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THE LIBERALISM OF LUIGI EINAUDI

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In Luigi Einaudi's work there is no complete and organic theory of freedom as a moral theory, and even less as a metaphysical theory. Rather, his conception of freedom is to be found at the intersection of different orders of reflections. If we were to give a general characterization of freedom according to him, we could regard it, as I shall highlight, as eminently *procedural*. For this reason, Einaudi's conception of freedom is almost inseparably connected with his conception of liberalism: of liberalism as a political conception, and of liberalism as an economic conception.

That freedom for Einaudi is what will be defined by Raymond Aron as "liberté liberale", rather than a more generic form, emerges clearly in all his writings, even in those concerning empirical issues.

Certainly crucial for understanding Einaudi's vision is the preface he wrote in 1925 to the Italian edition of John Stuart Mill's *On Liberty*, published by Piero Gobetti: «[...] freedom is not a mere tool, but a common end on the achievement of which the other civil, political and spiritual ends of life depend»¹. Freedom has therefore primacy over other purposes: and not only civil and political, but also spiritual. It is an end common to all men, but it is essentially a category that concerns primarily individuals, and collective life only derivatively.

The preface to Mill was written at the time the fascist regime was beginning to become established. Einaudi recognized that «Fascism is, in a certain respect, the result of the tiredness that had grown in the soul of Italian people after the long and angry post-war internal struggles, and is an attempt to regiment the nation under a single flag. Souls yearned for peace, tranquility, rest, and were appeased

¹ L. EINAUDI, *Preface to J.S. Mill, La libertà*, Turin, Piero Gobetti publisher, 1925, pp. 3-6; p. 6.

at the word of those who promised these goods»². Obviously, it is possible to perceive in these statements an echo of the position that Einaudi, and with him many other liberals, including Benedetto Croce, had towards early fascism. But at the time Einaudi writes this preface, fascism has already gone well beyond the “restoration of order”. And so Einaudi is very clear: «Woe [...] if the natural aspiration to free oneself from the bestial civil war into which the political struggle in Italy degenerated between 1919 and 1921 were to fall without opposition into absolute conformity to the nationalistic gospel imposed by fascism! It would be the death of the nation. With the abolition of the freedom of the press, with the restriction of freedom of thought, with the denial of freedom of movement and work by virtue of bans and the monopoly of corporations, the country is pushed back towards intolerance and uniformity. Unanimity of consents and ideas is to be imposed by force because it is affirmed that it is necessary to defend the truth against error, good against evil, the nation against anti-nation»³.

Note how Einaudi does not explicitly mention the denial, by fascism, of either political freedom or representative democracy. That this denial necessarily follows from the denial of the freedom of the press and freedom of thought is almost a tautology. What matters most to Einaudi is to underline how freedom is a necessary condition for the pursuit of truth. (He relies entirely on Mill’s argument, which is too well known to need to be restated here.)

This epistemological root of the reasons for freedom – if not for freedom itself – will constantly be highlighted in Einaudi’s writings. For example, it will be present in his peroration in favour of a school system which, while maintaining the public

² ID. p. 5.

³ *ib.*

education system, overcomes its monopoly – a peroration in which he found himself in perfect agreement with Luigi Sturzo. In 1956 he was to write: «Freedom lives because it wants the discussion between freedom and error; it knows that only through error one arrives at the truth, through attempts that are always resumed and never concluded. In political life, truth is not guaranteed by electoral systems, by universal or restricted voting, by proportional representation or by the prevalence of the majority in a single-member constituency. It exists because there is the possibility of discussion, of criticism. *Trial and error*; the ability to try and make mistakes; the freedom of criticism and opposition; these are the features of free regimes»⁴.

It is interesting to note how Einaudi's position almost overlaps with that formulated ten years earlier by Karl Popper, who gave it the successful name of “critical rationalism”. This «it is bound up with the idea that everybody is liable to make mistakes, which may be found out by himself, or by others, or by himself with the assistance of the criticism of the others. [...] Ultimately, in this way, rationalism is linked up with the recognition of the necessity of social institutions to protect freedom of criticism, freedom of thought, and thus the freedom of men. And it establishes something like a moral obligation towards the support of these institutions»⁵.

The fact that Einaudi does not have a complete and organic theory of freedom does not mean that his positions cannot be interpreted with theoretical categories. One of these lies undoubtedly in the distinction between “positive freedom” and

⁴ L. EINAUDI, *Scuola e libertà*, in *Prediche inutili*, Turin, Einaudi, 1956, pp. 13-58; p. 60.

⁵ K. R. POPPER, *The Open Society and its Enemies* 2 vols., London, Routledge and Sons, 1945; vol. II, pp. 224-225. There is no direct evidence that Einaudi knew Popper's work. There are reasons to believe that he knew of the existence of the Austrian philosopher, who was very close to von Hayek. Both Einaudi and Popper were among the founders of the Mont Pèlerin Society in Vevey in 1947. Popper was physically present, while Einaudi could not be.

“negative freedom”, originally formulated by Isaiah Berlin in 1958 and subsequently considerably revised by him – with the consequence, at least in the opinion of this writer, of making it in the end very indeterminate.

In Berlin’s distinction, the concept of freedom adopted by Einaudi is eminently situated on the side of “negative freedom”: that is, freedom as the absence of coercion⁶. Freedom is a property of individuals, which can extend by composition to social entities: but it is not as such a property of social entities. This becomes evident in the context in which Einaudi found himself applying his vision of freedom most frequently, which is of course that of economy.

Economic freedom coincides with and is resolved in that of individuals, whether they are employees, entrepreneurs, or consumers, who find themselves interacting. *In Einaudi’s work, the position that there could be an overlap or a trade-off between freedom and other values or desirable objectives, such as a decent standard of living for all, or social order, is never affirmed or implicitly presupposed.* That these other values and objectives exist, and that they can also be adopted by those who are supporters of liberal freedom, Einaudi always strongly affirmed. Perhaps the clearest – and also the most passionate – formulation of this came in 1921. It is worth quoting at length: «It has always been slanderous to portray liberals as enemies of social legislation and liberal organizations. It was already thus eighty years ago, when the English liberals had the first laws on factories approved, and when the count of Cavour, from those examples of provident legislation, drew arguments for his criticisms of socialism and for his future

⁶ I. BERLIN, *Two Concepts of Liberty in Four Essays on Liberty*, Oxford: Clarendon Press, 1969, pp. 121-154. «Everything is what it is: liberty is liberty, not equality or fairness or justice or culture, or human happiness or a quiet conscience», p. 124. We believe that Einaudi’s conception of freedom agrees fully and consistently with this position of Berlin. On this question see A. M. PETRONI, *Sullo stato presente di un concetto inattuale: la libertà*, in «Filosofia politica» VI, 1992, n.1, pp. 55-64.

proposals in the subalpine parliament. None of the great economists of the classical era believed that it was contradictory to invoke freedom of trade and the abolition of customs duties on the one hand, and on the other the introduction of laws to protect the work of women and children. One of the first sketches of the Chambers of Labour as bodies for the defense of workers and for the creation of a true labour market was one of the holy fathers of French liberalism, De Molinari. And it takes all of an inscrutable unawareness of liberal thought to imagine that serious economists believe that the abstract figure of *homo oeconomicus*, a pure logical instrument of scientific research, and as such a very useful one, is to be transposed without further ado into a guide for practical action. If such grotesque distortions of liberal economic thought are comprehensible in the mouths of socialists, whose office it is to ignore and falsify our thinking, they are not tolerable in the mouths of men who belong to our same general current of ideas». So, «The state has the duty to limit the work of women and to prohibit that of children, because it is the guardian of the new generations, because it cannot allow unscrupulous entrepreneurs, greedy parents and cruel husbands to commit what is a real crime against those who are weak and unable to defend themselves. The state must impose accident insurance, because the employer has the obligation to return the worker in the same condition in which he received him. And what greater triumph than the idea of freedom, the recognition of the freedom to associate and get organized for workers as for all other social classes? The association of workers and the substitution of collective agreements for individual ones are not in contradiction; they are instead on the line of economic thought. It is one more perfect method that replaces another. The state must ensure only that freedom of

association is guaranteed to all; that everyone is free to enter or leave the organization; that no organization claims a monopoly over the other ones»⁷.

The fundamental point is that social policy actions are conceived by Einaudi not as a limitation of someone's freedom, but as tools to ensure that those who find themselves in conditions of material minority do not have to give up their freedom in order to survive.

If the general characterization of Einaudi's conception of freedom is that of liberal freedom, its specific declination is that of freedom under the law; in other words, of a freedom that finds in legal rules not a limit, but the conditions for realization. We believe that to understand Einaudi's conception it would not make much sense to refer to the different meanings that the expression “freedom under the law” may assume. As is well-known, the concept of “freedom under the law”, that is, with its correlate of “rule of law”, typical of England since the time of John Locke, differs, theoretically and historically, not only from the Romanist concept of “sub lege libertas”, but also from the homologous concepts in the laws of countries such as France, Germany, and even Italy. What is certain is that the concept of “rule of law” is very different from those designated by the expressions “État de droit”, “Rechtsstaat”, “Stato di diritto”⁸.

⁷ L. EINAUDI, *Calunnie*, in «Corriere della Sera», 15 May 1921. Now in *Cronache economiche e politiche di un trentennio (1893-1925)*, Turin, Einaudi, vol VI, 1963, pp. 174-176; pp. 174-175.

⁸ Einaudi loved to use the expression “impero della legge” (empire of the law), see L. EINAUDI, *Verso la città divina*, in «Rivista di Milano», 20 April 1920, pp. 285-287, now in L. EINAUDI, *Il buongoverno*, cit., pp. 32-36. Referring to the Great War, he wrote: «That aggregation of military forces won, and not by accident, among which the state is conceived as the entity which ensures for men the empire of the law, that is of an external, purely formal norm, in whose shadow men can develop their most diverse qualities, they can fight among themselves, for the triumph of the most diverse ideals. The limit-state; the state which imposes limits on physical violence, on the predominance of one man over others, of one class over others [...]», p. 36. To understand the relations of these different concepts with liberalism, the works of two thinkers with whom Einaudi had non-superficial interactions are particularly relevant: von Hayek and Bruno Leoni. See F. A. HAYEK, *Law, Legislation and Liberty. A new statement of the liberal principles of justice and political economy*, 3 vols., London Routledge and Kegan Paul, 1973-1979. B. LEONI, *Freedom and the Law*, Princeton, N.J., D. Van Nostrand, 1961.

In Einaudi's thought there are two concepts that are most relevant and within which his vision of freedom is to be understood. The first is that of the maximum equality of laws and norms for all individuals and for all the associations they compose. Einaudi was to maintain this position throughout his life. He was not to change it even when, in economic theory, there was the gradual affirmation of the view that the equality of laws and regulations should be at least weakened, because it hinders the discretion needed to deal with the economic and social problems that may from time to time emerge. The second concept is that preserving freedom requires that laws and norms must not be such as to constrain individual action towards specific goals. It is naturally in the economic sphere that Einaudi was to affirm clearly these two concepts, distinct yet closely connected.

He gave an excellent illustration of this when reasoning on the relationship between liberalism and socialism: «Liberal men also affirm that economic activity must be regulated; but they are convinced that the experience of millennia and centuries demonstrates the excellence of the framing method. What are codes if not obligatory rules of life? The codified norms affect not only the family, but also property, but also civil and commercial obligations; that is, they place limits, constraints on the work of individuals, who can only move within the boundaries thus established by the legislator. The liberal man does not oppose the extension of the method of constraints, of the obligatory norms from the fields already regulated by Roman law to that of economic and social relations known in modern times; but he wants the constraints to be the same for everyone, objectively fixed and not arbitrary»⁹.

⁹ L. EINAUDI, *Discorso elementare sulle somiglianze e sulle dissomiglianze fra liberalismo e socialismo*, in *Prediche inutili*, cit., pp. 202-241; p. 220.

What the “frame method” consists of Einaudi illustrated many times, often in references to concrete cases. From the general point of view, this is how he described it in 1941: «The liberal legislator says [...]: I shall not tell you at all, man, what you have to do; but I shall fix the limits within which you can freely move at your own risk. If you are an industrialist, you will be able to choose your workers freely, but you will not be able to occupy them for more than a certain number of hours [...]. You will be able to negotiate wages with your workers freely; but if they intend to negotiate through their associations or leagues, you will not be able to refuse and you will have to observe the agreements stipulated with them»¹⁰.

Liberal freedom, “negative freedom”, has as a corollary or, from a different point of view, as its consequence, that every limitation follows strictly and exclusively from the need to guarantee to each individual that he can enjoy it in the widest possible sphere compatibly with the freedom of all others. Famously, this was Wilhelm von Humboldt's thesis, which Mill was neither to surpass nor to expand. This is a conception that should not be confused with a vision of indifference to morality. Mill was to place a sentence by von Humboldt as an epigraph to *On Liberty*: «The great guiding principle towards which every argument exposed in these pages converges directly is the absolute and essential importance of human development in its richest diversity»¹¹.

Einaudi was to share this vision in full, interpreting it so as to give particular emphasis to the social dimension, since it was precisely the freedom of individuals that permitted the elevation of the humblest classes not only to a better standard

¹⁰ L. EINAUDI, *Liberalismo e comunismo*, in «Argomenti», December 1941, pp. 18-34. Now in *Il buongoverno. Saggi di economia e politica (1897-1954)*, edited by E. Rossi, Bari, Laterza, 1954, pp. 264-287; pp. 273-274.

¹¹ In J. S. MILL, *On Liberty*, London, John W. Parker and Son, 1859.

of living, but also to a higher moral reality. All this could not derive from either socialist or paternalistic policies. Writing in the midst of the Second World War, Einaudi formulated the opposition between liberalism and socialism in the clearest way from a point of view that we may define as anthropological: liberalism «[...] is the politics that conceives man as an end. It opposes socialism which conceives man as a means to achieve the ends desired by someone who is above man himself, be it society, the state, the government, the boss. If man is not a means, but the end, everything that leads to the perfection of man must be done»¹².

Einaudi's liberalism is, therefore, a conception that places freedom as a founding value, without possible qualifications. Hence its clear difference from both socialism and conservative visions. For example, with respect to the latter Einaudi always opposed the thesis that the social order should and could lawfully be preserved through the limitation of freedom, of freedom as an ideal, and of freedom in concrete historical situations. At the same time, freedom is the foundation of other moral and social values, which without freedom lose their content.

We said above that Einaudi does not have an organic and complete theory of freedom. Obviously, this was not said to surprise, indeed it is the opposite that would rather be surprising. It does not mean, as we have briefly tried to illustrate,

¹² L. EINAUDI, *Memorandum (1942-1943)*, edited by G. BERTA, Venice, Marsilio, 1994; p. 72. See also L. EINAUDI, *La dottrina liberale*, in «Corriere della sera», 6 September 1925: «With the improvement of collective life, the limits and constraints on individual action grow; but their growth always has the aim of promoting the intimate, spontaneous development of human personality. Liberalism differs from socialism on the one hand and from authoritarianism on the other, because these two doctrines, although opposite, agree in that they make human progress depend on an impulse coming from outside, from organization, government, law, impulse that presses on the individual and pushes him to rise; where the liberal doctrine denies that the external impulse is effective, and if it allows the state, the external force, the ability to do something, this something lies in removing the impediments and creating the conditions, in marking the ways, in marking the steps, within which and through which the individual must find by himself, with his own intimate improvement, with strenuous effort, with lived experience, through contrasts and failures, in contrast and in collaboration with other individuals, separate or associated, the way of salvation». Now in *Cronache economiche e politiche di un trentennio (1893-1925)*, cit., vol. VIII, 1965, pp.458-462; p.462.

that for Einaudi freedom was no more than a vaguely approximate concept, or perhaps one given an eminently instrumental function in economic discourse - as so often happens for economists in favour of the free market, especially in the Anglo-Saxon world. The realization of freedom in every different circumstance and in every different era depends on how regimes and policies conform or not to the precepts of liberalism.

Einaudi conceived of these precepts not so much in a substantive way as in a *procedural* way - to use a distinction known in the theory of rationality. Liberalism is a system of *rules* rather than the indication of specific objectives. This is true both in the economic sphere and in the political sphere.

Let me conclude.

Einaudi, in his vast and constant journalism activity, succeeded on a number of occasions in offering very effective yet rigorous syntheses of dissemination of his own theoretical positions. In this respect, he was very similar to Vilfredo Pareto, that Einaudi admired and respected at the highest degree.

One of these occasions was in 1948, in an article for the «Corriere della sera», dated April 13th, 1948 – a few days before the crucial political elections were the Italian Communist Party was defeated: *Chi vuole la libertà* «The freedom I am speaking of is not that of the individual conscience which also lives in prisons and concentration camps and makes heroes and martyrs; but it is the practical freedom of the common man, of the average Italian, to expose his thoughts publicly without fear and to defend them against his opponents; the freedom of minorities to propagandize against the majority and to try to become the majority; the freedom to exercise or not to exercise any trade or profession that pleases the individual, without other constraints or impediments other than those required by the right of

others not to be damaged by our work; the freedom to move from place to place without submitting to constraints which, when they exist, are in no way different from forced domicile or serfdom; the freedom to gossip malevolently about one's neighbor and the government and above all of this, in the newspapers and in the squares; except to pay the penalty, with adequate monetary penalties or years in prison, for his own calumnies and insults»¹³.

¹³ Now in L. EINAUDI, *Il buongoverno. Saggi di economia e politica (1897-1954)*, cit., pp. 112-117; p. 114.