

LEZIONI DI POLITICA SOCIALE
AS A CLASSIC OF POLITICAL AND ECONOMIC THOUGHT

ALBERTO BAFFIGI★

ABSTRACT

Lezioni di politica sociale, written by Luigi Einaudi during his Swiss exile in 1944, is examined to highlight the conceptual model it is based on. It serves as a guide for designing rational social policies by combining economic theory with explicit ethical principles related to income and wealth distribution. Social policy requires politics in its highest sense, and *Lezioni di politica sociale* demonstrates how to make political choices without prescribing what those choices should be: that decision is left to us. Given this framework, it is no surprise that Einaudi, despite being a moderate intellectual and a proponent of sober, solid conservatism, was an important reference for intellectuals – often politically engaged, even socialists – who followed some of his methodological steps but harshly criticized how he applied them.

Keywords: Means and Ends of Social Policy, Redistribution, Liberal Socialism.
JEL Codes: B20, B40, D63.

The *Lezioni di politica sociale*, written by Luigi Einaudi during his Swiss exile in 1944, is a classic that rightfully belongs in the *Edizione Nazionale degli Scritti di Luigi Einaudi* (National Edition of Luigi Einaudi's Writings). Like all great works, it is a text that transcends the historical context in which it was conceived, written, and disseminated. It endures the test of time and deserves an analytical reading as a model of thought, independent of the historical motivations underlying it.

As a classic, it is also a book we should turn to in order to navigate our complex and challenging present times. Marchionatti and Revelli (2023) emphasize this point in their introduction to the *Scienza delle Finanze*

★ Banca d'Italia. Address for correspondence: Alberto.Baffigi@bancaditalia.it.

volume of “The National Edition of Luigi Einaudi’s Writings” (Einaudi 2023: 45).

In the following pages, I will offer my contribution to this topic: I will examine the *Lezioni* as a conceptual model, a guide for designing rational social policies by combining economic theory and explicit personal ethical principles related to income and wealth distribution. Social policy requires politics in its highest sense, and the *Lezioni di politica sociale* show us how to make political choices without telling us what those choices should be: that is for us to decide.

Forgive me for a brief autobiographical reference. I confess that I came to know the *Lezioni* through the *Introductory Note* written by Federico Caffè, a great admirer of Luigi Einaudi (he edited the 1964 edition) and a sharp, profound critic of his ideas. It was in the late 1980s when I bought the 1977 edition. The passion and admiration, combined with the critical detachment with which Caffè presents what I later discovered to be a small gem, led me to read it carefully. I mention this because I believe that a work like Einaudi’s should also be judged by the moral sentiments it evokes.

Caffè highlights how, in the *Lezioni*, “there seems to be no doubt” that “the cognitive intent is frequently intertwined with that of ‘acting upon reality’” and how “the ‘scientific’ nature of the work does not contradict but rather coexists with the significance it assumes on the moral and political levels” (Caffè 1977: xvii).¹ After reading, analyzing, and studying it thoroughly, I understood the meaning of the phrase with which Caffè concludes his note:

The contemporary reader may [...] be impatient with some hesitations, perplexities, and cautious warnings that Einaudi expresses when discussing, so lucidly, equality of starting positions as a goal of social policy. But even in such cases, it is fair to acknowledge that this impatience reflects a fervor inspired by Einaudi’s very pages and by his incitement to “perfect and reform institutions, customs, laws [...] in order to reach higher ideals of life.

As He warns, “we will be able to if we want to” (Caffè 1977: xx).

The importance of the *Lezioni* lies precisely in this tension between their potential political implications and the way their author utilizes them. But let us dig a little deeper: in the *Lezioni*, we naturally encounter the author’s perspective, but also much more. The logic by which Einaudi reaches his conclusions is a flexible one, a logic that even those who advocate for very different social policy approaches could employ, as we will see shortly.

¹ All translation from Italian in this article are mine.

Einaudi seeks to persuade us on some points that he considers important and that, in his view, should guide social policy; but, at the same time, he provides tools for those who may not wish to follow him down the suggested path. It is important to understand this. In it, we find Einaudi's liberalism. The reading of the *Lezioni* is essential for this purpose; it allows us to grasp an apparently contradictory characteristic of Luigi Einaudi: an economist, a moderate intellectual, a bearer of sober and solid conservatism, who, despite this, was an important reference point in his lifetime for intellectuals – often politically militant, even socialists.

This explains the nuanced appreciation of the *Lezioni* by Federico Caffè. As Francesco Forte (1982) emphasizes in his excellent book *Luigi Einaudi: il mercato e il buongoverno* (*Luigi Einaudi: The Market and Good Government*), Einaudi possessed a unique “fertility” as a “pure liberal” for reformists. This is evidenced by the “flourishing and variety of the group of men who emerged from his school to take on engaged roles: among left-wing liberals, like Marcello Soleri; liberal socialists, like Piero Gobetti and Ernesto Rossi; and liberal socialists like Carlo Rosselli” (Forte 1982: 206).

Indeed, the *Lezioni* are fundamental to understanding that this is not a peculiarity, or a fortuitous coincidence linked to one of those oddities often found in human relationships, even among intellectuals. There is much more to it. The fact is that this text does not offer unequivocal directives or ready-made recipes. Instead, it provides a method for reasoning about the relationship between ends and means in social policy, as well as the connection between theory and value judgments.

I will briefly summarize the arguments Einaudi presents in the *Lezioni*. They stem from two premises, which, in turn, raise an important theoretical question.

The premises are:

1. Social legislation “is the broadest term that could be used to summarize all state interventions in social matters” (Einaudi 1977: 59).

2. “Our duty as economists is to remain strictly within our specific field, to avoid any digression, and to use in our investigations those tools that economists have learned to use ever more effectively over two centuries (our science is approximately this old) and have proven to be somewhat effective in the investigative field. If we step outside this specific field, we may become politicians, propagandists, or moralists; we will thus cease to be what allows us to say something truly worth listening to” (Einaudi 1977: 59).

Given these premises, the question is: in what sense can economic theory serve as a useful guide for social policy, that is, for “state intervention in social matters”?

To find the answer, it is necessary to delve into the conceptual model Einaudi employs in the *Lezioni*, which, schematically, consists of three key components.

a) The first component is liberalism as a *worldview*, as noted by Bobbio (1974). This worldview includes, as a defining element, “the beauty of struggle” (“la bellezza della lotta”; Einaudi 1924a): “Struggle in all its forms – economic, in the form of competition; ideological, in the form of debate; political, in the form of party conflicts within a state; and even war between nations – as the primary driver of historical progress” (Bobbio 1974: 183-184).

But it also includes, of course, economic freedom. And both – struggle and economic freedom – can contribute positively to society only if they unfold within a fair context that guarantees equality of starting conditions (*uguaglianza dei punti di partenza*).

Economic freedom is ensured by the market system and competition. From this follows the importance of economic theory as a tool to explain how the system functions. However one must be careful: Einaudi makes two very important points about the market system.

b) The first is epistemological in nature – which brings us to the second component of Einaudi’s conceptual model – and stems from his intellectual proximity to pragmatist philosophical thought, particularly that of his friend, the mathematician and philosopher Giovanni Vailati (Baffigi 2010). From this perspective, the market system and the concept of competition constitute

simply an abstract framework that [economists utilize] as a means of penetrating reality. Economists face a reality far more complex than that encountered by physicists, chemists, naturalists, astronomers, and so on. [...] We cannot create societies; we must limit ourselves to observing them. Instead of capturing the complete reality, we grasp only a part of it and use it as a means to delve into certain aspects of the whole reality. The conclusions are partial; they are not the absolute truth, but they help us understand something about reality (Einaudi 1977: 60).

This serves as a caveat: economic science does not provide irrefutable guidelines; it merely helps us understand certain aspects of economic reality. It offers orientation, but the guidance it provides requires a certain degree of trust in the framework it offers.

c) The second consideration about the market system is theoretical in nature; it makes up the third component of Einaudi’s conceptual model: “Economists in formulating the model of competition, had to – and still must – abstract from what can be called the original moment of human activity in the market” (Einaudi 1977: 72).

What does Einaudi mean? He clarifies the concept further on the following page:

The model assumes that many consumers participate in the market. They do so with the resources each of them possesses. But the relative amount of resources each individual has and uses in the market cannot be analyzed solely through economic analysis; it is a juridical, historical, and political fact that also depends on the institutions in place in different societies (inheritance, education, environment, existing monopolies, competitive earnings, etc., etc.) (Einaudi 1977: 73).

Einaudi, as a liberal, essentially demonstrates the necessity of directly addressing the issue of income distribution. It is an inescapable question, and we cannot passively rely on the market system to resolve it. Otherwise, he notes, the accusation of formalism against the merits attributed to the market mechanism risks remaining relevant.

That mechanism operates with admirable perfection; but it provides suitable answers only to the questions that reach it, from those of billionaire plutocrats to the most modest requests of destitute beggars. The mechanism is an impassive economic instrument, one that ignores justice, morality, charity, all human values (Einaudi 1977: 245).

This point was heavily emphasized by one of his admirers and greatest critics, Ernesto Rossi. In a letter from late 1942, written from his confinement in Ventotene, he told Einaudi that reading Wicksteed's *The common sense of political economy* (which Einaudi had introduced him to; Wicksteed 1933 [1910]) had enlightened him about the fact that consumer choices – whether to raise “Pekingese dogs instead of pigs” or to grow “orchids instead of potatoes” – do not depend solely on individual preferences, but also on the unequal distribution of social income. And if this is not properly considered, instead of correcting ‘the vice of consumer democracy’ as much as possible, one ends up consolidating it, thus giving some foundation to those who accuse economists of being the advocates of the propertied classes (Einaudi and Rossi 1988: 110).

Rossi reproached Einaudi for not giving this fact the consideration it deserves. However, as we can see, two years later, in delivering the *Lezioni*, Einaudi shows that he had taken Rossi's criticism seriously into account – a criticism that, in fact, he himself had prompted through his reading suggestions (namely, Wicksteed's *Common Sense*).

In the *Lezioni* some beautiful pages address the issue of redistributive policies. Einaudi talks about “lowering the peaks” (*abbassamento delle punte*) and of “raising from below” (*innalzamento dal basso*) as goals of social policy. The ideals concerning the *original moment* may vary, Einaudi

observes. However, extreme positions – absolute equality and absolute inequality – are both “harbingers of tyranny”. On this point, all reasonable people may agree. A more complex issue is determining “what constitutes ideal equity” – a “problem that each person resolves according to their own point of view” (Einaudi 1977: 75).

Thus, in the *Lezioni* (though in other instances of his public writings, his statements on the matter were more categorical and less open-ended), Einaudi provides no definitive guidance on distributive issues. The only recourse is to appeal to common sense, practical reasoning, and one’s own perspective: this is politics in its noblest sense. Technical competence alone is not enough; political competence is itself a specialization. “A good theologian is not enough to make a good pope”, Einaudi had written in a letter to the editor of *Corriere della Sera* on February 16, 1922 (Einaudi 1955 [1922]).

The importance of politics, moreover, is closely linked to the existence of trade-offs, or “critical points”, as he preferred to say. Redistributive policies, if pushed beyond a certain critical threshold, can reduce incentives to produce and invest to such an extent that they ultimately prevent the achievement of the very social justice objectives they were intended to serve. But there is no theoretical rule that tells us where to draw the line; determining the critical point largely depends on our assessments, perspectives, and value judgments – in the end, on politics itself.

At this point, we have all the necessary elements to draw conclusions. Einaudi tells us that our social policy choices depend on two key factors:

1. The degree of trust we place in the market system as abstractly described by economic theory.
2. How willing we are to accept that economic and political events of the past continue to influence today’s distribution of income and wealth within society.

His role as a mentor to students who both admired and criticized him finds its methodological foundation in this open, flexible approach to argumentation, in the role he assigns to pragmatic trust in scientific propositions and to well-considered value judgments. On this background, ample room for discussion is allowed.

An thus, Federico Caffè, in his introduction to the *Lezioni*, while emphasizing the *fervor*, the enthusiasm, aroused by Einaudi’s pages, observes that the “description of the market mechanism and its functioning” appears “rather distant from contemporary reality”, in which demand, “rather than directing production, is overwhelmingly conditioned by it” (Caffè 1977: xvii-xviii). He also points out that Einaudi’s thesis, which attributes the proliferation of monopolies, trusts, cartels, and consortia to public action, does not provide “a comprehensive explanation

of the complex phenomenon of technical and financial concentration in the modern economy” (Caffè 1977: xviii). Furthermore, he expresses his concerns about the fact that “the conduct of trade unions is analyzed based on their ability to achieve those wage levels and working conditions that would emerge ‘under conditions of perfect competition’” (*ibid.*).

Ernesto Rossi, in an article published in *Il Mondo* in September 1961 (*Lo sciopero delle galline*; Rossi 1961b), expressed his dissatisfaction with the fact that “even when Einaudi acknowledged serious flaws, he would immediately add that they would become far worse if public bodies were entrusted with the task of overseeing them in defense of the collective interest”.

Carlo Rosselli was even harsher in his critique, with a historiographical intent, in his review of *Le lotte del lavoro* (Einaudi 1924b). Rosselli saw in Einaudi’s thought

the tragedy of Italian liberalism: giving birth to the creature and clipping its wings; giving life to all progressive and renewing schools of thought, only to then deny them, preemptively, the faculty, the right, even the possibility of surpassing the reality in which and from which they arise – specifically, the capitalist, bourgeois reality; seeing history as a perpetual becoming, a succession of successive equilibria, [...] only to then wither into a dogmatic affirmation of the perpetuity of the present reality (Rosselli 1924: 158).

These criticisms, however one may evaluate them, testify to the great fertility of Einaudi’s thought. The critiques from his students, sometimes radical, stem from a shared framework – a framework that makes open and analytical discussion possible. All of this explains the question I raised at the beginning of this article: the apparent contradiction of Einaudi as both a conservative and a mentor to engaged, reformist, socialist, and often radical intellectuals.

As a matter of fact, they formed an intellectual community. Einaudi’s deep, even affectionate bond with the group of left-wing liberal reformists and socialists is evidenced by the tribute Ernesto Rossi wrote in *Il Mondo* following the passing of the Piedmontese economist:

Rereading his last letter now, I better understand why I cared deeply for him: because I could tell him frankly everything I thought, even what I thought about him, without fear of offending him. [...]

And I cared deeply for Einaudi for another reason as well: because he did not abandon me after my arrest, nor even after the sentence imposed on me by the Special Tribunal ‘for having attacked the constitutional order with the aim of provoking an armed insurrection’ (Rossi 1961a).

Rossi was also grateful for Einaudi's passionate support of the *European Federalist Movement*. He closes the article with a moving account. He recalls that when Einaudi was elected President of the Republic, he had written an article in *Italia Socialista* on May 15, 1948, in which he imagined a scene in the Elysian Fields. He fantasized that his old friends,

physically gone but still spiritually present in our world (Calderoni, Vailati, Giretti, Fortunato, Albertini, Amendola, Turati, Ruffini, De Viti, Gobetti, Rosselli, Omodeo, and others of the same circle), had, for a moment, interrupted the discussions they had begun back on earth in newspapers, journals, and books to ask, with both concern and amazement:

– “What is happening in Italy? How is it possible that one of us has been elevated to the highest office of the Republic? How will that poor soul manage if he truly wishes to remain faithful to himself?”

Now, I take pleasure in returning to that fantasy, imagining that all of them (including Salvemini, Croce, Calamandrei, and Reale, who in recent years have joined the small group) have joyfully come forward to welcome the newly arrived and congratulate him for not having let them down. And then, together with him, they have resumed their serene discussions, which – even when they deal with tariffs, taxes, or currency – are always, in reality, discussions about Justice and Truth (Rossi 1961a).

REFERENCES

- BAFFIGI A. 2010, *Teoria economica e legislazione sociale nel testo delle Lezioni*, in A. Gigliobianco, *Luigi Einaudi: Libertà economica e coesione sociale*, Roma-Bari: Laterza: 48-89.
- BOBBIO N. 1974, “Il pensiero politico di Luigi Einaudi”, *Annali della Fondazione Luigi Einaudi*, VIII: 183-215.
- CAFFÈ F. 1977, “Nota introduttiva”, in L. Einaudi, *Lezioni di politica sociale*, Torino: Einaudi: XV-XX.
- EINAUDI L. 2023, *Scritti di economia. I.3. Scienza delle finanze*, Edizione Nazionale degli Scritti, Torino: Fondazione Luigi Einaudi.
- EINAUDI L. 1977, *Lezioni di politica sociale*, Torino: Einaudi.
- EINAUDI L. 1955 [1922], “Comepetenze ministeriali”, in Id., *Il Buongoverno. Saggi di economia e politica (1897-1954)*, Bari: Laterza: 41-46.
- EINAUDI L. 1924a, “La bellezza della lotta”, in Id., *Le lotte del lavoro*, Torino: Piero Gobetti Editore: 7-19.
- EINAUDI L. 1924b, *Le lotte del lavoro*, Torino: Piero Gobetti Editore.
- EINAUDI L. and ROSSI E. 1988, *Carteggio (1925-1961)*, Torino: Fondazione Luigi Einaudi.
- FORTE F. 1982, *Luigi Einaudi: il mercato e il buongoverno*, Torino: Einaudi.
- GIGLIOBIANCO A. 2010, *Luigi Einaudi: Libertà economica e coesione sociale*, Roma-Bari: Laterza.
- MARCHIONATTI R. and REVELLI F. 2023, *Introduzione*, in L. Einaudi, *Scritti di economia. I.3. Scienza delle finanze*, Edizione Nazionale degli Scritti, Torino: Fondazione Luigi Einaudi: 5-54.

- ROSSELLI C. 1924, "Luigi Einaudi e il movimento operaio", *Critica Sociale*, XXXIV (10): 158-159.
- ROSSI E. 1961a, "Discussioni nei Campi Elisi. In ricordo di Luigi Einaudi", *Il Mondo*, XIII (46): 1-2.
- ROSSI E. 1961b, "Lo sciopero delle galline", *Il Mondo*, September 5: 3.
- WICKSTEED P.H. 1933 [1910], *The Common Sense of Political Economy and Selected Papers and Reviews on Economic Theory*, London: Routledge and Kegan.