

LUIGI EINAUDI AND THE DILEMMAS OF LIBERAL DEMOCRACY

Alberto Giordano

Università di Genova

alberto.giordano@tiscalinet.it

1. Luigi Einaudi (1874-1961) was not a professional philosopher; rather, he was an economist, an historian and a political writer. He was also a well-known columnist of the most important Italian newspaper, the “Corriere della Sera”, and a distinguished liberal politician (member of the Senate since 1919, Governor of the Bank of Italy 1945-1948, Minister of the Treasury in 1947, President of the Republic 1948-1955). Why, then, should we deal with his political philosophy?

In my view, the answer may be that his reflections on the nature of liberalism and democracy are still worthy of some attention. Einaudi wrote many books, essays and articles, most of them devoted to economic issues (since 1902 he taught Public Finance at the University of Turin); nevertheless, his vast and profound culture allowed him to master intellectual history and political theory as well. For younger Italian scholars he soon became a symbol of freedom, being one of the few independent voices under fascist dictatorship.

In this short paper I will try to highlight some points of his political philosophy, whose influence on Italian liberalism has been really considerable though, as we shall see, he was a keen critic of the principle of popular sovereignty.

2. Like many old liberals, Einaudi was deeply concerned about the development of mass-society and its main political consequence, i.e. popular participation to government. In a short essay written in 1917, when the first World War was not yet over, he maintained that “parliaments may hold – and hold indeed – many virtues, but never are they expression of that mythical entity called ‘the majority’ of the people”. Parliaments were always designed as an area of free and independent debate, and never they became an open arena for demagogues and politicians ready to move the mob. As parliaments never embody majority’s will, governments, that must hold parliamentary sanction, are even less popular-oriented than the Chambers themselves. In fact, Einaudi goes on, “in

any case, government is led by a minority, by a power élite” that rules the State machinery and provides people’s needs¹.

Popular sovereignty – wrote Einaudi – that famous philosophical idea belonging to the theories of Jean Jacques Rousseau, was only a dangerous dream, for “government isn’t, and shouldn’t, be put in the hands of the majority, nor in the hands of people’s genuine representatives. That’s a dangerous utopia, designed to destroy social order”². In sum, only a kind of natural aristocracy – the power élite – would be able to achieve political freedom and social welfare.

3. It all sounds very conservative³, indeed; however, there may be an explanation. Einaudi was a close friend of Gaetano Mosca, the Italian political scientist who first formulated the famous “ruling-class theory”⁴. This theory was based on two fundamental axioms:

- (1) under every social and political regime “...governors, i.e. those who hold the keys of the State, usually form a special rank”⁵;
- (2) this ruling class tries to ground the pursuit of its power on “a moral and legal basis”, some kind of philosophical principle drawn from people’s common sense, a principle that Mosca called “political formula”⁶.

As Mosca very often suggested, assuming this to be true, we would be forced to admit that, even under democratic rule, power is held by a minority, a small number of politicians, businessmen and intellectuals; people at large, though voting, would retain a considerably low influence on the practice of public affairs.

¹ *I parlamenti espressione della volontà nazionale*, «Corriere della Sera», september 25, 1917, now in Id. (Junius), *Lettere politiche*, Bari, Laterza, 1920, pp. 46-47.

² *Parlamenti e classe politica*, «Corriere della Sera», June 2, 1923, now in Id., *Cronache economiche e politiche di un trentennio*, vol. VII, Torino, Einaudi, 1965, p. 264.

³ What do we mean by using the term “conservative”? I tend to accept the definition proposed by Russell Kirk, for whom conservatism is a special kind of political approach based on six general principles: “First, conservatives generally believe that there exist a transcendent moral order, to which we ought to try to conform the ways of society...Second, conservatives uphold the principle of social continuity...Third, conservatives believe in what may be called the principle of prescription...Fourth, conservatives are guided by their principle of prudence...Fifth, conservatives pay attention to the principle of variety...Sixth, conservatives are chastened by their principle of imperfectibility”, *The Conservative Reader*, edited by R. Kirk, New York, Viking Books, 1982, pp. xv-xviii.

⁴ Mosca (1858-1941) was professor of Public Law, Political Science and History of Political Ideas at the Universities of Turin and Rome. His major work, entitled *Elementi di scienza politica* [*Principles of political science*], was written between 1896 and 1922.

⁵ G. Mosca, *Teorica dei governi e governo parlamentare* (1883), now in Id., *Scritti politici*, edited by G. Sola, Torino, UTET, 1982, vol I, p. 203.

⁶ *Elementi di scienza politica*, now in Id., *Scritti politici*, cit., vol. II, pp. 633-34.

This is a really important issue, but there's another crucial consequence of the ruling-class theory: popular sovereignty should be considered merely as a political formula, very successful but no more valid and true than – let's say – divine sanction⁷.

Einaudi grew up in this ideological *milieu*: no surprise that he seems to support his friend's theory. Actually, he was much less conservative than we could imagine: in fact, he was a passionate advocate of liberalism, conceived as “a moral theory, whose primary aim is human flourishing”⁸. As the exercise of individual liberty is a means of moral and spiritual growth, he thought that liberty should be protected by the rule of law; for the same reason he endorsed a constitution characterized by a clear separation of powers (with an independent judiciary) and a solid structure of local government. In his view, then, liberalism was strictly connected with pluralism: that's the reason why he was also a zealous supporter of a strong debate between state institutions and non-governmental organisations (civic committees, religious communities, cultural clubs, even trade-unions⁹).

The point is that, in Einaudi's philosophy, the preservation of individual liberties and social pluralism was incompatible with the expression of popular will. People acting as a whole, and vesting a parliamentary majority with legislative power, wouldn't represent the best guarantee for liberty rights: history had shown that, under popular governments, minority's rights have been violated, toleration wiped out, local autonomy destroyed¹⁰. For all these reasons, in early 1920's Einaudi was persuaded that friends of liberty should reject the “dogma” of popular sovereignty and accept the fact that every government is, or should be, ruled by a natural aristocracy, formed by selected individuals and designed to protect the liberal roots of the State.

4. Such a conclusion was surely frail. Nevertheless, we have to remember that fascist dictatorship had yet to come¹¹. Einaudi was cautious at first; but, when he saw that fascists were destroying liberty rights, he became a fierce opponent. This experience really changed his mind: in august 1924 he wrote a long article, published on the “Corriere della Sera”, in which he traced the differences between a liberal democracy and the State fascist government was trying to create. A liberal democracy, he said, is characterised by a “large, or universal, franchise”, for people at large

⁷ I take this example from Mosca's *Elementi di scienza politica*.

⁸ *Liberalismo*, “L'Italia e il secondo Risorgimento”, July 29, 1944, now in Id., *Riflessioni di un liberale sulla democrazia (1943-47)*, edited by P. Soddu, Firenze, Olschki, 2001, p. 65.

⁹ See, for ex., *Verso la città divina*, “Rivista di Milano”, III, vol. 6, n. 36, April 20, 1920, now in Id., *Il Buongoverno. Saggi di economia e politica 1897-1954*, edited by E. Rossi, Bari, Laterza, 1954, vol. I, pp. 33-38.

¹⁰ Most of all, he had in mind jacobinism and post-revolutionary France; see, for. ex., *Major et sanior pars*, “Idea”, I, n. 1, 1945, now in Id., *Il Buongoverno*, cit., vol. I, pp. 96-117.

¹¹ Fascist movement entered Italian cabinet at the end of October 1922.

must elect the ruling class, and by an “unlimited freedom of debate”, for every individual (“businnesmen...farmers...intellectuals...workers”) can, and sometimes must, raise his voice¹².

No need to say that fascists wished to eliminate both things and, as we know, unfortunately they succeeded. Einaudi, appointed member of the Senate in 1919, no longer participated to political activities, but his intellectual freedom was to be preserved. During this long period (twenty years almost) his reflections on the nature of liberalism and democracy were fully developed: his primary aim was to reconcile the ruling-class theory with liberal-democratic ideals¹³.

The main problem he faced was to find useful means in order to put the right men in the right place. He never rejected the axioms of the ruling-class theory, but he went to say that “seldom ruling class is a real natural aristocracy”, i.e. a special rank formed by morally selected individuals¹⁴; history had shown that many times power élites are morally and politically unable to hold the keys of government. However, as direct democracy didn’t seem applicable to large modern States, people’s task was to find and elect (with universal franchise) a true natural aristocracy.

In sum, though he was led to emphasize people’s role, Einaudi was still convinced that “whatever structure the State assumes, power is always held by a small number of individuals” and that “democracy’s ends can only be pursued when the majority of voting individuals...makes the best ruling class emerge from civil society”¹⁵.

5. This position he reached in 1945. After the war Einaudi soon became one of the leaders of Italy’s democratic revival: a member of Liberal Party, he entered Italian Costitutional Convention in 1946 and national cabinet in 1947 as Minister of the Treasure; finally, he was made President of the Republic in 1948.

At that time he went on writing several political essays in which he defined his model of liberal democracy: once again, popular sovereignty was considered a kind of “myth...though so useful that ruling classes...can’t do without it”¹⁶. The exercise of popular sovereignty should have been limited by a complex institutional structure, whose main points I am going to review:

¹² *Stato liberale e stato organico fascista*, “Corriere della Sera”, august 16, 1924, now in Id., *Cronache economiche e politiche*, cit., vol. VII, pp. 794-95.

¹³ See, for ex., *Il peccato originale e la teoria della classe eletta in Federico Le Play*, “Rivista di storia economica”, I, n. 2, 1936, now in Id., *Saggi bibliografici e storici intorno alle dottrine economiche*, Roma, Edizioni di Storia e Letteratura, 1953; see also R. Faucci, *Gaetano Mosca e gli economisti del suo tempo*, “Annali della Fondazione Luigi Einaudi”, XXXII, 1998.

¹⁴ *Il peccato originale e la teoria della classe eletta in Federico Le Play*, cit., p. 319.

¹⁵ *Major et sanior pars*, cit., p. 98.

¹⁶ *La seconda camera. La rappresentanza degli interessi*, “Corriere della Sera”, december 24, 1946, now in Id., *Riflessioni di un liberale sulla democrazia*, cit., p. 231.

- (1) inspired by a long liberal tradition, from Montesquieu and Madison to Constant, Einaudi's constitutional model was based on the separation of powers, with a particular focus on the role of independent judiciary;
- (2) he advocated special guarantees for institutional reform, in order to avoid too rapid constitutional changes (as those which took place under fascism); for the same reason, he thought that ordinary judges should retain the power to declare the unconstitutionality of legislative acts, though he always opposed the creation of a special Constitutional Court (later designed in the new Italian Constitution);
- (3) he favoured a "first-past-the-post" (FPTP) voting system, typical of Anglo-Saxon countries. Einaudi esteemed this system capable of electing independent candidates, something he thought was unknown to pure proportional, planned to increase the power of national political parties (a thing he feared so much)¹⁷;
- (4) very often he stressed the importance of local self-government based on a huge popular participation. Internal federalism was not only a means of selecting potential ruling classes, but it also played the crucial role of balancing parliamentary decisions, for local authorities – in his view – should possess a large legislative and financial autonomy¹⁸;
- (5) finally, he supported the creation of civic committees, private associations whose aim was to stimulate popular commitment, public debate and social solidarity without relying on state help¹⁹.

Einaudi was trying to sketch a net of "counterpowers", following the advice of famous liberal theorists as Montesquieu and Madison²⁰. Counterpowers, he hoped, would have fixed the boundaries of legislative action (founded on popular will) and, in case, reacted against parliamentary abuses, that he considered a symbol of "majority's tyranny"²¹.

6. What, then, should we think of Einaudi's political philosophy? If it's true that he partially changed his ideas under the influence of political events, his opinions leave us many questions. How could he be so sure that power élites would result more reliable than people at large? And why didn't he fully motivate his rejection of popular sovereignty?

¹⁷ See, for ex., *Contro la proporzionale*, "Idea", I, n. 3, 1945, now in Id., *Riflessioni*, cit., pp. 125-39.

¹⁸ See, for ex., *Via il prefetto!*, "L'Italia e il secondo Risorgimento", July 17, 1944, now in Id., *Il Buongoverno*, cit., vol. I, pp. 54-62.

¹⁹ See, in particular, *Economia di concorrenza e capitalismo storico. La terza via fra i secoli XVIII e XIX*, "Rivista di storia economica", VII, n. 2, June 1942, pp. 49-72.

²⁰ On the philosophy of counterpowers see especially B. Manin, *Deux libéralismes: marché ou contre-pouvoirs?*, "Intervention", n. 9, 1984.

²¹ *Il mito della sovranità popolare*, 1947, unpublished paper now in Id., *Riflessioni*, cit., p. 265.

He tried to face these dilemmas all life long, as a scholar and as a politician, but he never produced a consistent theory. The main reason, I think, must be found in the multiplicity of his political culture, for he was influenced by many different philosophers, economists and political scientists. A great expert of eighteenth-century political and economic ideas, he cherished english and american philosophers (as Hume, Smith, Burke, Hamilton and Madison) and the french Physiocrats. He was then really found of italian reformers like Beccaria, Verri, Galiani and Genovesi, but among his all-time favourites were also some nineteenth-century liberals as Constant and Tocqueville, Mill and Cattaneo. However, he was born when european political science began to emerge as a distinct and independent discipline; he studied and appreciated authors like Taine, Mosca, Pareto, Bryce and Ostrogorski, most of them endorsing a conservative approach.

Many times Einaudi tried to conciliate these tendencies, but seldom he succeeded. His political philosophy was consequently based upon two pillars, ruling-class theory and liberal constitutionalism: the point is that they seem, and probably are, too different to be put together in a comprehensive design. Here lies the main fault of his entire construction.

SELECTED BIBLIOGRAPHY

- Einaudi, L., *Cronache economiche e politiche di un trentennio*, vol. VII, Torino, Einaudi, 1965;
- Id., *Economia di concorrenza e capitalismo storico. La terza via fra i secoli XVIII e XIX*, "Rivista di storia economica", VII, n. 2, 1942;
- Id., *Il Buongoverno. Saggi di economia e politica 1897-1954*, 2 vols., edited by E. Rossi, Bari, Laterza, 1954.
- Id. (Junius), *Lettere politiche*, Bari, Laterza, 1920;
- Id., *Riflessioni di un liberale sulla democrazia (1943-47)*, edited by P. Soddu, Firenze, Olschki, 2001;
- Id., *Saggi bibliografici e storici intorno alle dottrine economiche*, Roma, Edizioni di Storia e Letteratura, 1953;
- Faucci, R., *Gaetano Mosca e gli economisti del suo tempo*, "Annali della Fondazione Luigi Einaudi", XXXII, 1998;
- Kirk, R. (ed.), *The Conservative Reader*, New York, Viking Books, 1982;
- Manin, B., *Deux libéralismes: marché ou contrepouvoirs?*, "Intervention", n. 9, 1984;
- Mosca, G., *Scritti politici*, 2 vols, edited by G. Sola, Torino, UTET, 1982.

