

ROSMINI'S ECONOMIC VISION AND THE POST-CRISIS GLOBAL ECONOMY*

*Carlos Hoevel***

Abstract: Being one of the first Catholic thinkers to embrace the market economy, Antonio Rosmini believed that it could not function devoid of strong ethical and institutional foundations. The article presents his main economic ideas and shows the relevance of his writings to understand the causes of the recent global crisis. It also gives a Rosminian insight on the possible actions to be taken in a post-crisis scenario.

Rosmini, the Crisis and the Catholic Liberal Tradition

Antonio Rosmini (1797-1855) is well known as one of the most important thinkers of European Modernity developing a deep philosophical thought comparable to Hegel's or Kant's. He was also a practical thinker who elaborated a complex social and economic project for Italy and for Europe. Rosmini lived in times very similar to ours, characterized by the passage from protected, closed and particularistic societies to more free, open and universal ones. If we experienced the end of the Communist regime, the adoption of democracy worldwide and the rapid growth of a global market

* Text based on the Calihan Lecture given by the author at the Pontifical Catholic University of Santa Croce in Rome on December 4, 2008, on the occasion of his reception of the Novak Award. This prize is given by the Acton Institute of the United States to new and outstanding academic research on the relationship between religion, economic freedom and a free and virtuous society. The author thanks Samuel Gregg and Marcelo Resico for their helpful comments on the first versions of the text.

** Dr. in Philosophy (UCA), M. A. in Social Sciences (University of Chicago). Professor of Philosophy of Economics and Director of the Center of Studies on Economics and Culture, Pontifical Catholic University of Argentina. E-mail: carlos_hoevel@uca.edu.ar

economy, so did Rosmini experience the end of the *Ancien Régime*, the new political ideas and practices of the American and French Revolution, and the quick expansion of a market and industrial economy.

Also like us, this great Italian philosopher was shocked by the social problems, wars and economic crisis that came with the changes. However, this latter fact did not induce him to be against the transformation, as did many traditionalists, corporativists, social romantics and collectivists of his time. The opponents of economic and political transformation in times of Rosmini accused the market economy of being the cause of almost every evil: of favoring greed and consumerism; of fragmenting society; of favoring the rich and generating exclusion. Not only did Rosmini not share these accusations, but he was also firmly against the plans to replace, either violently or gradually, the market economy and liberal institutions by a Romantic, populist or technocratic conception of the State identified with the “People” or with a professional bureaucracy of regulators, which many are proposing today as a possible solution to the post-crisis global economy (Piovani, 1957).

In this sense, Rosmini can be considered one of the first Catholic thinkers who supported the market economy and liberal political institutions, rejecting, at the same time, the Hobbesian-Rousseauian-Hegelian-Maistrarian conception of the relation between society, the economy and the State (Bulferetti, 1942). Besides, he can also be considered one of the builders of the fruitful bridge between the continental Catholic theological-philosophical tradition and the Anglo-Saxon Scottish and American economic and political traditions, with thinkers like Alexis de Tocqueville, Lord Acton, Lacordaire, Montalembert, Luigi Taparelli D’Azeglio, Marco Minghetti, Fedele Lampertico, Luigi Sturzo, Jacques Maritain, Wilhelm Röpke and with our contemporaries Stefano Zamagni, Rocco Buttiglione, Brian Griffiths or Michael Novak (Antiseri, 1995).

In what follows I will present Rosmini’s main economic ideas and show the relevance of his writings to understand the causes of the recent global crisis. I will also offer a Rosmanian insight on the possible actions to be taken in a post-crisis scenario.

A Natural-Law and Personalist Conception of the Market

It is remarkable that Rosmini, being a philosopher and a priest, had nevertheless a very sound knowledge of the market economy. On the one hand, his family had been for many years the owner of a business—a silk industrial establishment in the city of Rovereto in Northeastern Italy, where Rosmini was born—that had almost 4,000 employees at the end of the eighteenth century. Although during Rosmini’s life this business was in decline, it nevertheless gave him first-hand knowledge of economic issues and liberated him from the typical prejudices of intellectuals against the market and economic life. On the other hand, he was also very acquainted with the works of the most important economists of his time like the Italian civil economists, Simonde de Sismondi, the utopian socialists and especially the Classical economists like Adam Smith, Thomas Malthus and Jean-Baptiste Say, from whom he learned not only very detailed and technical aspects of economic science but also the principles and institutions on which a market economy is based.

Perhaps one of Rosmini’s most interesting achievements was to give these market economy principles an anthropological, ethical and Christian basis. He argued, for example, that the institution of private property is not a result of external economic or social reasons, but of the union of a good with what he calls the “personal principle”, through which it becomes “part of the person’s ownership by natural law” (*ER*, n. 245). Thus he conceived private property as a kind of extension of the human person through which she can flourish, which shares her absolute dignity and that should therefore be as inviolable as she is. He also argued that economic freedom is a natural right based on the idea that the right of ownership needs free economic actions of labor, entrepreneurship, consumption and exchange through which we can acquire, conserve and make our property productive:

Considered in general, competition through honest means is a natural right relative to all kinds of earning. [...] Such [right] comes about through expeditious effort and greater industry (*RI*, n. 1676).

Therefore without economic freedom the right of ownership –and the possibilities of the human person to flourish through it– would become something sterile:

It is clear that by exercising our freedom we both develop our powers and create external ownership for ourselves (*RI*, n. 302). This ownership is then pervaded by freedom, because, as we said, ownership is only a kind of extra instrument acquired by persons, in order to operate according to their ends (*RI*, n. 302).

In this sense, according to Rosmini, “the idea of *ownership* essentially embraces and contains that of *freedom* (of free use) (*ER*, n. 340),” meaning that ownership is a co-principle that is completed and fed-back by freedom, and that both are based on the principle of the human person understood as the ultimate source of every right. Besides, Rosmini thought that whenever freedom is not sufficiently developed, property tends to remain in the same hands. On the contrary, free market economies are the best means to make circulate and distribute property:

I agree with Adam Smith and with so many other economists –argues Rosmini– that the most useful distribution of wealth is the one performed by the nature of things. This distribution and direction of wealth is all the more perfect when the place and time in which it is considered are vaster. It occurs thus with all natural laws, the regularity of which is not discovered until they are considered over an ample period of space and time (*OIP*, p. 136).

In other words, as a free market becomes wider in the number of suppliers and consumers and this situation extends in time, prices become less and less dependent on arbitrary decisions made by a few individuals, and reach a mean point which reflects the decisions made on production, consumption, investment or savings by a majority of people forming that market that will be the best way possible, at that precise moment, of allocating resources among the persons who make up this market. Therefore, he adds,

[the artificial direction of wealth in (large) markets] is, to say the very least, very dangerous because it cannot be directed without knowing all the laws of its circulation, without calculating the mutual influence of the infinite number of agents related among themselves and the irregularities and particularities of their behavior. In this way, in the belief that one is doing something to increase wealth, one disturbs it and prevents its growth (*OIP*, p. 137)

Based on these reasons Rosmini criticizes all statist, socialist and communist systems –whom he calls “statolatrists”– which tend to overrun or suppress property and limit free competition. In order to obtain the benefits of the market gained through a responsible, intelligent and laborious use of one’s own capabilities Rosmini demands society the fullest possible protection of the basic economic rights:

Generally speaking, the defense of private property is always present when civil society has been constituted. If the private owner himself is incapable of defending what he owns, society itself undertakes this responsibility (*RI*, n. 887).

In fact, in Rosmini’s opinion, “no one can prevent another person from earning except by occupying beforehand, through competition, what the other would have earned” (*RI*, n. 1676). Therefore,

... to limit, by an act of will alone, other’s freedom to earn and in general their freedom to acquire some other good or occupancy, in as infringement of Right even if the limitation is supported with force. A private individual could not do this; the government, therefore, cannot do it in favor of an individual. Generally speaking market freedom is founded in natural Right and is therefore inviolable (*RI*, n. 1676).

Thus, from a Rosminian perspective, it would be completely mistaken to accuse the market economy in itself for the current or past global crisis,

and it would be also completely unethical and economically catastrophic to implement collectivist measures oriented to redistribute or nationalize private property, manipulate market prices, subsidize supposedly-beneficial industries, enlarge an ever increasing Welfare State, or close the economies to foreign trade. Such kind of policies would go directly against economic growth as well as social justice, natural right, ethics and the dignity of the human person and consequently they would seriously damage the possibilities of building a more human and Christian society (Campanini, 1983).

The Utilitarian and Rationalist Conception of the Market. A Critique

Rosmini had to deal in his time with a strong group of intellectuals, led by the Italian economists Melchiorre Gioia and Giandomenico Romagnosi, who tried to base the market economy on an utilitarian philosophy (Giordano,1976). The supporters of this position based their assumptions mainly on a utilitarian conception of human action, presented under the form of (the later on) so-called rational choice theory. According to this conception, economic agents involved in market activities behave always “rationally”, meaning that they are necessarily moved in their economic actions of consumption, production and exchange by the sole aim of what they call “maximization of utility.” The utilitarian point of view thus holds that whatever choice man makes, he always chooses guided by the idea of a personal reward, profit or advantage because, in Rosmini’s depiction, “the only possible rational order is that which leads every man to act according to his own greatest utility” (*RCS*, p. 66). This is understood as an exclusively self-interested behavior, conceived in naturalistic terms as neutral to the influence of good or bad ethical values,¹ and therefore as infallible, consistent and predictable as the law of gravity:

Isn’t it true –argues Romagnosi quoted by Rosmini– that no one can act according to any previously known norm other than that of his own advantage?
Can individuals go outside themselves and act for motives other than those

which determine their own will? In a word, is it possible for anyone to act except for self-love? Self-love is taken here as the general will to remain in as satisfactory a state as possible. The law of self-interest is as absorbing and imperative for human beings as the law of gravity is absorbing and imperative for bodies (*AMS*, pp. 64-65).

The supporters of this position, then and now, believe in market mechanisms not only as the solution for all economic problems but also for every other problem of social and private life, including crime, education, medicine, marriage, the family and even religion. Moreover, utilitarians believe that even the rights and institutions on which markets are based are also the result of other kinds of markets or spontaneous orders, such as the markets of institutions or rights, supposing also their infallibility and rejecting all space for any juridical or moral extra-market dimension. According to this kind of utilitarian and rationalist liberalism, the more we open and extend free market exchanges, the more people will automatically make “rational choices” and by doing so they will maximize utility and happiness both for themselves and for the whole economy and society. In Rosmini’s words, for the utilitarian perspective,

... society is not, has never been and will never be anything else than a general market in which each individual sells his goods and his services in order to receive the goods and services of the others. In this exchange each individual gives what he values less for what he values more; thus society becomes advantageous to all (*BE*, pp.135-136).

According to Rosmini, the utilitarian interpretation of economic behavior and market activities is not only an extreme simplification of real human actions but also very harmful for economic, social and human flourishing. In Rosmini’s opinion, it is simply not true that market activities are held only by self-interested individuals neutral to moral values, and that all individual choices and preferences are always rational and useful for the economy. These assumptions are based, in his opinion, on a reductionist

anthropology and on a poor observation of the market economy itself; although in a market economy self-interest is very important, this does not mean that people do not have other motivations.

Based on his famous philosophical theory of the “idea of being”, Rosmini argues that the utilitarian explanations of human action leave aside what he calls the “objective powers” of human beings, that is, the intelligence and free will through which people become capable of recognizing objective moral values independently from any “rational” calculus: “It is in accordance to human nature the faculty of judging things disinterestedly, as they are, and not according to our own utility, that is, estimating them according to truth, not according to the passion of self-love” (*SP*, p. 74).

Therefore, he believes that in order to understand both human and economic behavior we should take into account what he calls the *appagamento*, that is, the state of contentment or happiness of the people which, according to him, is born only from a free and virtuous acknowledgement of objective moral values (D’Addio, 2000). Following his personalist conception of human nature, Rosmini distinguishes this moral contentment or happiness from every other kind of pleasure or subjective satisfaction. In fact, in his opinion, “to experience pleasures and to be content are different things as they are different things pain and unhappiness. Man can feel pleasure and not be happy: he can feel pain and be happy. Here there is nothing more than an apparent contradiction: it is a truth of every day life” (*SP*, pp.392-393).²

Rosmini shows how most of the problems within a free market economy begin precisely by the false identification between subjective utility or pleasure and moral happiness that takes place within individuals. When people search happiness in consumption, work or money, the result is an endless and vain race to reach through inadequate means an end that can only be achieved in the spiritual dimension. In fact, he writes:

... the very efforts people continually make to content their capacity by means of some inadequate object are themselves the source of arousal relative to the pleasure in view: the more individuals feel they enjoy such pleasure, the

more they are strengthened in their vain hope of contentment through the increase of the pleasure itself. No increase, however, can provide this contentment [...] (*SP*, p. 368).

This is explained, according to him, by

the unrestrained libido proper to human beings alone, and unknown to the animals. Human desire for ever-increasing pleasure is never satisfied; people prefer to die than renounce to it. [...] It is no surprise, therefore, to see in misers an increase in their longing and need for wealth as their riches grow [...] Moreover, this capacity does not increase in arithmetical progression but in geometrical progression, because what people gain in this way, unceasingly intensifies their previous capacity. [...] Finally, it produces blind men and women who sell all their tranquility, health, chastity, blood, life itself for the sake of money (*SP*, p. 370-371).

The Harmful Consequences of Unrestrained Competition

Rosmini believes that in an immoral or culturally poor environment, market competition loses many of its beneficial effects. In fact, when desires exceed the moral virtue or capabilities required to limit or satisfy them, competition can thwart true moral contentment, hamper the development of personal and virtuous freedom, and finally destroy the capability for economic responsibility, initiative, and work deriving into an unequal fight between the few stronger and an ambitious and frustrated weak majority:

Desires increase as competition [...] becomes more universal. Sometimes this competition is open to all equally by laws and custom. In fact, it is then impeded by the great numbers who trample one another down in the rush to fame and fortune. In this case, only a few manage to satisfy the desires and activity they share with the many. The majority look upon their fortunate rivals, with whom they have compared themselves so often, and see themselves

at the bottom of the heap. Such numerous, frustrated desires and painful comparisons are normally the source of great harm to public morality and cause immense evils in society (*SP*, p. 412).

This ends by impeding and destroying competition itself. This can be clearly seen, according to the Italian philosopher, in the international level when a sudden and full competition is open among peoples of different cultural development: “When competing with fully civilized nations primitive nations are destroyed; those at the second level lose the means and will to progress along the road of civilization; decadent nations are impoverished and break up” (*SP*, p. 338).

Rosmini quotes the case of the American Indians for whom the competition with Europeans, given their disadvantage in abilities, resources and culture, was not an occasion for their progress but for their ruin and destruction:

As we saw, the American Indians perished in their poverty because they could not compete with the rich when their desires had increased their needs. Rich people can satisfy their needs with what is superfluous, but the poor only with what is necessary. The Europeans exchanged their abundance for things indispensable to the subsistence of the Indians who, when they had satisfied their artificial needs, had nothing even to live on (*SP*, p. 337).

This is also true at the national level:

What has been said about competition between nations at different stages of progress towards civilization must also be said about classes of people who make up a nation. If we supposed the needs aroused in different classes of people to be equal, they would require equal expenditure to satisfy them. But equal pressure to spend is certainly not an equal burden for people with different means; it is a greater, more harmful burden for those with lesser means. For the hard-pressed families of artisans and peasants, ten pounds wasted on carousing can be much more disastrous than a thousand pounds wasted by a rich family on a banquet. Competition is not always the best

thing for a nation, as some think; very often it profits only the rich, especially the industrially rich (*SP*, p. 339).

Based on the anthropological evidence and on the empirical fact that there are always people who err, or have unpredictable tastes or are immoral (*SP*, p.327), Rosmini strongly criticizes the opinion of those economists who believe that market policies should be based on a generalized free display of subjective preferences of consumers, entrepreneurs and workers as the magical formula for prosperity, without taking into account if these preferences are based on virtuous or vicious moral states:

The assumption is false that human beings are always stimulated to greater industry by the pressure of growing needs. Under certain circumstances, the pressure simply provokes impoverishment and extreme misery, which leads people to abandon what they really need with the purpose of satisfying the irresistible urgency of these needs. ... Thus, nothing could be more disastrous...than a political system which demands the increase of artificial needs of the members of society but fails to determine the quality or the limit of these needs, or the classes in which these artificial needs may be increased to advantage, or the social circumstances which make this increase desirable (*SP*, pp. 329,339).

The Italian author certainly admires the virtues of the spontaneous interaction of the individual interests evidenced in the market. According to him, private interest “exercises a considerable degree of influence on the shaping of the public good”. However he rejects the idea that “this should occur always and without exception.” To affirm such thing is “the excess of a true proposition and is this excess what is false” (*SC*, pp. 379-380). In a word, Rosmini does not believe in markets’ infallibility for the simple reason that these are not completely natural mechanisms, but interactions that depend on personal freedom, and freedom, in its turn, works well or badly depending on its greater or lesser accord with objective ethical values based on natural law or, what is the same, on virtuous freedom:

In my opinion –sustains Rosmini– one cannot agree with [Adam] Smith and his followers in this: that private interest is perfectly educated and makes no mistakes, not even considered in an entire nation. The truth is certainly the opposite, since this depends on the degree of culture of the people (*OIP*, p. 139).

A Rosminian Understanding of the Causes of the Recent Financial Crisis

The utilitarian ideas criticized by Rosmini have unfortunately inspired much of the contemporary opening of global competition, deregulation and privatization processes. On the one hand, in some emergent countries, free-market reforms and integration to global markets, positive in themselves, were implemented in careless, immoral and anti-juridical ways, and destroyed many small and middle-size companies and employments by unjustly favoring monopolist global corporations, by creating new powerful local mafias or by subsidizing privileged industries, therefore bringing more poverty.³ For example, during the 1990's in Argentina, a combination of market reforms with neo-statist and neo-populist policies based on excessive government spending, debts, subsidies and regulation were the main cause of the severe economic crisis of 2001.

On the other hand, in developed countries, the successive bubbles of capital, technological and financial markets, but especially the recent global financial crisis, have shown us, in an extremely short period of time and in a very clear way, almost all the vices which, according to Rosmini, characterize market behaviors without a moral basis. Undoubtedly, some of these vices were the consumerism and irresponsible behavior of many of the mortgage borrowers and lenders, and the greed of financial agents and CEO's who multiplied abstract instruments through securitization without any connection with real property titles. However, from a Rosminian perspective, "we should not marvel that the human heart behave like this." In fact, "there is greater reason to wonder at the attitude of certain economists crazy enough to maintain that the wealth of nations may be increased by the sale of virtue,

and that vice should be encouraged if the State would otherwise lose some of its wealth. [...]” (*SP*, pp. 370-371).

Indeed, it was mainly the temerity and arrogance of many consultants, analysts and policy makers –especially the Federal Reserve officials– who made them believe that the damage produced by toxic mortgages would be finally diluted in the totality of the economic system. Their blind confidence and euphoric triumphalism on the supposedly deterministic nature of market mechanisms ignored the Rosminian anthropological insight that when the spirit of the people is not content it will not be satisfied by the increasing or spreading of incentives. On the contrary, this spreading will only multiply the original evil geometrically, feeding the endless ambition even more:

The error in this case of superficial moralists is similar to that of superficial hydrologists. When there is a river flooding and causing damage, they suggest immediately to divide it into more channels hoping that the waters will be weakened. But things happen contrarily to their poor forecasting: what happens is that the waters suddenly fill the new channel without this making lower the amount that runs in the first. The superficial moralist says the same thing; give to passions new objects and thus you will weaken their strength in relation to each of them. But passion, when it is disorderly, merely reinforces itself according to the number of objects and it just not only throws with the same impetus as before on various objects it but it desires them even more than before [...] (*EO*, p. 116).

In other words, economic agents do not always necessarily react in a “rational” way by virtue of an invisible hand and therefore it is not always true Bernard de Mandeville’s idea that “there is no human vice that is not useful to someone who knows how to obtain a profit from it” (*EO*, p. 104, note 2). On the contrary, nourished by easy money coming from an irresponsible monetary policy, huge government spending and lack of a proper juridical and political regulation, the subprime bubble –that in fact was truly a “moral bubble”– derived in one of the biggest destructions not only of wealth but especially of trust and moral capital in the history of modern economy.

The Moral and Institutional Framework of Economic Competition

In a post-crisis global scenario, Rosmini's vision can be useful because it highlights the moral and institutional framework needed to cement a truly virtuous economic freedom.

In the first place, what we most need now is not so much the endless injection of billions of dollars and euros into the economy by neo-Keynesian and neo-statist policies but the urgent recovery of moral balance and moral contentment, which will be the only able to fill the spiritual hole that is feeding the current fall of the economy. As stated by Rosmini, "no intelligent and wise government promotes vices with the pretext of increasing public wealth but prefers to promote virtues" (*OIP*, p. 157). Indeed, a global market economy needs people with the virtues of moderation, temperance, justice and personal responsibility that may rebuild the now broken links of trust, reciprocity and friendship. Otherwise, the global economy might probably become a war of all against all, as it was pointed out:

If we assume that this art of wealth is exercised by humankind organized into a single society, or by a man who, through a spirit of love, makes the interests of his peers his own, this art of wealth will be the external expression of the most perfect beneficence. But if we assume it is exercised by each individual on his own, economic science becomes an art of disputing the possession of wealth, it becomes in this case the refinement and the perfection of the universal war between civil nations. In this sense, I said that the perfecting of economic science, assuming that it does not come across men well-disposed by morality, produces only the increase in mutual hostilities (*CA*, p. 5).

This moral balance should take the social and institutional form of a competition bridled by personal rights. In his words:

I fully support free competition for every kind of good –argues Rosmini– provided we do not misunderstand "competition", an undetermined and

equivocal word. I do not espouse competition as the sole source and principle of justice, but as the effect, not the cause of justice, that is, as the effect of justice which is anterior to and therefore determines the right of competition. If this important distinction is ignored, the meaning of the word remains uncertain and opens the field to many unfortunate sophisms (*SP*, p.337). By *juridical concurrence* I mean concurrence by right, concurrence protected by rational Right. Note carefully, I never speak about a truly unlimited concurrence; the only concurrence I support is that limited by rational Right alone (*RCS*, n. 2298, note 320).

According to this view, an economy based on a healthy competition would need a series of institutions based on natural law (Ferrari, 1954). Such institutions are the laws that protect private property and free competition, and are designed to defend these rights but also to moderate their possible abuses; a Political Tribunal to protect economic rights against the abuses of individuals or of the State; a just tributary system designed to avoid excessive wealth concentration both in the private and the public sphere; anti-trust laws; and regulatory laws in relation to international commerce, among others.

However, above all, the legal framework of the economy should be oriented to avoid—in Rosmini’s words—“the mistake of those who exaggerate social right to the destruction of extra-social right [that] inevitably produces absolutism, just as the mistake of those who exaggerate extra-social right to the destruction of social right [that] inevitably produces ultra-liberalism and anarchy” (*SP*, n. 138, p. 52). Therefore, a market economy should be designed pursuing a “harmonious conciliation between private freedoms and the authority of the government, so that under the firmest authority, every one retains the exercise of the greatest possible juridical freedom. Such is the true and healthy liberalism [...]” (*SCS*, p. 96).⁴ In fact,

if the government regulates only the modality of rights without disposing of their value, all citizens enjoy concurrence for all social and extra-social goods, because their right of relative freedom is maintained and guaranteed in all

its extension [...] Relative freedom for all must be recognized as an intangible right which allows everyone complete free competition for all types of work [...] When these conditions are guaranteed, it is clear that the result will inevitably be the most natural and extensive development of all good initiative, business, branch of knowledge and talent. [...] The result of this universal free concurrence for every unoccupied good, in conformity with activity and merit, is the best possible economic-moral situation at least for the greatest number if not all of the citizens (*RCS*, nn. 2072, 2075-2076).

Economic Policies Based on Freedom

According to Rosmini, economic policies should consider, in the first place, “not directing the general course of wealth, but only of accelerating it”... “The government, as said principle states, is in danger of disturbing the legitimate order of wealth if it seeks to give it a direction, but not when it seeks to increase the movement and activity of citizens in general, mainly towards everything that activity is oriented to”... (the task of the government) is to encourage “not so much this or that branch of industry in particular, but industrial activity in general” (*OIP*, p. 137-138).

In fact, Rosmini is indeed a harsh critic of industrial policies based on regimes of privilege, monopolies and special subsidies. While, on the one hand, he states that the regime of “patents granted to inventors of something useful” could never be called “privilege” or “favor,” on the other hand he claims:

I cannot see, however, that the same comments could be applied to those true privileges which are sometimes granted to a person who is allowed the exclusive exercise of a trade or craft that he has not invented. If such a privilege is granted, the natural freedom of all other persons is restricted by their exclusion from the exercise of that trade or craft; if public authority favors some person or family, or provides them with some advantage; all other individuals are injured in their rights (*RI*, n. 1675).

Because of this, the rights to economic initiative on the part of the citizens should prevail, and the State should avoid any attempt to hinder, replace or absorb them by competing with them or by monopolizing for itself particular activities or sectors of the economy:

Civil society was not instituted to undertake some particular utility but, as we said, to regulate the modality of rights. The protection and facilitation of all the enterprises of the citizens and of other societies are directed to this end. Hence civil government acts contrary to its mandate when it competes with its citizens or with the societies they form to procure some particular utility and even more when it reserves to itself the monopoly of enterprises which it forbids to individuals or their societies (*RCS*, n. 2166-2167).

In this way, “industry and commerce must certainly be protected and encouraged –but not through injustice, which never brings to the State any true and solid good” (*CSJ*, p. 82). Thus, according to Rosmini, “each man has the right to use his abilities to his advantage. Therefore, enterprise must be free, as it constitutes part of *juridical freedom*” (*CSJ*, p.98). All this “demonstrates the freedom of industry and internal commerce through an argument coming from the principles of right. These principles exclude any form of monopoly” (*CSJ*, p. 98).

Some Prudential and Subsidiary Interventions

Although Rosmini establishes industrial freedom as a general principle, he also proposes what other Christian liberals later called “conforming” political interventions in the market or “liberal interventionism” (Röpke, 1992). Our author calls the regulation of the “modality” of economic rights, by which “the *mode* of a right can be changed without the possessor of the right losing any of his goods, his pleasures or his reasonable contentment” (*RI*, n. 1616).

Against both Keynesian and collectivist interventions, and an ultraliberal conception of markets as self-regulated, Rosmini proposes some prudential

and subsidiary interventions of the markets in order to repair their failures and help them work in a normal way, being extremely careful of not damaging their spontaneous orders, distorting the prices mechanism and especially not suppressing economic rights:

The civil philosopher must keenly observe the laws through which operate all the forces, which move the human commonalities left to themselves, that is, left to operate according to their nature. But after having known these immutable laws, he draws the art of regulating their natural course, so that it does not end by being turmoil and deadly, but carries a good effect (*OIP*, p. 177).

In particular, Rosmini believes that some policy instruments should be oriented to what we modernly call business-cycles policies in order to prevent periodical tendencies to unbalances and avoid extreme crashes of the economy. This should not be understood as Keynesian measures of inflating demand after the crisis has taken place (Röpke, 1936), but as a prudential, gradual and preventive calibration of the different factors. These cycle-policies should be implemented studying in detail what Rosmini calls the “law of balances of society”, which has its center of gravity in the fragile moral balance between the needs and desires of the people and the means to satisfy them in their particular different situations, places and regions, so as to mitigate –in a qualitative and not only in a quantitative way– the effects of destructive tendencies as much as possible and encourage constructive ones in order to “prepare in time for the evils which unexpectedly occur to nations” (*SS*, p. 76).

Also, some subsidiary actions and temporary help for business and laborers should be also encouraged, especially by means of general incentives which he calls, after Gioia and other authors of the Italian civil economic tradition, “knowledge, will and power,” that is to say, training in knowledge, initiative, and the power of action of business enterprises. This would “increase in the lower class knowledge of their own interests and the resolve to apply themselves to these interests with foresight and activity” (*SP*, p. 335), and

help them to acquire new labor capabilities and therefore be able to compete with more equal opportunities:

The word “competition” has been much abused. *Free competition* for what is good is a human right, but *equal competition* can only take place when individuals are in the *same circumstances* (*SP*, p.302, footnote 286). Thence it will be the task of the government to remove ignorance, prejudice, those habits which are harmful to production, and –through prizes and other incentives– encourage those who are more active and motivate those who are less active [...] In a word, the government must increase the three forces from which is born the acceleration of production: knowledge, ambition and power, by eliminating ignorance and inertia, seeking the formation of trade organizations through which individuals may join forces (*OIP*, p. 138-139).

Furthermore, Rosmini includes, in the sphere of governmental industrial policy, the encouragement of associationism and cooperativism among small and medium-size producers –very typical of Italy–, who may allow for a fairer competition with the larger producers in the market.

In addition, it is also necessary a direct State help to poor people or poor countries with extreme and urgent needs: “Thus, it is inarguable that civil government has, because of its own nature, the faculty or rather the obligation to provide for the citizens’ *extreme necessities*, whoever the citizens may be, given that it has been instituted for this purpose: to protect and regulate all rights” (*CRI*, p. 266). This, provided the help is limited to a certain period of time and space and is accompanied by proper accountability and not arbitrarily generalized. Rosmini’s main advice in this respect is not to asphyxiate morality, personal responsibility and spontaneous charity by State assistentialism, and to leave space for gratuity, especially from civil and religious associations.

Another prudential intervention recommended by Rosmini is the gradual and not sudden or indiscriminate opening of national, regional and global free markets in order to avoid the serious danger of neo-protectionist reactions. “If we abstract from the special circumstances of nations and particular States

–argues Rosmini– and consider only human beings in one and the same family, free trade is obviously beneficial and moral and restrictions on free trade are a disaster for the human race” (*RI*, n. 1676). However, he writes,

In a State where the prohibition system has prevailed and thus industry and commerce have taken an exceptional course and shape, we cannot –without damaging many– all of a sudden destroy that *status quo* which is against nature by suddenly allowing a full liberty of industry and commerce. It is wise to allow time for industry and commerce to back out of their false direction and return to their natural and free ways. It is therefore appropriate that customs duties be gradually decreased until the natural state of full liberty is reached (*CSJ*, p. 142).

In fact, especially in countries where local capital investments, management competence and capitalists’ initiative are not sufficient:

the condition of a people could be such as to benefit from some ramification of commerce and industry that cannot flourish in that nation –and that for several reasons: because the first investments need capital that cannot immediately yield sufficient profits because of the competition from foreign merchandise coming from countries where the businesses are already organized, for the incompetence of those who start a new industry for the nation, and because of the lack of initiative of the capitalists (*CSJ*, p. 142).

In this last case, he argues,

industry, crafts and ways of increasing wealth are not learnt instantly by the uneducated for whose education time must be set aside. During the period which must be dedicated to learning, any contact with cultured people is usually fatal. The products of cultured peoples are inevitably better and less expensive than those produced by less educated peoples whose industry is still young and equipment primitive. This kind of unequal competition endangers their nascent industry to some extent, because people will not

work hard unless there is some hope of gain for themselves (*SP*, p.341). Here I have no hesitation in accepting the opinion of those who maintain that customs and other curbs of this kind can be advantageous for the special regions for which they are established, provided they are moderate and used for exceptional cases—in other words, they are simply provisional, temporary laws (*RI*, n. 1676).

Rosmini advises to go in the direction of increasing commercial treaties following a careful criterion of reciprocal compensation:

Relative to nations, it seems to me that it is always possible (when nations are agreed in recognizing the obligation) to make just agreements or trade treaties which would not be intended to balance materially the burdens variously imposed on the import and export of products and manufactured goods, but to maintain intact freedom of trade by allowing reciprocal compensation and recompense in so far as free trade benefited one or other of the parties (*RI*, n. 1676).

Building a new *global rule of law* in order to combat transnational monopolies, accompany economic globalization with gradual free immigration, protect national and regional cultures and thus reach gradually what he calls the “natural state of plenty freedom” (*CSJ*, Chapter 9, Article 40).

Rosmini also defends the requirement of “savings, political prudence and morality” (*OIP*, p. 352) for economic policies to be as least costly as possible, to affect the mood of tax-payers to the least extent and to imply the least harm to their moral and eudaimonological state, meeting the two goals of “harming the tax-payer as little as possible, providing the State with the greatest possible utility” (*OIP*, p. 352).

Besides, the pace of economic development should be oriented to produce “external goods and pleasures but always after having thought about contentment” (*SP*, p. 77). For this purpose, Rosmini proposes—as many economists and countries are doing today—the establishment of what he calls “political-moral statistics” that should study “the physical symptoms

of the moral state of peoples”, taking into account “the nearness or distance between spirits and contentment” and “the influence exercised by things over human spirits themselves” (*SP*, p.414). This would lead to much more accurate policies in very sensible areas to the happiness factor such as consumption, labor or financial markets.

I would like to conclude this article by saying that Rosmini’s profound philosophical mind and universal erudition in almost every field gave him an acute understanding of the principles, institutions and policies on which a market economy is based. What he offers to contemporary readers are not technicalities, but a deep wisdom to orient the global market economy to its true end:

Economists will tell us how to augment private and public wealth which, however, is only one element of true social prosperity. People can be wicked and unhappy even when wealth abounds. Wealth, moreover, is quite capable of destroying itself. [Thus] we need a more elevated science than political economy; we need some kind of wisdom to guide economy itself and determine how and within what limits material wealth can be directed towards the true human good for which civil government was instituted (*SC*, n. (7), Preface).

NOTES

- 1 “It is indifferent for production –argues Rosmini quoting his contemporary Melchior Gioia– if the owner of a net product, being hungry like a Erasitus, consumes for himself his goods, reduces them to ashes, throws them to the sea, gives them to his servants or distributes it between singers” (*BE*, p. 29, note 24).
- 2 In other words, “when judging internally that he is content is different from the proximate principle of simple feeling” (*SP*, p. 253).
- 3 Thus illustrating Rosmini’s double diagnosis that “it is the most needy who get hurt when many people compete in the way we have described” and that this kind of unrelenting competition does not go to the most competitive but simply “to the strongest” (*SP*, p. 337).
- 4 As Lord Brian Griffiths –former adviser of Margaret Thatcher’s government and vice-president of Goldman Sachs International– pointed out last Fall at the Acton University in Grand Rapids, Michigan: “We believe in private property, free exchange and free markets, but that’s not the same as *laissez-faire*” (Griffiths, 2008).

REFERENCES

Antonio Rosmini's Works Listed by Abbreviations

- AMS- 1991, *Anthropology as an Aid to Moral Science*, trans. by Denis Cleary and Terence Watson, Durham, U.K.: Rosmini House.
- BE- 1976, "Breve esposizione della filosofia di Melchiorre Gioja," en *Studi critici su Ugo Foscolo e Melchiorre Gioja*. A cura di Rinaldo Orecchia, Opere edite e inedite, vol. XLVIII, Padova: Cedam-Casa editrice (our translation)
- CA- 1901, *Carteggi fra Alessandro Manzoni e Antonio Rosmini*. Raccolti e annotati da Giulio Bonola, Milano: Cogliati Editrice (our translation).
- CRI- 1952, *La costituzione del regno dell'alta Italia, Progetti di costituzione, Saggi editi e inediti sullo stato*, a cura di Carlo Gray, Opere edite e inedite, vol. XXIV, Milano: Fratelli Bocca Editori.
- CSJ- 2006, *The Constitution Under Social Justice*, trans. Alberto Mignardi, Studies in Ethics and Economics, New York: Lexington Books.
- EO- 1977, "Esame delle opinioni di Melchiorre Gioja in favor della moda", en *Frammenti di una Storia della empieta e scritti vari*, a cura di Rinaldo Orecchia, Opere edite e inedite , vol. XLIX, Padova: CEDAM (our translation).
- ER- 1993, *The Essence of Right*, trans. by Denis Cleary and Terence Watson, Durham, U.K.: Rosmini House.
- OIP-1923, *Opere inedite di politica*. A cura del Prof. G. B. Nicola, Milano: Stab. Tipo. Lit. G. Tenconi (our translation).
- PE- 1988, *Principles of Ethics*, trans. by Denis Cleary and Terence Watson, Durham, U.K.: Rosmini House.
- RCS- 1996, *Rights in Civil Society*, trans. by Denis Cleary and Terence Watson, Durham, U.K.: Rosmini House.
- RI- 1993, *Rights of the Individual*, trans. by Denis Cleary and Terence Watson, Durham, U.K.: Rosmini House.
- SC- 1994, *The Summary Cause for the Stability or Downfall of Human Societies*, trans. by Denis Cleary and Terence Watson, Durham, U.K.: Rosmini House.
- SCS- 1978, *Saggio sul Comunismo e il Socialismo*, Filosofia della Politica, Vol. IV, Opuscoli Politici. A cura di Gianfreda Marconi en Opere edite e inedite di Antonio Rosmini, Edizione

critica promossa da Michele Federico Sciacca, Roma: Centro Internazionale di Studi Rosminiani, Città Nuova Editrice, pp. 81-121 (our translation).

SP- 1994, *Society and its Purpose*, trans. by Denis Cleary and Terence Watson, Durham, U.K: Rosmini House.

USR- 1995, *Universal Social Right*, trans. by Denis Cleary and Terence Watson, Durham, U.K: Rosmini House.

Other bibliography

Antiseri, Dario, 1995, *Cattolici a difesa del mercato*, Torino: Società Editrice Internazionale.

Barucci, Piero, 1965, *Il pensiero economico di Melchiorre Gioia*, Milano:Giuffrè Editore.

Bulferetti, Luigi, 1942, *Antonio Rosmini nella Restaurazione*, Firenze: Le Monnier.

Campanini, Giorgio, 1983, *Antonio Rosmini e il problema dello Stato*, Morcelliana, Brescia.

D'Addio, Mario, 2000, *Libertà e appagamento. Politica e dinamica sociale in Rosmini*, Roma: Edizioni Studium.

Ferrari, Anton Filippo, 1954, "Diritto ed economia secondo il Rosmini", en *La problematica politico-sociale nel pensiero di Antonio Rosmini*, Roma: Fratelli Bocca Editori, pp.229-302.

Giordano, Antonio, 1976, *Le polemiche giovanili di Antonio Rosmini*, Stresa: Centro Internacionales di studi rosminiani.

Griffiths, Lord Brian, 2008, "A Theology of Market Capitalism", *Acton Notes*, July/August, Volume 18, Number 7/8.

Piovani, Pietro, 1957, *La teodicea sociale di Rosmini*, Padova: CEDAM.

Röpke, Wilhelm, 1936, *Crises and Cycles*, London: William Hodge Co.

Röpke, Wilhelm 1992 [1942], *The Social Crisis of Our Time*, Transaction Publishers, New Brunswick: N.J.