

Pope Benedict XVI, *Caritas in veritate*

CHAPTER THREE

FRATERNITY, ECONOMIC DEVELOPMENT AND CIVIL SOCIETY

34. *Charity in truth* places man before the astonishing experience of gift. Gratuitousness is present in our lives in many different forms, which often go unrecognized because of a purely consumerist and utilitarian view of life. The human being is made for gift, which expresses and makes present his transcendent dimension. Sometimes modern man is wrongly convinced that he is the sole author of himself, his life and society. This is a presumption that follows from being selfishly closed in upon himself, and it is a consequence — to express it in faith terms — of *original sin*. The Church's wisdom has always pointed to the presence of original sin in social conditions and in the structure of society: "Ignorance of the fact that man has a wounded nature inclined to evil gives rise to serious errors in the areas of education, politics, social action and morals"[85]. In the list of areas where the pernicious effects of sin are evident, the economy has been included for some time now. We have a clear proof of this at the present time. The conviction that man is self-sufficient and can successfully eliminate the evil present in history by his own action alone has led him to confuse happiness and salvation with immanent forms of material prosperity and social action. Then, the conviction that the economy must be autonomous, that it must be shielded from "influences" of a moral character, has led man to abuse the economic process in a thoroughly destructive way. In the long term, these convictions have led to economic, social and political systems that trample upon personal and social freedom, and are therefore unable to deliver the justice that they promise. As I said in my Encyclical Letter *Spe Salvi*, history is thereby deprived of *Christian hope*[86], deprived of a powerful social resource at the service of integral human development, sought in freedom and in justice. Hope encourages reason and gives it the strength to direct the will[87]. It is already present in faith, indeed it is called forth by faith. Charity in truth feeds on hope and, at the same time, manifests it. As the absolutely gratuitous gift of God, hope bursts into our lives as something not due to us, something that transcends every law of justice. Gift by its nature goes beyond merit, its rule is that of superabundance. It takes first place in our souls as a sign of God's presence in us, a sign of what he expects from us. Truth — which is itself gift, in the same way as charity — is greater than we are, as Saint Augustine teaches[88]. Likewise the truth of ourselves, of our personal conscience, is first of all *given* to us. In every cognitive process, truth is not something that we produce, it is always found, or better, received. Truth, like love, "is neither planned nor willed, but somehow imposes itself upon human beings"[89].

Because it is a gift received by everyone, charity in truth is a force that builds community, it brings all people together without imposing barriers or limits. The human community that we build by ourselves can never, purely by its own strength, be a fully fraternal community, nor can it overcome every division and become a truly universal community. The unity of the human race, a fraternal communion transcending every barrier, is called into being by the word of God-who-is-Love. In addressing this key question, we must make it clear, on the one hand, that the logic of gift does not exclude justice, nor does it merely sit alongside it as a second element added from without; on the other hand, economic, social and political development, if it is to be authentically human, needs to make room for the *principle of gratuitousness* as an expression of fraternity.

35. In a climate of mutual trust, the *market* is the economic institution that permits encounter between persons, inasmuch as they are economic subjects who make use of contracts to regulate their relations as they exchange goods and services of equivalent value between them, in order to satisfy their needs and desires. The market is subject to the principles of so-called *commutative justice*, which regulates the relations of giving and receiving between parties to a transaction. But the social doctrine of the Church has unceasingly highlighted the importance of *distributive justice* and *social justice* for the market economy, not only because it belongs within a broader social and political context, but also because of the wider network of relations within which it operates. In fact, if the market is governed solely by the principle of the equivalence in value of exchanged goods, it cannot produce the social cohesion that it requires in order to function well. *Without internal forms of solidarity and mutual trust, the market cannot completely fulfil its proper economic function.* And today it is this trust which has ceased to exist, and the loss of trust is a grave loss. It was timely when Paul VI in *Populorum Progressio* insisted that the economic system itself would benefit from the wide-ranging practice of justice, inasmuch as the first to gain from the development of poor countries would be rich ones^[90]. According to the Pope, it was not just a matter of correcting dysfunctions through assistance. The poor are not to be considered a "burden"^[91], but a resource, even from the purely economic point of view. It is nevertheless erroneous to hold that the market economy has an inbuilt need for a quota of poverty and underdevelopment in order to function at its best. It is in the interests of the market to promote emancipation, but in order to do so effectively, it cannot rely only on itself, because it is not able to produce by itself something that lies outside its competence. It must draw its moral energies from other subjects that are capable of generating them.

36. Economic activity cannot solve all social problems through the simple application of *commercial logic*. This needs to be *directed towards the pursuit of the common good*, for which the political community in particular must also take responsibility. Therefore, it must be borne in mind that grave imbalances are produced when economic action, conceived merely as an engine for wealth creation, is detached from political action, conceived as a means for pursuing justice through redistribution.

The Church has always held that economic action is not to be regarded as something opposed to society. In and of itself, the market is not, and must not become, the place where the strong subdue the weak. Society does not have to protect itself from the market, as if the development of the latter were *ipso facto* to entail the death of authentically human relations. Admittedly, the market can be a negative force, not because it is so by nature, but because a certain ideology can make it so. It must be remembered that the market does not exist in the pure state. It is shaped by the cultural configurations which define it and give it direction. Economy and finance, as instruments, can be used badly when those at the helm are motivated by purely selfish ends. Instruments that are good in themselves can thereby be transformed into harmful ones. But it is man's darkened reason that produces these consequences, not the instrument *per se*. Therefore it is not the instrument that must be called to account, but individuals, their moral conscience and their personal and social responsibility.

The Church's social doctrine holds that authentically human social relationships of friendship, solidarity and reciprocity can also be conducted within economic activity, and not only outside it or "after" it. The economic sphere is neither ethically neutral, nor inherently inhuman and opposed to society. It is part and parcel of human activity and precisely because it is human, it must be structured and governed in an ethical manner.

The great challenge before us, accentuated by the problems of development in this global era and made even more urgent by the economic and financial crisis, is to demonstrate, in thinking and behaviour, not only that traditional principles of social ethics like transparency, honesty and responsibility cannot be ignored or attenuated, but also that in *commercial relationships* the *principle of gratuitousness* and the logic of gift as an expression of fraternity can and must *find their place within normal economic activity*. This is a human demand at the present time, but it is also demanded by economic logic. It is a demand both of charity and of truth.

37. The Church's social doctrine has always maintained that *justice must be applied to every phase of economic activity*, because this is always concerned with man and his needs. Locating resources, financing, production, consumption and all the other phases in the economic cycle inevitably have moral implications. *Thus every economic decision has a moral consequence*. The social sciences and the direction taken by the contemporary economy point to the same conclusion. Perhaps at one time it was conceivable that first the creation of wealth could be entrusted to the economy, and then the task of distributing it could be assigned to politics. Today that would be more difficult, given that economic activity is no longer circumscribed within territorial limits, while the authority of governments continues to be principally local. Hence the canons of justice must be respected from the outset, as the economic process unfolds, and not just afterwards or incidentally. Space also needs to be created within the market for economic activity carried out by subjects who freely choose to act according to principles other than those of pure profit, without sacrificing the production of economic value in the process. The many economic entities that draw their origin from religious and lay initiatives demonstrate that this is concretely possible.

In the global era, the economy is influenced by competitive models tied to cultures that differ greatly among themselves. The different forms of economic enterprise to which they give rise find their main point of encounter in commutative justice. *Economic life* undoubtedly requires *contracts*, in order to regulate relations of exchange between goods of equivalent value. But it also needs *just laws* and *forms of redistribution* governed by politics, and what is more, it needs works redolent of the *spirit of gift*. The economy in the global era seems to privilege the former logic, that of contractual exchange, but directly or indirectly it also demonstrates its need for the other two: political logic, and the logic of the unconditional gift.

38. My predecessor John Paul II drew attention to this question in *Centesimus Annus*, when he spoke of the need for a system with three subjects: the *market*, the *State* and *civil society*[92]. He saw civil society as the most natural setting for an *economy of gratuitousness* and fraternity, but did not mean to deny it a place in the other two settings. Today we can say that economic life must be understood as a multi-layered phenomenon: in every one of these layers, to varying degrees and in ways specifically suited to each, the aspect of fraternal reciprocity must be present. In the global era, economic activity cannot prescind from gratuitousness, which fosters and disseminates solidarity and responsibility for justice and the common good among the different economic players. It is clearly a specific and profound form of economic democracy. Solidarity is first and foremost a sense of responsibility on the part of everyone with regard to everyone[93], and it cannot therefore be merely delegated to the State. While in the past it was possible to argue that justice had to come first and gratuitousness could follow afterwards, as a complement, today it is clear that without gratuitousness, there can be no justice in the first place. What is needed, therefore, is a market that permits the free operation, in conditions of equal opportunity, of enterprises in pursuit of different institutional ends. Alongside profit-oriented private

enterprise and the various types of public enterprise, there must be room for commercial entities based on mutualist principles and pursuing social ends to take root and express themselves. It is from their reciprocal encounter in the marketplace that one may expect hybrid forms of commercial behaviour to emerge, and hence an attentiveness to ways of *civilizing the economy*. Charity in truth, in this case, 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.

39. Paul VI in *Populorum Progressio* called for the creation of *a model of market economy capable of including within its range all peoples and not just the better off*. He called for efforts to build a more human world for all, a world in which “all will be able to give and receive, without one group making progress at the expense of the other”^[94]. In this way he was applying on a global scale the insights and aspirations contained in *Rerum Novarum*, written when, as a result of the Industrial Revolution, the idea was first proposed — somewhat ahead of its time — that the civil order, for its self-regulation, also needed intervention from the State for purposes of redistribution. Not only is this vision threatened today by the way in which markets and societies are opening up, but it is evidently insufficient to satisfy the demands of a fully humane economy. What the Church’s social doctrine has always sustained, on the basis of its vision of man and society, is corroborated today by the dynamics of globalization.

When both the logic of the market and the logic of the State come to an agreement that each will continue to exercise a monopoly over its respective area of influence, in the long term much is lost: solidarity in relations between citizens, participation and adherence, actions of gratuitousness, all of which stand in contrast with *giving in order to acquire* (the logic of exchange) and *giving through duty* (the logic of public obligation, imposed by State law). In order to defeat underdevelopment, action is required not only on improving exchange-based transactions and implanting public welfare structures, but above all on *gradually increasing openness, in a world context, to forms of economic activity marked by quotas of gratuitousness and communion*. The exclusively binary model of market-plus-State is corrosive of society, while economic forms based on solidarity, which find their natural home in civil society without being restricted to it, build up society. The market of gratuitousness does not exist, and attitudes of gratuitousness cannot be established by law. Yet both the market and politics need individuals who are open to reciprocal gift.