

GLOBAL FINANCIAL GOVERNANCE SERVING THE COMMON GOOD

+ Mario Toso

1. 1. *The "Reflections" of the Pontifical Council on the reform of the international monetary and financial system: the importance of institutional reform*

The Pontifical Council for Justice and Peace followed along the same lines as *Caritas in Veritate (CIV)*,¹ with particular reference to no. 67, in putting together some *Reflections*² that are intended to point the way forward if we want our financial and monetary markets to serve the common good of the human family. They must be free markets that are stable, transparent, “democratic” and not oligarchic. They must be functional to the real economy and to businesses, workers, families and local communities. In these *Reflections*, the financial markets are defined as a "collective good" (cf. p. 20) and a "public good" (cf. p. 29), because they constitute one of the basic conditions for the attainment of the global common good.

Today's global financial and monetary markets have grown much more rapidly than the real economy. In order for them to be well-functioning in support of the global common good, they must respect all the canons of justice (cf. *CIV* no. 37), and adjustment must be made to the current international political and economic institutions. It is clear that they are disproportionate to the attainment of the common

¹ Cf. BENEDICT XVI, Encyclical Letter *Caritas in Veritate*, Libreria Editrice Vaticana, Città del Vaticano 2009 (= *CIV*). In addition to the edition by the Libreria Editrice Vaticana, see also: the edition by LAS (Roma 2009), under the title *La speranza dei popoli*, with commentaries by Mario Toso; the edition by Cantagalli (2009) with an introduction by Giampaolo Crepaldi; the edition by Libreria Editrice Vaticana-AVE (Città del Vaticano–Pomezia, 2009) with commentaries by various authors (Franco Giulio Brambilla, Luigi Campiglio, Mario Toso, Francesco Viola, Vera Zamagni). Also of interest: AA.VV., *Amore e Verità. Commento e guida alla lettura dell'Enciclica «Caritas in veritate» di Benedetto XVI*, Paoline, Milano 2009; MARIO TOSO, *Il realismo dell'amore di Cristo*, Studium, Roma 2010; PAOLO CARLOTTI, *Carità, persona e sviluppo. La novità della «Caritas in veritate»*, LAS, Roma 2011.

² Cf. PONTIFICAL COUNCIL FOR JUSTICE AND PEACE, *Towards reforming the international financial and monetary systems in the context of global public authority*, Libreria Editrice Vaticana, Vatican City 2011 (revised edition). This is not the first time that the Pontifical Council has dealt with topics related to economics and finance. Other include: ID., *A New International Financial Pact: Note on Financing and Development in View of the Conference promoted by the United Nations General Assembly in Doha, November 18, 2008*, Vatican City 2009. Even before that, it was interested in the recurring financial crises and the need for new institutions. The following publications resulted: ANTOINE DE SALINS-FRANÇOIS VILLEROY DE GALHAU, *The Modern Development of Financial Activities in the Light of the Ethical Demands of Christianity*, Libreria Editrice Vaticana, Città del Vaticano 1994; *Social and Ethical Aspects of Economics*, Proceedings of the first seminar for economists on 5 November 1990 at the offices of the Pontifical Council for Justice and Peace, Vatican Press, Vatican City 1992; *World Development and Economic Institutions*, Proceedings of the 2nd seminar for economists on 4 January 1993, Vatican Press, Vatican City 1994. Both seminars took place with the help of two experts in the field, Professors Ignazio Musu and Stefano Zamagni, consultants of the Pontifical Council. For a first reading of the *Reflections* <by the Pontifical Council for Justice and Peace> on reforming financial and monetary systems, see: P. FOGLIZZO, *Nuovi orizzonti per la finanza internazionale. Le proposte del Pontificio Consiglio della Giustizia e della Pace*, in «Aggiornamenti sociali», anno 63 (febbraio 2012), n. 2, pp. 117-125. Other publications dealing with the themes in the *Reflections* are: COMISIÓN GENERAL «JUSTICIA Y PAZ» DE ESPAÑA, *Por una reforma del sistema financiero y monetario internacional*, Caritas Española Editores, Madrid 2012; COMMISSION JUSTICE ET PAIX BELGIQUE FRANCOPHONE, *Quelle maîtrise politique des activités commerciales et financières mondiales? Réflexions consécutives à la publication (2011) par le Conseil Pontifical «Justice et Paix» du document «Pour une réforme du système financier et monétaire International dans la perspective d'une autorité publique à compétence universelle»*, Bruxelles 2013.

good of the human family. Global institutions must be consistent with global realities and problems. For this reason, there is a proposition in *Reflections* for the reform of these institutions in a democratic, representative and participatory way. It does not go into technical details that are not the responsibility of the Church and its organizations, but neither does it remain at the surface of the issues. In other words, the *Reflections* are not intended to be a contribution to a project that remains "neutral", but one that is shaped according to anthropological and ethical requirements. The various institutions must not adopt just any configuration whatever, precisely because of the anthropological and ethical "essence" that must characterize them. They must "specify", with respect to the common good, the principles of solidarity and subsidiarity and democratic values. In particular, in addition to reform of the present organization of the United Nations, it also suggests reform of the World Bank and the International Monetary Fund. Although they came into being with a vocation and a mandate to govern finance, they have failed spectacularly in their objectives of monetary stability and significant reduction of poverty. It also suggests innovations regarding the "G8" and the "G20", and the establishment of regional central banks, supported by the corresponding political entities.

According to the Pontifical Council, the process of reforming the international institutions should be undertaken "with the United Nations as its reference because of the worldwide scope of the UN's responsibilities, its ability to bring together the nations of the world, and the diversity of its tasks and those of its specialized Agencies. The fruit of such reforms ought to be a greater ability to adopt policies and choices that are binding because they are aimed at achieving the common good on the local, regional and world levels. Of all the policies, those regarding global social justice seem to be most urgent: financial and monetary policies that will not damage the weakest countries; and policies aimed at achieving free and stable markets and a fair distribution of world wealth, which may also derive from unprecedented forms of global fiscal solidarity, which will be dealt with later. On the way to creating a world political Authority, questions of governance (that is, a system of merely horizontal coordination without a higher authority *super partes*) cannot be separated from those of a shared government (that is, a system which in addition to horizontal coordination establishes a higher authority *super partes*) which is functional and proportionate to the gradual development of a global political society. The establishment of a global political Authority cannot be achieved without an already functioning multilateralism, not only on a diplomatic level, but also and above all in relation to programs for sustainable development and peace. It is not possible to arrive at global Government without giving political expression to pre-existing forms of interdependence and cooperation" (pp. 28-29).³

³ The Social Doctrine of the Church and the *Reflections* place the need to establish a world political authority on the needs of the common good of the human family. Some people are surprised that there is talk of the need for a world political authority to be established, since there is no shared conception of the common good. They conclude that, in this absence, it would be absurd to think that the establishment of an Authority could be responsible at a world level for

Along with the proposal of reforming certain international and regional institutions, three topics for reflection are proposed towards the end of the short text in question. These are not intended as an imposition. They have the sole purpose of fostering fruitful discussion. Governance is urgently required for the shadow derivatives market in particular. We need banking institutions that are willing to extend credit to businesses, and we need to achieve social justice in the financial sphere at national and international levels. Two years after their publication, these topics for reflection remain relevant as the problems to which they refer are still real. They are the following:

- a) taxation measures on financial transactions with fair rates adjusted in proportion to the complexity of operations, especially those made on the secondary market. Such taxation – the text reads – "would be very useful in fostering global sustainable development according to the principles of social justice and solidarity. It could contribute to the creation of a global reserve that would support the economies of countries affected by crisis and kick-start the recovery of their monetary and financial system”;
- b) forms of recapitalization of banks with public funds, making the support conditional on "virtuous" behaviours aimed at developing the real economy;
- c) a distinction between commercial banks and investment banks that would allow more effective regulation of the "shadow markets" which are currently free to act without control and without limits (cf. p. 34-35).

something that does not exist. What can we answer? Firstly, despite the different approaches by individuals, groups and entire nations, one can affirm the existence of a common good, nationally and globally, as evidenced by the collection of personal and collective property that the human family must cultivate, and which is usually encoded in the constitutional charters of various countries. Secondly, in order to be consistent with the approach being sustained, they should conclude that their Parliament and the UN are futile, as they were established with the express purpose of promoting the common good of nations and of the human family. If such a common good really did not exist, the effort of all those who devote themselves to its implementation, albeit imperfect, would be in vain.

Reflections not only proposes the recovery of the primacy of politics over economics, but also the need to live it in ethical terms. It looks to the universalization of monetary and financial markets as 'public goods', that is, well-functioning entities in support of the common good. It certainly does not minimize the importance and decisiveness of markets with respect to sustainable development, nor their autonomy, but this should not be absolute. Markets should not be idolized or considered to be all-encompassing and ultimate, and we must not allow them to take precedence over everything else. We must not forget that the animation of the financial market system, including the absolutization of profit in the short and very short term, is driven by the ideologies of neo-liberalism, neo-utilitarianism and technocracy. It has eroded and is delegitimizing many fundamental values of Western civilization, both on the social and on the political level. Think of the progressive dismantling of the welfare state, the growing inequalities and the negative consequences for representative and participatory democracy, clearly visible in some European countries, such as Greece and Italy.

2. *What point has been reached regarding the proposals made by “Reflections”?*

With regard to reform of the major international institutions, it must be said that so far nothing much has happened, apart from Barack Obama's bland Wall Street reform and the emergence and gradual strengthening of the European Central Bank and its ESM bailout fund. The operation of the Fund should be improved in order to more effectively help the real economy of the countries in need. Moreover, we should recall the efforts to reform, within the International Monetary Fund, the balance of voting rights, in order to give greater weight to emerging economies. In 2010 a first agreement among IMF Member States was reached. But the reform could not progress without the green light of the United States, which holds 16.7% of voting rights. Finally, in the early days of March 2013, the Obama administration asked Congress for authorization to proceed with this fundamental reform.

As a result of the detailed recommendations contained towards the end of the *Reflections* of the Pontifical Council, some measures have been adopted recently that have contributed and are contributing to change in the market landscape.

We report here some decisions that certainly go in the direction of a separation between speculative financial activities and normal credit and savings activities:

a) On 7 February 2013, Chancellor Angela Merkel's government approved a bill that imposed this distinction on banks. The project also increases the penalties on those lenders that put at risk their own and their clients' survival through inappropriate speculation.

b) On 19 December 2012 the French cabinet submitted to Parliament a draft law on the separation and regulation of banking activities (*Assemblée Nationale*, the XIV

legislature, *Projet de loi* no. 566). On 6 February 2013, the Finance Committee of the National Assembly approved, with some amendments, this draft legislation and on 12 February discussion began in the chamber. The law that emanates from this should enter into force in the spring of 2015.

c) The British Government too, through the Financial Services Bill which was presented to the House of Commons on 4 February 2013, aims for the complete separation of investment banks and commercial banks.⁴

Accordingly, we highlight some decisions concerning the taxation of financial transactions for reasons of social justice. Many Catholic associations have been encouraging such measures for some time. It is also a well-known fact that in Europe, some months ago, 11 states joined the project.⁵ In Italy, with the stability law enacted at the end of 2012, they have reached the point of proposing the so-called Tobin Tax. This kind of tax has recently made its debut on the Stock Exchange by taxing derivatives, though not all, and especially not on the infamous CDS, credit default swaps, that have the function of transferring credit risks and which are the more common among credit derivatives. They are means by which we "ensure" against the possibility of a failure of a third party.

It is obvious that if taxation is not to become counter-productive, it must be modulated with moderation and wisdom, and used primarily to discourage highly speculative short-term financial transactions in order to facilitate an alternative kind of finance, one that provides credit to the real economy.⁶ Regarding the so-called

⁴ After the heavy bailouts of 2008, London has begun work on a bill that will dismantle credit institutions that do not comply with the provisions of the government in the field of risky operations, and they will separate investment banking from other assets. In practice, if a bank does not comply with the rules, the Authority and the Treasury will have the power to suppress it and intervene drastically to implement a clear separation. Some of the largest banks, including "HSBC", Barclays, Lloyds and the Royal Bank of Scotland, will have to repay the small and medium enterprises in the country that were sold derivative securities in an irregular manner. This was established by the Financial Services Authority (FSA), the British financial authority, and it means that 90 percent of the contracts from large institutions would violate the rules. According to the Authority, thousands of customers were hardly able to understand the risks associated with these products. Over the past eleven years, twenty-eight thousand small and medium-sized UK companies have signed swap agreements.

⁵ Germany, France, Austria, Belgium, Portugal, Slovenia, Greece, Italy, Spain, Estonia and Slovakia.

⁶ It should be noted that in Italy the modulation of the tax on financial transactions has worsened the European Commission formulation. It is, in fact, applied to daily balances rather than transactions; solely to equity derivatives, excluding derivatives on interest rates, currencies and commodities. It excludes companies with turnover of less than € 500.00 and it substantially excludes the flow of High Frequency Trading.

The question is relevant in two respects. The first concerns fiscal incentives as an effective means to overcome the crisis. Taxing financial transactions means to discourage speculative finance and begin to recover some of the enormous negative externalities that it has inflicted on the economy and society in terms of recession and the breaking up of social cohesion. The financial transaction tax should be accompanied by tax concessions on interest income and the possibility of fiscal deductions on credit losses in the short term (currently 18 years are allowed). In this way, fiscal policy would assume selective efficacy by favouring a model of bank that is credit-centred and by discouraging those that are centred on finance and investment. It would finally emerge from an abstract debate on banking models and give clear orientation for a type of socially responsible brokerage serving households, businesses, economies and reference communities.

The second aspect concerns the slowness and the tortuosity of the implementation of EU guidelines by the various countries. They are thus exposed to high risks of distortion and weakening under the influence of pressure from

Tobin Tax, objections are constantly being raised claiming that it cannot be effective unless it is introduced simultaneously all over the world because otherwise it will cause capital outflow. The falsity of this cliché should be denounced. The most entrenched myth – that financial transaction taxes must be applied worldwide if they are to be beneficial – is belied by the fact that such a tax is already in force in some forty countries, without any prior international agreement and without any noticeable major outflows of capital. Great Britain, which has long opposed the Tobin Tax, in fact already applies something similar in its national law by using stamp-duty. It has been in force for years, and that has not prevented the London Stock Exchange from being, along with Wall Street, the main financial centre of the world.

Another myth to dispel is that which would see such a tax fall on the shoulders of investors. In this regard, according to a 2011 study by the International Monetary Fund, the tax would be progressive, with a greater impact on very large transactions carried out in a very short time. The tax would therefore seek to affect mainly the large speculative operations, and not so much the small savers and long-term investments which would be only marginally affected.

The various measures suggested by the *Reflections* are certainly not aimed at reducing credit to the real economy. On the contrary. With respect to this important requirement it should be noted that:

- a) On 13 March 2013, the European Parliament gave the green light to the so-called ‘Two Pack’, or the new regulation of economic stability. The measure gives the European Commission a role that is unprecedented: the opportunity to comment on the national budgets of the 17 euro zone countries from 2014 and possibly to impose a veto, whereas until now they could only express "Recommendations". The Assembly in Strasbourg has added a number of clauses to the original package in order to improve the transparency and accountability of the surveillance system.⁷ In particular, the Commission's assessment of budgets, country by country, will have to consider more aspects in order to prevent the proposed cuts from blocking investments in growth. According to a decision adopted by Parliament, when a country is called upon to make cuts in public spending, especially when there are severe financial difficulties, these should not adversely affect investment in education and health. Moreover, the time allowed for deficit reduction should be more

financial lobbies. It is an important issue which requires that civil society be roused, for it is civil society that allowed the turn-about to happen. Vigilance is needed, as well as the constant ability to be critical and proactive with regard to government authorities.

⁷ It should not be forgotten that surveillance at the European level creates, on the one hand, virtuous mechanisms, and on the other, because of the way in which it was conceived, it threatens to eliminate the small banks and practices of territorial and cooperative credit. This is because it equates them with large banks and imposes burdens disproportionate to their size.

flexible when there are exceptional circumstances or a severe economic downturn;⁸

- b) a recent agreement between the European parliament and the EU Council on "Basel III", with reference to the capital requirements of banks, states that the capital increases necessary to give them more stability must not obstruct access to credit for small and medium-sized businesses. Indeed, an amendment in the new European standards introduces a special weighting: this will allow banks to grant loans to businesses with less capital than the regulated requirement.

Finally, it should be noted that the *Reflections*, which speaks of markets at the service of the common good, insists on the spiritual and professional preparation of financial operators. We shall return to this later. One aspect that should be made explicit in the context of the above considerations, as it was not mentioned in the text of the Pontifical Council, is undoubtedly the need for the elimination of tax havens.

3. Beyond the crisis: further steps to be taken towards a more humane and just financial system in the service of the common good

The crisis is complex and multi-dimensional, as well being longer than expected, so it is not easy to indicate solutions here that might be effective if taken individually. We need to think about a set of interventions and policies that, if carried out simultaneously, may have an effect on the current situation. We can mention a few. The monetary and financial system reforms that we have already outlined are: the reform of international institutions and the creation of new ones; the adoption of fiscal policies which do not affect those who have already suffered badly, but that target large assets and the large sums of money that move from one market to another in real time with purchase/sale operations; new wage policies, especially with reference to compensations or settlements or high severance packages for top managers. In addition to these we need to think of the following:

1) the *strengthening of ethically structured banking institutions*, i.e., banks that embody the "principle of gratuitousness" and the "logic of gift". The sad and tragic experience of the crisis which began in 2007-2008 and which continues today, shows that it was precisely the forms of finance and economics that were ethically structured and at the service of people, families and territories, that weathered the storm that first struck the lending institutions that helped trigger it, and then, on the real economy and on the "saviour states" of the troubled financial institutions. It is on these ethical forms of finance and economics, according to Benedict XVI, that it is necessary above all to "invest" in order to build a *new* capitalism;

⁸ Cf L'Osservatore Romano (giovedì 14 marzo 2013), p. 2.

2) the "democratization" of finance. Indeed, it is not only a question of regulating it. The more far-sighted goal would be to democratize it in order to reform all of today's financial capitalism. It is basically speculative and, through the great banking families and large industrial corporations – the latter being mostly property of the former – , it dominates and controls the world. The democratization of the financial and monetary system will involve more people, make it more equitable and environmentally more sustainable, and less volatile. One way to go is certainly to help citizens and workers to manage their savings – and this must also include pension funds – in terms of quantitative and temporal objectives of profit and social and environmental compatibility, thus leading to a new model of development and social relations. It is well known that the democratization of finance is one of the preconditions of political democracy. We cannot emerge from the crisis without building up the participation of civil society. Professional organizations and trade unions play an important part here. While they continue to remind states and the international community to impose new rules on the market, they organize themselves in a way that shows that there is another way to run an economy (corporate social responsibility, ethical finance, fair trade), and that the market economy, based on the suggestions made in *Caritas in Veritate*, can and should be plural and functional for the common good;⁹

3) the professional and ethical training of the managers of enterprises and banks because compliance with codes of conduct is insufficient;¹⁰ likewise, the education of investors, who are also subject to the temptation of greed as well as that of consumerism;

4) new university curricula that will study the anthropological and ethical significance of finance. In his Message for the "World Day of Peace 2013", Benedict XVI urged cultural institutions and universities to make a substantial contribution to scientific reflection that will place economic and financial activities firmly on a solid humanistic foundation.¹¹ As Professor Luigino Bruni¹² recently pointed out, the current curricula in economics are increasingly being purified of all their humanistic and historical dimensions in the illusion that by reducing economic thought to numbers, tables, graphs and simplified algorithms, they can produce the skills of thinking, creativity and innovation. Today, business schools appear to be rather uniform: in Harvard as in Nairobi, in Sao Paulo as in Berlin, in Beijing as in Milan, they teach the same things. They use the same textbooks and the same slides downloaded from the Web. Often in the classrooms, there are, sitting next to each

⁹Cf A. BERRINI, *Una tempesta senza fine. Sfide globali e azione sindacale*, Edizioni Lavoro, Roma 2011, pp.115-116.

¹⁰See PONTIFICAL COUNCIL FOR JUSTICE AND PEACE, *Vocation of the Business Leader: A Reflection*, Pontifical Council for Justice and Peace - UCID-Centro di Ateneo per la Dottrina sociale della Chiesa (Università Cattolica del Sacro Cuore), Roma-Milano 2013.

¹¹Cf BENEDICT XVI, *Message for the World Day of Peace (1 January 2013)*, Libreria Editrice Vaticana, Città del Vaticano 2012, p. 15.

¹²L. BRUNI, *Editoriale*, in «Avvenire» (3 marzo 2013), p. 1.

other, leaders of social co-operatives and managers of hedge funds, because business is business. In short, one single mercantilist ideology prevails;

5) proper spirituality should be made accessible to all involved. This requires that there be a new evangelization of society, evangelization that is not cut short and left without any bearing on the field of finance. It must not be limited to the enunciation of the principles of doctrine of the Church without presenting criteria of judgement and practical guidelines. If the present situation is to be really changed, reforms are not enough. A real social, economic and financial 'revolution' – the Catholic intellectuals of the last century often said – will be spiritual and moral, or it will not be. Economies without ethics are diseconomies.¹³

In addition, as well as the relationships between assets, financial institutions and the common good, the following also need to be studied further:

- a) between speculative finance and social justice: speculative and deregulated finance, manifested in all its virulence in this latest crisis, in addition to having lost sight of the "social mortgage" that weighs in on itself, it has outpaced regular finance. It has thus contributed to the deconstruction of the real economy, to the recession, to a distribution of income that is unfavourable to the middle classes, to the growth of the public deficit,¹⁴ to the so-called credit crunch, to declining job opportunities especially for the new generations, and it has stolen resources that are valuable for research and innovation and, as has already been said and will be said again later, to the social state;
- b) between finance, equality and democracy: free and stable markets that are "democratic" and functional in the real economy are essential in favouring the growth of a fabric of participation and social responsibility, a socio-economic environment that enables sustainable development for everyone. In contrast, a speculative and deregulated financial system, i.e. one that is not guided by politics and the various social agents towards working for the common good – as we are seeing – makes way for an increase in inequalities. This undermines not only participatory democracy, but democracy itself. "When it exceeds a certain level and when the mechanisms to reduce it are perceived to be ineffective or even fraudulent, inequality has devastating effects on the life of society, undermining both democracy and the market. Democracy becomes a sham for the great mass of citizens, and the market becomes a mechanism that legitimizes privilege for those running the economy".¹⁵ The risk that democracy could be suspended – also felt in Italy – with the resulting authoritarian tendencies, is not beyond possibility;

¹³Cf, for example, A. SPAMPINATO, *L'economia senza etica è diseconomia: l'etica dell'economia nel pensiero di don Luigi Sturzo*, CISS-II Sole 24 Ore, Milano 1996.

¹⁴ Due to the bailouts required as a result of the devastating financial crisis, the debt was simply moved from financial institutions to the state, in the form of increased public debt.

¹⁵V.-E. PARSİ, *La fine dell'uguaglianza. Come la crisi economica sta distruggendo il primo valore della nostra democrazia*, Mondadori, Milano 2012, p. 177.

- c) between speculative finance, labour, and welfare: in global capitalism, the financial institutions, especially the supranational institutions, appear less and less inclined to make wage agreements for socio-political reasons. By means of a worldwide network, the "capital" can be "moved" from one opportunity to another without spatio-temporal constraints. This feature of 'mobility' of financial institutions allows them to put different tax regimes in competition with each other – as well as the various labour markets –, in order to decide where to allocate their investments. This penalizes the necessary funding of the welfare state which of course depends on the level of taxation;
- d) between speculative finance and sustainable development: investments are the engine of the economy and sustainable development, but they are crushed by increasingly demanding requests, specifically in terms of short-term or very short-term profit, from the world of speculative and deregulated finance.

4. *Conclusions*

Benedict XVI wrote “*Finance, therefore — through the renewed structures and operating methods that have to be designed after its misuse, which wreaked such havoc on the real economy — now needs to go back to being an instrument directed towards improved wealth creation and development*” (CIV no. 65). The whole economy and the whole financial system, not just certain sectors, must be instruments that are used in an ethical manner so as to create suitable conditions for the development of individuals and peoples.

Financiers have a duty to rediscover the correct ethical foundation of their activity so that they will not abuse these sophisticated instruments that can cheat the people who are saving (CIV cf. no. 65). We must not allow speculation to be the only reason for the use of financial resources. We must not give in to the temptation to seek only short-term profit at the expense of corporate sustainability in the long run. The financial system must be addressed to the timely service of the real economy and it must promote, in an appropriate manner, further economic initiatives in countries in need of development (cf. CIV no. 40).

In order to achieve the common good of the human family, as we are told by *Caritas in Veritate*, and also by the *Reflections* of the Pontifical Council for Justice and Peace, we need to move towards a new capitalism that is ethical, of the people, and that recognizes the fundamental role of enterprise and of the market economy, of private property and the resulting responsibility for the means of production, and of human creativity (cf. CIV n. 40). We need to move towards a kind of capitalism that is imbued with "passion" that comes from competence, gift and gratuitousness. This passion is for work, for service to people and nations and their integral good. We

need to move towards ministerial capitalism for the fulfilment of the common good at national and global levels and, therefore, populated by a variety of businesses and institutions that produce an economic system that is social (cf. *CIV* no. 52) and "democratic" (cf. *CIV* no. 38).