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**Paolo Pecorari, *Il Carteggio Giuseppe Toniolo-Luigi Luzzatti 1869-1918*, Bibliotheca Apostolica Vaticana, Vatican City, 2017.**

The correspondence between Giuseppe Toniolo and Luigi Luzzatti offers a privileged perspective on the socioeconomic debate that developed in Catholic circles in Italy in the decades following national unification. This volume, published by the Vatican Apostolic Library, is the product of intelligent and patient documentary research on the part of Paolo Pecorari. The volume brings out a theoretical framework and a series of ethical and philosophical viewpoints, beyond the social and economic alone, demonstrating how in these thinkers' minds, in the second half of the nineteenth century, the economic question was linked to human studies and individual ways of acting. This characteristic had a strong impact on Italian economic thought for many decades.

As Pecorari's elegant and insightful introduction makes clear, the most significant aspect that emerges from the correspondence relates to the two intellectuals' critique of liberal, free-market economic theories and their application in Italy in the aftermath of national unification. This framework was also influenced by a series of elements connected with the cultural standpoint, which Pecorari reports in detail and with scientific rigor. One clear influence was that stemming from the spread of socialist thought in Europe and "economic Germanism", which sought to set the classics of economic thought, especially Adam Smith,

in historical context. At the same time, Giuseppe Toniolo and Luigi Luzzatti both came from religious and fervently patriotic families, which inspired their profound desire to contribute both to the religious and to the socioeconomic debate and if possible to combine the principles and goals of the two.

For Toniolo, a crucial element in his youthful studies was neo-Thomism, which rejected the passive acceptance of theories or principles, shaping a spiritual frame of mind inclined to comparison with something that it is not in our body and soul. In this view, the intellect is not a tool for the passive acquisition of known and demonstrable evidence but an instrument for speculative research, profound intellectual initiative and critical reform. Over the years, this methodology would induce him to rethink Italian history in the decades following unification and lead him to conceive of *laissez faire* as an individualistic tool requiring, at the same time, the strongest of ties to State action. According to Toniolo, the risks are very great, including monopoly capitalism and its consequent deviations from the regular functioning of the market. He abandoned the theory that the free market automatically generates a natural economic order with no need for corrective State intervention, leading to a critical reinterpretation of the classics of economic thought. Consequently, a focal point in Toniolo's studies was his theory of the subsidiary action of the State, a complementary role supplementing the insufficient capabilities of individuals. In this perspective, lay Catholicism had an active role to play in the socioeconomic transformation of Italy.

For Luigi Luzzatti, a key element is the social function of credit, which brings together in a single theoretical framework the need for voluntary saving, the supply of money at low cost, financial accumulation and risk attenuation, in contrast to the perspective of usury and speculation. Luzzatti advocated a whole series of new, original proposals, such as the theory of limited responsibility, the trading of low-value stocks, the fostering of the stock market, and the role of social capital as a sort of guarantee fund.

An examination of this point of view clearly brings out Luzzatti's theoretical position, which embraced German-oriented socialism and

shared Toniolo's theory of the State as subsidiary and his critique of liberalism. Luzzatti enhanced his thesis by citing some crucial cases of State intervention even in liberal England, arguing against the thesis of the neutrality of the State. He did not contest the scientific importance of Adam Smith, but placed his thought in the framework of its age. For Luzzatti, the sole objective was the forging of a true national economy, in whose achievement the State must play its proper role. There is no natural link between the general interest and individual interests, and freedom by itself can give rise to disturbances that it is up to the State to remove. Remarkably, both these intellectuals frame the dynamic action of the State as the possibility of conferring upon Italian economic development an inclusive and orderly character. In both men, the study of economic and social theory is bound up with the religious question, in an effort to link Christian ethics with the application of the basic laws that regulate the economic system. More in detail, Luzzatti was inspired by Spinoza's theoretical framework but also significantly influenced by Tolomei. Both thinkers argued strongly for the unavoidable need to educate the heart rather than reason. But Luzzatti goes deeper. His analysis makes constant, crucial reference to the principle of tolerance, based on Locke's "Letter concerning toleration". Tolerance is a founding principle of political society, within which no one can be deemed to be the sole proprietor of the truth.

The explication of this manner of thinking of Luzzatti's engendered multiple critiques. Many disagreed with his positions, pointing out that he supported religious syncretism and the non-confessional nature of the State. However, Luzzatti did not frame Church-State relations in what could be termed a "Cavourian" perspective; rather, he affirmed the principle of "free religion in the sovereign State", maintaining the need not only for effective equality of conditions for all regardless of creed but also freedom of religion. One final point of interest in the thought of Luigi Luzzatti is his analysis of the relations between capital and labor. He argued that the fundamental condition for a properly functioning economy is the unity of capital and labor in a single person or a group of persons, thanks to association between

capitalist and worker. Luzzatti explains that the association of labor with capital brings out the natural hierarchy between them, namely the legitimate primacy of worker over capitalist. The reasons for this, to his eye, are self-evident, with roots that also embraced economic-financial considerations. As a forerunner of anti-capitalist Catholicism, Luzzatti sustains the need to distinguish the industrial manager from the provider of capital. The latter only makes available the tools for productive activity, while the former offers a creative, inventive mind. Capital is a mere instrument, not directly productive, while labor has the intrinsic capacity to create well-being through production. In other words, capital is productive only potentially, it can be productive but can express this characteristic only through labor. As a consequence, the productivity of labor increases proportionally to the amount of capital to which it has access. Given these considerations, Luzzatti asserts that the reward to the provider of capital derives exclusively from external and accidental reasons, consisting in the consequences of selling capital to others.

Owing to their advocacy of the primacy of labor over capital, Luzzatti and Toniolo can both be included among the European social Catholic economists. Both promoted a new concept of humanism and a new consideration of *humanitas*. This, as Pecorari clearly observes, was a living humanism “that is able to express spiritual values with aims of dignity and to frame the State as an instrumental organ of the social body, as well as to build a bridge between the primacy of human beings over structures and that of labor over capital, based on the never-ending search for an alliance between ethics and economics.”<sup>1</sup>

This unquestionably forms part of the noblest heritage in the history of Italian economic thought.

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<sup>1</sup> Paolo Pecorari, *Il Carteggio Giuseppe Toniolo-Luigi Luzzatti 1869-1918*, p. 116.