both of Sicily and England, and that in *both* cases, the initial conditions of

<sup>13</sup>With respect to Sicily, this political unification process took place in two main stages. First, Sicily was absorbed into the Kingdom of the Two Sicilies in 1816, which lasted until 1861. After 1861, the Kingdom of the Two Sicilies was annexed by the Kingdom of Piedmont, the latter being the nucleus state around which the Kingdom of Italy was unified. Though the focus of this paper is primarily on the political and economic institutions of the Kingdom of Sicily preceding 1816, the analysis also applies to the first stage of the Italian unification process. In the historical literature on Italy, the Kingdom of Piedmont refers synonymously with the Kingdom of Sardinia, which was located in current-day northwestern Italy.

<sup>14</sup>See Guiso, Sapienza, and Zingales (2016) for a recent contribution that builds on Putnam’s thesis.

<sup>15</sup>According to Putnam, a “high-performance democratic institution must be both responsive and effective: sensitive to the demands of its constituents and effective in using limited resources to address those demands” (1993: 9).

Norman governance are depicted as being absolutist, what then explains England's evolutionary path toward the rule of law, and the relative lack thereof in Sicily? As Goldberg states:

Although I am not convinced that there is anything for the discussion of medieval history to explain in contemporary Italy, Putnam's introduction of the Norman Kingdom forces us to address the methodological issue of teleology ... In the context of European history *it is necessary first to address comparative medieval Norman kingdoms*<sup>16</sup> *and only then comparative contemporary outcomes. Because very similar dynastic structures are imposed in two very different initial conditions and yield very different historic outcomes* I am not convinced Norman-ness counts for much. (Emphasis added, 1996: 13)

Whereas Putnam regards the Norman conquest of Sicily as an initial condition from which a low-trust path dependence took hold, Barzel's theoretical approach would instead regard this as the initial starting point from which an evolution toward the rule of law emerged. Barzel's work with Edgar Kiser on medieval political and economic institutions in England illustrates why this is the case, and therefore provides an important empirical benchmark to complement my explanation of how the path toward the rule of law later became stunted in 19<sup>th</sup>-century Sicily.

It may very well be that a lack of state capacity or a lack of social capital *describe* the difference in economic and political *outcomes* between northern and southern Italy, in particular Sicily. However, one way to reframe this point, from a Barzelian perspective, is that to the extent that relative poverty and political disorder in Sicily can be attributed to a lack of state capacity or of social capital, these are *proximate* causes, which *fundamentally* originated as a by-product of a failure to establish a credible commitment to the rule of law during Sicily's political absorption into the Italian peninsula throughout the early 19<sup>th</sup> century.<sup>17</sup> By understanding the preexisting institutional arrangements that prevailed in the Kingdom of Sicily prior to the Italian unification process, and how collective action mechanisms that were necessary for the emergence of the rule of law were eliminated by that process, we can then understand that the uncertainty that emerged in the enforcement and security of property rights in Sicily was not due to the abolition of feudalism per se. Rather, the lack of enforcement of legally defined rights resulted from a failure to credibly constrain state actors from exercising their own political discretion in the allocation of property rights *prior* to abolishing feudal institutions.

### 3. The evolution of political institutions and property rights institutions in feudal Sicily

The Norman rule of Sicily, and southern Italy south of the Papal States, began in the late 11<sup>th</sup> century with Roger I, also known as "The Great Count of Sicily" (Berman, 1983: 410), originally from Normandy. However, the Norman Kingdom of Sicily begins with the coronation of his son, Roger II, in 1130 (Mack Smith, 1988 [1968]: 24, 26). "As commonly presented in almost any book," historian Donald Matthew writes, "the Norman monarchy of Sicily is likewise seen as an authoritative, centralising monarchy with a precocious administrative machine at its disposal" (Matthew, 1992: 35; see also Putnam, 1993: 123). Given that social scientists across various disciplines have also taken absolutism to have been the norm in feudal Sicily, beginning with the Norman conquest from Arab rule provides an appropriate point of departure for my analysis. However historically inaccurate it may be to depict a ruler as completely autocratic or absolutist,<sup>18</sup> from an analytical standpoint, it provides a useful starting point to understand why, if indeed a dictator has initially acquired absolutist rule, he or she will

<sup>16</sup>See Haskins (1911a, 1911b) for a comparative history of the Norman kingdoms in England and Sicily and their similarities in judicial, fiscal, and feudal arrangements.

<sup>17</sup>On this point, see also Leeson (2014: 201).

<sup>18</sup>For example, a noted exception to this generalization was made by Harold Berman, who states that even "where a theory of tyranny was asserted, as in the Norman Kingdom of Sicily, such practical limitations on royal power were substantial" (1983: 408). My purpose is to explain, using Barzel's framework, how such limitations on royal power emerged in the first place.

cede power to its subjects by allowing institutions to emerge that place checks on his or her discretion.<sup>19</sup> In order to understand how this evolutionary process manifested itself in the Kingdom of Sicily, it is first necessary to briefly outline Barzel's theory regarding the evolution of the rule of law and the proto-democratic<sup>20</sup> basis for modern democratic institutions.

Central to the security of property rights is the institutional transition from an autocratic political regime to one based on the rule of law. This institutional transition is inherently defined by the problem of credible commitment on the part of rulers to constrain themselves from exercising political discretion.<sup>21</sup> This requires an enforcement mechanism that is independent of a ruler, and checks his or her power. "The most decisive step in the creation of independent enforcement," Barzel argues, "is the formation of a collective action mechanism with sufficient power to oppose the ruler" (2000: 35; see also Barzel, 2002: 115).

In a zero transaction cost world, a dictator could perfectly capture the net value of his subjects' resources. However, given positive transaction costs, all rulers face a relative tradeoff between personal security and personal wealth (Barzel, 2000: 25). Consistent with this tradeoff, once a ruler has secured the conquest of a particular territory and its subjects, they will relax the imposition of restrictions that limit their subjects' ability to accumulate wealth (Barzel, 2000: 32; Kiser and Barzel, 1991: 399). For example, securing the legal right to contract and trade resources between the ruler's subjects facilitates exchange and productive specialization, increasing the wealth base from which a ruler can tax its subjects. Such wealth accumulation, however, is dependent on residual claimancy, such that subjects can reliably expect to exploit their variability in output, *and* that the ruler can reliably expect to bear the cost of collective action triggered by the threat of confiscation. This implies, however, a credible commitment on the part of the ruler to enforce property rights, and not confiscate wealth.

Absolute rulers who have just established their jurisdiction over their territory can rely neither on third-party enforcement nor on any precedent to establish such a credible commitment. Given the expected long-term gain from repeated interaction, which outweighs the present discounted value of confiscation, a secure ruler will provide the means by which to constrain himself via independent collective action from their subjects. The establishment of a parliament with voting institutions is an important, though not the only, illustration of this (Barzel and Kiser, 1997: 247). The more secure a ruler becomes, the more they will contract with their subjects, the unintended consequence being an advance toward the rule of law and democratic institutions, which emerges from the self-interest of rulers and their subjects (Barzel and Kiser, 1997: 244; Kiser and Barzel, 1991: 398). By providing an organizational basis for collective action, the establishment of voting institutions through parliament will enhance confidence that the king will not confiscate resources from his subjects.

### *From the establishment of the Sicilian parliament to the Sicilian vespers*

The establishment of the Kingdom of Sicily with the coronation of Roger II coincided with the establishment of the Sicilian parliament in 1130 (Koenigsberger, 1951: 149; Montigore, 1749: 24; Spata, 1865: 5). Some historians, such as Mack Smith, however, have understood the existence of parliament as "not a restriction on the King but an emanation of the royal will" (1988 [1968]: 28). However, there

<sup>19</sup>Similarly, Barzel and Kiser argue the following: "No ruler is totally absolute ... but that is not required for the model to work. We choose to begin with an absolute ruler for *analytic simplicity*" (emphasis added, 1997: 247, fn. 2). Reinforcing this point, Barzel writes elsewhere that the "starting point of absolute rule by a single person greatly simplifies the specification of the objectives of the ruling body. Beginning at the onset, rather than in mid-stream of the evolving institutions, makes it easier to determine the direction of causality in the main relationships being studied ... Finally, beginning with dictatorship also makes it clear that the third-party enforcement associated with the rule of law must be preceded by collective action" (2000: 27).

<sup>20</sup>Proto-democratic institutions are those institutions that provide rights to a subset of subjects, such as a political elite. Such proto-democratic institutions include voting rights over taxation (see Kiser and Barzel, 1991: 396–397).

<sup>21</sup>On the importance of credible commitment to political rules for transitional political economy, see North and Weingast (1989), Boettke (1993, 2001, 2008–2009) as well as Candela and Piano (2018).

are two issues with this claim. First, it presumes that “the only thing that rulers and other actors are maximizing is power and that the interests of rulers and subjects generally conflict” (Kiser and Barzel, 1991: 397; see also Barzel and Kiser, 1997: 245). Second, it neglects the fact that the existence of such a collective action mechanism “made it easier for subjects to impose sanctions on the ruler” (Barzel, 2000: 37). Historical facts support these two points.

First, like other medieval parliaments, the Sicilian parliament was established for the purpose of obtaining consent for taxation<sup>22</sup> (Koenigsberger, 1951: 149). In exchange, Sicilian barons received not only voting rights on taxation, or *donativi* (donations), but also the privilege to administer justice and governance (*mero e misto imperio*) over their respective fiefs, or *latifundi*, the ownership from which they derived income in exchange for protecting the peasantry residing on their feudal land (Epstein, 1992: 331–332). This institutional arrangement governing the bundled nature of economic property rights and political jurisdiction would continue into the era of Hohenstaufen, Angevin, Aragonese, and later Spanish and Neapolitan Bourbon rule. Absent third-party enforcement, such a contractual arrangement had to be self-enforcing but was by no means static or without contestation from the Crown. It evolved and adapted to the circumstances of time and place.

This brings us to the second point, which is that the Sicilian parliament exercised its power as a collective action mechanism to place a check on absolutism. With the death of King Frederick II of the Hohenstaufen dynasty in 1250, his son, Manfred, ascended to the throne of Sicily.<sup>23</sup> However, Pope Urban IV would throw his support behind Charles of Anjou, a Frenchman of the Angevin dynasty, declaring a holy war in support of Charles’s conquest of Sicily over Manfred (Berman, 1983: 413–414; Mack Smith, 1988 [1968]: 67). Ascending to the throne in 1266, Charles took several measures that would lead to his deposition. He circumvented the custom whereby the King of Sicily was coronated by baronial election in Palermo. Visiting the island only once, he ruled from the city of Naples, rather than the traditional capital of Palermo. Perhaps most importantly, he circumvented parliamentary authority by resorting to forced loans and taxation, neither convening parliament nor acquiring parliamentary consent. Such affronts to the Sicilian barons would result in an uprising against King Charles in 1282, in what is known as the Sicilian Vespers, which “marked another stage in the victory of a feudal aristocracy over the centralised monarchy” (Mack Smith, 1988 [1968]: 73).

The consequences of the Sicilian Vespers would have a profound effect not only on the political relationship between the king and the Sicilian barons, but also on the rules governing property rights. The Sicilian Vespers would result in the expulsion of Charles and Angevin French rule from Sicily, severing the Kingdom of Sicily into two kingdoms; Charles and his successors would be confined to the Italian peninsula south of the Papal States, henceforth known as the Kingdom of Naples. Only after the conclusion of the Napoleonic Wars in 1815 would these two kingdoms be reunited as the Kingdom of the Two Sicilies. Charles’s overthrow, and the Sicilian parliament’s reassertion of authority, would be aided by the invitation of King Peter of Aragon, who would be coronated by baronial election in parliament in 1282 (Mack Smith, 1988 [1968]: 74; Montigore, 1749: 39).

### *Constitutional exchange between kings and barons: the emergence of property rights and voting rights*

The rise of Aragonese rule in Sicily would be marked by increased internal stability between the king and barons. Secure in their rule, the period between the late 13<sup>th</sup> and 16<sup>th</sup> centuries was marked by increased contracting between the King of Sicily and the constituents of the Sicilian parliament. By the 16<sup>th</sup> century, the institutional arrangements governing political decision making, such as voting rights and those institutions governing the exchange of property rights, had evolved into a form

<sup>22</sup>Like its English counterpart, the early assemblies that evolved into the parliament “were not democratic bodies representing the public, nor did they always consist of the most powerful individuals in the realm” (Barzel and Kiser, 1997: 251).

<sup>23</sup>Manfred would initially serve as regent to Conradin and would be crowned King of Sicily in Palermo in 1258 (Mack Smith, 1988 [1968]: 66).

that would remain until the early 19<sup>th</sup> century (Crawley, 1940: 254; Epstein, 1992: 391; Koenigsberger, 1951: 150). As part of the political settlement following the Sicilian Vespers, King James I of Sicily<sup>24</sup> and his successor, King Frederick III, implemented a set of constitutional limits on direct taxation, which were known as the *Capitulorum Regni Siciliae* or *Capitoli del Regno*<sup>25</sup> (Epstein, 1992: 375, 391). “The chapters that were enacted by Parliament in Palermo after the Coronation of Frederick were the *Magna Charta* of the island”<sup>26</sup> (emphasis original, Spata, 1865: 9). The acts, or chapters, outlined in the *Capitoli* stipulated that direct taxes (*donativi*) could be collected only with the consent of parliament (Spata, 1865: 11) and that declarations of war and peace cannot occur without its assent<sup>27</sup> (Koenigsberger, 1951: 149).

Consistent with Barzel’s thesis, as a ruler becomes more secure, he or she will grant their subjects more economic freedom, including the ability to contract and exchange property rights between themselves. This is consistent with the evolution of property rights institutions in Sicily after the Norman conquest. According to Backman (1995: 158), Roger II had regarded his kingdom as his personal possession, with landholdings being granted to barons in exchange for military service, constituting the original basis for feudal landholding. Moreover, royal law prohibited the alienation of *latifondi* by these nobles. This prohibition had been codified into a set of decrees, promulgated in 1231 by Frederick II, in what is known as the *Liber Augustalis*, or the Constitutions of Melfi. As stated in Title V, Chapter 57, Third Book of the *Liber Augustalis*, “[b]y this edictal law, which will be perpetually valid, we forbid all the *fideles* of our kingdom, counts, barons, knights, or any other person or cleric to dare to transfer property” (see Powell, 1971 [1231]: 108).

However, the promulgation of the *Lex Volentes* in 1296 by Frederick III “was the most important institutional shift regarding rural Sicily since the Norman conquest” (Backman, 1995: 162). The *Lex Volentes*, in effect, overturned the previous prohibition on the alienation of fiefs, and “legalized the sale of whole fiefs to individuals of ‘equal or greater dignity’ than the seller. The actual effect of this law – particularly from the mid-fourteenth century, and increasingly during the fifteenth – was to accelerate the circulation and fragmentation of ‘feudal’ land, at first only among the aristocracy, but also increasingly among urban nobility, merchants, and high government officials” (Epstein, 1992: 165; see also Backman, 1995: 167).

Thereafter, baronial title, including the privilege of *mero e misto imperio* over *latifundi*, would become a function of ownership, not just heredity.

Ownership over feudal estates granted nobles not only property rights in land, but also voting rights in parliament. The Sicilian parliament had been divided up into three houses, or *bracci* (“arms”), modeled from the *brazos* of the Aragonese *Cortes*. The first branch was known as the *braccio ecclesiastico*, which consisted of the archbishops, bishops, and abbots. These high clergymen were not members of parliament by virtue of their status in the Catholic Church, but by virtue of their ownership of ecclesiastical feudal estates. The second branch of parliament was the *braccio militare*, whose membership was confined to barons holding fiefs directly from the king. Like their ecclesiastical counterparts, their membership was not by virtue of hereditary title, but by virtue of ownership of a baronial estate. The *braccio demaniale*, which was the wealthiest of the three branches, was analogous to the English House of Commons. It contained the representatives from those towns, which remained directly subject to the king, independent of any feudal estates<sup>28</sup> (Crawley, 1940: 254; Koenigsberger, 1951: 150–151;

<sup>24</sup>He was also King James II of Aragon.

<sup>25</sup>Translated as “Chapters of the Kingdom.” All translation was made by the author of the paper.

<sup>26</sup>In the original text, *Magna Carta* is spelled “*Magna Charta*.”

<sup>27</sup>Such evidence reinforces a point made by Mark Koyama, who states that “the ideas behind *Magna Carta* were not unique to England, but common in 13<sup>th</sup>-century Europe, the product of a shared culture and atmosphere as well as similar economic and political conditions” (2016: 34–35).

<sup>28</sup>The figures vary, but by the late 18<sup>th</sup> century, the *braccio ecclesiastico* consisted of three archbishops, six or seven bishops, and roughly 40 to 50 abbots, while the *braccio militare* consisted of 124 barons (including 50 princes and 20 dukes) and the *braccio demaniale* consisted of roughly 40 to 45 towns and royal domains (Crawley, 1940: 254; Koenigsberger, 1951: 151; Mack Smith, 1988 [1968]: 125; Montigore, 1749: 70). According to Rosselli (2008 [1956]: 172), by 1810, the *braccio*

Mack Smith, 1988 [1968]: 124–126). Vote allocation in parliament was proportional to ownership of land. Thus, in parliament, barons could possess a plurality of votes based on the number of fiefs they possessed, whereas in the *braccio demaniale*, a town possessed only one vote, even if it sent multiple representatives to parliament. As the barons acquired additional fiefs, and, consistent with Barzel’s theory of vote allocation,<sup>29</sup> “as land rose in value, the number of votes and the membership of the *braccio [militare]* increased” (emphasis original, Koenigsberger, 1951: 151).

Like its English counterpart, voting institutions in the Sicilian Parliament developed in order to facilitate cooperation between the king and his subjects, “whose cooperation was desired for certain projects” (Barzel and Kiser, 1997: 251). For example, Mack Smith (1988 [1968]: 130) indicates that *donativi* were voted on not just for financing military expenditures; Montigore (1749: 481), for example, writes that in the parliament convened in 1591, *donativi* were also voted on for non-military expenditures, such as the construction of bridges. Moreover, Sicily, like England, developed national-level voting institutions, which “is the result of the relative homogeneity and the unity provided by the Norman conquest” (Barzel and Kiser, 1997: 256).

One notable difference, however, between voting institutions in England and those in Sicily was the frequency with which parliament convened. A secure ruler will not be threatened by frequent meetings of parliament to vote on taxes, since repeated interaction enhances cooperation between his subjects, thus increasing the costs of confiscation (Barzel and Kiser, 1997: 248). The Sicilian parliament from the 16<sup>th</sup> century onward would convene significantly less frequently than its English counterpart, an average of one meeting every three to four years (Crawley, 1940: 254; Mack Smith 1988 [1968]: 127). According to Montigore (1749), however, the level of frequency is higher. Between 1446 and 1636, Montigore accounts for 78 meetings of parliament. Yet both these figures are significantly lower than the frequency with which the English parliament met. However, to offset this relative infrequency, other institutions emerged to facilitate cooperation and reinforce collective action by parliament. In between sessions of parliament, a committee known as *Deputazione del Regno*, or the “Deputation of the Kingdom,” emerged during the 15<sup>th</sup> century for the purpose of monitoring the expenditure of *donativi* as well as serving a check against the violation of *Capitoli del Regno* (Mack Smith, 1988 [1968]: 131–132; Montigore, 1749: 81–82). Except for the granting of *donativi*, “the Deputation enjoyed the same powers as Parliament itself” (Koenigsberger, 1951: 159).

The existence of Parliament in the Kingdom of Sicily, as well as other constitutional arrangements, counters the claim that feudal Sicily was ever completely autocratic or lacked any basis for the emergence of modern democratic institutions. In Sicily, as was the case in other parts of Europe, “the rule of law and protodemocracy evolved as an unintended consequence of selfinterested wealth-maximizing behavior of rulers and their subjects” (Kiser and Barzel, 1991: 398). How this long process of evolution toward the rule of law later was set back in the 19<sup>th</sup> century is discussed in the next section.

#### 4. The effect of political unification on property rights enforcement in Sicily

As was stated in section 3, the *Lex Volentes* had allowed for the alienability of *latifondi*. However, the bundled and entangled nature of feudal rights to land placed restrictions on its salability (Canciullo, 2002: 41, fn. 1). As was the case in England (see Hodgson, 2017), such restrictions on alienability in Sicily included entails (*fidcommessi*) and common property rights (*usi civici*). Such entails enforced primogeniture, which ensured that the eldest son of its owner inherited a fief. However, such entails continued to exist due to support from the barons (Rosselli, 2008 [1956]: 80). Under Sicilian feudalism, the protection of common property rights was subject to an agreement by the barons and the peasants residing within a fief. This agreement, which became known as the Pact of the Land or

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*ecclesiastico* consisted of 60 to 66 total members, the *braccio militare* consisted of 277 members, and the *braccio demaniale* consisted of 44 members.

<sup>29</sup>As Barzel argues, “collective-action mechanisms will be based on vote allocations and assessments proportionate to the values of individuals’ holdings” (2002: 128).

the Chapters of the Land (Sabetti, 2002 [1984]: 33), represented the constitution of the fief. In theory, the abrogation of common property rights required the unanimous consent of all inhabitants on a respective fief (Koenigsberger, 1951: 78). In practice, “economic need served to check baronial excesses upon their local subjects, since egregious demands would only aggravate rural flight” (Backman, 1995: 159). A scarcity of agricultural labor relative to land, particularly after the Black Death, as well as the individual mobility of inhabitants, was an important constraint that put checks on the discretionary rule of the Sicilian aristocracy (Epstein, 1992: 319; see also North and Thomas, 1971). Although many fiefs had written constitutions, by “the eighteenth century, the basic rights and duties of villagers and barons and the facilities to determine, enforce, and alter them had become so widespread and recognized that some fiefs were peopled without written agreements” (Sabetti, 2002 [1984]: 35).

From the 15<sup>th</sup> century and thereafter, a movement of internal colonization of uncultivated land as well as an increasing population on the island resulted in increased pressure to enclose commonly held lands. The disentangling of the feudal nature of property rights, as well as the resolution to enclose common lands, is an evolutionary process that requires a credible commitment to such a process. Though parliament instigated the abolition of feudalism in Sicily, external political intervention from the Kingdom of Naples would later stunt this process, specifically by undermining parliament’s authority as a collective action mechanism.

According to Barzel, a drastic, exogenous change “may negate all that was achieved before and wipe out all the past progress of the rule of law, requiring a fresh start” (Barzel, 2000: 39). Moreover, if such an exogenous change comes from an insecure ruler, we should expect such a change to be one that results in a restriction of economic freedoms, such as the exchange of property rights. This expectation is consistent with the events that transpired in Sicily after 1759, when King Ferdinand IV of Naples also became King Ferdinand III of Sicily in 1759. In effect, though under different governments, the Kingdom of Naples and the Kingdom of Sicily underwent a regal union.

Thereafter, a policy of centralization was initiated by the Viceroy of Sicily, Domenico Caracciolo, who was appointed by Naples in 1781. Caracciolo initiated a policy of attenuating the *Lex Volentes* as well as the baronial prerogative of *mero e misto imperio* to erode baronial power in Sicily. With their political rents in jeopardy, Sicily’s barons seized the opportunity to abolish feudalism once the island had become shielded from Neapolitan rule by British occupation during the Napoleonic Wars. This culminated with the installment of the Constitution of 1812, through which the Sicilian Parliament abolished feudalism and divested itself from Neapolitan rule. In effect, feudal dues to the king as well as baronial privilege of jurisdiction over a fief (*mero e misto imperio*) were eliminated, but common property rights were declared the alienable property of the barons for enclosure on their respective lands.

In effect, the barons had exchanged away by constitutional reform the very privileges it had obtained from the Crown for the ability to alienate their *latifundi*, in effect “perfecting” the long process toward the evolution of private property that had begun with the establishment of the *Lex Volentes*. The unintended effect of the political exchange process that had begun under Norman rule was that the Sicilian Parliament institutionalized a set of constraints against political privileges, which it had been originally designed to protect.<sup>30</sup> However, with the end of the British occupation of Sicily in 1814, the process of Italian political unification would erode this advance toward the rule of law, which had evolved over the previous seven centuries. The point here is not to argue the counterfactual that the problems associated with transitioning from one set of rules governing property rights to another – from feudalism to capitalism – would have been resolved in Sicily absent

<sup>30</sup>Both Barzel’s theoretical approach, and its application to the analysis of the institutional evolution of medieval Sicily, are not only consistent, but reinforce an important point made by F. A. Hayek: “At the moment our concern must be to make clear that while the rules on which a spontaneous order rests, may also be of spontaneous origin, this need not always be the case. Although undoubtedly an order originally formed itself spontaneously because the individuals followed rules which had not been deliberately made but had arisen spontaneously, *people gradually learned to improve those rules*; and it is at least conceivable that the formation of a spontaneous order *relies entirely on rules that were deliberately made* (emphasis added, 1973: 45). See also Runst and Wagner (2011) and Boettke and Candela (2015).

the Italian unification process. Rather, it is to point out that this possibility would not be realized once the Kingdom of Sicily was fully absorbed into the Kingdom of Naples.

In 1815 in the aftermath of the Napoleonic Wars, the Congress of Vienna reconfigured the political borders of the Italian peninsula. Sicily was politically reunited with Italy south of Rome as the Kingdom of the Two Sicilies, with its capital based in Naples. King Ferdinand I of the Bourbon dynasty was crowned its first monarch.<sup>31</sup> After 1816, Sicily would be divided into 23 districts and seven provinces headed by intendants sent from Naples and non-elected town councils, abolishing the Sicilian parliament and the Constitution of 1812 (Mack Smith, 1968: 353; Riall, 1998: 32; Sabetti, 2002 [1984]: 57).

The political unification process began undermining the evolutionary transition from despotism to the rule of law in Sicily by introducing increased political discretion in the delineation and enforcement of property rights, specifically by implementing a policy of land reform. As Riall states, “Bourbon reformers had two related objectives: to undermine the economic and political power of the Sicilian barons, and to replace them with the rule of a single, centralized administrative authority based in Naples” (1998: 25). The means by which the Bourbons would achieve these objectives was through land reform. Moreover, the “division of common land was meant to create a new class of smallholders, thereby solving the problem of absenteeism, offering the rural poor a stake in improving the land, and, it was hoped, providing a new source of support for the Bourbon government” (Riall, 1998: 49).

The fundamental problem with such land reform was that it required political discretion over the redistribution of property rights. Such redistribution was constrained neither by the constitutional rules governing property rights arrangements that had evolved under feudalism nor by the rule of law governing the enforcement of exchangeable private property rights under capitalism. Instead, it pursued a middle-way policy between the two, constrained by neither a set of rules nor by parliament as a mechanism through which the barons could act collectively against such political discretion.

The nature of the laws governing property rights after 1812 was not only contradictory, but also supported Barzel’s theoretical expectations. The Kingdom of the Two Sicilies abolished entails from primogeniture in 1818 and further rescinded restrictions on sale in 1824 (Cancila, 1992: 108, 111). Such legislation reaffirmed the abolition and privatization of common property rights. However, Naples also legislated provisions for the redistribution of some of the partitioned common property to the peasantry, thereby intervening in the exchange of property rights. In a decree written on December 19, 1838, King Ferdinand II of the Kingdom of the Two Sicilies reiterated the execution of laws abolishing feudalism, and called for the abolition of common property rights and the repartition of lands for enclosure and improvement (Kingdom of the Two Sicilies, 1838: 334–335). When such contradictory decrees failed to meet their ends, rather than admit failure, legislators reaffirmed these laws, particularly after King Ferdinand II’s tour of Sicily in 1838, after which he instructed intendants to resolve the common property rights question (Canciuolo, 2002: 53). These regal instructions were embodied in an 1841 law stipulating that at least one-fifth of the land must be redistributed to the peasantry. More specifically, the *usi civici*, or customary rights, that would be restored would be specifically over the use of water, grazing, and quarrying (Sabetti, 2002 [1984]: 51).

The resulting uncertainty over the legal definition of property rights, according to Barzel, has the following implications. Political discretion, by its very nature, constitutes a “legal” transfer of property rights intended to benefit one party that cannot occur without simultaneously confiscating resources at the expense of another party. Therefore, we should “expect people to spend resources both to influence and to avert such transfers. Moreover, if people perceive that the legal system is becoming less impartial, they will transact more of their agreements outside its jurisdiction, lowering the demand for its service” (2002: 177).

Through the lobbying efforts of the landed elite, the Neapolitan government modified the law to stipulate that those common property rights subject to compensation required “the impossible burden of producing documents to prove illegal usurpation” (Mack Smith, 1968: 407; see also Riall, 1998: 48,

<sup>31</sup>King Ferdinand I had previously been Ferdinand IV of Naples and Ferdinand III of Sicily (Mack Smith, 1968: 352).

and Sabetti, 2002 [1984]: 51). More importantly, however, under Neapolitan rule, the Sicilian barons sought to reaffirm a political privilege that they asserted under feudalism: the right to have public offices filled only by natives (Koenigsberger, 1951: 47). Although the intendants were sent from Naples, mayors and other administrative officials were appointed among the local Sicilian population. In many important respects, control of the local administration of government was the key to controlling the local economy. In effect, the “local administration controlled the division of common land, decided the amount of common land to be divided, and decided who was to be the ultimate beneficiary of the division” (Riall, 1998: 52, see also Cancila, 1992: 122–125). As a result, regulatory capture of the local administration proved to be a political means for the Sicilian barons to ensure private gain, namely by profiting from the division of common land to their own benefit. The network of patronage and clientelism that would emerge from the distribution of property rights for political profit would not only frustrate the government’s attempts to erode the political power of Sicily’s landed elite, but also to enforce its own stated legislation regarding the redistribution of property rights. Moreover, the effect of such legal uncertainty was also for landowners to increase their use of private means to enforce property rights and contracts. This included not only the increased importance of *campieri*, or field guards, hired for the private protection of property rights, but also an increased demand for the Sicilian Mafia as an extralegal mechanism to supply contract enforcement outside the shadow of the state (Gambetta, 1993: 80; Sabetti, 2002 [1984]: 52).

As was mentioned in Sections 1 and 2, Franchetti claims that the abolition of feudalism in Sicily in 1812 enabled the emergence of organized crime in Sicily, since the privatization of feudal estates occurred without the state achieving a monopoly on force. As Franchetti puts it, “the organization of violence in this way became more democratic,” whereby the abolition of baronial privileges “made violence an institution accessible to every class” (Franchetti, 1993 [1877]: 84). This narrative has continued to echo throughout the literature related to the origins of the Sicilian Mafia (Bandiera, 2003; Buonanno *et al.*, 2015; Gambetta, 1993).

Though the main thrust of this paper has not been to address this literature on organized crime in Sicily directly, my argument has broader implications for understanding the relationship between the abolition of feudalism, the insecurity of property rights in Sicily, and the extralegal enforcement of property rights. The relationship drawn by Franchetti, and those who have built upon his theory, is not immediately clear, given that, according to Hodgson (2017), it was the abolition of the feudal nature of property rights that enabled the rise of capitalism and modern economic growth in England. Why, then, has Sicily not fit the Western pattern of economic development? I would suggest *the opposite* of Franchetti’s thesis. It was not the abolition of feudalism *per se* that resulted in the insecurity of property rights in Sicily, but rather a lack of credible commitment to abolish feudalism. State differently, property rights became insecure in Sicily not because feudalism was eliminated, but because the political unification process failed to establish a credible commitment to political constraints on discretion over the exchange and enforcement of property rights. This lack of credible commitment was manifested by the elimination of the Sicilian parliament and other constitutional constraints that had abolished feudalism in the first place. As a result, the elimination of constraints on political discretion during the political unification process increased the insecurity of property rights in Sicily, a problem that the Kingdom of Italy would inherit from the Kingdom of the Two Sicilies after 1861.

## 5. Conclusions and implications

The goal of this paper has not been to provide a mono-causal explanation of Sicily’s current economic and political performance relative to that of northern Italy. Rather, my interest has been to provide a preliminary basis from which social scientists can further explore and reconsider the origins of this divergence, both historically and analytically. Admittedly, the empirical analysis draws on historical evidence that is unavoidably general and abstract, given the length of the historical period that has been analyzed here. Indeed, there is a voluminous historical literature on feudal Sicily and on the subsequent impact of Italian unification on Sicily, which will require further research.

Having said this, my *primary* goal has been analytical, specifically in two ways. First, I have utilized Barzel's theoretical explanation of the origins of parliamentary institutions, the rule of law, and democracy. In doing so, I have argued that in medieval Sicily the seeds of the rule of law and modern democratic institutions had been sown by the Norman establishment of parliamentary institutions prior to the political process of Italian unification. My argument has a particularly important implication for future research on Sicilian political economy: social scientists must caution against inferring any particular uniqueness to the initial conditions of Sicilian feudalism from current political and economic outcomes in Sicily.

Second, by exploring the evolution toward the rule of law that emerged in medieval Sicily, I have explained why this evolutionary process was stunted by Sicily's political reunification with the Italian peninsula. This political process increased political discretion over the allocation of property rights, subsequent to the abolition of feudalism, resulting in increased uncertainty over state enforcement of property rights. To the extent that property rights were insecure in Sicily and led to the rise of the Sicilian Mafia, such an outcome is a *consequence* of the ill-defined rules governing the enforcement of property rights.

From a Barzelian perspective, another important implication of my argument is that if a "power vacuum" prevailed in Sicily after the abolition of feudalism, this was due to a failure to establish a credible commitment that constrained state actors from exercising political discretion in the allocation of property rights. As a result, the definition and enforcement of property rights were placed in the public domain, resulting in the expenditure of resources not only to avert wealth transfers due to political discretion over property rights, but also to increase the demand for extralegal enforcement of property rights, for example by the Mafia. Future avenues of research are open to exploring why such a "power vacuum" in Sicily was filled by the Mafia rather than other institutions of self-governance based on voluntary exchange. While this paper has focused on formal governance institutions in Sicily, future research must also focus on informal institutions in Sicily and how such informal mechanisms of property rights enforcement were crowded out by state intervention.

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