

Calihan Lecture 2008

A Rosminian Vision for the Post-Crisis Global Economy

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In the first place I want to thank the Acton Institute and especially its president, Father Robert Sirico, for the great honor of receiving this prestigious award named after one of the most distinguished minds of our times as is Professor Michael Novak and made possible by the generosity of Mr. Joe Calihan. I also want to dedicate this award to my wife, present here this evening, and to the holy memory of Beatus Antonio Rosmini who inspired much of my work and to whom I will mainly refer in the following lecture moved by the conviction that he can help us to gain a broader vision for our current situation.

Rosmini, the current crisis and the Catholic liberal tradition

Antonio Rosmini (1797-1855) who is well known as one of the most important philosophers of European Modernity developing a deep epistemological, anthropological, ethical and metaphysical thought comparable to Hegel's or Kant's, 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. The same way we have experienced during the last decades with the end of the Communist regime, the adoption of democratic forms of government all over the world and the rapid growth of a global market economy, so did Rosmini experience during his lifetime which extended into the first half of the nineteenth century, the end of the *Ancien Régime*, the new political ideas and practices brought by the American and French Revolution and the quick expansion of a market and industrial economy.

Also like us, this great Italian philosopher was shocked and deeply worried by the social problems, wars and economic crisis that came with the changes. However, this latter fact did not induce Rosmini to be against the transformation as did many traditionalists, corporativists, social romantics and collectivists of his time. In a very similar way to what has been going on during the past years, but especially during the past months of the current global financial crisis, 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.

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-Maistrian conception of the relation between society, the economy and the state. Besides he can also be considered one of the builders of the fruitful bridge between the continental Catholic theologico-philosophical and humanistic tradition and the Anglosaxon 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.

A natural law and personalist conception of the market and the menace of statolatry

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—which, I am afraid, still live among many intellectuals of our own time- 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 Swiss Friederich Von Haller, the Italian civil economists, Simonde de Sismondi, the utopian socialists, other French and German economists, 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 the economic science but also the principles and institutions on which a market economy is based.

But perhaps one of Rosmini's most interesting achievements was to give these liberal economic principles an anthropological, ethical and Christian basis. Rosmini argued, for example, that the institution of private property was based on natural right and on the dignity of the human person meaning that it 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”¹. 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 argues that economic freedom is a natural right ² 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. Therefore without economic freedom the right of ownership –and the possibilities of the human person to flourish through it- would become something sterile.³ 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 property circulate and distribute:

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.”⁴Therefore, he says,[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.⁵

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 to obtain the benefits of the market gained through a responsible, intelligent and laborious use of one’s own capabilities and demands society the fullest possible protection of these basic economic rights.⁶Therefore, 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 systematically supposedly beneficial industries, enlarge an ever increasing Welfare State, or close the economies to foreign trade. Such kind of statolatryst 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.

The utilitarian and rationalist conception of the market

However, besides showing us the principles and rights that rule the market and preventing us from the risks of falling back again into the false and destructive roads proposed by statolatrists and socialists, Rosmini also helps us detect another huge mistake that, in my opinion, contributed in no small measure to the current global financial crisis. In a very similar way to what we have experienced during the last decades, 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. The supporters of this utilitarian position, then and now, base their assumptions mainly on an utilitarian conception of human action, presented under the form of the so-called rational choice theory. According to this conception, economic agents involved in market activities are always “rational”, 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 being moved by the idea of a reward, profit or advantage to himself because in Rosmini’s words “the only possible rational order is that which leads every man to act according to his own greatest utility.”⁷ This is understood as an exclusively self-interested behavior, conceived in naturalistic terms as neutral to the influence of good or bad ethical values,⁸and therefore as infallible, consistent and predictable as the law of gravity.⁹ 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 doing so they will maximize utility and happiness both for themselves and for the whole economy and society.

The supporters of this position believe in market mechanisms not only as the solution of all economic problems but also of every other problem of social and private life, including crime, education, medicine, marriage, the family and even religion. Moreover, utilitarians of this kind both in Rosmini’s times and in ours, 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.¹⁰

A personalist critique of the utilitarian approach

According to Rosmini, this utilitarian interpretation of economic behavior and market activities is not only extremely simplified and false but also very harmful for the economy, society and human flourishing. In Rosmini's opinion, it is false that market activities are held by self-interested individuals neutral to moral values and it is also false that all individual choices and preferences are always rational and useful for the economy. These assumptions are based, in his opinion, on a wrong anthropology, on a wrong theory of human and economic action and on poor observation of the market economy itself. In Rosmini's opinion, 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 against the Gary Beckers of his time, sustaining that the utilitarian explanations of human action despise what he calls the "objective powers" of human beings, that is, intelligence and free will through which people become capable to recognize or to reject objective moral values independently from any "rational" calculus.¹¹ Rosmini believed that in order to understand both human and economic behavior we should take into account what he calls 'appagamento', that is, the state of contentment or happiness of people which, according to him, is born only from a free and virtuous acknowledgement of objective moral values. Following his personalist conception of human nature and contrary to utilitarianism, Rosmini distinguishes this moral contentment or happiness from every other kind of pleasure or subjective satisfaction. Thus, "to experience pleasures and to be content are different things –he says– 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."¹²

In fact, 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.¹³ In Rosmini's opinion, in an immoral or culturally poor environment, market competition is deformed and loses many of its beneficial effects, people search happiness in consumption, work or money, resulting in a endless and vain race of unhappy people to reach happiness through inadequate means which ends in a disordered multiplication unreachable expectations, opening exaggerated and self-destructive fictitious needs and desires¹⁴ which, exceeding the moral virtue or capabilities required to limit or satisfy them, thwart true moral contentment, hamper the development of personal and virtuous freedom, and finally destroy the capability for economic responsibility, initiative, and work.¹⁵ generating and deriving into an unequal fight between the few stronger and ambitious and a frustrated weak majority¹⁶ which ends by impeding and destroying competition itself, both at the international¹⁷ and the national level.¹⁸

Therefore, based on this anthropological evidence and in the empirical fact, in Rosmini's words, that "there is no nation, no matter how civilized and cultured, that does not contain deep within itself 1. people entirely or partly deficient in foresight, 2. people who because of age or character have very childish, unpredictable tastes, 3. immoral people",¹⁹ Rosmini strongly criticizes the opinion of whom he calls "ultra-liberal" economists who believe in a generalized free display of subjective preferences of consumers,²⁰ entrepreneurs and workers as the magical formula for prosperity without taking into account if these preferences are based on a virtuous or vicious moral state.²¹

Thus, although Rosmini admires the virtues of the spontaneous interaction of the individual interests evidenced in the market, he does not believe in its infallibility for the simple reason that it is not a completely natural mechanism, but one which depends 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, in other words, when it is a 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.²²

The consequences on the current financial crisis

We have clearly seen in the last decades many of the destructive consequences of this utilitarian conception of the market economy described by Rosmini which unfortunately inspired much of the contemporary opening of global competition, deregulation and privatization processes. Thus, on the one hand, in many emergent countries free market reforms and integration to global markets, positive in themselves, were implemented in quick, immoral and anti-juridical ways destroying millions of small and middle- size companies and employments, unjustly favoring monopolist global corporations, creating new powerful local mafias or privileged industries and therefore bringing more poverty and deepening of social differences. These cases prove Rosmini's diagnosis that "it is the most needy who get hurt when many people compete in the way we have described"²³ and the prize of this kind of competition does not go to the most competitive but simply "to the strongest."²⁴ In addition, in many of these countries, like my own country Argentina, the failure of these utilitarian ultraliberal market reforms brought back as a reaction disastrous neostatalist and neopopulist policies based on huge government spending and debts which, by the way, in many cases were never totally abandoned but were complementary and compensatory to the ultraliberal policies.

On the other hand, in developed countries, the successive bubbles of capital, technological and financial markets, but especially the current real estate, subprime and global financial crisis has shown us in an extremely short period of time and in a very clear way almost all the elements which, according to Rosmini, form the vicious circle of both ultraliberal and statist utilitarian economic policies, such as the consumerist and irresponsible behavior of many of the mortgage borrowers and lenders, the multiplication of abstract instruments through securitization by many greedy financial agents and Ceos without any connection with property titles and with reality, and finally the false idea assumed by many consultants, analysts and policy makers who believed that the damage produced by toxic mortgages would be finally diluted in the totality of the economic system, by just spreading the evil or by blindly multiplying monetary incentives to economic agents who would necessarily react in a "rational" way by virtue of an invisible hand, assuming, in Rosmini's words, 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."²⁵ In a word, the blind confidence and euphoric triumphalism on the supposedly deterministic nature of market mechanisms ignored Rosmini's main anthropological insight that when the spirit of the people is not content it will not be satisfied by the division of streams or by the increasing of incentives which will only multiply the original evil geometrically, feeding

the endless ambition even more.²⁶ 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 derived in one of the biggest destructions not only of wealth but specially of trust and moral capital in the history of modern economy.

The Rosminian road to virtuous economic freedom

Taking into account all these arguments I will finally try to point out some general orientations that, in my opinion, flow from Rosmini's vision of the economy and can be useful for the design of a Rosminian road to virtuous economic freedom for the post-crisis global market economy:

1. In the first place, according to this Rosminian vision, 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 neostatist policies but the urgent recovery of moral balance and moral content which will be the only able to fill the spiritual hole that is feeding the current fall of the economy. According to Rosmini, free markets give useful results only if they are sustained by people with a sense of reality, limits and the virtues of moderation, temperance, justice and personal responsibility that will in its turn rebuild the now broken links of trust, reciprocity and friendship.²⁷ In addition, according to the great Italian philosopher, our market economy would need, especially being a global one, the virtues of fraternity and universal love of Christian religion in order not to become a war of all against all.²⁸ But, above all, in a very similar way to Wilhelm Röpke's critique of "liberal immanentism"²⁹, Rosmini believes that the justice that our market economy needs will not be produced spontaneously by market competition but will come from outside of it:

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.³⁰

2. In the second place, in a Rosminian perspective, our economy would need a whole series of juridical institutions based on natural law –that Rosmini presents mainly in his constitutional projects- that can help and guide the moral recovery and guarantee what he calls a juridical market competition such as property and free competition laws designed to defend the value of 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; regulatory laws in relation to international commerce, etc. In a word, Rosmini is in favor of market competition but always understood as a juridical competition: "For juridical competition –argues Rosmini-we understand competition within the limits of right, competition protected by rational right. Do not forget that we never talk about an unlimited competition: we propose the cause of a competition that is

limited by rational right, and nothing different from that.”³¹ In other words, a Rosminian juridical 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.”³² Therefore, market economy would result in an “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 [. . .].”³³

3. In the third place, Rosmini proposes especially in his political and juridical works, what other later Christian liberals like Alexander Rüstow and Wilhelm Röpke called “conforming” political interventions on the market or “liberal interventionism”³⁴ and Rosmini 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.”³⁵ Against both Keynesian generalized and potentially collectivist interventions and ultraliberals’ conception of markets as self-regulated, Rosmini proposes some of the following prudential and subsidiarious interventions of the markets in order to repair their failures and help them work in a normal way, being extremely careful of not damaging spontaneous orders, distorting the prices mechanism and especially of not suppressing economic rights:³⁶
 - a) Use of economic instruments oriented to what we modernly call business-cycles policies in order to prevent periodical tendencies to unbalances and avoid extreme crashes of the economy, not understood as Keynesian measures of inflating demand after the crisis has taken place,³⁷ but as a prudential, gradual and preventive calibration of the different factors of what Rosmini calls the “law of balances of society”, which has its center of gravity in the fragile moral balance we have seen between needs, desires and means to satisfy them. These cycle- policies should be implemented studying in detail -with what Rosmini calls “politico –moral statistics”³⁸- the economic and moral state of the people 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 and “prepare in time for the evils which unexpectedly occur to nations”³⁹;
 - b) Subsidiarious and temporary help for people, especially in the field of education,⁴⁰ in order “to, in Rosmini’s words, increase in the lower class knowledge of their own interests and the resolve to apply themselves to these interests with foresight and activity”⁴¹and help them to acquire new labor capabilities and therefore be able to compete with more equal opportunities⁴²;
 - c) State help to poor people or poor countries with extreme and urgent needs⁴³ provided this help is limited to a certain period of time and space, 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 specially from civil and religious associations;
- d) Rosmini finally advices us to implement a 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.”⁴⁴ However, especially in countries,⁴⁵ where, in Rosmini’s words “the prohibition system has prevailed”, where local capital investments, management competence and capitalists’ initiative are not sufficient,⁴⁶ Rosmini advices to go in the direction of increasing commercial treaties following a careful criterion of reciprocal compensation,⁴⁷ 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”⁴⁸ that could also be the basis of the universal and religiously inspired society of men dreamed by him more than one hundred and fifty years ago.

Conclusion

Rosmini’s profound philosophical mind and huge 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 Rosmini offers to us in our extremely difficult situation are not technicalities but a deep wisdom to orient the global market economy to its true end:

Economists –he says- 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.⁴⁹

Rosmini’s contribution, however, was not limited to give us the treasure of his wisdom, but above all the gift of his personal and Christian testimony of love: the testimony of someone who having everything – properties, an immense talent, universal fame, innumerable friends- did not hesitate to offer and almost sacrifice all this in the service of God and of the Church in order to be able to enlighten us with his intellectual and spiritual charity in this stormy dawn of the twenty-first century.

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RCS- *Rights in Civil Society*, *ibid.*, 1996.

RI- *Rights of the Individual*, *ibid.*

SC- *The Summary Cause for the Stability or Downfall of Human Societies*, *ibid.*, 1994.

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

USR- *Universal Social Right*, *ibid.*, 1995.

¹ ER, n. 245.

² “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.

³ “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 both are based on the principle of the human person understood as the ultimate source of every right.

⁴ 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.

⁵ *OIP*, p. 137.

⁶ “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. “No one can prevent another person from earning except by occupying beforehand, through competition, what the other would have earned.” *RI*, n. 1676. 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 favour of an individual. Generally speaking market freedom is founded in natural Right and is therefore inviolable. *RI*, n. 1676.

⁷ *RCS*, p. 66.

⁸ “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

⁹ “Isn’t it true –says Rosmini quoting an utilitarian economist of his time- 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.

¹⁰ In a word, according to them, in Rosmini’s words “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.

¹¹ “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.

¹² *SP*, pp.392-393. In other words, “when judging internally that he is content is different from the proximate principle of simple feeling.” *SP*, p. 253.

¹³ In fact, “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.

¹⁴ 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.

¹⁵ “This explains, according to Rosmini , 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.

¹⁶ “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.

¹⁷ “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.

¹⁸ This can be clearly seen, according to the Italian philosopher, when a sudden and full competition is open among peoples of different cultural development: “When competing with fully civilized nations –argues Rosmini- 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.

¹⁹ *SP*, p. 327.

²⁰ Therefore, in Rosmini’s opinion, “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 –he exemplifies- the families of country labourers and daily workers . . . make an excessive effort. Excessive work, necessary to satisfy their needs, finally becomes oppressive and contrary to human nature. Dissatisfaction with work becomes permanent and physical strength diminishes. . . . Should anyone in the house become ill or out of work, the decrease in income intensifies the tension. . . . In other words, the more tired the people become, the more they are tempted to abandon work to seek a means which will provide immediate satisfaction without such oppression. . . . why do farmers sell their tools? Why do those who live near civilization sell their cultivated lands? The answer is always: the need for drink, fine clothes, useless ornaments and other needs and desires which have been provoked in them. . . . 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*, 329/339/334.

²¹ “We should not marvel that the human heart behave like this; 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. [. . .] The illusion driving people to seek in masses of material riches the abstract idea of status to content their rational will gradually become more common and eventually a maxim of the State. It is this which has furnished nations with the restless search for gain and self-interest, a clear symptom of their unhappiness.” *SP*, pp. 370-371.

²² *OIP*, p. 139. Rosmini certainly thinks that “the private interest, generally speaking, exercises a considerable degree of influence on the shaping of the public good”, but he rejects the idea that “this should occur always and without exception.” To affirm such thing is, according to Rosmini, “the excess of the true proposition, and it is this excess what is false about Adam Smith’s doctrine.” *SC*, pp. 379-380.

²³ *SP*, n. 696-697, p. 337. “The effect of this kind of competition is always fatal to the poorest”. *SP*, n. 699, p. 338.

²⁴ *SP*, n. 698, p. 337.

²⁵ *EO*, p. 104, note 2

²⁶ 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.

²⁷ “This proves why no intelligent and wise government promotes vices with the pretext of increasing public wealth but prefers to promote virtues.” *OIP*, p. 157.

²⁸ “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, economics 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.

²⁹ Cfr. Wilhelm Röpke, *A Humane Economy: The Social Framework of the Free Market*, Chicago: Henry Regnery, 1960.

³⁰ *SP*, n. 695, p.337.

³¹ *PR*, n. 1479, note 1

³² *SP*, n. 138, p. 52.

³³ *SCS*, p. 96. “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. 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*” Lord Brian Griffiths, “A Theology of Market Capitalism”, *Acton Notes*, July/August 2008, Volume 18, Number 7/8.

³⁴ Cfr. Wilhelm Röpke, *The Social Crisis of Our Time* (New Brunswick: N.J.: Transaction Publishers, 1992 [1942])

³⁵ *RI*, n. 1616.

³⁶ “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.

³⁷ Cfr. Wilhelm Röpke, *Crises and Cycles* (London: William Hodge Co., 1936).

³⁸ Economic policies have to consider the 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 “politico-moral statistics” that could 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.

³⁹ *SS*, p. 76. “From which it is deduced that the greater the inertia and ignorance of a people, the greater the governmental action to limit the activity of commerce and industry must be [. . .] Regarding the question of the market, we see the application of that described above regarding the freedom which the government must allow the people, which must be as great as the science and will that people has to use it.” *OIP*, p. 139.

⁴⁰ “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.

⁴¹ *SP*, n. 693.

⁴² “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*, n. 628, p.302, footnote 286.

⁴³ “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.

⁴⁴ *RI*, n. 1676.

⁴⁵ “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.

⁴⁶ *CSJ*, Chapter 9, p. 24. See also Chapter 9, Article 40, p. 41. “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. 142.77-78. In this last case, argues Rosmini, “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*, n. 704.

⁴⁷ “Relative to nations, it seems to me that it is always possible (when nations are agreed in recognising 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. The compensation and recompense could be derived from the right of ownership that each nation has over the territory of the land it inhabits. One consequence of this would be the exclusion of foreigners whose trade would thus be impeded indirectly. If such agreements are possible, they are also obligatory as a means of safeguarding simultaneously the freedom of private individuals and the national interest. Hence, if one of the nations refuses to enter into such agreements based on freedom of trade, the other acquires, by the very refusal, the right to curb the trade of this nation. Tariffs and curbs are thus legitimated by being brought into the Right of self-defence.” *RI*, n. 1676.

⁴⁸ *CSJ*, Chapter 9, Article 40. “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., 77.

⁴⁹ *SC*, n. (7), Preface.