Italian Values-Grounded Liberalism and the German Social Market Economy: A Transnational Convergence Behind the Treaty of Rome of 1957

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Abstract

Alcide De Gasperi and Konrad Adenauer, two founding fathers of European integration, shared a bilingual culture, a strong Catholic faith, and a market-oriented economic approach based on the principle of subsidiarity. We analyse the reflections on European economic integration by the Italian values-grounded liberals Luigi Sturzo and Luigi Einaudi and by the German social market economists Alfred Müller-Armack and Wilhelm Röpke, all of whom influenced the policies of De Gasperi and Adenauer and their contributions to the Treaty of Rome. The conclusion draws lessons for the present and future state of the European Union.

Introduction

Alcide De Gasperi and Konrad Adenauer were certainly two of the most influential founding fathers of the European Community. De Gasperi died in 1954 but was instrumental in the preparatory process that led to the Treaty of Rome, which was signed in 1957 by the Christian Democrat Antonio Segni, a follower of De Gasperi's, and by the Liberal Gaetano Martino, as the Italian prime minister and foreign minister, respectively. Adenauer was not only a signatory but one of the principal figures in crafting the document.

De Gasperi and Adenauer shared a bilingual culture, a Catholic faith, and a market-oriented economic vision based on the principle of subsidiarity. Against this backdrop we examine the

relationship between the theories of Italian values-grounded liberalism and German social market economics on the one hand and the assessment of the Single European Market on the other. These two schools of economic thought inspired European economic policies, including labour market policies (Taccolini, 2006).

Both Italian values-grounded liberalism and German social market economy were consistent with the Social Doctrine of the (Catholic) Church. They activated the principle of solidarity through that of subsidiarity for the common good (Vatiero, 2010). In this sense, they differed from the Anglo-Saxon and Austrian liberal economic traditions in contending that at times the state has to intervene to re-establish fair competition in markets and reorient them towards the achievement of social goals (Nientiedt, Köhler, 2016). De Gasperi and Adenauer's economic traditions influenced the development of European competition law, which differs from the American approach (Felice, Vatiero, 2014).

Finally, Italian values-grounded liberalism and the German social market economy contributed to the development of high-quality economic research at the international level (Marchionatti et al., 2013). Several exponents of these schools, serving as consultants to governments and leading politicians, also applied economic theory to practical policy (Rieter, Schmolz, 1993; Hutchison, 1979).

Section 1 reviews the personal backgrounds of De Gasperi and Adenauer, with an emphasis on their bilingual culture, Catholic faith, and market-oriented economic approach. Section 2 analyses the influence of Luigi Sturzo (Felice, 2001; Sandonà, 2014) and Luigi Einaudi (Faucci, 1984; Farese, 2012) on the first generation of Italian Christian Democrats, those who led the party from the foundation of the Republic in 1946 through the 1950s.[1] Section 3 examines the

[1] In 1954, De Gasperi died. Paolo Emilio Taviani, Giulio Andreotti, and Antonio Segni continued his European and economic policies, while the leader of the second generation and new secretary of Christian Democracy, Amintore Fanfani, promoted a 'new Atlanticism' in foreign policy and Keynesianism in economic policy. Fanfani did not concur with De Gasperi's idea that European and American relations were two sides of the same coin, preferring one-to-one direct dialogue with the United States. Fanfani

economic theories of Alfred Müller-Armack and Wilhelm Röpke (Peacock, 1989; Nicholls, 1994), which played a crucial role in Ludwig Erhard's social market policy in Germany and in Adenauer's shaping of the Treaty of Rome.

The transnational convergence of the two schools of economic thought was crucial in attaining the two main aims of the European Economic Community: "a common market based on free competition among enterprises and the removal of duties and quotas for goods traded among member states" and "a common trading policy with a single customs barrier" (Mondello, 2006, p. 538).

Bilingual, Catholic, and market-oriented roots

De Gasperi and Adenauer had several characteristics in common. First, they were born near their countries' borders with other European countries, so they were bilingual. Second, they practiced their Catholic faith in both private and public life. Third, they promoted a market-oriented economy based on the principle of subsidiarity.[2]

De Gasperi was born in the province of Trento, which at that time was part of the Austro-Hungarian empire but was Italian-speaking. At the beginning of his career, De Gasperi served as a member of the Austro-Hungarian Parliament within the People's Party. When Trento was annexed to Italy, De Gasperi became a distinguished member of the Italian Parliament, representing the Italian People's Party. Toward the end of World War II and afterward, he served as

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also advocated deficit-spending government intervention to spur economic growth and income distribution.

[2] Another founding father, Robert Schuman of France, also had similar characteristics. He had been born in Luxemburg, with a Luxemburgian mother and a father from Lorraine, French at the time but German-speaking. Schuman studied in Metz, Bonn, Berlin, Munich, and Strasbourg. The Alsace-Lorraine region had become a French territory in 1918, and Schuman thus became a French citizen. After 1948, he participated in the activities of the Popular Republic Movement, whose agenda was consistent with his Catholic values. He served as Prime Minister (1958-60) and President of the European Assembly (1958-60). In 1958, Schuman received the Charlemagne Prize.

Minister of Foreign Affairs (1944-46), Secretary of the Christian Democratic Party (1944-46), President of the same party (1946-54), Prime Minister (1946-53), and President of the European Assembly (1954). In 1952, De Gasperi received the Charlemagne Prize.

Adenauer was a member of the Centre party in Germany between the two world wars. Toward the end of the war and afterward he helped create the Christian Democratic Union (CDU) in Germany and the continent-wide European People's Party. Adenauer served as Mayor of Cologne (1945), Chancellor (1949-1963), and President of the CDU (1950-66). In 1954, he received the Charlemagne Prize. Ludwig Erhard served as the Minister of the Economy in Adenauer's government, applying economic policies inspired by German social market theory (Glossner, 2010).

Adenauer and De Gasperi both believed that Catholics had to apply the ethical principles of the Social Doctrine of the Church in their policy-making, according to the popular perspective of the influential Monsignor Giovanni Battista Montini, the future Paul VI (Gregorini, 2016). Consequently, they heeded the exhortations of Pope Pius XII (1957a) to institute a federalist process of European integration to guarantee human dignity, peace, well-being, and cooperation, in the context of Christianity and natural order. Differently from the Italian Bishops Conference, which maintained a neutral approach to the European integration process,[3] Pope Pius XII praised the 1951 European Coal and Steel Community and spurred the creation of other European institutions capable of integrating national economies and solving possible conflicts of interest between states. In this perspective, De Gasperi and Adenauer strongly shared and promoted the 1950 Pleven plan for the European Defence Community. The formation of supranational armed forces was to serve as a response to the American call for the rearmament of West Germany. The European Defence Community was to provide a military force in case of conflict with the Soviet Union

[3] Monsignor Domenico Tardini also had a neutral position.

and facilitate the realisation of the European Political Community, which had won Dutch approval thanks to the influence of the Vatican (Chenaux, 1990, pp. 171-172). However, the French defeat in the war in Indochina and the stalemate in Korea, Stalin's death in 1953 and renewed French nationalist "grandeur" led the French Parliament to reject the project, which had been proposed by the French Prime Minister René Pleven just three years earlier.

After the failure of the European Defence Community and the European Political Community, the functionalist perspective of Jean Monnet prevailed over the federalism espoused by Adenauer and De Gasperi and such eminent secular thinkers as Altiero Spinelli and Ernesto Rossi.[4] Monnet believed that only a gradual, pragmatic, and sectoral integration could be successful in Europe, while De Gasperi, Adenauer, and the signatories of the Ventotene Manifesto backed Einaudi's idea of a "great leap" that included European political integration. Spinelli and Rossi confessed that their federalist dream was related to the pioneering ideas set forth in Einaudi's "Junius letters" (*Le lettere politiche di Junius*, 1920), a collection of 14 letters that Einaudi published under a pseudonym in *Corriere della Sera* between 1917 and 1919.

In any case, following Monnet's European integration approach, the 1955 Messina Conference created the Henry Spaak Committee to work out a roadmap for the European Economic Community and the European Atomic Energy Community. According to Pius XII, both institutions were "major achievements" (Pius XII, 1957b, pp. 287), though their executive arrangement was 'a step backward' (Pius XII, 1957b, p. 288) compared with the European Coal and Steel Community. In the European Economic Community and the European Atomic Energy Community, the "member states created a Commission without supranationality, in other words, without the full powers of the Coal and Steel High Authority, granting legislative and executive powers to the Council of Ministers" (Mondello, 2006,

[4] On 4 November 1950, De Gasperi signed the petition for a federalist union, an initiative promoted by Spinelli's European Federalist Movement.

p. 543). The Pope urged Catholics to build "a unitary political organism" (Pius XII, 1957b, p. 288) based on the principles of federalism, subsidiarity, and the common good. This supranational political community was to be founded upon Christian ethics, spiritual values, peace, democracy, solidarity, and the centrality of humanity. Leading exponents of the Church,[5] distinguished Catholic intellectuals,[6] mainstream Catholic scholarly journals,[7] and the most influential Catholic movements[8] shared Pius XII's perspective, albeit with differing sensibilities (Ballini, 2017).

Italian values-grounded liberalism

The relationship between De Gasperi, Sturzo, and Einaudi had a long history. Sturzo and Einaudi were respectively the political scientist and the economist behind De Gasperi's post-war values-grounded liberal policies (Malgeri, 2006). Their liberalism was values-grounded because they focused on "how economic questions are connected with moral and religious questions, the end that makes life worth living" (Einaudi, 1924, p. 221).

In 1919, Sturzo founded the Italian People's Party. In 1921, as the province of Trento was made part of the Italian state, De Gasperi became a deputy within this political group. Sturzo and De Gasperi had many things in common. For one, both maintained that Fascism was incompatible with the Social Doctrine of the Church. In 1923, Sturzo resigned as the party's secretary, and a year later he was

[5] Monsignor Montini, Monsignor Angelo Dell'Acqua, Monsignor Franco Costa, Father Agostino Gemelli, Father Primo Mazzolari, Father Antonio Messineo, Father Gustav Gundlach, among others.

[6] Sergio Paronetto, Francesco Vito, Jacques Maritain, Étienne Gilson, Mario Vaglio, Leopoldo Elia, Vittorio Bachelet, Vittorino Veronese, Gianni Baget Bozzo, Jean Daniélou, Luigi Gedda, Piero Malvestiti, Franco Nobili, among others.

[7] Such publications as *Civiltà Cattolica*, *Aggiornamenti sociali*, *Rivista internazionale di scienze sociali*, *Orientamenti sociali*, *Adesso*, *Civitas*, *Studium*, *Vita e Pensiero*, *La Croix*, *Humanitas*, *Cronache sociali*, *Idea*, and *Ricerca*.

[8] For example, *Federazione universitaria cattolici italiani and Movimento laureati di Azione cattolica*.

forced into exile. He spent time in London, Paris, and New York before returning to Italy in 1940. Meanwhile, in 1927, the Fascist regime jailed De Gasperi for a year or so. He then worked in the Vatican Library until 1945. In the post-war period, Sturzo did not participate directly in De Gasperi's Christian Democratic Party, but in April 1952 he was active in the municipal elections in Rome (Riccardi, 2003, p. 98; D'Angelo, 2002). To avoid the risk of an electoral success by the Communists and Socialists, Sturzo advocated an alliance between Christian Democracy and a civic list headed by Sturzo himself, associated also with the neo-Fascist and Monarchist parties. Some have said that Pope Pius XII initially supported Sturzo's proposal because Rome was home to the Holy See and could not be allowed to fall into the hands of the enemies of the Church. De Gasperi, however, decided that the Christian Democrats would run alone, and the party won the elections.

In September 1952, Luigi Einaudi, who by now was the President of the Italian Republic thanks to De Gasperi's support, named Sturzo a life senator. This appointment was such a bold move for Einaudi that we surmise that he must have consulted with De Gasperi beforehand. Sturzo had inspired De Gasperi's approach to European integration and sought to make sure that the process had no connection whatever with totalitarianism.

In 1928, Sturzo had published *La comunità internazionale e il diritto di guerra* (The international community and the law of war), calling for institutional judicial ties between nations to achieve internationalism without war (Gargano, 2009). In 1934, he highlighted "an urgent necessity" in referring to "a superior ethics […] that [would lead] Europe away from persecution, race-based barbarism and the elimination of the heterodox political parties" (Sturzo, 1934, p. 26). In 1948, he wrote *La federazione europea* (Sturzo, 1948a), describing the European federation as "an idea formed in the subconscious of our Christian civilisation since the fall of the Roman Empire" (Sturzo, 1934, pp. 421-422).

Consequently, Sturzo proposed a strong and coherent internal organisation of single states, with governments that defend the na-

tion against revolutions fomented internally or externally, the abandonment of the nationalistic mentality, the institution of a European federation subject to moral and political constraints, and an "efficient, and thus gradual, economic union" (Sturzo, 1950, p. 109). In terms of political institutions, he proposed the creation of a European parliamentary assembly consisting of representatives from the member countries' national parliaments (Guccione, 1994). Sturzo stressed parliamentary rather than governmental representation as the path to a more inclusive and people-friendly assembly. He also argued that every country should be free to choose its own process for selecting representatives. The argument was original, in that the European representatives could be exponents of national minority parties, who might therefore support international policies not in line with national governments' agendas. Sturzo, that is, recognised "the limits of government agreements", namely their inability to 'connect the people with a common politics and economy' (Sturzo, 1948b, p. 26).

From this perspective, in 1950 Sturzo joined the Committee that sponsored a petition for a Federal Pact for Europe, one of the most significant European manifestos. In this document, we can find the following clear affirmation:

> The European federation means a common solution to the problems of the associated countries and respect for the traditions and independence of the member States as regards their particular interests: a European Parliament elected by universal suffrage by all citizens, a European government endowed with the necessary instruments in its constitutional powers to direct national policies; a European tribunal in defence of the people's equality and freedom; a common foreign, defence, economic, and monetary policy.[9]

Sturzo also decried what he called the three "beasts" of democracy: statism, partitocracy, and excessive public spending (Sturzo,

[9] This manifesto was published in *Europa Federata*, 30 March 1950, p. 5.

1957a; 1957b; 1958a; 1958b; 1959). He criticised Ugo La Malfa, Eugenio Scalfari, and Ernesto Rossi for failing to ground the European integration process in the defence of private property and the support of a free market with international competition (Sturzo, 1957c). Sturzo agreed with Einaudi that the economic policy priorities should be low inflation, balanced budgets, stable exchange rates, prevention of monopoly, and entrepreneurship. Consequently, Italian values-grounded liberalism differed from the English welfare-state approach à la William Beveridge, as well as from the Italian social Catholicism of the Camaldoli Code, whose creation was coordinated by Sergio Paronetto (Baietti, Farese, 2012).

Einaudi was "in line with the ordo-liberalism of the Freiburg school" (Savona, 2010, p. 1999) in rejecting laissez-faire while also deriding the idea of an economy completely regulated by rules and constraints as "morally abject" (Carli, 1993, p. 33). This values-grounded approach emerged clearly in Einaudi's dispute with Benedetto Croce on the nature of liberalism. Einaudi called for an Aristotelian-Thomist epistemology of economics, which he conceived as a practical science. The economist must help society achieve the ends set by political leaders, who seek to render concrete the objectives of a social philosophy that may or may not derive from a certain theology. In this sense, we cannot preclude state intervention a priori. Its desirability depends on the particular features of each case, but as a rule it is better for the state not to have an active role in the economy.

On European integration in particular, in 1945 Einaudi published *I problemi economici della federazione europea* (The economic problems of European federation). From his federalist perspective (Santagostino, 2015; Forte, 2009, third chapter, fourth part), he drew on the reflections of Sturzo, Lionel Robbins (1948), Von Hayek (1939), and Wilhelm Röpke (see next section). In addition, Einaudi contextualised his analysis of European integration in relation to the two world wars (Albertini, 1963, pp. 184-185). In a speech at the Italian Constituent Assembly on 29 July 1947, *Il riferimento storico del problema* (The historical perspective on the problem), Einaudi criticised

the League of Nations as "a league of independent states that maintained their own armies, autonomous customs regimes, and national diplomatic representatives" (Einaudi, 1947, p. 6423). The League of Nations had supranational institutions subordinated to national sovereignty, counter to the thinking of Kant, Alexander Hamilton, and the Unionist Federalists. Instead, Einaudi believed in the United States of Europe. He explained that this project was realisable using the "sword of God or that of Satan". In the recent past, Satanism had inspired Hitler, the modern Attila, who had attempted unification through violence. He had failed miserably and provoked unimaginable horrors. Hitler's defeat was due to the fact that the Christian religion had shaped Western culture around the values of human freedom, "individual improvement and man's autonomous elevation toward God" (Einaudi, 1947, p. 6423). Conversely, the "sword of God" would enable people to flourish through spiritual growth and "voluntary cooperation for the common good" (Einaudi, 1947, p. 6424). It was necessary to promote an open, pluralistic, European society by constituting a confederation of European states and forging a "European federal people".[10] In the Hamiltonian tradition, Einaudi proposed a parliament consisting of two chambers, one with representatives elected directly by citizens in proportion to each nation's population, and one in which each nation would have the same number of representatives (Einaudi, 1947, p. 6426).

German social market economy

In August 1934, Röpke wrote a letter to Einaudi, praising his European economic views. The two economists discussed the possibility of constructing a judicial framework capable of orienting a free economy toward social goals (Felice, Krienke, 2017). Adenauer's CDU believed that open, free, and dynamic markets could make an

[10] Albertini (1963, p. 185) used this expression in order to highlight the pluralistic aspect of the people of nations.

essential contribution to social progress. The "social question" found its first, decisive response in the order of competition – neither against nor for the market, but with the market. Ludwig Erhard, a pupil of Franz Oppenheimer's at the University of Frankfurt, applied this approach to policy-making, serving as Director of the economic administration of the *Bi-zone*,[11] Federal Minister of Economy in Adenauer's government, and finally as Chancellor. He believed that markets and competition were means for achieving social ends. Practically, this meant that "an antitrust law was indispensable as a fundamental economic law" (Erhard, 1957, p. 3), and policy-making had to be characterised by "a small number of laws" and "a strong will independent from all compromise" (Erhard, 1937, pp. 14-15).

Therefore, the social market economy was a values-grounded economic approach within an institutional construct (Felice, 2015). Christian ethics framed all three schools of thought within the tradition of social market economics (Resico, Solari, 2016): the social market economy approach *strictu sensu* of Müller-Armack; the phenomenological legal and economic approach of Walter Eucken, Franz Böhm, and Leonhard Miksch; and the humanistic socio-economic approach of Wilhelm Röpke and Alexander Rüstow. Their "liberalism of rules" or "socially managed economy" envisaged co-determination between employers and workers, inflation control, corporate welfare, the coordinating role of political institutions, the control of the public debt, and the study of the role of social structure as institutions and rules.

In particular, Müller-Armack introduced the term "social market economy", the title of the second chapter of his 1946 *Wirtschaftslenkung und Marktwirtschaft*. In his view, the social market economy is a matter of "connecting, on the basis of the economy of competition, free enterprise with social progress assured precisely through the performance of a market economy" (Goldschmidt, 2006, 956). In

[11] The combined zones of American and British occupation in Germany after World War II.

1940 Müller-Armack became chairman of the economics department at the University of Münster. In 1950 he moved to the University of Cologne. From 1952 to 1963 he served as director of the Ministry of Economy and Secretary of State for foreign affairs. In this role, he participated in drafting the Treaty of Rome. He supported a European economic order that would lead to a future European monetary order based on fixed exchange rates. This objective required a programme for convergence among the national economies of the Europen Community.

> We cannot build a monetary order if there are different rates of inflation and growth. In all states, we need to introduce an economic policy framework based on financial stability, balanced public finances, and proper economic growth. The monetary order is a long-run objective that we can achieve only by guaranteeing stability within every country (Müller-Armack, 1978, p. 430).

Müller-Armack believed that only a monetary order based on relatively fixed exchange rates could serve as the basis for ordered and sustained growth. This was a necessary premise for the well-being of enterprises, workers, consumers, and the public administration.

Röpke, by contrast, was sceptical of a European integration on a solely economic basis. He thought that economicism would generate practical errors (Solari, 2007). As he phrased it, the principal mistake consisted in:

> giving priority to the economic integration of Europe, rather than its political and intellectual integration … without considering the fact that the two forms of integration depend on one another and that it is very dangerous to force economic integration beyond the point where political and cultural integration can mature without violence (Röpke, 1957, p. 167)

Consequently, monetary integration could not take place without political integration. In the absence of economic and social policy planning, Röpke warned, "Europe could be at grave risk in the name of exaggerated Europeanism" (Röpke, 1958, p. 32). He thought that

only two modes of "universal political organisation" existed: a world state that denied the sovereignty of national states and a world state that did not negate, but rather limited, national sovereignty. The *civitas maxima*, in economic terms, meant the construction of a single international economy embracing all nations and guaranteeing worldwide peace. However, the universal economy would lack a political executive and would subsume, in itself, a synthetic summit, the negated sovereignty of the national states and the specific responsibilities of the institutional network. In short, the outcome would be the end of pluralism and the creation of a new, global Leviathan imposing common markets, prices, and payments. This entity was conceived of as "universal as long as the individual giant empires" coexisted (Röpke, 1944, p. 227).

Conversely, the federalist approach would have built an authentic global economy, each national state ceding that portion of sovereignty necessary and sufficient to promote freedom, multilateralism, and mobility. This would foster international economic processes and common markets and prices. A monetary system would spontaneously provide a payment platform (Jessop, 2004, pp. 49-74).

Röpke's reflections mirrored those of Einaudi, Hayek, and Robbins, all of whom maintained that federation required a free-market environment. An economy with competition developing according to the theory of liberalism *à la* Freiburg School (Forte, Felice, 2016) would purify historical capitalism and develop a dynamic social market economy. This programme included a theory of the conditions for public intervention, namely the power to guide and mitigate the force of economic earthquakes, limiting the damage. Röpke argued for limiting the sovereign powers of individual nation-states in order to build a new political order worthy of *Civitas humana*.

In Einaudi's opinion, Röpke was an extraordinary economist because he formulated a "third way … in the light of his vision of the world and, more precisely, of the history of the countries of Western society of the last two centuries" (Einaudi, 1942). He praised Röpke's consideration of non-economic aspects. In fact, Röpke also analysed the positions of "philosophers, politicians, moralists, and historians"

(*ibid*) because he was aware that ideas precede facts and that reality is variegated and complex. It was perhaps from this broader perspective that Pope Francis publicly supported the social market economy, upon receiving the Charlemagne Prize on 6 May 2016, when he called for

> new, more inclusive, and equitable economic models, aimed not at serving the few, but at benefiting ordinary people and society as a whole. This calls for moving from a liquid economy to a social economy. I think, for example, of the social market economy encouraged by my predecessors … It would involve passing from an economy directed at revenue, profiting from speculation and lending at interest, to a social economy that invests in persons by creating jobs and providing training.

Italian values-grounded liberalism and German social market economy were both focused on preventing political power from being an arbitrary source of disorder, removing all monopolistic structures, and ensuring an order featuring liberty and competition (Felice, Serio, 2016). Both held that social ends could be achieved by means of market dynamics and that social policies required market, state, and civil society together. They asserted that free associations, social cooperatives, and free enterprise could act in a socially responsible way.

Conclusion

Italian values-grounded liberalism and German social market economy both postulated a bottom-up pathway to European integration. The principle of subsidiarity was crucial to avoid continental supranationalism (Wohlgemuth, 2017). A European federation of states could guarantee the representation of all people. This view also argues that the state, "strong but neutral, is called on to perform the functions of rebalancing and institutionally guaranteeing the mechanisms of the market" (De Benedetto, 2000, 18-19).

In short, it can be said that the emphasis on the market culture

and antitrust policies in the process of European integration is drawn from Italian values-grounded liberalism and German social market economics (Velo, 2014). This refers in particular to Articles 85, 86, and 90 of the Treaty of Rome,[12] namely the passage regarding "common rules on competition, taxation and the approximation of laws." In these articles, fair competition serves as the hermeneutic principle expressing economic identity – what the social market economists would call the "economic constitution" (Streit, 1992) – in Europe. Community law prohibits agreements between businesses and associations – all those practices that undermine free competition – and the abuse of dominant positions.

On the other hand, if we could ask De Gasperi and Adenauer if they were happy with the process of European integration as we see it today, they would very likely answer in the negative. The history of European integration has always been governed more closely by a pragmatic, utilitarian ideology. Economicism and profit maximisation have become dogma in the European experience of the past few decades (Di Taranto, 2008). Monetarist economic theories and paradigms have dominated the political and cultural debate, a kind of market economy that has favoured the giant corporations of commerce and manufacturing. This situation certainly differs from the expectations of De Gasperi and Adenauer as founding fathers of the European Community.

As we have sought to demonstrate, Italian values-grounded liberalism and German social market economics both argued for integration based on cultural and political elements. Specifically, Einaudi's metaphor of the "great leap" highlighted the need for a series of courageous political decisions in the name of *philia* between the peoples of Europe: first political and cultural integration, and afterwards its extension to the economic and monetary sphere. This proposal did not enjoy success in the 1950s, even though World War II had made for widespread awareness of the need for fraternity be-

[12] Articles 81, 82, and 86 of the revised Treaty of Maastricht.

tween peoples. More recently, however, in the wake of the 2008-2009 recession and the subsequent sovereign debt crisis, we have seen resurgent calls for a new political integration (witness the victory of Macron in France, and the defeat suffered by May in Britain). Mario Draghi, President of the European Central Bank, recently said (Draghi, 2017):

> What we need in Europe to ensure that economic growth and higher prosperity are sustained through time are structural reforms and a renewed sense of purpose for the EU … Further progress is needed. The institutional architecture of the Economic and Monetary Union remains incomplete in a number of aspects. The crisis has exposed structural weaknesses in our construction and has forced us to address them. The repair has started with the creation of the banking union. But the work is far from over, and the challenges we face go beyond the Economic and Monetary Union. They pertain to security, migration, defence, and generally all those challenges that can be addressed only by pooling sovereignty … Values and judgment lie at the heart of all our undertakings.

This emphasis on strong common values was a central feature of the Rome Declaration by European political leaders on the 60th anniversary of the Treaty of Rome. They stressed the progress represented by European integration, "a unique Union with common institutions and strong values, a community of peace, freedom, democracy, human rights, and the rule of law". However, they also recognised the welter of "unprecedented challenges, both global and domestic: regional conflicts, terrorism, growing migratory pressures, protectionism, and social and economic inequalities" that could jeopardise European cohesion and derail the process of integration. Getting back to the values of De Gasperi and Adenauer, the leaders observed that unity is "both a necessity and our free choice" to attain "in line with the principle of subsidiarity" a union that is "safe and secure, prosperous, competitive, sustainable and socially responsible".

In our opinion, it is essential today to focus on the real European

economy, polity, and culture. De Gasperi and Adenauer had a vision of Europe as a family of nations, Europe as a "nation of nations", in which every original national identity was expanded into a more inclusive European identity. They thought that our common Greco-Roman and Judeo-Christian cultural roots would favour integration. We are convinced that successful European democratic capitalism requires a free market economy, political democracy, and a pluralistic liberal culture (Novak, 1982). But today's EU lacks the vivacity of the third component to be an inclusive, meritocratic, free, prosperous, and responsible community. A responsible EU should valorise the role of moral-cultural institutions in developing Schumpeterian "creative destruction" to support economic growth while at the same time spreading solidarity and fraternity among European citizens and peoples (Acemoglu, Robinson, 2013).

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