



The Economy of Communion Signs of Hope for a New Business and Economics Paradigm in the Globalization Era*

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‘Clearly, wealth is not the good we are in search of, for it is only a good inasmuch as it is useful, as a means to something else’
(Aristotle, *Nicomachean Ethics*, I, 6).

The world economy these past few years is facing the most serious crisis since 1929 and all the protagonists of the economic community are called to a new greater responsibility and commitment in order to overcome this crisis, as well as finding new sustainable ways for the market economy. In this context, the main challenge of the Economy of Communion – both at theoretical and practical levels – is to show that it is possible, here and now, to build businesses and communities oriented towards authentic relationships, where reciprocity has the right to exist, also within the economic domain. The Economy of communion (EoC), comprising about 800 businesses which dispersed hundreds of scholars, thousands of labourers and citizens in the five continents, is one of the concrete hopes for seeking altogether new cultural signs/indications and concrete ways for the new paradigm of market economy. This is what humanity is searching for in this age of crisis,

* This article was delivered at the International Conference on Social Protection and Poverty Alleviation with the theme *Alleviating Poverty during Global Uncertainties*, September 23-24, 2011, Thomas Aquinas Research Complex, University of Santo Tomas, Manila, Philippines.

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Keywords: *world economy, economy of communion, cash nexus, trap of negative expectations, speculative finance, love-communion, multi-dimensional market, reciprocity*

Introduction

The world economy these past few years is facing the most serious crisis since 1929 and all the protagonists of the economic community are called to a new greater responsibility and commitment in order to overcome this crisis, as well as finding new sustainable ways for the market economy. The globalization process can offer new opportunities to many who are still excluded from material well-being, but at the same time, there is the real risk of transforming the world into a place in which the only form of human relationship is the “cash nexus,” where everything becomes a commodity. Our market economy has two possible ways to move forward: (1) to build a ‘global village’ where, as in every village, principles are at work (redistribution, gift and exchange of equivalents); (2) or, instead, to transform the world into a ‘global supermarket’ where everything becomes a commodity and where there is no room for genuine and non-instrumental relationships. In this context, the main challenge of the EoC – both at theoretical and practical levels – is to show that it is possible, here and now, to build businesses and communities oriented towards authentic relationships, where reciprocity has the right to exist, also within the economic domain.

We are in fact convinced that the EoC is one of the concrete hopes for finding together new cultural signs and concrete ways for the new paradigm of market economy, that which humanity is searching for in this age of crisis, sustainable in the new globalization era, which is faced with new environmental challenges, growing poverty and exclusion, as Pope Benedict XVI has underlined by mentioning the EoC (n. 36) in his Encyclical letter *Caritas in Veritate*, as well as in other official messages.

For this reason, before entering into the peculiarities of the EoC, I will address some hot and key issues of the present global economic situation in order to identify, later on in my presentation, the EoC in the present socio-economic and cultural context.

1. Crisis of trust and confidence (before economics and finance)

Behind the financial and economic crisis we are experiencing, there is, above all, a grave crisis of confidence. No one knows any longer where to find reliable investments; therefore, they sell stocks preferring cash (or gold and safe havens). Today, it is clearer than ever how true that the word ‘credit’ comes from “believe,” from trust.

In 1936, the great British economist J. M. Keynes described well, in its essence, what is happening now, a phenomenon that depends very little on sophisticated financial instruments and more on simple psychological mechanisms: we have fallen into a “*trap of negative expectations*,” a situation in which there is a serious crisis of confidence (in this case, in the public debts of “sovereign” States) such that the citizens have a strong preference for liquid assets and a lack of confidence in financial stocks. Also, when one falls into these traps, the only effective policy is to recreate that missing trust and positive expectations. **The current capitalist economic system does not have – and here is the point – anthropological and ethical resources to precede techniques, in order to raise these expectations, because they lack cultural perspectives to the challenges posed.**

In times of crisis, memory is always an important resource to imagine and draw scenarios of hope from. Trust comes from the Latin ‘*fides*,’ a word that means confidence, reliability, tie (rope), and religious faith. I trust you, will give you credit (you are credible), because we share the same *fides*, that faith which was the main guarantee of reliability and loan repayments, especially when trading with strangers. On this *fides*-trust-credibility-reliability-bond-faith, the first European single market between the fourteenth century and modernity was born. With the Protestant Reformation *fides* entering in crisis, the rope breaks (Christian *fides* was no longer enough for businesses, neither for peace), then Europe found new forms of trust in order to support the emerging markets: it is in fact in the seventeenth century that central banks and stock exchanges became the new “secular” guarantee of the new *fides*-free market. Parallel to these new economic institutions, the national states were also born, which became the new “places of trust,” the great safeguards for markets and currencies, as were the cities in the Middle Ages.

This brief historical overview is just to say that the secular modern economy comes from a very close relationship between economics and national policy, between finance and national states. Behind exchanges and finance there were the states, peoples, ethnic communities, territories, affiliations. The political and economic democracy, as we know it, was based largely on national markets and economic institutions. This national capitalism, in its two great Anglo-Saxon and

European versions, has held up until a few decades ago, when we entered in a more accelerated way into the era of globalization and financial capitalism.

This crisis is telling us that we still do not know nor understand, nor govern the globalized capitalism. While the economy and finance have changed radically, the policy and its instruments are still those of early capitalism, including creation of huge public debt without control and guarantees – an ancient idea’s expression of nation-states’ sovereignty; not to mention the tax issue. To fight tax evasion seriously, we should at least acknowledge that there is a mega “tax issue,” and an issue of justice that plays out in the global financial markets, where huge profits and returns are created, but which escape tax systems still anchored too much in the national dimension.

It is enough to observe that the guarantees offered by Obama in the U.S. have become inadequate. In reality, it would need a political dimension of globalization, a policy that does not yet exist nor does one have a glimpse of. A new Bretton Woods world would be necessary to give life to a post-capitalist economic market, where finance is regulated and taxed in the same way as all income-generating activities (and perhaps even more), where one creates independent authorities of controlled public debt, where one also regulates governance of large multinational firms (among whom some of today’s richest, and most influential to small nation-states), and much more. That’s why in this crisis, the new market economy in the globalization era is in play, which should be different from what we have created thus far.

The global financial economy needs trust, but as in the case of energy, it consumes without being able to recreate, because its tools create reputation (which is a normal market good), which tends to displace trust (which is instead a relational good). What is certain today is that old politics based on national governments, partisan balance, and sovereignty no longer works. What will emerge from this failure is unknown to us: we can only predict a few years of fragility, systemic risk, uncertainty, and sacrifices for all, hopefully with a bit of fairness. Moreover, we must, above all, raise hope, which is the greatest virtue in all times of crisis—it is the fertile ground from which even confidence can flourish.

2. The challenge of inequality

Behind the financial crisis and large public debts in western societies, there is also an inequality problem in income distribution that is becoming ‘the’ crucial question in our capitalist economic system.

In the fall of 2008, when the crisis was about to explode, the 1% GDP share owned by the richest among the U.S population reached its peak, just as in 1928,

at the dawn of the great Wall Street crash. When the middle class is impoverished relative to the affluent class, it tends to borrow too much, also because at present, unlike in 1929, the financial system proposes and promises magical recipes to maintain or increase levels of consumption, with debt.

In the past decades, the attitude towards inequality had been ambivalent: part of the public and scholars' opinion saw it basically as a transitional phenomenon, a price to be paid only in the early stages of the economic development. Albert Hirschman metaphorically expresses it with the image of the tunnel: when we are in a tunnel blocked in a traffic jam and if the lane next to me starts to move, I can suppose that my lane will also start to move. The inequality, therefore, should have had an inverted U-shape: growth at the beginning then diminishes at the mature stage of capitalism. The West's historical events (certainly of the U.S. and Europe), tells us that, in the last 25 years, inequality has increasingly returned. How come? Were the economists' forecasts wrong?

In reality, a brand new factor was inserted, which is the financial nature of the last capitalism that sent into crisis the same free market theory and ideology. In fact, when the helm of the economic system (and political) passes into the hands of **speculative finance** (here the adjective is important, finance is not all the same), some of liberalism's pillars fall into crisis, including the market's ability to ensure economic growth, for at least three reasons:

- The first has to do with the kind of wealth that is created by financial speculations. The "normal" market economy's golden rule (when funding is subsidiary to the real economy) is the mutual benefit of the parties in exchange; instead, when we are often dealing with speculative finance, the rule is that of the 'zero-sum game,' just as in poker: the winner corresponds to the losses of others. This means that much of the latest finance generation, instead of creating new wealth, moves it (especially by playing with time) from some individuals to others.
- Second, in many (not all), speculative finance happens systematically, without scandals and convictions. What we have recently seen with soccer bets: some players bet (large funds) on the outcome of the games (future value of securities) and then play in a way that their expectations (bets) will come true.
- The third reason directly deals with inequality. The financial turbo capitalism naturally produces high inequality, because thanks to labor and technology globalization, workers of average skills (laborers, employees, and care and service agents) are always paid less. That is, a big part of the middle class, while the strategically-paid, few hyper-

specialists (technicians and managers) are able to exponentially increase finance profits.

However, and here lies the crucial point, an economic system that enriches a very limited number and impoverishes the middle class produces a great majority of the population (to say nothing of true poverty, another crucial topic) that does not grow or develop. The social bond that is based on a perceived economic equity unravels and begins inexorably to decline, mainly due to a lack of “demand” (not just equity). In fact, an increase of middle and lower class income is immediately translated into a higher consumption and GDP, while increasing the income of those who already have much produces very minor effects on consumption and growth. We are then realizing that when workers are poorer relative to other social groups, inequality becomes a direct factor of growth (or recession). The rhetorical increase is no longer enough for the “size of the cake” before thinking about the ‘slices,’ because on one hand, the cake’s increase may only be apparent, and on the other, the squandering and waste of big cake eaters render a chunk of the cake indigestible, including the smaller pieces belonging to others.

When one observes our capitalist system from afar, the first strong impression one can draw from it is that we have grown too much, and it’s no good; the environmental crisis says it with more eloquence, but it also says that this growing inequality is a result of over-milking finance cows, which today risks to kill the animals from exhaustion. The tool to rebalance the economic relationship is not called charity or philanthropy, but the tax system. That is why family-friendly tax proposals (like the “family factor”) is a purely economic matter before becoming an ethical proposal, because without rebalancing the social deal, we will not have the energy to re-launch growth, reduce public debt and construct a better economic system.

In this context of a globalized economy, the Economy of Communion was born.

3. The EoC: a 20-year story

3.1. The roots

The Economy of Communion came about from the intuition of Chiara Lubich, the foundress of the Focolare Movement, in the movement’s little town near São Paulo, Brazil, in May 1991.

While the airplane she was on was landing on the city of São Paulo, Chiara Lubich was struck by the extreme poverty and the many *favelas* (slums) around the

city—a strong impression mainly due to the enormous contrast between the shacks (where a number of people from our movement also lived) and the many modern skyscrapers.

Faced with this scenario, the idea or inspiration consisted in extending the dynamics of communion from individuals or families (already present in the Focolare) to business enterprises, inviting people to start up new businesses and to transform existing ones, all within the fullness of freedom - actually, the full name of the project is ‘The economy of communion in freedom.’ These firms, therefore, are not non-profit organizations, but the business profits are to be pooled together and used for three precise goals:

- first, to finance the development of the business itself;
- second, to spread the culture of communion by means of the press, conferences, various internal mechanisms; and
- third, to help people in need with projects, by beginning with those who are in contact with the Focolare communities, according to the principle of subsidiarity.

Another Economy of Communion element was part of the very first intuition: the pulsating heart of the new EoC would be the ‘business parks’—innovative ‘industrial districts’ which would rise up near the little towns of the Focolare Movement. Today, the more developed parks are in Brazil (three), Argentina, the USA, Belgium, Portugal, Italy, and the Netherlands (and I hope in the Philippines soon).

Taking off from a few dozen pioneer businesses that joined in 1991, today, almost 800 businesses of various sizes are part of the Economy of Communion throughout the world. During these years, the EoC project has been the object of academic researches (including more than 300 theses for degrees and various PhDs in different disciplines, in many countries worldwide), conventions, seminars, papers, and books in various languages (see the international website: www.edc-online.org).

The logic behind this “vital experiment” is straightforward: it is an attempt to take seriously reciprocity and Christian reciprocal love (*agape*), also in the economic domain. The Economy of Communion takes reciprocal love or *agape* as a powerful driving force not less effective than self-interest, even within the market and business.

This logic can be seen, for example, in the way that EoC business people express their own rationale for business: building a better world without exclusion is more important than becoming individually richer. When observed within the economic sphere, this reciprocal love (also called reciprocity or fraternity) results in

communion. This reciprocity is not just a contract or an exchange, which is the more familiar category of economic reasoning (although the two forms of reciprocity can go hand in hand). The basic difference is that classical market exchange is instrumental and conditional. Instead, relations of reciprocity presuppose the knowledge of the other's identity, they need a genuine (non-instrumental) concern for others and cannot be fully conditional. This kind of reciprocity can be considered to be synonymous with communion, intended as a way of understanding and living out social behaviour.

The concept of communion has important consequences in the way we understand the relationship between the community, the businesses and the poor, helped by sharing of life (experiences) and later by sharing profits. Economic 'governance' cannot be based on the market alone, but takes into account the needs of the poor. This can be seen in the Economy of Communion, most clearly in the willingness to share profits with the poor. Within the project, however, this logic of communion extends far beyond the distributive dimension. It relates to the way customers are dealt with, the pricing structure, coping with crises, managing debtors, and so on. Whilst clearly, overall efficiency is essential, the 'case by case' approach dominates and is governed by a desire to understand the needs of the other.

The way EoC understands and lives poverty is one of the project's building blocks: the poor are the first protagonists of their own lives and developments, and the help coming from the resources given by the firms are just a secondary help, in line with the "principle of subsidiarity" of the Catholic Social Doctrine: external help or assistance does not take the place or substitute the poor's being protagonists themselves.

What are the consequences of this logic of communion applied in business life? What does it mean to love in the economic life? Also, in particular, how is it done in the life of a business enterprise?

The logic of reciprocal love in the Economy of Communion is not manifested only by freely accepting the invitation to give away profits (which is the more visible aspect), but also in many other daily choices: from employing workers who, in particular situations, do not guarantee economic returns, to showing confidence and trust in suppliers or customers, even in circumstances in which regular business logic would advise against it. Since it is something more than, and different from, simply giving or doing things gratuitously, love-communion is able to find room to express itself even when the efficient performance of one's role - as a buyer on behalf of others, a supervisor, an administrator of capital entrusted by another - would not seem to leave any such space: love finds space for personalized, other-oriented, gratuitous actions, even in situations that are usually considered instrumental, anonymous, and self-interested, as are market relations.

Love-communion can imply the will to make use of the margins for manoeuvre at everyone's disposal, assuming burdens and responsibilities in order to look for solutions to economic dilemmas: for example, supporting a supplier in difficulty without taking on excessive risks to one's own business (and therefore, to owners, creditors, and employees) or coming up with a solution different from that which would seem to be the best as far as profits are concerned, but would require personnel reduction.

In this regard, a manager in a Filipino business had the following experience:

Some time ago, we discovered that one of our men, working in the distribution section, had difficulty in carrying out his job because he was having trouble with his eyesight. He didn't want to tell us about it, out of fear of losing his job. We understood that he needed to work in order to support his family and we found a solution. We transferred him to a new warehouse where he is now working proficiently.

These businesses live the 'culture of love' while immersed in the market economy. They produce, sell goods and services, working side by side with other businesses, in today's globalized economy; they do not work in 'alternative' or informal economies. This aspect, too, has important implications, because in the past centuries, those who assigned a role of love to economics chose to operate outside of the market (for example, charities, non-profit organizations, NGOs, and foundations). The Economy of Communion introduces the concept of free-gift and communion inside the market and, thus, stakes a claim for a '**multi-dimensional market**'—not only a place of efficiency, but also a place in which to practice the culture of reciprocity, the culture of love and fraternity.

What are this project's implications for economic theory? I will just focus on two points that I consider relevant in both contemporary theoretical and business debates.

4. Love and reciprocity as economic categories

We said that in the EoC, love – i.e. reciprocal love or reciprocity – occupies a central place. To affirm that love can occupy this central position in economic life is a revolutionary thought, which goes against the current. In fact, the hypothesis that people are motivated by their own self-interest is still the cornerstone of mainstream economic science's theoretical framework. During its classical period, however, political economy was based on a more complex anthropological postulate than the self-interested *homo oeconomicus* (economic man). In fact, even though Adam Smith did not rely on 'the benevolence of the butcher' for market function; nonetheless, he attributed 'sympathy' and 'fellow-feeling' with a central role in his vision of both

people and society. The Neapolitan Antonio Genovesi (*Autobiografia e lettere*, 1765), on the other side of Europe, went even further when he depicted the market as a matter of ‘mutual assistance,’ mutual love or reciprocity.

After the neo-classical methodological revolution at the end of the nineteenth century, economics was defined as a domain of human life whose effective performance requires only ‘indifferent’ - in the sense of ‘morally neutral’ - self-interest: ‘The hypothesis that the individual is motivated by personal interests has become the dominating thought in economics today, and it has often been considered an adequate explanation both of human behaviour and the efficient behaviour of the market economies’ (Sen, 2001, 4).

Homo oeconomicus is not necessarily supposed to be selfish; for standard economics, what is needed is just *indifference* to the other’s welfare, or, as the famous English economist (and Pastor) P. H. Wicksteed (1910) used to say, ‘non-tuism,’ that is, not interested in the welfare of the other person, of the ‘you’ in a market transaction (non-tuism comes from the Latin ‘tu’ [you]). Therefore, market relations need to be ‘ethically neutral’—relational indifference—in economics there is no place for love or hate; economic exchange is presented as a sort of third way between “love” and “war.” This is a ‘parsimonious’ or prudent conception of human beings in A. Hirschman’s words. According to this economist, the love’s exclusion from contemporary economics is also a consequence of its methodological parsimony. He recalls the well-known thesis of the English economist Dennis Robertson, according to whom the economist’s job is to help create an institutional pattern of motivation, where as small a burden as possible would be placed, for the purpose of society’s functioning, on ‘love’ (Hirschman 1984, 93).

In other words, according to mainstream economics, an efficient market economy must *economize the use of love*, because love is the scarcest resource in human life, and economics must teach people to economize love in the market in order to have enough of this precious resource in other domains where it is really needed (family, friends, etc.). Thus, what comes out is that *the more an economic system utilizes love, the more it is inefficient*.

Instead, other less sophisticated economists exclude love from economic analyses simply on the grounds of realism, holding that it is useless to discuss the matter because the fact is that people in economic life act out of self-interest and not out of love (this is what the majority of professional economists think). Love can perhaps come into play – under the form of philanthropy – only in a second step, when the entrepreneur is a private human being; but during the productive process, in ordinary business dynamics, love is seen as a foreign word to economic reasoning. According to standard economics and business, Bill Gates (for instance)

as an entrepreneur serves the common good by making good computers; Bill Gates as a private citizen, in another face, creates a charity for Africa; but during the ordinary business activity ‘business is business,’ or, in the words of the General Motors founder, “the business of business is business.”

Hirschman and the EoC with him, criticize this approach – which today is still very popular in economics – on the basis of a very simple consideration:

Robertson did his position a disservice: he opened his flank to easy attack when he equated love to a factor of production in strictly limited supply that needs to be economized. But what about the alternative analogy that equates love, benevolence, and public spirit to a skill that is improved through practice and atrophies without it? ... like the ability to speak a foreign language or to play the piano, these moral resources are likely to become depleted and to atrophy if not used (Hirschman 1984, pp. 93-94).

5. The idea of business and the entrepreneur

5.1. Speculation or innovation?

The second issue is about the vision (and practice) of business and the entrepreneur coming from the EoC.

The Church and classical humanistic tradition at the heart of the market economy (from Thomas Aquinas to Adam Smith) have always stressed that commercial activity is essential to the common good, and the EoC is totally in line with this thesis, both in theory and in practice.

The social teaching, past and present, insists that commercial activity should be directed to the common good and not merely to property holders’ private profit. At the same time, the various social Encyclicals, especially *Centesimus Annus* and *Caritas in Veritate*, have clearly pointed out the inherently social and civilizing character of business and the market. The attainment of a good and prosperous life on the part of great numbers of people – and, at least in theory, by all – would be unimaginable were it not for business leaders who create jobs, wealth and new products, as well as innovations which constantly expand human opportunities and freedom.

At the same time, like other aspects of human life, and perhaps even more so, the economic and labour sector is prone to temptations of selfishness and narrow self-interest. However, we see the world of economics, labour and business in a positive light as a significant sphere for creativity and service to society, a positive and civilizing element in human affairs.

Nonetheless, what does the EOC, together with the Church’s social teaching have to say in particular to the business community? First and foremost, as

we are reminded in particular by sound economic theory in these days of crisis, the business leader is not a speculator, but essentially an innovator and a project builder. As classical economics reminds us, the “speculator” makes it his goal to maximize profit; for him, business activity is merely a means to an end and that end is profit. For the speculator, building roads and establishing banks or schools is not the goal, but merely a means to the goal of maximum profit. It should be immediately clear that the speculator is not the model of a business leader that the EoC upholds as an agent and builder of the common good. The true entrepreneur is a different role.

As we read in *Caritas in Veritate*: “Charity in truth requires that shape and structure be given to those types of economic initiative which, without rejecting profit, aim at a higher goal than the mere logic of the exchange of equivalents, of profit as an end in itself” (No. 38).

The entrepreneur then is first and foremost an *innovator*, a creator who generates and pursues projects; for him, for her, business activity is never merely a means or a tool but an essential part of the goal itself. It is not possible to separate the activity from its goal, since business activity has an intrinsic value, it has value in itself. The exclusive pursuit of profit proves inadequate as the economy and society nowadays have to deal with new challenges, including the environment, “common good,” and globalization.

When the market functions correctly, it is a place in which innovation and human creativity are favored and awarded. True market competition can be and, if we want to understand it in its truest nature, should be seen as a race to innovation. Those who innovate grow and live, while those who do not remain behind and leave the economic civil game.

The author who has understood the most this virtuous dynamic of the market (the capacity to innovate is undoubtedly a virtue, because it is an expression of *arête*, of excellence) is the Austrian economist J.A. Schumpeter. In 1911, he published *The Theory of Economic Development*, a classic text of the 20th century. In that book, Schumpeter masterfully describes the dynamic of the market as a “race” between innovators and imitators. To explain the nature and role of innovation, Schumpeter draws upon a model where the starting point is the “stationary state,” the situation in which businesses only carry out routine activities and the economic system perfectly replicates itself over time, without there being creation of true wealth.

Economic development then begins when an entrepreneur breaks away from the “steady state” by introducing an innovation, which can be a technical invention, a new organizational formula, the creation of new products or new markets, which on average reduces costs and makes it possible for the business to create new wealth.

The entrepreneur-innovator is the protagonist of economic development, as he creates real added value and makes the social system dynamic. The innovator is

then followed by a “swarm” of imitators attracted by that created added value, just as bees are attracted by nectar. When they enter into those sectors that verify innovation, they cause the market price of that given product to decrease, to the point that all the profit generated by the innovation is entirely absorbed. The economy and society return to the steady state until a new innovation restarts the cycle of economic development. Thus, for Schumpeter, profit has a transitory nature, as it subsists as long as there is innovation, in that time lapse between the initial innovation and the imitation.

What does this century-old theory still have to tell us today? Above all, it reminds us that the truest nature of the entrepreneur and entrepreneurial function is the capacity to innovate. The entrepreneur is not a profit-seeker: profit is only a signal that innovation is present. When the entrepreneur (including the social entrepreneur) complains because he is imitated, his vocation is already in crisis. He must be reminded that imitation also plays an important role, as it makes sure that derivative advantages that come from an innovation do not remain in the innovating business alone but are spread to the entire society (for example, through the reduction of market prices which increases collective well-being).

Imitation is important and plays a role in the common good: the positive way to respond to imitation is to start the race again, continuing to innovate. This is particularly important in this era of globalization, where the innovation-imitation dynamic is very fast and global. Even today, in this age of global crisis, the answer to living and growing is not complaining or turning to protectionist measures. Rather, it lies in a new start and investment in the art of innovation.

Besides, this theory of innovation tells us that when an entrepreneur stops innovating, he dies as an entrepreneur (perhaps transforming himself into a spectator), and so blocks the run or the innovation-imitation relay race, which is the true virtuous dynamic that pushes society ahead, not only the economy.

One of the deepest reasons for the current crisis was the progressive transformation of many entrepreneurs and speculators, which took place in the past decades following the financial boom. The entrepreneur-innovator, compared to the speculator, thanks to his vocation, sees the world as a dynamic place that can be changed. He doesn't simply think of increasing his own piece of the (given) “pie.” He creates new “pies,” welcomes new opportunities, looks ahead, and not in search of rivals to battle so that he can hoard the pie.

The market law, as a mechanism that awards innovation, places the emphasis on people and not so much on capital, finance, or technology. Innovation is, first of all, a matter of vision, of different “eyes” on things and on the world, and therefore, a matter of people that see reality differently. Moreover, in the 1940s, Schumpeter

himself foresaw that the passage of innovation from persons to research offices and development of large businesses would have changed capitalism's nature. It would cause capitalism to lose contact with personal dimension – the only one that can really innovate.

Nevertheless, after decades of getting drunk over what's "big" and anonymous, we're realizing that the businesses that are able to grow and become leaders in the globalized economy are, more and more, those where there is one or more persons capable of seeing reality differently, capable of innovation. The only true key to innovation and every economic value is people's intelligence (that is, knowing how to "read and see within" things), as an Italian economist even older than Schumpeter said. I'm referring to Carlo Cattaneo from Milan who, in the mid-19th century, wrote one of the most beautiful and humanistic theses on economic action, in which he reminds us that innovation's virtue is founded on an even more radical virtue (because more universal) – creativity. "There is no job or capital that does not begin with an act of intelligence," he said, "Before every job, before all capital ... it's the intelligence that begins the work and stamps the character of wealth into it."

Finally, the dynamic, the run, the virtuous relay race of innovation-imitation is greater than just the economic environment. This gives us a beautiful and original key to understanding not only the market but also the civil history of peoples. When societies and markets favor people who innovate, when these people do not lament but delight in being imitated, when even institutions universalize these innovations, then common living and the market work, and they are beautiful places in which to live in.

5.2. CSR and EoC

This vision of business brings us to the great theme of business and social responsibility. *Caritas in Veritate* has pointed out that "business management cannot concern itself only with the interests of the proprietors, but must also assume responsibility for all the other stakeholders who contribute to the life of the business: the workers, the clients, the suppliers of various elements of production, the community of reference" (No. 40).

Ethical theories concerned with business and social responsibility abound, but not all of them are acceptable in the light of Christian understanding of man and an authentic Christian humanism. This is especially true of those cases where socially responsible practices are adopted primarily as a marketing device, without any effect on relationships inside and outside the business itself, the destination of its profits, justice demands, worker participation, and so forth. Nowadays, business leaders who want to take the Church's social teaching seriously will need to be more daring,

not limiting themselves to socially responsible practices and/or acts of philanthropy (positive and meritorious though these may be), but striking out into new territories. I shall mention just one.

Entrepreneurs use their innovation and creativity to address challenges above and beyond the economy and the market. Specifically, there is a growing demand today for labour on the part of entire countries with great numbers of young people and few jobs; innovation and new initiatives are needed if business, the economy, and the market are to include those presently excluded. Today, as in the past, the economic and business sector fulfill their duty to serve the common good when they manage to incorporate broad sectors of the marginalized (one only needs to think of the last century's factory workers) and to ensure that these people do not become problems, but resources and opportunities for themselves, for business, and for society as a whole.

Economic and commercial activity, when carried out along the lines indicated by the Church's social teaching, is clearly "ethical" activity, since there cannot be a common good without business leaders that we would describe as "civil." As *Caritas in Veritate* makes clear, there is no such thing as an ethically neutral business leader. Business leaders are either "civil," in the sense that their commercial activity serves to build up the common good, the good of all and every individual, or else they are the reverse, as when they fail to produce quality products, ignore innovation, fail to create wealth, jobs, and pay taxes.

Conclusion: An economy (and economics) reconciled with life and well-being

A multi-dimension economy and economics: this is the EoC challenge. An economy reconciled with life, because it says that love and reciprocity do not only have a place in family, affective and spiritual life, but also in the spheres of work, business enterprises, production and commerce. Life is recomposed based on unity and becomes happier. An economic activity that wants to contribute towards well-being, to help people and also, through material goods, to 'flourish' must make room for the dimension of gift, of love, of communion. Otherwise, economic life becomes the road to serfdom, serfdom of commodities, of self-interest. Human beings are seekers of genuine interpersonal relations even in the economic domain, mainly because in the post-industrial society the distinction between the economic domain and other domains does not work anymore. Life's various dimensions are becoming more and more interdependent and human beings are experiencing a strong feeling of urgency in the quest to find a unified logic for existence. The 'paradoxes of happiness in economics,' that is, more income associated with less happiness in advanced

market economies, describe exactly the current unsustainability of the philosophy of separating the logic of non-economic (or private) life from economic life.

The Economy of Communion's experience and culture is one path, among others, towards a unified logic of existence in the era of globalization and, I hope, also for the pulsating, young, creative Filipino society and economy which must find its own way to market economy that, on the one hand, keeps its communitarian and Christian roots, and on the other, is able to innovate and grow in the globalized economy and society. Maybe in this great and passionate challenge, the experience and culture of the EoC can offer a humble hand. ■

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