

## **International Congress on the 50th Anniversary of *Mater et Magistra***

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### ***“Active policies for rebalancing wealth production and distribution among territories, sectors, regions, at the global level. A European point of view”***

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#### ***1. Europe: a “diversified” or a “fragmented” continent?***

While diversity, or plurality, is valuable, fragmentation can be dangerous. No doubt Europe is very diversified, with countries ranging from very large to tiny, with very different per-capita income levels, diffused problems of regional disparities within the same nation, areas of industrial concentration and congestion and areas where productive activity is lacking, areas where social participation is intense and areas in which such participation is very difficult...

The European Union itself, including 27 countries, is very diverse. Its long, precious history of international cooperation, up to sovereignty sharing, has deep roots in the post-WWII intuition that peace was possible among former enemies, and could be realized by conjugating values (widely shared human and Christian values!) and practical interests, as a first step towards important values such as peace and prosperity. Europe was built on a realistic hope, a “thick” hope (literally, on coal and steel, in 1951), that in fact produced unprecedented economic and political results.

Common material interests tend to narrow in times of crisis, when countries try to export adjustment costs. A diffused fear of the future goes with low-cost survival strategies for many individuals and firms, while public authorities tend to focus on local, national or regional interests. As to common values, the European Union seems to oscillate from formally restating the great values of its tradition –human, social, environmental values – on the one side; and living as if those values were not really worth suffering for. Survival strategies dominate.

Today, EU is facing severe problems. Economic problems, which include excessive private and/or public debts, in systems where unemployment and especially youth unemployment remain very high. As to productive unbalances, we may notice that EU is moving towards an increasing role of “tertiary” specialization, with agriculture and industry declining in importance. Stating that the EU is becoming just a large “supermarket” for the world is still a caricature, but it is not far from describing the direction towards which Europe is heading.

Institutional problems, which have been clearly evidenced by the recent sovereign debt crises, tend to be solved by technocratic decisions (as in the case of recent reform of the EU financial supervision architecture), which do not go very deep in exhibiting truly common aspirations and commitment to actively co-operate in reciprocal support. As it is quite evident, common interests provide a very narrow basis for cooperation, since conflict of material interests is quite normal in both internal and international relations. We also seem to lack deep common values, as it can be seen by simply inspecting the present version of the European Treaty, which looks more like a “collage” of many detailed objectives than a concise, effective statement of what the Union aims at, and with what energies.

Obviously, the European Union includes only a subset of European countries and population. Europe is much larger than the EU, and there are vital forces that need to be activated. Using a powerful expression of Blessed John Paul II, Europe needs awareness of being a continent that can breathe with two “lungs”, the Eastern and Western traditions, that can support and complement each other. . Diverse, and not fragmented.

Furthermore, Europe is experiencing a phase of intense, profound transformation due to the ever more significant immigration flows. Other cultural presences are becoming quantitatively more relevant; some of them are by no means extraneous to the historical development of Europe – such as Arabs and Muslim; other come from countries which share a common Christian culture. For Europe to live up to its vocation, we need to discover and strengthen the basis for real dialogue. The daily dimension of producing and distributing wealth – which is surely not exhaustive of human experience, but remains very important – can provide a privileged space for such a dialogue and for deep integration.

Europe's central role in modern history is undisputed; however, in recent years, new dynamics and processes have gained momentum and new actors have been playing a salient role in the international scenario. The “old” world order, based on the transatlantic alliance, is witnessing important adjustments – the emergence of G20 as the only authoritative intergovernmental framework for global governance is just the most evident sign of change. Post-colonial adjustments in the Middle East and in Northern Africa are inflaming a region which is both geographically close and historically intertwined with Europe, especially Mediterranean Europe.

Assessing how European countries and the EU are facing these new issues and actors is also of key relevance. Loss of centrality will be slow due to inertia, and there remains a clear unbalance between the economic dimension of Europe and its ability to hold a constructive political role. What remains of the once-spoken-of European “soft power” is especially under test, in the current North African crisis, characterized by a war fought in the South rim of the Mediterranean Sea and a humanitarian emergency to be dealt with on the Northern shores of the same Sea.

In brief, the challenge for Europe is to make the best out of its diversity, avoiding disruptive fragmentations in the name of a common, reasonable hope. This would be good for Europe, and also for the world. It would practically show that it is possible to live a “good life” together, in our globalised and diversified world. CSD proves an invaluable resource for this task.

## ***2. The demands of the common good and subsidiarity***

MM 79-80<sup>1</sup> states in a clear, concise way the demands of the common good, at the national and international level. At the national level: employment, making goods and services accessible to the greatest number, restricting inequalities, balancing economic and social development, adjusting to the progress of science and technology, making accessible a more human way of life to the coming generations; at the international level, avoiding unfair competition, fostering good will, effectively co-operate for development of economically less advanced countries. This list has not become obsolete in fifty years; actually, it anticipated some issues that – such as “sustainable development” caring for future generations, a notion that would enter the national and international debate only a few decades after MM<sup>2</sup>.

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<sup>1</sup> MM 79. “What are these demands? On the national level they include: employment of the greatest possible number of workers; care lest privileged classes arise, even among the workers; maintenance of equilibrium between wages and prices; the need to make goods and services accessible to the greatest number; elimination, or at least the restriction, of inequalities in the various branches of the economy—that is, between agriculture, industry and services; creation of a proper balance between economic expansion and the development of social services, especially through the activity of public authorities; the best possible adjustment of the means of production to the progress of science and technology; seeing to it that the benefits which make possible a more human way of life will be available not merely to the present generation but to the coming generations as well. MM 80. The demands of the common good on the international level include: the avoidance of all forms of unfair competition between the economies of different countries; the fostering of mutual collaboration and good will; and effective co-operation in the development of economically less advanced communities.”

<sup>2</sup> The Brundtland Report on Sustainable Development is dated 1987.

Who faces those demands? Here, again, MM answers in a way that keeps increasing its relevance in today's plural world by applying the "*principle of subsidiary function*" (MM 151-152)<sup>3</sup>. Subsidiarity, in the Catholic tradition, implies that the demands of the common good face all actors: persons, associations and organizations, institutions – both public and private. It is founded on the fact that man and women are image of God, free and capable of giving: "*Subsidiarity respects personal dignity by recognizing in the person a subject who is always capable of giving something to others*" (CV 57). This capability of giving lays at the roots of both wealth creation and institution building; as *Caritas in veritate* underlines, without gratuitousness there is no human development (CV 34)<sup>4</sup> and there is no justice (CV 38).

As it is well known, the principle of subsidiarity constitutes a building block of EU institutions, where it plays a role in both protecting state sovereignty and in declaring that the EU institutions should be close to the citizens. Such principle is also particularly appropriate for the present globalised world, which "*certainly requires authority... organized in a subsidiary and stratified way, if it is not to infringe upon freedom and if it is to yield effective results in practice*" (CV 57)<sup>5</sup>.

Effectiveness in pursuing the common good requires roles for a number of "stratified" public authorities, at the national, international, regional and local levels; their action is intertwined with those of enterprises and trade unions, for citizens' associations, up to the tiniest, as "close" to individuals as possible<sup>6</sup>. Defending human dignity for concrete persons either occurs as "close" to them as possible, or simply does not materialize.

Something similar can be said about rebalancing wealth creation and distribution, which is the specific topic of this presentation. Here, subsidiarity requires that the "*first place must be given to the personal initiative of private citizens working either as individuals or in association ... But... the civil power must also have a hand in the economy. It has to promote production in a way best calculated to achieve social progress and the well-being of all citizens*" (MM 52). As a remark, we

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<sup>3</sup> MM 151. But the justification of all government action is the common good. Public authority, therefore, must bear in mind the interests of the state as a whole; which means that it must promote all three areas of production—agriculture, industry and services—simultaneously and evenly. Everything must be done to ensure that citizens of the less developed areas are treated as responsible human beings, and are allowed to play the major role in achieving their own economic, social and cultural advancement. MM 152. Private enterprise too must contribute to an economic and social balance in the different areas of the same political community. Indeed, in accordance with "the principle of subsidiary function," public authority must encourage and assist private enterprise, entrusting to it, wherever possible, the continuation of economic development.

<sup>4</sup> See also: "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" (CV 38)

<sup>5</sup> CV 57 "...Subsidiarity respects personal dignity by recognizing in the person a subject who is always capable of giving something to others. By considering reciprocity as the heart of what it is to be a human being, subsidiarity is the most effective antidote against any form of all-encompassing welfare state. It is able to take account both of the manifold articulation of plans — and therefore of the plurality of subjects — as well as the coordination of those plans. Hence the principle of subsidiarity is particularly well-suited to managing globalization and directing it towards authentic human development. In order not to produce a dangerous universal power of a tyrannical nature, the governance of globalization must be marked by subsidiarity, articulated into several layers and involving different levels that can work together. Globalization certainly requires authority, insofar as it poses the problem of a global common good that needs to be pursued. This authority, however, must be organized in a subsidiary and stratified way, if it is not to infringe upon freedom and if it is to yield effective results in practice.

<sup>6</sup> "Where, after all, do universal human rights begin? In small places, close to home—so close and so small that they cannot be seen on any map of the world. Yet they are the world of the individual person: the neighborhood he lives in; the school or college he attends; the factory, farm or office where he works. Such are the places where every man, woman, and child seeks equal justice, equal opportunity, equal dignity without discrimination. Unless these rights have meaning there, they have little meaning anywhere." Eleanor ROOSEVELT, *In Your Hands, Address at the United Nations* (Mar. 27, 1958), <http://www.udhr.org/history/inyour.htm>.

may add that it must be “*best calculated*” on the basis of a sound anthropology; much more that technocratic ability is required for achieving social progress.

### 3. *The good of “all of us”: a relational definition of the common good*

The demands of the common good in today’s Europe require deep re-thinking: technocratic approaches are insufficient. Well-meant policies tend at devising “correct” forms of intervention, but they are targeted to support individuals with scant reference to the fact that **the “close” personal relations where individual lives are lived** are bound to make the difference between effectiveness and ineffectiveness of those same policies, hence between realizing justice or injustice. On this respect, CV is opening new paths for experiencing actions and policies for the common good and for systematically reflect upon it, on the basis of a cultural/scientific approach where relations matter (“ontologically” matter, so to speak). In a globalizing world, Paul VI noticed that “*the world is in trouble because of the lack of thinking*” and that the appropriate kind of thinking “requires a *deeper critical evaluation of the category of relation.*”<sup>7</sup>

CV gives a **definition of the common good which is essentially relational** – that is, the common good does not coincide with realizing the conditions for individuals to access opportunities, or with the appropriate institutional framework where individuals can pursue their objectives. The common good is the good thing of our living together: “*Besides the good of the individual, there is a good that is linked to living in society: the common good. It is the good of “all of us”, made up of individuals, families and intermediate groups who together constitute society. It is a good that is sought not for its own sake, but for the people who belong to the social community and who can only really and effectively pursue their good within it.*” The common good is “all of us” living a good life

### 4. *An example relational perspective for gender policies*

In 1961, John XXIII especially mentioned “*the duty (of the State) to protect the rights of all its people, and particularly of its weaker members, the workers, women and children*”. We need to re-assess where, today, the duty of the State is particularly important. Each national community within Europe has specific features, and it is up to its members to discern who are the weakest members and take responsibility in playing a “subsidiary function” in promoting their well-being. My overall impression is that **women and children remain particularly vulnerable** – both in the material dimension, since the incidence of poverty within families with children seems to be on the rise in many different countries, and in the cultural dimension.

To speak quite frankly, I am disappointed with the gradual transformation of language concerning public policies for promoting women’s’ participation to economic, civil and social life. The evolution (or involution) of language clearly signals a move away from a subsidiarity approach, “close” to each person – that is, close to each woman, with her specific aspirations and inner energy . The all-encompassing expression “gender policies” has more to do with affirming (controversial) principles than with supporting women’s aspiration by valorising their inner energy and their capability to give, **within the concrete set of personal and social relations** they live! Finally – by the way – children have virtually disappeared from the policy discourse; or else are dealt with as individuals, without regards to the constitutive relational where they live.

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<sup>7</sup> CV 53: “... a new trajectory of thinking is needed in order to arrive at a better understanding of the implications of our being one family; interaction among the peoples of the world calls us to embark upon this new trajectory, so that integration can signify solidarity rather than marginalization. Thinking of this kind requires a *deeper critical evaluation of the category of relation.* This is a task that cannot be undertaken by the social sciences alone...”

### 5. *The immaterial conditions for material development and the limits of public policies*

MM 54<sup>8</sup> shared the optimistic perspectives of its times about the possibility that public authorities could exercise an effective control over sectoral social and regional productive unbalances within countries, by means of technical instruments such as public programs and projects concerning specific sector of the economy – that is, microeconomic policy. It was also optimistic about the possibility to use macroeconomic policies (that is, fiscal and monetary policies) to exercise control over excessive macro-economic fluctuations and to effectively reduce unemployment. It is fair to recognize today the **limited effectiveness of public policies**, a limitation that needs to be understood in its deep causes

While MM valorises the role of public policies, such valorisation does not amount to a technocratic option in favour of state intervention over market forces. In the Sixties, a large portion of the economic debates concerned pros and cons of “markets” on the one side and “plan” on the other side; individual nation states were pragmatically opting for their own style of “mixed economy”. In this environment, *Mater et magistra* transcends that technocratic horizon, continuously repeating the word “community”, which can hardly be reconciled with both state and markets. For example: “the numerous intermediary bodies and corporate enterprises—which are, so to say, the main vehicle of this social growth— (should) be really autonomous, and loyally collaborate in pursuit of their own specific interests and those of the common good. For these groups must themselves necessarily present the **form and substance of a true community**, and this will only be the case if they treat their individual members as human persons and encourage them to take an active part in the ordering of their lives.” (MM 65). No need to stress that these aspects have become topical in economic debate in recent years!

I am convinced that the CSD offers a very insightful perspective on “government failures”, which goes deeper than simply acknowledging that errors might have been made in designing and implementing public policies. Quite realistically, the CSD underlines the **centrality of the human persons within her constitutive relationships** : the drivers of all economic and political decisions are concrete human beings, who act and interact with others on the basis of expectations, motivations and beliefs. Just to name an example, trust is needed for the economy to function at all. That is, **immaterial drivers of human actions and interactions drive material wealth creation**, and strictly determine policy effectiveness in realizing development and social justice.

The centrality of expectations in determining the effectiveness of micro- and macroeconomic policy decision has become common discourse in Economics, around the Eighties. Even if highly unrealistic hypothesis about agents’ decisions still prevail<sup>9</sup>, it is a remarkable step forward in recognizing that the economy is not a mechanistic system that can be driven to a desired outcome by technocratic decision, be it private or public. Human actions and interactions – especially personalized and potentially durable interactions – make the difference.

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<sup>8</sup> MM 54. The present advance in scientific knowledge and productive technology clearly puts it within the power of the public authority to a much greater degree than ever before to reduce imbalances which may exist between different branches of the economy or between different regions within the same country or even between the different peoples of the world. It also puts into the hands of public authority a greater means for limiting fluctuations in the economy and for providing effective measures to prevent the recurrence of mass unemployment. Hence the insistent demands on those in authority—since they are responsible for the common good—to increase the degree and scope of their activities in the economic sphere, and to devise ways and means and set the necessary machinery in motion for the attainment of this end.

<sup>9</sup> The typical assumption is that decisions are taken by individuals who are “rational” in the sense that they are internally consistent in their decisions and they fully use available information. the tricky part is obviously related to how individual are described to deal with ignorance and uncertainty. The fact is we ignore many relevant information and we are uncertain about the future; hence, we often act in a “reasonable” way by trusting others – which is obviously risky. In advancing this field, a “*deeper critical evaluation of the category of relation*” is very much needed!

This is also quite clear in MM 55<sup>10</sup> which describes wealth creation as an activity driven by the freedom of action in productive activity. Exercising human freedom in wealth creation is risky and costly; hence, promoting wealth creation it requires education of persons (we learn by imitation, not by just “being told” how we are supposed to act ...). I will try, despite my own limits, to suggest policy issues and policy options where explicitly considering the “category of relation” – both micro-relations and macro-relations – can make the difference in wealth creation and redistribution.

## 6. Education as a permanent challenge

**Educating to true, real wealth creation** seems to me particularly important in the current European situation, especially in those countries where per capita income is higher. The prevailing culture, in those countries, is such that individuals often are often been raised up to fear personalized and durable relations as dangerous limitations to personal freedom, and to think that impersonal, anonymous “market” interactions preserve the maximum amount of freedom. These individuals end up living “thin” (or “liquid”) relationships, passively adapting to the given institutional environment, relying upon anonymous public policies in case of downturns ... obviously risking disappointment. MM 57<sup>11</sup> correctly suggests that, when personal initiative is lacking, society either end up in stagnation or in tyranny (including the “soft” tyranny of the common mentality, as echoed and further diffused by TV commercials<sup>12</sup>).

Take, as an example, the case of a person saying: “I can’t find a job”. This declaration may mean very different things, and it may lead to very different daily lives: passively waiting that existing institution respond to one’s need, or actively searching for the possibility to answer real needs (if the action second occurs with no monetary counterpart, GDP does not register it – but true wealth is created nonetheless). Prolonged passivity may lead to perceiving oneself as “impotent” ... which actually impedes being “generative” in wealth creation and institution building. Activity, on the other side, quite naturally follows from being “opened up” by seeing inspiring examples of persons that are generative and realize economic, social and political innovations.

Generation is a powerful expression, which connotes wealth creation as a distinctly human activity, be it realized in public or private organizations and institutions. **Wealth creation can be represented as a vital story of generation**, as opposed to a technocratic process of (enlarged) material production<sup>13</sup>. Elementary experience<sup>14</sup> can easily tell the difference between the two

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<sup>10</sup> MM 55. “*But however extensive and far-reaching the influence of the State on the economy may be, it must never be exerted to the extent of depriving the individual citizen of his freedom of action. It must rather augment his freedom while effectively guaranteeing the protection of his essential personal rights. Among these is a man's right and duty to be primarily responsible for his own upkeep and that of his family. Hence every economic system must permit and facilitate the free development of productive activity.*”

<sup>11</sup> MM 57. “*Experience has shown that where personal initiative is lacking, political tyranny ensues and, in addition, economic stagnation in the production of a wide range of consumer goods and of services of the material and spiritual order—those, namely, which are in a great measure dependent upon the exercise and stimulus of individual creative talent.*”

<sup>12</sup> Another interesting remark of MM points to the fact that intensifying of social relations may narrow personal freedom of action: “... The progressive perfection of modern methods of thought-diffusion—the press, cinema, radio, television—makes it possible for everyone to participate in human events the world over. ... This multiplication and daily extension of forms of association brings with it a multiplicity of restrictive laws and regulations in many departments of human life. As a consequence, it narrows the sphere of a person's freedom of action. The means often used, the methods followed, the atmosphere created, all conspire to make it difficult for a person to think independently of outside influences, to act on his own initiative, exercise his responsibility and express and fulfil his own personality.” (MM 61-62)

<sup>13</sup> “Simple reproduction” (steady state) and “enlarged reproduction” (economic growth) are common expressions in Growth Theory textbooks. Sophisticated versions of growth theories have been developed, including dynamics of so-called “endogenous” growth; but they keep the mechanistic flavour of technocratic processes.

seemingly similar concepts of human generation and reproduction: for a new human being to fully flourish, investment in personalized and durable relations is required. By analogy, it takes a set of “thick” relationships pursuing the “good of all of us” to create true wealth, both within public institutions and private enterprises.

I am convinced that wealth is created by being generative in all dimensions of human experience – not least in the strict, material sense of **giving birth to the new generations**. Despite the abundant rhetoric about the crucial role of human resources in firms, and of human and social capital in wealth creation and development, you seldom feel they are talking about actual babies and youngsters. Still, to elementary experience it’s so clear that their flourishing (human development) requires much more than food, shelter and training: these would be enough just for social animals. Wealth generating human resources require meaningful relations where the quest for beauty, for understanding, and for an overarching sense of life are a vital shared experience. This is the basic educational challenge; accepting it would be the most powerful driver of innovation and progress

### ***7.: Rebalancing public policies: spending and taxation***

Given the centrality of human action in promoting wealth creation, it is important for public expenditure to be qualified in terms of activating generative actions . It is not a matter of quantity, it is mostly a matter of quality. This is a huge problem, given that in most European states, and surely in the higher income nations, the structure and composition of public expenditure is very rigid, reflection the consolidated structures of relative social and political power within each state. It is also characterized by *rentier* positions, which are enemies of change.

Each national community is called to **critically evaluate the structure and composition of domestic public expenditure**, as well as its organization across various government levels (central, regional, provincial/district, municipality levels). The subsidiarity principle provides a powerful evaluation instrument; it is obviously necessary not so much to repeat the principle, but to implement it (with all the risks tentative judgements and actions imply)

Here I would like to make more general point, related to the urgent need of rebalancing the overall level of spending and the overall level of taxation. The systematic need to finance excess spending over taxation weakens the financial position of countries, leading to possible financial crises (as EU members have recently experienced) but above all weakening the possibility for public authorities to intervene in a flexible and courageous way, should major traumatic events occur. Much debate on how to redefine the rule of the Stability and Growth Pact occurs at the technical/political level, with evident fatigue due to contrasting national interests.

What is often forgotten in the debate is the cultural implication of systematically borrowing in order to spend in order to finance current expenditures. In a sound economic perspective, borrowing in order to realize investments (which are expected to yield future benefits) is the only kind of borrowing that makes sense; while systematically borrowing for financing current expenditure – that is, for **financing consumption - is a quick and ready recipe to economic disaster**.

Rebalancing public expenditure and taxation require assessing, case by case, whether a given public expenditure is indeed an investment – or it is simply current expenditure that has no lasting impact on the ability of the country to create wealth. Choosing a temporary way out current problems, by postponing their solution instead of paying the cost of facing them, is a politically appealing shortcut. It lays the burden of present decisions, temporary benefiting the present generation, on the shoulders of future generations. This is the result of a cultural environment where **short run considerations prevail** – and short run considerations are very often far from being noble. A short

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<sup>14</sup> The expression “elementary experience” is a crucial notion in L. Giussani, *The Religious Sense*, McGill-Queen’s University Press, 1997. It is the basic structure of our “I”: the a complex of needs and “evidences” that accompany us as we come face to face with all that exist (p.7)

run perspective in deciding about public expenditure a taxation has a sure effect: an inter-temporal redistribution of wealth, which makes the current generation better off, and future generations poorer than they would have been.

Besides recalling that the good of “all of us” requires balancing overall expenditure and overall taxation so that wealth can be created in a temporally sustainable way, we must recall that both spending and taxing produce an important (and not so well assessed) impacts on **wealth distribution across the present generation**. Despite the fact that many citizens would agree that we should tax the rich more than the poor and support the poor more than the rich, this is far from occurring in too many circumstances. Much effort should be devoted to ensuring that **taxation occurs according to contributing capacity**. MM 32 states that “(i)n a system of taxation based on justice and equity it is fundamental that the burdens be proportioned to the capacity of the people contributing.”.

**Contributing capacity should be assessed in a relational perspective.** A special application of this principle applies to how families with children are taxed: often, they bear a disproportionate taxation burden as compared to single taxpayers, despite the fact that families are and are main “investors” in human resources and their ability to invest makes a difference in future wealth creation.

### **8. Rebalancing social policies: from “welfare states” to “welfare societies”**

Each generation is called to strike a new, proper balance, between economic and social development, as in MM 73<sup>15</sup>: economic progress must be accompanied by increased participation of all classes of citizens and by reduced social inequalities. According to MM 65<sup>16</sup>, such rebalancing requires that “a sane view of the common good must be present and operative in men invested with public authority” and also the presence of “intermediate bodies and corporate enterprises” which must be “true communities”.

CV updates this vision, considering the strong impact of globalization on domestic welfare organization: “systems of protection and welfare... are finding it hard and could find it even harder in the future to pursue their goals of true social justice in today's profoundly changed environment”; “The decline in births...also puts a strain on social welfare systems” (CV 44). In this scenario “subsidiarity is the most effective antidote against any form of all-encompassing welfare state” (CV 57), which can produce “better integrated welfare systems, with the active participation of private individuals and civil society. In this way, it is actually possible to improve social services and welfare programmes, and at the same time to save resources” (CV 60).

In the socio-economic literature, this form of rebalancing social policies is often labelled “welfare societies”. Realizing a “welfare society” does not amount to applying a technical blueprint, but valorising the initiative of people who boldly face emerging needs, and imagine and implement tentative answers. Far from being a sort of social “*laissez faire*”, realizing a “welfare society”

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<sup>15</sup> MM 73: “In view of the rapid expansion of national economies, particularly since the war, there is one very important social principle to which We would draw your attention. It is this: Economic progress must be accompanied by a corresponding social progress, so that all classes of citizens can participate in the increased productivity. The utmost vigilance and effort is needed to ensure that social inequalities, so far from increasing, are reduced to a minimum”

<sup>16</sup> MM 65. “To this end, a sane view of the common good must be present and operative in men invested with public authority. They must take account of all those social conditions which favor the full development of human personality. Moreover, We consider it altogether vital that the numerous intermediary bodies and corporate enterprises—which are, so to say, the main vehicle of this social growth—be really autonomous, and loyally collaborate in pursuit of their own specific interests and those of the common good. For these groups must themselves necessarily present the form and substance of a true community, and this will only be the case if they treat their individual members as human persons and encourage them to take an active part in the ordering of their lives”.

requires public authorities to take up crucial public roles: acquiring information, monitoring emerging experiences, providing ex post evaluation, identifying best practices, devising accreditation procedures, provide support ... in a word, playing their subsidiary function.

### ***9. Rebalancing productive sectors: finance and business***

The early Sixties were a period of rapid change, which *Mater et magistra* effectively captures: social, sectoral, internal and international imbalances; intensifying migrations, unequal distribution of income, resources and population; and also a disproportion between technical and spiritual resources. In this picture, MM 128 speaks of rebalancing agriculture, industry and services. MM obviously does not explicitly mention the financial sector, but often refers to the financial dimension of businesses as an instrumental dimension.

Today we may reinterpret the invitation to rebalancing productive sectors as the need to **rebalance “finance” and the “real economy”**. This rebalancing has nothing to do with finding the culprits of the recent financial crisis in one sector and labelling finance as “bad” and the so-called real sector as “good”. As anybody can see, we all live in a monetized world and all agents must deal with real and monetary/financial issues; actually, each economic decision usually has both sides. Quite the opposite, this rebalancing consists in promoting both finance and businesses finance being true to its nature (CV 45), that is to say **re-launching finance as a “real” sector** – a sector which allows investment to be realized today thanks to an appropriate use of current savings; a sector where there are agents who take their decision with a long time horizon, assuming risk on the basis of personalized and durable relations.

The very short run perspective of makes financial transactions largely self-referential, producing the wide swings in financial prices we have been witnessing since the very beginnings of large-scale finance (a few centuries ago). This particular kind of financial operations – which can sometimes serve “real” finance”, but can also severely harm it – need to be well understood. Their orderly producing gains and losses can be fine, as long as participants are well aware of the potential gains and losses of these forms of financial activity, and as long as actual gains and losses fall upon those who decided to engage in this activity.

**Public policies and regulations concerning finance require rethinking:** despite the crisis, business as usual prevails, including the fact that many financial agencies (banks included) are typically involved in both providing “real” finance and entering very short run financial transaction, finding themselves in the position to charge instability costs on the “real” sector. Productive firms, on their side, tend to do the same. Hence, they also risk disrupting their core business because of misjudged short-run financial decisions.

In sum, rebalancing the real and the financial sector implies **re-thinking the purpose of both real and financial businesses**. CV 65 expresses it quite clearly: “*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*. Insofar as they are instruments, the entire economy and finance, not just certain sectors, must be used in an ethical way so as to create suitable conditions for human development and for the development of peoples.”

Nothing can substitute the responsible freedom of decision makers, operating both in financial and business organizations, in pursuing the good of their “community of work” and in pursuing the good of “all of us”. They act on the basis of their expectations, motivations and beliefs, within an institutional framework that either provides incentives or disincentive to being responsible of their decisions. Public policies must strike the appropriate balance between agents’ freedom of action and

agents' responsibilities – in terms of their being expected to bear the consequences of their decisions. More freedom must go with more responsibility; hence, the existence of wide safety nets for financial agents should go with clear limitations the kind of financial transactions they can enter<sup>17</sup>. No action – either market decision or policy decision – is free from dangers and dark sides. We can only do our best... but nothing less!

### *10 Rebalancing business sectors: the case for reforming EU agricultural policies*

MM gives much emphasis on the need to support the agricultural sector (MM 123-145). At those times, disparity between living conditions for farming and industry workers prevailed also in Europe, and overproduction and underproduction were a serious concern across regions and countries. In the following decades, agriculture was highly supported in industrial countries, European countries included, and normally quite penalized in low-income countries – either by public inaction, or by extensive public support to industrialization. Protection of domestic agricultural producers in high income countries also implied that very productive and convenient agricultural products from middle-low income countries could not be exported, hence their production was further discouraged by external unfavourable conditions. *“As for the problems which face the poorer nations in various parts of the world, ... these are very real. They are caused, more often than not, by a deficient economic and social organization... They are caused, also, by the lack of effective solidarity among such peoples”* ( MM 190). Access to food is described as a very real problem, seldom caused by food shortages that could be covered by emergency food aid; more often, inadequate access to food is due to structural causes, such as institutional features and social exclusion in low-income countries. Pioneering works by Amartya Sen and Jacques Drèze would later confirm the validity of this approach.

Today the issue of agriculture is back on top political agendas, under the pressure of dramatic events such as the upsurge in food prices and their wide cyclical swings. Benedict XVI in his 2011 Thanksgiving message<sup>18</sup> focused on the **need to address food insecurity** and give substance to the **rights to food and access to water as universal rights of all human beings**. He also pointed to the need to consider the many facets of agricultural activity in high income countries, including its social and environmental dimensions. This view is far from backward looking to the “good old times”; it is a very reasonable path to renewing agricultural businesses and policies facing the future with innovative perspectives.

The EU bears special responsibilities over the current agricultural situation, both within the Union and in the world at large. It is necessary to assess also the “dark sides” of the successful promotion of European agriculture, based on price support and aimed at income support. It must be acknowledged that the **Common agricultural policy** has a regressive impact on income redistribution across agricultural workers, with disproportionate benefits accruing to large producers with respect to small farmers. Protection from imports and export support strongly contributed to a long run declining trend of world agricultural prices, reinforcing urbanization and agricultural

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<sup>17</sup> See, for example, P.De Grauwe proposal of a return to “narrow banking”.

<sup>18</sup> Benedict XVI, Angelus, St Peter's Square, Sunday, 14 November 2010: “... (A) really concerted aim for a new balance between farming, industry and services is necessary so that development may be sustainable, so that no one will lack bread and work, air and water, and that the other fundamental resources may be preserved as universal rights (Encyclical Caritas in Veritate, n. 27). Thus it is essential to cultivate and spread a clear ethical awareness that is equal to facing the most complicated challenges of our time. Everyone should be taught to consume in a wiser and more responsible way. We should promote personal responsibility along with a social dimension of rural activities based on the undying values of hospitality, solidarity and sharing the toil of labour. Many young people have already chosen this path and many professionals are also returning to agricultural enterprises, feeling that in this way they are not only responding to personal and family needs but also to a *sign of the times*, to a concrete sensibility for the *common good*.”

decline in low income countries. a temporary fall in agricultural prices, in fact, may result in a permanent abandonment of agricultural production and loss of arable land to wilderness. Vice versa, a temporary upsurge of food prices can precipitate millions people in poverty while not providing an incentive to agricultural long-term investment. Urban dwellers tend to have a greater voice over domestic policies in low income countries, leading policies towards short-run food price support and not so much towards long-run local agricultural investment. As a further complication, global demand for food and food-products has been systematically rising in the recent years, due to both increased percapita incomes in many emerging countries, especially Asian countries, and increase in non-food use of agricultural products (biofuels). Hence, it is very likely that cycles in food prices will take a long-run upward direction, making food security for poor and extremely poor people even more urgent. Financial speculation exacerbates cyclical swings in food prices, but global food prices would remain a concern for food safety even if financial speculation could be effectively curbed. Agricultural investment, including prudent use of innovative technology, is absolutely necessary.

Unintended negative side effects of well-meant policies should teach humility to policymakers, within the EU as well. Still, policymakers must do their work and be ready to devise and implement reforms, knowing that each generation must take anew the effort at building “just” institutions. As agricultural policies show, institutions are not mechanisms, but frameworks for human actions that produce both expected and unexpected consequences, as human actions adapt to new circumstances.

There are two suggestion in MM (closely connected to the relative underdevelopment of agriculture in industrialized countries of its times) that may be seriously considered, today, especially for promoting agriculture in low-income countries: one, price protection<sup>19</sup> involving businesses and public authorities; second,<sup>20</sup> the realization of a two-tier insurance systems concerning production and family incomes. This is a field where bottom-up micro-financial innovation can play a useful and innovative role, as some pioneering experiences involving NGOs and international institutions already show.

### ***11. Entrepreneurship and enterprises in realizing the good of “all of us”***

*“(M)an's aim must be to achieve in social justice a national and international juridical order, with its network of public and private institutions, in which all economic activity can be conducted not merely for private gain but also in the interests of the common good”* (MM 40) CSD definition of the firm as a **community of work** is very powerful in analytical terms, not merely as an indication of what a firm “should become”. A firm’s life is actually shaped – for good of for bad - by the bundle of personalized and durable relations that form it. Much can be said about the internal organization of firms (which, by the way, is likely to be the more efficient the more it is shaped according to the subsidiarity principle) and about the firm’s relationships with all its stakeholders (CV 40). Here I would like to suggest some policy implication of the idea that firms are called to contributing to the good of “all of us”.

One refers to rebalancing **labour market rules and institution** so that they can favour employment, job creation and the emergence of a real “community of work” within firms. Such rules and

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<sup>19</sup> MM 137: “... Ideally, such price protection should be enforced by the interested parties themselves, though supervision by the public authority cannot be altogether dispensed with”.

<sup>20</sup> MM 135 “In agriculture the existence of two forms of insurance may be necessary: one concerned with agricultural produce, the other with the farm workers and their families. We realize that agricultural workers earn less per capita than workers in industry and the services, but that is no reason why it should be considered socially just and equitable to set up systems of social insurance in which the allowances granted to farm workers and their families are substantially lower than those payable to other classes of workers...”

institutions are bound to be different from place to place (so that they can valorise cultural diversity), but they all should **recognize the plurality of formal and informal institutions** that may contribute to circulate information, favour the contacts between potential workers and potential employers, identify strategic lines for on-the-job training and permanent education. Besides the traditional agencies of the industrial world (trade unions, entrepreneurs associations, government offices), it's necessary to explicitly involve new important actors of the civic society, such as professional associations and bottom-up initiatives to favour reciprocal knowledge about labour market opportunities. These actors can play a role no old fashioned formal institution could: namely, being effective in valorising personalized relations. Labour market rules and institutions where job positions in a firm are conceived as "*mere cogs in the machinery*" (MM 92), where the personal identify of the single "cog" is irrelevant (as if anonymity could be the necessary condition for horizontal justice), are by no means appropriate to today's business world. Hence, desirable labour market reforms should include – in a subsidiary and stratified perspective – the many agencies that operate in supporting workers and firms in actively interact in a personalized way.

A second issue concerns rebalancing "industrial relations" and promoting workers' participation. The relational dimension is crucial in determining efficiency and effectiveness of organizations, small and large. Hence, participation of all stakeholders – and especially workers – to the life of firms should be promoted. This participation can be signified by forms of profit-sharing (what about losses, by the way?), but it may require more than that. If profit sharing amounts to anonymous cash transfers, it is fine - but well below the condition for true subsidiarity in decision making and work organization within the firm. **Labour participation is required by the same nature of labour**, as it is clear in all the CSD tradition and also in MM 91<sup>21</sup>: "*It is not, of course, possible to lay down hard and fast rules regarding the manner of such participation, for this must depend upon prevailing conditions, which vary from firm to firm and are frequently subject to rapid and substantial alteration. But We have no doubt as to the need for giving workers an active part in the business of the company for which they work—be it a private or a public one. Every effort must be made to ensure that the enterprise is indeed a true human community...*". As CV 41 also teaches, labour is a personal action, an "*actus personae*", an act of creation<sup>22</sup>; hence, every worker should have the chance to make his contribution knowing that in some way he is working 'for himself' like an entrepreneur. Participation, up to the point where each worker can feel a "creator" in his/her work directly serves the more general good of "all of us", as in MM 96: "*All this serves to create an environment in which workers are encouraged to assume greater responsibility in their own sphere of employment. In politics, too, it is of no small consequence that citizens are becoming daily more aware of their responsibility for furthering the common good in all spheres of life*". Unfortunately,

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<sup>21</sup> MM 91. "*We, no less than Our predecessors, are convinced that employees are justified in wishing to participate in the activity of the industrial concern for which they work.. concerned about the needs, the activities and the standing of each of its members. MM 92. This demands that the relations between management and employees reflect understanding, appreciation and good will on both sides. It demands, too, that all parties co-operate actively and loyally in the common enterprise, not so much for what they can get out of it for themselves, but as discharging a duty and rendering a service to their fellow men. ... Obviously, any firm which is concerned for the human dignity of its workers must also maintain a necessary and efficient unity of direction. But it must not treat those employees who spend their days in service with the firm as though they were mere cogs in the machinery, denying them any opportunity of expressing their wishes or bringing their experience to bear on the work in hand, and keeping them entirely passive in regard to decisions that regulate their activity. MM 93. We would observe, finally, that the present demand for workers to have a greater say in the conduct of the firm accords not only with man's nature, but also with recent progress in the economic, social and political spheres. MM 94. For although many unjust and inhuman economic and social imbalances still exist in our day, and there are still many errors affecting the activity, aims, structure and operation of economies the world over, it is an undeniable fact that, thanks to the driving impulse of scientific and technical advance, productive systems are today rapidly becoming more modernized and efficient—more so than ever before. Hence a greater technical skill is required of the workers, and more exacting professional qualifications. Which means that they must be given more assistance, and more free time in which to complete their vocational training as well as to carry out more fittingly their cultural, moral and religious education.*

<sup>22</sup>Paul VI says: "everyone who works is a creator", PP 27.

a common experience in European countries is living “splintered” lives, where work is alienated and disconnected from integral human personality; and this is a contagious disease.

A third issue refers to the situation of the “working poor” – many workers experience this situation in Europe as well. The topic that MM 71<sup>23</sup> calls “**just wage**” requires innovative thinking and cooperation on the side of firms, public and private agencies for labour. The call for “**decent work**” in CV 63 also clearly involves responsibility of a plurality of actors, including firms. The specific “social responsibility” of entrepreneurs and firms to promote labour participation seems to me number one priority, well above other more visible practices of corporate social responsibility, whose attractiveness depends upon their easier communicability.

## ***12. Europe and EU as global players: international cooperation and development***

MM was written in the “development decade”, when international cooperation policies were enthusiastically supported by public opinion, and also within-country regional policies aimed at promoting development in deprived areas were largely supported. Fifty years later, we witness a prevalence of “aid fatigue” and systematic non-compliance with internationally agreed targets of development assistance financing. It is fair to say that the practice of international cooperation, in the following decades has shown many dark sides that CV quite frankly presents: “... *international organizations might question the actual effectiveness of their bureaucratic and administrative machinery, which is often excessively costly ... those who receive aid become subordinate to the aid-givers, and the poor serve to perpetuate expensive bureaucracies which consume an excessively high percentage of funds intended for development*” (CV 47).

CV provides a lucid case for assessing current practices of international cooperation – which should not be a pretext for ensuring the survival of existing organizations, both public and private – on the basis of subsidiarity. Both international aid (MM 161-162) and scientific, technical and financial cooperation (MM 163-165) remain essential; but their effectiveness depends on their ability to promote and sustain poor people becoming protagonists of their own development.

As to the role of EU in international cooperation and development, there is a massive and quite articulated financial engagement: EU is the second largest donor, after the World Bank; it supports both emergency action and initiatives of reconstruction and development. EU systematically involves non-state actors (including firms and NGOs) in projects which are assessed with reference to “calls for proposals”. Yet, it must be noted that the emerging trends in EU development cooperation include a much **reduced engagement in technical cooperation** and the tendency to provide financial aid through the channel of **direct budget support**. Both trends seem to contradict the ideas that effective cooperation require personalized and durable relations, such as those that occur with technical cooperation, and that involving local people and associations is essential for development to be durable and sustainable. That is, EU seems not to be playing a “subsidiary function” in development cooperation; rather, it seems to privilege decreasing the complexity of

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<sup>23</sup> MM 71. “... the remuneration of work is not something that can be left to the laws of the marketplace; nor should it be a decision left to the will of the more powerful. It must be determined in accordance with justice and equity; which means that workers must be paid a wage which allows them to live a truly human life and to fulfill their family obligations in a worthy manner. Other factors too enter into the assessment of a just wage: namely, the effective contribution which each individual makes to the economic effort, the financial state of the company for which he works, the requirements of the general good of the particular country—having regard especially to the repercussions on the overall employment of the working force in the country as a whole—and finally the requirements of the common good of the universal family of nations of every kind, both large and small. MM 72. The above principles are valid always and everywhere. So much is clear. But their degree of applicability to concrete cases cannot be determined without reference to the quantity and quality of available resources; and these can—and in fact do—vary from country to country, and even, from time to time, within the same country. “

practicing official development assistance by using budget support and leave implementation issues to the recipient government (which may on its turn practice subsidiarity, or not). A special mention should be made in recalling the special responsibilities EU faces with respect to Africa's development, and with respect to African migration flows.

As domestic wealth creation does not ensue from technocratic decisions, cooperation for development effectiveness depend upon the relational dimension. While much effort is devoted by the international community to spell the conditions for aid effectiveness (as with the Accra Agenda for Action) in terms of institutional design, it is worth mentioning that actual wealth creation is driven by human decisions, where immaterial dimensions make the difference.

In particular, CST has been provocatively repeating over the years that development requires openness to the transcendence<sup>24</sup>. MM 176 says that “...in the economically developed countries. Spiritual values are ignored, forgotten or denied, while the progress of science, technology and economics is pursued for its own sake, as though material well-being were the be-all and end-all of life. This attitude is contagious, especially when it infects the work that is being done for the less developed countries, which have often preserved in their ancient traditions an acute and vital awareness of the more important human values, on which the moral order rests.” MM 209 specifies: “It has been claimed that in an era of scientific and technical triumphs such as ours man can well afford to rely on his own powers, and construct a very good civilization without God. But the truth is that these very advances in science and technology frequently involve the whole human race in ... difficulties ...”

### ***13. Population and the environment: rebalancing the dominating European perspective***

MM reflects the prevailing optimism of the early Sixties<sup>25</sup> that quickly shifted to pessimism about the consequences of economic development on creation. Human presence in the world has progressively been seen as a disturbance and a danger to animal and plant species and to climate. Environmental issues are at the core of current EU policy making, with emphases that sometimes point to the need of some rebalancing.

CV uses, after JP II, the expression “human ecology”, a phrase that expresses the constitutive relational dimension between population and environment – the European landscape in largely man made, fruit of centuries of human work open to the transcendence, hence respectful of creation. Gratitude is inherently generative, turning nature into a garden. For example, in some cases, directly **fighting poverty may very well be the best policy for defending creation**, preventing depletion of environmental resources. Declining population and declining agricultural production may create environmental problems of their own, and so on.

### ***14. Europe and migration policies***

Europe is a land of intense population movements, within its geographical borders and also from other continents. MM offers a clearly relational perspective on migration, where the family dimension needs much more attention than it is usually given. Consider the largely female migration flows connected to the “global care chain”, by which women from low-income travel to wealthy nations to care for the children or the elderly of well-to-do families, in order to send money home to care for their own children, who are taken care by others. This situation is bound to

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<sup>24</sup> MM 175. “Scientific and technical progress, economic development and the betterment of living conditions, are certainly valuable elements in a civilization. But we must realize that they are essentially instrumental in character. They are not supreme values in themselves”

<sup>25</sup> MM 189. “... the resources which God in His goodness and wisdom has implanted in Nature are well-nigh inexhaustible...”

produce enormous consequences, both in the countries of origin and in the countries of destination – consequences that do not seem to attract much attention on the side of policy makers. Individual European countries and the EU should consider appropriate policies for family reunification and for giving citizenship to children who are born and raised on their territory.

### ***15. Unity, not uniformity: the current state of European integration***

Migration enrich Europe with diverse communities and traditions, arriving in a continent which is very diverse itself. The following quote by MM 181, taken from Pious XII, confirm that CSD appreciates diversity: *"The Church ... is certainly too wise to discourage or belittle those peculiarities and differences which mark out one nation from another. It is quite legitimate for nations to treat those differences as a sacred inheritance and guard them at all costs. The Church aims at unity, a unity determined and kept alive by that supernatural love which should be actuating everybody; she does not aim at a uniformity which would only be external in its effects and would cramp the natural tendencies of the nations concerned. Every nation has its own genius, its own qualities, springing from the hidden roots of its being..."*. Such genius allows national flourishing, but need being kindled: *"Technologically advanced societies must not confuse their own technological development with a presumed cultural superiority, but must rather rediscover within themselves the oft-forgotten virtues which made it possible for them to flourish throughout their history"*. (CV 59).

This teaching has important applications, both within EU policy and with reference to global governance issues. One, rediscovering national genius needs investing in educational relationship. The current generation must receive and pass the tradition, actively "practicing" it.

Unity, not uniformity is also a perfect slogan for European and global governance strategies. One possible implication is to explore the potentialities of the principle of **mutual recognition**, which proved a very effective, "subsidiary" way of fostering European integration, especially in fields where attempt at **harmonization** had proven ineffective. Vice versa, too stringent a fixing of common standards may prove controversial and fuel dangerous tensions (as in the case of trade related intellectual property protection rules within WTO).

### ***16. Policies for the "orderly reconstruction of society"***

MM 212 asks: *"After all this scientific and technical progress, and even because of it, the problem remains: how to build up a new order of society based on a more balanced human relationship between political communities on a national and international level?"*

Building just institutions in a diversified, plural world requires making the most out of every people's rich tradition: not just living it passively, defending its forms but missing its spirit. A tradition has to be lived, for it to be handed down to others. It has to be "practiced"<sup>26</sup>; that is, used to face new situations and also critically evaluated from the inside, to keep what is really worth. By actually practicing a tradition, you renew it from inside. Only "practiced", lived traditions are able to dialogue with each other. Different traditional forms can live side by side, but cannot dialogue with each other. "Practiced" traditions are inherently open to face changes and new reality.

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<sup>26</sup> MM 232. *"It is practice which makes perfect, even in such matters as the right use of liberty. Thus one learns Christian behavior in social and economic matters by actual Christian action in those fields."* We need witnesses, because "only love is credible". We are also promised "greater efficiency in temporal affairs": MM 257. *To search for spiritual perfection and eternal salvation in the conduct of human affairs and institutions is not to rob these of the power to achieve their immediate, specific ends, but to enhance this power."*

In today's globalised world, persons with different tradition living in the same place must face the same reality – precisely that common reality is a precious gift offered to their reason and to their freedom, to renew their tradition and to dialogue with other traditions. In a sense, material conditions can be seen as the common “working bench” (JP II, *Laborem Exercens*) for people of different traditions, where it is possible to pursue the good of “all of us” because the working bench is actually in common. Practicing different traditions within the common experience of the great changes of our present times opens the way to an “orderly reconstruction of society” (MM 37).

CSD is a long and precious tradition. Our CSD tradition is not an abstract theory, satisfied of being self-consistent. Millions of concrete, historical men and women are the protagonists of CSD, which consists in “*caritas in veritate in re socialis*” (CV 6). Not a theory, then, but human reason, love and freedom “in action” – so to speak. In this perspective, plurality of options and opinions can be very healthy, both within<sup>27</sup> and across traditions. Orderly reconstruction of society requires esteeming others, and empathizing with others' efforts to look, judge and act on the common “working bench” we are offered. Each human action expresses the person in her fullness: by any action, we express what we truly value. Also “looking” and “judging” are full “actions” – they involve intelligent love: “Intelligence and love are not in separate compartments: *love is rich in intelligence and intelligence is full of love*” (CV 30).

### **Conclusion**

Which realistic hope can sustain today the decision to build a new Europe and to pursue the common good, “all of us” Europeans living a good life together? Unfortunately, neither common interests nor common values seem to abound, today; hence, they do not offer a firm foundation for political cooperation.

Europeans need a well grounded, realistic hope in order to build tomorrow's Europe; a more united, non necessarily a more uniform Europe; a Europe aware of being an economic and political entity that breathes with two “lungs”, East and West; a Europe that cares for the identity of the peoples that constitute it, but also for its own identity, founded on those universal values that Christianity contributed to shape. “*You know that it is your duty, with God's help, to contribute to the consolidation of a new Europe which will be realistic but not cynical, rich in ideals and free from naïve illusions, inspired by the perennial and life-giving truth of the Gospel. Therefore, be actively present in the public debate on a European level ... And to this commitment add effective cultural action.*” (Audience of His Holiness Pope Benedict XVI with the participants in the Congress promoted by the Commission of the Bishops' Conferences of the European Community –COMECE, The Clementine Hall of the Vatican Apostolic Palace, 24 March 2007)

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<sup>27</sup> MM 238. “*Differences of opinion in the application of principles can sometimes arise even among sincere Catholics. When this happens, they should be careful not to lose their respect and esteem for each other. Instead, they should strive to find points of agreement for effective and suitable action, and not wear themselves out in interminable arguments, and, under pretext of the better or the best, omit to do the good that is possible and therefore obligatory.*”

pezzi da buttare:

“The economic prosperity of a nation is not so much its total assets in terms of wealth and property, as the equitable division and distribution of this wealth” (MM 74)<sup>28</sup> .

Reassess A Smith’s contribution to understanding the wealth of nations ... division of labour and extension of markets (ie, of peaceful economic interaction within a stable institutional framework promoting appreciation, base on reasonable expectations

The ideological contrasts prevailing in the Sixties (MM 205-206) progressively gave way a more subtle forms of ideology, especially the “technocratic ideology” (CV 14, 70) and a diffused apathy towards the common good. Nonetheless, fear of the future remains, that is not faced but more often simply escaped by shortening the time-horizon over which daily lives are lived (the financial crisis is a point in case). Similarly, there is much apathy in facing the tremendous injustices all of us witness: hunger, uncured curable illness, violence, religious persecution. These injustices are sometimes emotionally perceived, sometimes hotly debated in a superficial and somewhat ideological way, but hardly faced.

Take the “boat people” coming from the South rim of the Mediterranean Sea: the general debate (open doors - yes or no?) seem more dictated by internal policy consideration than true care for the good of “all of us”. I am not saying that CSD has a quick and ready, all-encompassing answer. But CSD offers a method for practicing tentative answers by people “in action”, engaging their personal freedom to try out what they imagine to be a positive contribution to face the problem: reason and freedom – *caritas in veritate*.

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<sup>28</sup> MM 74. ” As Our Predecessor Pius XII observed with evident justification: “Likewise the national economy, as it is the product of the men who work together in the community of the State, has no other end than to secure without interruption the material conditions in which the individual life of the citizens may fully develop. Where this is secured in a permanent way, a people will be, in a true sense, economically rich, because the general well-being, and consequently the personal right of all to the use of worldly goods, is thus actuated in conformity with the purpose willed by the Creator.” (27) From this it follows that the economic prosperity of a nation is not so much its total assets in terms of wealth and property, as the equitable division and distribution of this wealth.”