‘New Liberalism’ the Italian way: 1918 – 1947

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1.

As an established historical category, “New Liberalism” (NL) is typically British. Here, I am using the term analogically to characterize an epoch in Italian history in which classical economic liberalism was no longer perceived as a reliable guide either in political debate or in economic thought, and various attempts at defining new features for a still “liberal” doctrine were made. The boundaries of the period to which my research refers take the phase of social and political unrest immediately after the end of WWI as the starting point; and the final breakdown of a political formation called Partito d’Azione, into which different strands of Italian NL had converged, as the end point. The whole “ventennio” of the Fascist regime is of course included in this time span, and contrary to what one might think the Fascist regime itself is not extraneous to the main story.

While a mere history of the changes in Italian liberal thought over this period would be enough to fill many hours of talk, with scores of economists, philosophers and legal and political scientists involved, my aim here is much more limited and somehow preliminary. I’ll try to identify the central conceptual dichotomies in terms of which the Italian debates concerning liberalism developed, so as to define the main coordinates of a simplified conceptual space and to be able to locate the position of individuals and movements inside it. [I took the idea of such a conceptual map from ch. 1 of that splendid book, Liberalism & Sociology (1979) by Stefan Collini, although his coordinates, referring to a different country and an earlier epoch, differ from mine]. The result is a graphic rendering of conceptual closeness or distance that can help us in understanding the reasons for alliances and clashes.

2.

A first conceptual dichotomy is represented by the opposition between the terms “organicism” and “individualism”. Both refer to society, the basic difference being that the former regards it as an elementary unit, the latter as an aggregate of more elementary units. It is not that in the organic view “individuals”, whatever this may mean (single persons, families, firms, social groups), do not exist; they do, but they receive their qualities, or at least the most relevant ones, from the “collective” to which they belong. In the individualist view it is the other way round,

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qualities of the collective are the result of some kind of composition of the – independently defined – qualities of the individuals who coexist in it.

At this level of first rough approximation the dichotomy looks like stark opposition between two incompatible views. Yet, looking at it in the light of the controversies with which we are concerned we can see at least two ways of combining the two views into one consistent social theory. (i) A first one is by introducing two-way causation between individuals and collectives moving at different velocities. According to a non-infrequent scheme in nineteenth-early twentieth century sociology, individuals are conditioned by the surrounding social structures in the short run, but in the long run structures slowly change under the pressure of changing individual interests and motivations. (ii) A second basis for mixing up the two views is provided by the possibility of locating the “organic” unit at intermediate levels between the two extremes, the single person on the one side, the largest social body (usually the whole Nation, in this period’s discussions) on the other. Thus, a sociology in which homogeneous social groups interact as individuals through either peaceful contracting or political violence, the state of the nation-system being determined by the outcome of the interaction, as can be found in interpretations of the Italian situation by Pantaleoni and Pareto, may well be considered mid-way between individualism and organicism.

In conclusion, one may think of the organicism/individualism dichotomy in our period not as polarity between two contradictory views with nothing in between, but as a virtual continuum with two end points. By using binary notation, we can attach values 0 and 1, respectively, to individualism and to organicism, the whole [0,1] interval being available for ranking possible intermediate positions according to their distance from the extremes.

3.

Our second conceptual dichotomy is in terms of two opposite philosophical positions that I shall call “Positivism” and “Idealism”. A warning here is apt, because both terms refer to important philosophical trends that in turn include a variety of doctrines concerning different aspects of reality and of thinking about reality. But apart from the few cases in which contenders were professional philosophers, technicalities and lines of reasoning typical of philosophical argument rarely entered discussions about liberalism. In the Italian debates of the period “positivism” was normally used to denote social doctrines which mainly rely on induction from objectively verifiable observations. The term “naturalism” was also often used as a synonym, implying a conception in which society is regarded as not substantially different from a natural object that behaves according to unchanging general laws.

On the opposite side, “idealism” refers here to the Italian idealism of the early 20th Century in one or the other of the two rival schools, the one headed by Benedetto Croce and the “idealismo attuale” or “attualismo” of Giovanni Gentile. But, again, the fine points of divergence between Croce and Gentile rarely if ever occurred in economic and political argument. Resort to “idealism” was usually limited to vague statements concerning the role of subjective intentionality in creating reality, emphasizing spiritual freedom and finality as against material factors and determinism.
If, again, we attach values 0 and 1 to, respectively, the attitudes that we have designated as “positivism” and “idealism”, we can think of a continuum of virtual positions placed in the [0,1] interval according to distance from the extremes – although there are no clear philosophical tags to attach to such intermediate points. Authors like Pareto and Marshall provide good examples of how the extremes can be combined. Pareto, hardly an idealist, insists on the method of social science having to be “positive” in the same sense as in natural science, but then has to cope with the fact that sentiments and other non-observable motivations play important roles in social explanation. Marshall is closer to an idealist position but has an important role for routines as well, and treats the latter as mechanical regularities that create similarity between human and animal or mechanical behavior.

4.

By assembling the two conceptual dimensions discussed above in a bi-dimensional diagram we get a box that contains our virtual conceptual space. The horizontal side corresponds to the gap between positivism and idealism; the vertical side, to that between individualism and organicism.

At this point one might get involved in a long exercise in trying to locate the position of single individuals and movements inside this concept-box. I’ll limit myself to discussing only three tendencies in the Italian NL story over the 1918-1947 period. Surprisingly enough, two of these correspond to lines of thought that, being connected to Italian Fascism, one would certainly not like to define “liberal”. Yet, positions in the box occupied by both fascist and anti-fascist tendencies turn out to be very close to each other. The three tendencies are the following.

I. In the turmoil between the end of WW1 and the rise to power of Fascism “New Liberals”, i. e. liberal critics of classical economic liberalism (L) and socialism (S) tend to view their own and their adversaries’ positions as in the map below. The main argument against L is that it is self-defeating: by focusing exclusively on individual economic rights, L gives way to unrestrained competition, the result of which is the building up of huge concentrations of economic power. These in turn end by destroying competition, prevent outsiders from enjoying the same economic rights as they do, and tend to prevail over political power. On the other hand, S is perceived as actually or potentially illiberal because it tends to concentrate power at the top of
the political hierarchy and to exercise it in top-down fashion, even if the intentions may be ethically worthy (equality, justice etc). Thus, naturalism, individualism, collectivism are the faults for which people in NL blame L and S.

A few names behind NL. In the 1918-1922 period, Salvemini, Ruffini, Jemolo, Gobetti, Carlo Rosselli etc. Apart from Rosselli, no professional economists among them. Economists qua economists were generally content to occupy their south-west corner of the box. NL instead proposed a different approach. Economic rights (“natural” rights) was not the issue for them; rather, the point was to grant everyone the right to develop all the capacities necessary to conceive and pursue full spiritual life. As the latter is, in the idealistic conception, intrinsically social, this requires that the State makes it its duty to enable people to form spontaneous organizations which may serve to channel freely formed will in down-up fashion towards the State itself. This implies almost total split between the exclusive context of L (i.e., property rights and free entry) and that of NL. A corollary of the latter is the “open list” of the fundamental rights to be granted: these are not fixed once and for all by nature but depend on something more or less vaguely defined as the spirit of each historical age (the doctrine was formulated by the legal scholar and politician Piero Calamandrei in introducing a 1946 reprint of Ruffini’s 1926 book *Diritti di libertà*).

The position of NL in the box is I think self-explanatory. Fascism repressed this type of liberalism, some persons in the list given above were killed. Yet many economists’ classical liberalism was tolerated – provided they didn’t show up too much (e.g. Einaudi). NL resurfaced in 1942 as one of the main ideological components of the (at the time) clandestine party called Partito d’Azione, which became one of the pillars of the Italian “Resistenza” and survived until 1947. Among the names of younger people who joined the party and shared a NL position at this later stage, one to be remembered is Guido Calogero, a philosopher and a pupil of the fascist philosopher Giovanni Gentile. Both the fascist crackdown on NL and the “New liberal” Calogero’s closeness to Gentile must be noticed in the light of what follows.

II. Still in 1923 Giovanni Gentile, just before being appointed honorary member of the Fascist party, titled a short programmatic paper of his “My Liberalism”. What kind of liberalism was that? As idealist as he was, he of course had strong reasons to reject naturalism in all its forms (even in natural science itself!). But his idealism was also of a Hegelian brand, and so he thought of the State as an organic entity embodying all the highest manifestations of spirit: his
was Ethical State, and as such it had the duty to teach its members. If the mission is performed successfully, the State does no longer have to bother about rights of liberty of any kind for its members, because the will of the State becomes their own will and in consciously submitting to it their “subjective” freedom comes to coincide with “objective” freedom. Liberalism, liberal state and policy, are thus predicated on the basis of a doctrine of the identification of individual and State. On this basis, even Mussolini’s totalitarian state may be argued to be liberal. But why this doctrine should be true remains unclear for a non-philosopher, unable to find any social or political cogency in Gentile’s logically tight but terribly abstract arguments. This so-called liberalism, indicated with GG, must in any case take on a north-east position in our concept-box, inevitably nearer to NL than to any other position.

III. The last movement to be registered in the box is the one due to the fascist project of reorganization of the State known with the term corporativism. This was, and remained from start to end, a vague and shifting target, more wishful thinking than concrete realization apart from a few bureaucratic institutions the efficiency of which has always been considered doubtful. After the great crisis of 1929 the slogan “third way” was forged to emphasize the ambition to leave behind the old-fashioned opposition between S and L, the need for new perspectives. The debate was huge, more in the amount of words than in substantive arguments and proposals, and in reviewing it one risks getting lost. Here I focus on one of the sharpest proposals that was put forward by two other pupils of Gentile’s, Ugo Spirito and Arnaldo Volpicelli, both of them philosophers (Spirito studied law, including some economics with Pantaleoni; Volpicelli was a philosopher of law). Their arguments against L were much similar to those of NL seen above. Their opposition to S was instead much milder, the reason being that S was not so far from their idea of what corporativism should look like. The corporate system according to them had to be based on the corporation taking over the property of the capital of firms from private hands; management of firms was to be entrusted to a technocracy recruited from the highest layers of the labour force; trade unions were to be abolished, the collective proprietary structure having removed all reasons for social conflict; at the top, the State had to coordinate the whole system and select and indicate the strategic targets. Differently from Gentile, Spirito and Volpicelli made no pretense of being in any sense liberals. In spite of this, they resorted all the same to Gentile’s doctrine of the identification of the invidual and the state, as this was instrumental in rallying the workers’ collaborative spirits around the collective effort. This was therefore again an organic top-down dream in which the
vision of the ultimate national aims came from the State, with only greater emphasis on technocracy and collective property, and no room for intermediate social bodies such as trade unions. The result is a conceptual position, point C here below, that in the box must again be located near the north-east corner, competing for space with NL.

Both NL and the fascist tendencies represented by GG and C come forward as proponents of social models able to overcome the old opposition between L and S, a residue, according to both, of worn out eighteenth-century philosophies. They both use the “third way” mantra, and the conceptual nearness displayed by the box indicates that there is some reason for these competing claims. Yet this very nearness conceals the underlying ideological clash between self-government realized by means of a decentralized state enhancing the capacity for self-organization of spontaneous social aggregations, as of NL; and the appearance of self-government in GG and C, created by an identification of individual and state that may well be the result of inculcation of the State’s views in the mind of the individual. Lastly, it is to be noticed that in all these debates rights of liberty in general were either redefined in more or less vague idealistic fashion (NL) or implicitly or explicitly declared not to be the issue (GG and C). The specific economic liberties that represented the gist of the matter for all economists with a professional training, were after all scarcely heeded.
Liberalism and radicalism have played a role in the political history of Italy since the country's unification, started in 1861 and largely completed in 1871, and currently influence several leading political parties. During the first decades of Italy as a united country, the main parliamentary parties included liberals, but it was not until 1877 that the left-wing Radical Party was established as the first organized liberal party. The more centrist Liberal Union followed in 1913. Most liberal and if this was liberalism it was not so much neo- as paleo-. If racial hierarchy was one of the foundations of neoliberalism's imagined global order, the other key constraint on the nation-state was the free flow of the factors of production. This is what made the restoration of capital mobility in the 1980s such a triumph. Certainly restricting the former is a sure way to restrict the latter, especially in a world of national welfare where the right to entry depends on proving that you need neither social assistance nor a job. It was these entanglements of unfreedom that the Road to Serfdom dissected so effectively, which brings us to the ticklish question of its author. The economics of Italian Fascism is often ignored or trivialized because so much of it is found in today's world economies. Consider some of the components of fascist economics: central planning, heavy state subsidies, protectionism (high tariffs), steep levels of nationalization, rampant cronyism, large deficits, high government spending, bank and industry bailouts, overlapping bureaucracy, massive social welfare programs, crushing national debt, bouts of inflation and a highly regulated, multiclass, integrated national economic structure. On numerous occasions, Benito Mussolini identifie