

## The Southern Question

**N**EO-CLASSICAL economics does not offer a theory of exploitation. Unfairness is semantically portrayed as a sporting challenge, as the "absence of a level playing field". Disfigurement as an intrinsic social process is not comprehended. Monopoly power is treated as alien to the market model which can be neutralised when government injects more competition. The social architecture is assumed to be non-discriminatory, because the values of equality and freedom are proclaimed as foundation principles. This explains why policy-makers are on a treadmill to nowhere when trying to address poverty.

Part of the responsibility for the failure to abolish exploitation must be attributed to the socialist Left. It failed to offer an emphatic critique of why the market malfunctioned. People were not provided with the intellectual tools with which to mount a non-violent programme of public education that could have transformed those features in the capitalist system that institutionalised the deprivations that pervaded the 20th century.

Marxist theory was faulty, but some of its practitioners were at least able to dramatise the problem. Dialectical theory pre-supposed conflict and change; inequality and exploitation. This enabled them to question conventional practices, leading to fruitful insights. One such theorist was the Italian trade union leader Antonio Gramsci.

**D**URING his years of incarceration, Gramsci wrote the *Prison Notebooks*. These continue to disturb people who accept that the recurring crises in Western market economies are not accidental.

Gramsci was born in 1891 in a village in Sardinia, the son of the Director of the Office of Land Registry in the small town of Ghilarza. His exposure to the poverty of peasant life in Southern Italy, coupled with his excursions into Marxist literature while working as a labour leader in Turin, shaped his perceptions of life in Sardinia. He summarised his reflections in "The Southern Question". He recognised that the marginalisation of people on the spatial periphery resulted from a combination of government tax policy and the extraction of rents by landlords. This lethal combination impoverished culture in locations distant from the metropolitan industrial centres.

Gramsci illuminates the process that locked Southern society into a vortex of poverty. Priests had a direct interest in squeezing peasants for rental income - unlike in the North, where church and state had been separated as a result of the more thorough expropriation of ecclesiastical property. The

intellectuals were important in tying the Southern peasant to the big property owner, consolidating agriculture into a bloc which made it easy for Northern capital and the banks to preserve the status quo while extracting a large slice of the net income - the rents - from the South.

"All accumulation of capital on the spot, and all accumulation of savings is rendered impossible by the fiscal and tariff system and by the fact that the capitalist owners of businesses do not transform their profit locally into new capital because they are not local people."<sup>1</sup> This nexus - the state's power to tax, the property owners' power to accumulate - was seen by Gramsci as the primary obstacle to economic development. Without economic reform it was impossible to enrich culture. Reform would have to encompass changes in both the land market and the state's approach to public finance.

But Gramsci's prescribed solutions were distorted by the bias of the concepts in Vol. I of *Capital*. By direct observation he could see that the primary problem was with land and the distribution of rents. He could see that the rural bourgeois, the small and middle landowners, extracted rents from the peasants and developed a mentality that separated this class (the "intellectuals") from the people who toiled on the land.

He also saw that the conservative priest failed to minister to the peasant because he was separated from the flock by a rental relationship. The priest appears to the peasant

- as a bailiff with whom the peasant comes into conflict over the question of rents;
- as a usurer who demands the highest rates of interest, and exploits religious obligations to secure the payment of rent or interest; and
- as a man with common passions (women and money) and so unable to offer spiritual inspiration.

Despite the realism of the analysis, Gramsci failed to delineate effective solutions. He followed the Marx of Vol. I in using the word capital to include both the rent-appropriator and the people who save and invest in equipment and create jobs. In this respect his was as much of a betrayal of the aspirations of

the Southern peasants as the liberal economists whose emerging neo-classical paradigm was as dangerous as Northern wolves in Southern sheep's clothing. This is illustrated by the way the two schools of thought predicted the outcome of the 20th century emigration to the United States.

Gramsci summarised the expectations of the liberal economist. The New World settlers in the early years of the 20th century would repatriate a large sum of dollars and a silent revolution would take place in the South "which slowly but surely will change the whole economic and social structure of the country".

This trickle effect from the outside did not materialise. The inflow of money was intercepted by the government, which offered treasury bonds at an attractive rate of interest. Gramsci describes the outcome as inevitable: "[T]he emigrants and their families change from being agents of the silent revolution into agents for giving the State the financial means for subsidising the parasitic industries of the North".

The footloose cash in the South was swallowed up by the banking system, sure enough, and used to underwrite the emerging industrial base in the North. But Gramsci was wrong to characterise the value-adding sector as "parasitic": that word tells us more about Marx's psychology than capitalist reality.

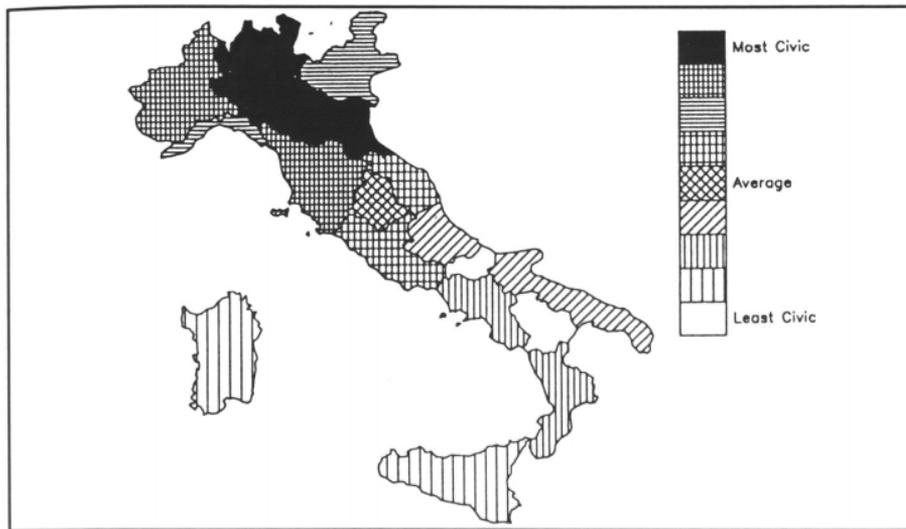
**T**HE MECHANISM which distorted the economy and crushed the capacity of the Southerners to develop prosperous communities was the alliance between the State and the rent appropriator.

The State served two functions. First, it legitimised the private appropriation of rent. Then, because it had alienated the taxable surplus (community-created value of land), it had to employ covert forms of taxation to capture the nation's net income. Taxes were imposed on labour, but this was the proximate impact; in reality, the burden was passed on to landowners. In the process, however, those taxes weakened the incentive to work and save, which condemned the Italian economy to a sub-optimal condition, disproportionately so in the South; and it guaranteed poverty on a socially significant scale.

Gramsci was encouraged by his reading of the texts of Marx and Lenin to believe that the development of working-class consciousness in the Italian factories of the North would lead to the appropriation of the means of production - both land and capital - and so liberate the Southern peasant from his poverty. "The bourgeoisie of the North has subjected southern Italy and the Islands and reduced them to



**Mussolini's fascists tortured him in prison to shut down his mind. But the years behind bars provoked Antonio Gramsci (pictured left) to compile in secret the notebooks that are now a remarkable legacy. FRED HARRISON reviews how Gramsci sought to apply Marxist insights to explain poverty in Southern Italy.**



A NEW explanation for the prosperity/poverty divide in Italy is offered in Robert D. Putnam's *Making Democracy Work* (Princeton, 1993), from which the map is taken. The thesis is that, while land tenure is not excluded as a partial explanation, greater significance must be attached to civil traditions, the "social capital" which explains the riches of the North and the poverty of the South. This competing hypothesis will be examined in the next issue of *Land & Liberty*.

the status of exploited colonies; the proletariat of the North, in emancipating itself from capitalist enslavement, will emancipate the peasant masses of the south who are chained to the banks and the parasitic industrialism of the North."

Thus did the Marxist paradigm deflect the activists from the path of a reform which might have revolutionised Italian society to the material and spiritual enrichment of everyone. Gramsci was not interested in partial solutions such as land reform. "The economic regeneration of the peasants must not be sought in dividing up the uncultivated and badly cultivated land, but in solidarity with the industrial proletariat, which needs in its turn the solidarity of the peasants, and which is greatly interested in seeing that capitalism is not reborn economically from landed property, and also that southern Italy and the Islands shall not become a military base for capitalist counter-revolution."

Gramsci was encouraged by Marx's blunderbuss approach into trying to merge the workers of factory and farm into a revolutionary *melange* which would liberate itself by assuming control over capital and land. He visualised an idyllic system of co-operation in which the factory workers would fulfil the material needs of the peasants. We now know, from Lenin's utopian experiment in Russia, that this was not likely to generate the benefits which Gramsci envisaged.

Gramsci was a practical person who might have achieved fame as a philosopher if he had accepted proposals for a university career in linguistics and philology. Instead, he chose to work among the factory union leaders, seeking to educate the workers.

"[W]e favoured a very realistic and not at all 'magic' formula of the land for the peasants; but we wanted it to be realised inside the framework of the general revolutionary action of the two allied classes, under the leadership of the industrial proletariat," he wrote. His

Marxism/Leninism was to be tried, tested and exposed by the Russian proletariat as a formula that did not work, magic or otherwise.

AS WITH most of the well-meaning utopians of the past who wanted to improve the condition of humanity, Gramsci was beguiled by theoretical formulations which were detached from reality, and so would land up in a social cul-de-sac.

He was a sound witness of the facts. The economic marginalisation of southern Italy - the process that condemned it to the status of periphery - originated with the way in which the rent of agricultural land was privatised; then, in part, by financial osmosis, transformed into interest payable to banks. The solution needed to focus sharply on this unholy alliance between landowner and bank. The exclusive solution was a fiscal one which required, as a first step, the restoration of the status of rent as a social value, the net income after meeting all the costs of production on the farm and in the factory. Having acknowledged the social status of rent (the task of philosophers), the next step was to formulate the appropriate fiscal arrangements (the task of political economists).

This is a relatively simple challenge that would fulfill the requirements of both science and morality, and would generate a social reform that was consistent with the logic of a progressive history. There was sufficient here to engage the philological interests of Antonio Gramsci. But when he left Sardinia in 1910 after winning a scholarship to the university in Turin, he was destined by the accidents of life to end up as a leader of the Communist movement.

Ironically, it was the Socialist party's prejudices which disappointed him and drove him beyond the idealist philosophy of Benedetto Croce (1866-1952) and into the arms of Karl Marx. For the socialist party propagated a disparaging image of the South among the

northern workers. The people of the South were represented as semi-barbaric, who restrained civil development; the backward state of the South was not the fault of the capitalist system or of any other historical cause, but the fault of nature which had made the Southerner lazy, incapable, criminal. Gramsci could not square the facts with this caricature, which was the conventional view in Italy.

Gramsci was outraged. In his *Prison Notebooks* he analysed these attempts to blacken the South - the Risorgimento - as "backward". He saw that protectionism for agriculture was of more value to the producers of cereals in the North. "The difference between North and South lay also and especially in their social compositions, in the different positions occupied by the masses of the peasantry who, in the South, had to maintain through their labour too great a sector of the economically passive population, of those living 'on unearned income' etc.....The backward structure of the South was...exploited and made permanent - even made more extreme - in order to drain the savings of its parasitic classes off towards the North."<sup>2</sup>

But the facts were refracted by his philosophy. The geo-fiscal paradigm which had resurfaced in the United States in the 1880s had apparently not penetrated this deep into Europe to offer him a choice of philosophical development. And the ascendancy of Mussolini out of the socialist ranks and into fascism set the tone of intolerance that was to lead to his imprisonment. At the end of the trumped up trial, the prosecutor said: "We must prevent this brain from functioning for 20 years".<sup>3</sup> That was his sentence, passed in May 1928 for a string of convictions including provoking class war, conspiracy and agitation.

But Gramsci's brilliant mind had already been distorted - by exposure to Marxism. He could not release himself from the claim that there was a unity of interest between landowners and capitalists, whom he associated together as components of a single "ruling class". And that the single solution was the nationalisation of both land and capital.

But it was not just Gramsci's vision that had been closed down by Marxism and then Mussolini's prison. Europe had already embarked on the Dark Century. The light of wisdom which had shone brightly for two decades at the end of the 19th century was snuffed out. The Fascists were to be defeated, and so were the Marxists half a century later. But the under-development of Southern Italy continues to defeat the government of Italy, and will do so in the 21st century if they persist with taxation that builds poverty and dependency into society.

#### References

- 1 Antonio Gramsci, *The Modern Prince and other writings*, New York: International Publishers, 1957.
- 2 Antonio Gramsci, *Further Selections from the Prison Notebooks* (translator: Derek Boothman), London: Lawrence & Wishart, 1995.
- 3 Antonio Gramsci, *Prison Letters* (translator: Hamish Henderson), London: Pluto, 1996.