

A reading of Caritas in Veritate

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Bankers and economists are not avid readers of papal encyclical letters. And they might not need to be. Still, the one delivered by Benedict XVI at the very end of June is worth them making an exception. *Caritas in Veritate* (Charity in truth) is a rich and insightful document, the first one coming from the Catholic Church that deals with globalization and its consequences in such explicit and detailed a fashion.

Problem is...the document is very long - as long as a book in fact. Furthermore, it ventures in several directions, developing theological considerations, social analysis, practical suggestions, and a blueprint for the reform of world governance. There are many ways of approaching *Caritas in Veritate*. The reading I offer here is one among others. It aims at focusing on the way this document may help the world community deal with the consequences of the present crisis and the building-up of a common framework of action. It remains very partial and incomplete, but tries to enlighten one direction of the analysis.

The document starts by saying that trust among people as well as genuine and concerted search for truth in all domains of humane and social life are basic to sustainable development. "Without truth, without trust and love for what is true, there is no social conscience and responsibility, and social action ends up serving private interests and the logic of power, resulting in social fragmentation, especially in a globalized society." (par.5) Trust and Truth are the basic grounding that nurtures the two principles that allow for positive social and global interaction: "*justice and the common good.*" (par.6)

When taking seriously the imperatives of justice and the common good, one is inevitably led to promote the idea of authentic human development, i.e. of a development that concerns the whole of the person in every single dimension. For development is not only a matter of technology. "Technology, viewed in itself, is ambivalent. If on the one hand, some today would be inclined to entrust the entire process of development to technology; on the other hand we are witnessing an upsurge of ideologies that deny *in toto* the very value of development, viewing it as radically anti-human and merely a source of degradation. This leads to a rejection, not only of the distorted and unjust way in which progress is sometimes directed, but also of scientific discoveries themselves, which, if well used, could serve as an opportunity of growth for all. (...) Idealizing technical progress, or contemplating the utopia of a return to humanity's original natural state, are two contrasting ways of detaching progress from its moral evaluation and hence from our responsibility." (par.14)

Integral human development presupposes the responsible freedom of the individual and of peoples: no structure can guarantee this development over and above human responsibility. Only when it is free can development be human in its integrity; only in a climate of responsible freedom can it grow in a satisfactory manner. (par.17) Freedom goes along with truth: The truth of development consists in its completeness: if it does not involve the whole man and every man, it is not true development. (par.18)

“Profit is useful if it serves as a means towards an end that provides a sense both of how to produce it and how to make good use of it. Once profit becomes the exclusive goal, if it is produced by improper means and without the common good as its ultimate end, it risks destroying wealth and creating poverty. It is true that growth has taken place, and it continues to be a positive factor that has lifted billions of people out of misery — recently it has given many countries the possibility of becoming effective players in international politics. Yet it must be acknowledged that this same economic growth has been and continues to be weighed down by *malfunctions and dramatic problems*, highlighted even further by the current crisis. The different aspects of the crisis, its solutions, and any new development that the future may bring, are increasingly interconnected, they imply one another, and they require new efforts of holistic understanding and a *new humanistic synthesis*. The complexity and gravity of the present economic situation rightly causes 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. The crisis thus becomes *an opportunity for discernment, in which to shape a new vision for the future.*” (par.21)

“Today, as we take to heart the lessons of the current economic crisis, which sees the State's *public authorities* directly involved in correcting errors and malfunctions, it seems more realistic to *re-evaluate their role* and their powers, which need to be prudently reviewed and remodelled so as to enable them, perhaps through new forms of engagement, to address the challenges of today's world. Once the role of public authorities has been more clearly defined, one could foresee an increase in the new forms of political participation, nationally and internationally, that have come about through the activity of organizations operating in civil society; in this way it is to be hoped that the citizens' interest and participation in the *res publica* will become more deeply rooted.” (par.24)

“The theme of integral human development takes on an even broader range of meanings: the correlation between its multiple elements requires a commitment to *foster the interaction of the different levels of human knowledge* in order to promote the authentic development of peoples. (...) Knowledge is never purely the work of the intellect. It can certainly be reduced to calculation and experiment, but if it aspires to be wisdom capable of directing man in the light of his first beginnings and his final ends. Deeds without knowledge are blind, and knowledge without love is sterile. (...) This means that moral evaluation and scientific research must go hand in hand. (...) Economic science tells us that structural insecurity generates anti-productive attitudes wasteful of human resources, inasmuch as workers tend to adapt passively to automatic mechanisms, rather than to release creativity. On this point too, there is a convergence between economic science and moral evaluation. *Human costs always include economic costs* and economic dysfunctions always involve human costs.” (par.31-33)

"Gratuitousness is present in our lives in many different forms, which often go unrecognized because of a purely consumerist and utilitarian view of life. The human being is made for gift, which expresses and makes present his transcendent dimension. (...) The human community that we build by ourselves can never, purely by its own strength, be a fully fraternal community, nor can it overcome every division and become a truly universal community. (...) The logic of gift does not exclude justice, nor does it merely sit alongside it as a second element added from without; on the other hand, economic, social and political development, if it is to be authentically human, needs to make room for the *principle of gratuitousness* as an expression of fraternity." (par.34)

"The market is subject to the principles of so-called *commutative justice*, which regulates the relations of giving and receiving between parties to a transaction. But (...) if the market is governed solely by the principle of the equivalence in value of exchanged goods, it cannot produce the social cohesion that it requires in order to function well. *Without internal forms of solidarity and mutual trust, the market cannot completely fulfill its proper economic function.* And today it is this trust which has ceased to exist, and the loss of trust is a grave loss." Therefore, "economic activity cannot solve all social problems through the simple application of *commercial logic*. This needs to be *directed towards the pursuit of the common good*, for which the political community in particular must also take responsibility. Therefore, it must be borne in mind that grave imbalances are produced when economic action, conceived merely as an engine for wealth creation, is detached from political action, conceived as a means for pursuing justice through redistribution." (par. 35-36)

The economy has three subjects; the *market*, the *state* and *civil society*. "What is needed, therefore, is a market that permits the free operation, in conditions of equal opportunity, of enterprises in pursuit of different institutional ends. Alongside profit-oriented private enterprise and the various types of public enterprise, there must be room for commercial entities, based on mutualist principles and pursuing social ends, to take root and express themselves. It is from their reciprocal encounter in the marketplace that one may expect hybrid forms of commercial behaviour to emerge, and hence an attentiveness to ways of *civilizing the economy*." (par.38)

In the same logic, "*business management cannot concern itself only with the interests of the proprietors, but must also assume responsibility for all the other stakeholders who contribute to the life of the business: the workers, the clients, the suppliers of various elements of production, the community of reference.* (...) What should be avoided is a speculative *use of financial resources* that yields to the temptation of seeking only short-term profit, without regard for the long-term sustainability of the enterprise, its benefit to the real economy and attention to the advancement, in suitable and appropriate ways, of further economic initiatives in countries in need of development." In this context, "*business enterprise involves a wide range of values*, further widening all the time. The continuing hegemony of the binary model of market-State has accustomed us to think only in terms of the private business leader bent on capitalism on the one hand, and the State director on the other. In reality, business has to be understood in an articulated way. (...) There exist various types of business enterprise, over and above the simple distinction between 'private' and 'public'. Each of them requires and expresses a specific business capacity. In order to construct an economy that will soon be in a position to serve the national and global common good, it is appropriate to take account of this broader significance of business activity. It favours cross-fertilization between different types of business activity, with shifting of competencies from the 'non-profit' world to the 'profit' world and vice versa, from the public world to that of civil society, from advanced economies to developing countries." Likewise, "*Political authority* also involves a *wide range of values* which

must not be overlooked in the process of constructing a new order of economic productivity, both socially responsible and human in scale. As well as cultivating differentiated forms of business activity on the global plane, we must also promote a dispersed political authority, effective on different levels. The integrated economy of the present day does not make the role of States redundant, but rather it commits governments to greater collaboration with one another. Both wisdom and prudence suggest not being too precipitous in declaring the demise of the State. In terms of the resolution of the current crisis, the State's role seems destined to grow, as it regains many of its competences." (par.39-41)

"The processes of globalization, suitably understood and directed, open up the unprecedented possibility of large-scale redistribution of wealth on a world-wide scale; however if badly directed, they can lead to an increase in poverty and inequality, and could even trigger a global crisis. It is necessary to *correct the malfunctions*, some of them serious, that cause new divisions between peoples and within peoples, and also to ensure that the redistribution of wealth does not come about through the redistribution or increase of poverty: a real danger if the present situation were to be badly managed.(...) . In this way it will be possible to experience and to *steer the globalization of humanity in relational terms, in terms of communion and the sharing of goods.*" (par.42)

"The traditionally valid distinction between profit-based companies and non-profit organizations can no longer do full justice to reality, or offer practical direction for the future. In recent decades a broad intermediate area has emerged between the two types of enterprise. It is made up of traditional companies which nonetheless subscribe to social aid agreements in support of underdeveloped countries, charitable foundations associated with individual companies, groups of companies oriented towards social welfare, and the diversified world of the so-called "civil economy" and the "economy of communion". This is not merely a matter of a "third sector", but of a broad new composite reality embracing the private and public spheres, one which does not exclude profit, but instead considers it a means for achieving human and social ends. Whether such companies distribute dividends or not, whether their juridical structure corresponds to one or other of the established forms, becomes secondary in relation to their willingness to view profit as a means of achieving the goal of a more humane market and society. It is to be hoped that these new kinds of enterprise will succeed in finding a suitable juridical and fiscal structure in every country.(...) *The very plurality of institutional forms of business gives rise to a market which is not only more civilized but also more competitive.*" (par.46-47)

"Today the subject of development is also closely related to the duties arising from *our relationship to the natural environment.* (...) *The way humanity treats the environment influences the way it treats itself, and vice versa.* This invites contemporary society to a serious review of its life-style (...) Every violation of solidarity and civic friendship harms the environment, just as environmental deterioration in turn upsets relations in society. Nature, especially in our time, is so integrated into the dynamics of society and culture that by now it hardly constitutes an independent variable." (par.50-51)

"Today humanity appears much more interactive than in the past: this shared sense of being close to one another must be transformed into true communion. *The development of peoples depends, above all, on recognition that the human race is a single family* working together in true communion, not simply a group of subjects who happen to live side by side." The governance of the international community relies on the joint principles of subsidiarity and solidarity.

“Subsidiarity is first and foremost a form of assistance to the human person via the autonomy of intermediate bodies. Such assistance is offered when individuals or groups are unable to accomplish something on their own, and it is always designed to achieve their emancipation, because it fosters freedom and participation through assumption of responsibility. (...) 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. (...) *The principle of subsidiarity must remain closely linked to the principle of solidarity and vice versa*, since the former without the latter gives way to social privatism, while the latter without the former gives way to paternalist social assistance that is demeaning to those in need.” (par. 57-58)

“In the face of the unrelenting growth of global interdependence, there is a strongly felt need, even in the midst of a global recession, for a reform of the *United Nations Organization*, and likewise of *economic institutions and international finance*, so that the concept of the family of nations can acquire real teeth. (...) *To manage the global economy; to revive economies hit by the crisis; to avoid any deterioration of the present crisis and the greater imbalances that would result; to bring about integral and timely disarmament, food security and peace; to guarantee the protection of the environment and to regulate migration: for all this, there is urgent need of a true world political authority (...)* Such an authority would need to be regulated by law, to observe consistently the principles of subsidiarity and solidarity, to seek to establish the common good. (...) Furthermore, such an authority would need to be universally recognized and to be vested with the effective power to ensure security for all, regard for justice, and respect for rights.” (par.67)