

# **Toward a Social Economy in Asia: Plurality of Companies - Participation in the Implementation of the Common Good, Human Dignity and Rights of Workers**

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## **Introduction**

The complexity and gravity of the present economic situation rightly cause us concern, but we must adopt a realistic attitude as we take up with confidence and hope the new responsibilities to which we are called by the prospect of a world in need of profound cultural renewal, a world that needs to rediscover fundamental values on which to build a better future.<sup>1</sup>

Business, labour and civil society organisations have skills and resources that are vital in helping to build a more robust [healthy, vigorous] global community. – Kofi Annan

Throughout the history, and particularly in the last hundred years, the Church has never failed to speak ‘the words that are hers’ with regard to questions concerning life in society.<sup>2</sup> The social order to which the Catholic social teaching (CST)<sup>3</sup> refers, has certainly changed over the years - from the misery of workers during the papacy of Leo XIII, decolonization, and political changes in Eastern Europe to globalization, under-development, financial, economic, moral and anthropological crisis of our day.<sup>4</sup> CST always tries to illuminate with an unchanging light the new challenges that are constantly emerging<sup>5</sup> and this is precisely what this conference seeks to do in our day.

## **Asian Context**

After two decades of rapid urbanisation, many Asian cities have become economically productive and prosperous. But the report on the “State of Asian Cities 2010/11,” published by the U.N. Human Settlements Programme (UN-Habitat) and the Economic and Social Commission for Asia and the Pacific (ESCAP) states that these cities have not become desirable places to live in. In spite of this, urbanisation in Asia is set to accelerate. A business-as-usual approach will not be sustainable in Asia. In economically developed countries, relatively unimportant services frequently carry a disproportionately high rate of remuneration, while the diligent and profitable work of whole classes of honest, hard-working men gets scant reward in Asia.<sup>6</sup> In the same way, In India, mega cities receive a good deal of investment while smaller towns suffer through short-sighted state policies.

Despite all the rhetoric of empowerment, the reality witnessed in most Asian countries is desperation and powerlessness. The two ingredients necessary for any real empowerment of ordinary people are law and morality. If living conditions are to improve, defective legal systems and the failures of upholding ethics and morality cannot be ignored.<sup>7</sup> If cities in Asia want to sustain their economic competitiveness and secure their future, they must invest substantially in sustainable development programmes. Hence this paper is aimed to highlight the importance of social economy to be created by plurality of companies that foster common good, human dignity and the rights of workers.

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<sup>1</sup> Benedict XVI, *CV*, (*Caritas in Veritate*), no. 21.

<sup>2</sup> Cardinal Angelo Sodano, *Letter* presenting the *Compendium of the Social Doctrine of the Church*, 2004, xxi.

<sup>3</sup> Hereafter we use CST in the place of Catholic Social Teaching.

<sup>4</sup> Benedict XVI, *CV*, no. 75.

<sup>5</sup> Benedict XVI, *CV*, no. 12; John Paul II, *SRS*, no. 3.

<sup>6</sup> John XXIII, *MM*, no. 70.

<sup>7</sup> Hindu Editorial, *The Future of Asian Cities*, dated on 13.04.2011

## **Social Economy**

The social economy we are making reference to in this paper is concerned with serving the less privileged and/or those in a situation of exclusion. The Social economy is historically linked to popular associations and co-operatives that were and are common in most of the Asian countries, particularly in India. The system of values and the principles of conduct of these associations are synthesised by the historical co-operative movement. Social economy is structured around three large families of organisations: co-operatives, mutual societies and associations, with the recent addition of self-help groups and foundations, which are intertwined expressions of the response of the most vulnerable and defenceless social groups to the new conditions of life created by the development of industrial capitalism.<sup>8</sup>

### **Definition of Social Economy**

Social economy is that part of the economy which does not only try to generate benefits and be market competitive, but it has also got some socially-based values and principles. Economy deals with the rule of supply and demand (Economic purpose: Benefits and Capital) while social economy is concerned with Democracy, Reciprocity, Equality, Solidarity, Social Justice, etc. In Europe the agreed definition of social economy is:

The economic activity carried out by a group of private organizations, which, by means of democratic management, unite the values of participation, responsibility and solidarity with those of profitability and effectiveness to develop a property regime and a system of profit distribution which will favour company growth, increase assets and services production and improve the services for both partners and societies, thus creating richness, generalizing work and solving social problems.<sup>9</sup>

Within the existing models of social economy, there is certain formula called a “positive discrimination” nature, due to their double social character. On the one hand, they have some values and principles framed within social economy, and on the other, they discriminate positively against groups of social exclusion. This enables their labour insertion and subsequent social integration.<sup>10</sup>

In Asia, social companies constitute one of the most important tools in the fight against unemployment and social exclusion. The need for cooperation and collaboration among supportive social organizations is claimed. The use of public contracting as a social policy instrument is regarded as feasible, but in a limited way. Resources, knowledge and skills have been committed to build Social economy as an instrument for social change. There are series of practical cases (eg. In India, Tata’s contribution for NEG Fire) intended to become useful testimonies and foster best practices in social economy of the existing companies.

### **Development Partnership**

A Development Partnership is a group of public and private entities which come together to manage. Since social realities in Asian countries are different from one another, there is an initial difficulty at the time of carrying out the present work. But, there is a common variable, which is social exclusion, reproduced in different groups (disabled people, unskilled young people, women, the long-term unemployed, inmates, immigrants, etc.). These groups can use the social company as a means towards socio-labour insertion.

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<sup>8</sup> Refer Rafael Chaves & José Luis Monzón, *The Social Economy in the European Union*, The European Economic and Social Committee (EESC), 2005, 11.

<sup>9</sup> Quoted in CEPES - Spanish Business Confederation of Social Economy. Confer Mozemy Wiecej, Moltiplica and Ecosocial, eds., *A Social Economy Company Model in Europe*, 29.

<sup>10</sup> Mozemy Wiecej, Moltiplica and Ecosocial, eds., *A Social Economy Company Model in Europe*, 12.

Today we speak much about PPPs (Public Private Partnerships) for development, mainly for creating better basic infrastructures. The main objective of the Development Partnership should be that of creating social companies which could become involved in the development by means of company training, management skills, creation of network to consolidate social companies. This involvement favours transforming voluntary activities into productive ones. The theme of the social companies as an instrument to find a solution to the problem is of greater significance and shared by all the DPs. One of the problems is social exclusion.

### **Social Exclusion**

Social exclusion is a concept proposed by an advisory cabinet on social policy of the European Union Commission and adopted by the International Labour Office of the UN. In view of fighting off social exclusion, we need to refer to the social rights of the citizens (...) to certain basic lifestyle and to their participation in the main social opportunities and works of societies. Social exclusion is a process by means of which certain individuals and groups are systematically denied access to positions which will enable their autonomous subsistence.

Social exclusion is a process, not a condition. Its borders change and whoever is to be excluded can vary over time depending on the education, the demographic characteristics, social prejudice, business practices and public policies.<sup>11</sup> The exclusion process in the “network society” affects both people and territories and brings an extremely unequal geography of social /territorial exclusion and inclusion. People at a risk of social exclusion have different lacking such as low qualification, lack of interest, lack of knowledge and lack of means and resources.

The social exclusion concept is multidimensional, and its dimensions belong to three areas of great importance such as resources, social relations and legal rights. Social exclusion is conditioned by the socioeconomic and political structures of each country. It is also bound by factors such as geographical situation, and others such as discrimination because of genre, caste or ethnic group. Speaking about India, I can boldly state that it is true 100% in Indian context.

### **Social Economy Framework in Asia**

An economic model based on sustainable development is the need of the time for Asian Countries. But this model suffers due to increasing economies competitiveness, betting on productivity, investment and innovation, creating quality employment, etc. The processes of change in economy undergo due to globalization, international crisis and armed conflicts within the countries (India, Pakistan, and Sri Lanka). Unemployment continues to be a pressing problem in most parts of Asia. The public budgets have lost balance and there are positions which offer as a solution to reduce social expense in order to control public deficit (Indian Budgets reflect the same).

Social economy creates steady employment, rooted in local grounds and fosters the participation of workers in the property and management of the companies. Hence we state that social economy should essentially address these principles:

- business activity
- person-centeredness
- solidarity and democratic principles
- fair distribution of profits
- social responsibility for businesses and
- social problems from the bottom up, starting with an association.

Further we hold that Asia’s social economy should focus on the following areas: Competitive Business Management; Training; Influence through open lobbying; Involvement of local

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<sup>11</sup> Mozemy Wiecej, Moltiplica and Ecosocial, eds., *A Social Economy Company Model in Europe*, 18.

authorities; Political Influence; Regional-level enterprises and Creation of schools for social economy companies.

### **Plurality of Companies in Asia**

There is no unified understanding of social economy companies across the member states of Asia because they operate in very different sectors and have different market positions. Some of these companies operate in the same markets as regular for-profit companies, and thus need to be competitive. Logically, the profits they make are not treated as capital gains, but are used rather to fund the development of the social aims of the company, distributed to the members (with certain limitations) or even kept in reserve.

Other companies depend in part on public funding. This is especially the case for social enterprises. Now at a time of slow growth and a high unemployment rate, funding is limited and such companies are in danger of cutting back on resources. In such cases and with certain limitations, they can look for other sources of joint funding, such as Structural funds or social funds which lead us to reflect on the principle of participation. Ultimately social companies need to focus on common good.

### **Common Good**

The common good and the dignity of the human person are the important permanent principles of the Church's social doctrine.<sup>12</sup> These principles are born of "the encounter of the Gospel message and of its demands."<sup>13</sup> They concern the reality of society and indicate the paths possible for building a good society.

The concept of common good in CST is equivalent to the secular idea of the public good. It is the good that goes wider than the particular communities. The Compendium of the social doctrine of the Church defines common good as "belonging to everyone and to each person, ... is and remains "common", because it is indivisible and because only together is it possible to attain it, increase it and safeguard its effectiveness, with regard also to the future."<sup>14</sup> Within a given community, some goods are called common because they are provided in common. Individual or small groups can acquire a few goods but there are a few goods that are to be cooperatively produced and protected, for example bridges or tertiary education etc.

The term 'common good' is succinctly defined by John XXIII as "the sum total of conditions of social living, whereby persons are enabled more fully and readily to achieve their own perfection."<sup>15</sup> Therefore he has exhorted the rich not to forget the position of those other nations whose population almost perish of hunger and misery.<sup>16</sup> CST has emphasised the promotion of the common good as a fundamental principle.<sup>17</sup> Each person has the obligation to contribute to the common good – e.g. through taxes, respect for the environment, etc. – and each person has the right to benefit from the common good – through safety, peaceful conditions, etc.<sup>18</sup>

### **Different Types of Common Good**

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<sup>12</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church*, no. 160.

<sup>13</sup> Congregation for the Doctrine of the Faith, "Instruction on Christian Freedom and Liberation, *Libertatis Conscientia* (March 22, 1986)," AAS 79 (1987): 72.

<sup>14</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church*, no. 164.

<sup>15</sup> John XXIII, *MM*, no. 65.

<sup>16</sup> John XXIII, *MM*, no. 157. Refer also Vatican II, *GS*, no. 74.

<sup>17</sup> Read Pius XI, *QA*, nos.74-75;

<sup>18</sup> John XXIII, *PT*, no. 9.

A good that is enjoyed in common might be described as common in at least the following five cases:<sup>19</sup> They are: (i) spiritual/indivisible common goods; (ii) material/common goods; (iii) social/relational common goods; (iv) overflowing goods; (v) Goods of the community. The goods that are discussed in CST comprise at least the first three types mentioned above. Companies could contribute towards the material/common goods such as common playground, clean air, transport, public woodlands, etc. which in turn help the individuals to be conscious of the importance of social economy. There is a direct link between the principle of common good and the universal destination of the goods.<sup>20</sup> Since the human person stands above all things, his or her rights and duties are universal and inviolable, what is necessary to lead a truly human life must be made available to all.

### **Universal Destination of Common Good**

CST emphasises the “universal destiny of the world’s goods.”<sup>21</sup> This principle means we believe it is God’s plan that the goods of the earth should be for the benefit of all people, not simply for the most powerful or the cleverest. Private property is undoubtedly a right, but as John Paul II has repeatedly reminded us, all property has a “social mortgage.”<sup>22</sup> This means that the right to own property and use it for one’s benefit is dependent on the contribution that this property makes to the common good. Pius XI has also affirmed the “twofold aspect of ownership, which is individual or social accordingly as it regards individuals or concerns of the common good.”<sup>23</sup> Paul VI held the idea that “the right to private property must never be exercised to the detriment of the common good.”<sup>24</sup> Sometimes this principle is extended to the case that “common good sometimes demands expropriation.”<sup>25</sup>

Since every single citizen has the right to share in common goods,<sup>26</sup> every civil authority must strive to promote the common good in the interest of all, without favouring any individual citizen or category of citizens.<sup>27</sup> Mater et Magistra states that ‘governments should seek the economic good of all peoples,’<sup>28</sup> while Pacem in Terris speaks of the connection between the common good and political authority.<sup>29</sup> The emphasis on the unity of the human race and its shared destiny from the side of sustainability concept remind us of the common good, which “belonging to everyone and to each person, ... is and remains ‘common.’”<sup>30</sup> Therefore the Catholic Church teaches that the common good is indivisible and only together is it possible to attain it, increase it and safeguard its effectiveness, with regard also to the future.

### **Companies’ Participation in the Implementation**

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<sup>19</sup> Here I am actually summarising the ideas of Margaret Atkins’s classification of common goods. Hence I owe Margaret Atkins a lot for enlightening me by these different classifications, which really make the ideas clear regarding common goods discussed in CST. Refer the paper presented by Margaret Atkins, “Clarifying the Common Good,” in *The international conference on The Call to Justice: The Legacy of Gaudium et Spes 40 Years Later*, ed. Michael Naughton (Vatican City: Pontifical Council for Justice and Peace, 2005).

<sup>20</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church*, nos. 161ff.

<sup>21</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church*, no. 171.

<sup>22</sup> John Paul II, *SRS*, no.42. Refer John Paul II, *CA*, nos. 30-43 and John XXIII, *MM*, nos. 104-121.

<sup>23</sup> Paul VI, *QA*, no. 45

<sup>24</sup> Paul VI, *PP*, no. 23

<sup>25</sup> Paul VI, *PP*, no. 24

<sup>26</sup> Vatican II, *GS*, no. 26.

<sup>27</sup> John XXIII, *PT*, no. 56.

<sup>28</sup> John XXIII, *MM*, no. 37.

<sup>29</sup> John XXIII, *PT*, no. 136. No. 139 speaks of the universal common good and the personal rights.

<sup>30</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church*, no. 164.

If the world is created so as to satisfy our genuine needs and we live according to its laws, it is more likely that we need not be in competition for basic goods. All these types of goods are either depend upon our relationship with one another or often enjoyed communally rather than individually. This reveals the fact that we are by nature social and relational beings.

The demands of the Common Good could be seen on the national level and international level. 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. On the international level: They 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>31</sup>

The principle of participation is rooted in the created dignity of the human person. It empowers a person to have a voice in matters that affect them. John Paul II has stressed both the right to civil or political participation and the right to meaningful work, i.e., economic participation.<sup>32</sup> By allowing people to participate, the gap between rich and poor might be minimised to some extent. Without the accompanying ethical and spiritual dimension, social development lacks the necessary foundation upon which it should be built and sustained. This ethical foundation calls for renewed forms of cooperation and a more decisive commitment by all. This kind of cooperation and commitment from social companies help to safeguard the dignity of the human person.

### **Human Dignity**

The dignity of the human person is the foundation for all other principles and content of the Church's social doctrine.<sup>33</sup> CST "consistently places the human person (his total and integral development) at the centre of all world systems of thought and activity."<sup>34</sup> Vatican II states:

In the economic and social realms, too, the dignity and complete vocation of the human person and the welfare of society as a whole are to be respected and promoted. For, man is the source, the centre, and the purpose of all economic and social life.<sup>35</sup>

In a world warped by materialism and declining respect for human life, the Catholic Church proclaims that human life is sacred and the dignity of the human person is the foundation of a moral vision for society. The doctrines of creation and incarnation lead us to affirm the dignity of each person. Dignity signifies an excellence of value which is so closely linked to the nature of a person.<sup>36</sup> *Gaudium et Spes* articulates that the inalienable dignity of every single human person flows from the fact that every human being is created in the image of God (*imago Deo*).<sup>37</sup> The Church takes up the social issues in its social teaching because of its theological claim that human beings are creatures of dignity and worth.<sup>38</sup>

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<sup>31</sup> John XXIII, *MM*, nos. 79-80.

<sup>32</sup> John Paul II, *CA*, nos. 46-48. See US Catholic Bishops, *Economic Justice for All*, no. 77.

<sup>33</sup> Refer John XXIII, *MM*, no. 219.

<sup>34</sup> Cardinal Peter K.A. Turkson's Lecture on *The Gospel and Social Teaching: On Human Flourishing, the Economic Crisis and Christian Ministry*, Centre for Catholic Studies, University of Durham, 10 March 2011, 4.

<sup>35</sup> Vatican II, *GS*, no. 63.

<sup>36</sup> Refer Pontifical Academy for Life, *The Nature and Dignity of the Human Person as the Foundation of the Right to Life: The Challenges of the Contemporary Cultural Context* Pontifical Academy for Life, ed. Juan De Dios Vial Correa and Elio Sgreccia (Vatican City: Libreria Editrice Vaticana, 2003) 33-37, 194-215.

<sup>37</sup> Vatican II, *GS* has dedicated a separate chapter in Part I under the title "The Dignity of the human Person." See Vatican II, *GS*, nos. 12-22.

<sup>38</sup> Read Himes, *Responses to 101 Questions on Catholic Social Teaching*, 29.

Society, including economic life, exists only that it may serve and help individuals achieve perfection in a manner consistent with their human dignity and freedom. It is also vital that the human person be the main protagonist in the process of development. The goal of any social institution is the protection and promotion of this dignity.<sup>39</sup> The social companies need to be mindful of the cry of the workers mainly to a safer working condition which could defend the dignity of the human person. Hence we move to discuss on the rights of workers.

### **Rights of Workers**

In 1891 Leo XIII issued *Rerum Novarum*, which is often called the Magna Charta of Social Catholicism. It became the foundational one for the economic dimension of the modern social teachings. He supported the idea of a wage based on the dignity of a person, the formation of trade unions, an expanded role for the state against the laissez-faire state mentality, and a fairer distribution of wealth and property.<sup>40</sup> He came with the clearest articulation of the foundational ethical principle for his solution: “Each needs the other; capital cannot do without labour, or labour without capital”<sup>41</sup> and proposed that:

There is no intermediary more powerful than religion (whereof the Church is the interpreter and guardian) in drawing the rich and the working class together, by reminding each of its duties to the other, and especially of the obligation of justice.<sup>42</sup>

He believed that only the Church could restore the society to a path of class harmony. He spelled out the duties of both the worker and the employer<sup>43</sup> while emphasising the employer’s obligation to pay a just wage.<sup>44</sup> He also recognised the right of workers to strikes for just reasons and at the same time he urged the state to prevent strikes by eliminating the conditions that generate them.<sup>45</sup> All workers have a right to productive work, to decent and fair wages, and to safe working conditions. Workers also have responsibilities to provide a fair day’s work for a fair day’s pay, to treat employers and co-workers with respect, and to carry out their work in ways that contribute to the common good. Workers must “fully and faithfully” perform the work they have agreed to do.

### **What Happens When People Work?**

It is generally accepted that there are both objective and subjective outputs/results. Objective results could be instrumental goods (like products, services, and profit) and subjective outputs could be inherent goods (like growth in virtue, in skill, and deeper and genuine human relationships depending upon the working place and condition). When human beings work they produce some kind of output (instrumental goods). At the same time, they also “produce themselves.” It is an accepted view that what we do in our work helps to form our characters. Companies, keeping in mind both these two outputs, have to provide better working conditions. The unemployed lack this opportunity not only to contribute towards instrumental goods but also to inherent goods as mentioned above.

### **Employment**

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<sup>39</sup> John XXIII, *MM*, no. 219.

<sup>40</sup> Leo XIII, *RN*, nos. 34-36. Read John Paul II, *LE*, especially for the rights of workers, chapter 4, nos. 16-23.

<sup>41</sup> Leo XIII, *RN*, no. 19.

<sup>42</sup> Leo XIII, *RN*, no. 19.

<sup>43</sup> Leo XIII, *RN*, no. 20.

<sup>44</sup> Leo XIII, *RN*, no. 20.

<sup>45</sup> Leo XIII, *RN*, no. 39.

The Encyclical, *Mater et Magistra*, speaks about the responsibility of the state to create employment, care for the less privileged and provide for the future.<sup>46</sup> John Paul II remarks:

The opportunities for human work are limited as a result of the scourge of unemployment, or because a low value is put on work and the rights that flow from it, especially the right to a just wage and to the personal security of the worker and his or her family.<sup>47</sup>

He explicitly urged everyone to “act against unemployment, which in all cases is an evil, and which, when it reaches a certain level, can become a real social disaster.”<sup>48</sup> The Catholic Bishops of the USA have stated that unemployment is a tragedy no matter whom it strikes, but the tragedy is compounded by the unequal and unfair way it is distributed in our society<sup>49</sup> and employment is a basic right which protects the freedom of all to participate in the economic life of society.<sup>50</sup>

John Paul II’s concept of an indirect employer is applicable to every society and in the first place to the state because it is the state that must conduct a just labour policy.<sup>51</sup> The indirect employer involves:

All the agents at the national and international level that are responsible for the whole orientation of labor policy ... In order to meet the danger of unemployment and to issue employment for all, the agents defined here as ‘indirect employer’ must make provision for overall planning with regard to the different kinds of work by which not only the economic life, but also the cultural life of a given society is shaped.<sup>52</sup>

This indirect employer involves not only the individual state and the particular ministries within it, but also other groups and associations including social companies. Here we stress the intervention of companies to create job opportunities. On the international level, the indirect employer also includes other states and individual actors that affect the world economy. This demands basic structural reforms in today’s world.

### **Structural Reforms and The Principle of Social Solidarity**

Since CST recognises a global common good, it emphasises the need for structures that guarantee the promotion of that good. John XXIII remarked in *Peace on Earth* that economic structures had grown beyond the political structures necessary for assuring the common good. John Paul II holds that “the ‘evil mechanisms’ and ‘structures of sin’ ... can be overcome only through the exercise of the human and Christian solidarity to which the Church calls us and which she tirelessly promotes.”<sup>53</sup>

The principle of social solidarity suggests that it is essential to make fundamental changes in social and economic structures that perpetuate glaring inequalities and cut millions of citizens off from full participation in the economic and social life of their nation. The process of change should be one that draws together all citizens.<sup>54</sup> The Medellín conference and Puebla conference documents strongly insist on the importance of structural changes to bring equality. The companies that spent a certain percentage of profit as a part of their social responsibility need to contribute towards common good, education, employment, etc.

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<sup>46</sup> See John XXIII, *MM*, no. 79.

<sup>47</sup> John Paul II, *LE*, no. 8.

<sup>48</sup> John Paul II, *LE*, no. 18.

<sup>49</sup> US Catholic Bishops, *Economic Justice for All*, no. 15.

<sup>50</sup> US Catholic Bishops, *Economic Justice for All*, nos. 136-137.

<sup>51</sup> John Paul II, *LE*, no. 17.

<sup>52</sup> John Paul II, *LE*, no. 18.

<sup>53</sup> John Paul II, *SRS*, no. 40.

<sup>54</sup> US Catholic Bishops, *Economic Justice for All*, no. 187.

The Church argues that power, as well as property can be distributed justly and that employees are to be allowed to share in the ownership of the firms in which they work, so that everyone can share in the ownership of ‘the great workbench’ at which they are employed.<sup>55</sup> When we speak of redistribution, we are actually talking about the equitable sharing of what are by right the goods of all. This can be achieved through companies’ participation in human development projects and initiatives taken by the state. This trend is becoming common in Asia due to government regulations and demands to contribute to social economy.

We notice the system of self-financing, envisioned by Mater and Magister,<sup>56</sup> adopted in many countries in Asia by large firms. These companies grow at a very rapid rate when they are financing replacement and plant expansion out of their own profits. Workers gradually come to share in the ownership of their company, by ways and in the manner that seem most suitable.

### **Developing a Culture of Solidarity**

Solidarity is a central concept in the Church’s position on social and economic policy issues. The Catholic approach to social policy focuses on the notion of the ‘common good.’ The common good relates to the conditions of social living – economic, political and cultural – that respect, defend and enhance a person’s essential dignity, their well-being and fulfilment.<sup>57</sup> It is not an individualistic ethic. This viewpoint rather emphasises our essential interdependence in society. Governments should seek to adopt economic, political and cultural policies that reflect the interdependence of the individual and the community. This principle of solidarity is a central element of the Catholic worldview:

...The solidarity that we propose is the path to peace and at the same time to development ... is inconceivable unless the world’s leaders come to recognise that interdependence in itself demands the...transformation of mutual distrust into collaboration. This is precisely the act proper to solidarity among individuals and nations.<sup>58</sup>

The expression of solidarity arises from a sensitive awareness of our mutual interdependence and a commitment to the good of all, and of each individual. Society can become split by economic and social policies that fail to incorporate all members of society equally. Solidarity seeks to strengthen the bonds of trust in a community and provides the ethical infrastructure that can be applied to the implementation of a just social policy.

Robert Putnam correctly observes that the neglect of social capital issues in economic development theory and policy manifests itself in:

Proposals for strengthening market economies and democratic institutions [in developing and transitional countries that] center almost exclusively on deficiencies in financial and human capital (thus calling for loans and technical assistance). However, the deficiencies in social capital in these countries are at least as alarming. Where are the efforts to encourage “social capital formation”?<sup>59</sup>

To physical and human capital, sociologists and political scientists (and some economists) working within the field of the so-called “new economic sociology” have thus begun to speak of social capital, a broad term encompassing the norms and networks facilitating collective action for mutual benefit. The solution to modern social ills lies in re-establishing the “mediating structures” of local civic associations.<sup>60</sup>

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<sup>55</sup> Leo XIII, *RN*, nos. 4-5.

<sup>56</sup> John XXIII, *MM*, no. 75.

<sup>57</sup> Catholic Welfare Australia, *Poor Choices. A Submission by Catholic Welfare Australia to the Senate Community Affairs Committee's Inquiry Into Poverty and Financial Hardship* (Australia: Catholic Welfare Australia, March 2003), 6.

<sup>58</sup> John Paul II, *SRS*, no. 39

<sup>59</sup> Putnam, “The prosperous community: social capital and public life,” *The American Prospect*, (1993), 38.

<sup>60</sup> See Berger and Neuhaus, *To Empower People; Amatai Etzioni, The Spirit of Community* (New York: Crown Publishers, 1993); Alan Ahrenhalt, *The Lost City* (New York: Basic Books, 1995).

There should be a policy designed to promote useful employment, enterprising initiative, and the exploitation of local resources. The Church always held that all people have both the right to participate in and the duty to contribute to the continual improvement of society as a whole. The Church with its CST always tries to connect our faith with action and show the vital ground between the principles and practice and serves to be one of the mediating voices that effectively connect principle with policy, what we call “middle level thinking” (MLT).

Need for Middle Level Thinking within CST

Jonathan Boswell coined the term “middle-level thinking” (MLT). Middle level thinking is about mediating connections, bridges, lines of thought, models, etc. that foster consistency between the meaning of human life and the decision making in organisations. In the context of CST, we would describe middle level thinking as an interdisciplinary engagement and mediation wherein explicit linkage between principles and practices are forged.<sup>61</sup> Some catholic ethicists describe MLT as practical wisdom in action or prudential thinking. It connects ends with means, and moral convictions and aspirations with the techniques.

### **The Purpose of MLT**

The purpose of MLT is to help business-professional and social activists to move from a set of broad theological and moral principles and doctrines to more concrete moral judgments that foster an integration of principle and action. It honours practical insight and skills acknowledging that only through the creative application of these, in concrete situations, good ends are achieved. Boswell insists the need to have middle level thinking without which Catholic social thought is even at risk of covert and naïve forms of dependence on mere secular ideologies.<sup>62</sup> Therefore John Paul II wrote that “Today more than ever, the church is aware that her social message will gain credibility more immediately from the witness of actions than as a result of its internal logic and consistency.”<sup>63</sup> He insisted on the interdisciplinary nature of the work needed to put Catholic social thought into practice.<sup>64</sup> Hence we hold that those who enter into MLT must be ‘interdisciplinary thinkers and doers.’ This helps make bridges between faith and social principles, organisational policies and managerial practices. This kind of thinking is prominent these days in Catholic Universities such as our Katholieke Universiteit Leuven.

### **Conclusion**

CST criticises both capitalism and socialism and calls for the integral development of the human person. It allows the Church to be critical and constructive. As Paul VI has clearly stated, in the social sphere, the Church has always aspired to a double function: first, to enlighten minds in order to assist them to discover the truth and to find the right path to follow amid the different teachings that call for their attention; and secondly to take part in action and to spread, with a real care for service and effectiveness, the energies of the gospel.<sup>65</sup> In our paper, keeping in mind the realities of Asian countries, some common principles and values are shared, using social exclusion as a starting point. Below are a few suggestions towards social economy in Asia.

### **Support strategies for promoting social economy.**

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<sup>61</sup> Jonathan S. Boswell, Frank P. McHugh, and Johan Verstraeten, eds., *Catholic Social Thought: Twilight or Renaissance?* (Leuven: Leuven University Press, 2000), xv.

<sup>62</sup> Boswell, McHugh, and Verstraeten, eds., *Catholic Social Thought: Twilight or Renaissance?* , 98-99.

<sup>63</sup> John Paul II, *CA*, no. 57.

<sup>64</sup> John Paul II, *CA*, no. 59.

<sup>65</sup> Paul VI, “Apostolic Epistle on A Call to Action on the Eightieth Anniversary of *Rerum Novarum*, *Octogesima Adveniens* (May 14, 1971),” *Acta Apostolicae Sedis* 63 (1971). English trans. as in O'Brien and Shannon, eds., *Catholic Social Thought: The Documentary Heritage*, no. 48.

In a situation and/or at risk of social exclusion the business models need to generate employment opportunities for people.

Social economy enterprises should have experts in managerial skills and should be customer-oriented, guaranteeing quality products and services and creating a strategic plan, which does not conflict with their social aims.

Development of social cohesion is fundamental, as well as a source of influence.

Companies should have a strategic plan that brings economic and social development together.

The transfer of good practices in social economy enterprises is fundamental for the continued growth of the social economy throughout Asia.

Promoting a business that has solidarity as an element is the need of the hour in Asia.

Private enterprises should outsource their services and hire social enterprises as a source of corporate social responsibility.

Social movements backed by the citizens channel their objectives in the social economy.

By joining our effort to increase the presence of the social economy in the public sphere, we can change the culture and the prejudices that link social economy enterprises with charity.<sup>66</sup>

We are of the opinion that our faith needs to prove its fruitfulness by permeating our entire life, including its secular dimensions and by activating ourselves towards justice and love, especially with regards to the needy.<sup>67</sup> We must cooperate, coordinate, and make our efforts converge towards the very same goals: greater justice, greater security, greater transparency, and greater peace.

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<sup>66</sup> Mozemy Wiecej, Moltiplica and Ecosocial, eds., *A Social Economy Company Model in Europe*, 129-130.

<sup>67</sup> Vatican II, *GS*, no. 21.