

Rethinking Luigi Einaudi. About a Recent Book on Economic Associationism in Liberal Italy

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Three seem to be the most significant keys to reading Francesco Dandolo's fine book, *Luigi Einaudi e l'associazionismo economico nell'età liberale*, with an introduction by Maurizio Sella and essays by Filippo Sbrana and Valerio Torreggiani, published by Associazione bancaria italiana (the Italian Banking Association). The first reading key sees naturalism as synonymous with determinism (C. Barbagallo). The second one considers the socio-economic model, both Comtian and Spencerian as inadmissible. The third aims at leaving behind neo-voluntarism and at looking at the logical sense of the term in the historical and historiographical investigation. The three abovementioned reading keys should be accompanied by Veblen's theoretical contribution (quoted by Fanfani) to see how the American scholar doesn't defend an abstract theory of society but rather strives to shed light on the goals of human action within a specific cultural framework whose common thread, though underlying a complex interpretation, pays attention to several steps and various facets. More generally, Veblen doesn't just give a critical reading of the topic, but evaluates the contributions of the early German historical school of economics (Roscher, Knies, Hildebrand, Schmoller), warning that this is just a sort of cognitive step during which Veblen equally manifests his own neo-voluntarist personality, especially when he recovers the so called "criticism of the unbalance" between production and con-

sumption. The work initiated at the Laboratory of Political Economy founded by Cognetti de Martiis in 1893 (cfr. L. Einaudi) and attended by his students before and after graduation is a kind of “*pendant*”. Thirty years later, Richard Ely recovers the relativist theory of the historians and the evolutionary thesis of Marx, in order to universalize private property and its socialization. In short, private property isn’t considered as something intangible but rather as a bundle of those rights that are modified over time, with a general tendency to broaden the concept of nation and public utility.

Francesco Dandolo is familiar with the quicksand of such a *quaestio* on the interrelationships between naturalistic schemes and new realities, nor does he miss the substantial relevance of the problems embedded in an «Anglo-Saxon pro-liberalist perspective as an irreplaceable compass for interpreting and correcting the economic evolution». Not surprisingly, quoting both Einaudi and Galilei, Dandolo acknowledges their wording, clarifying (with his entire volume) the exact meaning of coeval scientific method and experimental method. The answer is that every purpose-directed human action implies a form of isolation whereas it is in the experiment/process that this is accomplished. Moreover, it is in the Galilean science that mathematics acknowledges the method of the new science as a content. It is not simply inductive, because induction serves as an orientation in the formulation of the hypothesis, whereas it is precisely through logical-mathematical deduction that the hypothesis produces the consequences which can be verified by the experiment itself. Dandolo’s Galilean quote thus takes on a maieutic function and the same can be said for the direct interlocutors. On this point Luigi Einaudi agrees that there can be no economic history (indeed, history tout court) without distinguishing between idea and practice. More precisely, in order to do economic history, it is essential to possess the historical (and also economic) sense of things (C. Cipolla). Which doesn’t mean that pure mathematics has in turn the ability to present reality. This synthesis of experience, mathematics and action, that is the essence of Galilean science, is something new “with respect to the logics of *epistème*, even

though the elements of the synthesis come from the earlier philosophical and scientific culture” (G. Luzzatto). It is also worth noting that the antithesis between the experimental method and rationalism isn’t proposed (or envisaged) by Galilei, who moreover knows that experience isn’t deceiving. Furthermore, reasoning cannot replace experience but can only extend it by analogy from the known to the unknown. Nevertheless, experience constitutes the limit of human knowledge, which has to abandon the idea of reaching the essence of things. Hence, as Dandolo rightly believes, it follows that the interpretation of the socio-economic contexts cannot do without a rigorous method, placing the relevant problems at the centre, while intertwining various elements including the valorisation of resources, especially human ones; mutual trust among people; deposits and investments; the «attempts to elaborate the very possibility of scientific meditation: all historical issues that participate in the formation of an anthropological, economic and sociologic *clinamen*.

This ideological-doctrinal set can be complemented by the works of Francesco Ferrara and Luigi Luzzatti, both well-known liberals and liberalists between the 19th and the 20th centuries. The presence of two eminent personalities helps define the phenomenology of economic and social associationism and also sheds some light on the peculiarities of the Italian and European cooperativism: for instance, the experience of Schulze-Delitzsche and Raiffeisen, of Ketteler and Toniolo, whose action is characterized by openings that are not only cultural but also solidaristic, as it has been proven using other lines of argument by Droulers and Tramontin, Molette and Mattiazzo, Malgeri and Corsini. In particular, it may be added that a cooperative body, despite the fact that it can often inspire and enhance a strong ethical attitude in its members, from an economic perspective can only be judged for the specific services it can provide, which when combined to other groups or situations can be numerous and extremely helpful. In any case, cooperative bodies, when their norms and social structures are dictated by the relevant practical needs they have to meet, are deprived of any autonomous

principles that could differentiate them from any other ordinary commercial company (see the case of Federconsorzi investigated by A. Ventura).

Proceeding in *medias res*, it should be reminded that the above-mentioned basic concepts of associationism are elaborated (and refined): from liberal capitalism to social peace, from full freedom to dialectic between collective representations of workers and entrepreneurs, from the primacy of work to the elevation of man, from intermediate bodies to the dialectic between the two sides of the industry. Which is compatible with the naturalistic option experienced in the already mentioned lab of Cognetti de Martiis and that shows the relations “of inspiration, not of school”, binding the new American economists and the European critics, initially listened to for their criticism to lack of historical sense, and later abandoned in order to better adapt to the American doctrinal contributions, both in the field of psychology and economy and history. This doesn't prevent Einaudi from freely and solidly relating to the tradition of classical economic ideas: Smith, Ricardo, Marx, keeping John Stuart Mill on a separate chapter. And it is precisely along this track that Einaudi's thinking finds some links between liberalist economic history and social legislation, between cultures that are interested in the dignity of man and in the critical study of the classics, between political economy and morality. A clarification that helps us understand what he means by invisible hand or better to say, why Smith and his followers inherit the faith in the same invisible hand, that is to say the age-old realization of the human tendency to take care of its own good and to study its consequences for the society. Smith's optimism, therefore, isn't in the fact that he sees man as a righteous being but rather as selfish one. And there is more: for the *homo oeconomicus* this isn't an obstacle to social coexistence and human progress. But he thinks that a time will come when man will distrust the only individual flaw capable of rendering great services. And thus, selfishness is an engine opposing Platonic collectivism.

As to the latter, two convergences-divergences between Einaudi and Luzzatto emerge: the first one suggests the existence of a possi-

ble economic historiography, meaning that economic facts are guided both by external circumstances and individual temperaments; the second concerns the change triggered by new economic situations and their causes, focusing less on institutions and more on the economic process, including its nature and relationships. It can also be said that, apart from the true or false statistics, and leaving aside formulas and theories, at the very centre of history – religious, general, political, military – there is always man, with his flaws and errors, beliefs and misinformation: man, who wants to solve everyday problems which aren't just having a roof and some food, but also regard the social, political, economic and moral growth. (L. de Rosa). It is therefore man who must be first and foremost studied. And even more so, in connection with the problems of economic associationism. So, after agreeing on the need to recognize the historical importance of economic history, the problem of the place to be assigned to the history of economic thought is addressed, a key point of the different approach to *economics*, also underlining the fact that for men such as Einaudi formal distinctions are not enough. According to Luzzatto «the most urgent problem is to encourage and guide young people toward research, underlining not only the most interesting topics but also the sources the authors can study in order to achieve better results ». In fact, the political structure and the economic composition of the society are closely and intimately coordinated and connected: it is no coincidence, as stated above, that laissez-faire and liberalism form a whole, while in the same inclusion, seen from the inside, the role of the historian becomes more positive (cfr. B. Croce). In order to solve the crisis of the contemporary society (that is mostly a moral crisis) an ethical reform, a political-juridical reform and an economic reform are needed. As to the latter, in its true form – that is to say the reform theorized by the classical English economists – it has been studied and defined as market economy with controlled free competition. The 'miracle' of the harmonization lies in the fact that man purposelessly and effortlessly achieves the profit of the society, which is to say the great and perfect harmony. The political and social conse-

quences of ideas and actions further separate political liberalism from laissez-faire, although it is easy to prove that hypertrophy is the enemy of State. And this is true even bearing in mind the difference between freedom seen as a practical ideal and freedom as a philosophical concept or as a consistent philosophical system. Galasso's studies on Croce shed a very important light on that.

In conclusion, Francesco Dandolo's volume brings into focus extremely interesting problems, points out new historical and historiographical issues and guides critics in the *mare magnum* of specialised bibliographic references.