

Contributions to Economics

Valentina Rotondi
Paolo Santori *Editors*

Rethinking Economics Starting from the Commons

Towards an Economics of Francesco

 Springer

Contributions to Economics

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ISSN 1431-1933

ISSN 2197-7178 (electronic)

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ISBN 978-3-031-23323-4

ISBN 978-3-031-23324-1 (eBook)

<https://doi.org/10.1007/978-3-031-23324-1>

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The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

Introduction

What would happen if the economics courses taught in universities focused on the topic of the commons rather than of private goods? What if the former became the main subject of study and the latter the exception in the study of economic science? What if social business, rather than being considered a hybrid form, became the typical approach, with ethical and green finance taking over the financial sector? Is it possible to move away from the primacy of consumers to the preeminence of ethical consumers who express their daily preferences for an inclusive, sustainable, and worker-friendly economic system? These and other questions are the basis of this book, which aims to systematize the academic contribution to the development of the Economy of Francesco (henceforth EOF).

EOF is a global movement of young (under 35 years) economists, entrepreneurs, and changemakers who, in 2019, answered Pope Francis' call to gather in Assisi to rethink and change the global economy. The three pillars of the EOF are Pope Francis, with his social and economic magisterium; the Franciscan economic thought of the late Middle Ages, which is a source of precious knowledge with which to imagine a new economy; and the ideas of the young people thinking, working, and living a new economy. EOF is also a forum for youth-driven inclusive dialogue, stimulating a vibrant global change toward a new economic system, one that should serve everyone, regardless of income, gender, race, class, family, or background, and one in which everyone can thrive and feel included. To achieve this goal, EOF has been structured since the very beginning along 12 thematic "villages," i.e., working sessions rooted in topics critical for today's economy. Each thematic village contains a tension in its title, representing the already contemporary economic systems and the not-yet economy for which the movement advocates (i.e., Agriculture and Justice, Work and Care, Co2 of Inequalities, Women for Economy, Policies and Happiness, and many more).

The villages' work has produced an in-depth analysis of the biggest problems facing the current economic system, which can be summarized in a provocative but clear statement: when it comes to the safeguarding and stewarding of the Earth, as well as to the commons and relational goods, capitalism does not work; its careless

exploitation of resources and short-sighted policies that look to immediate success/profit without prospects for the long term, as well as its rationality based on the search for individual well-being, lead to a lack of care for the planet and the commons and a misunderstanding of how to allow human flourishing. If we constantly feel we are owners and masters of the Earth, we will continually destroy it. Conversely, the sooner we learn how to use the commons without owning them, the better we become custodians of our only planet.

With this book, we want to offer the reader a relatively novel view of the commons based on the expertise built within EOF. To do so, we will present our analysis along three pillars: Franciscan economic thought and institutions, Pope Francis' teachings, and some of the topics grounded in the works of the EOF villages. The book should be read while keeping in mind the methodological choice made by the editors. We know that the common good is not the sum of individual goods. Accordingly, the knowledge we are sharing through this book is not simply the sum of the abstracts of the chapters of the outstanding scholars included here. In an attempt to build an international and intergenerational research community of scholars that can grow over time, and because we take seriously the assumption that a community must be greater than the sum of its many individuals, we believe there is no knowledge without dialogue. For this reason, this book has a peculiar structure: it includes the contributions of prominent and internationally recognized scholars, which are integrated and discussed by young colleagues and which provide a fresh analysis, along with a glimmer of hope (concrete and rigorous hope) for the future. Accordingly, if some contributions are more academically oriented, others are more oriented toward scientific divulgation.

Let us get to the contents of this book. Why do we want to rethink economics starting from the commons?

The commons, explains Bruni, have gradually become scarce and crucial, and they are still too absent from the culture and practices of economics and politics. Common goods made their first appearance in economics in 1911. After a long eclipse, they returned to the fore at the end of the past century thanks to the work of Nobel Prize Laureate Elinor Ostrom. Commons can be conceptualized as relationships between people, as mediated by goods. A capitalist economy must work hard to understand commons because, generally speaking, it has so far not addressed problems from a historical or geographical perspective; rather, it has seen distinct individuals instead of relationships, and it has defined its boundaries entirely within the register of male rationality. Therefore, without attention to the relational dimension of life and the economy and without relationships that transcend time and generations, the commons cannot be seen and understood, and ultimately perish.

Why is capitalism not enough if we want to safeguard the commons?

According to Nelson, Rotondi, and Santori, contemporary capitalist economies are intrinsically based on greed, private property, and competition. To save life on the planet from extinction, we may think we need to shift to a radically different economy of pure altruism, sharing, and cooperation. Yet, perhaps the way we have been trained to think about economics blinds us to opportunities that are not apparent in the two poles of pure self-interest and pure altruism. Indeed, the biased dogmas

favored by mainstream economics might have distorted our thinking. The neglect of nature, the care provided to vulnerable humans (mostly, to date, by women), and the commons in neoclassical “chalkboard economics” have been deliberate. However, if we study real-world economies, we find they are complex social, political, and environmentally embedded systems, and none could last a day without the elements of care and trust. Our first step toward building economies that sustainably provide for the survival and flourishing of life must involve a re-examination of how we think about “economic actors” and the kind of behavior suitable for the “economic sphere.”

Where can we find a source of inspiration to enlighten this new economic paradigm?

A valuable source of inspiration for EOF—and one of its pillars—is St. Francis and the Franciscan economy. There is a deep and mysterious link between St. Francis’ choice of voluntary poverty and the development of economic ideas and institutions by the Franciscans. Todeschini has contributed to this book by bringing to light the role played by the Franciscans between the twelfth and thirteenth centuries. Todeschini’s contribution, on the one hand, portrays the alliance between Franciscan thinkers and merchants (Franciscan wealth) and, on the other, demonstrates the moral costs of the market economy, such as the exclusion of the poor, Jews, and heretics (to mention a few) from the community of merchants.

The book continues by presenting two examples where the tragedy of the commons and the opportunities for a change of paradigm are highly evident: the world of finance (contribution by Edmans) and the cities in which we live (contribution by Granata). Edmans critically examines the case for purposeful business, using rigorous evidence and real-life examples to show what works—and, importantly, what does not—while also uncovering practical ways for businesses of all sizes to put purpose into practice, as well as how investors and citizens can play their part. In the same vein, Granata offers examples of cities (commons that house commons) as places of rebirth and social, cultural, and economic biodiversity, where every crisis can be turned into a chance for change.

However, a question remains: rethinking economics starting from the commons means initiating a process that goes from theory to practice and vice versa—how should this process be structured?

Alkire and Richie identify five strategies that were used by free marketeers that offer lessons to those of us who know to develop and promote the “economics of Francesco,” the theoretical basis on which EOF will be built. This new economics and economy, Comim and Sachs suggest, should promote a new global ethics wherein moral sentiments and virtues are the building blocks. The book ends with the contribution of Pizzaballa, outlining the current context of globalization and the related challenges, while also introducing the themes of faith, peace, universal fraternity, and the urgency—invoked by Pope Francis—of a new economy based on a “new man.” It does so with a special focus on the “warm” context of the Middle East, where the need for interreligious and intercultural dialogue is particularly salient.

We have just described half of the contributions of this book. The other half, as clarified, consists of the commentaries of some of the young economists who comprise the EOF community. Each chapter is the collective work of two or three people who have in common mostly a belonging to EOF and what this belonging entails. They wrote additions, critiques, and reflections on the papers and topics we briefly summarized. Each of their contributions is also, implicitly, a response to the letter through which Pope Francis called them to create the EOF community:

Dear young people, I know that you can hear in your hearts the ever more anguished plea of the earth and its poor, who cry out for help and for responsibility, for people who will respond and not turn away [. . .] Your universities, your businesses, and your organizations are workshops of hope for creating new ways of understanding the economy and progress, for combating the culture of waste, for giving voice to those who have none, and for proposing new styles of life. Only when our economic and social system no longer produces even a single victim, a single person cast aside, will we be able to celebrate the feast of universal fraternity [. . .]. With you, and through you, I will appeal to some of our best economists and entrepreneurs, who are already working on the global level to create an economy consistent with these ideals. I am confident that they will respond, and I am confident, above all, in you young people, who are capable of dreaming and who are prepared to build—with the help of God—a more just and beautiful world.

To rethink the economy, we must rethink economics by placing the commons at the center. In addition, to deal with the commons, we must begin listening to and hearing the voices and ideas of the young people whose futures are in danger due to the current economic and environmental situation. In line with the Pope, we invite the reader to offer the same attention to the contributions of distinguished scholars and those of the young EOF economists. The economy of Francesco lives and grows within this generative dialogue.

A basic EOF principle, born from the overlapping of Pope Francis' ideas, Franciscan economic thought, and young economists and entrepreneurs' thoughts, is that every economic system, practice, and theory should place those excluded from the current global economic system at its center. Put it differently: the aim of every economy, its *telos*, should be the social inclusion of the excluded. EOF was born from a question: who are excluded from capitalism? The answers are globally applicable: poor people, the least advantaged, those marginalized from productive and distributive processes, and the environment, seen as a sterile background or a source to exploit. The list could go on. We can also mention women in the workplace, as well as some topics from economic theory (we have, as mentioned, thousands of courses in microeconomics focused on the private goods, but few, if any, on the common good). To them, for them, and with them, EOF wants to build a fraternal economy where sustainable development and social and environmental justice go hand in hand. Francis of Assisi's life followed the very same direction with his choice of voluntary poverty (aimed at freeing others from non-chosen poverty). Franciscan institutions, including the Monti di Pietà, proto forms of banks that resemble contemporary microcredit, aimed directly at freeing people from the tragic dichotomy between poverty and usury. EOF gathered people who, in academia, as

well as in their enterprises and civil society, are already working so this different economy can emerge and substitute capitalism. We hope reading this book will bring the reader at least some of this spirit of renewal that blows through EOF and its vibrant community.

Acknowledgment

A proper acknowledgment to all the people working, believing, and supporting EOF would require an entire separate book. That said, we are grateful to the contributors to this volume for their diligence and generosity. Moreover, we thank Springer Nature and its editors for supporting us in all the steps of the publication process. A heartfelt thanks to Maria Gaglione, Chiara Pancino, Francesca Giglio, Lourdes Hercules, Aiza Asi, and all the EOF staff who tirelessly put themselves at the service of a diverse and sometimes difficult-to-manage community. To them, we extend our sincere thanks and immense gratitude. Thanks to Luigino Bruni for continuing to believe in EOF and for walking side by side with the young economists, entrepreneurs, and change-makers on this long path. Thanks also to all the speakers of the EOF schools and all the tutors of the EOF Academy for the services rendered to the common good. Thanks to all the members of the EOF community, those who have been there since the beginning, and those who have just joined: this journey is generative thanks to your dedication. Finally, thanks to our families, who allowed us to work on this publishing project in our spare time. Thank you because this book is also your gift to us all.

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Economics and the Commons: History, Tragedies, and Some Exercises



Luigino Bruni

In Nonantola, near Modena, there is still an association among the Uomini del comune—note the antiquated word uomini (men) for inhabitants—for the cultivation of extensive farms belonging to the community: another well-preserved fragment of ancient collective property. (Achille Loria 1909)

Abstract Economic science has traditionally neglected the topic of commons mainly due to its individualist methodological framework. Commons are goods (such as the environment or the condominium staircase) consumed simultaneously by several people and where one person’s consumption reduces the consumption of another. When commons are present, the so-called “tragedy of the commons,” highlighted by biologist Hardin in 1968, could occur. The article is a brief history of the idea of commons in economics and proposes some hypotheses for solving the commons problem.

1 Introduction

One can go mushrooming only on set days. Even on lucky days, you cannot be greedy: residents cannot pick more than 5 kg of mushrooms, and non-residents no more than 3. Mushrooms must be picked in their entirety. When picking, it is advisable to extract the mushrooms with a slight rotation, cover the small cavity produced in the ground, and clean the mushroom on the spot with the help of a knife: in order not to impoverish the nutrient layers of the earth to the advantage of the whole forest. . . .

This is what you can read in one of the many municipal regulations on the collection of mushrooms. What is the meaning of these rules? Why are such detailed rules necessary, and is the intelligence and rationality of individuals insufficient? And

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why when these rules are not respected, as in the case of the collection of mushrooms, or black and white prized truffles, over the years, the forest floor deteriorates, the truffle beds become impoverished and dry, leading entire areas to the end of the collection of truffles? This is a simple and practical example to enter the theme of the commons, their nature, and their possible destruction.

With the third millennium, we are entering the era of the commons: i.e., a phase in the history of humanity that is both unprecedented (due to the dimensions of the problem) and ancient (as it resembles the time when the economic resources of the communities of gatherers and hunters were managed communally by the groups). Today, and even more so in the future, the economic and social goods that are decisive for the quality of life on earth (and perhaps for its sheer survival) are goods that many (or even all) of us use jointly (e.g., the ozone layer). Those goods are subject to laws substantially different from those regulating the production and consumption of private goods, i.e., those goods extensively studied by the economic science of the last two centuries. In this new-ancient era, the rule will be common goods, and the exception will be private goods.

The basic idea of the relationship between private consumption/common good on which economic science was founded was (more or less) the following: a civil society where each person pursues their interests functions typically well (or better when compared to other systems). The care for one's interests is, in fact, an expression of civil virtue. If, for example, each citizen of Milan takes care of their children's education, performs their job well, tidies up their garden, and pays taxes to finance the production of public goods (that is if, in Milan, we have many "prudent men," as Adam Smith used to call them), then automatically the city is virtuous. This is, in its essence, the idea contained in the most famous metaphor of economic thought, that of Smith's "invisible hand": everyone pursues private interests, and society providentially finds itself with the common good. Also for this reason, and in contrast with the moralists preceding and contemporary to him (i.e., Mandeville or Rousseau), for Smith, self-interest is not a vice but a virtue: the virtue of prudence. This "semantic" operation (the fact that the same word, self-interest, changed its moral meaning by passing from being a vice to being a virtue) was the basis of the ethical legitimation of the nascent discipline of political economy, which, we must never forget, played an important role in civilizing the world, if we compare it with the feudal regime.

A severe issue, however, arises. The ethical legitimacy of exchange and this virtuous vision of interest (seen as an expression of prudence) have worked and work in simple societies, where the good of the individual is also directly the good of all and where goods are mainly private: washing machines, sandwiches, shoes, and computers. However, when the most important and strategic economic goods for us and our grandchildren, for the poorest and other species, are non-renewable energies, forests, lakes, the sea, environmental goods, water, landfills, but also the management of a condominium, or coexistence in multi-ethnic cities, the matter becomes complicated. In other words, it happens that the virtue of prudence is no longer automatically a virtue of the market since it is no longer true that seeking private

interest also produces common goods, and individual goods might produce a “common bad”.

The most remarkable change in globalized and post-modern societies has precisely to do with the theme of common goods, which are becoming the rule rather than the exception. We have entered the age of the commons. Today the quality of socio-economic development and human flourishing still depend on shoes, refrigerators, and washing machines (the classic private goods), but much more on common goods (or evils) such as greenhouse gases, the exploitation of natural resources, or the stock of trust in the financial markets,¹ on which private goods also depend.

It is now apparent that the strategic common goods of humanity (from energy to water, from the environment to security, from forests to oceans) are increasingly decisive and, therefore, subject to tensions. Suppose we cannot invent new systems that keep freedom and common goods together. We can, and must, look for new ways. In that case, the significant risk is that we will give up one of the two poles of tension, either individual freedom or common goods themselves, an unfortunate scenario.

2 A Bit of History

The history of the theory of the commons within economics has a female glance. Indeed, the first author to write about the commons was Katharine Coman in 1911. Coman’s article on water and irrigation opened the first issue of the *American Economic Review* (today the most prestigious journal of economic theory), while the first woman to receive the Nobel Prize in economics was Elinor Ostrom for her research on the commons. So far, the alpha and omega of the history of the economic theory of the commons are women. The economic theory of the commons seems to be inextricably linked to women, perhaps given the long-term friendship and familiarity between the feminine genius and the *oikos* (a Greek word for home) that is so crucial for humanity and that probably led both these scholars to deal with the commons.

Coman’s pioneering article remained isolated for some 40 years. Since the mid-nineteenth century, the brief and all-too-small history of the theory of the commons within economics has been deeply intertwined with the theoretical strand of public goods theory on the one hand and of game theory on the other hand, which has taken up and strengthened the theme since Hardin’s classic article in 1968. But—and this is a crucial point—both the theory of public goods and the language of game theory have not helped to understand the specifics of the problem of the commons, as I will try to show. However, both have something important to say to those who today deal with the commons from various disciplinary perspectives.

¹The financial crisis can, indeed, also be read as a tragedy of the collective good “trust”.

In 1954, the great American economist Paul Samuelson wrote a brief (three pages long) paper in which he relaunched the theme of public goods among theoretical economists. In particular, the issue of their optimal “supply” introduces the first paradox that economic science encounters (due to its individualistic foundation, I would add) when dealing with non-private goods. It thus introduces the fundamental distinction, as of today, between private goods and public goods, based on the two characteristics of excludability and rivalry that the consumption of private but not public goods has. The main characteristic of public goods is that everyone who consumes or uses a public good use the same amount regardless of how much they individually appreciate them. The problem highlighted by Samuelson arises from here: What is the optimal strategy for financing public goods? If the State or any other agent that wants to produce them wants to make everyone pay according to how much they subjectively appreciate that good, it would have to know the preferences of every user/consumer, which in fact, as Samuelson states, is impossible (p. 379). Hence the tendency in self-interested and rational (in the economic sense) individuals not to pay to produce public goods given that the consumption of the good is the same for everyone, irrespective of how much each person appreciates the good and pays for it. Hence the ‘market failure’ in the presence of public goods because no one can guarantee that the price each citizen pays for the use of the public good is efficient and, therefore, that the quantity of public goods offered is optimal. And even if it is the State that produces these public goods, there is no guarantee that the taxes everyone pays are efficient (and fair).

This first foundation of the theory of public goods has, therefore, the following characteristics:

- The problem lies in the production or supply of public goods;
- The critical aspect is related to the failure of the market mechanism: spontaneous order or the invisible hand does not work when goods are public;
- There is an implicit association between public good and State supply of this type of good (the topic of the article is public spending), since the private market fails.

In this strand of studies already opened with authority by Samuelson, the biologist Hardin enters in 1968, with his “The tragedy of commons”, an article published in the prestigious journal “Science”.

It suffices to read this article to understand that Samuelson’s problem and Hardin’s are very different in grammar and semantics.

3 Hardin and His Tragedy

Hardin begins his analysis with the assertion that in managing many collective phenomena, there are situations that he calls tragedies or tragic choices. The Greek word, tragedy, in its original meaning, indicates those situations in which there is no optimal solution because every option involves high costs, i.e., in a tragedy, there is no optimal choice for everyone and in every situation. In the case of the commons,

the tragedy is the conflict between individuals' freedom and the preservation of common resources, i.e., those resources on which the survival of our communities depends and that allow us to live (such as the environment or water). Hardin's goal, as well as Samuelson's, is to refute Smith's invisible hand when it comes to public or common goods.

The theoretical center of the article, whose first intuition was already present in a pamphlet of 1833 by mathematician H. Lloyd, is based on the parable in which the protagonist is a hypothetical community of farmers,² who use a pasture together, in which each one freely takes his own cows to graze. Hardin showed that the best choice from the point of view of the individual or, better, purely economic interest of each farmer is to increase the number of cattle grazing by one unit. In this case, in fact, the benefit to the individual herder is +1 (one more cow) while the decrease in the common good (the grass of the pasture) is only a fraction of -1 , because the loss of grass is spread over all the farmers who use the pasture.

Thus, the individual benefit of increasing the use of the common good is greater than the individual cost. Hence the individual incentive to increase the number of grazing livestock more and more, up to the destruction of the pasture itself unless something that limits individual freedom, i.e., something other than this typically individualistic and self-interested (and in the long run short-sighted) logic, happens. In other words, it is as, in making their individual choices, the users of the pasture do not consider the reduction of the common good (the grass of the pasture) that their consumption produces: they look at the individual benefit, and do not realize that they are, day after day, destroying the common good (the pasture) which in the long run will prevent them from obtaining the individual benefit as well.

It is only when a "critical threshold" is crossed that individual perception arrives. Still, it is often too late because what happens is that, paradoxically, the race to hoard that resource that is now destined to be increasingly scarce increases even more, thus ending up in a worse situation both individually and collectively unless something happens.

Ostrom (1990), in contrast with Hardin (1968), tells us many stories in which the communities were instead able to stop on time, coordinate, limit individual freedom and thus not tragically collapse, without anyone individually planning the collapse. Ostrom is, above all, interested in showing the reasons that lead populations to conserve the commons—and therefore, she distances herself from Hardin because of her general worldview (influenced by neo-Malthusianism and deep pessimism about the moral capacity of human beings). The story is more complex than the one told by Hardin (and by all the theoretical models), but we must not forget that many other stories are well described by Hardin and his tragedies of the foolish peasants. The value of Hardin's tragedy is that of having outlined a horizon. Social norms, laws, ancient traditions, and customs could often be read as tools that civilizations invented to avoid collapsing and self-destructing. This scenario can occur whenever one is dealing with the commons and when it triggers rationality of the self that is

²Not a fishermen, as Mattei says on page 4, where there is also a strange reference to Ricardo.

incapable of trust and cooperation with others. But it is necessary to read Hardin and his tragedy with Ostrom and her history of good practices for conserving the commons because we can only avoid being ideological or romantic (from the Roussonian age when men loved and safeguarded the commons without egoism and irrationality).

After Hardin's analysis, the difference between Lloyd-Hardin's theory of commons and Samuelson's theory of public goods (and the current microeconomics) is evident. If we read economic texts, we find a distinction: the commons is considered a species, or a subset, of the public good, characterized, unlike the public good, by rivalry in consumption (although it remains not excludable, hence the tragedy). The story is, however, more complex, and the differences are more profound. The central problem in the economic theory of public goods is that, when relying only on economic rationality and market exchanges, public goods are underprovided because of the well-known mechanism of free riding. Hardin's problem (or tragedy), on the other hand, is the destruction of existing common goods. Economic theory describes both situations as prisoner dilemmas. Destruction thus becomes the dual of non-production. However, the semantics and messages are different. The common goods, as for Hardin, are common resources that cannot easily be "reproduced" once destroyed because they are non-renewable resources. These include the natural environment, trust between people, community relations, and ancient conventions, which cannot be rebuilt once destroyed.

4 The Crossing of Game Theory

A third passage in the relationship between economic science and the commons has to do with game theory, which has offered its powerful grammar to understand where the problem is and has also attempted some solutions. However, as we shall see, they are partial.

Already in the very first years after Hardin's article, in the early seventies, some economists translated the tragedy of the commons into the language of Game Theory. Those economists showed that Hardin's tragedy was, in essence, a Prisoner's Dilemma with n players: that is, there is a rational strategy for the individual to maximize his utility, but if followed by all other rational agents, it produces inefficient results both collectively and individually. This 'translation' has improved the grammar and syntax of the problem (it describes it better). Still, it has not helped the semantics since the relationship with the historical issues underneath that game is quickly and easily lost. In the Prisoner's Dilemma the number of players is not a relevant dimension because the dilemma emerges with only two people. This constitutes one of the reasons that make me doubt the use of the Prisoner's Dilemma to understand the tragedy of the commons. In other words, four strands of research started around the 1960s: Hardin (tragedy of the commons), M. Olson (1965) (logic of collective action), Game Theory (Prisoner's Dilemma), and Public Goods Theory (with the theme of free-riding), which have traits in common (the difficulty of people

Table 1 The tragedy of the commons described as a Prisoner Dilemma

Anna/Bruno	Limits	No limits
Limits	3,3	1,4
No limits	4,1	2,2

united by common interests actually to achieve the good of the group or common good), but also many points of diversity, which today are all merged in many microeconomics books.

To enter the well-known logic of the Prisoner's Dilemma, let us consider the hypothetical case of Anna and Bruno, two anglers from the same lake. Suppose they are already at the stage where they realize they have passed a critical threshold and begin to perceive that the fish are diminishing. How would they reason? Assume that they both know that: if they limit their fishing together the fish in the lake will be able to reproduce again and they will have fish in the future (they have a short-term cost, limiting themselves, but a long-term benefit: they each get, say, 3 points); if no one limits fishing, in a short time the fish will be too scarce for everyone (they each get 2 points); if the other (Anna) does not limit fishing and Bruno limits it, Bruno gives up the fish today and Anna will have an individual advantage in the short run (because she will also fish Bruno's fish) and in the long run. This reasoning works better if we think that Anna is the only one who does not reduce fishing while all other fishermen (B) reduce it by limiting themselves: in this case she would have only benefits (short and long) without costs: Anna would get 4 points (where $4 > 3$), i.e. collective benefits without individual costs, since the limitation of others would not produce the destruction of the common resource, the fish). As a consequence of this, in this case Bruno will get only one point, because if only he were to limit himself (and all the others [A], don't) the fish tomorrow will be exhausted, and he today will not have caught even a part of the little fish still left.

Note, then, to understand the dilemma that individually, each agent prefers "all limit" to "none limit," yet rationally collapses to "none limit" (2,2). If they both share the same culture, i.e., if they both have this same preference structure, the two will not limit themselves, thus each getting 2 points (and not three if they had limited themselves together). In our example (depicted in Table 1), each of the anglers will overfish, and doing so will soon lead to the end of the commons.

5 The Tragedy of the Commons Described as a Prisoner's Dilemma

The Nash Equilibrium of the game will be the pair of strategies: I do not limit myself/ I do not limit myself, associated with the payoffs (2,2). However, this outcome represents a dilemma because the two would have preferred cooperation (3,3), which would have been a better outcome collectively but also individually (since for both players $2 < 3$).

Table 2 The tragedy of the commons described as a Stag Hunt

Anna/Bruno	Limits	No limits
Limits	4,4	0,2
No limits	2,0	2,2

If we describe the tragedy of the commons as a Prisoner's Dilemma (with many players) then the first solution that pops into mind is the repetition of the game, when the future horizon of the game is undefined (i.e., we do not know when the game ends). In particular it is stated that based on learning from past "tragedies", if individuals are not short-sighted, prisoners have the self-interest and incentive to "get out of jail" and cooperate without the need for legal or external enforcement (judges, courts...). This solution does not seem particularly useful (though not entirely to be discarded) for understanding the history of how real communities resolve the tragedies of the commons.

As a development of this individualistic and 'rational' vision-solution, there is the proposal to privatize the collective good by dividing it into many private fractions. In reality, the subdivision of the forest into many individual parts is not to be demonized or always criticized as anti-social: think of the many cases of the management of common goods even in some areas of Trentino or Emilia Romagna, where woods and lands are managed with systems that are a combination of community elements and individual elements (each family has a piece of the common good, but for the division and use of woods and lands, and their profits, more community criteria are followed). The crucial point, however, is that many crucial common goods (from ozone to water) are not "divisible", and therefore collective solutions to the problem must be found.

There are, in fact, other possible solutions, which we will see in the next paragraph.

First, however, it is worth mentioning that we could improve the semantics of game theory applied to the Tragedy of the Commons by using it with other games, such as the "Deer Hunt" (see Table 2). In this game, whose logical structure even goes back to a text by J.J. Rousseau on the *Origin of Inequality among Men*, when the philosopher from Geneva describes a problem of cooperation faced by two (or more) deer hunters in the pre-modern society. Hunting deer requires cooperation and thus necessitates joint action, in which the part of others is essential for each to achieve his goal. The reciprocity required by hunting a certain then has an uncertain outcome (the part of the others is not controllable by me: there is no possibility of coercively executing the contract), while hunting a small hare by oneself is a certain operation, albeit less profitable than the deer: the certainty of hunting a hare is given by the fact that this action does not require cooperation with others. The structure of such a game is thus as follows:

6 Tragedy of the Commons as a Stag Hunt Game

Deciding to chase and hunt the hare one encounters while following the deer's trail therefore produces a smaller but certain outcome (payoff equal to 2); doing, instead, one's own part in hunting the deer, and resisting the temptation to take the sure hare that crosses my path while I head for the communal hunting post, produces a greater outcome (4), but only if the others are also faithful to the agreement and do not in turn chase a hare. In this second and sad case those who instead continue to unilaterally follow the deer will not be able (due to their production "technology") to hunt it alone, and will end up empty handed (0). Thus loyalty to the initial pact is more rewarding but more fragile, because, unlike hare hunting, it depends entirely and dramatically on the choices of the other.

Such a game is different from a Prisoner's Dilemma for at least two reasons. First, here we have not one but two equilibria: hare/hare [(2,2)] and deer/deer [(4,4)], which means that it pays to hunt hare if the other hunts hare, and to hunt deer if the other hunts deer. Hare/Hare is a better equilibrium if we take risk as a variable, since 2 is smaller than 4 but is certain; the Deer/Deer equilibrium is very good if instead we look at the outcomes (the payoffs), which are superior but risky. The second reason is that in such a game the highest payoff (4) is not obtained by those who take advantage of the cooperation of others (free riding, as happens instead in the Prisoner's Dilemma), but the maximum payoff goes to the risky mutual cooperation. Why do I prefer (unlike most economics texts) a Deer Hunt to Prisoner's Dilemma to describe the tragedy of the commons?

First, because this game highlights more the true nature of free cooperation between human beings, which is more rewarding than opportunism but also relationally more risky: here cooperating is not individually irrational as in a Prisoner's Dilemma: it is just more risky and fragile, being tied to the response of others that we do not control, as long as it remains free. Moreover, the relational structure of the Deer Hunt better renders the idea of the stability (because it is a balance) of free cooperation once it is selected: if we start with (4,4) there is no incentive to deviate either individually or collectively from mutual cooperation, as the happy histories of those conventions that once evolutionarily established, last for centuries show us.

In what remains of this chapter, however, while losing something, we will continue to use the Prisoner's Dilemma as our base game, for reasons of continuity with the vast majority of economic analyses of the commons, because either game is appropriate for the ideas we will try to express in the next few pages. However, it is worth keeping in mind that the history of the description of the Tragedy of the Commons is more complex than a Prisoner's Dilemma.

In the next section we consider other solutions to the tragedy of commons.

7 The Social Contract and Individual Ethics

The other two classic solutions are the social contract (à la Hobbes: an artificial pact creates a “Leviathan”) and individual ethics.

The Hobbesian solution focuses on the state (which creates a system of sanctions and institutions to implement them): rational subjects understand that if they do not self-limit individual freedom, they cannot coordinate among themselves, get out of the tragedy and achieve a better result for all.

So, with a social contract they create the Leviathan—at the price of individual freedom. The decisive problem (which adds up to the surrender of freedom) that goes against this solution is that in today’s most relevant commons it cannot be implemented, since given their global nature there is no global social contract and no global Leviathan (and fortunately so). Who can create an enforcement system today to enforce covenants that may have been made by the world’s great powers? The failures of agreements on CO2 emissions, ocean floor exploitation and international public goods are far more eloquent facts than any theoretical discourse.

The third solution points, also as a reaction to the distrust of top-down solutions, to individual ethics (whether Kantian or of other inspiration), where the subject internalizes the ethical norm (“do not pollute the environment”, for example) and follows it because he knows that, once the norm is internalized, he is happier following that given moral conduct. This solution, which is not alternative but complementary to the first one (although complementarity is not automatic), consists in the formation of an individual ethics in which subjects attribute an intrinsic value to the choice of limiting their consumption of common goods (a value that is added to the “matrix” of the game).

If we measure this intrinsic value with ϵ , and if this value is large enough (>1 with our payoffs), a subject may decide to limit consumption of the commons, even if he or she were the only one to do so, as we note in Table 3.

In this case, Anna has an environmental ethic, and cooperates (limits herself in her consumption of the commons), even if she were the only one doing so (without Bruno). At the same time, Anna’s outcomes depend on Bruno’s response: in terms of material outcomes (our payoffs) she will indeed get 1 or 4 depending on Bruno’s behavior. The intrinsic reward (ϵ) makes her cooperative choice unconditional, but the response of others conditions the outcome she gets: in other works I have called this kind of logic “unconditional reciprocity”: when intrinsic motivations are strong, one does not depend on others in the choice, but one depends on others in the outcomes.

Individual ethics is certainly important, and is coessential, but today a further step is still needed. In this solution (which is still very important, and co-essential in any

Table 3 The game of intrinsic rewards

Anna/Bruno	Si Limita	Non Si Limita
Si Limita	3 + ϵ ,3	1 + ϵ ,4
Non Si Limita	4,1	2,2

serious solution to the commons problem) the center is the individual, while in the second, it is the state.

What is missing in this story of possible solutions? The great absentee is civil society, which is a reality that we can define neither as State, nor market (self-interested or capitalistic), nor purely as a sum of individual-private affairs.

What does it mean, then, to take civil society seriously in the issue of water and more generally of the commons? To this question I dedicate the last part of this note chapter.

8 The “We” Rationality

To say culture, is not only to change individual values, but to move to a different perception of the problem, one that focuses on “us”. Another role of culture consists not only in forming individuals with intrinsic values, but in forming a “common” vision of the problem: it starts from the awareness of a link between people and reasons in terms of “we”.

Look at Table 4: If Anna reasons in terms of “we”, she may prefer to always limit herself, since whether Bruno limits himself or not, the “sum” of cooperation is always greater: $6(3 + 3) > 4(2+2)$, but also $5(4 + 1) > 4$. Here the sum of payoffs is interpreted as a measurement of the common good, as a kind of collective welfare function that coincides with the individual welfare function, as suggested by the English economists Michael Bacharach or Robert Sugden with their theory of we-rationality. The typical reasoning of those who look at the world from the perspective of “us” is the following: “better me than no one”: although I know I risk being exploited by the free-riding of others, I prefer my sole contribution to the common good than the situation in which no one contributes, while hoping that reciprocity will be triggered.

Obviously if in people there is both the intrinsic reward ϵ and the “frame” us, it is even easier to trigger cooperation. In people’s lives, however, it often happens that as the years go by, the ϵ may decrease, but with maturity the sense of we (the good of the community) increases.

A question: How many “we” subjects (and/or the subjects who always cooperate, for the ϵ) should there be? From studies of game theory, we now know that if two pre-conditions occur: (1) if there are some who have a very high ϵ value (who resist “crises” for longer), and (2) if the “we” cooperators are somewhat sophisticated (e.g., they punish altruistically and not too expensively), then it is possible for a small proportion of “we” subjects to “invade” a large population over time. Indeed, we know from history that cultural change is often the result of highly motivated and

Table 4 Thinking as a we

Anna/Bruno	Limits	No limits
Limits	3,3	1,4
No limits	4,1	2,2

trained minorities. Obviously, the legal, social, institutional, and political systems greatly influence both the individual ε and the “we” frame.

9 The Role of Civil Society

Amartya Sen, probably the most influential political economist today in the field of environmental policies and human rights, pointed out that in the issue of “global commons”, such as water, “the important problem is that industrialized countries use a disproportionately larger share of what they call the global commons, i.e., the assets of air, water, and other natural resources that we all collectively enjoy” (Sen 2010, p. 565). It is clear, as we mentioned in the previous paragraph, that especially for the global commons, the Hobbesian solution of the State sanctioning transgressors is not implementable. This is not to say that the heads of government (and above all, those who vote for these heads, often very short-sighted) should not do everything possible to arrive at a global social pact with sanctions, but this does not seem the simplest solution, nor the only one. But there is more: the users of the global commons are now billions of people independent of each other (not heads of government), where each maximizes their own objectives: coordinating and limiting all these people is difficult, if not impossible. From this perspective, the individual ethical and educational dimension is important, although not even this alone can be the solution.

Yet something must be done, since a new global social pact between equal and free citizens (and not only those of the G20, but potentially all of them) who limit themselves in the use of common resources is too urgent. It would be a different pact from the Hobbesian one (which tends to be illiberal) or the one made by the “leaders” (of government, family, clan): the new world social pact should be a pact of fraternity, which comes after equality and freedom: the latter have been the great conquest of modernity, creating democracy, rights. . . , but they are, by themselves, proving incapable of managing the common goods on which much, perhaps almost everything, of the present and the future will depend. *Liberté* and *égalité* say individual; *fraternité* is the principle of modernity that says link between people, and without links, without recognizing that we are linked to each other because we insist on the same common resources, we cannot get out of the tragedy of the commons.

This has very concrete implications. If we want water, public land, parks and many commons to be managed neither only by the State nor only by the for-profit or capitalist market (for the reasons just mentioned), then we need to recognize and assign an important place to civil society, also in the field of economy and enterprise.

I am convinced that a shared solution to this crucial issue will not be found until we give centrality to this “excluded third party”, civil society and its expressions, including economic ones. Why, in fact, not imagine and then implement a solution for water management similar to the one that has emerged from civil society on the issues of care, discomfort, mental illness? Thirty years ago, the management of these

sectors, which are other forms of common goods, was totally in the hands of the State (and families); today, a large part of these services are in the hands of thousands of social cooperatives that manage these ethically and relationally sensitive services in an efficient way (i.e. market), but without having profit as a motive. This is the so-called social or civil enterprise, i.e., a subject that is motivated by social and solidarity goals, but whose purpose is not profit. Therefore, civil society has been able to express social entrepreneurs, who, without expecting large returns on invested capital, have wanted and been able to use their entrepreneurial talent to manage common goods (entrepreneurs are essential to efficiently manage scarce resources). And all this has been possible (in the most virtuous cases, not all of course) thanks to a new alliance or pact between the market, the public and civil society: the public is well present, but is an equal partner with entrepreneurs and the community.

For many common goods, we will have to imagine a similar solution: creating, with appropriate laws (as happened in 1991 with the law for social cooperation in Italy), new social enterprises for water management that are the result of an alliance between the public, businesses and civil society. This does not mean prohibiting by law the profits of social enterprises (also because significant capital will be needed), but setting limits to them (we are not talking about “nonprofit” but “low profit” enterprises), providing pluralistic governance with more subjects involved in decisions, establishing deep links with local communities interested in water management. Social enterprise, which some call community or communal enterprise, is the solution to the management of common goods: not only water but also public land in cities (parking lots), energy, the environment, a solution perfectly in line with the principle of subsidiarity.

10 Conclusions

History has known many moments in which communities, societies, peoples have been placed in front of the crossroads that separates fraternity from fratricide, two roads always bordering and intertwined, since the time of Cain. Sometimes we have chosen the direction of fraternity, others, perhaps the majority, that of fratricide. Today the crossroads is still in front of us, and everything must be done to ensure that the direction is that of fraternity. The very future of our species is at stake, and perhaps we are still in time to take the right direction. But how? The answer remains, inevitably, open. The civic message I have entrusted to these pages, however, is twofold. From a first perspective, we must conclude that if we want to get out of the dilemmas and tragedy of non-cooperation (by doing harm to ourselves), we need to develop multidimensional strategies: a new pact and clear, fair, expressive and shared rules, strengthen and cultivate individual motivations (the ϵ never take them for granted, develop (also with appropriate incentives, rewards and governance choices) a “culture of us”.

At the same time, albeit quietly, I have also proposed a second element: we must recognize that we cannot escape from the traps of non-cooperation and mistrust, if we do not give the category of “vulnerability” the right to citizenship in civil and economic life and in organizations. True reciprocity arises only from the recognition of mutual vulnerability, since one gets out of the tragedy of the commons by accepting the fact that from the great tragedies, which could become deadly, one gets out by accepting and incorporating the small and daily tragedies of betrayed reciprocity, of the missed and inevitable responses of others, those “good pains”, as Martha Nussbaum (1996) says, on which the flowering of existence necessarily depends.

A final passage concerns the earth and nature. I opened this paper by saying that classical political economy, that of Smith, Ricardo and Mill, did not have the commons at the center of their thinking, and therefore did not provide economists who developed economic science with adequate theoretical and cultural categories to understand the commons, and indicate perspectives for their safeguarding. This remains true, but it is enough not to think that the mainstream economic science of the twentieth and contemporary centuries has better ones: it has introduced public goods and the commons, but little has this introduction served to prevent economists from being, as a scientific community, the least sensitive to environmental issues, and the most determined to maintain, even in the midst of an environmental and economic crisis, that economic rationality is the only rationality possible to obtain good results in life. Ostrom moves in another direction, and we need to continue down that road.

One of the reasons that has prevented classical and neoclassical economics from understanding the commons is that it has expelled land from its theoretical horizon. In the classical paradigm, for example, land was present: not only because it had been the basis of one of the most important and influential economic schools of the eighteenth century (the Physiocrats), but because throughout the nineteenth century land was considered a fundamental economic factor, no less crucial than capital and labor. Gradually, the land disappeared from the scene and has not yet returned, and an economy that no longer sees the land and territories cannot understand common goods, as Mattei highlights in the most beautiful chapters, in my opinion, of his book.

In this regard, I would like to entrust the conclusion of this essay to an Italian economist, unjustly forgotten, who had placed the land at the center of his economic system, and who should be mentioned in every history of the commons. I refer to Achille Loria (1858–1943) from Mantua, a Jewish socialist, a heretical Marxist, one of the greatest Italian economists of all time (and now forgotten).

We find his more structural vision of capitalism on several occasions in his major works, but especially in “The Economic Foundations of Social Constitution” (1902). It is an impressive and very ambitious text, in which Loria conducts an analysis of capitalist society, in light of his theory of free land and social classes. The result is a true critique of society, from politics to law, from morality to economics, which in some ways anticipates a century of analyses that today are timidly returning to the scientific limelight. The thesis of the book is already exposed in the first page:

“Anyone who observes human society with a dispassionate mind, which takes place under our eyes in all civilized countries, lightly perceives how it presents the strange phenomenon of an absolute, irrevocable division into two strictly distinct classes; one of which, without doing anything, appropriates enormous and growing incomes, while the other, much more numerous, works from morning to night of its life in exchange for a miserable wage; one, that is, lives without working, while the other works without living, or without living humanly” (Loria 1899, p. 1).

His philosophy of history is based on the idea that the division into classes, and the oppression of one class over the other, originates and arises (as in the American and Australian colonies, but also in the Tuscan Maremma, cited, the colonies, often in his works as empirical evidence of the realism of his theory of free land), from the transition from what he calls “the limit society”, that is characterized by “free land”, to capitalist society, when the land is no longer free and is appropriated by the ruling class: “when there is free land, on which production can be initiated by labor alone, when a man without capital can, as soon as he wishes, settle on an unoccupied land on his own account, capitalist property is categorically impossible, since no worker agrees to produce for a capitalist, while he can freely settle on worthless land. Under such conditions, each producer occupies for his own account that part of the land which can bear fruit through his labor and which we designate by the name of land unit, and employs therein first his labor, then this and the capital which he accumulates” (Ib., pp. 1–2).

This is, in its basic elements, the theory of the “free land” that made him known throughout the international economic community, (and that also made his misfortune as a theoretical economist, too far from the new neoclassical sensibility), which in reality was ascribed within a complex, and very interesting, critical theory of capitalism.

Going back to Loria’s questions today, can be a good basis for a new season of economic theory on common goods, in order not to destroy them but to create new ones.

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Expanding the Notion of the Commons: Is Love the Greatest Commons in Which We Should Thrive?



Sofia Croso Mazzuco, Plinio Limata, and Ignacio Oliva

Abstract Starting from Bruni’s reflection, we contribute to the debate on the commons by linking this concept to the human condition of living within social-biotic communities and proposing *love* as the *commons* we should all collectively thrive in. For this, we summarize the biologic foundations of life to build a system-approach framework under which the commons can be better understood. Then, we offer insights on how the commons have been and are being translated into two different aspects of our societies: urban contexts and the breakthrough of new technologies. We conclude this chapter by urging for an expansion of the notion of the commons toward a living experience based on love.

1 Before the Commons: Why Every Person Should Understand the Notion of Autopoiesis and Feel a Deep Sense of Love for Life

We open this writing from where Bruni left off: the relationship with the earth and an invitation to reconsider land and the Earth as a term in the economics dictionary. We would like to bring attention to this connection with the planet from another perspective: that of humans as part of nature and intrinsically connected to it. The theory of autopoiesis (Maturana and Varela 1972) defines life as “the unity by a network of productions of components which (i) participate recursively in the same network of productions of components which produced these components, and

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(ii) realize the network of productions as a unity in the space in which the components exist” (Varela et al. 1974). Hence, every living being is “a system that is capable of self-sustaining owing to an inner network of reactions that re-generate all the system’s component” (Luisi 2003). From this definition, we can observe that every living being inevitably interacts and evolves with the environment because it is an open system. Thus, from the very beginning of life, living species have evolved together, adapting their autopoietic structures to and learning from the environment that they (we) share. From a systems perspective (Capra and Luisi 2014), evolution is an extensive process through which living beings have interacted and learned from each other to reach the level we currently know. Hence, it is not possible to understand our existence if we do not acknowledge that life, as we understand it, is the fruit of the “structural coupling” (Maturana and Varela 2004) within nature. From this starting point, Daniel Christian Wahl argues that we should *act as nature* because it is what we are part of:

If we truly live into the fact that we are life, that we are nature, and as such are bound by kinship and interdependence to the community of life that human and planetary health depend upon, we will come to regard the creation of a globally regenerative civilization expressed in exquisite locally adapted diversity as the creative challenge of our times. This is a challenge that not only unifies the human family behind a common vision of co-creative thriving rather than just survival but also unites humanity with the ground of its own being—nature’s genius unfolding through the diversity of life and the evolution of consciousness. Once we understand that appropriate participation is the goal, [. . .] [r]ather than forcing the natural world to separate from us to fit our human needs, as the narrative of separation would have us do, we have to fit- in as a species that has a lot to learn from the rest of nature in trying to discern which design solutions better serve the whole system. (2016: 288)

This approach calls for humility in recognizing that we are not a “superior species,” nor the rulers of how ecosystems should serve our goals. Instead, we are invited to listen to the wisdom of the earth and recognize ourselves as part of this complex network that is sustained by living ecosystems. In this respect, we highlight a valuable invitation that resonates with this deep ecology approach: to be *stewards of all creation* (Pope Francis 2015).

What are the competencies to become a good steward? This may require the capability to collaborate, understand complexity, be generous, open our hearts to new forms of communication, and, overall and most importantly, to *love life itself*. More than mirroring nature, we have to understand that no science will help us find the *Sophía* if we do not start with profound love and respect for life and its rhythm/dynamics. Ultimately, the aim of the sciences is to understand ourselves and the world in which we are immersed; hence, they require to be founded on our mere (autopoietic) essence. Following the example of mushroom hunting set by Bruni in this book, nature is abundant but takes a specific time to regenerate—thus, the fast and continuous extraction of resources does not favor the rhythm of life itself nor allow for its regeneration. By loving life, we can touch the base of our existence, recognize the limitations and crises arising from not being aligned to this state of love, and internalize how to be a steward of nature and people—all of *creation*.

Loving life, then, requires developing a profound sense of fraternity and seeing that the cry of the earth is no different from the cry of the poor (Pope Francis 2015).

In this context, the *commons* has emerged as a guiding concept for ecosystems and societies to thrive as one. Bruni talks about the tension between freedom and common goods: “If we are not able to invent new systems that keep freedom and common good together, the great risk is that we will give up one of the two poles of tension, either individual freedom or common goods themselves, a very sad scenario. We can, and must, look for new ways.” Freedom and diversity are now threatened by shaping systems that decide the fate of human lives and that are linked to the exploitation of natural resources and, eventually, people. Instead, freedom should lead to co-creating ways to prosper together.

The definition/understanding of the commons is crucial for overcoming the dynamics described. Important to outline, the notion of the *commons* is not about limiting individual freedom in the use of resources, but instead, it is an invitation for people to act from a state of presence and *love*, where fear of lack and the need for accumulation is not dominant. Bruni recalls that it was the “feminine genius” who mostly have advanced research on the commons, precisely with Katherine Coman (Coman 1911) and Elinor Ostrom (Ostrom 1990) pointing out the importance of having a gender perspective in this approach. Although we strongly agree with this statement, we want to remark that the feminine energy is present in every human being (genetically, half of ourselves comes from a woman and the other half from a man, so we carry both energies within us); hence this approach toward the commons and acting as part of nature has to be fostered by every person, regardless of gender.¹ To achieve this goal, it is crucial to switch from a state of action that seeks dominion to a natural state of coherence ignited and awakened by a profound love for life. An equilibrium that supports life is more about the energy from which one acts; hence, life is sustained by our own answer to be stewards of creation.

In summary, when we think of the commons as a way to prosper on our planet, we must understand that the term “we” refers to all species—the creation—and that this is the place from which every researcher, economist, or agent should start their work. Being a steward of creation implies to love life and be one with creation. It also challenges us to foster new (or maybe ancient) ways of caring for our planet as our commons.

In the following sections, we revisit the commons and investigate how this approach can be implemented to care for some of the many challenges our societies face today as a result of not loving and caring for life as *unity*. Furthermore, we highlight the role that love has as a basis for our actions, arguing that it is the greatest common in which we should thrive.

¹“Shakti Leadership: Embracing Feminine and Masculine Power in Business” (2016) investigates alternative ways for flourishing linked to the feminine energy, showing how the different crises we face today are linked to a masculine energy of dominion and how to switch actions from an individualistic-hierarchical energy (masculine) to a cooperative-generative energy (feminine).

2 The Commons Revisited

We enlarge the picture that Bruni is offering on the commons—the natural commons—by extending this concept to two emergent strands: (1) urban commons and (2) digital commons. Each concept is built on Ostrom’s (1990) outline and principles.

2.1 *Natural Commons*

As highlighted in Hardin’s seminal paper (1968), under the so-called “tragedy of the commons” individual interest does not coincide with collective interest, leading to social dilemmas that ultimately end up depleting the commons itself. Even though this prediction (that natural resources are destined to “tragedy” because agents want to achieve maximum extraction individually) is not always certain (Cárdenas and Ostrom 2001; Ostrom 1990), economics has recurred to game theory to model and analyze this kind of situation and explain the individual behavior linked to profit maximization. This economic approach well explains the actions of the so-called *Homo Oeconomicus*, a definition that should be updated, as several studies in behavioral economics and psychology have urged.² The most famous example of game theory is the prisoner’s dilemma, where the Nash equilibrium does not coincide with the social optimality—at least when the game is not repeated or the participants do not know when it ends (otherwise, the choice of *free-riding* becomes again salient). When the game is repeated, the social optimum is reached at some point because the participants learn how to reach the social optimal after some rounds. However, Bruni states that this solution is not convincing. He does not explain why he prefers to propose a “deer hunting” game, which is a collective effort and better describes the situation in which individuals find themselves when it comes to resource access decisions. Public good games played in multiple rounds, where the element of reputation (Milinski et al. 2002) is considered, have different outcomes from the ones exposed by Bruni, and allow us to reach social optimality. Repetition brings reciprocity (Cárdenas and Ostrom 2001), and we may assume that the same conclusion works for the prisoner’s dilemma. Hence, analyzing the commons—or any other real situation—with a one-round game narrows down our analysis to specific results that excludes the possibility of prospering over time.

To understand how commons can prosper over time, Ostrom (1990, p. 90) identifies eight principles that should be met:

1. Clearly defined boundaries
2. Congruence between appropriation and rules aligned to local conditions

²To deepen this discussion, see Bregman’s “Human Kind: a Hopeful Story” (2019) and Raworth’s “Doughnut Economics” (2018).

3. Collective choice arrangements
4. Monitoring
5. Graduated sanctions
6. Conflict resolution mechanisms
7. Minimal recognition of rights to organize
8. Nested enterprises

These principles constitute the basis for every analysis of the commons. According to Ostrom, violating them would lead to the “tragedy,” as described by Hardin. Hence, the commons should not be addressed from a one-round game’s perspective but rather by seeing how communities and their institutions are organized over time to make possible the realization of these principles. This will allow resources to regenerate, allowing the *thriving of natural ecosystems and societies as one*.

Institutions are crucial to putting these principles into practice. Regardless of their formality or informality, they allow for reaching an equilibrium (Guala 2016) because they constitute the “rules of the game [that] transform key elements involved in the decision of an individual” (Cárdenas and Ostrom 2001, p. 4). Institutions frame Ostrom’s principles to a specific context, reinforce social norms that are consistent with the agreed-upon rules, consent to those participating to gather information, and allow both the reward and punishment of behaviors. In fact, the commons are generally placed in contexts in which communities and their members have developed local rules and customs (institutions) to manage their resources. This is clearly true when it comes to *tangible* common pool resources, yet *intangible* commons, such as those mentioned by Bruni (e.g., climate, quality of the air, etc.), are subject to different dynamics. This is explained by the fact that, in this case, the rules do not clearly fit the context because they cross global boundaries. In these cases, however, the prisoner’s dilemma may be the best instrument of analysis to which we can refer. What is applied to individuals may work for nations and states in their self-interest, considering the current lack of incentives to control and punish free-riding. The Kyoto Protocol and the Paris Agreement can be considered good examples of this: the costs for respecting the rules are too high and the benefits (in the short run at least) too low (Dodds 2005). In this case, there is definitely a problem with the incentives to be identified. Moreover, Ostrom’s principles cannot be applied for obvious reasons. Therefore, we need to look for something else to address the situation of the global commons. A possible solution may be found by looking at the third kind of commons mentioned at the beginning: the so-called *digital commons*. This concept will be introduced in the below paragraphs.

Still, we want to point out that there are several cases in which societies and their stock of resources have collapsed. The reasons behind this are generally mixed, among which we can detect bounded rationality and selfishness.³ Learning from previous experiences is important for dealing with problems and phenomena of

³Diamond (2005) identifies and categorizes five reasons that explain why societies can collapse.

complex dynamics that change over time and that are at the center of the interplay between societies and their access to resources of different kinds, hence highlighting the importance of looking at the commons from different perspectives.

Inspired by Fritjof's Capra systems' thinking approach, Wahl proposes fostering *ecoliteracy* (Wahl 2016), namely the ability to grasp how ecology works and *act as part* of them, adapting our economies, industries, and society to support life as an integrated system (Capra and Luisi 2014). This implies turning to the cycles of nature (short, mid, and long term) regarding all of its scales (local, regional, and global). In this sense, we expand the vision of the commons *from nature, to cities, and to technology* in an effort to address the challenges of a shared earth.

2.2 Urban Commons

Nowadays, 56% of the global population lives in urban areas (World Bank 2020), and this percentage is expected to increase exponentially in the following decades, reaching 68% by 2050 (UN News 2018). Facing this context of increased urbanization, researchers are investigating how to translate the structure of the commons into the context of cities (Foster and Iaione 2020). The *urban commons* are inspired by the (natural) commons principles set by Ostrom and that have been adapted to the exponentially complex structures that conform to urban societies. Although the (natural) *commons* can be defined as rivers, pastures, or lakes (among others), the urban commons are defined by urban infrastructures, such as streets, neighborhoods, housing, urban parks, and other elements that interplay in urban life. These different urban elements, including architecture, can become urban commons when redesigned in their structure and governance to embrace the ability to sustain life in all its nuances. For this, rethinking the process of creation via the co-involvement of communities in the making of urban elements is necessary for collectively thriving in different societies. That being said, the urban commons propose a shared/collaborative urban governance that aims to meet the needs of *all* citizens.

Empirical experience⁴ shows that the creation of structures and guidelines for cooperation is not enough to foster urban commons. It is necessary (and here relies the biggest challenge) to stimulate each citizen to become a collaborative member of co-creation. Centralized power is often present in globalized urban scenarios, so citizens have grown accustomed to not taking part in co-creation—processes, that require effort, but also retribute (much) more.

It is important to mention that the investigation of the urban commons has been initiated via the lens of *the right to the city* (Lefebvre 1968; Harvey 2008) and is conceived as a means to tackle social issues and fair access to resources for all citizens. Thus, it seizes the fair (re)distribution of resources, avoiding their accumulation by a few. In this way, it not only invites to rethink cities' governance, but also

⁴See Croso Mazzuco, 'Urban Commons Architecture' (2021).

to redesign how urban resources are created, managed, and (re)distributed. Mirroring these, the *urban commons* have their own set of principles (Foster and Iaione 2020), as follows:

1. **Collective governance** is the interplay of different institutions in decision making, including social innovators, communities, the public sector, private institutions, and knowledge institutions—namely, the *quintuple helix* of collaborative governance.⁵
2. **Enabling state** is the facilitation of public institutions via governance mechanisms that enable the co-creation and co-management of the urban commons (considering the actors set in principle 1).
3. **Social and economic pooling** is namely autonomous institutions organized by communities feeding alternative economies (cooperative, civic, collaborative, solidary, etc.) and through which a common pool of resources is shared to co-create innovations or job opportunities that enhance local flourishing.
4. **Experimentalism** is a hands-on, collective, and iterative approach (legal or policy related).
5. **Tech justice** highlights access to digital resources and the sharing of information as an enabler of civic participation.

All these principles considered, there can be urban commons within cities or even cities that are governed as commons. For instance, we can learn from the experience of cities like Barcelona, Madrid, and Bologna, which are regulated by a set of governance mechanisms and tools of different nature (legal, institutional, financial, or digital) that are aligned with the principles of the urban commons. Nonetheless, these governance schemes are also subject to the “tragedy” of constantly dealing with change and the complex interplay of different actors. When addressing complex dynamics, such as those involved in the urban commons, it is advisable to leave the traditional “static-equilibrium” problem tackling to embrace the ever-changing systems dynamics approach (Raworth 2018). For this, again, we can learn from nature on how to adapt to dynamic interplaying relationships and constantly collaborate—instead of expecting static equilibriums (which are unreal because systems are constantly evolving). To provide an approximation, the reader can think of how birds migrate in groups or how trees adapt to catch the sun in a forest. Moreover, it is important to outline that collaboration should not be confused with government austerity, and thus, understanding the participation of citizens in public agencies is always needed for a fairer share of resources that support the advancement of the urban commons and, ultimately, the optimal conditions of life.

⁵Here, we can see that the polycentric governance structure with multiple actors—namely that of cooperation between different sectors of society—proposed by Bruni is already part of the urban commons dictionary.

2.3 *Digital Commons*

It is undeniable that, nowadays, technology plays a major role in everyone's lives. The philosopher L. Floridi (2015) speaks of "on-life" as the dimension in which we are situated, blurring the boundaries between real and digital.

Digital commons can be defined as a subset of the commons, where its resources (data, information, culture, and knowledge) are shared via the internet by relying on open licensing rules, generally based on peer-to-peer production⁶ (Dulong de Rosnay and Stalder 2020). Therefore, it is a new type of commons where technology plays a pivotal role. Although digital commons are not subject to scarcity, they may be threatened by undersupply, inadequate legal frameworks, pollution, and lack of quality (Dulong de Rosnay and Stalder 2020). A candidate instrument that may help to change the game is the so-called *blockchain*, paired with the *Internet of Things*. We briefly introduce both concepts.

The blockchain is a technology that uses three distinctive features: distributed ledger, consensus, and smart contracts (Werbach 2018, p. 10). Its intrinsic characteristics are anonymous, trustless, immutable, and transparent. One of the key promises of blockchain technology is to mitigate information problems, especially given the way it represents and manages data (Savelyev 2017). This has been envisaged for a wide range of applications for asset registry, inventory, information exchange, and so forth, being compared with the invention of double-entry book-keeping (Abadi and Brunnermeier 2018) or of the internet (Akgiray 2019), hence showing the potential for groundbreaking transformations within many industries (Beck and Müller-Bloch 2017). Synthetically, it can be considered technology for the distribution, maintenance, and verification of social facts (Berg et al. 2019), creating the chance to reshape the ways and means through which individuals, enterprises, and bureaucracies interact in the pursuit of gains achieved economically, socially, or politically (Novak 2019, p. 6). Blockchain can be public (unpermissioned) or private (permissioned) or a consortium model that is partially decentralized (Reyna et al. 2018). The three types have varying configurations of permission, by which the economic properties of rivalry and excludability differ (Waelbroeck 2018, p. 7).

The Internet of Things (IoT) is a system of interrelated computing devices, mechanical and digital machines, objects, animals, or people that are provided with unique identifiers (UIDs) and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction. Using their sensors, these devices collect data and are capable of communicating this information to humans or other machines through the internet. It can be envisaged for many applications in many areas of society, providing trustworthy data that are shared onto the blockchain and all its participants, guaranteeing the immutability and security of data. In his book, *The Zero Marginal Cost Society*, Jeremy Rifkin calls collaborative commons a virtual space of the people for real-time direct gathering,

⁶e.g., Wikipedia.

bypassing the agents/middlemen. The interconnection of blockchain and IoT may have several benefits, for example, decentralization and scalability (Reyna et al. 2018).

Of course, recalling Heidegger (1977), tech is not ideologically, socially, or culturally neutral, and its implementation and application are influenced by the philosophy and goals placed behind it. Reijers et al. (2016, p. 147) claim that the blockchain reflects the idea expressed by Hobbes of a totalitarian sovereign in terms of rule enforcement, coupled with Rousseau's concept of decentralized governance (an idea central to the urban commons) and Rawls's theory of equal rights and liberties for all. Even if blockchain was created with crypto-anarchist goals, it has been recognized as a *general purpose technology* (Evans 2014), and there are many chances to use it for social good, for example, to implement and reach the objectives of the *sustainable development goals*. Considering tech as an instrument and not an end in itself may help strengthen people's means and possibilities to flourish. Institutions are social technologies, and technological evolution affects not only production, but also social organizations (Berg et al. 2018).

Even if Hess and Ostrom (2007) consider technology to be a facilitator for exploiting the commons, it may be possible to imagine a system where the pairing of these technologies may also work for the benefit of natural and urban commons. The quality of the air, climate, and stock of resources may be monitored by sensors that store their data on a public and decentralized ledger such as the blockchain. Individuals' contributions and behaviors may be monitored and incited with economic incentives (e.g., cryptocurrencies) that may align personal and collective interests. This does not mean erasing people's centrality and roles. As envisioned in Ostrom's principles, monitoring and sanctioning (principles 4 and 5) are necessary activities for the sustainable management of the commons. In this case, people who are assigned this monitoring role within communities may play the part of "oracles," thus providing data to the system. The accountability of such data may be confirmed by IoT sensors, which may act just as a secondary layer of control. In some cases, there may be a case for justified exceptions in the behaviors or application of the established rules because of particular constraints, and in these cases, modifying the rules may be necessary (principles 2 and 3). The blockchain has a feature that can consent to this: the mechanism of *consensus*, which allow the community and all the stakeholders involved (principle 7) to make decisions collectively and agree, eventually, on the new rules. Of course, this mechanism may work as well for conflict resolution (principle 6). Moreover, the decentralized nature of blockchains can consent to the creation of different networks that may work according to their hierarchies (principle 8), allowing for *polycentric governance*.

A peculiar element we would like to bring to the attention of the reader is the following: all these operations—and digital commons in general—are based and sustained by the creation of *data*; they "are embedded in the social" because, increasingly, "every aspect of the world is rendered in a new symbolic dimension" (Zuboff 2015). It is a collective production of value that nowadays has been extracted by just a few subjects (e.g., Mazzucato 2019). Although data would seem to be purely a public good (Mitchell and Brynjolfsson 2017), it is increasingly

viewed as a commons that should be governed collectively (Coyle et al. 2020). Parallelism with data may be done with knowledge, which may be considered at type of commons (see Hess and Ostrom 2007; Nelson 2003). Treating data as commons seems, therefore, a priority so as not to go down the path of envisaging again/repeating exploitation and new kinds of rents⁷ or inequalities. Olson (2009) provides a picture of concentrated benefits and diffused costs in a substantially analogic reality—we should avoid replicating them in the digital realm or in the on-life dimension.

3 A Future Based on the Commons: Love as a State of Action

Bruni claims that “the rule will be the common goods, the exception private goods.” This is a twist of the ordinary point of view in economics that aims to strengthen a “we rationality” (Sugden 1993; Smerilli 2012). As we have seen throughout this chapter, this approximation sets the basis for long-term collaboration and seems to be a plausible alternative to thrive within our natural ecosystems. Moreover, the commons are expandable to include new challenges within this “we rationality,” as we have explored with the urban and digital commons. Nevertheless, we want to conclude this work by aiming to elevate the commons to a further level.

As autopoietic custodians of creation and who love life, what should be the essence of the “we rationality”? To answer this question, we must recall that human nature is not circumscribed to rationality. A complex approximation to the challenges of our time also requires including emotive and agency dimensions (Azuma et al. 2010). Limiting our actions to the mind will probably lead us to continue replicating the cognitive structures that led us to the current situation of uncertainty and crisis. We have to be people who not only *know* about the state of the world, but also who *feel* with our neighbors and with nature the consequences of our actions and, in conformity, *act* to what we want the world to be (Pope Francis 2018). Hence, the “we *rationality*” is not enough for the commons to prosper. We need a “we *experience*” through which the person can connect with their complexity and beauty and unwrap accordingly. Rationality is a burden on our capacities if we remit ourselves solely to this dimension, especially if we consider that “we need a culture which releases and respects both the creativity and the capacity for ethical choice of the individual” (Hodgson 2019).

There are several ways to align and unleash our cognitive, emotive, and will dimensions, yet we argue that they all converge into one: a deep sense of love. We conceive love as the maximum realization of every person’s essence and, hence, a gift that has to be worked and matured along with life. Because genuine love is essentially a shared phenomenon and a state of being where all life arises and

⁷e.g., see Limata and Santori (2021).

regenerates itself, we invite thinking of it in this new economic context from two perspectives: as the context of our actions and as a common in which *all life* can thrive.

Our conclusion leads to several reflections. Arguably, some people can see in this “we experience” a threat to diversity or dissent. Additionally, thinking of love as a commons can be understood as a postmaterialistic concept that is ambiguous when it comes to finding solutions to the humanitarian and climate crisis. These are crucial topics that have and will be developed during the ongoing EoF process; nevertheless, we share our intentions/intuitions to address these concerns. First, we invite the reader to think about the “we experience” as it happens in ecosystems. In nature, there are several different species, each of which fulfills a role, and where every individual is unique and free, yet the network they conform makes life possible in a collaborative way (Margulis and Sagan 1986). Second, we invite addressing these postmaterialistic concepts as an interpellation to change our way of confronting problems. Many of the conflicts and challenges that we see in our societies require an updated commons approach and are, in many cases, a reflection of how we treat each other as humans—seeing each other as competitors instead of part of the same unity. These postmaterialistic and postindividualistic perspectives aim to change this paradigm, starting from ourselves by seeking to cultivate a sense of unity and collaboration. *Life* thrives from embracing love, which is the starting point for understanding all of us as a part of the *common* experience of life.

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Economics and the Ethics of Care



Julie A. Nelson, Valentina Rotondi, and Paolo Santori

[A] lack of physical contact and encounter, encouraged by the disintegration of our cities, can lead to a numbing of conscience and to tendentious analyses which neglect parts of reality. . . [A] true ecological approach must hear both the cry of the earth and the cry of the poor.
Pope Francis, *Encyclical on Climate Change and Inequality*, 2015

Abstract This chapter examines how we think about “economic actors” and the kind of behavior suitable for the “economic sphere.” First, the chapter shows that the neoclassical orthodoxy has produced several tendentious analyses regarding issues such as the relationship between humans and the rest of nature and the persistence of poverty. Second, it shows how the social and economic gender expectations that prevent many men from ‘physical contact and encounter’ with their children also add to a deficit of care in both the home and the workplace, which can ultimately be detrimental to the economy.

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1 Introduction

Both advocates and critics of capitalism from different disciplines, spanning from economics to philosophy and including sociology and the humanities, often hold a particular set of beliefs about capitalism. These beliefs include, but are not limited to, the idea that people are purely self-interested in their own commercial and business dealings; that businesses are all about making profits; and that the laws of markets are inexorable (akin to the laws of physics). In so-called neoclassical orthodoxy, which still dominates research and teaching, economics as a discipline is usually defined as being about markets (for goods, services, and inputs to production) and/or about rational choice. This sort of economics, taught worldwide to thousands of people in introductory classes, focuses on individual agents (whether in microeconomics or the search for ‘micro foundations’ of macroeconomics). It assumes that those agents are self-interested and compete with each other. This same discipline models itself as a positive science: one has to learn a tremendous amount of mathematics to be an economist.

In this view of economics, the social and ethical aspects that characterize human beings can only belong to a realm that is separate from that of business and markets. The topics of social life, families, our bodies, and nature are generally set apart from economics and relegated to other fields. Topics that cannot be easily formalized in purely mathematical models, such as normative ethics, are likewise set aside. When looking at this dichotomy through the lens of a binary gender analysis, we can say that the mainstream orthodoxy values only things traditionally associated with masculinity, while concern with ethics, care for fairness, care for nature, and care for the poor require attitudes traditionally associated with femininity.¹

This essay will extend Pope Francis’s analysis about the causes of lack of attention to ‘the cry of the earth and the cry of the poor’ in two ways. First, it will be shown that the neoclassical orthodoxy in economics is also an important source of the ‘numbing of consciousness’ and ‘tendentious analyses’ in regard to issues including the relationship between humans and the rest of nature and the persistence of poverty. It will be argued that a feminist approach to economics can remedy this. Second, we will show how the social and economic gender expectations that prevent many men from ‘physical contact and encounter’ with their own children also adds to a deficit of care in both the home and the workplace.

¹In economics, the gender constructs of male/female are tied to another gender construct, that of superiority/inferiority. This fosters the belief that the theories surrounding the economic man, corroborated by quantitative analysis, are superior to the theories that problematize the very same man that often, not always, rely on qualitative analysis.

2 Feminist Analysis of Economics and Care

Let us imagine that the three authors of this paper decide to write a manual on the Western history of economic thought. The predictable outcome, given the existing examples of such work, would be a book where all the chapters are focused primarily on male economists and their economic theories. Some readers and reviewers, feeling that the status quo in the discipline is what makes it rigorous and scientific, would be satisfied with this. But other reviewers of the book manuscript could rightly point out the absence of a feminist economics perspective. Does such a perspective need to be incorporated? If so, how would it alter our approach to the history of economic thought?

2.1 *Female, Feminist, Feminine: What's the Difference?*

We could decide to add one or two chapters on the women who contributed to the development of the Western economic thought. We would not lack material. For example, we would elaborate more on the contributions that Millicent Fawcett, Harriet Taylor Mill, Beatrice Webb, and Joan Robinson made to the advancement of economics. Still, that would only partially address the problem raised by the reviewers, as we would have included sections on 'women and Western economic thought' but not a 'feminist perspective'.

Or we could decide to emphasize on the peculiar contributions of women (and some men) to Western economic thought regarding topics that have often been overlooked by the masculine-slanted discipline of economics. We could write a chapter on how labor market experiences have tended to be very different for women than for men, often due to the expectation that women should be primarily concerned with home and family. Perhaps another would treat the lack of attention to women's unpaid household work in the compilation of national accounts. We could include how mainstream economics conceptualized the division of time devoted to work and care within families (Becker 1991), and expand on that. We might title a chapter with the very same title of this chapter, 'Economics and the Ethics of Care,' pointing out that a focus on 'care' is one of the contributions of including women's experiences in our thinking about economics.

Starting from a very different place, with a highly critical view of mainstream economics, we might interpret the development of mainstream thought as entirely pernicious. We might argue that it is that masculine-slanted notions of self-interest and competition that have created persistent poverty and brought the world to the brink of ecological destruction. The manual we write might describe the 'malestream' history of economic thought as one of blindness to the needs of humans and other living things. We might suggest its wholesale dismissal, and argue that we should (and can) replace it with an entirely new economic model built exclusively

around the more feminine-associated qualities of love and cooperation. We might seek to make the periphery the center.

And yet, we would still not have fully addressed the feminist critique of our reviewers. Why? One of the authors of this paper has emphasized the differences among ‘female economics,’ ‘feminine economics,’ and ‘feminist economics’ (Nelson 1995).

‘Female economics’ focuses only on women as scholars or women as subjects of economic study. While it is necessary to bring these neglected areas into the field, it is not sufficient. Some historical works by females and work on labor markets or family have actually tended to reinforce rather than challenge masculine-centered disciplinary biases and real-world discrimination.

‘Feminine economics’ rightly notes that real human tendencies towards love, care, and cooperation, as well as the additions to knowledge that can be made using qualitative methods, have been unjustly ignored. But then they throw the baby out with the bathwater, suggesting that ‘masculine economics’ is wholly detrimental and needs to be entirely replaced. Such an approach ignores the equally real human tendencies towards some degree of self-interest (which is not always synonymous with greed) and towards competition (which can spur positive increases in effort and creativity). The contributions to knowledge that quantitative analysis makes possible, and the pitfalls of such things as over-cooperation (i.e., mandatory conformity and group-think) are likewise ignored.

If we took the ‘feminine economics’ perspective, we might also continue the tradition (also followed in mainstream economics) of associating men exclusively with self-interest and competition, and women exclusively with care and cooperation. Our new economic model might then not only elevate activities such women’s work in childcare and healthcare, but also and argue that women should be entirely in charge of the new economic and political spheres. Men, it would seem, would be judged as deficient in the traits needed for the new economy, and so would now need to become the subservient sex. Or perhaps, we might imagine, they might have their own limited business-and-market economies under women’s supervision.

Lastly, a ‘feminine economics’ perspective might suggest that women do one kind of economics while men do another kind. Women economists, it might suggest, are naturally suited for using qualitative methods and studying care work, while men economists can continue going on about their quantitative analysis of business and markets as usual. In this case, on the one hand we would have had masculine concepts (economic man) and methods (quantitative and mathematical) that constitute the cornerstone of the discipline, and on the other hand we would have some feminine topics (care) and methods (qualitative analysis, humanistic approach) that would likely be characterized as second-best, heterodox approaches that can enrich the subject but do not really address its cornerstones.

‘Female’ economics merely ‘adds’ women to traditional studies. ‘Feminine’ economics follows the gender binary and splits the worlds of human activity and human knowledge in two.

While including women, topics such as care, and a broader toolbox of methods are all necessary in a ‘feminist economics’ perspective, these steps are insufficient if

they are not coupled by a theoretical understanding of what we mean by ‘feminist economics.’ As one of the authors of this paper has argued elsewhere (Nelson 1995: 134), ‘the notion that masculine economics is “good” economics depends on a general cultural association of masculinity with superiority and femininity with inferiority, or, in other words, a mental linking of value (superior/inferior) and gender (masculine/feminine) dualisms.’ It is this mental habit that, in regard to the topic of care, leads to deleterious outcomes. We can be tempted to (1) marginalize care from serious economic activities, (2) romanticize care and care-work, de-emphasizing the efforts related to care activities and overemphasizing their gratuitous and spontaneous nature, or (3) reduce care to an activity whose feminine traits make it unsuitable for men.

All these factors considered, in our hypothetical book project, we would not need chapters specifically dedicated to women or to feminine economics. Rather, all the chapters should incorporate feminist economics’ unlinking of value and gender. Going outside our fictional example, feminist economists (of any gender) should address the topic of care with this very same lens: care is not the periphery or the heterodox part of economics, but rather, it should be a central part that helps complexify our current understanding of economic science and its methodology. Feminist economics is not an ‘alternative’ economics, but a thoroughgoing revamping of the field that avoids gender stereotyping. It is a critical movement of authors who want economics to get over its gender-biased social construction and realize its full potential. Let briefly explore how this might happen, referring to the topic of paid and unpaid work.

2.2 *Care Work as Work*

What we have understood so far is that care cannot be orthogonal to the economy and economics. One (very practical) motivation for why this is the case derives from the fact that care work is indeed work. It requires time and effort and requires considerable economic resources to be maintained (Nelson and Folbre 2006) and competencies to be performed.

Care work is also affected by social and institutional frameworks. As simple as it might seem, women’s participation in the labor market on an equal basis to men is compromised when care responsibilities are not equally shared within the family and are radically individualized rather than socially supported (Folbre 1994). Across the globe, women still spend more time on unpaid care work than men. Across the OECD, women spend between 3 and 6 h on unpaid care work per day, while men spend between half an hour and two hours. If we consider the time devoted to care as care work, women work an average of 2.6 extra hours per week more than men (Ferrant et al. 2014). This figure clarifies how such work is fundamental to, and not separated from, economic activity.

2.3 *Care Work Must Be Done by All Genders and Across Sectors*

One way to reconcile the realms of economy and care is to promote a currently lacking masculine-associated ethic and practice of care that masculine-gendered people may find to be consistent with their self-image. To do so, one of the authors of this paper (Nelson 2016) recovered the old English word, ‘husbandry.’ This ancient word, which is grounded in agricultural and pastoral practice, means carefully nurturing, tending to, and managing the growth of crops, all of which are masculine-associated productive activities. Husbandry also refers to shepherds who carefully monitor their flock and ensure that they are safe. By referring to these specific activities, taking care of their crops and flocks, the word ‘husbandry’ reconciles economic production and care. Popularizing the idea of husbandry, which is deeply connotated by masculine gender traits, would promote an image of care with a masculine face that goes hand in hand with the more widely-accepted feminine one. This would be very required to go over the ‘breadwinner’ model (Fraser 1994), which envisaged a social equilibrium when men only work in the marketplace and women only care within the house.

The same values that characterize good husbandry in agrarian societies can now be applied to business and economics. Study of the actual history and behavior of individuals, organizations, and nations reveals that an opportunistic, profit-only-driven ethos actually *destroys* companies and economies. Cooperation, competition, and social and ethical aspects permeate every aspect of human lives. Cooperation exists within firms and competition exists within nonprofits and families. Social and ethical aspects of life are everywhere. Spheres of pure cooperation or pure competition do not exist.

Recognizing these aspects means first recognizing that economic science without ethics and care is incomplete. Good ‘husbandry’ of a business means paying attention to its long-term prospects and to the effects it has on the flourishing of its employees, customers, suppliers, and community (Nelson 2011). It also includes careful ‘husbandry’ natural resources by preserving them for use by future generations—a notion entirely absent from current mainstream economic theories (Nelson 2009). Of course, since natural resources are common goods, the effective management and tending of them are jobs for everyone regardless of gender identity; they require men and women together.

3 Care as a Training Ground for Social Virtues

The care that people (primarily but not exclusively women) give to someone else for free (be them children, elderly parents, or a sick relative) is often seen as detrimental by companies. Employers fear that those involved in care, because of their need to manage two roles (care and work), might reduce their work commitment. By

assuming a fixed amount of time and energy, scholars have often claimed that individuals who manage multiple roles inevitably experience conflict that reduces their commitment and, sometimes, their quality of life (Barnett 1998). When looking at parents within families, Becker (1985) argued that children increase the relative return of home activities with respect to market activities. As a result, they reduce their parents' productivity by diverting their attention and efforts away from their job. Moreover, the common wisdom usually associates the presence of young children in the household with lower participation rates and hours worked. This is associated with women's 'household responsibilities' and is often considered to lead to mothers' reduced effort and productivity on the job (Gangl and Ziefle 2015).

Nevertheless, it may not be so: work and care can be 'allies' rather than 'enemies' (Greenhaus and Powell 2006). Since the seventies, research has shown that different roles can have additive rather than conflictive effects and that work and care might enhance one another by generating resources to be used in both roles (Sieber 1974). The underlying assumption of those theories (which fall under different names including 'positive spillover' (Crouter 1984), 'facilitation' (Grzywacz et al. 2007), and 'enrichment theory' (Greenhaus and Powell 2006) is that participation in one role is made more accessible, or benefits from enhanced performance, by participation in the other role. Therefore, the time devoted to care could constitute a period of professional growth, rather than a stalemate, in which a set of social virtues (SSV henceforth) are trained. The newly acquired SSV might ultimately enhance on-the-job productivity rather than reduce it. How would this be?

SVS are good character traits that bring a person to intentionally promote other people's good (positive social virtues) and prevent anti-social behavior (negative social virtues). Social virtues are experienced in a relationship; they are virtues that are predicated to the first-person plural (We) rather than singular (I). Given the fact that every one of us is neither mythically separative (i.e., autonomous and independent) nor mythically soluble (i.e., entirely subsumed in relationships) but is, instead, an individual-in-relation (Nelson 2010), care is one of the loci of social life where positive social virtues are naturally practiced—in Latin, virtue is a habit (*habitus*). The word is taken from the Greek *héxis*, meaning a disposition acquired by a constant, intentional action (Annas 2011).

Social virtues can improve productivity in the workplace (Graafland and Wells 2020). Those virtues, in fact, foster trust and trustworthiness (Baker and White 2016), reduce transaction costs (Dyer and Chu 2003), and improve social skills that ultimately enhance exchanges based on mutual advantage (Bruni and Sugden 2008, 2013). As a result, in contrast with Becker (1985), caring experiences are essential determinants, rather than impediments, to economic productivity via the enhancement of SSV, which are increasingly required by companies operating in high-paying jobs (Deming 2017). If this is true, then promoting care as a training ground for social virtues could have a positive effect on the economy by improving workers' productivity and quality of life. Despite empirical evidence on this topic being virtually absent, a test designed to measure social intelligence has been shown to predict team productivity even after controlling for the average intelligence of team members (Woolley et al. 2010), while social skills and leadership skills have

been shown to have higher labor market returns than cognitive skills (Kuhn and Weinberger 2005; Weinberger 2014).

There are good behavioral reasons to believe that the time devoted to care might improve workers' productivity. First, taking care of someone else, especially young children, might lead to caring more about the future (Moran et al. 2006). A positive attitude towards the future is positively associated with performance at work (Lin et al. 2016). Second, carers are, by definition, embedded in a relationship. This embedment might force them to do less 'I-reasoning' and more 'We-reasoning.' Since they need to work out the best possible combination of actions for all individuals embedded in the relationship, they might start to reason as a team and become committed to the priority of group goals over individual ones (Bacharach 2018). This competence is increasingly required in complex white-collar occupations and is unlikely to be automated any time soon (Autor 2015).

One of the most widespread natural settings in which care and social virtues are practiced, and one the most prominent transitions people go through during their lifespan, is parenthood. The above analysis suggests that time spent caring for one's children, far from being an unskilled activity that merely conflicts with paid work, actually encourages the development of skills that are not only useful but necessary for paid work to be carried out well. Those who have, to borrow Pope Francis's words, 'physical contact and encounter' with vulnerable children entrusted to their care may be less prone to the sorts of 'numbing of conscience' that contributes to ecologically damaging and poverty-perpetuating economic and political decisions. Those who carry responsibility for personal, hands-on care of the vulnerable may also be less prone to engage in the sort of 'tendentious analyses' and academic game-playing, ignorant of real-world problems in need of urgent solution, that characterizes much contemporary economic discourse.

4 Overcoming the 'Care Penalty'

Literature and common wisdom both indicate that this parenthood often has had substantial negative consequences for women's careers and job prospects (Cáceres-Delpiano 2012; Cristia 2008; Lundborg et al. 2017). At the individual level, the transition to parenthood is often linked to a career transition. For women, this transition often translates into disadvantages in terms of hiring, pay, and daily job experience, what is usually called the 'motherhood penalty' (Anderson et al. 2003; Budig and England 2001), while for men, it often translates into a 'fatherhood bonus,' i.e., the presence of children at home usually has positive associations with their fathers' earnings (Hodges and Budig 2010).

There are several mechanisms behind the observed differences between women and men regarding employment prospects when transitioning into parenthood. First, parenthood changes how parents allocate their time, which often happens differently between men and women. Following a child's birth, fathers usually increase their effort and work hours while mothers usually reduce them, or are perceived to do so

(Kaufman and Uhlenberg 2000). However, the fatherhood bonus persists even after controlling for the number of hours devoted to work, effort, and other relevant factors (Glauber 2008). Indeed, evidence from the U.S. shows that while employers discriminate against mothers, they do not do so against fathers (Correll et al. 2007). More specifically, a laboratory experiment showed that mothers were penalized on several measures, including perceived competence and recommended starting salary. On the other hand, men sometimes benefited from being a parent to the extent that they were given more opportunities to demonstrate their abilities than mothers were.

Parenthood, or the desire to become parents, may also change work in different ways between women and men. In academia, for example, while both men and women decrease their work hours in parenthood, fathers usually protect their research time, which is relatively more important for career advancement. In contrast, mothers often protect the time they devote to teaching, which is relatively less important for career advancement (Misra et al. 2012). This is consistent with the fact that, although mothers appear to alter employment hours, job traits, and tenure in manners similar to fathers, mothers experience a substantial wage penalty (Killewald and Gough 2013). Self-selection might play a role as well, because women might be tempted to perceive more remunerative positions as unwelcoming toward mothers and thus seek different careers (Cech and Blair-Loy 2019). Mothers' reduced experience might also play a role. However, the literature on this topic is not conclusive. The effect of experience on wages may vary along with the earnings distribution: while reduced experience accounts for almost half of the motherhood penalty for high earning women, it is virtually absent for low-earning women (Budig and Hodges 2010).

Establishing a causal impact of parenthood on productivity is difficult. However, Correll et al. (2007) have shown that when holding constant the qualifications and background experiences of fictitious job applicants and experimentally manipulating only their parental status, evaluators rated mothers to be less competent and committed to paid work than nonmothers, while fathers experienced no such discrimination. Indeed, evaluators offered higher starting salaries to fathers, which suggests that cultural beliefs about gendered labor markets and family wage shaped the allocation of organizational rewards rather than actual productivity. On the same line, an empirical study found that parents outperform non-parents in the labor market and that mothers of two children are the most productive professionals of all (Krapf et al. 2017). The study also found a similar correlation between men and children, but the effect was stronger in mothers than fathers. Another study based on nationally representative survey data found that mothers are no different from childless men and women and are similar to, or even more engaged than, fathers on pro-work dimensions (Kmec 2011). Therefore, the literature suggests that employers' perceptions of mothers' productivity are more essential in determining motherhood penalty than their actual productivity.

The earnings gap between men and women that generally shows up in national average statistics, then, is at least in good part due to misunderstandings about gender and the ethic of care. To the extent that care is thought of as the purview of

women only, and to be detrimental to productivity in paid work, the earnings gap grows and women are doubly-burdened and more often left in poverty. To the extent that men *also* recognize their responsibility to care, and develop their own skills in this area, and to the extent that workplaces come to recognize the added-value of such experience, the gap lessens.

5 Conclusion

This essay extended Pope Francis's analysis about the causes of lack of attention to 'the cry of the earth and the cry of the poor' first, by explaining how feminist (but not 'female' or 'feminine' economics) can lead to less 'tendentious' economics analyses and more economic study and business activity that actually responds to the needs of humans in poverty, and the needs of all of us in our fragile natural environment. Second, it presents evidence about how 'physical contact and encounter' gained by having personal responsibility for the care of vulnerable people, including children, can actually enhance social virtues and work in the market sphere. In sum, this essay shows how gender justice, environmental preservation, and care of the poor are not, at their root, separate issues, but rather all different aspects of an ethics of care.

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Economics and the Ethics of Care: A Response



Tracey Freiberg, Serena Ionta, and Olena Komisarenko

Abstract This chapter provides a response and theoretical framework for Nelson’s concept of care. It starts by exploring the scientific paradigms and structure of scientific revolutions as a way to explain how mainstream theory fails to clearly capture the concept of care, that is, a fundamental concept in social science and, therefore, in economics. Next, the chapter introduces the Nelsonian dichotomy, highlighting what is “soft economics” and how the concept of care fits in with economic theory. Then, the chapter utilizes feminist economics to explain the paradigm of care, with special reference to the concepts of husbandry and care work. Finally, the chapter presents an interdisciplinary approach to studying care, including a nonbinary approach to social constructs like gender. Finally, the chapter claims that, especially during the COVID-19 pandemic, femininity (i.e., attitudes, talents, way of thinking) has enriched the experience of family and care, thus greatly enhancing the socioeconomic environment affected by the strict global lockdowns enforced worldwide. Femininity, in fact, is characterized by a stronger concern for human relationships, social justice, care for the environment, and future generations, which are critical features of the economy. The chapter emphasizes the necessity to add traditional female attitudes to the prevailing understanding of economic sciences.

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1 Introduction

What has the economy lost without the gaze of women and a gaze on women? Modern economic science was entirely built for men. It could not have been otherwise, for the times in which it took shape as an autonomous science, that is, at the end of the 1700s. We have a founding father, Adam Smith, but no founding mother.—Translated into English from Smerilli (2020: 7)

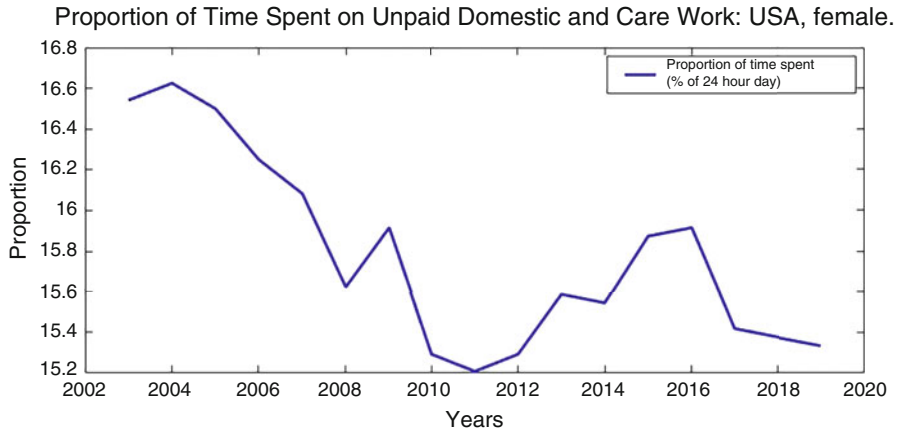
According to Nelson (2009), the critiques of mainstream economics are often rooted in established biases and common beliefs about capitalism and individualism, which include the fact that people are purely self-interested in their commercial and business dealings, that businesses are all about making profits, that the laws of the markets are inexorable, and that the social and ethical aspects of humanity belong to a realm separate from business and markets. Notably, the above-reported set of assumptions ignores care concerns, that is, whether care is for the planet or for other human beings. Further, Nelson (2009) argues that the development of economics has distinctly masculine traits, while unpaid care work within families, which is traditionally not included in mainstream economics, carries feminine traits.

In this book, Nelson, Rotondi, and Santori state that instead of critiquing the existing paradigms in favor of creating a new economic order outside of binary gender norms, economists should first analyze the underlying causes behind our gendered-biased society. Ultimately, the authors seek to understand why care responsibilities are performed by a disproportionately low number of men in the twenty-first century. For example, mainstream economics assumes time devoted to various pursuits is not related and does not impact each other; that is, (at home) care work experience does not carry over to the field of formalized labor (for a wage).

Figure 1 shows that, in the American case, the time women devote to unpaid care work, though more than their male counterparts, has been decreasing since 2000.¹ One explanation is that female labor force participation has increased, while some care activities, such as childcare, have been privatized as gender norms have evolved. However, the changes over the past 20 years in terms of gender norms only partially explain how much time an individual spends on unpaid domestic and care work over a 24-h period. Here, we argue that in parallel to Nelson, Rotondi, and Santori's argument for a more gender-inclusive view of economics, an acknowledgment needs to be made for a corresponding paradigm shift, one that includes care as a virtue, practice, and value.

The rest of this chapter is structured as follows: First, we define and discuss the idea of paradigm and paradigm shifts as a foundation for mainstream economics (and its subsequent critiques), which we feel is an important (and often missing) first step in the interpretation of economics. Then, we present our response to Nelson's argument in three ways: (1) referring to the dominant theory—how it was created, its features, and what it fails to include—and alluding to Nelson's (2009) dichotomy

¹Similarly, Nelson, Rotondi, and Santori note that women in OECD countries spend an average of 2.6 hours more per week on care work than their male counterparts (4).



Note. Authors' elaboration from the World Bank (2021b).

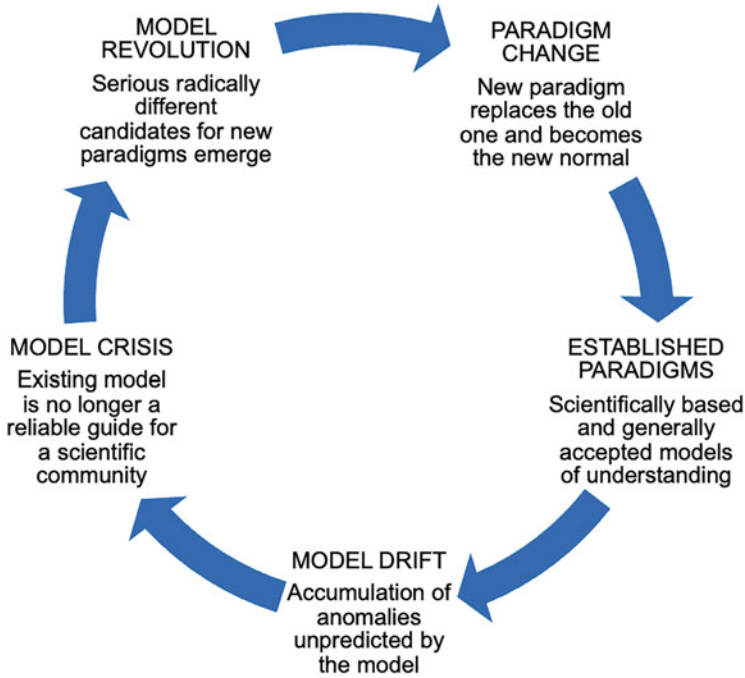
Fig. 1 Proportion of time spent on unpaid domestic and care work: USA, female. *Note.* Authors' elaboration from The World Bank (2021b)

“between a rock and a soft place”; (2) developing a parallel between the paradigm based on care and Nelson’s feminist idea of economics, with special reference to the nature of care work; and (3) the relevance and importance of interdisciplinary approaches to larger societal questions. In our increasingly interconnected world, we believe that economics can become more inclusive by recognizing the integral role of care in interdisciplinary literature, which, in turn, can act as a pillar for further paradigm shifts.

2 An Overview of Paradigm Shifts

As a prominent social science, economics is subject to the prevailing theories and ideas that constitute a paradigm. As such, the rapid advancement of science and technology in the twentieth century has brought about an important issue for methodology and scientific history: assessing the nature and structure of fundamental, qualitative changes in scientific knowledge, which are commonly referred to as scientific revolutions. The release of Thomas Kuhn’s *The Structure of Scientific Revolutions* in 1962 aroused interest in the subject of scientific revolutions in Western philosophy and scientific history among philosophers, sociologists, psychologists, and economists.² Kuhn constructs a unique vision of scientific progression that is unlike any other, and thanks to it, the term “paradigm” had become

²According to Kuhn, the question remains open as to which branches of the social sciences have already passed the preparadigmatic stage (Kuhn 2012: 35), a question that can only be resolved by



Note. Authors' elaboration from Kuhn (2012).

Fig. 2 Kuhn cycle. *Note.* Authors' elaboration from Kuhn (2012)

commonplace. In the book, the author does not offer an exact nor clear definition of “paradigm” because the term is used in more than 20 instances, underlining its complexity. Studying the tendencies in which scientific thought is formed, Thomas Kuhn distinguishes the period that he calls preparadigmatic, which is characterized by the lack of a theoretical framework for scientific research that is generally accepted by the scientific community.³ This state is typical of the development of every science before it develops its first universally accepted theory together with a research methodology, which Kuhn calls a “paradigm” (Kuhn 2012).

In its development, mature science successively passes through several stages, as represented in Fig. 2. The period of established paradigms, so-called normal science,⁴ faces the accumulation of anomalies and is replaced by a period of crisis,

comparing Kuhn's scheme—the paradigm—with each of the various aspects of the social sciences. The preparadigmatic period, as has already been pointed out, does not mean prescientific.

³Prior to Kuhn, there was no theoretically stated account of scientific development.

⁴*Normal science*, “means research firmly based upon one or more past scientific achievements, achievements that some particular scientific community acknowledges for a time as supplying the foundation for its further practice” (Kuhn 2012: 10).

which is either resolved by the methods of normal science or leads to a scientific revolution that replaces the paradigm. According to Kuhn's conception, the development of science proceeds not through a smooth build-up of new knowledge on old knowledge but rather through a change of leading ideas—through periodic scientific revolutions. With the complete or partial replacement of the paradigm, the period of normal science begins again.

Thus, the occurrence of a scientific revolution changes the way scientists see the world. In a sense, the new scientific revolution puts the scientist in a world different from the one that existed before. Kuhn likens the change in scientists' perceptions because of this scientific revolution to a shift in the gestalt, stating that what seems to the scientist a duck before the revolution turns out to be a rabbit after the revolution.⁵ In Gestalt experiments, the premise of perception itself is a stereotype, like a paradigm.⁶

Often, the changes in attitudes are masked by the fact that the paradigm shift does not result in a change in the terminology of science that is visible from the outside, but instead, a thoughtful examination reveals that new meanings are put into the old concepts.⁷ Kuhn underlines that no theory ever solves all the puzzles it faces at a given time, nor is there a single solution already achieved that is completely flawless (Kuhn 2012).

The reality that the social sciences face is quite different from the so-called exact, natural, or hard sciences (i.e., physics, astronomy, chemistry, biology). Because different types of societies exist or have existed, the same act or acts have different meanings in the eyes of those who perform them and within society itself. The study of society, even limited to one of its many aspects, like the economic one, is a mere abstraction because the very concept of society groups together the objects of study that have an incredibly modest number of common elements (i.e., the use of language to communicate, the satisfaction of codefined essential needs, etc.). It is important to highlight that there are differences relating to the subjective position of the scientist within the society being studied, in addition to the particularities of the object being studied.

We should expect that some of the scientific revolutions that mark the progress of the social sciences are attributable not so much to the failure of previous paradigms, which are linked to the activity of normal science, but to an actual, real

⁵Moreover, Kuhn mentions the actual absence of the scientific community in the case of the absence of the paradigm in the field of inquiry.

⁶Kuhn cites many examples of such "worldview shifts" as a result of scientific revolutions. It is the change of view of electricity because of the invention of the Leiden jar, it is the transition from the theory of the propagation of light waves through ether to Maxwell's electromagnetic theory, it is the replacement of the geocentric system in astronomy by Copernicus' heliocentric theory, etc.

⁷At the same time, Kuhn also opposes Popper's theory of falsification stating that the role of falsification is much the same as that devoted to anomalous experience, the experience which, provoking a crisis, prepares the way for a new theory.

transformation of the object of study.⁸ The incommensurability of successive paradigms will then not be linked to a reversal of perspective because of the maturing of largely autonomous cultural processes within the scientific community, as is currently happening in economics, but to the actual incommensurability of the object studied, to which these paradigms refer: a nonsocial event of this kind.

In the personalistic approach of Nelson, Rotondi, and Santori, we can see a realistic proposal of qualitative anthropological change in the vision of the studied object, which provides the basis for further development and evolution of economics as a science. The next section compares this personalistic approach to elements of mainstream economic theory, ultimately as a way to examine care and the ethics of care.

3 Between a Rock and a Soft Place: From Mainstream Theory to a New Perspective

The neoclassical theory that established itself at the end of the 1800s is a scientific paradigm (Jevons 1871; Menger 1871; Walras 1874) because it offers the basis for the contemporary study of economics, influencing the way in which economics is taught across the world. For the past two centuries, there have been transformations within economic theory, and it would be improper to consider the discipline as a static or unchanging science, but despite this, the marginalist approach has remained at the root of economic theory (Clarke 1991).

With the advent of the marginalist revolution, economic study has become a study of resource allocation (Walras 1874). Following Jevons, “Given, a certain population, with various needs and powers of production, in possession of certain lands and other sources of material: required, the mode of employing their labor which will maximize the utility of the product” (Jevons 1871: 254). Essentially, the optimal allocation (of scarce resources) is derived from a maximization problem bound to the available resources. In other words, rational and optimizing individuals maximize their utility given the objective constraints. From a utility-maximization point of view, it is possible to make certain assumptions. First, the purely utilitarian approach of the theory allows the governance of economic relations in a clear and coherent way, as if economic science can be seen as a natural science (a process also called “mathematization of the economy”; Baranzini and Tatti 2002).⁹ Furthermore, the economic individual is not identified as a person but rather as a perfectly rational representative agent (often either a family or business) who pursues self-interest, losing their most human and caring components (Nelson 2009).

⁸Unfortunately, scientists cannot switch their perceptions in one direction or another as easily as they do with the subjects in Gestalt experiments.

⁹On which is based the idea that human behavior is exclusively reducible to rational calculation aimed at maximizing utility.

The crucial points of the perception of economic theory recall the “between a rock and a soft place” expression from Nelson (2009). Here, the “rock” is the aforementioned neoclassical orthodoxy, which contains the Walrasian marginalist theory and more recent neo-Walrasian theory. Here, the achievement of economic optimum is the solution of logical-economic problems susceptible to mathematical treatment, which can lead, in aggregate, to predictions and certainty on what happens in the present and future. In the “rock place,” also called “hard place,” crucial factors such as anthropology, philosophy, or more generally regarding the interactions between people (specifically care), have been totally (or almost) removed from economic analysis.¹⁰

On the other side, there is what Nelson (2009) calls a “soft place”—the humanistic, holistic, and even spiritual vision of the economy that focuses on agents as belonging to a community. Within communities, elements such as care, ethics, and responsibility toward the environment are driving factors of the analysis. The “soft place” is typically not affected by mathematical maximizations, nor is it used to obtain certain predictions. Instead, the purpose of the “soft place” is to analyze the relational complexity and social aspect of the economic individual.

To better understand the comparison, Fig. 3 shows the gender schemas in neoclassical orthodoxy (per Nelson 2009). On the one hand, definitions such as markets and scarcity, along with models like individuality and rationality, belong to “hard” economics. On the other hand, nonmarket, relatedness, and emotion are not characterized as economics (“soft”). Furthermore, everything that is quantitative and objective concerns the economy (“hard”), while that which is qualitative and subjective does not. According to the feminist economics presented by Nelson (2009), masculinity is understood as hard, virile, and higher, while femininity is associated with softness, inferiority, and emasculation. The gendered classification also implies that hard economics is superior and, therefore, “better” than soft economics.

However, when we study economics problems, especially those inherent to feminist or environmental economics, it is clear that doing a “soft” analysis can be more realistic and also useful to tackle the problem in a holistic way. Furthermore, it is natural to think that gendered reasoning concerns the identity of an economist: what or who should or should not be (Fourcade 2009; Kaufman 1995). If economists are those who have to give concrete answers, a “rock” economist can mathematically formulate what could be the best policy to obtain the expected results, or at least to try to reach them.¹¹ For example, a “rock” economist could make such repeatable and predictable mathematical recommendations to policymakers and governments to inform public policy choices. A central bank sets interest rates or advises on the best policies to respond to certain problems through analytical or econometric tools (i.e., tools like vector autoregressive (VAR) models for macroeconomics

¹⁰For example, Bruni and Sugden (2007) explain how psychology was removed from the study of economics after Pareto.

¹¹It is assumed that no one has the presumption that economists correctly predict certain outcomes; the illustration is an example for the benefit of the reader.

Economics ("Hard")	Not Economics ("Soft")
Definitions	
Markets	Nonmarket
Mental choice	Bodily experience
Scarcity	Abundance
Model	
Individuality	Relatedness
Autonomy	Interdependence
Self-interest	Other-interest
Rationality	Emotion
Methods	
Quantitative	Qualitative
Formal	Verbal or intuitive
Positive	Normative
Objective	Subjective
General	Particular
Gender	
Masculine	Feminine

Note. Authors' elaboration interpreted from Nelson (2009).

Fig. 3 Nelson's gender schemas. *Note.* Authors' elaboration interpreted from Nelson (2009)

recommendations). Sometimes, in fact, society asks for concrete answers and very precise evaluations. If this is the role of economists, then, inevitably, it is necessary to take a more analytical and rigorous path.

If we look at the other side of the coin, we know well that, by nature, the economist is also a social scientist who must take into account humanity: man is not only *Homo economicus*¹² (Becchetti 2009) but is also a *Homo homini Natura amicus* (Santori 2020; Genovesi 1852), which is characterized by reciprocity, naturalness, and friendship, especially when it comes to care. Genovesi's (1852) "Homo" refers to the individual in general, whether male or female. If the individual can be seen in a gender-neutral way, the mainstream economic paradigm can be revised to account for and overcome inherent biases.

Below, we discuss and present the possibilities associated with a softer and more "feminine" theory of economics, starting from the care paradigm framework and care economy.

¹² Abstract individuals who have only economic motivations and are linked to the maximization of wealth.

4 The Paradigm of Care and Care Work

In modern economic discourse, an increasingly number of proposals include ways to make the economy more “feminine” (or the “soft place”; Nelson 2009). One such proposal offered by Jennifer Armbrust (2018) is called “*Feminine-ism*,” in which the author develops a proposal for a more feminine economics based on 12 key points. The key points, such as empathy and integrity, are very much in ethos with the vision offered by Nelson, Rotondi, and Santori in this book, where the latter authors emphasize a feminine perspective that avoids gender stereotyping. The common characteristic across the proposals—and what distinguishes them from the mainstream—is the importance of *care*. Similar to the gendered assignment of traits in economics (see Fig. 3 in the previous section), care has gendered perceptions in the modern world. Specifically, women are more likely to be socially assigned the role of caregivers in most societies around the world (Nataraj et al. 1998), so a paradigm of care is inevitably gendered within the mainstream economic paradigm.

On the topic of gender norms within mainstream economics, Nelson, Rotondi, and Santori revive an ethics debate associated with the masculine and practice of care that people of the male gender can find consistent with their identity: the image of *husbandry*. *Husbandry* is an ancient English word that stands for a breeder, a farmer devoting himself with extreme care to the harvest, the animals, and their work (Nelson 2016). The meaning of the word associates, in accordance with the gender division made previously, feminine and maternal characteristics to the commercial life of the man who promotes ethical care through a masculine identity.

In the *husbandry* application, Nelson (2016) starts with the definition of husbandry as “the administration and management of a household; domestic Economy,” (Nelson 2016: 6), which can be interpreted as *oikonomia* in Greek. *Oikos-nomos* pertains to a personalistic idea of a management or government of a household, family, or common home (Smerilli 2020), where the prefix “*oikos*” is the house/household and suffix “*nomos*” indicates rules, management, and care. By nature, *oikonomia* is the opposite of the abovementioned *Homo economicus* and can be associated with a *paradigm of care* (Echeverri Rodríguez 2021).

Within a paradigm of care, if we are to use a more inclusive form of economics with both “hard” and “soft” characteristics, we need to account for *work* associated with *care*. As such, Held (2006) speaks specifically of caring as “a practice and as a value” itself. The author asserts that care is a response to each other’s needs, which are expressed by the relationships built on care (or caring relationships). The relationships that help bring people together and build trust, unity, reciprocity, and connectivity promote the moral growth of people on both the personal and social levels (Petrini 2020). Social components like collaboration are essential to human labor because people’s work is directly tied to that of others, where work (for a wage) itself is the work *with others* and *for others*. Therefore, doing something for someone else at work is important because the results of labor provide opportunities for trade, interaction, and encounter. Hence, labor cannot be correctly evaluated if its social

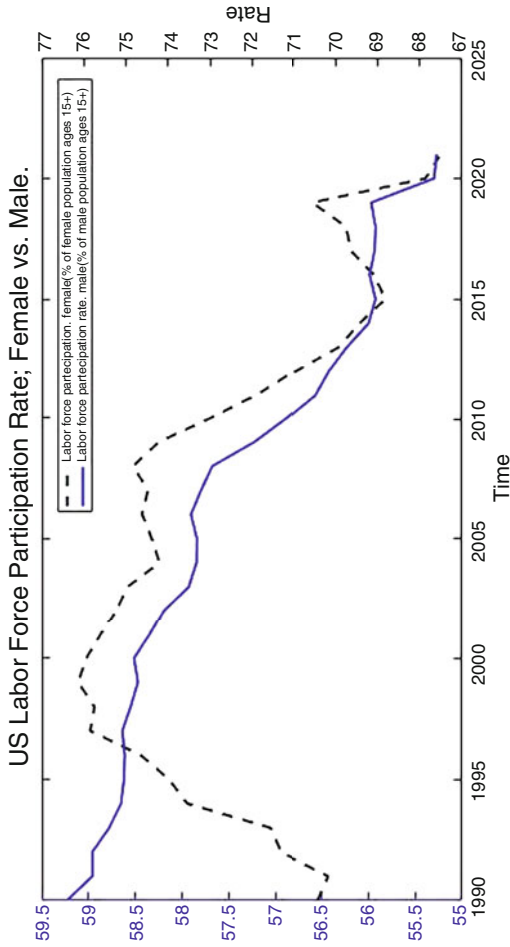
dimension is not taken into consideration, which means that, when the social and individual nature is ignored, it is impossible to evaluate work justly and pay it fairly.

The widespread use of the labor market participation rate can be seen as a proxy variable for the preservation of rights or right to engage in productive employment, which was a prominent component of the United Nations Human Rights International Covenant on Economic, Social, and Cultural Rights (United Nations 1966). Although any society's labor force participation rate is influenced by demographic issues such as age distribution and birth rates, the ability of citizens to "gain their living by work which they freely choose" is highly regarded and worth protecting (United Nations 1966: Article 6). Despite setbacks initiated by COVID-19, by 2030, the United Nations hopes to see marked progress in gender equality through the Sustainable Development Goals, which regularly use labor force participation rates in addition to more mainstream economic indicators such as wage and employment (and their associated gaps) (Azcona et al. 2020; United Nations 2015).

As shown in Fig. 4, the male participation rate is historically higher than the female one (in the US case), which should not be surprising because it is exactly in line with what has been said in the current chapter. However, women's involvement in formalized labor markets has increased across the globe. Technological advancements, such as the vacuum and washing machine, have shortened the amount of time required for domestic work and helped redefine who could participate in labor markets (both formal and informal markets) (Folbre and Nelson 2000).

Despite a large cultural inclination to protect the right to work, many types of discrimination against women's dignity and vocation in the workplace remain because of a long history of conditioning that punishes women who have had their decisions misinterpreted and who have been marginalized and even forced into slavery. Works that involve care and assistance mostly provided by women are still underpaid or unpaid because they are perceived as something like gifts, family, love, and affection, not as a "real" job. Unfortunately, these obstacles have not been resolved, and there is an urgent need to fully acknowledge the importance of women's contributions (Pasqualotto 2021).

Special attention should be paid to the unpaid work of women because the feminine kind of care is required in all aspects of societal life, so the acknowledgment and preservation of women's rights at work are essential to the organization of work. As previously discussed, in this book, Nelson, Rotondi, and Santori acknowledge that care is often not considered in the world of mainstream economics. As such, care work—or the care economy—refers to jobs dedicated to others. Tasks traditionally performed in the "private realm" within households, such as cleaning, cooking, and childcare ("homemaking"), are now more readily available for public consumption (for a price) as the social contract within households has changed (Folbre and Nelson 2000). As nonmarket work has steadily entered the market system, especially in advanced or OECD societies, the price for care work, and, ultimately, the perceived value, of such labor has remained comparatively low. Many care jobs receive lower wages on average and, in many instances, are not formally recognized within capitalist systems, often violating what the United Nations considers decent work (International Labour Organization 2022). To



Note. Authors' elaboration from the World Bank (2021a).

Fig. 4 US labor force participation rate; female vs. male. *Note.* Authors' elaboration from The World Bank (2021a)

minimize the price of care for consumers, it is not surprising that many care jobs are also more likely to be undeclared or part of the informal or shadow economy (Tudose and Clipa 2016). According to the International Labour Organization (ILO) (2020), as much as 90% of women in Sub-Saharan Africa and 89% of women in South Asia engage in such informal employment, a pattern exaggerated by the global COVID-19 crisis.

On a more practical level, Malleson (2022) proposes a necessary limit to paid work for all to at least 10 h per week but no more than 30. The author argues that all members of society who are physically and psychologically capable should be called upon to offer unpaid care work. First and foremost, this would be a change in *mindset and culture* (Nedelsky and Malleson 2017), where care fulfills a *pedagogical function*. For Nedelsky, everyone is a *caregiver* and *care receiver*. Everyone is called to contribute to each other's care on an ongoing basis, not only at certain times of life.

Prior to the COVID-19 pandemic, the global economy experienced record levels of GDP growth but failed to improve the comfort and dignity of so many (Prewitt et al. 2014). However, it must be noted that the COVID-19 pandemic and lockdown magnified obvious weaknesses in the system (Stiglitz 2021). Financial issues became evident, giving rise to the inevitability of rethinking mainstream economics and changing the current paradigm. Although care work is increasingly becoming a bigger part of the overall economy, it is largely performed by historically marginalized communities around the world (Addati et al. 2022). In this book, Nelson, Rotondi, and Santori establish that care work is predominantly performed by women, but gender is only one of many historically marginalized communities across the world. In the next section, we discuss the implications of socially constructed communities and how researchers have addressed the shift in paradigm associated with care workers.

5 Interdisciplinary Approaches and Community-Based Outcomes

So far, we have summarized and developed a paradigm-based view of mainstream economics and the care economy rooted in centuries of gender biases, and rightfully so. There is ample evidence to suggest that gender plays a role in the way markets are created and maintained. Care and the care economy are one example of how gender is stratified—a framework that suggests identity-based inequality in a rational outcome of market economies (Moore and Ghilarducci 2018). As such, we believe that the care-centered critiques of mainstream economics should also be expanded to include interdisciplinary approaches and different units of analysis, including nonbinary approaches to social constructions like gender.

In traditional economics, we teach that the main units of analysis are individuals, households, and firms, along with various combinations of economic actors and

institutions such as governments and countries. With an eye on the analysis of individual and household choices, *behavioral economics* definitively challenges the structure of economic science based on the study of the *Homo economicus* model (Pelligra 2017, 2018). For instance, Thaler (2017) has incorporated psychologically realistic hypotheses into the analyses of economic decision making by exploring the consequences of bounded rationality, social preferences, and lack of self-control; he has shown how these human traits systematically influence individual decisions and market outcomes. Hence, we can see the importance of mainstreaming personalistic approaches in economics as a science that gives priority to human flourishing and provides an understanding of adequate targets in economic development.

Although behavioral economics has applications in the care economy, the framework still uses neoclassical units of analysis on individuals and households. Moving toward a collective, Nobel Laureate Elinor Ostrom will forever be immortalized for her questions on the assumptions of mainstream economics and the economic man, as well as her promotion of the value of empirical research. By focusing on common-pool resources, Ostrom suggests the private/state binary approach to markets and resource allocation fails to prevent the exhaustion of the commons (Łapniewska 2016). Specifically, Ostrom has carried out empirical and theoretical research on resources such as forests, fisheries, and grazing ranges, images that also corroborate with the husbandry narrative of Nelson, Rotondi, and Santori. Although not explicitly a gendered approach, Łapniewska (2016) argues that as the primary subjects of care, productivity, and reproductive work, women are more frequently detrimentally affected by the privatization of the commons. As such, Ostrom's work in the commons has implications for the informal institutions and societal norms constructed around care work.

As like Ostrom aiming to evaluate the response of various types of collectives, the modern subdiscipline of economics of stratification economics borrows from sociology and social psychology to examine social and economic disparities in a way that changes the unit of analysis from individuals, households, and firms to communities (Darity et al. 2015). In a similar interdisciplinary style of research, *intersectionality* examines how social identities, which often span multiple socially constructed characterizations, “exist as more than the sum of their parts” (Moore and Ghilarducci 2018: 34). Thus, when we refer to historically marginalized communities, we are typically, at a minimum, identifying communities along social constructs such as gender, race, class, age, sexuality, religion, and nationality (American Medical Association and Association of American Medical Colleges 2021).

As such, whether used alone or separately, stratification economics and intersectionality methods can account for the complexities of the care economy. In an oversimplified example, Mexico employed 2.85 nurses per 1000 people in 2019, whereas the United Kingdom employed 8.2 nurses per 1000 in the same year. As a care-based occupation traditionally held by women, we could interpret the data to mean there are more women in the United Kingdom, but this assumption would be incorrect because there are differing intersectional social structures in both countries that can better explain why there are more nurses per 1000 people in the UK versus

Mexico (Organization for Economic Co-Operation and Development 2021). The statistics would be better used in an analysis of the access to (quality) healthcare in the two countries. By employing frameworks that allow for nonbinary interpretations of the human condition, we can better analyze worldwide phenomena like (economic) inequality.

As previously mentioned, the COVID-19 pandemic undoubtedly highlighted—and in many cases amplified—inequality across the globe, establishing community-based frameworks in public health that have been particularly well suited to take on the task of community-based outcomes. For example, in the United States, the social determinants of health (SDOH) framework informs a variety of health and well-being outcomes using data associated with economic stability, education access and quality, health care access and quality, neighborhood and built environment, and social and community context (US Department of Health and Human Services 2020). Using the SDOH framework, Mazzeo et al. (2022) show that income level was not a protective factor for food insecurity in both Chicago and New York City in 2020, but chronic health conditions (i.e., diabetes, high blood pressure) did increase the likelihood of food insecurity during the COVID-19 pandemic. In mainstream economics, an outcome such as income is sufficient to infer the well-being of an individual or household, while a framework such as SDOH demands more robust measurements of well-being metrics, many of which have intersectionality implications in their interpretations.

6 Conclusion

Spheres of pure cooperation or pure competition do not exist. Recognizing these aspects means first and foremost recognizing that an economic science without care is incomplete. (Nelson, Rotondi, and Santori: 4)

In line with the sentiments of Nelson, Rotondi, and Santori in this book, we believe that, to talk about care and the female aspect of the economy, it is necessary to go beyond the theoretical foundations of economics. We are not presenting a critique; we wanted to present what we feel are parallel but under-discussed topics to the larger paradigm of care.

To show how economic theory (and science more generally) evolves over time, we have presented the structure of scientific revolutions. Alluding to Kuhn (2012), we have described how a scientific paradigm is born, how it evolves, and how it can be broken down. In fact, we believe that to fully understand this book, it is necessary to refer to how mainstream economics has evolved. Similarly, we have talked about the birth of economic science, the staying power of *Homo economicus*, and the marginalist revolution. We then confronted neoclassical economics [which Nelson (2009) attributes to all that is “hard economics”] with a more feminine view of economics, passing through the identity of the economist at an individual level and the difference between *Homo economicus* and *Homo amicus*. Thus, the need for a paradigm change arises that can place care and all the little considered feminist

economics in the mainstream paradigm, which undoubtedly includes elements of care. Further, we think that femininity—that is, attitudes, talents, way of thinking—has not only enriched the environments of family and care, but it has also paved the way for more complex nonbinary paradigm shifts. We generalize the paradigm of care by a stronger concern for human relationships, social justice, care for the environment, and future generations.

No matter the analytical lens, twenty-first-century scholars, especially those in the COVID-19 pandemic, have undoubtedly done an impressive job of changing the units of analysis to better analyze complex social structures in various communities across the globe. Even at the household level, there are many different family structures—that is, dual earner, multigenerational with multiple income earners, two-parent same-sex, and so forth—that are important to consider in modern studies and, ultimately, in a modern interpretation of economics. A primary objective of a new economic paradigm should be to usher in a community-based paradigm shift in the way we conduct economic research and analysis. As stated by Nelson, Rontondi, and Santori, we should avoid “throwing the baby away with the bathwater by creating a radically new economic science that is entirely about social life, nature, cooperation, and ethics” (1). Instead, we should look at our colleagues across disciplines to build better models that evolve in coordination with paradigm shifts.

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Franciscan Wealth: The Roots of Franciscan Economic Thought



Giacomo Todeschini

Abstract The Franciscan conception of poverty (that is the Franciscan interpretation of Christian perfection) has been an intrinsically economic language. Therefore, it has formed some basic categories in the economic way of thinking of western civilization, starting from those of western Protestants. It was not a chance that Franciscan advocates of the absolute poverty were also authors of writings on commerce, prices and value of things, and credit transactions. Nevertheless, Franciscan economics was not at the origins of the invention of the “spirit” of capitalism in a Catholic key, or the anticipation of the date of birth of economic science. Perhaps it was something more disconcerting. In fact, the Franciscans’ approach to market economy reveals that it was the most rigorous Christian religiosity, namely the voluntary choice of being poor and waiving the right of property, that formed a large part of the vocabulary in western economics.

The core of Franciscan economics, or, to say it better, of Franciscan economic language and discourse is shaped by the connection between the Franciscan choice of poverty and the Franciscan skill of analyzing the functioning of wealth and evaluating the difference between necessary and superfluous things. In other words, Franciscan economic thought is the outcome of the link between Franciscan poverty and the Franciscan representation of the appropriate use of economic goods in order to satisfy specific needs (Todeschini 2009, *Economie et religion* 2009).

Before speaking of the formation of Franciscan economics in thirteenth century, it is useful to recall that the Latin words and concepts *pauper*, *indigens*, *egenus*, *miser*, *vilis* signified in medieval times the despicable condition of the indigent people whose poverty resulted as the effect of a vicious and creepy nature, or as the consequence of a perverse incapacity to manage and administrate a small familiar substance, an incapacity intended as typical of many infamous and marginal subjects (Couvreur 1961; Mollat 1978; Geremek 1994; Boglioni et al. 2002). Poverty or indigence in this sense were conceived as an emptiness and a failure (Todeschini

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2015a, b, Chap. 7). The moral and at the same time social condition of the poor was at the origin of a disgust well described through novels, sermons, chronicles and pictures. Actually, many narrative, legislative and theological medieval sources were describing and depicting the worthlessness and shamefulness of a crowd of wretched manual workers, beggars and vagrants, obviously imagined as a danger for the managing of the “common good” (Kempshall 1999; Todeschini 2015a, b). The lawyers since the beginning of the thirteenth century clearly stated the untrustworthiness of this mob of vile people in front of a tribunal (Migliorino 1985; Prodi 2008; Bettoni 2020). The reason of this patent unreliability was rooted in the difficulty to identify and recognize this kind of poor as civic subjects, namely as members of specific familiar groups, in other words as real citizens. The anonymity and namelessness of these poor was declared as the main reason of their exclusion, and became a major motive of despise in case of riots and popular insurrections. The charge of anonymity and namelessness was identical to a charge of social vileness: in this case, poverty could appear as the economic face of a more general human indignity.

Poor and poverty, *pauper* and *paupertas*, nevertheless since the second half of eleventh century could also indicate the honorable and charismatic status embodied by the choice made by voluntary poor and evangelical people. Obviously, it would be absurd to state that voluntary poverty did not exist in Christian world before eleventh century and the Gregorian reform. Nevertheless, it is important to distinguish between the idea of poverty as a way to perfection shaped by an ascetic rejection of wealth (Cantarella 1993; Brittain Bouchard 1991; Toneatto et al. 2004), and the twelfth and thirteenth century theory and practice of abdication to property and possession of wealth as a manifestation of Christian spiritual superiority alluding to Christ’s renunciation to His own divine immortality. Actually, a huge difference separates the monastic and ascetic poverty challenging the high medieval holy men, from the voluntary poverty firstly experienced by the monks of Camaldoli during eleventh century and then by the Waldensians and the Humiliati after 1170 (Vauchez 1975, 1987, 2009), but definitely realized by the identification with the poor experienced and theorized by Francis and the Franciscans since the beginning of thirteenth century (Miccoli 1991). The ascetic renunciation to wealth of hermits and monks before eleventh century (Brown 2016), matched with an idea of voluntary poverty as a sign of election in most cases characterizing an elite of chosen ones. Poverty could so appear as a manifestation of charismatic power and lordship, and as the mark of a superior human condition. On the contrary, the voluntary poverty experienced by Camaldolenses, Waldensians and day by day embodied but also intellectually analyzed by Franciscans assumed its meaning in the context shaped by communal namely urban and mercantile civilization (Little 1978). The Christian city was the milieu allowing a specific definition of the meaning of mendicant poverty. Voluntary poverty became then quickly, since the beginning of thirteenth century, with Francis and the Franciscans, not only the exterior character of a perfect religious identity but also the visible mark of honor apt to signal the superior civic mental attitude of those who, by renouncing to wealth, explicitly announced to the Christian urban society on the one hand their deep understanding of what poverty could mean

both from an economic and spiritual viewpoint and on the other the unselfishness and civic incorruptibility that voluntary poor were able to represent. It is not a coincidence if many thirteenth century Italian cities entrusted public money and offices to the voluntary poor. It is not a coincidence if many Franciscan convents between thirteenth and fourteenth century became the place dedicated to judge and figure out economic controversies between merchants and grasp the meaning of many different contractual conundrums. It is not also a chance if keys and communal banners were often conserved and safeguarded in Franciscan convents, that this way were formally and socially recognized as communal namely public institutions (Vauchez 1990).

The visible interplay between Franciscans and merchants (Little 1978; Todeschini 2009 *Economie et religion* 2009) was actually based on the economic and financial competence of the evangelical poor. This competence in analyzing economic life was clearly demonstrated by Franciscan economic writings and preaching since the half of thirteenth century and ostensibly recognized by the new commercial and urban society. Indeed, in the cities of central and northern Italy and southern France—beginning in the late thirteenth century—the connection between merchants' families and Franciscan friars as confessors and leading experts on economic subjects became more and more visible (Todeschini 2009 *Economie et religion* 2009; Lenoble 2013). And it is easy to find in thirteenth and fourteenth-century sources many proofs of privileged relationships between Franciscans and merchants. In fact, from the half of the thirteenth to the last quarter of the fourteenth century, in France, England, Spain, and Italy, the close relation between the economic and theological-juridical rationalities or vocabularies formalized by theologians and jurists since the beginning of twelfth century, reached a peak with the economic writings produced by the Franciscan School. The treatises or commentaries on contracts, commerce, lending on interest, public debt and value and price of commodities that were written by Peter Olivi, John Duns Scotus, Alexander of Alexandria, Guiral Ot, Francesc Eiximenis, and other well- or lesser-known authors can be interpreted today as a coherent textual chain. This doctrinal tradition evolved then in Franciscan fifteenth century economics, as represented by, among others, Bernardino da Siena, Angelo da Chivasso, Giovanni da Capistrano and Alessandro Ariosti (Todeschini 1976–1977, 2009; *Economie et religion* 2009; Langholm 1992).

Now, our problem is to grasp the specific connection existing between the Franciscan involvement in economic analysis namely in decoding the rules of markets, and the experience and analysis of evangelical poverty (Lambertini 2012) characterizing the Franciscan life and writings from Francis to Peter John Olivi and Bernardino da Siena. Actually the crucial point is to focus on the interplay between Franciscan poverty and the patent Franciscan capacity to decipher the mysteries of value and price, of profit investment and productive capital: a reflection already visible in Bonaventura's small treatise on the difference between useful and superfluous things (Lio 1966; Spicciani 1977) but reaching its peak in Olivi's treatise on economic contracts (Todeschini 1980; Piron 2012) and Bernardino's sermons on

commerce and credit (Todeschini 2012).¹ In other words, what we have to understand, is the link existed between the Franciscan doctrine and choice of absolute poverty rooted in saint Francis' life and writings and the Franciscan manifest attitude to produce analyses of market relations and legal definitions of money from thirteenth century onwards (Mitchell 2009; Evangelisti 2020).

To solve this riddle it is firstly very important to abandon our contemporary idea of a contradiction existing between the experience of poverty and the understanding of what wealth actually means. In other words, it is important to abandon the modern and contemporary idea that poverty or impoverishment is simply a loss producing an intellectual downfall and consequently the incapacity to understand the meanings and dynamics of economic life. On the contrary, the Franciscan epistemological model shows that the experience of poverty inasmuch as it was the outcome of a voluntary choice implied since twelfth century a deeper understanding of wealth not as an abstract reality but, more than that, as the complex result of different kinds of economic administration. Before Francis, we have an example of this connection between individual poverty and analysis of the functioning of wealth in the writings of Bernard of Clairvaux, the charismatic leader of the Cistercian Order, arguing against the unproductive namely thesaurizing use of wealth by the monks of Cluny: "I wonder indeed—wrote Bernard in 1125—how such intemperance in food and drink, in clothing and bedding, in horses and buildings can implant itself among monks".² But this critic well afar from being a simple moral statement, was the premise of a reasoning on the right economic administration of benedictine monasteries. According to Bernard the prosperity of a monastery namely the utility of monastic wealth for the needy people was directly dependent on the individual poverty of monks living in the monastery and managing its patrimony. The idea that the individual choice of poverty is functional to the institutional development of ecclesiastical institutions and therefore at the origin of active forms of mercy (*miseriordia*)— as we see it in Bernard's writings³—is a consequence of the Gregorian Reform and of the fight against simoniacs as well as against the privatization of Church wealth by priests, bishops and monks. Nevertheless, the theoretical substance of this underlining of the neat distinction that should exist between institutional wealth and individual possessions resulted in a comprehension of the direct link existing between poverty as mental habit and growing of collective or social wealth. Individual dispossession was then affirmed through twelfth century monastic experience (Brittain Bouchard 1991) as the logical prerequisite of an increasing of common good.

¹Bernardinus Senensis, Sermones XXXII–XLV (De contractibus), in *Quadragesimale De evangelioaeterno (Opera omnia, IV, pp. 117–416)*.

²P. 95: "Miror etenim unde inter monachos tanta intemperantia in comessionibus et potationibus, in vestimentis et lectisterniis, et equitaturis, et construendis aedificiis inolescere potuit: quatenus ubi haec studiosius, voluptuosius, atque effusius fiunt, ibi ordo melius teneri dicatur, ibi major putetur religio. Ecce enim parcitas putatur avaritia, sobrietas austeritas creditur . . ." (Claraevallensis 1963).

³Ibidem, 96: "Inordinata profecto atque irrationabilis misericordia est, sterilis et infructuosae carnis, quae, iuxta Domini verbum, non prodest quidquam . . .".

That established, the Franciscan movement marked a huge step forward, affirming not only that individual poverty was consistent with social and institutional wealth, but moreover that individual poverty as an explicit and conscious refusal of money and wealth had to be experienced in the context shaped by a community, a brotherhood or a sisterhood. The attainment of common good at this point could be thought as a form of social justice that was connected to the attitude of an evangelical group perfectly aware of the sense both spiritual and economic assumed by the choice of poverty. In this perspective, already in Francis' writings the choice of poverty and the refusal of money and wealth is systematically joined to an evaluation of individual and groupal necessities and needs, namely to an understanding of the line separating real from superfluous needs.⁴ So, for example, in Francis' Rules the refusal of money and riches should be commensurate to the individual health conditions, as well as to other circumstances allowing a proper way of life. In other words in Francis' writings and, after his death, in papal bulls and commentaries on his Rule the problem was to understand poverty as specific and relative living condition, namely as a spiritual and economic status that could be experienced by different kinds of people in different situations and countries (Lambertini 2000).

Actually the text of the fourth chapter of Francis' rule clearly affirms the importance to define the measure and limits of poverty according to the specificity of situations and needs:

I strictly forbid the brothers to receive money in any form either directly or through an intermediary. Nevertheless, the ministers and custodians can work through spiritual friends to care for the sick and clothe the brothers, according to place, season and climate, as necessity may seem to demand. This must be done, however, in such a way that they do not receive money.⁵

Moreover the Rule clarifies that, when the friars—as it is dutiful—earn their living by working, they can receive as payment “for their labor which is necessary for themselves and their brothers”.⁶

⁴*Regula non bullata*, 9: “Et quodcumque necessitas supervenerit, liceat universis fratribus, ubicumque fuerint, uti omnibus cibis, quos possunt homines manducare, sicut Dominus dicit de David, qui comedit panes propositionis (cfr. Mt 12,4), quos non licebat manducare nisi sacerdotibus (Mc 2, 26). 14Et recordentur, quod dicit Dominus: Attendite autem vobis, ne forte graventur corda vestra in crapula et ebrietate et curis huius vitae et superveniat in vobis repentina dies illa; 15tanquam enim laqueus superveniet in omnes, qui sedent super faciem orbis terrae (cfr. Lc 21, 34–35). 16Similiter etiam tempore manifestae necessitatis faciant omnes fratres de eorum necessariis, sicut eis Dominus gratiam largietur, quia necessitas non habet legem”.

⁵*Regula bullata*, 4: “Praecipio firmiter fratribus universis, ut nullo modo denarios vel pecuniam recipiant per se vel per interpositam personam. Tamen pro necessitatibus infirmorum et aliis fratribus induendis per amicos spirituales ministri tantum et custodes sollicitam curam gerant secundum loca et tempora et frigiditas regiones, sicut necessitati viderint expedire; eo semper salvo, ut, sicut dictum est, denarios vel pecuniam non recipiant.”

⁶*Regula bullata*, 5: “Fratres illi, quibus gratiam dedit Dominus laborandi, laborent fideliter et devote, it quod, excluso otio animae inimico, sanctae orationis et devotionis spiritum non extinguant, cui debent cetera temporalia deservire. De mercede vero laboris pro se et suis fratribus

Poverty was thus no longer represented as an abstraction or a moral and ideological injunction but became inasmuch as daily imitation of Christ's dispossession a material and contextual life choice whose outcome was not only individual perfection but, rather, an improvement of the general spiritual and economic happiness summed up by the expression "common good".

Poverty was so perceived and represented as a form of using things that implied the necessity of making attention to their relative utility, that is to say of making attention to the relativity of individual and collective needs. It was for this reason that since 1230 poverty as a choice was analyzed and described through a multitude of treatises, polemical arguments, controversies and legislative decisions (Lambertini 2000; Evangelisti 2020). From the definition of evangelical poverty as a "living without appropriation" (*sine proprio vivere*) (Lambertini 2004) to its recapitulation as "poor use" (*usus pauper*)⁷ of things necessary to maintain one's life, and beyond the diverse and conflicting representations of evangelical poverty as a partial or total or extreme renunciation to property and right of possessing earthly goods, it was affirmed—and that is the crucial point—that the path to Christian ethical and economic perfection could only be traced by a close consideration of the meaning of use, property and possession. In other words it was through different and sometimes divergent definitions of poor life as exemplary form of Christian perfection, that Christian theologians and jurists, but also lay legislators and on the whole the Christian medieval society, began to become aware, firstly, of the deep relation connecting spiritual salvation and economic technicalities, and, secondly, of the possibility of a better understanding of the economic and contractual complexity of markets that was offered by the Franciscan definitions of poverty as relative use of things.

In this way poverty assuming the concrete form of a limited use of things became both a spiritual option equivalent to the imitation of Christ and an economic lifestyle that could separate use from the property of things. At the same time and consequently poverty could appear to Christian society from thirteenth century onwards an intellectual tool apt to make more intelligible the contractual and financial complexity of the new European market society ruled and managed by merchants, bankers and entrepreneurs. If we focus on the specific economic side of this new conception of poverty as underlining of the relevance of use, we see that the disconnection of use from property and unlimited possession of things emphasized on the one hand the circulation of wealth and money as decisive moment of collective economic life, and on the other hand the ethical and economic legitimacy of transactions whose core was shaped by the exchange of virtual values. In these cases money and goods assumed their real economic meaning precisely when they were circulating, namely when their value appeared in the abstract space of markets where money and goods

corporis necessaria recipiant praeter denarios vel pecuniam et hoc humiliter, sicut decet servos Dei et paupertatis sanctissimae sectatores."

⁷There is a vast and notable bibliography on the notion of Franciscan "usus pauper" (Burr 1989; Franco 2021).

(as Peter John Olivi writes) “were floating like fishes in the sea” that is in a dimension in which the notion of fixed ownership became a nonsense and was replaced by the notion of fluidity of the ownership. A good example of Franciscan legitimization of this kind of transactions are the Franciscan approval of the commerce of rents in the last decade of thirteenth century and the Franciscan recognizing of public utility of the periodical public reimbursement to private citizens lending money to the State as it happened in the case of the institution of public debt in many Italian cities (Kirshner 1983; Todeschini 2009; *Economie et religion* 2009) from fourteenth century onward.

In the second half of thirteenth century, from Bonaventura to Olivi the economic writings of important Franciscan masters clearly show the close connection between the even more analytic definition of Franciscan voluntary poverty and the Franciscan economic analysis, as well as the dialectic going from voluntary poverty to an economics whose core was represented by an idea of market based on the balanced use of things namely on the satisfaction of human needs that was blocked by the compulsive hoarding of riches and the growing of social inequalities (Kaye 2014). If we give a look to the main example of Franciscan economics, the treatise on commerce, credit and restitution by Peter John Olivi, that was written around 1294, and we consider too the main consequence of this writing, the sermons on contracts by Bernardino da Siena in the first half of fifteenth century, we can easily grasp the crucial nexus existing between the experience of poverty and the understanding of market logic but also appreciate the Franciscan skill to reformulate this logic in terms of collective utility. The first point to stress is the Franciscan attention for the relativity and even for the subjectivity of economic values (Kaye 2014; Todeschini 2009; *Economie et religion* 2009). As it is perfectly clear by reading both Olivi’s questions on evangelical poverty and Olivi’s treatise on commerce and credit the evaluation of the measure and limits of strict poverty as well as the evaluation and measuring of just price of economic goods are conceived by Olivi as quantities whose balance can be only approximate and relative to many different factors but never estimable once for all. It exists—the Franciscan master says—a “range” (in Latin *latitudo*) (Todeschini 1999) of possibilities making possible a probabilistic evaluation both of strict poverty, namely of poverty limited to the restrained use of things, and of the values of economic goods. In the first case, the limitation of use to the satisfaction of primary needs (and then the experience of voluntary poverty) has to be balanced in relation to the changing real needs of individuals and communities and can not be abstractly and dogmatically fixed; in the second case, the just price of a useful thing derives from a combination of various elements as, for example, abundance or rarity of things, difficulty to produce or to purchase them, as well as individual appreciation of them. The point is that according to Franciscan economics both the measure of evangelical poverty and the correct estimation of the value of things depend on their relation to people’s real necessities and needs: the evaluation of the measure of perfection shaped by poverty as well as the calculation of the value of commodities and labors is no more connected to an abstract idea of perfection or of market value, but to the discovery of a deeper standard of value whose core is shaped by the worth of people’s life and customs. For this reason, according to the

most rigorous Franciscan view, on the one side poor use of things should be estimated in relation to individual and collective specific situations but also in relation to the specific nature of economic goods (for example the storing of corn and olive oil before winter in the case of a community can not be considered as contradictory to evangelical poverty; on the contrary the individual who makes the choice to be perfectly poor should renounce to hoard this kind of things).⁸ On the other side the economic appreciation of goods should be in relation to the common estimation but at the same time it is possible to establish a principle of value deriving from an evaluation of human needs that market estimation can not predict: as in the case of the value of animals, natural goods and on the whole things satisfying people's specific and non standardized legitimate needs and desires. In this perspective, Franciscan economics challenges the interpretation of market price as uniquely derived from market agreement (a notion rooted in Roman Law), namely the idea of just price as a quantity resulting from the equilibrium price as it is commonly stated by markets. According to this Franciscan new perception and representation, a multifaceted reality of beings, things, labors and skills comes to be considered highly appreciable even if market rationality seems to deny or minimize their value: as in the case exemplified by fundamental common goods as air, water and earth, or in the case of non human creatures and wild animals, or in the case of humans that are not recognized by markets and institutional economics as highly valuable in social terms (Todeschini 2009; *Economie et religion* 2009). In all these cases the Franciscan approach to economics highlights the probable, possible, non-monetary value of things, animals and humans whose worth—even if not existing in terms of strict market economy—is functional to the construction of a collective good potentially but not automatically including the markets.

The strict and intriguing relation between choice of voluntary poverty and analysis of wealth mechanisms shaping the Franciscan economic thought, that is to say the conceptual and linguistic depth of Franciscan economics, conveyed to European modernity a complex discourse that would have been interpreted in many different and contradictory perspectives. On the one side the emphasizing by Franciscan economics of the importance of distinguishing between real and fictive needs

⁸Petrus Johannis Olivi, *Quaestiones de perfectione evangelica. Q. IX*, in D. Burr ed., *De usu paupere. The Quaestio and the Tractatus*, Firenze/Perth: West Australia Univ./Italian Medieval and Renaissance St., 4, 1992, 47–48: “*Sciendum etiam quod de excessu quantum ad usum secundum diversitatem rerum utibilium est diversimode iudicandum. Nam quaedam sunt quibus frequenter et in magna quantitate indigemus et que communiter conservari possunt et communiter conservantur, ut panis et vinum. Quedam vero sunt quibus frequenter et in competenti quantitate indigemus et tamen communiter conservari et haberi non possunt nisi per continuam generationem ipsorum, ut sunt herbe ortolane. Quedam vero quibus raro et tunc in modica quantitate, indigemus, ut oleum et legumina. Quedam etiam quorum conservatio plus sapit divitias et plus opponitur defectui inopie etiam secundum communem usum et estimationem mundi quam multorum aliorum, ut conservatio bladi in horreis et vini in cellariis, quam conservatio olei vel lignorum, nisi forte oleum in quantitate et pretio eis equaretur . . . In omnibus autem istis semper attendenda est quantitas multitudinis seu societatis. Quod enim saperet divitias uni vel duobus sapit usum pauperem et inopem triginta vel centum hominibus*”.

that is between necessity and superfluity will induce in modern times many different discussions about ethics, economy and social inequalities; nonetheless, on the other side, the Franciscan conceptualization and definition of the value of money and price of commodities in probabilistic terms will also be understood by modern economists as the medieval Christian foundation and justification of capitalizing and investing money, namely as an approval of the productivity of capital and of the possible morality of finance.

In conclusion, Franciscan economics as well as its main textual archetype, the evangelical parable of the talents, present us with the question of how to decipher the ethics of productivity namely the duty to make fruitful and circulate and distribute goods provided by divine providence (Todeschini 2021; Hengstmengel 2019).

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Franciscan Wealth: The Roots of Franciscan Economic Thought—A Comment



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Abstract Todeschini’s chapter successfully shows the role of Franciscanism in the emergence of some of the basic categories in the economic way of reasoning of Westerners. Early Franciscan authors developed the notion of voluntary poverty, legitimated interest-bearing loans concerning investment loans, and used the idea of “capital.” Moreover, money was viewed as ethical because of its role as an intermediary for exchanges and should circulate as much as possible. In contrast, its role as a store of value was condemned because of its hoarding behavior. This vision can be seen as a preview of the theory of French physiocrats, for example. Finally, from a charisma that saw the poor not as a problem but as a resource, Franciscanism could be the source of different types of banks or financial institutions as entire fundamental organizations for the development of a civil economy.

A long-established strand of academic literature analyzes the contributions of theologians, the Church Fathers, and different Catholic movements in relation to economic issues. The research agenda has mainly been based on the impact of the scholastic movement in the Middle Ages on the dissemination of economic ideas, including the concepts of price, value, gift, or common good (see, e.g., Santori 2020; Januard 2021). Giacomo Todeschini’s essay is part of this academic educational program, focusing on Franciscan thought at the turn of the thirteenth and fourteenth centuries. The purpose of the current study is to show that Franciscan theologians created “discourses economics” on the notion of poverty and wealth “that formed

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some basic categories of the economic way of reasoning of Westerners, beginning with Protestant Westerners” (Todeschini 2004: 7).

Historically, Franciscanism was born out of the Minorite Rule, written in 1221 by Francis of Assisi (c. 1181–1226). Despite being born and educated among the merchant class, his Christian conversion led Francis to hold a great hostility toward material goods, so much so that, as his biographer Thomas of Celano reports, he decided to sell everything using his skills as a “*Felix Mercator*” [“*happy merchant*”]. Theological but also sociological arguments can explain this hostility. Francis was not fooled by the link between earthly possessions and power. From this perspective, most riches are superfluous, a useless medium,¹ so Franciscans, unable to own property de facto, found themselves in the form of use without possessing goods. Therefore, in the history of economic ideas, Franciscanism marked a vital critical moment and raised, at the same time, a paradox. On the one hand, the movement glorified the *Madonna Povertà*, that is, the detachment from goods as a sign of spiritual perfection. On the other hand, it was the first socioeconomic school that inspired the market economy system’s theoretical and practical assumptions.

Franciscan history, as well as the stories of other medieval and modern mendicant orders and evangelical movements, were formed in the fraternal life of their children, the spiritual and social gifts of precious value throughout the history of the Church. It was in the years following the Middle Ages, during the material and economic formation of modernity in the sixteenth century, that Christianity imprinted itself on the world through different forms of mission and colonization, from the East to Africa and the far reaches of South America. At the same time that the globalized world was founded, as a Western society, a historical colonial process was promoted, one strongly marked by the pain and strength of the founding militarism of colonized societies in countless pages of war and cultural erasure.

However, and in many cases, in the global peripheries, from the voluntary beauty of evangelical ardor, prosperous communities were forged, not because of the conditions that the territories imposed on them, but because they are aware that the life they live has value. There are experiences of evangelical life that have been imprinted on culture the imprint of a wealth that is not sustained by the accumulation of goods but by an economy of gift and sharing that is, above all, a commitment to the full life of the community. The Church’s mission in modernity follows the conquest of the unknown world, sometimes accompanying and reproducing the colonizing model and sometimes in specific times and spaces, reinventing the novelty of the Gospel rooted in the full life of cultures.

The notion of poverty raised by Todeschini exemplifies this paradox. Choices codified in Francis’s rule required that poverty itself “[must] be ‘thought’ and practiced, that is, made to work” (Todeschini 2004: 61). Precisely, to satisfy this contradictory need, a path of reflection begins regarding wealth as the opposite of deprivation. To practice poverty, “money [...] is often spoken of in the writings of

¹One finds the Aristotelian idea where the human impulses to acquire material goods is harmful to the city’s harmony.

Francis and of early Franciscanism” (Todeschini 2004: 66), even when this serves to prohibit its use and when the latter is necessary to satisfy basic human needs.

At this stage, Todeschini’s essay discusses the distinction between money and wealth. It has been well established that the discussions between nominalist and metallist doctrines on the nature of money were prominent in the prescholastic period (see Babelon 1909). In economic philosophy, money is viewed in two ways: a commodity with an intrinsic value and a sign, a pure “symbol” whose value depends on the issuing authority. This distinction between commodity money and sign money goes back to the Greek philosophers, particularly Aristotle:

So for exchange, people agreed to give to and take from each other something that was a valuable, helpful thing in its own right and that was convenient for acquiring the necessities of life: iron or silver or anything else. At first, its value was determined simply by size and weight. (...) On the other hand, it is also held that money itself is nonsense and wholly conventional, not natural at all. (Aristotle, *Politics*, translated by C. Reeve, 1998: 16)

The first view is called “metallism,” and the second is “nominalism.” For the metallists, the essence of money is to be the medium of exchange, so its value results in its acceptance by the parties to the exchange business. For nominalists, in contrast, money arises from the act of coining as a symbol of sovereignty. Its function as a unit of account then defines its exact nature. The influence of Aristotle’s works on many Franciscan authors has been well established. Thus, it is unsurprising to find an absence of consensus on the nature of money in the early Franciscan works. Some authors seem to adopt a metallist vision (like Francis or Peter John Olivi), while others prefer a nominalist approach (like William of Ockham).

In the ongoing evaluation of the gap between the concrete needs of the friars and overall wealth of the current territory, as well as between the necessary and superfluous, words such as “use,” “utilization,” “ownership,” and “possession” are analyzed. Particular attention is paid to the riches of creation and their usefulness, which—precisely because of the choice of poverty—must not be owned but only used and circulated. This idea is in line with some Church Fathers, particularly Anselm of Canterbury (c. 1033–1109), who considered that creation is only the strict possession of God, so man cannot appropriate it to himself. Four years after Francis’s death and under the impetus of the bull *Quo elongati* (1230), the choice of poverty became the object of an articulated debate concerning the use of money and goods, with the separation, precisely, of “use” and “property.” In short, the friars can be poor in the sense of having *no possessions* but *using* other people’s interests for survival.

Franciscans also make poverty a *voluntary choice*. Indeed, the reversal of the criteria of judgment and behavior, announced in the episode of the lepers in the New Testament, finds its concrete application in a life of poverty lived among the poor. It is precisely in this historical context that a new concept of poverty is emerging, one not only that of the wretched, namely people who are unemployed and economically bankrupt because of famines and wars, but that is chosen by those who recognized the poverty of Christ as a tangible, substantial social value.

Signs visibly demonstrated by the evangelical and prophetic experience of these values assumed by Christ and by St. Francis of Assisi can be viewed in the recent history of the Church after being impregnated by the Second Vatican Council, as we celebrate the 50th anniversary of The Missionary Council for Indigenous Peoples, the Indigenous Missionary Council. The CIMI and also the Pastoral Commission of the Land, were founded by prophetic and courageous pastors, such as the Catalan bishop Pedro Casaldàliga Plá (1928–2020), the Brazilian Dominican from Minas Gerais, Tomás Balduino (1922–2014), along with “the great multitude of the people of God” formed by many “nameless,” here similar to the historical conditions of the very incarnation of evangelical poverty lived by Francis and Clare of Assisi, as another Galilee of mixed race and syncretics. It is the experience of voluntary evangelical poverty, incarnated in the reality of cultures, that constitutes one of the main keys for interpreting the popular movements emerging inside and outside the Church. So many times, history has changed its course, motivated by people enchanted by the ideals of Christian life announced by voluntarily poor missionaries.

The recent history of these liberating movements has been based on a fearless and coherent incarnated evangelical option, such as that of the Dominican Saint Bartolomé de las Casas (1484–1566), an important defender of the indigenous, or the example of the Franciscan missionaries in Mexico, who sought to establish an Indigenous Church, whose valuable presence of Christ gave life to the original culture. A significant example of community life shaped by voluntary and Christian poverty in the life of peripheral cultures was the missions of the Jesuit heroes of Paraguay, to whom Umberto Eco relates the pontificate of Francisco, saying that before being an Argentine Jesuit, the Holy Father it is from the Paraguayan Jesuits, heirs of the medieval and Renaissance tradition and builders of an indigenous Hellenism, part of what we now call colonial scholasticism. The golden pages of the Society of Jesus were certainly written from the fertile territories of the Mbya Guarani, imprinting the Gospel on the Guarani culture and making it, at the same time, an indigenous and community experience.

The Holy Experiment, as the experience of the Paraguayan Jesuits was called during the seventeenth and eighteenth centuries, is part of a scholastic and colonial neo-enlightenment based on the value of freedom and recognition of indigenous people as free human beings, here in the guise of arguments by Bartolomé de las Casas, who had already recognized the importance of safeguarding indigenous freedom. The Jesuits descended through the territories between the Paraná and Uruguay Rivers, organizing the Guarani and other peoples in 30 cities in the south of the Paraguay River, today the Argentine Province of *Misiones*, reaching its apogee and final stage with the seven cities of the eastern side of the Uruguay River, the territory today belonging to the State of Rio Grande do Sul, in Brazil. The vision of the Reductions by San Roque González is preserved in a letter to his brother Francis: “We work for justice. Indigenous people need to be freed from slavery and the harsh personal servitude they now find themselves in. By justice they are exempt from this by natural, divine, and human law” (Lugon 1977).

The authors of the time commented or even speculated on the immaterial meanings of the Holy Experiment: Voltaire, Montesquieu, and Ludovico Muratori

tried to categorize the evangelical and economic model, prosperous, frugal, communal, and deeply evangelical, that was lived among the Guarani of Paraguay. It was a glorious past for the good living of the Mbya (*grupo etnico indigeno del Brasile*), a people who walked holy, confessing their faults and always starting over the struggle, the journey, whose peace is marked by a song that is a weeping prayer, a lament that rescues hope and utopia, that remakes the horizon, toward the Land Without Evil, the horizon and the reason for walking.

It is possible to observe the original reminiscences of this erased past, from the memories of the various indigenous peoples of the Americas and around the world today, which they remember for their stories the valuable concepts of their people, through community education in which knowing how to do it presupposes dialogue, sharing, trust, smile, and hope. In the lives of each person, the songs communally express their identity. One of the beautiful Guarani songs expresses this certainty when it says, through the voice of the children, “Let’s all sing our songs, rejoice, and be happy.” Here, good living is the hope that is born from the community that is weaved from relationships.

The economy of each one and the whole of the 30 reductions embodied the spirit of the *Communio Sanctorum* of Saint Bonaventura, to the same extent that it was rooted in *Tupambaè*, a concept that sums up belonging to the ground on which one steps: the earth of God, which “has an owner, was given to the Guarani by God and St. Michael the Archangel to be protected and cared for.” *Tupambaè* is a syncretized and synthesized concept in Guarani history between the common property of objects among relatives, a practice of the Guarani culture, and the theology of creation that has been learned from Jesuit priests.

Today, *Tupambaè Nãnderubaè* (God’s property) are strong words for this people, containing the mystique of care for the land, water, and all common goods, of which the community is the guardian from its way of life. It is important and must be remembered that the bad living of the community is a result of the economy that kills, that finances the war, attack, and systematic death of the life of cultures, which are always diverse and creative. The illness of cultures is always related to the overshadowing of the good life, which usually happens through the devaluation of the diversity of life on earth as ways of life that are harmful to the common home succeed each other.

Good living, therefore, springs from territories with “open veins,” in Galeano’s words, as a search for shared horizons, here under a dynamic balance that takes place between the beings that live on land and in the territory, among which, each human group, each human being is responsible for the proper administration of the commons. The remote and forgotten past of this self-organized republic, with a community economy, genuinely Christian and indigenous, can be seen as present in the modern world.

Although erased in a forgotten past, the mystique of the missions of Paraguay is enchantingly remembered by the chants and prayers of the Guarani, many of them unknown to us, some forgotten with time, others resistant in the life and immemorial narratives of the peoples, and many recorded by researchers and available on web platforms. In its short 150 years of existence, the Holy Experiment has left us a

legacy that we still seek to understand and live; it is a past that continues to be investigated. They are the unfathomable memories of an indigenous society where there were neither the needy nor the excluded, where freedom, the Guarani language, and culture found a place and voice in the community of the faithful.

The 30 cities are among the pages of glory of the Society of Jesus and were, without a shadow of a doubt, a sign of resistance and autonomy, democracy, order, and creativity; they were places where a whole people raised their prayers to God in their own language, a sign of his very existence and resistance. The richness of Christian history lies in the free encounter between culture and the Gospel, lived in its radicalness, in the life of a people. In many times and places, daring, poor volunteers have risked announcing and experiencing the grace of true joy, which is, above all, a true freedom, received, discerned, recognized, and lived as a gift of *Ñanderu Tupã* (God).

In recent times, imbued with the enthusiasm of these and other testimonies of the past historically lived in community, many brothers and sisters from our peripheries have announced their integral ecology, to which the Holy Father also points us. Christian examples, such as the Marist Brother Antônio Cecchin (1927–2016), who donated his life to the collectors of the islands of Porto Alegre, or the little sister Genoveva, from the fraternity of Charles de Foucauld, who died in 2013 and gave herself by the rebirth of the *Tapirapé* people, show us the way to rescue this experience of community care for the goods of creation, valuing a simple life in which culture has value and from which one learns to live a frugal life, taking with moderation what is necessary and, in community, taking care of the common home.

Brother Antônio was inspired to use an expression of St. Thomas More, an allusion to the Seven Mission Cities on the eastern side of the Uruguay River. His path has motivated many people to live in a frugal economy, recognizing that there are immeasurable values that go beyond money and, moreover, give meaning to an economy of the commons. The challenges that await us today in a world where inequalities demand a commitment to justice will certainly be forged by the history that we have built together.

In an interculturally connected world, and still strongly marked by hunger, unemployment, misery, and countless inequalities, the experience of a frugal economy of Francesco is imperative. This is made up of countless other names, of “many small people, in many small places, doing simple things,” which, in the horizon of our inspiring Sister Lourdes Dill, FDC, has a Parousia dimension: “They will change the face of the earth.” Walking together for the good life requires that we rebuild together an economy that recognizes the lives of all people, of all living beings, and of all minerals, not as means, but as priceless gifts that we must protect.

The main contribution of the Franciscan tendency to modern European economic thinking is found in this personalization of choice. However, several points deserve discussion. First, the theological vision that underlies the choice of poverty is not much developed in Todeschini’s essay. At the time, exegetical and historical research was in its infancy. Franciscan theologians had a vision of a very poor Christ, whereas it is now well acknowledged that Christ was no more flawed than most of the Galileans of the first century CE. Second, the idea of freely chosen

poverty is fascinating. However, to avoid misinterpretation, it is essential to distinguish poverty from labor. Friars are poor, but they work. Thus, the state of poverty does not necessarily refer to a situation of unemployment. In other words, voluntary poverty is not voluntary unemployment. However, placing poverty not as a state of life involuntarily suffered but as a chosen state is indeed very modern and quickly refers to the neoclassical microeconomic vision.

All in all, in the society of that time, which was characterized by the prominence of the agricultural sector, the greed for money, and the rising merchant class, Francis, like all poor volunteers, became a “*spokesman for an economy of the possible and the eventual*” (Todeschini 2004: 44) who favored the invention of new interpretative categories for an economic self-awareness that, until that moment, had been nourished by what had been elaborated by monks and ecclesiastics during the struggle of the papacy with the empire.

The thoughts and economic theories elaborated by Francis’s successors created the conditions for the development of ethical principles, contributing to the formation of a widespread mentality in which the market found support and giving the basis to modern economic thought. The elaboration of the concepts analyzed and elaborated by the Franciscan economic and theological system succeeded in overcoming the societal obstacles that limited society’s growth and development from both a doctrinal and reasonable perspective. As an example, money can then be “ethical” because of its medium-of-exchange function, namely the “mercantile ability to circulate it without immobilizing it: to use it without wanting to accumulate it, to live it as a unit of measure, and not as a precious object” (*Ibid.*:100).

At this stage, two points require particular attention. First, for the Franciscans, money must circulate as much as possible because its ethical character comes from its role as an intermediary of exchange. This idea precedes the view of French physiocrats in the eighteenth century, where money was seen as the blood that must perpetually circulate, hence the first issuing paper money. Second, money as a store of value is unethical for Franciscans. Indeed, as a store of value, money can be hoarded, giving rise to hoarding behavior and the accumulation of stocks of precious metals. This contradicts Franciscan hostility toward possession. Consequently, there is a contradiction—or at least a tension—in the Franciscan monetary doctrine: money is ethical because of its function as a medium of exchange, not because of its function as a store of value.

In addition to the discussion on the nature of money, its value is also addressed. The theological discourse user about usury, with Peter John Olivi’s *Tractatus de empitone et venditione, de contractibus usurariis et de restitutionibus* (1263), takes on characteristics in a type of legislation based on exceptions to the prohibition of usury. The problem was whether one could do business without sinning usury. Olivi introduces a crucial distinction between a loan for consumption—which cannot give rise to a profit because it corresponds to a logic of charity—and a loan linked to an investment—which implies a risk and justifies a profit. He theorizes the relationship between yield and risk at the same time as Thomas Aquinas a few years before, but he is the first to use the notion of “capital” in this context.

Todeschini rightly underlines the figure of the merchants in that period because they were sometimes associated with and sometimes opposed usurers. Because both categories (merchants and usurers) are easily confused, it is necessary to define their characteristics. In Olivi's logic, merchants are above all market players. The market is understood in its concrete, not abstract, form. It is not an ideal meeting place between supply and demand, but rather, it is an urban space (like fairs), highly regulated by local authorities. In contrast, the usurers were characterized by hoarding behavior. They accumulated precious metals "not to invest and distribute, but to accumulate again" (Todeschini 2004: 22). Unsurprisingly, the Franciscan merchant/user typology reflects the discussion of the ethics of money: anything that facilitates the circulation of goods (the market or money as a medium of exchange) is legitimized, but anything that stops this process (hoarding behavior or money cash as a store of value) is unethical.

Interestingly, the radical rejection of interest-bearing loans concerning consumer loans has given rise to several large financial institutions, including, in the second half of the fifteenth century, the *Monte di Pietà* ["*Mount of piety*"], to help less-well-off families or people who did not have access to credit at a fair rate of interest and, therefore, who were forced to turn to usurers and fall into poverty. From these were also born the *Monte Frumentari*, institutions giving loans of grain with the obligation to repay after the harvest to protect the farmers, and the *Monti Dotali*, which ensured a better future for the orphaned young and orphaned women.

At the time of the first foundations of the *Montes pietatis*, the lending practices were subject to disputation, sentences, and juridical discussions through the *Consilia*, both quantitatively and qualitatively. The friars of the various orders attacked the Jews from the pulpit. They defended, condemned, and excommunicated both laymen and clergy members for their respective positions regarding the activity of lending. Strong tensions arose between preachers and rulers—particularly in the seigniorial regime—which led the latter to expel some Franciscans from the cities where they had come to preach. The apparent alleged reasons were that they endangered the city order and the peaceful coexistence between the Jewish minority and Christian community. They also openly attacked the city's monopoly on the management of loans.

Two powerful, compelling vehicles were used to draw attention. The first concerns *Caritas*, whose negative pendant is usury; the second identifies the Franciscan observance as the order most qualified to show Christians the right way to circulate wealth. At the time, the crowd of *paupers*, without means or protection, was the object of growing suspicion by a highly hierarchical society that tended to admit only those who could serve its needs and objectives. The main reason for the birth of these institutions was solidarity, not primarily economic, and the goal was to generate a relationship where *fides* (trust) could be designed and built.

Francis renounced the economy of his father, Peter Bernardone, a prominent Italian merchant, and stated the "nothingness of property," which led to the development of banks two centuries later. From a charisma that gave a new look to consider the poor not as a problem but as a resource, different types of banks were born as fundamental institutions for developing a civil economy (see Bazzichi 2017).

For the Franciscans, the masters of piety and charity, it was natural to see in the birth of those different Mounts a fruit of the same root of piety and mercy, one deeply intertwined and overlapping in popular piety. Pious financial professionals were needed to work alongside those of faith: merchants endowed with public *fides*. Only through them would it be possible to build a balanced market that benefits the city. And it is their work, their enlightened wealth that “gives the market the form of a rational society [...] then being rich also serves to prepare the salvation of the world” (Todeschini 2004: 123–124).

The vocation of those who are today—in the twenty-first century, rewriting the history of the Franciscan movement and, consequently, of the Church—is being strongly marked by the signs of the reform or perhaps the revolution of Francis. These steps, deeply marked by Franciscan poverty and by the sense of missionary nature incarnated in the culture, which was experienced in the missions of Paraguay, other gifts and resistant, free, autonomous lives in harmony with creation, can become a sign of true wealth of the Gospel. It is a gift that is an invitation to be shared and lived as a sign of the synodal unity that makes up the *Communio Sanctorum*, which brings together time and eternity and the journey of so many who, in their lives, were signs of to live well, of a life that is built by freely choosing to be a peacemaker.

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The Power of Purposeful Business



Alex Edmans

Abstract Purpose is the corporate buzzword of today, with politicians, the public, and even shareholders calling on businesses to serve wider society. But purpose is also controversial, because companies have a responsibility to deliver returns to investors. These objections are based on a fixed-pie mindset, that serving stakeholders is at the expense of shareholders. This article discusses the power of purpose in growing the pie, creating value for both investors and society—as a result, purpose has a business and financial case, not just a moral and ethical case. It discusses how companies can put purpose into practice, including in difficult times such as a pandemic, and how citizens can play their part in their role as employees and customers.

Even before COVID-19 devastated the world, capitalism was already in crisis. The 2007 financial crisis cost nine million Americans their jobs and ten million their homes. Although the economy recovered, the gains largely went to bosses and shareholders, while worker wages stagnated. In 2019, the world’s 22 richest men enjoyed more wealth than all the women in Africa. This inequality will only increase due to the coronavirus pandemic. While 100 million people are being plunged into extreme poverty, the wealth of tech billionaires is skyrocketing.

Corporations aren’t just passive beneficiaries from global trends—they actively contribute to them. To squeeze out every last dollar of profit, many pay their employees as little as possible and work them to the bone, flouting health and safety regulations. Every day, 7500 citizens around the world die from work-related diseases and accidents. A company’s impact is so far-reaching that it can harm people who aren’t even its customers or employees. In June 2020, US power supplier PG&E pled guilty to 84 manslaughter charges stemming from California wildfires caused by its faulty equipment.

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The damage isn't just to people, but to the planet too. In 2010, the explosion of BP's Deepwater Horizon drilling rig saw 4.9 million barrels of oil spill into the sea, threatening eight US national parks, endangering 400 species and spoiling 1000 miles of coastline. Five years later, Volkswagen admitted installing a 'defeat device' in its cars, which cheated emissions tests and contributed to 1200 deaths in Europe alone. In May 2020, mining company Rio Tinto detonated Juukan Gorge in Australia, a sacred site for the indigenous Puutu Kunti Kurrama and Pinikura people, which had been continuously occupied by humans for 46,000 years. Over and above these individual cases, the environmental costs created by business are estimated at \$4.7 trillion per year.

Citizens are fighting back. On 15 April 2019, the activist group Extinction Rebellion organised demonstrations in 80 cities across 33 countries, blockading roads, bridges and buildings in protest at climate change. Myriad other responses include Occupy movements, Brexit, the election of populist leaders, restrictions on trade and immigration and revolts on CEO pay. But while the precise reaction varies, the sentiment's the same. 'They' are benefiting at the expense of 'us'.

In turn, companies were responding—or at least are appearing to. Sustainability has become the corporate buzzword of the day. It was the theme of the 2020 World Economic Forum in Davos. In August 2019, the Business Roundtable, a group of influential US CEOs, radically redefined its statement of the 'purpose of a corporation' to include stakeholders, rather than just shareholders. In June 2020, Danone was the first French company to become a "société à mission", writing its purpose into its corporate bylaws.

But it wasn't clear whether these leaders genuinely meant what they said. Critics argue that Davos is more about appearing to do good than actually doing good. Sceptics claim that the Business Roundtable statement was a public relations exercise to stave off regulation. Indeed, several signatories shed thousands of workers in the coronavirus pandemic, at the same time as paying huge dividends to investors. A few months after becoming a société à mission, Danone announced 2000 job cuts. Critics argued that Danone's focus on purpose was an attempt to mask its poor performance—its stock price was flat over CEO Emmanuel Faber's 6.5-year tenure, compared to a 50% rise for its competitor Nestlé and the broader CAC-40.

Why is it that some leaders may not do as they say? Why do they reduce sustainability to an ancillary activity to be buried in a "Corporate Social Responsibility" department rather than part of the core business? Because many fear that sustainability is at the expense of profits. Traditional management thinking is that the value created by a company is represented by a pie, which is fixed in size. So any slice of the pie given to society means a smaller slice for shareholders. A CEO's goal, therefore, is to squeeze as much as possible out of others, by holding down wages, price-gouging customers, and paying scant attention to the environment. This *pie-splitting mentality* (Fig. 1) would argue that you should practice sustainability to the minimum possible, and reduce it to PR initiatives that cost little but create much fanfare.

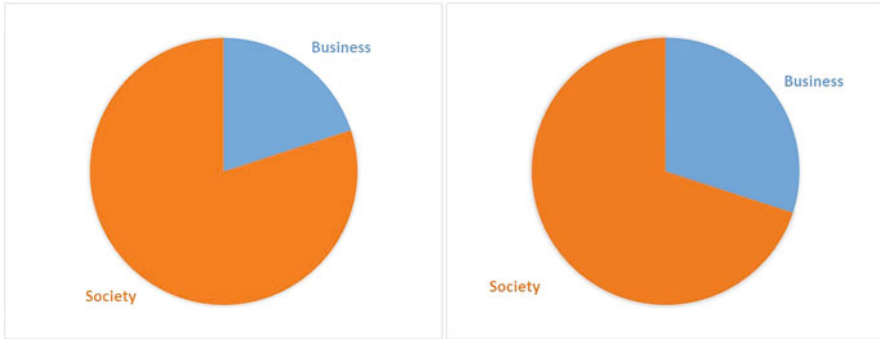


Fig. 1 The pie-splitting mentality

And the pie-splitting mentality is also practiced by many advocates of business reform. If the pie is fixed, the only way to increase the share that goes to society is to straitjacket business with heavy regulation so that it doesn't make too much profit.

Under the pie-splitting mentality, business and society are enemies. And the battle they've been fighting has been around for centuries. In the mid-nineteenth century, Karl Marx wrote about the struggle between capital and labour. Since then, we've seen a pendulum swing back and forth between business and society. Think of the late nineteenth century robber barons who created giant monopolies such as Standard Oil; policymakers responded by breaking some up. Or the peak of trade unions in the 1970s, followed by legislation that caused their decline. Or the rise of big banks in the early twentieth century which culminated in the 1929 financial crisis and their regulation by the Glass-Steagall Act—itself partially reversed since the 1980s, contributing to another crisis in 2007. Unless we can come up with another way, this movie will keep on being replayed.

But the good news is that there is another way.

By applying a radically different approach to business, companies can create *both* profit for investors *and* value for society. The *pie-growing mentality* (Fig. 2) stresses that the pie is not fixed. By investing in stakeholders, a company doesn't reduce investors' slice of the pie, as assumed by some CEOs—it grows the pie, ultimately benefiting investors. A company may improve working conditions out of genuine concern for its employees, yet these employees become more motivated and productive. A company may develop a new drug to solve a public health crisis, without considering whether those affected are able to pay for it, yet end up successfully commercialising it. A company may reduce its emissions far beyond the level that would lead to a fine, due to its sense of responsibility to the environment, yet benefit because customers, employees, and investors are attracted to a firm with such values.

Under the pie-growing mentality, a company's primary goal is to serve society rather than generate profits. Surprisingly, this approach typically ends up *more* profitable than if profits were the end goal. That's because it enables many investments to be made that end up delivering substantial long-term payoffs. It's important to acknowledge that a profit-focused company will still invest in stakeholders—but

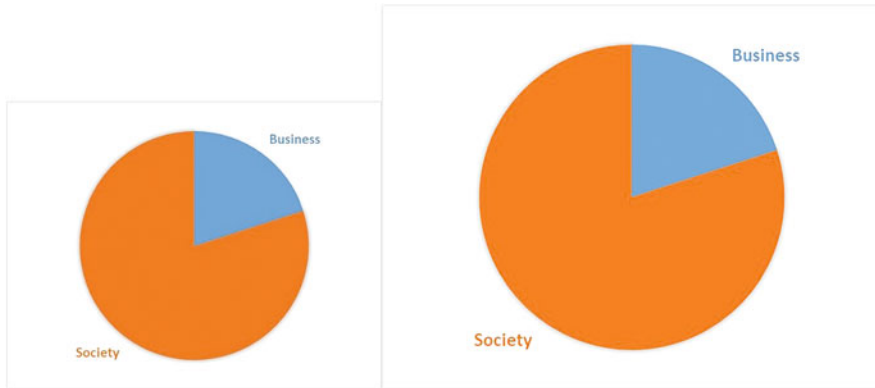


Fig. 2 The pie-growing mentality

only if it calculates that such an investment will increase profits by more than the cost of the investment. Indeed, comparing costs and benefits is how finance textbooks argue companies should decide whether or not to take an investment.

But real life isn't a finance textbook. In practice, it's very difficult to calculate the future payoff of an investment. In the past, this was easier when investments were in *tangible assets*—if you build a new factory, you can estimate how many new widgets the factory will produce and how much you can sell them for. Most of the value of a twenty-first century firm comes from *intangible assets*, such as brand and corporate culture. If a company improves working conditions, it's impossible to estimate how much more productive workers will be, and how much higher profit this greater productivity will translate into. The same is true for the reputational benefits of a superior environmental record. A company that's free from the shackles of having to justify every investment by a calculation will invest more and may ultimately become more profitable.

This new approach to business is the subject of my recent book, “Grow the Pie: How Great Companies Deliver Both Purpose and Profit” (Edmans 2020). I wrote this book out of concern for the polarisation between business and society that the world finds itself in. In the face of this conflict, this is a fundamentally optimistic book. Yet this optimism is not based on blind hope, but on rigorous evidence that this approach to business works—across industries and for all stakeholders—and an actionable framework to turn it into reality.

Let's indeed turn to the evidence. The idea that both business and society can benefit might seem to be a too-good-to-be-true pipedream. However, rigorous evidence suggests that companies that treat their stakeholders well deliver superior long-term returns to investors. For example, one of my own studies, shows that companies with high employee satisfaction outperformed their peers by 2.3–3.8% per year over a 28-year period (Edmans 2011, 2012). That's 89–184% compounded. I do further tests suggest that it's employee satisfaction that leads to good performance, rather than the reverse. Other studies find that customer satisfaction (Fornell

et al. 2006) and environmental stewardship (Derwall et al. 2005) are also associated with higher stock returns.

So creating value for stakeholders isn't just a worthy ideal—it's good business sense. When I speak to practitioners on the importance of purpose, I'm introduced as a Professor of Finance and the audience often thinks they've misheard. The finance department is frequently the enemy of purposeful business, believing that it's simply a distraction from creating profits. This might be true in the short-term, but the long-term evidence shows that any finance department with this mindset is failing at its job. The positive relationship with long-term returns also means that it's in companies' own interest to transform the way they do business and take very seriously their impact on society. In fact, it's urgent that they do. Otherwise, anti-business regulations will be passed, and customers and workers will switch to competitors whose values they share. Serving society isn't an optional extra to be confined to a CSR department, but should be fundamental to how a business is run. Similarly, considering stakeholder value when evaluating a company isn't sustainable investing; it's plain and simple investing (Edmans, 2023). Any investor that wishes to generate long-term returns should take stakeholder value into account, not just investors of sustainable funds.

1 A Shift in Thinking

The pie-growing mentality shifts our thinking on some of the most controversial aspects of business. First, it transforms what leaders' and enterprises' responsibilities are, and how what society should hold them accountable for. We often “name and shame” companies who engage in *errors of commission*—actions seen as pie-splitting, such as making what we see as too much profit. But high profits may be a by-product of serving society. Instead, we should hold businesses accountable for *errors of omission*—spurning opportunities to grow the pie through inaction. For example, Kodak failed to invest in digital cameras and ultimately went bankrupt. Yet it's rarely seen as a corporate governance failure because investors didn't profit—but that's of no consolation to the 150,000 workers were made redundant. An irresponsible company is one that shrinks the pie or fails to grow it, harming everyone.

Second, the pie-growing mentality changes our view on how to reform executive pay. The level of CEO pay is perhaps the single most-cited piece of evidence that business is out of touch with society. In the US, the average S&P 500 CEO earned \$14.8 million in 2019, 264 times the average employee. The idea is that, if the CEO wasn't so greedy, her pay could be redistributed to her colleagues or invested. But that's the pie-splitting mentality. The amount that can be reallocated through redistributing the pie is tiny. The median equity value in the S&P 500 is \$24 billion. \$14.8 million is only 0.06% of the pie—far smaller than the 2.3–3.8% that can be created by growing the pie through improving employee satisfaction.

Moreover, just like high profits, high pay could be a by-product of creating value. It's fair for CEOs to be paid like owners—to own a long-term share in her business,

so that she's on the hook if it underperforms. But the flip side is that, if she grows the long-term stock price, she'll automatically be rewarded as her shares will be worth more. For example, Disney's Bob Iger was criticised for earning \$66 million, but the market value of Disney had risen by 578% in his 4 years at the helm, and 70,000 jobs had been created. So we shouldn't criticise high CEO pay without first asking whether it results from pie-growing or pie-splitting.

And that's where there is indeed major room for reform. Some CEOs aren't paid like long-term owners. They're instead given bonuses based on short-term targets—and so it's indeed possible for them to earn millions by exploiting workers and customers. So the solution isn't so much to change the *level* of pay, even though this might win the most headlines, but its *structure*—to move away from short-term targets and pay the CEO with shares that she can't sell for (say) 5–7 years. Giving her long-term incentives rewards her for pie-growing and discourages pie-splitting. Indeed, research shows that short-term incentives lead to CEOs cutting investment to meet quarterly earnings targets (Edmans et al. 2017), strategically releasing positive news (Edmans et al. 2018) and undertaking share buybacks (Edmans et al. 2022), while long-term incentives are associated with not only higher financial performance, but superior innovation and stakeholder welfare (Flammer and Bansal 2017). Importantly, both papers document causation, not just correlation.

Importantly, the CEO should continue to hold her shares after retirement, to ensure that her horizon extends beyond her tenure. And shares should be awarded to all employees, to ensure that everyone benefits from pie-growth. If the company does well, it's not just due to the CEO. Giving shares to colleagues treats them as partners in the enterprise, rather than hired labourers.

Third, the pie-growing mentality shifts our thinking on investors. Investors are often viewed as nameless, faceless capitalists who extract profits at the expense of society. One book claimed that “Shareholder activists . . . are more like terrorists who manage through fear and strip the company of its underlying crucial assets, . . . extracting cash out of everything that would otherwise generate long-term value”, and politicians in both the UK and US have made proposals to restrict investor rights. But such views aren't backed up by the evidence. Rigorous studies show that, while shareholder activism does indeed increase profits, this doesn't arise from pie-splitting but pie-growing—improved productivity and innovation, which in turn benefits society (Brav et al. 2008, 2015, 2018).

Investors are not “them”; they are “us”. As mentioned earlier, they include ordinary citizens saving for retirement, or mutual funds or pension funds investing on their behalf. Policies that suppress investors will not only make companies less purposeful and less productive, but also harm citizens. Investors aren't the enemy, but allies in growing the pie. Any serious proposal to reform business should place investor engagement front and centre.

2 Putting It into Practice

So how does a company actually “grow the pie”? The starting point is to define its purpose—why it exists, its reason for being, and the role that it plays in the world. A purpose might be to develop medicines that transform citizens’ health; to provide an efficient rail network that connects people with their jobs, family and friends; or to manufacture toys that entertain and educate children.

Importantly, a company’s purpose cannot be to earn profits—instead, profits are a by-product of serving a purpose. This is similar to how a citizen’s vocation is not to earn a salary; instead, he earns a salary by choosing a career he enjoys and thus flourishes in. Equally importantly, a purpose should be focused. Many companies have broad purpose statements, such as “to serve customers, colleagues, suppliers, the environment, and communities while generating returns to investors,” because it sounds inspiring to be able to serve everyone. But a purpose that tries to be all things to all people offers little practical guidance because it sweeps the harsh reality of trade-offs under the carpet. Leaders need to make tough decisions that benefit some stakeholders at the expense of others.

In November 2016, French electricity firm Engie announced the closure of its Hazelwood power station in the Latrobe Valley of Victoria, Australia. This decision caused 450 Engie employees and 300 contractors to lose their jobs. Customers also suffered—since Hazelwood provided a fifth of Victoria’s electricity-generation capacity, average household bills rose by 16% over the next year. But Engie took the decision because, earlier that year, it had announced a transformation plan to prioritise the environment. As then-CEO Isabelle Kocher said: ‘We want to focus our investments solely on generating low carbon energy . . . we are redesigning our entire portfolio.’ Hazelwood was the most polluting plant in Australia, responsible for 3% of its greenhouse gas emissions, and one of the most polluting plants in the world. In 2005, the World Wide Fund for Nature had named it the least carbon-efficient power station in the OECD.

Having a focused purpose statement guided Engie on this tough decision. Because its purpose ranked the environment as even more important than employees and customers, it knew what it had to do. It *first* chose to close down the plant, and *then* sought to mitigate the job losses by finding jobs for its employees at nearby companies.

The book introduces three principles (the principle of multiplication, the principle of comparative advantage, and the principle of materiality) to provide practical guidance on which investments in stakeholders a company should make, and when it should show restraint. This balance is critical. Some leaders misinterpret the call to “serve society” as an imperative to invest as much as possible, and many politicians advocate such behaviour. But there are many cautionary tales of companies imploding through overinvestment, Daewoo being a particularly prominent one.

Of course, purpose must go beyond a mere statement and must be put into practice. The book discusses five tools through which a company can do so—aligning its strategy, operating model, culture, reporting, and governance. It also

stresses the role of investors in stewarding a company's purpose—holding CEOs to account for embedding it throughout the organisation, and providing an independent sounding board on long-term issues. I provide a practical guide for how investors can undertake stewardship effectively, and how the relationships between different players in the investment industry—asset managers, asset owners, investment consultants, and proxy advisors—can be reformed from the transactional to the trusted, in turn providing the long-term context necessary for stewardship to thrive.

And citizens have a major part to play too. The popular narrative is that corporations are so large that citizens are powerless to shape them. But I stress how citizens—in their roles as employees, customers, and investors—enjoy *agency*: their capacity to act independently and influence their environment, rather than being acted upon. One source of agency is the power to put their time and money into companies that reflect what they would like to see in the world, and walk away from others. Customer boycotts for allegedly non-purposeful behaviour are arguably more powerful than ever before due to social media, as shown by the #boycottvolkswagen and #DeleteUber campaigns. In the modern firm, human (rather than physical) capital is more important than ever before, and departures of key employees severely damage a company's competitiveness.

A second source of agency is the power to shape companies they do choose to be members of. Every night, Abdul Durrant worked hard to clean the London offices of HSBC, including that of chair Sir John Bond. But he struggled to support his five children on his low wages. So Abdul attended HSBC's AGM and addressed Sir John, saying "I am here on behalf of all the contract staff at HSBC and the families of East London. We receive £5 per hour—a whole £5 per hour!—no pension, and a measly sick pay scheme. In our struggles our children go to school without adequate lunch. We are unable to provide necessary books for their education. School outings in particular they miss out on." Moved by this plea, Sir John gave HSBC's cleaners a 28% pay rise. This shows the power of a single employee to change the wage policy of a large multinational.

3 Purpose in the Pandemic

The importance of viewing purpose as growing the pie, rather than splitting it differently, is particularly critical in the pandemic. Some companies have indeed been able to serve society by splitting the pie in the pandemic. For example, Unilever donated 100 million euros of food and sanitiser to local communities and safeguarded the jobs of its 155,000 workers—including contractors, such as cleaners and catering staff.

Such actions are highly laudable and should never be downplayed. But the problem with viewing responsibility as only about splitting the pie is that many companies don't have pie to share, particularly in a pandemic. What if you're not in the food and sanitiser industry and don't have relevant products to donate? What if you're a small enterprise that doesn't have millions lying around?

The value of thinking about responsibility as pie-growing is that it unlocks the potential for all companies to play their part. Unlike splitting the pie, growing the pie often doesn't cost a huge amount of money—what it requires is the mindset to create value for society. A responsible leader asks herself 'What's in my hand?' What resources and expertise does my company have, and how can I deploy them innovatively to serve society?

Such a mindset can inspire some great ideas. LVMH's luxury perfumes were indeed a luxury in a pandemic. But what's in its hand is a production facility that uses alcohol, which it redeployed to manufacture hand sanitiser. Many of JetBlue's planes were grounded as passenger numbers plummeted. So it partnered with charities such as the Red Cross and Médecins Sans Frontières to use these planes to transport medical professionals, devices and supplies to where they're most needed.

And thinking of responsibility as growing the pie is particularly relevant for small businesses, who don't have pie to give. Take Barry's, the boutique fitness studio. What's in its hand is fitness expertise, which it used to offer free livestreamed workouts—particularly valuable when citizens are locked down at home. Now it might seem not particularly innovative for a fitness studio to provide fitness classes, albeit online. The real creativity was in how it redeployed its office and desk workers. Some of them also had jobs as actors; since acting can be volatile, they also worked for Barry's to provide a stable income. If you're an actor, what's in your hand is that you're entertaining. How does that help in a crisis? Barry's launched a 'Barry's Cares' programme, which included their staff reading stories and providing entertainment to children over Zoom—taking the load off working parents whose kids were at home due to school closures.

Citizens practised the pie-growing mindset in the pandemic too. For some, what's in their hand was time—by doing grocery shopping for their vulnerable neighbours. For others, it was money. One friend advance-purchased 100 coffees from his local coffee shop, supplying them with a liquidity lifeline. For others still it was words, which are often seen as vacuous compared to 'hard' actions or financial contributions. But telephoning someone who is self-isolating alone, or giving a sincere thank you to an overworked delivery driver, can make a big difference.

These inspiring examples give us hope even in bleak times. If there's any silver lining to the crisis, it's that it will permanently lead to a shift in thinking about what responsible business entails—from splitting the pie by spending money to growing the pie by innovatively using what's in our hand. The latter can be practised by companies both large and small, in bad times as well as good, and by citizens and junior employees not just senior executives.

4 A Collaborative Effort

So it's not business *or* society—it's *and*. This observation gives us great hope, but also great responsibility. Not only can all stakeholders benefit from a growing pie, but it's also their duty to work together to grow the pie. When they do so, bound by a

common purpose and focused on the long-term, they create shared value in a way that enlarges the slices of everyone—shareholders, workers, customers, suppliers, the environment, communities, and taxpayers. Evidence suggests that visionary leaders can transform a company, growing the pie for the benefit of all. Engaged shareholders can intervene in a failing firm, growing the pie for the benefit of all. A motivated workforce can innovate from the bottom up, growing the pie for the benefit of all.

Importantly, an approach to business driven by purpose typically ends up more profitable in the long-term than an attempt to maximise shareholder value. So it's one that leaders should voluntarily embrace, even in the absence of public mistrust or threats of regulation. Creating social value is neither defensive nor simply “worthy”—it's good business. The highest-quality evidence, not wishful thinking, reaches this conclusion: To reach the land of profit, follow the road of purpose.

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‘Growing the Pie’ in a Catholic Social Thought Perspective



Kyle Ballarta, Andrea Calef, and Andrea Roncella

Abstract This chapter aims at analyzing Edmans’ perspective on the role that public corporations should have in generating value for the society, presented in his book *Grow the Pie: How Great Companies Deliver Both Purpose and Profit* (Edmans, *Grow the pie: how great companies deliver both purpose and profit*. Cambridge University Press, Cambridge, 2020). After summarizing his view, we provide a critical assessment through the lens of the Catholic Social Thought (CST), and one of its novel applications, i.e., Economy of Francesco (EoF) economic approach, proposing a novel way to reconcile the author’s view with CST’s approach.

1 Introduction

In a time where global challenges such as extreme poverty, pollution, forced migration, food scarcity, and environmental sustainability are becoming more pronounced and amplified by our globally connected world, it is widely recognized that much of these challenges are inextricably linked to one another. Global challenges that were once studied in their own narrow isolation are now understood to be connected to many other competing challenges. It is becoming a sobering realization

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that systemic challenges of our world require systemic approaches if they are to be addressed.

2 Edmans' View in Grow the Pie: How Great Companies Deliver Both Purpose and Profit

Alex Edmans, a Professor of Finance at the London Business School, has dedicated himself to studying how business plays a role in shaping some of the most impactful economic contributors to our society. It is traditionally believed, and practiced, that business is at odds with society—that it is a business' sole objective to maximize profits for the enterprise and its shareholders, above the expense and considerations of its impact to society. Edmans offers a radically different perspective on the relationship of business and society, offering a unique suggestion that business and society not only can coexist, but business can maximize performance because of its societal considerations. By reconciling both society and business in its considerations for strategic design, Edmans believes that an enterprise can measurably maximize its value more so than an approach that places its only focus on maximizing shareholder value. As a result, Edmans suggests that the most pragmatic and effective approach to business is not the one that aims to utilize business to serve corporate shareholders alone, but one that aims to serve society.

There are key tenets in Edmans' position that build the foundations of this theory that business can outperform with society incorporated at the core of its design. Edmans' position is based on the idea that value is not fixed, and that by “growing the pie”, multiple stakeholders can benefit; he also believes that a change toward long-term thinking is an important lever that calibrates design for multistakeholder and collective benefit that maximizes value; a corporation's discernment on purpose is a key tenet that provides clarity to direction and transformation to society and profits; and finally, Edmans reinforces that for such an approach to pragmatically be put into practice, all material stakeholders must be involved and aligned with a unifying purpose that results in transformation in both society and business.

Edmans offers an observation that traditional schools of thought have taken on a scarcity mindset that has been inspired by the idea that the size of opportunity and value for business is fixed. This is evident in the analogy that is traditionally used in business that looks at the total value of the entirety of a collective or market as a pie. It is often the case in this view that, this pie is sliced-and-diced to show the share of value that is allocated amongst different stakeholders. For this view and treatment of stakeholders to be acknowledged, a scarcity mindset has to be adopted—one that believes that the total value of the pie is fixed. In this fixed-value view, society will always be at odds with business as value will always be scarce amongst other considerations. Environmental, Social, and Governance (ESG) initiatives will tend to be relegated to marketing and public relations, and greenwashing will often be the result with such an incomplete approach.

In Edmans' view, society and environmental considerations can be incorporated at the benefit to the business by simply adopting a new mindset that the "pie" is not fixed. In other words, the size of the total value of the "pie" can be increased if new value is collectively created for both shareholders and society. In this mindset, maximizing value of shareholders is not the unique goal, but the latter can have multiple dimensions and be shared amongst a number of stakeholders, such as civil society, customers, employees, and investors. When a fixed-value view takes into account multiple stakeholders, investments and executive decisions will only be directed to prioritized stakeholders such as shareholders. It is not the case that all these stakeholders like customers and employees are on equal footing in terms of deciding the business strategy and its implementation, as there is a scarcity of resources as well as value in the pie that can be allotted outside of the business. With several critical decisions that require a business to remain sustainable and profitable, a business will always be a self-serving organization with this fixed-size pie mindset. The instrumental motivations set in this view incentivizes such decisions and actions, and it is not a surprise how the interpretation of this behavior seem greedy and selfish by the rest of society. When a business invests not only in shareholders, but stakeholders such as customers and employees, the pie is no longer fixed. The pie can now grow, and the share of the pie, regardless of how you slice and allocate it, can be grown for others in the collective. As an example, investments to improve employee work conditions can increase productivity in a business that ultimately increases the value of the entirety of the pie. Investments in stakeholders like employees are more likely to occur when value is not viewed as fixed, but one that is shared amongst stakeholders, and can ultimately be grown collectively.

In Edmans' pie-growing view, a shift to a view of time-horizon is required. Long-term thinking is essential for achieving a growth of the collective benefiting stakeholders too. Edmans refers to a study that illustrates investments made in employee satisfaction outperformed peers in their industry by 2.3–3.8% per year over a 28-year period which equated to about 89–184% compounded. In a short-term view, 2.3–3.8% may be a nominal change in performance, but over a long-term view, one can see the drastic compounding effects that incorporating multiple stakeholders' view in investment decisions can provide. It must be acknowledged that in an interconnected world with many interdependencies, the rippling effects of decisions perpetuate much longer than their initial moments of business decisions. A short-term approach may have very different outcomes from a cost and benefits analysis than long-term one. In the first case, business tends to only assess the costs and benefits of its investments, generally considering a single type of stakeholders (i.e. shareholders) because the impacts on others, such as society or the environment, may take longer amounts of time to be noticed or difficult to measure and, in the case of listed corporations, financial markets' performance affect the optimal managerial decision making. In such a view, it is easy to divorce the short-term benefit from the long-term cost of an investment or decision. When a short-term view is adopted, it is easy to make a decision that may deflect the cost or negative impact to others in society, especially when those decisions must self-serve business and shareholders first. Edmans cites that long-term views also influence economic levers that can help

drive pie-growing behavior such as executive compensation. Executives that have bonuses based on short-term targets will tend to have behavior that is exploitive to employees and customers. Executives that are compensated as long-term owners of the enterprise, have the incentive to grow the pie for all stakeholders in a way that not only provides greater financial performance, but better investment in long-term innovation and employee welfare. In a long-term view, incorporating the costs and benefits across interdependent relationships such as employees, investors, customers, and the environment, are more effectively considered. It is a more comprehensive view that incorporates the costs and benefits because it allots sufficient time horizons that allows the rippling effects of decisions to be observed and considered. Short-term benefits are no longer isolated from their long-term costs or negative impacts, but more importantly, the shared value amongst stakeholders can be shared, and grown.

Edmans also identifies that purpose is an important component to the strategic impact of business. In his mind, business' sole purpose cannot simply be for the sake of generating profits, and like professional vocations, an individual's purpose should not be simply to make money. Profits should be a byproduct of a clear purpose for business, and the discernment of why a business exists and what role it is playing in the world is important to understand what value it can create in service to the needs of the industry, society, and the world. If business is successful in discerning its purpose, and effectively maximizing the strategic impact of its design to reflect the purpose, profitability, sustainability, and resiliency can be obtained. As industries are constantly evolving, merging, and diverging, purpose serves as a north star in a world of infinite strategic directions that can be made.

Very often, business executives are caught in the trap of making the wrong investments due to the lack of clarity on purpose. Successful executives that have identified the foundations of their enterprises' purpose will be a better position to make the important decisions that may have lasting long-term effects, in the fog of the current moment. Edmans points out that companies that practice ESG do not always outperform the market, but businesses that practice ESG on dimensions material to their business do experience significant performance above market equivalents. This illustrates that there is much more than the talk of societal and environmental considerations, and the action of an organization toward its service to its purpose is more impactful to its success. Enterprises with purpose at the heart put it into action, and ultimately can make the investments that maximize performance, versus organizations that simply give its societal impact lip-service. Furthermore, discerning purpose of a business allows it to be relevant even when the landscape of opportunity changes because it allows the business to clearly define what investments are relevant to how it serves industry and the world, and as a result of this, generate profit over a longer period of time. Defining why a business exists and for what reason also directs the alignment between strategy, culture, operating models, governance, and how success is measured. All these pieces are important components to the profit engine of an enterprise, and purpose is the fundamental piece of that engine because it provides context to how all these stakeholders are unified under a common reason that results in value being shared and created for the

collective. Without a clear purpose, a business could not understand what success is measured, or value is created amongst stakeholders over a long period of time. Business that is hoping to adopt a pie-growing mindset must also adopt a view toward the long-term considerations across multiple stakeholders, and this can only be achieved with the definition of its purpose.

Stakeholders' participation and collaboration is also identified as a key tenant in Edmans' pie-growing mindset. This is the catalytic component to this formula that enables a value that can be grown and shared between business and society. Stakeholder agency and activism, when strongly aligned, can provide a collective approach to societal and environmental considerations that affect others. It is important to acknowledge that it is the alignment of stakeholders that build viability to a shared value that can grow, but this cannot be achieved without the contribution and agency of all participating stakeholders. Traditional business adopts the thinking that there are a few stakeholders that have rights or duty to influence the decision of an enterprise and ultimately direct its impact on others. That is no longer the case, as customers, employees, and shareholder activists now have important roles in shaping the direction of business and how it impacts the collective. It is the collaboration and activism of all stakeholders, not just shareholders, that allow the true cost considerations and shared benefits to be incorporated and analyzed. It is no longer effective for the enterprise to solely make that decision that are unilaterally directed to stakeholders in their sphere of influence. Stakeholders in these spheres of influence of business is no longer a passive role, but one that has the ability and duty to influence the direction and decisions of the enterprise. In the way Edmans describes this approach, the adoption of a common purpose and a long-term view can empower stakeholders to participating in a collaboration that results in a shared value that ultimately grows the pie for both business, society, and the environment.

3 Similarities and Differences Between Edmans and the Catholic Social Thought-Economy of Francesco Economic Approach

In light of the most significant aspects identified in reading Edmans' article, we wish now to propose a juxtaposition between the author's thought and some dimensions of the Catholic Social Thought (CST)¹ and, in one of its novel applications, such as the Economy of Francesco economic approach.² The objective is that this may

¹This terms usually refers to that corpus of encyclical letters, pastoral letters, conciliar and other official documents with a social focus.

²As Economy of Francesco economic approach gets its origin from the encyclical letter *Laudato Si* (Francis 2015), it has a clear derivation from CST, but the latter cannot be seen only through the lens of the former, as many documents cooperated in the formation of CST.

provide depth to his thought and, at the same time, identify those aspects that remain to be addressed.

3.1 *Similarities*

The first aspect we would like to highlight is the author's desire to go beyond a dichotomy, the one between business and society or, as it would have been said in the past: between capital and labor, and which today would take shape in the 'pie-splitting mentality'. Therefore, all those attempts that focus *exclusively* on the redistribution of resources, e.g. the reduction of executives' compensation or of shareholders' profits in favor of other stakeholders, would be ascribable to a Marxian approach, failing to employ greater energies to identify opportunities to 'grow the pie'.

The clash between 'capital and labor' is perhaps the theme from which modern Catholic Social Thought is born from. In fact, it was in the light of the 'workers' question' that Pope Leo XIII (1891) decided to devote some pages destined to mark the course of history.

Edmans' response to this long-standing problem is that it is, after all, a non-issue. More simply, there is a need to move from a 'mentality' where the pie is fixed to one where the pie is growing. Some specifics are in order here. First, by 'pie', the author means the creation of value by firms, an absolutely central theme to which we will return later. The problem would then be the 'mentality', i.e. the intellectual approach to value creation: is it something with a limit, and therefore the pie is fixed? Or is it something unlimited and therefore a pie-growing approach can be adopted? In Edmans' words, value creation is non-fixed; firms can always be capable of 'value-growing'. Such an approach would also mark the primary purpose of the company: "to serve society rather than generate profits", which in the long term will also lead to higher profits. In the vision of Edmans, therefore, there is a convergence of interests in the long run between capital and labour, between business and society, if and only if companies adopt an approach aimed at the continuous and increasing creation of value. On value creation, the author refers to 'stakeholder value'—providing some specific propositions throughout the text. In the author's words, this is an 'optimistic' approach, albeit one that is "not based on blind hope but on rigorous evidence".

From the perspective of the CST some points can be made: certainly, the attempt to overcome a sense that polarization between capital and labour is innate, typical of Marxism, is laudable. Believing that this can happen in the long run as long as businesses, read management, focus on creating shared value for stakeholders is also an idea familiar to both CST and EoF economic approach. However, it is still unsure that management is willing to do so (strong incentives are needed) and squeeze for it on an ongoing basis, and on this it would be worth adopting an approach that some authors call *Christian realism*. Man is both 'imago Dei'—capable of charity—and wounded by original sin—tempted to give in to the sirens of closure on oneself. Be

sure that managers and shareholders may always act in favour of a correct definition of 'growing the pie' is not something that can be assured once and for ever. We need rules to guarantee it and a deep cultural shift in businessmen education.

In this context, the discussion on the sense of limitation regarding the creation of value remains open: is the cake fixed or can it grow limitless? Two points can be stressed here. The first concerns the sense of sobriety and the invitation to temperance that has always inspired the social teachings of the popes; the second is an invitation to magnanimity and an appeal to the dynamism and creativity of love that can push us to identify ever new forms for creating value, correctly understood. We therefore share an approach that rejects 'the happy degrowth' and is capable of having recourse to the intelligence of the heart for the use of resources.

Reasoning about the consideration of what incentives make management really work for the creation of value, leads us to the analysis of a second aspect that concerns the evaluation of investments. It is interesting here to point out how Edmans sponsors an overcoming of valuation based only on *net present value* (NPV) and, in general, reduced to the quantitative measurement of the value dimensions. If, on the one hand, this tool and approach have the advantage of making management accountable, on the other, it runs the risk of constraining value creation exclusively to the monetary side. This is a reductionism that is no longer possible when value creation takes on a meaning that transcends that of maximizing current economic capital (i.e. max. shareholder value) to embrace multiple dimensions.

In trying to identify new tools, Edmans also refers to the importance of business judgement when valuing investment opportunities. This latter, far from being a fig leaf behind which management can hide itself, represents an opening to rediscover the virtue of *prudence* or, better said, *practical wisdom*. Human beings are not all knowing and are unable to establish perfect rules (i.e. complete contracts) or foresee all circumstances, which implies that there will always be room for practical wisdom in the interpretation and implementation of rules. This intellectual virtue suggests the right thing to do in the light of the purpose we may have, finding a way to acquire the necessary means without the latter jeopardizing the former (Sison and Hühn 2018).

In doing so, Edmans refers implicitly to a precise ethical framework, close to the Christian tradition, also known as 'virtue ethics'. While its origins in Western culture can be traced back to Plato and Aristotle, it was largely due to Elizabeth Anscombe's article entitled *Modern Moral Philosophy* (1958) that virtue ethics was revived in the twentieth century after a long absence from the public discourse.

The last point of touch between Edmans and CST and EoF economic approach we would like to stress concerns the role of profit in the ecosystem of the firm. According to LBS' professor, profit should be a by-product of the firm but not the purpose on itself. In saying that, he is undertaking a strong standing in favour of a position which is at the roots of the social thinking of the Catholic Church. The respect for human dignity sheds light on the priority of workers over capital, which entails for the employers "to consider the welfare of the workers before the increase of profits" (Congregation for the Doctrine of the Faith 1986: #87). Hence the duty to maintain productive capital by investing to consolidate jobs and to create new ones.

The social doctrine of the Church further recognizes “the proper role of profit as the first indicator that a business is functioning well: ‘when a firm makes a profit, this means that productive factors have been properly employed’. But this does not cloud her awareness of the fact that a business may show a profit while not properly serving society. For example, it is possible for the financial accounts to be in order, and yet for the people—who make up the firm’s most valuable asset—to be humiliated and their dignity offended. This is what happens when businesses are part of social and cultural systems marked by the exploitation of people, tending to avoid the obligations of social justice and to violate the rights of workers.” (CSDC #340). As mentioned in *Laudato Si* (Francis 2015: #128), “to stop investing in people, in order to gain greater short-term financial gain, is bad business for society.”

Ergo, even though the profit is undoubtedly a significant thermometer of the sustainability of a firm, it should not be the ultimate goal of it, as in so doing it may be put before more important goods.

3.2 Differences

How to measure the ‘economic value’ generated by a corporation, which is one of the components of the ‘value for society’ has been highly debated since the onset of economics as a field independent from philosophy. For example, Cantillon (1997) noted the need of using prices to determine the value of produced goods. Revenues are only part of the value created by corporations though. There are other components a, undoubtedly, to consider: among them, the compensation to all the factors needed to produce goods, e.g. salaries paid to employees, costs paid to suppliers, and dividends to shareholders, if there are.

The sum of present discount value of current and expected dividends is often used to provide an economic value of the corporation, which can also be valued through their market capitalization, if listed, some multiples of relevant accounting figures or their book value. It is worth noting that each outlined approach requires at some stage to determine the price, which, as widely known in the field of industrial corporation as well as finance’s one can be far from the efficient one for multiple reasons, such as many types of market failures, corporations’ illicit behavior, risk aversion, etc.

Consequently, while using market prices is probably the best way to compute correctly the value generated by corporations, this can be affected by many factors that make its measurement less reliable. This issue is exacerbated when considering the ‘value for society’, whose definition is not provided by Edmans. In fact, corporations can generate or destroy value for society and the latter can be partly measured. For example, let us consider the case of an oil company that builds a hospital for the local community in a given country of fields exploration. It is certainly possible to measure the material value of the hospital, but, while not impossible, it is much more difficult (and subject to error) to assess the quantitative

value of this investment on the local community's indirect economic value and qualitative value on increased local community's wellbeing.

Even if we accept that we are able to quantify reasonably well the qualitative component of the value, there is need to distinguish value from disvalue. Ultimately, this issue can be solved only through an ethical approach. Recently, ESG criteria have become rather popular as well as the so called 'purpose-driven corporations'.

However, what do ESG and purpose mean in practical terms? From a Catholic (including EoF) perspective not all ESG criteria and purposes are necessarily morally acceptable. Their acceptance depends on whether they contribute to the achievement of the "common good" of a society. CST suggests some pillars to be kept into consideration: human dignity, respect for private property, solidarity, subsidiarity, among many. For example, the debate on diversity and inclusion, which can fall under the broader theme of "human dignity", is rather heated, but not all the ways to cope with them are in line with CST and the aim of reaching the common good.

ESG and purpose may have additional problems too, such as greenwashing for the former and the risk of becoming an idol for both. While the first issue is now commonly agreed, the second one is understood only through a Catholic lens. On the contrary, ESG criteria and purpose can be virtuous concepts to be implemented and recommended if and only if they represent a way to reach the common good, which is the only way to maximize "value for society" without having the difficulties of having to impossibly measure every dimension. This does not want to disincentivize the attempts to measure economic value and value for society. On the contrary, better proxies for their measurement are welcome, but this approach avoids being fixated on something that will be a partial and biased measurement, which would otherwise become an idol.

ESG criteria applied to corporations and/or purpose driven corporations should not underestimate the relevance of the personal commitment, creativity and freedom of the person in cooperating within the corporation (in his/her capacity of shareholder, board member, employee, supplier, customer, etc) as well as outside of within his/her own communities (e.g. community-family, community-sport, Ecclesial community, etc) taking his/her own responsibility.

In other words, the just need to rethink the structures, which constitute the economic-social system of the Western world, therefore, passes in the first instance through the adoption of a type of ethics that takes into consideration the "I" of the subject who operates within the institutions. This approach, known as *virtue ethics*, which has its roots in the thought of Plato and Aristotle and that will disappear from the public debate with the end of the thirteenth century, has returned to cover a certain relevance in moral philosophy since the second half of the twentieth century, especially thanks to the work of Anscombe (1958) and MacIntyre (2007).

4 A Reconciling Proposal

Finally, we would like to provide an attempt to combine Edmans' insights with those offered by the CST and EoF economic approach. In doing so we focus on the public listed corporation and the role of the human being within it.

The 30 years that preceded the global financial crisis of 2008 saw the emergence, and the dominion, of a precise model of public corporation usually labelled *shareholders capitalism*. At the heart of the thought behind this vision of the company there was a concrete problem, defined in the literature as *agency theory*, given the need to coordinate the interests of managers (actual controllers of the company) with those of shareholders (owners of the same). The attempt to resolve this dilemma has led to the creation of a system of incentives capable of aligning as much as possible the interests of managers, at least in their highest component, with those of shareholders. This system has developed in several ways, all of which, in one shape or another, can be traced back to the desire to link managers' compensation to the company's shareholder performance. This has resulted in the goal of managers—and therefore the orientation of the firm—being to ensure that shareholder value was as high as possible.

This model has certainly had the merit of giving a clear and measurable direction to managers, and it is no coincidence that this option has emerged in particular as a response to an era, defined as *managerial capitalism*, which gave reckless power to managers of large companies with the possibility of making discretionary and questionable decisions for which they were then little *accountable*.

Since the structural limits and problems of *shareholders capitalism* have already been addressed in authoritative forums, we would like to stress that such a vision of business has its roots in a certain vision of the human being. Agency theory is aimed at reducing managerial opportunism and is based on the necessity to formulate contracts that align as much as possible the interests at stake. In this sense, companies are perceived as a 'nexus of contracts' in which the various stakeholders are free to participate by entering and exiting the contract that binds them, always with a view to maximizing their own utility function.

This system aimed to ensure the highest degree of flexibility for the parties involved, leveraging the efficiency of competitive markets and allowing a flow of goods, labor and capital capable of achieving the Paretian optimum both in terms of resource allocation and the preferences of those involved. Despite the undisputed elegance of the model and its effectiveness in describing behavior and equilibrium (a), the reality that have emerged in the last 10 years, starting from the global financial crisis of 2008 to the one following the COVID-19 pandemic, have shown the limits of such an approach and therefore the need to create new forms of business organization.

Contrary to interpreting the company as a 'nexus of contracts', our chapter proposes to redefine the *company as a community* (Fontrodona and Sison 2006; Sison and Fontrodona 2012), which lives and relates with other communities and which finds in the *purpose–commitment* binomial the link capable of integrating and

enriching the contractual relationship typical of the modern public corporation. In this community, the various stakeholders have an active and indispensable role in building this new relationship, which is nourished, on the one hand, by the personal commitment of the agents and, on the other, by the 'rules of the game' designed to encourage this commitment in the direction of the company's purpose. In concrete terms, the shareholders, being owners of the company, have the duty and the responsibility to exercise a careful monitoring action so that the purpose of the company, firstly decided and approved by them, is directed to the achievement of the common good pursued also through the choice of the management. The latter has the role of applying the purpose operationally, respecting and generating a real "commitment" in both employees and other stakeholders.

The literature on the purpose-driven corporation—such as Edmans' work—comes to the aid of this institutional model by focusing in particular on correcting the incentives contained in corporate governance guidelines and proposing reforms aimed at ensuring a greater focus by shareholders on the purpose of the company (see the proposal of the 'say on purpose' put forward by Edmans 2020), a greater consideration of ESG dimensions in the remuneration of managers (Flammer et al. 2019), a greater involvement of employees in the board or in worker-buyout operations. These are all legitimate and worthwhile considerations, but they must be grounded in the anthropological dimension, which inevitably underlies these reforms and which companies must somehow consider.

If the dimension of corporate purpose is to avoid being just a slogan, it is necessary to go back to considering the purpose or *telos* of the human being who operates within the institution. For some time now, the literature in social psychology has been trying to explain that the human being is moved by the search for meaning and various publications have explained the centrality of the search for meaning in motivating people to greater commitment (Ariely et al. 2008; Grant 2008).

If agency theory, in a classic manifestation of the pendulum effect, has emphasized the need for autonomy, flexibility and independence in a more significant way, today we find ourselves once again faced with an attempt to enable people to find meaning in what they do and to find themselves in the corporate purpose. A sense that is not only personal self-fulfilment, achievable only by a small number of people, but a desire to flourish within a reality where they can express themselves and grow.

A new paradigm is needed that can provide a more integral perspective for the future of work, both in its anthropological dimension and in its social and institutional structure. To achieve this, we need to rediscover the dignity behind all kinds of honest work, regardless of the wage attached to it or the education or training required to perform it.

Following Kovacs (1986), a more integral account will see human work as "a basic mode of being in the world," where "to work means to humanize the world and to produce something". In this sense, "work functions to create and to sustain values

and meanings beyond the realm of its economic productivity” (Yeoman 2014a). Obviously, if work is to humanize the world, it must also humanize workers³; it cannot be meaningful if it requires their enslavement, the deformation of their human capabilities, or the misrecognition of their vital commitments.

However, meaningfulness is not anything we want it to be. An activity or attachment is not meaningful just because it makes us happy, or even because it fulfils a duty. Meaningful work does not depend on our preferences, as the marginalists would claim. Moral philosopher Susan Wolf defines meaningfulness as “a category of value that is not reducible to happiness or morality, and that is realized by loving objects worthy of love and engaging with them in a positive way” (Wolf 2012: 13). Wolf overcomes the reductionism of the marginalists by bringing together subjectivity and objectivity into a ‘bipartite value’ of meaningfulness, where “meaning arises when subjective attraction [or preference] meets objective attractiveness” (Wolf 2012: 9). Also grasped by Yeoman, such an experience of meaningfulness is more likely to occur when a person becomes connected to a worthy object, that is, something or someone of value (Yeoman 2014b). It follows that the persistent dualistic account of an objective and a subjective view of meaningfulness should be integrated in a more comprehensive perspective that is relational in kind. This, in turn, would allow for a dynamic reconsideration of action and meaning through the lenses of purpose and—as a consequence—for creating and generating common and relational goods.

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Generating Commons Makes Cities Alive



Elena Granata

Abstract Climate change, together with the pandemic and geopolitical crises (which requires us to reflect on the issue of food and energy autonomy) has brought back the focus on the cities on their ability to generate and regenerate public goods (for example, healthcare, school, and mobility) and commons in new forms. Cities are at the same time the first culprits and the first victims of climate change. They are the places where we can face past failures and errors, recognize resource-dissipative buildings and behaviors; or we can produce a deep discontinuity with the past, transforming them into workshops for real change. Due to their high concentration of assets, skills, technologies, and institutions, big cities can provide the resources for the most innovative solutions to these phenomena. Through their excesses, human variety, inequalities and contradictions, multiple languages, mixing and conflicting cultures, and natural biodiversity, cities will find a way for the survival of the planet.

Cities are indeed the greatest and most complex human product—a commons that houses commons. They are frail goods, continuously undermined by the risk of consumption and abandon, tied to the civic culture of a community, to its capacity of regenerating itself from waste, abandoned places, and crises; however, they are also the place of rebirth, of social, cultural, and economic biodiversity, where every crisis can be turned into a chance for change.

1 Introduction

In the last months, a new—unexpected and unsettling—urbicide has been taking place in Europe. We all have in our minds the images of Ukrainian cities, the elegant architecture, wide and flowered squares of the capital Kyiv. War slaughters human bodies and souls and rages on the cities that have been built, curated, and transformed by human communities over centuries. War destroys everything, in a

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deranged enemy elimination that leads to the elimination of their culture and living places, starting from their commons, squares, schools, artworks, monuments, and train stations.

Such a treacherous blow reveals a city's imperfect yet extraordinary complexity, the deep work underlying its transformations. Until some days ago, Kyiv hosted almost three million inhabitants, the heirs of a long history that has reshaped places, streets, churches, building gardens, malls, and museums. Cities are indeed the greatest and most complex human product—a commons that houses commons. They are frail goods, continuously undermined by the risk of consumption and abandon, tied to the civic culture of a community, to its capacity of regenerating itself from waste, abandoned places, and crises; however, they are also the place of rebirth, of social, cultural, and economic biodiversity, where every crisis can be turned into a chance for change.

This intrinsic contradiction makes them an interesting viewpoint on the world, as it leads us to ask: which idea of commons emerges from the observation of contemporary cities? Which direction for work and effort do they address? Which new themes do they suggest, for our theoretic and empiric research?

2 A Forest on the Seaside: A Commons Everyone Has Access To

Let's start with a story. In 2010, Chile was hit by a very strong, 8 Richter scale earthquake, followed by a tsunami: in those events, nature shows all its devastating and dangerous side.

The architect Alejandro Aravena was designated to reconstruct Constitución, located in the South of the country. In almost 3 months, everything was reconstructed—houses, public buildings, the transport network—and a solution to protect the city from other future tsunamis was designed. The proximity to the sea strongly exposed the territory to similar episodes, and for the first time, Chile raised the issue of preventing this destruction from occurring again.

When Aravena was called, there were two design options on the table (Aravena 2014). The first one was the creation of a protection belt along the coastline by banning dwellings on the ground floor. The corresponding urban tool was unpopular but effective: the result was the expropriation of concerned goods and soils, leading the citizens to a forceful securing. Of course, the local population is very frail, used to self-construction, and strongly tied to the territory. This type of action, despite being effective in the short term, could not ensure that people would have not come back to inhabit the coast on a spontaneous base, building their seaside dwellings with precarious materials. Considering this risk, the first perspective resulted to be very costly, albeit being easy to implement, but above all ineffective in the long term.

The second alternative envisaged the construction of a wall: that is, a massive infrastructure, enough to resist even the energy of the most violent waves. This

second option was particularly convenient for construction companies. Local politicians preferred this second hypothesis because it did not require unpopular and onerous expropriations. Both solutions underlaid a universal common principle: *the power of man can respond to the power of nature*. More in detail, the first alternative relied on the power of the State to impose virtuous behaviors on citizens, while the second one was inspired by the belief in technicality, considered enough to bend nature to the needs of local communities. This second model has always inspired most territorial projects in endangered areas: when nature is an enemy, equal or better weapons must be used to tame it and bend it to our will. Is it really possible to stop the sea with a wall? A few years have now passed, and a positive answer to this question sounds naive.

Were there any alternatives? Aravena immediately figured out that none of the two solutions was the right answer. He and his staff started to listen to the exasperated population. Their fatalism, produced by a habit to coexist with risk and destruction, eventually started to dissipate and unveil practical needs: some issues were related to floods and rains, the dense and uncontrolled edification hindered the recovery of valuable squares and public spaces, the river (the real symbol of collective identity) had become inaccessible because all the areas near the riverbed had been privatized.

Therefore, Aravena thought of a third alternative, based on a different principle: *respond "to nature with nature" and return a lost commons to people*. He decided to realize a forest between the city and the sea, so that it could retain the power of nature by producing diffuse friction, instead of resisting it. That forest would have been able to flood and retain excess water, serving as a protection belt for the settlement. The forest would have interacted with the sea and allowed inhabitants from sea access; the forest would have provided them a public green space to be used by all.

Eventually, this third solution prevailed over the others and has been realized with the combined resources of the three Ministries, allowing a more sustainable and organic expense programming from an economic standpoint. This solution could give an environmental, social, and economic response at the same time: the forest provides a multi-dimensional response and activates novel processes, gives back public space, and sea access to people protects them from natural setbacks and increases the environmental value of the coastline, to avoid building speculation.

Of course, this design solution has arisen from the designer's intuition. It is a cultured, conscious choice, beyond extemporaneity, which has required skills and far-sightedness. However, it can also be affirmed it has (also) arisen from people's participation, as it embraced some of their requests and reinterpreted them through design. Those who think pen and paper are enough to make a list of people's dreams and wills—both in politics and in urban planning—make a deep renounce of their civic responsibility. We need a creative leap, we need to project forward, reaching even beyond what people think they desire. Locals provide their perspective, which might even not be correct; however, it differs from the designers', or protocols. They produce what could be called a "healthy excess of narration" of local details, stories, and even pretenses, which could widen the horizon of designers' viewpoints for the comprehension of the problem. Sometimes, people request, but they do not know

what they want. Other times, people know it, but cannot explain it. In other cases, they are conditioned by mainstream rhetoric themselves. Architects' listening must not be passive; instead, its purpose is to consider the alternatives and metabolize locals' silent knowledge of their living places.

3 Commons as a Creative Resource

While reconciling with nature, Aravena—probably in a partially unaware way—designed a commons that belongs to everybody and nobody at the same time, whose value for future generations transcends its function of environmental protection. It brought back quality to a decayed place and dignity to people, redesigned the coastline, and restored the key role of the landscape. His project is certainly a green lung with positive environmental effects on the context.

That project has met the deepest needs of our time, as people are nowadays particularly sensitive toward commons related to nature and environment.

A diffuse contemporary idea is that landscape is a commons, which cannot be reduced to a mere trade item; instead, it has a priceless value as it is intimately connected to life. Landscape benefits all the so-called eco-systemic services that we depend on. It is a collective, indivisible good, and at the same it is necessary and frail, exposed to the risk of dissipation and to the possibility to be depauperated from opportunistic behavior, as all commons are.

The introduction of the concept of commons changes the interpretation of this asset—a collective resource rather than a trade good—and proposes an *ecological and not economic vision of the world*. Nowadays, commons include farmlands, water streams, soil, and the rural landscape. The concept of commons breaks the linear vision with the State and the private at its two sides, as a third subject is brought into play: the collectivity. However, collectivity should not be conceptualized as a mere multitude but as a community intimately connected with commons and hence designated to express itself on them and take care of them.

Indeed, a forest, a park, a garden, and a square can improve the quality of life through their nature of commons. History has taught us that societies draw the line between life and death through their capacity to manage, safeguard and reproduce commons. The mind goes to the famous legend of the Easter Island, recounted by Jared Diamond in his book *Collapse* (Jared 2005): the extinction of those people was not caused by the last tree chopped down to build their small boats but by the unconscious passing of the threshold that unavoidably required that last tree to be chopped down.

Likewise, the deforestation of pluvial forests, leading to soil drying and salinization, excessive increase in food and health demand due to demographic growth, the use of fossil fuels, and the consequent immeasurable damage to the terrestrial ecosystem have led to the end of more civilizations than wars and natural catastrophes have. Commons—any commons—bear within themselves the root of their tragedy and ruin: there is a dramatic tension between individual freedom—which

leads to maximizing individual benefit—and the limits of each good. Abuses and excesses can ruin a commons precisely because it is accessible to everyone and exposed to their freedom (Garrett 1968).

However, human history is also filled with stories in which communities were able to stop in time, coordinate, and limit their freedom to avoid a tragic collapse (note that collapse occurs even if nobody has planned it individually). Social codes, laws, ancient traditions, uses and customs could be read many times as tools invented by societies to avoid collapse. They are commons themselves.

Elinor Ostrom—awarded the Nobel prize in economics in 2009—has dedicated his life to understanding the cases in which social codes, laws, ancient traditions, uses and customs have allowed prosperity and conservation over time. Those codes have become commons themselves.

Of course, caring for commons requires a conscious civic culture to inspire collective choices. Such culture is based on a social agreement that binds communities to limit themselves strongly and committedly on the use of energies, soil, environment, and landscape, and turns them into generators of ideas, proposals, and policies.

The history of cities is a continuous and latent conflict between individual interests and the creation and restoration of commons within a constitutive and unresolvable tension, making them unique.

Just think of one of the international cities that we most easily associate with the values of individuality and economic rent: New York. That city has built its growth on real estate development and wealth. However, New York itself has been through several counterstreaming historical phases.

In 1857, architect Calvert Vaux hired Frederick Law Olmsted—journalist and protégé of his, who could not imagine that he would have gone down in history as a landscape architect at that time—to conceive New York Central Park together. Nowadays, this park looks natural, but it was desired, devised, and designed by the human mind in every single detail. Understanding its revolutionary impact requires a significant mental effort, as we must try to imagine the New York of that time: a gigantic construction site devoted to experimentation and innovation, characterized by an extraordinary urban development. The first skyscrapers had just risen, and building space was a rare (hence, precious), good. Market and real estate development pressure pushed all the urban actors—politicians, builders, architects—to maximize profit.

Even just the idea of renouncing that soil sounded absurd to everyone. Yet, just at that moment, the city opted for a brave act of renouncing, by choosing to realize a majestic park at everyone's disposal. Of course, one of the goals was people's health, but in general, the project fulfilled a modern need for collective well-being. Nowadays, Central Park still represents a work of environmental remediation and re-naturalization *par excellence* and can teach us so much. The pre-existing territory had pits, damps, swamps, and a countless number of unauthorized shacks: this situation discouraged the then-mayor Alexander Josephyn to continue the project. However, Vaux was an obstinate man, bordering on obsession, and was all but willing to stop at difficulties.

The underlying idea was related to health, but also education: the idea was that a modern city should not renounce a live green lung, where citizens could experience trees, animals, water, and changing seasons. Every time that we see the powerful pictures of Central Park, we cannot avoid being surprised by human beings' imagination skills, as long as they do not abdicate to them.

3.1 See, Imagine, Engage

In more recent times, another project has brought back the focus on the value of commons. Nowadays, one of the most beautiful places in the city is the High Line: that is, a superelevated park built on a former railway. It stretches from Manhattan to the river Hudson for more than 2 km and can be walked across in half an hour.

Some years ago, it was a useless and abandoned metallic monster, lying between houses. It was perceived as an enemy to be eliminated, to be removed from sight to free the city from its invasive ugliness. Local news portrayed the monster as an unhealable wound, inflicted by the engineering-industrial culture of the early 1920s; that project was born from the deep insensitivity—which was typical in that years—toward urban fabrics, life in proximal neighborhoods, and the retail shops that made them alive. It was a merely functional construction, aimed to move goods from one side of the city to the other in the shortest possible time. That infrastructure was not born under a good star: maybe, it had been useless since its early years, to the point of being partially demolished in the 1960s, and finally dismissed in 1980.

What turned an old railway into a free-for-all park? It was Joshua David and Robert Hammond's crazy and creative look. These two young New Yorkers, who lived at a short distance from the railway, grasped something that no one had before. Preliminarily, Hammond and David got on it for the first time, together with the other residents of the neighborhood, to check its decay condition: for years, it had been occupied by homeless people who lived amidst scrubs. They recall that, at that time, two and a half kilometers of wildflowers opened to their eyes in the heart of Manhattan, with a view of the Empire State Building, the Liberty Statue, and the Hudson. That is how they came up with this idea: that is, by letting themselves be struck by what they saw. Their great organizational skills, combined with the commitment to the foundation by architects, designers, and citizens from all around the world, set the process in motion. At the launch of the ideas competition for the High Line, a dozen of New Yorkers' proposals were expected; instead, they received 720 projects from 36 different countries, by people who shared the will to participate in a project with such a symbolic value. The construction works started in 2006.

Nowadays, High Line is visited by about five million people every year: it is at least ten times more than David and Hammond could expect at that time. In the last decades, many cities have committed to the recovery of dismissed industrial buildings and infrastructures; however, in this case, the innovation is not in the act of saving a derelict urban relic, but in the act of going for a reasonably impossible alternative.

The landscape design was entrusted to James Corner, Piet Oudolf, and Elisabeth Diller, and the result has been a wise reinvention of the wild nature that had charmed Hammond. A variety of odd, seemingly random weeds and wild offshoots produce the effect of an undesigned nature: this artifice is so refined that it looks natural. The seed-sowing project of High Line has kept alive all three types of plants and has created an illusion of *natural* biodiversity for visitors. The project plays with nature and with its representation. Nature is an artifice itself: it is the art of giving a shape.

The revolutionary act lies in that initial design intuition. It is an act of vision and comprehension, of imagination of the future of an object. The estrangement produced by a superelevated route where to walk freely generates new, subverting forms and meanings.

David and Hammond saw the same crumbling structure as the other citizens. Then, they scrutinized it, without stopping at the first impression: they recognized some form of poetry in that structure, rotten by time. However, they are not nostalgic, nor conservative: they *look beyond*. The act of invention had been completed once they had the chance to get on the ground of the railway.

Nature had long reclaimed that artifact, by entangling and modifying it. The scrubs and weeds suggested the idea of a linear natural park: a green trail between buildings, born from time and nature.

Vision arises from the observation of the world, from its sensible knowledge, across the figurative world transmitted by culture. Then is the process of abstraction, which condensates and interiorizes sensible experience and makes it thought to be communicated to others through images and words. This is imagination: it is not an abstract process with no connection to the world, but a purely creative act.

Urban relics have a value as they have been marked by time, transformed by culture, then consumed, and processed by their use. No new object could have the same evocative capacity, the same authenticity. The patina of time cannot be reproduced. When I think about intelligence in our age, about the contemporary genius, I think of this project: a decayed construction has been turned into a free-for-all common: everyone can access it, be they residents or tourists, rich or poor, young or old. This way of interpreting past artifacts, urban changes, and developments can no longer be disregarded. It is not only a matter of aesthetics: design has a radical effect on sustainability.

What would have been the cost of tearing down the High Line? How would have adjacent neighborhoods been preserved? The adopted choice has turned out sustainable from an economic, social, and environmental point of view—the three of them together. How can we call this miraculous capacity of harmonizing many, possibly conflicting design needs? The answer is provided by Edgar Morin when he refers to the ambiguous condition of any human being: each of us has rationality—empirical man—aims to the maximization of the profit—*homo economicus*—, but also has imagination. The economic man can also sacrifice for others with gratuitousness. The prosaic man is also the poetic man, marked by enthusiasm, participation, love, and ecstasy.

Morin refuses any definition of man that is based exclusively on either rationality (*homo sapiens*), technicality (*homo faber*), utilitarianism (*homo economicus*), or

daily duties (*homo prosaicus*). Innovation and life are only made possible by new combinations, mixes, and interactions of these three opposite aspects. Of course, the more diversity, variety, and contradiction—in other words, the more biodiversity—the more creative and innovative societies become. Life cannot be born from monotony, uniformity, similarity, or self-repetition (Granata 2019, 2021).

No idea, no good project derives from a solitary mind: every mind is at the same time genial and pathetic, brilliant and foolish. People do not think and understand only through the information and culture sedimented in their head, but also through the collective mind, that is the extraordinary deposit of opinions, thoughts, and knowledge that belongs to the collectivity, the environment, the city where they live (Sloman and Fernbach 2017).

4 Cities that Learn from Nature

Climate change, together with the pandemic and geopolitical crises (which requires us to reflect on the issue of food and energy autonomy) has brought back the focus on the cities on their ability to generate and regenerate public goods (for example, healthcare, school, and mobility) and commons in new forms.

Cities are at the same time the first culprits and the first victims of climate change. They are the places where we can face past failures and errors, recognize resource-dissipative buildings and behaviors; or we can produce a deep discontinuity with the past, transforming them into workshops for real change. Due to their high concentration of assets, skills, technologies, and institutions, big cities can provide the resources for the most innovative solutions to these phenomena. Through their excesses, human variety, inequalities and contradictions, multiple languages, mixing and conflicting cultures, and natural biodiversity, cities will find a way for the survival of the planet.

Natural processes nowadays inspire more and more public projects around the world, aiming to substitute a “vegetal logic” with a merely human logic of territorial control (they are also called nature-based solutions). Janine Benyus, a biologist, science writer, and founder of the Biomimicry 3.8 Institute of Missoula, in Montana, invites us to turn to nature as a source of inspiration and wisdom, born from an infinite number of trials and attempts, through which nature—as an integral system—has learned from its errors (Benyus 1997).

There can be two main approaches to nature-based innovations. The first one starts from the observation of a biological phenomenon and applies its mechanisms to a design issue. One example is the research by Professor Wilhelm Barthlott—a Plant Science lecturer—at the University of Bonn in the 1990s, on lotus leaves. Their peculiar scale-like form allows avoiding the deposit of dust and impurity, as they cannot be set on it and are hence drawn away by rain. Barthlott had the idea of marketing this discovery by applying it to several building products, among which is the Lotusan coating for house façades. The other, inverse approach is to start with a design issue and search for the solution in the natural world. The project of Eastgate

Center in Harare, Zimbabwe, is the case: it was designed by the architect Mick Pearce, who drew inspiration from how termites build their characteristic nests, whose temperature stays constant both with the scorching heat of daytime and during the cold night. He studied the ventilation system of the nests to create a building with natural air conditioning, based on a group of air vents that consume the 10% of a traditional cooling system. The purpose is not the imitation of a shape, but the comprehension of the modalities and tactics of nature.

5 Flooded Squares in Rotterdam

A nature-emulative approach may take its start from the climate crisis and its effects, to improve urban form. The alternation between floods and torrential rain, and dry periods—one of the most concrete effects of climate change—are responded to with trees, green roofs, flowerbeds, parks, ponds, or lakes, but also with unpaved roads, sand, and other permeable surfaces for rapid water absorption or superficial outflow slowdown. The true challenge is to make cities spongier (the so-called “sponge cities”), more porous and capable to react to external climate events, using available hydric resources farsightedly. Such solutions have been applied for the first time in China: this country is significantly affected by floods and water scarcity, due to a much higher presence of hydric resources in the North. This is the key concept of sponge cities: turning impermeable urban centers—covered by asphalt and cement—into cities with porous surfaces, located in the so-called “*flooding hotspots*”, that is where water is more likely to accumulate in case of violent storms.

The path to sponge cities is more than depaving and realization of green areas for water absorption. Underground tunnels and rainwater collection basins can be useful both to respond to extreme weather and drought. Sudden rain after long periods of drought can be either a catastrophe or a blessing. Most cities cannot waste even a single drop of rainwater: hence, they must be turned into large water-absorbing reservoirs, to use during hydric emergency periods for street cleaning, urban agriculture, or other cleaning services: this is a smarter use of resources.

The project of *water squares*, located in strategic points of the city, is a surreal invention: squares are flooded. While the rest of the world (except Venice, which has been coexisting with high water for centuries) seeks the fastest possible water outflow, this intervention proposes to invert this logic.

When it does not rain, squares are out-and-out equipped playgrounds, but when the sky is filled with clouds. . . they turn into rainwater collection and storage basins.

The technical function of these urban basins is to lower the pressure on the sewage system and allow using the collected water in periods when there is less. For hygienic reasons, the stagnation of water in the squares never exceeds 32 h; then, it is directed to an underground filtering and treatment system through a network of sloped paths.

This idea was conceived by the Dutch group De Urbanisten, in collaboration with the studio Marco Vermeulen, and supported by the municipal administration, at the

International Architecture Biennale Rotterdam in 2005. In the beginning, it was simply a little good idea, but throughout the years it has turned out to be one of the effective possibilities by which cities can respond to climate change.

If rain frequency is low, squares simply serve as rainwater collection basins, which is useful in an urban context with few collection spaces; if rain is sudden and particularly intense—this occurs more and more diffusely—they fulfill a need for environmental safety, by reducing water load on the aquifer and avoiding extended floods. Hence, these square spaces combine temporary water storage with urban space quality improvement. No one of the two functions prevails on the other, and the squares, the equipped playgrounds themselves, have a ludic function regardless of rain frequency.

The project of water squares leaves behind any defensive attitude toward nature: rain is an interacting and modifier element, calling for a design action. This project does not react to nature with protections and coverings but rather plays with natural elements. This idea implies a radical cultural change and a brave capability of reversing the elements of reality. Rainwater participates in the project by making it feasible and sensible. Cities can respond to the intensification of rainy and arid seasons either by resisting them or by modifying their layouts, increasing the compatibility rate between the built environment and natural phenomena.

Water is both a resource and a problem. In this age of climate change, water proximity is not only a theatrical and scenic feature (many great cities have been founded near rivers or on the seaside) but also a threat to deal with continuously.

Lack of water, excess of water. Our world spins around these two limits, proposing solutions that follow two opposite directions.

The first response strategy aims to reduce the sources of the trauma by reinforcing defenses (building walls, strengthening protections). It responds to the flood risk by elevating dams and fortifying cities through civil engineering techniques. The stronger the danger, the higher and more resistant the urban response must be. The second strategy seeks adaptive solutions to climate change, rain excess, overflow, and flood risk; it acts as an accomplice (and not as an antagonist) of natural changes. Overflows and floods occur frequently, and resisting water is impossible. Trying to adapt our systems to risk, milden impacts, and create buffer zones, means to pander to nature, not to resist it. It means adapting our settlement systems to make them more reactive.

6 Natural Biomass Is the First Commons to Defend

2020 will be remembered for many things, but not for one, which risks being kept silent despite its truly epochal importance. In that year, the mass of the materials produced by mankind has surpassed living biomass, represented by the animal and vegetal world. This has been discovered through the research of the Israelite Weizmann Science Institute and published in the journal *Nature* (Elhacham et al. 2020). This study shows that the summation of all constructions, buildings, streets,

cars, and all objects produced by mankind in the last decades—with the mass production trend doubling every 20 years—has surpassed the living biomass (around 1100 billion tons vs. 1000).

For a better understanding of this magnitude, just think that in the early twentieth century, the mass of the objects built by mankind was equivalent to 3% of the biomass. Since the first agricultural revolution in the eighteenth century, the biomass has halved every year and has decreased from 2000 billion tons to the current 1000.

The correct comprehension of this phenomenon requires a correct specification of the words into play. Human-produced mass is called “anthropic” and expresses the quantity of material represented by all the solid, inanimate objects manufactured by human beings (which have not been disposed of yet). Researchers have also subdivided anthropic mass into six subgroups: concrete, aggregates, bricks, metals, and one more group, consisting of components constituted of wood, glass, and plastic. The group of aggregates includes gravel and sand, which are used as a basement for streets and buildings.

There is no point in looking for causes somewhere else from our common building practices: changes in the use of soil and overbuilding, which have led to the deforestation of green areas, woods, and forests, replaced with large fields for intensive agriculture, are the main culprits. Buildings and streets have deep impacts as well, as they represent most of the anthropic mass, together with plastic and machinery.

This artificial mass has been produced by mankind in a relatively short time, in a dense historical period (in a century that is uncoincidentally defined Anthropocene, as it saw the aggressive emergence of human transformative and destructive capacity). Of course, this has had deep environmental and atmospheric consequences, hence calling for a radical change. As stated by Israelite scientists, now the only possible solution is to start a process of equal intensity and opposite direction toward a ubiquitous restoration of nature, substituting man-made objects with biogenic mass elements.

This context, crowded with artificial objects, that we often produce and dismiss right after their use, should be the scenario for the rise of a new generation of commons, from a process of de-construction, nature re-integration, re-forestation, and ecosystem recovery, designing nature-inspired solutions to contrast climate change.

Blind walls, abandoned squares, unused hangars, voids, quarries, warehouses under abandonment, residual, open, and empty spaces: the storage for our collective hyper-production of artifacts has left behind a disordered, often meaningless world. We need to perform an almost infinite restitching and substitution work, aimed at reattributing a deep meaning to places.

However, this process—inspired by a subtractive and substitutive approach—cannot be assimilated with a renounce or happy degrowth path. It has nothing to do with feelings and idealism; instead, we must focus on the civil and economic sphere. Someone calls it ecological transition: that is, the shift from one economic and energy production/consumption model to another one, the passage from a

highly-impactive wealth production method to a rebalance between anthropic mass and living biomass, from one lifestyle to another.

This is the most interesting characteristic of what we call a city: *a difference that generates differences*, a relentless *evolution* that rises from continuous *discontinuity and breaks*. Contemporary cities are the most sensible place to understand how the world goes, where tensions, changes, and transformations are more evident and faster. That is because cultural richness never derives from purity, homogeneity, or similarity, but mix and biodiversity. The plurality—multiplicity—is at the base of the meaning of an ecosystem itself: it produces life and its continuous regeneration. The growth of a system is brought about by its openness, and its internal differentiation. Biodiversity allows reacting to a crisis and transforming oneself into something else. Only multiplicity can make it possible to overcome the chains of strong, pre-determined bonds. Biodiversity of proveniences, skills, and starting conditions, allows multiplying the power of *weak bonds*, which are infinitely more numerous. This is true both in nature and in cities. No monoculture can resist time. No city has survived over time by closing, pursuing the hope of staying equal to itself forever. Generating and regenerating commons makes cities alive.

7 Conclusions

A community withstands time only if it is able to regenerate itself, to live with its own inner differences, to appreciate its exceptions. It holds out because it changes and because it generates the new.

Rarely do systems transform from within: inspiration (and innovation) always comes from the outside, from something unknown and unexpected that gets its beginnings from the most contemporary principles in life. Systems become fragile when a cheap monoculture tends to prevail, when communities close themselves in and maintain inherited lifestyles and behaviors.

Only where the old and new match and mingle can spontaneous creative possibilities sprout. Only the excess of diversity and variety—in other words, biodiversity—enables a system to be generative. For eons, nature has been teaching us that no life exists that comes from monotony, from uniformity, from likeness or from repetition. On the other hand, though, we do not understand this in nature and we struggle even more to plant it in human communities.

Over the past months, everything has been changing and we are forced to rethink our priorities. The absolute confinement within the space of our homes has shown us, perhaps for the first time, how much our fate is linked to the organization and functioning of cities. Locked up in our homes, deprived even of access to nature and to public spaces, we have understood that our health today depends on those very things.

Health and well-being depend on how much open public and natural space each citizen has available to him or her and on how much will be available in the future. The pandemic has removed the last veil of hypocrisy of our urban lives. And the

attention focused on the climate crisis corroborates what we know to be true: that cities where cars predominate the spaces of pedestrians and cyclists, where we are choked by pollution from traffic and land consumption and where our daily schedules are planned around peak hours which are incompatible with different lifestyles are not livable.

On the other hand, even the dream of returning to a rudimentary life in the hamlets is impossible if we do not rethink the links, accessibility and relationships between different places. The pandemic has shown us even more—as if it were necessary: that the *digital world is an essential tool to generate places and generate social bonds because it is a life environment* for all intents and purposes.

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Preserving Our Commons: Call to Action



Eleonora M. Piergallini and Tamiris Cristhina Resende

Abstract The aim of this chapter is to reflect on the problem of the tragedy of the commons and the side effects of a utilitarian approach toward environmental and social justice. Thus, we will analyze how “the tragedy of commons” is affecting forests, cities, and, ultimately, the dignity of the people living in the Global North and South. First, we focus on the environmental tragedy happening in the Amazon Rainforest. Second, we analyze the problem of drought in California and the consequent tragedy of widespread wildfires. Third, we address the problem of the out-of-fashion waste in Accra, Ghana, before finally presenting the case of Europe’s dependence on energy, which has been brought to light by the outbreak of the war in Ukraine. In its conclusion, this paper will reflect on Ostrom’s principles of *Governing the Commons* and the legacy that is being built by the Economy of Francesco in response to Pope Francis’ call to action.

1 Introduction

The aim of this chapter is to respond to Elena Granata’s analysis of how generating a commons could change a community, namely cities, and how it could make them thrive. In Granata’s chapter in this book, cities are presented as the more complex human good: “a commons that houses commons”. By pointing out the important role that the people inhabiting these places had in generating these commons, Granata gives different examples, from the creation of a forest in the southern part of Chile to protecting cities from tsunamis caused by an earthquake, to the older and newer developments implemented in Manhattan, such as the iconic Central Park, the

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breathing lungs of the city, and the very recent High Line, an elevated park built on a former railway.

All these projects share the quality of being able to resolve immediate problems while, as Granata highlights, being able to reconnect society and nature. She points out the important role that the people inhabiting these spaces have had in generating these commons: imagination, creativity, intuition, and plurality of ideas have been the key in overcoming greediness and in pursuing the common good. As history has taught us, society has been able to defend itself and its environment through its capacity to protect, produce, and manage the commons.

Granata's paper touches on a core problem within economic theory: the tragedy of the commons. This idea refers to the situation in which individuals with access to commons pursue their own interests instead of the public good and, in so doing, ultimately deplete and depauperate the resource (Garrett 1968). Her examples focus on situations where society has managed to overcome the temptation of immediate yet potentially catastrophic profit, making room instead for the possibility of something new, unexpected, and beneficial for all.

On the other hand, we focus on what we, as individuals and a society, have failed to act upon. We reflect on four commons that need to be preserved by society, shining lights on side effects of a utilitarian¹ ethical approach in environment and social justice.

First, we address the issue of the destruction of the Amazon Rainforest, one of the most imminent tragedies in the world's largest tropical forest. Second, we talk about the drought causing the water supply crisis and increase in wildfires throughout California. Third, we focus on the problem of secondhand clothing waste, with particular attention to what is happening in Accra, a city of Ghana. There, developed countries from Europe and America and producing countries like China recycle the products they cannot sell. This situation causes a profound environmental problem and poses a crucial social justice dilemma.

Then, we touch on the problem of energy as a commons, with the outbreak of the war in Ukraine making clear Europe's energy dependence and how everything is connected in the world. As a matter of fact, as Granata highlights in this book, the Ukraine War destroyed the once beautiful city of Kyiv, tearing apart one of the most valuable commons: the city. Its destruction symbolizes the destruction not just of the city itself, but that of an entire circle of dependence. Europe, as well as the entire world, depends on Russian energy and Ukraine's wheat to survive; both resources

¹As stated in the Stanford Encyclopedia of Philosophy, by utilitarianism, one usually refers to "the view that the morally right action is the action that produces the most good," which has its origins in the formulation of two main thinkers: Jeremy Bentham and John Stuart Mill. In this essay, however, the concept is not used in a neutral way but rather in a critical one. We refer to the utilitarian theory as the ethical justification of economic practice, one that ultimately relies on the cost-benefit ratio and that is based on the concept of personal gain. For a better understanding of the relationship between utilitarianism and economic theory, see "Il dovere e il piacere, un'introduzione critica all'etica contemporanea" (Zhok 2019).

are among our most precious commons. The empty and devastated cities of Kyiv are also mirrors that reflect the face of poverty and hunger around the world.

Finally, we analyze the correlation between Elinor Ostrom's *Governing the Commons* principles and the final statement that originated from young researchers, change-makers, and entrepreneurs engaged in Pope Francis' initiative "the Economy of Francesco."

In dealing with these urgent issues, we are interested in highlighting the tension that exists between individual and collective action. The tragedy of the commons is indeed deeply related to individual action, particularly to a specific understanding of the behavior of the individual who might act in a detrimental and self-interested way. At the same time, the problem of the tragedy of the commons is strictly linked to a more general reflection on society and its behavioral patterns (Costanza et al. 2017) and, therefore, to the role that communities and governments have in addressing the issue. As a matter of fact, through regulation, governments should be able to listen to the needs and requests of the communities affected by this tragedy and, in this way, try to find efficient solutions. Specifically, as Granata points out, it is deeply important to find a way of reconnecting locals' needs to their living spaces, changing detrimental behaviors, and creating a way of *looking beyond*.

In this regard, what the current paper will aim to do is, for each one of the issues addressed, highlight the important role that governments should have in conservation and renewal of resources and where institutions have failed to protect them. A lack of regulation is at the very basis of the problem of the tragedy of the commons because it leads to underinvestment, overconsumption, and, ultimately, the very disruption of common goods.

2 Amazon Rainforest: The Tragedy in Progress in the World's Largest Tropical Forest

The Amazon Rainforest is affected by what Hardin describes as the tragedy of commons (Garrett 1968). Hardin's essay shows how individuals driven by self-interest can destroy a resource owned by a community.

The largest tropical rainforest in the world is a great example of how a common asset is devastated by an utilitarian approach. Who owns the Amazon, and who is responsible for taking care of the forest? This basic question can have multiple answers, depending on the point of view. The forest occupies 49% of Brazilian territory, but it is also present in eight other countries—Peru, Venezuela, Colombia, Bolivia, Guyana, Suriname, Ecuador, and French Guiana—what is called the Pan Amazon. Although the first answer could be that Brazilians should take care of the Amazon and make decisions to preserve the forest, given the complexity of this common, the responsibility must be shared with the other eight countries the make a frontier in the Amazonian ecosystem, all developed countries in the world that that benefit from its resources, private institutions, and nongovernmental organizations

as well. Considering that the Amazon Rainforest is beneficial for human life around the globe, we are all called to action in defense of the Amazon Rainforest.

Pope Francis convened a Pan Amazon Synod in 2019, reflecting on evangelization, social justice, and the right of indigenous people, afro-descendants, farmers, and settlers, all of whom live in a relationship with Amazonian ecosystem (Pope Francis 2020). Pope Francis reflects on his postsynodal apostolic exhortation entitled *Querida Amazonia* (Beloved Amazon) and how the colonizing interests that, legally and illegally, did—and do—increase the logging and mining industry and that have been expelling people who live in harmony with the forest and depend on it for a living (Pope Francis 2020). Pope Francis also emphasizes that some slogans, namely the one of “not delivering,” promote the idea of foreign governments wanting to explore the Amazon when local governments themselves misuse the idea of development by making alliances that devastate the environment and degrade the forest (Pope Francis 2020).

The Amazon Rainforest shelters hundreds of animals, insects, and plant species. Besides this, the Amazonian ecosystem has enormous potential to influence the earth’s climate system by acting as a large carbon sink.

Concerns about the deforestation of the Amazon have been increasing in the past few decades. Studies suggest that deforestation and land use changes combined with anthropogenic² global warming could compromise the positive effect of the Amazon in capturing carbon dioxide in the atmosphere (Boulton et al. 2022), increasing the heat stress risk (Alves de Oliveira et al. 2021). Recently, the coronavirus has shown the consequences that encroachments on ecosystems can have on the whole world. The forest may contain unknown viruses that are dangerous to animals and humans. Thus, forest degradation may have unintended consequences on the health of humans and animals.

The Brazilian government committed to the global net zero by mid-century and to keep global warming 1.5° in COP26 in Edinburgh in 2021; however, the increased deforestation in the last years is a sign of noncompliance with the 2015 Paris Agreement. According to Imazon (Fonseca et al. 2022), 1476 km² of deforestation was detected in May 2022 in the Amazon.

Deregulation is also an important aspect to mention regarding the actual Brazilian politics regarding the Amazon. In 2019, a year when regulations were relaxed, the area of fire-impacted forest increased, which led to specialists considering 2019 the most extreme year (Feng et al. 2021) for biodiversity impacts. Deregulation allows private exploration without sustainability, causing damage to the trees, land, and water. The expansion of agriculture on a large scale inside the forest must be controlled once biodiversity is endangered by the production of soy in forest areas protected by law. It is important to mention the large-scale production of meat transforming the forest into pasture. The profit shares of legal and illegal exploration of the Amazon area—a common—are concentrated in the hands of the few, not

²According to the Cambridge Dictionary, anthropogenic means are caused by humans, especially in relation to climate change and global warming.

benefiting society and contributing to the tragedy that is happening with the world's largest tropical forest.

3 California's Lack of Water and Deregulation

Climate change is a looming threat to all communities. However, in some areas, it is more urgent than in others. The state of California, for example, is one area in the world already experiencing its devastating effects. In particular, over the years, there have been two main issues that have plagued the West Coast of the United States: the regional and national water supply crisis and the increase in wildfires throughout the region, which have put the communities living in the Golden State at great risk and posed serious social justice problems (Sperling and Nichols 2012).

As for the first problem, the water availability crisis, this has occurred because of the simple fact that rising temperatures cause a change in rainfall and, thus, greater exposure to drought. In the case of California, the risk is the significant reduction of snowpack in the western mountains and rise in sea level, which leads to the mixing of salt and fresh water in the Pacific aquifers.

Therefore, water management is the most important step in adapting to climate change, especially in California, and one wonders if the government will be able to meet the challenges these changes pose. In fact, North America's water management systems are not suited to cope with these changes, precisely because they were designed under the assumption that climate and temperatures would remain constant over time.

Therefore, mitigating the effects of these phenomena requires decisive action on the part of the government, which alone can guide the actions of the individuals and communities affected by these problems. First, as has been clear for years, gas emissions must be reduced, and the United States in particular must reduce its greenhouse gas emissions by 80% by 2050, or about 2% per year (Hall et al. 2008).

At the same time, however, this is not the only measure required. The most important one, especially for states like California, is the implementation of reforms regarding water laws. The measures implemented so far are no longer sufficient. Until now, the problem of water scarcity has been solved by looking for different supply sources. The case of California shows that climate change puts every source of supply at risk, making this simple change impossible.

In short, because water is not and will no longer be an always available commodity, the only way to solve the drought problem and, thus, the regional water supply crisis is to reduce its use and implement policies to do so. In doing so, the federal government of the United States, as well as the governments of the individual states, must take on an enormous responsibility because the Californian problem is closely linked to the entire southern region of the United States, particularly Texas, and especially the Great Lakes region in the north, whose water levels are set to decrease significantly in the coming years (Hall et al. 2008).

Similarly, the increased risk of wildfires on the West Coast is because of rising temperatures and the resulting drought caused by climate change. However, if we define risk as the possibility of an adverse event causing moral, physical, or financial losses, climate change is only one of the components that can increase the risk of forest fires.

Undeterred exploitation of fire-prone areas is another factor, and the state of California and federal state in general are not doing what they can to limit this risk. Here, the devastating effect of the phenomenon, which can be described as a tragedy of the commons, is particularly evident: despite the increased risk of fires, the local authorities continue to allow the exploitation of the land in those areas with the consequent construction of buildings and factories, putting the lives of the people who live there and well-being of the land itself at risk. As well described in the report “Playing with Fire: How Climate Change and Development Patterns Are Contributing to the Soaring Costs of Western Wildfires” (Cleatus and Mulik 2014), in economics, this problem is referred to as a “moral hazard”: those who continue to allow construction in these hotspots do so because they know that they will not directly pay for the consequences of these choices.

Therefore, to try to remedy the problem of wildfires, it is first necessary to reduce the risk itself. Acting on global change, as we have already pointed out, is essential. However, it is more urgent and necessary than ever for the government to enact laws limiting the possibility of building.

4 Accra, Ghana: Secondhand Clothing Waste Environmental Impact Is Out of Fashion

The developed countries in Europe, America, and from producer nations such as China are selling secondhand clothes in Africa, especially Ghana, at affordable prices, raising issues of environmental and social justice.

These secondhand clothes come from donations (Frazer 2008) and retailers who offer bins in their stores for unwanted items to be disposed of by clients. Local traders have little control of the process, which frequently leads to the purchase of low-quality secondhand clothes that, in some cases, are unsuitable for use. Even today, the Global South and North maintain their colonial relationship of dependence, with the Global South countries not being able to compete with the low production costs of the textiles of the more industrialized countries.

This unwanted waste from the developed world has turned the city of Accra into a big trash deposit of fast fashion that is polluting the lands and the water, creating a catastrophe for the environment and local economy. The secondhand deposits in Accra are close to the ocean, polluting the water and putting marine life in danger. Studies show the negative effects of the decline of the local textile industry and how this has made domestic production less competitive (Baden and Barber 2005;

Manieson and Ferrero-Regis 2022). Besides this, there is a cultural impoverishment with the exchange of the local style for Western style.

Accra's Kantamano Market—a principal destination for fast-fashion waste—is known by several names, such as “Bend down boutique,” “Cants,” and “Broni waawu” (dead white person's clothing) (James and Kent 2019). There are positive effects, though, through the generation of income for many informal workers from Ghana's capital and the rural areas that travel to the city to work in the secondhand markets. However, the uncertainty of informal work, lack of safe conditions, and no labor rights directly affect the work force in the country. This is a portrait of the poor living conditions of millions of people in Ghana. More than just a reflection of the environmental catastrophe, this situation leads to a reflection regarding human dignity. Poor people depend 100% on the waste generated in developed countries to meet their basic needs. The fast-fashion waste in Ghana and several other African countries hides the face of the addiction for consumers in wealthy nations without giving a consideration about its consequences.

What is happening in Ghana is different from the original concept of the circular economy, which is based on the idea of circular dynamics making connections between the use of resources and the waste generated by incentivizing the reuse and new use forms (Manieson and Ferrero-Regis 2022). Instead, Accra can be considered a place where secondhand clothes are dumped (Manieson and Ferrero-Regis 2022). Despite the efforts of the locals to restore and fix, a significant part of the secondhand clothes sent to Ghana are not in condition to be reused. Thus, the waste generated in the fast-fashion industry is out of fashion, giving the earth's limited resources to keep humans, animals, and entire ecosystems alive.

Fast fashion is sold, creating a consumer addiction pursuing beauty and the latest fashion item. There is no beauty in city degradation (the fast-fashion waste deposits along the coast in Accra are clear evidence). In a society that is more exposed to social media each day, individuals can consider their clothes old, even after only a few uses. The desire for social acceptance, which is symbolized for the use of a specific item or brand, creates a necessity to evidence power through consumerism.

Fashion e-commerce stores feed the addiction of individuals to follow the trends of paying an affordable price. These individuals buy clothes without questioning in what conditions these cheap clothes are produced (it is known that some cheap clothes are produced with slavery work in underdeveloped countries). Short-term rewards are sometimes more powerful than sustainable actions, making individuals choose them, despite all the long-term negative consequences to the environment, such as global warming (Costanza et al. 2017). The huge amount of clothes bought by those addicted to the latest trends ends up not only on the coast of African countries such as Ghana, but also in places such as the Atacama Desert in Chile, and garbage deposits in Brazil and India. Thus, countries in the Global North are exporting their environmental problems, contributing to the environmental catastrophe and hampering social justice.

Considering all the social and environmental costs of fashion addiction, it is important to promote the idea of systems of life (Capra and Luisi 2014), in which

everyone is interconnected and a new economic model where no one is left behind can be utilized.

5 Energy as a Common: Europe's Search for Energy Independence

One of the most important commons is energy. This fundamental resource showed its centrality in February 2022 when the already serious situation in Ukraine drastically worsened with Russia's invasion of Ukraine, becoming a world diplomatic issue. The flare-up of the war has highlighted how Europe is still energy-wise dependent on Russian, but not only Russian, resources for its energy supply, as had already been clear since the energy crisis of the 1970s.

In fact, according to a Eurostat report from 2020,³ what the EU imports in larger quantities and mainly from Russia are oil products, which make up about two-thirds of the EU's energy imports. In addition, the EU imports a substantial amount of natural gas (27%) and solid fossil fuels (5%). In short, the EU's dependency rate in 2020 was 58%, meaning that more than half of the energy needed is provided through imports.

However, the war has changed the rules of the world order, pushing countries, primarily Europe—the most dependent partner and, therefore, with the most bargaining power—to impose strong sanctions on Russia and, consequently, to have to reorganize their energy supply. Yet while we wait for reorganization, energy prices are higher than ever, and there are fears of the arrival of autumn, when many families will not be able to afford heating or be able to use their cars.

In fact, the problem of European energy autonomy has been linked to several other issues that existed even before the outbreak of the war. For instance, the problem of energy poverty (Dubois and Meier 2016) is certainly not only a problem related to the new postconflict dynamics. Over the past decade, one of the main concerns of policymakers has been the problem of the inability of many households to have sufficient access to energy sources. Fuel or energy poverty is, in fact, a phenomenon that started a long time ago and has been studied since the 1990s (Thomson 2013).

Second, the problem of energy autonomy has been linked to the broader problem of ecological transition. A Europe that is less dependent on fossil fuel could and should mean a Europe where energy is cleaner. In this direction, Europe has been trying for some time to launch measures to achieve a zero-emission economy. The challenge is to find measures that can meet the economic needs of the different countries of the EU.

A step forward in this direction was made on 30 March 2022, when the international solar community gathered in Brussels and then presented their findings, which

³Eurostat website <https://ec.europa.eu/eurostat/cache/infographs/energy/bloc-2c.html>

are summarized in the Solar Power EU Energy Independence New Report,⁴ to the EU Commissioner for Energy, Kardi Simons. The report states that, in the short term, solar can deliver a good amount of additional EU energy capacity for the coming winter, but the real acceleration will come in the medium term because, as stated by the President of SolarPower Europe Aristotelis Chantavas, by 2030, solar energy can replace all Russian gas imports to the EU.

However, much must be done before we can reach this goal. It is necessary to start building the infrastructure capable of delivering this type of energy and start developing the workforce needed to deploy the solar project.

In the short term, however, Europe plans to find any energy supply that it can burn to make up for the lack of resources from Russia. This implies that resources will be sought elsewhere in the global market and that, in the next 1–2 years at least, in addition to a price increase, there will probably be an increase in the use of coal, as well as oil (Victo 2020).

6 “Governing the Commons” Through the Economy of Francesco

As evidenced in the current paper, everything is connected. The tragedy of the commons is affecting countries in the Global South and Global North. Granata points out that biomass is the first commons to defend. The Amazon Rainforest’s deforestation and illegal fires are increasing sources of biomass loss. The utilitarian mining and natural exploration in progress here is putting in danger the lives of indigenous people, poor people living in harmony with nature, and afro-descendants in the Amazon area. The complexity of a commons in nine countries, such as the Amazon Rainforest, cannot make humanity dismiss the responsibility to preserve this space.

The out-of-fashion land and water pollution in Accra caused by secondhand clothing and fast-fashion consumerism shows the hidden face of capitalism. There are excluded people in the Global South who do not have the same access to products and carry the burden of dealing with the environmental consequences of overconsumption from the Global North. The case presented in the present paper is a call to action in terms of diminishing consumerism, advocating for social justice, a valuation of the real circular economy (that does not oblige poor people to live with the waste of wealth people), and valuing the upcycling of waste without outsourcing the problems.

In California, the water supply crisis and increase in wildfires throughout the region is an example of how climate change is affecting human lives, causing biomass destruction and drought. The management of water is not an issue only in

⁴Available on: <https://www.solarpowereurope.org/advocacy/position-papers/solar-powering-eu-energy-independence>

Table 1 Ostrom's principles in *Governing the Commons* versus the Economy of Francesco Final Statement 2021

Elinor Ostrom's principle	Economy of Francesco Final Statement and Common Commitment (2021) (Economy of Francesco (2021). Final Statement and Common Commitment. https://francescoeconomy.org/final-statement-and-common-commitment/)
Clearly defined boundaries	"The great world powers and the great economic and financial institutions slow down their race to let the Earth breathe" (EoF 2021 Statement 1)
Congruence between appropriation and provision rules and local conditions	
Collective choice arrangements	"A worldwide sharing of the most advanced technologies be activated so that sustainable production can also be achieved in low-income countries; and that energy poverty (. . .) be overcome to achieve climate justice" (EoF 2021 Statement 2)
Monitoring	
Graduated sanctions	
Conflict resolution mechanisms	
Minimal recognition of rights to organize	
Nested enterprises (polycentric governance)	"The subject of stewardship of common goods (. . .) be placed at the center of the agendas of governments and teaching in schools, universities and business schools throughout the world" (EoF 2021 Statement 3) "Economic ideologies should never again be used to offend and reject the poor, the sick, minorities and disadvantaged people of all kinds" (EoF 2021 Statement 4)

the US, though. Around the world, it is a concern because millions of people do not have piped water and sewage at home.

The current war destroying cities in Ukraine has had an expressive impact on the entire world, reducing not only the projected growth, but also unveiling Europe's energy dependence and the face of poverty and hunger around the world.

In 2019, Pope Francis invited young researchers, economists, entrepreneurs, and change-makers to an event called the Economy of Francesco. These 2000 young people intended to meet in Assisi in 2020, but because of the COVID-19 pandemic, the event was postponed. Since then, attending Pope Francis's invitation, these young people have been working in collaboration with Nobel Prize and renowned scholars around the world to think about a new economy where no one is left behind.

In 2021, the second online event took place, in which these young people presented the results and projects derived from months of collective work. The governance of the commons is among the most debated topics by these young economists. In Table 1, it is possible to make a comparison between Nobel Prize Elinor Ostrom's principles quoted in her book *Governing the Commons* (Ostrom

1990) and the Statements in the Final Statement and Common Commitment designed by the young researchers engaged with the Economy of Francesco.

According to our analysis, around 33% of the Final Statements were on the topic of commons. It is important to mention that all topics related to the commons in the EoF Final Statement are in line with Ostrom's recommendation. The other 67% of the Final Statements deal with topics such as decent work, the abolition of tax heavens, establishment of new financial institutions, and the reformation of existing ones, with the introduction of independent ethics committees in companies and banks, quality education, and innovation incentives.

Besides this, during the EoF, the Policies and Happiness working group (called Village in EoF), presented three proposals, with two of them directly related to the commons: (1) the penguin model for happiness in flourishing cities and (2) inclusive mapping for flourishing communities.

The "penguin model" focuses on deglomeration incentivizing the redirection of resources toward the creation of thriving small and medium cities. The model is based on the idea that well-designed small and medium cities can provide a healthy balance between innovative and impactful work for human beings and the well-being of families through strong social bonds and protecting animal habitats in nature. "Inclusive mapping" intends to create "warm" technologies (interactive tools that connect people and stimulate social interaction), solving problems such as social fragmentation, invisibility, inequality, and a lack of sense of belonging to a territory.

The truth should be told: a polycentric governance of commons is the way to make people in the present thrive and foster in a better world for future generations. For this to happen, it is necessary to have a sense of ownership, an education for the environment, and an economy that includes those who are often excluded.

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Winning Ideas: Lessons from Free-Market Economics for the Economics of Francesco



Sabina Alkire and Angus Ritchie

Abstract As Pope Francis observes in *Evangelii Gaudium*, “realities are greater than ideas.” We should neither underestimate the power of ideas to engage realities, nor expect good theory to win out swiftly by force of argument alone. The rise of free-market economics was in part due to the conscious strategic decisions made by key intellectuals and financiers—decisions which moved it from the periphery to the centre of economic theory and practice. This chapter argues that the means by which free-market approach economics overtook its rivals offer important lessons for those working on alternative economic approaches today. We identify five strategies that were used by free-marketeers and which have lessons for those of us who now to develop and promote integrated human development and an “economics of Francesco”.

1 Introduction: Pope Francis on Realities and Ideas

Most of the commentary on Francis’ social teaching (for example in his encyclical *Laudato Si’* and more recently in *Let Us Dream: The Path to a Better Future*) (Pope Francis 2020), has focused on his specific policy prescriptions (such as the Universal Basic Income). But animating these is a call to deeper and more fundamental change. Francis is calling for our politics and economics to turn back to the people and turn back to God. For him, the two are inseparable:

One of the ways of turning one’s back on the poor is by having contempt for the cultural, spiritual, and religious values of the people, which are either ignored or exploited for reasons of power. The contempt for the culture of the people is the beginning of the abuse of power. In recognising the importance of spirituality in the lives of the people, we regenerate

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politics. . . Now, more than ever, dear friends, we must build a future from below, from a politics with the people, rooted in the people. (Pope Francis 2021)

What does this mean in practice? And how does it relate to the enterprise of this book—developing “an economics of Francesco”?

In *Evangelii Gaudium* 217–235, Francis sets out four principles for “the common good and peace in society.” These principles, he tells us, are to enable “people in every nation” to “enhance the social dimension of their lives by acting as committed and responsible citizens, not as a mob swayed by the powers that be” (Pope Francis 2013).

Each principle refers to two poles which need to be held in creative tension. It is not that one should be promoted to the exclusion of the other, but that one pole has a certain priority (Borghesi 2018, Chaps. 2 and 3). Two of these principles are particularly relevant to our task: “Time is Greater than Space” (222–225) and “Realities are Greater than Ideas” (231–233).

The first principle calls us to a strategic patience, which is essential if our political and economic vision is truly to be “rooted in the people”.

This principle enables us to work slowly but surely, without being obsessed with immediate results. It helps us patiently to endure difficult and adverse situations, or inevitable changes in our plans. . . One of the faults which we occasionally observe in sociopolitical activity is that spaces and power are preferred to time and processes. . . What we need, then, is to give priority to actions which generate new processes in society and engage other persons and groups who can develop them to the point where they bear fruit in significant historical events. Without anxiety, but with clear convictions and tenacity. (223)

It is not only our politics but our “rationality” which needs to be rooted in the attitudes and agency of ordinary citizens. This where the second principle comes into play—of a prioritization of “realities” over “ideas.” Francis warns us against “dwell [ing] in the realm of words alone, of images and rhetoric”.

Ideas—conceptual elaborations—are at the service of communication, understanding, and praxis. Ideas disconnected from realities give rise to ineffectual forms of idealism and nominalism, capable at most of classifying and defining, but certainly not calling to action. . . We have politicians—and even religious leaders—who wonder why people do not understand and follow them, since their proposals are so clear and logical. Perhaps it is because they are stuck in the realm of pure ideas and end up reducing politics or faith to rhetoric. Others have left simplicity behind and have imported a rationality foreign to most people. (232)

The Gospels enjoin us to be “prudent as serpents” as well as “simple as doves”—and in his reflections on the Parable of the Unjust Steward, Francis commends a “Christian craftiness” which is willing to think strategically, and exercise prudence, in promoting the values of the Kingdom.¹ That involves being willing to learn from the strategic thinking of others with whom we may deeply disagree.

This chapter will examine how a free market approach to economics moved from being a view held by a tiny minority of thinkers to being the dominant ideology of

¹Pope Francis, Homily for Daily Mass, 10 November 2017.

our times. We will draw attention to the strategic activities which were deployed (alongside the “ideas” of academic argument) between the 1940s and 1970s in order to advance a free-market vision. We use the title ‘free-market’ because this was a self-description common to these thinkers, is comprehensible internationally and is less imprecise than alternative descriptors.² We will give little attention to the content of the theories—which we acknowledge varied across time and individual proponents. We will also not attend to the economic and political context although these clearly set the stage for change. Because good recent histories are available (Blythe 2002; Caldwell 2005; Colander and Coats 1993; FitzGerald and Thorp 2005; Glyn 2006; Harvey 2006; Mirowski 2002) we also do not focus on one period or region but present examples from several historical and institutional settings.

Despite many changes from globalization and the rise of social media, the methods by which free-market approach economics overtook its rivals has implications for those working on alternative economic approaches today. It suggests we should neither underestimate the power of ideas to engage realities, nor expect good theory to win out swiftly by force of argument alone. It also shows the value of strategic patience.

The chapter proceeds as follows. After a brief introduction to our thesis that the rise of free-market economics was in part due to the conscious strategic decisions made by key intellectuals and financiers, the body of the paper introduces five strategies that both proponents of this approach and outsiders would argue, were (and are still likely to be) fundamental to the spread of an alternative economic vision, so that we can respond to Francis’ exhortation to place ideas “at the service of communication, understanding, and praxis.”

2 The Role of Strategy: Tactics from the Free Marketeers

It is possible to forget how marginalized non-socialist economists were just 50 years ago—when they could not publish in mainstream journals, could not obtain tenure at major universities, and lacked the respect of their academic colleagues. Part of their ascendancy is due to careful and strategic planning.

Milton Friedman wrote that “The role of people is to keep ideas alive until a crisis occurs. It wasn’t my talking that caused people to embrace these ideas, just as the rooster doesn’t make the sun rise” (Yergin and Stanislaw 2002).

Humans need narratives in order to make sense of the world. Anthropologists, sociologists and philosophers offer many different accounts of these human stories: to what extent they exist simply to legitimate group interests, and to what extent they are open to rational revision. But changing the narratives and theories we use to interpret and engage with the world is central to making it a more just place.

²Overlapping economic ideas are also sometimes referred to as libertarian, liberal, neoliberal, or neoclassical, although these titles are also used in different ways (Colander 2000).

Friedman's picture of thinkers as *roosters* seems too weak. The sun would rise in exactly the same way, even if the rooster failed to crow. In contrast, if theories are enacted, they affect what occurs next. They shape the 'sunrise'. Yet theories are not necessarily enacted as a result of a calm, Socratic dialogue, conducted by thinkers seeking only after truth. To advance good (or bad) theories from ideas to enactment involves strategy and planning.

The evidence offered comes from the architects of free-market economics. Far from being roosters, we shall argue that free-market economists were more akin to *tortoises*: patiently developing a line of thought and cultivating a community over more than 25 years, and discerning the right time for practical interventions. The image of tortoise resonates with Francis' advocacy of strategic patience. Yet their steady conscious reshaping of the intellectual landscape has had a huge impact on contemporary thought and practice.

In 1949, Friedrich von Hayek published an essay entitled 'The Intellectuals and Socialism' which opened with the sentence, "In all democratic countries. . . a strong belief prevails that the influence of the intellectuals on politics is negligible" (Hayek 1949, p. 371). The essay challenges the belief. It analyses the methods underpinning the rise of the dominant socialist worldview—a success he observed from the intellectual margins, then sought to undermine using similar methods.

Hayek faced an intellectual climate dominated by an economic paradigm which cried out for the serious interrogation he provided—yet resisted it. The publication of *The Road to Serfdom* established him publicly as a high-profile political and economic theorist, and simultaneously discredited Hayek within his profession for being simplistic (as well as, in his colleagues' view, wrong). When he left the London School of Economics in 1950 he was barred from joining the Economics department in the University of Chicago, and was instead a professor of social and moral sciences. It was not until the 1970s that free market economics gained political traction, for example with economic deregulation under Carter. Hayek's Nobel Prize in 1974 and Friedman's in 1976 signaled the change that was beginning, and that accelerated rapidly under Reagan and Thatcher in the 1980s (Harvey 2006, p. 20f).

We now can access Hayek's and others' early writings, and also a retrospective literature which tells how its implementation fared. These include insider tales such as John Blundell's collection of essays for the Institute of Economic Affairs, on the topic of *Waging the War of Ideas* (Yergin and Stanislaw 2002; Blundell 2007). These are complemented by the think-tank websites where free market thinkers continue to analyse how the intellectual weather was, and can be, made.

Such accounts cannot be accepted uncritically. Actors on the intellectual and political stages are inclined to overestimate the significance of their own behavior. But as our focus is strategy, we pay specific attention to the informal stories told by successive generations of free marketeers as they seek to impart their wisdom to the next.

What emerges from these stories are five key "tactics of tortoises" by which free marketeers turned their economic vision into practical realities: (1) developing a compelling narrative, (2) making the weather in political and economic debate,

(3) developing a community of research, (4) fostering talent, and (5) exercising strategic patience.

2.1 *Developing a Compelling Narrative*

The stories humans tell one another involve evaluation as well as description: we need to make sense of life, and to be inspired as well as advised.³ In Francis' words, we need to speak in a way that does not just "classify and define" but which calls people to action.⁴

The story the free market authors told is a potent and not entirely coherent blend of ideals and empirical assertions. But from the early days, on paper at least, ideals were articulated without hesitation.

In *The Intellectuals and Socialism*, Hayek tells his readers to have 'the courage to be Utopian':

The main lesson which the true liberal must learn from the success of the socialists is that it was their courage to be Utopian which gained them the support of the intellectuals and therefore an influence on public opinion. . . (Hayek 1994)

The Mont Pelerin Society, where Hayek's essay was first presented, took immediate notice. Its founding statement opens with a bold moral statement: "The central values of civilization are in danger. . . human dignity and freedom" (Harvey 2006, p. 20). When a system is dominant—be it the one Hayek sought to challenge, or the one he himself advocated—it militates against the imagining of alternatives. A pivotal challenge is to articulate the vision of another possible world.

This is what Hayek does so successfully in *The Road to Serfdom* (Hayek 1994). This central text is neither a work of economics, nor is it a particularly technical piece of philosophy or political theory. It is written clearly and accessibly (even more so in the condensed version), and outlines a moral case for classic *laissez-faire* free market economics. The book does contain some empirical claims, but they are not largely about economic efficiency. They are about the kinds of society that will emerge if different economic and social policies are followed. As Hayek wrote, 'There is scarcely a political ideal or concept which does not involve opinions about a whole series of past events' (Blundell 2007).

The Road to Serfdom offers a broad-brush argument of what was wrong with collectivist economic policies. It describes, in a way that resonated with the readership, objectionable social features of the day, and alleged both that socialism had generated these and further, that such policies had given rise to fascism and Nazism. The account we give of the past shapes current policy priorities. Yet *The Road to*

³This is discussed insightfully in the opening chapters of Taylor (1989)—see especially 31f and 47f on orientation to the good, and narrative unity respectively.

⁴See Cavanaugh (2016) Chapter 3 for a powerful statement of the inevitable normative—and indeed metaphysical—presuppositions of all economic systems.

Serfdom does not offer a blueprint for economic policy but a set of moral principles for assessing economic arrangements. This is not incidental but deliberate. At the close of the book, Hayek argues that “It is at least doubtful whether at this stage a detailed blue-print of a desirable internal order of society would be of much use—or whether anyone is competent to furnish it. The important thing now is that we shall come to agree on certain principles and free ourselves from some of the errors which have governed us in the recent past”¹⁵.

The role of moral narratives is not unlimited. It is rare to see a group convinced by a narrative that involves a redistribution of wealth and power away from them and towards someone else.¹⁶ And when the discrepancy between the narratives and the systems they popularize to nurture those ideals grows too great, their power dwindles. Yet in public debate, ideals are a vital source of motivation.

2.2 *Making the Weather*

Precisely because realities are greater than ideas, a compelling narrative is a necessary, but by no means sufficient condition for success. The actions of the free-marketeers sought to shape the weather in the intellectual and political debate by engaging non-academic communicators.

The story of the dissemination of *The Road to Serfdom* is an interesting one: a condensed version was published in the April 1945 *Readers' Digest*, and the clear and inspiring story it told resonated with many readers. The narrative Hayek offered often chimed with their economic interests: lower regulation and lower taxes are a message about which entrepreneurs would *want* to read a compelling defense. As we shall see a number of businessmen subsequently organised financial support for the cultivation and propagation of these ideas.

Hayek made a distinction between the producers of ideas, and the ‘second-hand traders’, whom he called ‘intellectuals’.⁵ These are the people who communicate ideas to a mass audience: journalists, novelists, entrepreneurs and filmmakers being prime examples. So when seeking to evoke change, his primary focus was not academia—it was the people who write op-eds in magazines and newspapers, and who direct documentaries, comedies, corporations and films. These people have a crucial filtering role and thus help to determine which ideas become enacted. He wrote:

⁵ What qualifies a person as a second hand trader in ideas is “the wide range of subjects on which he can readily talk and write, and a position or habits through which he becomes acquainted with new ideas sooner than those to whom he addresses himself” (Hayek 1960, p. 372). Other term these ‘epistemic communities’ See FitzGerald and Thorp (2005, p. 24f); also Harvey (2006, p. 47f).

Society's course will be changed only by a change in ideas. First you must reach the intellectuals, the teachers and writers, with reasoned argument. It will be their influence on society which will prevail, and the politicians will follow.⁶

In writing *The Road to Serfdom* Hayek meant to influence intellectuals as well as academics. John Blundell's study identifies the relationships which enabled his work to be disseminated in this way: it testifies to the potential of focused, intentional contact-building.

By this initial foray into the public realm Hayek also recruited the financiers who enabled free market thought to develop in detail and application—and we trace how that happened in more detail below. In the midst of economic upheavals such as the oil crisis, free market economists were able to offer a set of policy prescriptions (the fruit of intensive and patient academic labour), but also a compelling narrative which made sense of people's experiences. Feelings of national decline in Great Britain—reaching their culminations in the 'winter of discontent' led to a story of over-powerful unions, an inefficient public sector, and the need for the purgative medicine of monetarist economics.

2.3 *Developing a Community of Research*

Alongside this political strategy, Hayek and subsequent free market thinkers created a strategy for developing communities of research. This involved a commitment to intellectual excellence. The most well-known of these communities, of course, was the University of Chicago. Mont Pélerin Society, Chicago and the Institute of Economic Affairs are described below.

Mont Pélerin

Hayek founded the Mont Pélerin Society, an international community of scholars and intellectuals supported by the Volker Fund, as a means of developing the vision of free market economics, and of disseminating it in the wider culture. The Mont Pélerin Society first met in the eponymous Swiss spa in 1947, bringing together an outstanding and small group of academics, most of whom were economists. Its webpage relates:

After World War II, in 1947, when many of the values of Western civilization were imperiled, 36 scholars, mostly economists, with some historians and philosophers, were invited by Professor Friedrich von Hayek . . . to discuss the state and the possible fate of liberalism (in its classical sense) in thinking and practice.

The group . . . emphasized that it did not intend to create an orthodoxy, to form or align itself with any political party or parties, or to conduct propaganda. Its sole objective was to facilitate an exchange of ideas between like-minded scholars in the

⁶Hayek (1960, p. 84).

hope of strengthening the principles and practice of a free society and to study the workings, virtues, and defects of market-oriented economic systems.⁷

However, what the group did do was to discuss basic and foundational elements of a free market approach—a task they could do by convening those broadly interested in the market, as even among that group a significant diversity of views remained. As Hayek said in his opening address:

I have been surprised by the number of isolated men whom I found in different places, working on essentially the same problems and on very similar lines. Working in isolation or in very small groups they are, however, constantly forced to defend the basic elements of their beliefs and rarely have opportunity for an interchange of opinion on the more technical problems which arise only if a certain common basis of conviction and ideals is present (Hayek 1967; Yergin and Stanislaw 2002, p. 126).

The group was set up to endure. For, as Yergin and Stanislaw's interviews with Hayek elucidated, 'he believed that the struggle would be a long one'; liberal thinking would be on the defensive 'for the next 10 or 20 years, during which the present collectivist trend is bound to continue' (Yergin and Stanislaw 2002, pp. 126–127). His proved to be an accurate belief.

From the beginnings, the Mont Pèlerin Society was not simply an 'ivory tower'—it sought to develop ideas that could influence reality. And the possibility of gaining real influence enhanced its attraction. 'The Intellectuals and Socialism' was itself initially a strategy paper for the group, for academia as well as the world of the intellectuals was a crucial battleground in the war of ideas. Partly this was for the simple reason that the free market ideas needed to be tested and developed by the disciplines of academic debate and research. But also, if a school of thought has earned a reputation for rigor and excellence, it rightly gives that school a greater weight beyond academia.

University of Chicago

The last two characteristics—the interest in exerting real influence, and in deserving a reputation for rigour and excellence, also characterise the University of Chicago.

Edward Schils described 'intellectual *gravitas*' as 'the distinctive mark of the University of Chicago. . . scholarly and scientific work was thought by students and teachers alike not simply as a means of gaining a livelihood or as an agreeable setting for a life of ease and pleasure, but as a matter of the gravest moment' (Overtveldt 2007, p. 25 citing Schils, 1991, pp. xi–xii). In the early days, the economics faculty at Chicago was crucial to the ferment of free market ideas—indeed the young Milton Friedman's first trip to Europe was to attend the inaugural meeting of the Mont Pèlerin Society. Yergin and Stanislaw identify intellectual excellence, and the single-minded investigation and development of the free market paradigm across a range of issues as central to Chicago's success. The Ph.D. programme had rigorous and well-defined standards and (as George Schultz commented) "It was more a

⁷<http://www.montpelerin.org/mpsAbout.cfm>. Accessed 4 August 2007.

university than anywhere else. People from all over the university interacted as colleagues” (Yergin and Stanislaw 2002, p. 128).

Milton Friedman was pivotal in establishing the culture as his personal characteristics of enthusiastic, focused and ruthless argument without pettiness, and his passion for the subject inspired a great deal of loyalty among his students, and created a distinctive kind of camaraderie. In a sense it was these personal characteristics—beyond his professional competence—that fostered a dynamic community.

In his study, Johan van Overtveldt includes relevance and academic achievement with three others, to obtain what he considers to be the five characteristics of the ‘Chicago tradition in economics’:

A fanatical work attitude, the firm belief in economics as a true science of the highest relevance for daily life, the emphasis on scholastic and academic achievements, the preparedness to put everything continuously into question, and the apparently inspiring isolation of the University of Chicago. (Overtveldt 2007, p. 20)

Institute of Economic Affairs

Antony Fisher was one of 600,000 American readers to encounter the condensed version of Hayek’s *The Road to Serfdom*, in the front of the *Reader’s Digest* in April 1945 during the days of paper rations (Hayek 1994, p xix). He was also one of many for whom this book had a major effect. He consulted Hayek whether to go into politics; Hayek advised him to go into business but stay involved—so he became a chicken farmer. When Fisher’s fortune gathered, he donated funds to found the Institute of Economic Affairs. The IEA opened in 1955 as the original UK think-tank on free market economics.

The equivalent US think-tank, the American Enterprise Institute (1943), was conceived in 1938 by a group of business leaders in New York who were horrified by the prospect of price controls being continued after the war. Its history describes itself as “a partnership of top executives of leading business and financial firms (Bristol-Myers, General Mills, Chemical Bank) and prominent policy intellectuals (Roscoe Pound of the Harvard Law School, economic journalist Henry Hazlitt, and disillusioned New Dealer Raymond Moley)” (American-Enterprise-Institute 2003). Like the IEA, the AEA was non-partisan and not aligned with political parties.

Blundell refers to these institutions (The Mont Pèlerin Society, Chicago School, IEA et al.) as an ‘artillery’ which outlined a set of fundamental principles. As the political climate ripened, a distinct ‘infantry’ of institutions [for example in the Centre for Policy Studies (1974) and the Adam Smith Institute (1976) in the UK] looked after specific practical applications. Seldon described their role in this way: “The IEA would be the artillery firing the shells (ideas). Some would land on target (the intellectuals), while others might miss. But the Institute would never be the infantry engaged in short-term, face-to-face grappling with the enemy. Rather, its artillery barrage would clear the way for others to do the work of the infantry later on. The IEA would show why matters had gone wrong and set out broad principles,

while others would argue precisely how matters should be put right” (Blundell 2007, p. 21).

The IEA and other leading groups were strategic in the number of battles they picked, identifying a small set of well-chosen policy issues (unions, inflation, privatisation) on which to focus all available academic and intellectual capacity and political firepower.

They also identified the vested interests that would benefit by the promulgation of free-market ideas, and cultivated them. As Harvey writes, “Think tanks, such as the Heritage Foundation, the Hoover Institute, the Centre for the Study of American Business and the American Enterprise Institute, were formed with corporate backing both to polemicize and, when necessary, as in the case of the National Bureau of Economic Research, to construct serious technical and empirical studies and political-philosophical arguments broadly in support of neoliberal policies. Nearly half the financing for the highly respected NBER came from the leading companies in the Fortune 500 list. . . . ‘Business was’, Blyth concludes, ‘learning to spend as a class’” (Harvey 2006, p. 44 citing Blyth 2002, p. 155). The expansion of think-tanks continues, with the IEA reporting 100 other sister think-tanks with similar principles. Such expansion was accelerated by the Atlas Economic Research Foundation, whose mission is “To discover, develop and support ‘intellectual entrepreneurs’ worldwide who can advance the Atlas vision of a society of free and responsible individuals”.⁸ With Atlas’ support and very practical guidance, individuals set up think-tanks across the world.

Moreover, the think-tanks were politically engaged yet independent (financially and institutionally) from political parties. Thus there was much planning ahead whilst the politicians sympathetic to the free market were in opposition, and there was also a commitment to rigorous, independent analysis once they were in power. It was important that structures with some distance from government could continue to generate new ideas and critique political practice—with all the compromise and improvisation it necessarily involved.

Further, the relationship with the intellectuals remained crucial: not least in the orchestration and dissemination of key speeches by sympathetic politicians once in power, to communicate the free market analysis in simple terms to the wider public (Blundell 2007, p. 110–112).

2.4 *Fostering Talent*

Another tactical move was to invest in talent—both junior and senior—because a few strategic investments could drive an agenda. Blundell describes the foundation of the IEA in terms of only four men. The sequence is this: ‘Hayek advises Fisher;

⁸http://www.atlasusa.org/V2/main/page.php?page_id=391. Accessed 4 August 2007.

Fisher recruits Harris; Harris meets Seldon. In nine words, that is the start of the IEA' (Blundell 2007, p. 101).

Recall that in the 1940s, free-market ideas had not yet permeated the academy, where the next generation of economists were being taught and examined, were taking up teaching posts, and building up research groups. In an external environment in which free market economists were marginalized from the academic mainstream, they were also unable to recruit the top talent from the younger generation. What was the answer to this impasse? Money and organization.

Financial resources were marshalled from interest groups external to the academy and directed to endow chairs in free enterprise across America for the senior intellectuals, and direct support for the incoming generation. The amounts of money were vast, but more to the point they were invested very strategically, so as to focus on the people.⁹

As in so many cases, a few individuals played significant roles. Harold Luhnow was also impressed by Hayek's *Road to Serfdom*. In 1944 Luhnow became head of the Volker Fund, set up by his uncle William Volker. In 1945 he met Hayek and asked how the Fund could support Hayek's work. Blundell identifies five strategies that the Volker Fund subsequently pursued.

First, "it supported key world-class scholars who at that time could not obtain positions in American universities." It was the Volker Fund who brought Hayek to the University of Chicago and paid his salary (and that of other senior intellectuals such as van Mises). Second, it supported small scholarly meetings for the exchange of ideas—including the Mont Pèlerin Society as already mentioned. Third, it laid the pattern that the Institute for Humane Studies later followed, of identifying top young talent, nurturing and supporting it. Fourth, it published a book series because the mainstream publishers spurned these titles. And fifth, it established critically important institutions such as the Foundation for Economics Education (FEE) (1946) whose mission is 'to offer the most consistent case for the "first principles" of freedom: the sanctity of private property, individual liberty, the rule of law, the free market, and the moral superiority of individual choice and responsibility over coercion'¹⁰ (Blundell 2007, pp. 38–39).

As these ideas began to take deeper root, and tenure and publication were easier to come by, there could be more of a focus on identifying new talent, and persuading it to take advantage of these opportunities. This was done in a focused and systematic way through a series of organisations. Most notably, since the 1970s, the American Institute for Humane Studies focused on

identifying, developing and supporting the very best and brightest young people it can find who are (a) market-oriented and (b) intent on a leveraged scholarly, or intellectual, career path. (Blundell 2007, p. 40)

⁹Sally Covington 1997.

¹⁰see <http://www.fee.org/tradition/>

An appreciation of young people's academics needs and motivations—for community, job prospects and a good standard of living—enabled the IHS to identify and train people who might, without this nurture, have left academia, or not pursued a free-market perspective.

As another example of reaching to the youth, the IEA developed a series of publications named 'The Hobart papers'. The Hobart papers took an issue and examined the evidence critically from a number of perspectives, before reaching, self-critically and with a great deal of nuance, at least in the initial days, their conclusion. Thus the papers were classic examples of rhetoric, sources of up-to-date accurate information and clear analyses. Not unsurprisingly the Hobart Papers were extensively consulted by students in Oxford and Cambridge who had to produce swift and stunning essays on topics such as housing policy. It was also natural mechanism by which to articulate the value-added of a free-market analysis in comparison with other analyses (Yergin and Stanislaw 2002).

So, the fourth tactic was the use of money to identify, train, reward, and network highly talented, highly motivated economists with a passion for the free market.

2.5 Practicing Strategic Patience

Free market thinkers were quite rightly aware that even the best of ideas have to wait for their time. The challenge, then, was to be poised to move when the opportunity arises—which requires patience and strategic wisdom. A central part of this achievement was in offering a set of concrete, bold, practical policies to address the trials faced by many western economies in the 1970s.

As we indicated earlier, we are drawn back to the story of the hare and the tortoise. For the patient accumulation of resources, and great wisdom in how to deploy them to maximal effect, was central to the successes of free market ideas. They knew how to loiter (or at least, move forward slowly) with intent. They also knew when to act—even, to pounce (which may be where our metaphor breaks down).

After 1975 Chile provided the first such laboratory for the 'Chicago Boys,' and the context of a military coup was not as inimical to these lovers of freedom as an innocent might be led to imagine. In the nature of neo-liberalism there is a considerable suspicion of the democratic political process: the economic freedom of exchange at the heart of both Hayek and Friedman's thought can be imperiled by the tyranny of the majority. A situation where socialist policies are pursued, even with the approval of most voters, is an intolerable infringement of liberty. And so, paradoxically, authoritarian states—such as Chile under Pinochet, or some of the East Asian "tigers"—might find it easier to restore economic freedom. According to Juan Gabriel Valdes' study, the neo-liberals who determined the military régime's economic policy acknowledged that dictatorship was

a positive and necessary situation. It allowed the historic vices of statism to be corrected. The economists and their media apologists did not hesitate to admit that it was precisely the authoritarian nature of the régime that allowed the reforms to take place. (Valdes 1995, p. 29)

The leaders of the coup did not initially intend to pursue neo-liberal policies: it was a policy vacuum which gave the ‘Chicago Boys’ their opportunity¹¹ (Harvey 2006, p. 8). The vital prelude was a longstanding relationship between the economics faculties in Chicago and in the Catholic University in Chile.

Right from the start the process. . . was a deliberate and programmed attempt to transfer ideas. . . backed by a specialised structure [i.e. the predominant group of economists at Chicago] . . . based on an intermediary [the International Co-operation Administration of the US Government] which had the adequate means to make the operation viable. (Harvey 2006, p. 49)

In the end, Valdes suggests that this tightly controlled “ideological transfer” created a strong loyalty to a moral and conceptual analysis of the economic order. Whilst this strong “emotional and affective attitude to economic doctrine” enabled drastic structural reforms to be effected, it may also have contributed to the inability to respond effectively to the shocks leading up to the economic crisis of 1982.

If a military coup gave the neo-liberals their opportunity in Chile, it was a political and economic upheaval that presented the opportunities in the UK. As in Chile, it was not within the neo-liberals’ power to make the economic weather—what the neo-liberals *had* done was placed themselves in a position to act effectively when a storm broke; offering a compelling account of the crisis, and of the reforms they claimed would be necessary to restore national prosperity and confidence. The dramatic collaboration between ‘Mad Monk’ Keith Joseph and Margaret Thatcher drew on the IEA and exemplify perhaps as clearly as any political situation, the tactics here described. It was of the IEA that Margaret Thatcher said, “They were the few, but they were right, and they saved Britain” (Yergin and Stanislaw 2002).

It is worth noting here that the Chilean and British contexts offer an interesting agenda for further research. It may be important to establish how the free market thinkers developed the contacts, the analysis of the crisis and the very specific policy prescriptions which together enabled their vision to be implemented and refined in the furnace of practical experience. A key part of such research needs to be a re-narration of the 1970s on the part of what one might loosely call the ‘economic left’. Plainly, free market ideas derived much of their popularity from the sense that a more interventionist, corporatist approach to politics and economics was tested by practical experience and found wanting. To what extent is this story of the seventies fair—and to what extent is the contrast in economic performance in these nations under corporatist and free market policies (a) exaggerated and/or (b) due to extraneous factors? Given the widespread perception—certainly in Anglo-American contexts—that the seventies demonstrated the bankruptcy of a certain kind of corporatism, and the eighties vindicated a free market alternative, the left needs

¹¹ Harvey observes that they had received government support since the 1950s as part of a Cold War programme to counteract left wing movements in Latin America.

either to show it has learned the lessons of the seventies, or to argue that this narrative does the facts a gross injustice (Glyn 2006).

So the fifth tactic is that purveyors of economic ideas must learn how to ‘loiter with intent’—waiting for when the time is right in particular contexts to offer distinctive policy prescriptions, and “making the weather” in political and economic debate, telling a clear and compelling story about why such policies are needed.

This impressionistic sketch is intended to provoke not only further research, but also to provoke reflection among researchers. Caldwell lamented the disinterest in economic history and methodology—a disinterest that is often exaggerated in issues of economic development or poverty reduction. What this short and broad-brush account shows is that ideas do change from the margins to central positions, but that, at least in the case of free-market ideas, they did not attain their position magically; they were strategically advanced.

3 Lessons for an “Economics of Francesco”

What lessons can be drawn from this story for the development and promotion of an “economics of Francesco”?

Perhaps unsurprisingly, the “trickle-down” vision of free-market economics is mimicked in a “trickle-down” story of how it has come to prominence—an idea developed by a small cadre of thinkers, and funded and advocated by a political base whose economic interests it served. By contrast, Pope Francis challenges us to build a “future from below” in which the ethical and spiritual values of ordinary citizens—and in particular those on the peripheries of political and economic power—hold sway.

Francis is critical of the populisms of right and left which embody a “political paternalism”—“everything for the people, nothing with the people”. Instead, he urges us to develop a “popularism” or “inclusive populism” in which the people are the protagonists.¹² So, while the development of the political base for an “economics of Francesco” will be very different from that of the free-marketeers, it will be an equally vital part of a successful strategy for its promotion.

While they do not read over into a simplistic manifesto for action, we suggest that the five (pre-internet, pre social media) characteristics we have drawn out from the strategies of the free-marketeers should each have their counterparts in the development and promotion of an “economics of Francesco”. Like the free-marketeers, we must develop a community of research, fostering talent and learning how to practice strategic patience. But the political base for this movement must be far-ranging and truly popular, and their ethical and spiritual values can and must provide the wellsprings for a compelling narrative which will motivate right action.

¹²Pope Francis (2021). Cfr Ritchie (2019) for a more detailed exposition of this “inclusive populism” with reference to Pope Francis’ teachings and practice.

That implies a much greater pluralism—involving critical and active investigation of fundamental issues and encouraging disagreement, dissensus, and the airing of a greater of perspectives. In the absence of this, economic approaches might be (and have been) advanced because of a kind of idea-loyalty in which supporters doggedly proclaim the superiority of an approach even if its alleged virtues cannot be concretely demonstrated or empirically validated—and where “the people” are simply passive recipients of the guidance of economic experts.

The final ‘tactic’ of the tortoise, and the one that may be most needed to complement the others—is one for which we do not have clear precedent. It is the formation of a tortoise choir—the building of harmony in the midst of a deep and genuine pluralism. For only then can a new economic vision be strategically advanced *and* critically scrutinized; clear policy guidance be given *and* complexity maintained—and only then can this vision be properly rooted in the values and spirituality, the experiences and interests of the people.

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Possible Paths to Follow in Francesco's Economy: Based on the Analysis of Sabina Alkire and Angus Ritchie and the Experiences Walked So Far



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Abstract The aim of this chapter is to respond to Sabina Alkire and Angus Ritchie's chapter entitled "Winning Ideas: Lessons from Free Market Economics for the Economics of Francesco", which invites politicians and economists to rethink and redo policies based on the need for grassroots communities and spiritual principles. Further, Alkire and Ritchie argue that the Economy of Francesco (EOF) could replicate the strategy of free market economists, namely pitching appealing stories to policy makers, nurturing future talents, and waiting until the right time to propose their policy ideas. In this article, we translate Alkire and Ritchie's concepts into more concrete examples happening recently worldwide inside the EOF process, to explain how we can involve poor people as protagonists in development planning and implementation. For example, this can be done by engaging poor people's voices when researching the multidimensional poverty index, developing the Children Flourishing Index, applying cross-disciplinary paradigms in academic studies, and establishing the Economy of Francesco Latin America School and Energy Communities in Brazil.

1 Introduction

Sabina Alkire and Angus Ritchie (2023) take the example of the strategy developed by "free market economists" to learn some lessons for the Economy of Francesco (EOF). Starting with Pope Francis' point of view, particularly his principles of "the common good and peace in society" (Pope Francis 2013, p 168), they analyze how

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the “conscious five strategic decisions” of free market economists “moved from being a view held by a tiny minority of thinkers to being the dominant ideology of our times” (Alkire and Ritchie 2023, p . . .).

From their own questions as our first step—“What does this mean in practice? And how does it relate to the enterprise of this book—developing “an economics of Francesco?” (Alkire and Ritchie 2023, p . . .)—we will share our thoughts about possible paths to follow, starting from reality: the projects (territorial, academic, communicative) in which we are involved with, reflecting on these in light of the four principles described by Pope Francis (2013)¹ and the “five strategic decisions”, regrouping these decisions into three clusters: (1) developing a community of research and a compelling narrative; (2) fostering talent; and (3) exercising strategic patience while making the weather in political and economic debates. Moreover, we will provide examples of how the EOF movement reached out to youth worldwide through activities in three villages² (working groups) where we are involved, namely Energy and Poverty, Policies for Happiness, and CO₂ of Inequalities.

We conclude that Alkire and Ritchie’s strategies to mainstream EOF values worldwide, “to build future from below” (Alkire and Ritchie 2023, p . . .), as they suggested, are relevant and important for today’s world, where political and economic situations are volatile with the rise of geopolitical wars, worsened climate change and depleted natural resources, the disinformation epidemic, and racial and gender inequality.

2 Developing a Community of Research and a Compelling Narrative

The Whole Is Greater than the Part (EG 234–237)

The response to the fragmentation of thought (and praxis) as one of the structural causes of the current systemic crisis in the search for an integral paradigm cannot start from a new type of fragmentation. A new starting point is necessary, and this should be integral.

The development of a new way of understanding the generation of knowledge to achieve a new integral economic scientific thought (the “new cultural mentality” to which Pope Francis invites us³) requires, as an initial necessary condition, integral scientists.

¹(1) “The whole is greater than the part” (EG 234–237); (2) “Realities are greater than ideas” (EG 231–233); (3) “Time is greater than space” (EG 222–225); 4. “Unity prevails over conflicts” (EG 226–230).

²The 12 “EoF Villages” represent the working sessions of the participants on key topics of the economy of today. The others are finance and humanity, business in transition, agriculture and justice, women for economy, business and peace, work and care, life and life style, management and gift, and vocation and profit.

³Pope Francis’s (2020a, b) video message sent to the participants in the international meeting “Economy of Francesco”.

What does this comprehensiveness refer to? If, for example, an economist is writing an article on multidimensional poverty or integral human development, their initial context should not be a university office, a computer, the Internet, or air conditioning.

Starting from a vital experience related to the topic to be analyzed is the necessary initial condition. Following the example, spending time with people who suffer from these multidimensional forms of poverty and who are in search of integral human development should be the first step. However, this is not a sufficient condition.

Manfred Max Neef, a Chilean economist and philosopher, proposes moving from the field of knowledge to the field of understanding:

Solving problems belongs to the realm of knowledge and requires fragmented thinking. In the field of understanding, posing problems and solving problems does not make sense, since we deal with transformations that begin with and within ourselves. (Max Neef 2013: 162)

2.1 *Looking for a Method*

(...) and what is vital today is not just learning, not just relearning, not just unlearning: it is reorganizing our mental system to relearn how to learn. (Edgar Morin, in *Il Metodo*. Feltrinelli, Milano: 28)

As Max Neef (2013) states, there are different ways of generating integration between the researcher and the object of the research. It does not necessarily have to be a physical integration, though in the case of social, economic, and, necessarily, cultural research, it should be.

Continuing with the example of poverty, “We are here, and the poor are there, and we have to do something to remedy it” no longer works. Now, we should say, continues Max Neef, “We are part of something that must be transformed because it is wrong, since we share the responsibility for what is wrong, there is nothing that prevents us from starting our own path of transformation” (2013: 162). Therefore, if I am a researcher, I should learn to integrate myself into the object of my research.

Realities Are More Important than Ideas (EG 231–233)

We agree with Morin (1992) when he states that the starting point is not the method, but the conscious rejection of any extreme simplification of everything that does not fit into a linear thought scheme.

The same author describes three fundamental modes of simplifying thought: idealize (believe that reality can be exhausted in the idea, that only what is intelligible is real); rationalize (want to enclose reality in the order and coherence of a system); and normalize (eliminate what is strange, irreducible, the mystery) (Morin 1992: 28–29).

Hence, it is urgent to “reorganize our mental system to relearn how to learn” (Morin 1992: 28) because even our everyday language, our mindsets, thinking, and acting are impregnated with simplifying modes that generate vicious circles of self-mutilation.

Starting from reality (or realities), starting from the peripheries, and rethinking the way we think about the economy could be a first step. This may be the differentiating point of EOF.

2.2 *In Search of a New Narrative*

Time Is Greater than Space (EG 222–225)

Max Neef (2013) states that simplifying thinking has led us to an impoverishment of language that is extremely dangerous. Contrary to what would seem obvious, he continues, the characteristic of a poor language is that it has too many words behind which—knowingly or not—we hide our ignorance. The challenge is then to find those “stop words” behind which lie our gaps in perception and understanding.

He uses the metaphor of pruning to help us in this process:

(. . .) The fundamental principle of pruning is clear to anyone who has ever been interested in orchards. Through pruning, we achieve more and better through less. Fewer branches and leaves allow for more light absorption and will give better fruit. When it comes to language, pruning a few words can lead to greater clarity. A precise pruning can be the solution to an impoverished language. (Max Neef 2013: 158)

The quality and transforming capacity that the EOF movement can exercise in the current world’s economic context will depend fundamentally on the quality of the response that it gives to these two great challenges: language and simplism.

One possible way to start changing the language of development could be to construct new indices that can enrich our perception of reality and lead policy makers to truly change people’s lives to make them flourish and care for the environment. For example, the EOF’s Policies and Happiness Village developed the Children Flourishing Index, which is built upon ten indicators to measure children’s well-being, social mobility, and opportunity to thrive.

2.3 *Intersubjectivity as a Response to the Fragmentation of Thought*

Unity Prevails Over Conflicts (EG 226–230)

During the EOF process, we have learned many things. One of the most important, perhaps, is about how knowledge is built. It is not about objectivity (that of a nonexistent “pure” science not contaminated by the scientist) or subjectivity (biased by the interests, ideology, and limitations) but intersubjectivity, which forces us to consider the task of the scientist as a social product, inseparable from the rest of human culture, in dialogue with other scientists and with society as a whole.

Together with the “first step” that we talked about in the previous paragraphs as a way to break the fragmented thought—that is, to start from a vital experience—we

believe that *intersubjectivity* is the second step. Maybe, if the process is done “well,” these two steps could become sufficient conditions for the construction of a new cultural mentality.

2.4 *The We-Rationality*

“What does it mean to think as an ‘us’ in the face of inequalities?” asks Alessandra Smerilli in *Donna Economía* (Smerilli 2020: 77). In Chap. 2 of that book, Smerilli introduces the “we-rationality” approach, describing it as “very promising” in the field of social dilemmas and decisions. The essence is to redefine the prospective with which the problem of cooperative behavior is presented. In other words, we can modify the basis on which the idea of rationality used in economic models is sustained.

Drawing a parallel with one of the most important exponents of the “we-rationality” (Hollis 1998) but shifting the focus from decisions and social dilemmas to the relationship between the researcher and the object of their research, we can say that what matters is not how the subject conceives of the object of study, but rather how the subject conceives of himself and the others with whom he enters into a relationship during the process of their investigation.

So according to this epistemological approach of the “we-rationality” that we are proposing, the researcher’s reasoning should be the following: “this reasoning of mine is part of *our* reasoning” that allows an analysis of reality that takes into account its complexity. Here, the “epistemological we thinking” is not uniformity and negation of each “i-thinking” but is carried out in *intersubjectivity*. Therefore, it is unity in diversity, thus reflecting a more realistic (because of complex) vision of reality.⁴

The concept of science that can be extracted from these epistemological reflections is a concept of “open science” (Pasolini 1988), one very distant from the classic and absolute mechanism of the beginning of the nineteenth century, where the “non-normal,” the “irrational” (or other ways of understanding what is “rational”), and reality, intrinsically complex (multidimensional) have now the possibility of being considered “scientific.”

⁴To deepen the “we rationality” approach, see M. Gilbert (1989), *On social facts*, Routledge, London; M. Bacharach (1993), *Variable Universe Games* in K. Binmore, A. Kirman, P. Tani, *Frontiers of Game Theory*, MIT Press, Cambridge, London, 255–275; M. Bacharach (1999), *Interactive Team reasoning: A Contribution to the Theory of Co-operation*, *Research in Economics*, vol. 53, 117–147; R. Tuomela (1995), *The Importance of Us: A Philosophical Study of Basic Social Notions*, Stanford University Press, Stanford.

3 Fostering Talent

3.1 *Integral Experiences from Latin America*

The Whole Is Greater than the Part (EG 234–237)

A few days after the first EOF International Event,⁵ the EOF Latin American Network was born, which has the aim of embodying the proposals inspired by the EOF's values on the Latin American continent, which, like every part of the world, has its own historical and cultural dynamics that must be known, recognized, and respected if a true process of transformation can begin. This is how the idea of creating an EOF Latin American School was born because “(. . .) *all change requires an educational trajectory, to build new paradigms capable of responding to the challenges and emergencies of the contemporary world*” (Pope Francis 2020a, b).⁶

Under the title “*Economy of Francisco, Towards a New Paradigm?. Poverty and Poverties. Searching for keys to Latin America*” the first edition was developed in partnership with the Latin American Episcopal Conference (CELAM). Here, 90 people from 19 countries of the continent participated. It was focused on rethinking the economy starting from the peripheries: cocreating a new cultural mentality starting from listening to reality, reflecting and finding new theoretical-practical tools to transform it, and establish synergy among the peoples of Latin America. More than 11 territorial transformation projects were born, and talented young people joined the EOF process, generating new research projects and creating new Hubs.⁷ “This course has had a great impact on my way of thinking. It has pushed me to make changes in the way I produce, buy and in the educational area where I currently work. Likewise, it has invited me to generate concrete and tangible projects with the students to achieve a paradigm shift,” shared Giorgia, a student from Mexico.⁸

During the same period,⁹ the First International Congress on the Economy of Francesco in Latin America was held, organized by the young people of the EOF Latin American Network, in partnership with more than 20 universities in the region. The objective of the event was to initiate a process of building knowledge based on the EOF proposal and its impacts in Latin America and the Caribbean, with an emphasis not only on theoretical developments, but also on territorial experiences. Afterward, younger professors-researchers joined the process.

As is clear, these examples not only contribute to this second strategic point, but also directly to the first and indirectly to the third.

⁵In November 2002. Cfr. <https://francescoeconomy.org/the-event/>

⁶Pope Francis (2020a, b). Video message of his holiness Pope Francis on the Global Compact on Education, 15-10-2020, Annex N°1, p. 24.

⁷The Hubs are the working groups based in each country. From the first edition of the EOF LATAM School, the Hub Bolivia, which did not exist, was born.

⁸G.S.I.S—México, student (Giorgia is a pseudonym; we have not included her real name for privacy policy's reasons).

⁹October 2021.

However, why should we include these experiences into “the whole is greater than the part” principle? Both are rooted in two transverse macro areas: the integral ecology paradigm and social innovation. With the first macro area, its intent is to favor a conceptual and methodological framework to redirect the economy toward an integrated dimension, forming a single framework for integral human development. The second macro area is actually associated with the following point related to reality that prevails over ideas, but at the same time, it can be the first step to achieve this integrated vision of reality.

Realities Are More Important than Ideas (EG 231–233)

“Energy communities focused on photovoltaic generation in urban peripheries in Brazil” is the name of one of the projects hosted in the “Energy and Poverty” village. This project aims not only to provide electricity access to communities isolated from electrification networks but, in a more inclusive way, to train heterogeneous groups that comprise these communities, conduct theoretical and practical classes, and transfer knowledge and technology to the inhabitants. This process of nonformal education¹⁰ associated with the project aims to improve community relations and technical capacities, hence giving the project sustainability over time. Its objective is the creation of a “community mentality.” On the other hand, a *research* project has been associated with this process, from which multidimensional new indicators have been generated that will allow its impact evaluation in the future.

This project has also been included as one of the classes of the Energy and Poverty Module of the EOF Latin American School described in the previous paragraphs, closing the synergic circle of territorial projects, research, and education.

Starting from reality, from the peripheries, to rethink economy, is not a romantic phrase, but a concrete reality in the process that requires fostering talent and creating innovative and soft structures that can sustain it.

Time Is Greater than Space (EG 222–225)

As Alkire and Ritchie (2023) state, “Humans need narratives to make sense of the world” (Alkire and Ritchie 2023, p . . .), which was the first goal of the Storytelling Project housed within the Energy and Poverty Village but becoming a common EOF-wide project through the EOF Media Agency to give visibility to different projects, enterprises, and initiatives that are changing the economy.

On the other hand, based on the knowledge of the members of different villages, a magazine on human rights published in November 2021 was addressed. They asked, “How does writing about human rights contribute to building a better economy?” In this way, they sought to analyze the need to transform the economy without leaving anyone behind under the premise of the universal principles and values that regulate human rights.¹¹

¹⁰A way of transmitting knowledge based on the concrete reality of the students to consider their history, interests, and needs.

¹¹The magazine is available at https://francescoeconomy.org/wp-content/uploads/2021/10/EoF_magazine.pdf

These are small but real steps in search of a new narrative that is “fundamental to making the world a fairer place” (Alkire and Ritchie 2023, p . . .).

Unity Prevails Over Conflicts (EG 226–230)

In Peru, through the Catholic Education Office of Lima and following the EOF guidelines regarding an economy that does not prey on and rather protects nature, the relationship of responsibility and custody of human beings with the planet, an educational project called “Let’s Pursue Integral Ecology” was proposed. It takes place in public schools from the poorest areas of the capital city for adolescents between 11 and 16 years old. Its purpose is to know, promote, and live caring for the planet in an interdisciplinary way, integrating teachers from different areas: education, natural and social sciences, religion, mathematics, dialoguing in diversity, and acting intergenerationally.

Fostering talent also implies working with the younger generations, not just “teaching them” how to be change makers, but above all, letting us be taught by them, by their sensitivities and ways of seeing the world. The “Greta”¹² generation has a lot to teach us.

4 Exercising Strategic Patience While Making the Weather in Political and Economic Debates

The Whole Is Greater than the Part (EG 234–237)

The global scenario is involved in economic, social, political, and environmental destabilizations, presenting us with the challenge of changing the current way of doing things to build peaceful, fairer, less unequal, more supportive, and more inclusive societies to protect human rights and legitimize a lasting protection of the planet.

The analysis of Alkire and Ritchie (2023) teaches us to revalue and restructure from solid theoretical bases the need to transform the economy. However, the economy, as understood from the free market economist perspective, has not considered uncontrollable variables such as the pandemic, climate change, and war.

The pandemic, for example, has placed the planet as a guide for everything we do, calling for environmental sustainability to connect to the economic model. In a healthy nature context, in this sense, humans respect animal and environmental health, so it will not affect human health or cause pandemics. COVID-19 is a clear warning of this.

In this regard, Pope Francis reflects on the meaning of COVID-19:

(. . .) if we continue to accept, and even demanding, an implacable competition cable between individual, corporative, and national interests, in which the losers are destroyed,

¹²Greta Thunberg is a Swedish environmental young activist who is known for challenging world leaders to take immediate action for climate change mitigation.

then in the end the winners they will also lose like the others, because this model is unsustainable at any scale: after from the microscopic virus to the currents oceanic, from the atmosphere to the reserves of fresh water A new era of solidarity must put all human beings in the same level of dignity (. . .). (Pope Francis 2020a, b: 15)¹³

In relation to climate change, economic growth has limits (Davies et al. 2017), that is, the preservation of the natural bases that sustain life, which has been affected mainly by the excessive evolution of the climate crisis. The threats of human-induced climate change are only now beginning to be understood as the main cause of the largest emissions in history capable of affecting the well-being of present and future generations.

In his encyclical *Laudato Si*, Pope Francis (2015) has expressed his concern about the need to care for the common home through an integral ecology, that is, to transform the paradigm of modern anthropocentrism and technocratic exaltation into an attitude of respect for creation, connecting knowledge, including religiosity.

Realities Are More Important than Ideas (EG 231–233)

For its part, the war between Russia and Ukraine, which follows a pattern of prolonged wars, continues to cause disastrous consequences, such as mass deaths, avoidable atrocities, confrontations over energy exports, and global food insecurity that affects and will further accentuate social inequalities, generating more hunger and poverty. As an epitaph, there is a common recognition by Washington and Moscow that this war is about much more than Ukraine and may be the initial engagement in a broader and prolonged geopolitical struggle.

In his homily for Easter Sunday, the Holy Father (2022) recalled that every war brings with it consequences that affect all of humanity: from the mourning and drama of the refugees to the economic and food crisis of which signs are already being seen. Therefore, he invokes and exhorts us that peace is everyone's responsibility, and it is our job to speak out against the terrible violence.

This triple crisis should lead us to connect the economic, social, political, and environmental dimensions to restructure the world. The situations that we live day by day on a planetary scale require new approaches that involve everyone from their expertise, here integrally between thought and action.

Time Is Greater than Space (EG 222–225)

Following Alkire and Ritchie's description, strategic patience plays an essential role in generating good ideas that first start as groups of academics with common perspectives, but later, if persisted and channeled with concrete actions, it is possible to generate a domino effect around the world, which then become new paradigms. This is the special case of the EOF, an economy imbued with universal values. The EOF does not represent a decalogue of good intentions but is managing to articulate processes from social enterprises focused on the culture of giving, respect for natural limits through agroecology, caring for our common home, learning from our native

¹³Papa Francisco (2020). La vida después de la pandemia. Libreria Editrice Vaticana, Vaticano, p. 15. Own translation.

peoples, the humanization of finances, education, and the connectivity of the fields of knowledge of those of us who make up this movement that builds synodically¹⁴ with everyone without discarding or excluding anyone.

Technically, a consumerist economic system entails the design of homogeneous and one-dimensional public policies that ignore reality and harm every human being in their life, health, and culture and, at the same time, destroy ecosystems, requiring key responses from the premise proposed by the Holy Father: “*Everything is interconnected*” (LS, 70). Each of the uncontrollable variables mentioned and that are the concern of Pope Francis of those who make up EOF invites us to articulate integral ecology from a strategy that invites a reflective and active attitude.

Unity Prevails Over Conflicts (EG 226–230)

Strategic patience is essential to reintegrate from the social clause of the market economy to a sustainable and fraternal perspective of the ecological economy that connects the interactive and effective legality of the public policies of our governments from the bottom up, consolidating and defending the duties and rights of peoples from an inclusive, peaceful, constructive, and respectful dialogue with governance. Here, the economy is not subject to immediate profit but manages to get on the road to the regeneration of all our social systems.

Regarding the aforementioned paragraph, we cannot forget that the EOF is the result of Pope Francis’s call in May 2019 to the youth of the world to change the economy and establish a new pact. The Pact of Assisi challenges us in the following way:

Today more than ever everything is intimately connected and the protection of the environment cannot be separated from justice toward the poor and from the solution of the structural problems of the world economy. Therefore, it is necessary to correct growth models that are incapable of guaranteeing respect for the environment, acceptance of life, care for the family, social equity, the dignity of workers, the rights of future generations. (Pope Francis 2019)

Transforming the economy into comprehensive human development is the backbone that allows us to understand the sustainability of putting ourselves at the service of the common good and not in a nominal way, but rather as protagonists of the social fabric that calls for new solutions in the face of continuing adverse situations. It is clear that the free market has suffered the greatest breakdown for not being prepared for a system of constant change and that it presents three crises simultaneously, in the midst of which EOF symbolizes a real alternative to transform the economy based on universal principles and values, united scientific knowledge, and social-community entrepreneurship.

The EOF refers to patiently and concretely transferring structured knowledge with an attitude of respect and responsibility toward creation, where people collaborate as custodians of creation for its sustainable preservation, creating a new educational path from integral ecology.

¹⁴Synodically, from the Greek signification, “make path together.”

5 Concluding Remarks

All in all, the EOF teaches the greatness of being embodied in decisions and economic models with universal principles and values that can help in developing a new system based on dreams and prophecies translated into concrete actions of fraternity, equity, and social and ecological justice.

We agree with Alkire and Ritchie (2023) that disseminating the message of the EOF will require: (1) engagement of both academic and professional communities in political and economic discussions, (2) establishing a knowledge hub and mentorship between youth and senior experts, and (3) applying a “tortoise style” of patience wisdom throughout the EOF journey. All aforementioned strategies should be implemented upon an appealing and inclusive¹⁵ narrative based on reliable evidence and a strong sense of morality.

In this regard, innovative talent, together with strategic patience, facilitates the possibility of generating schools of economic thought with a different vision through public policies that are more inclusive and sustainable over time, here by considering and contextualizing the dynamics of our realities. This is a gradual and progressive process.

Some philosophers, historians, and climate experts might think that we are at the tipping point, but through faith-based and inclusive economic principles and youth-driven leadership, we could tip the scales in our favor, namely through grassroots engagement with global massive and measurable impacts for a better future.

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¹⁵“Inclusive” here refers to Ritchie’s notion of “inclusive populism” coined by Angus Ritchie (2023), which suggests developing a consensus on a democratic manner that reaches out to religious and nonreligious communities in intellectual debates.

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Moral Sentiments, Social Choice and the Commons



Flavio Comim

Abstract This chapter examines some relevant ethical elements behind the theme of the commons. It aims at raising some questions about what has been, in my opinion, ignored in the debate on the commons so far: the role of moral sentiments. The chapter examines Jean Tirole's (Economics for the common good. Princeton University Press, Princeton, 2017) Economics for the Common Good book and explores how moral sentiments are pivotal to better understanding social choice and collective action challenges. To conclude, I focus on Fratelli Tutti, discussing how social love can be part of a new ethical structure of the commons.

1 Introduction

Collective or social choice problems are at the heart of much of Economics as a discipline. We can think about Adam Smith's invisible hand, Malthus's population principle, Marshall's partial equilibrium mechanism, Keynes's lack of effective demand problem, Schumpeter's processes of creative destruction, Debreu's general equilibrium model and Arrow's impossibility theorem as some illustrations, among many others, of how Economics has been fascinated by collective-action issues. Recent developments in macro and microeconomics reflect this feature. This might explain why conceptual developments from other fields, such as the prisoner's dilemma (by the mathematicians Merrill Flood, Melvin Dresher and Albert Tucker) or the tragedy of the commons (by the ecologist Garrett Hardin) were so quickly and thoroughly embraced by the discipline.

Hardin's (1968) tragedy of the commons argument has been interpreted by many as a kind of market failure, in which a community cannot sustainably manage communally-based resources, thus unveiling the collective drawbacks of

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individuals' self-interest and selfishness (Arvanitakis 2006). It is true that the Nobel winning work of Elinor Ostrom redefined the field by calling attention to the importance of institutions for collective action, highlighting the role of 'non-commodified spaces' such as trust, reciprocity and reputation in thinking about the commons (Ostrom 1997). Today, the commons literature is incredibly diverse, encompassing a rich array of tangible and intangible resources such as cultural, digital, knowledge, intellectual property and copyrights, medical, global, poverty, climate change, biodiversity, reputational and environmental commons, among many other kinds (Albareda and Waddock 2018; Van Lerhoven and Ostrom 2007). And yet, it seems that something fundamental is missing in these discussions.

Hardin's (1968) paper was not merely about herdsmen and the effects of overgrazing in common land or about the risks of overpopulation and pollution, not even about the role of incentives and property rights. However, much of his contribution was introduced in Economics following these exclusive tenets. It is important to emphasise that his contribution was about what he named 'the tragedy of *freedom* in a commons' and how key aspects related to morality, such as temperance, conscience, responsibility and even guilt had a limited role to play in some important collective choice situations. The success of Ostrom's (and colleagues such as Mancur Olson) research agenda promoted what she called 'the second-generation models of rationality' that was very important to establish key conceptual distinctions between public goods, private goods, common-pool resources and club goods depending on how they match the criteria of excludability and subtractability. As useful as these models were in introducing the role of heuristics, norms, rules, expectations, institutions, cultures, informational shortcomings and communication in explaining behaviour in social dilemmas, they have not fully explored the ethical foundations and the moral sentiments (borrowing here an expression that was used by Adam Smith in his *Theory of Moral Sentiments*) behind the motivations supporting the solution of social choice problems. Economists are so used to accept the unavoidability of self-interest and competition as the driving forces of institutions and social choice that they barely question their role and relevance.

My main point in this chapter is to examine some ethical elements behind the theme of the commons and to raise some queries about how the debate around this theme has ignored the role of moral sentiments. For that I have divided this analysis into three parts and a short conclusion. In the first part, I examine one of the most distinguished contemporary mainstream contributions to the issues of the commons and the common good, namely Nobel Prize winner Jean Tirole's (2017) *Economics for the Common Good* book. Then, in the second part, I explore how moral sentiments are important ethical constructs to better understand social choice and collective action challenges. Then, to conclude, I focus on *Fratelli Tutti*, discussing how social love can be part of a new ethical structure of the commons.

2 Tirole on the Common Good

Tirole starts his book with a dilemma: although “the market economy has become the dominant, not to say exclusive, model for our societies” (2017, p. 1) it “has won neither hearts nor minds”. To discuss why a greater emphasis on competition and markets is regarded with a certain distrust he introduces a normative model based on individual preferences, given the information available to individuals and their position in society. The key element of this model is that people react to the incentives they face and as he argues (p. 3) “The quest for the common good therefore involves constructing institutions to reconcile, as far as possible, the interests of the individual with the general interest”. This seems to be the original sin of economics, the tension between the individual and the collective interest. Whereas its Hobbesian roots are evident, there are complexities in its contemporary formulation that go well beyond the original model. Not to mention about its variants. It is difficult to imagine contemporary economics without reference to the individual-collective issue. Indeed, we find this issue from social choice discussions of mechanism design *à la Maskin* to the role of institutions in promoting development *à la Acemoglu and Robinson*.

But Tirole is not your ordinary mainstream economist. He is willing to compromise, acknowledging the limitations of the traditional economic models based on the fiction of the *homo economicus*. He buys the research agenda of another Nobel Prize winner, Daniel Kahneman who shows how different heuristics introduce cognitive biases [or ‘noise’ as Kahneman et al. (2021) would name it] that shape people’s practical rationality. But his overall emphasis is on how informational constraints can produce biased assessments, dedicating little, if any, attention to the role of moral sentiments.

On the contrary, he argues that “first impressions can mislead us”. Good moral sentiments might even produce the opposite effects that they are meant to generate and as such often lead, according to him, to poor public policy decisions. Some examples might illustrate better this concept. Do we want to reduce the death of elephants for their tusks? This is a worthy policy objective but confiscating and destroying the ivory might lead to higher prices and more incentives to traffickers. Do we want to reduce CO2 emissions? This is a key goal within the SDGs framework. However, the Kyoto Protocol introduced measures that incentivised polluting activities to migrate to poor, unregulated countries. Or perhaps we wish to benefit wage earners by increasing the minimal wage or protect renters who are in arrears? Not a good action, according to Tirole, because these policies often backfire against their intended beneficiaries or against the most vulnerable. As he said (Tirole 2017, p. 22) “In economic matters, the road to hell is paved with good intentions”. Let’s not minimise this statement. This is a big issue if we are thinking about the need to introduce ethical behaviour into the analysis of the commons.

Indeed, there is a well-established tradition in Economics regarding this kind of argument. Thomas Malthus in his 1798 *Essay on the Principle of Population* argued that an increase in nominal wages of the lower classes would increase prices and

impoverish the whole nation. For this reason, he was against the poor laws in England. As he put it (Malthus 1798, p. 45), “The mass of happiness among the common people cannot but be diminished, when one of the strongest checks to idleness and dissipation is thus removed [he is talking here about hunger and the will to save] and when men are thus allured (Malthus 1798, p. 46) to marry with little or no prospect of being able to maintain a family in independence”.

Malthus was much clearer about his ethical prejudices than some contemporary economists by unveiling that part of his objections to the poor laws were related to his critique of Condorcet’s thesis about the perfectibility of man. Here, Malthus might be correct in disputing the thesis of an unlimited human progress. But his view is overly pessimistic when he argues that (Malthus 1798, p. 84) “Benevolence yet lingering in a few bosoms, makes some faint expiring struggles, till at length self-love resumes his wonted empire, and lords it triumphant over the world”. As a result, he sees human suffering as a natural fact of life. As he puts it (Malthus 1798, p. 89).

It has appeared, that from the inevitable laws of our nature, some human beings must suffer from want. These are the unhappy persons who, in the great lottery of life, have drawn a blank. The number of these claimants would soon exceed the ability of the surplus produce to supply. Moral merit is a very difficult distinguishing criterion, except in extreme cases. The owners of surplus produce would in general seek some more obvious mark of distinction.

Tirole does not go in this direction. Rather, he prefers to defend the market as an efficient and more just way of managing scarcity if compared to other methods such as corruption, favouritism, violence and war. He believes that peoples’ desires (and their willingness to pay) are good indicators of their needs. But this is parametric on the availability and reliability of the information people have. Differently from Malthus, Tirole (closer to Lionel Robbin’s views) believes that morality has a “highly personal dimension” that when clashing with others’ morality make problems “impossible to resolve” (Tirole 2017, p. 35). Tirole accepts that peoples’ extrinsic motivations (incentives) can crowd out their intrinsic motivations. But this is not because he believes that other moral sentiments, such as compassion or social love, might be at play but because elements related to our self-love (such as our desire to look good or to project a good image to others) can be affected by incentives. He seems to navigate in welfarist waters, with full commensurability among different kinds of human motivations (a common point between utilitarians but hard to accept among kantians). From the early eighteenth century, appeals to self-love are common in Anglophone moral philosophy with the opposition between private interest vs. public interest, self-interest vs. disinterested and self-love-vs. benevolence occupying much of the ethical basis of economics.

Tirole also argues that (Tirole 2017, p. 46) “indignation can also be a bad counsellor. It can lead to the assertion of individual preferences to the detriment of other people’s freedom, and it sometimes leads to a lack of thorough reflection.” Thus, for him, indignation is an unreliable source of ethical judgments. Similarly, attitudes toward redistribution are personal values and on that (Tirole 2017, p. 57) “an economist has little to say, except as an ordinary citizen”. Really? Amartya Sen

in his *Idea of Justice* strongly disputes this point, arguing that individuals are more engaged with the mitigation of injustices than the promotion of justice.

Tirole represents well the standard way of handling moral sentiments in economic models by redefining self-interest, for instance, to include empathy. He introduces several heuristics that try to acknowledge the limitations of some economic models, such as ‘homo socialis’, ‘homo incitatus’, ‘homo juridicus’, ‘homo darwinus’ and ‘homo religiosus’. But everything seems to go back to a world where one’s self-love is more important than other moral sentiments. For instance, in the example of paying for blood donations, results can be adverse if people’s generosity can be interpreted as greed. In this context, there is no scope for one’s legitimate concern with those who need blood.

There is more that could be said about Tirole’s contribution, but we need to take stock. His work illustrates well how Economics dismisses the role of moral sentiments, such as benevolence or compassion. According to him, should we follow these sentiments, we will end up with unintended undesirable results, undermining those who are meant to be helped. Exceptions to the rule can be admitted (in particular, we can consider benevolence and compassion’s consequences within a utilitarian framework of analysis) but they often are embraced as examples of cognitive biases resulting from informational constraints. Nevertheless, the essence of the issue, as argued here, regarding the non-cognitive role of moral sentiments seems to be ignored.

3 Moral Sentiments and Social Choice

No one should deny that self-interest and self-love are powerful sentiments that motivate social and economic choices. But are they enough to explain relevant phenomena? Nobel prize winner Amartya Sen advocates an ethically enriched route where motivational and informational pluralism are important to evaluate people’s individual and social advantage as well as different states of affairs. In his work he explains for instance the importance of ethical categories such as those of liberty (e.g. in his 1970 paper on the impossibility of the Paretian liberal) or of sympathy and commitment (in his 1976 paper on rational fools) or of motivational contingency (in the new 2017 introduction of his book on collective choice). Let me quote from Sen (2017, pp. 37–38):

There is no shortage of self-seeking behaviour in the world, but is that the only motivation human beings have? It is hard to think that social institutions, such as the National Health Service, can work at all, if doctors and medical staff all acted constantly and exclusively for their own well-being and success. . . . Just as it is necessary to avoid the high-minded sentimentalism of assuming that all human beings try constantly to promote some selfless ‘social good’, it is also important to escape what may be called the ‘low-minded sentimentalism’ of assuming that everyone is constantly motivated only by simple self-interest—and nothing else.

Discussion about moral sentiments should start with Adam Smith and the relevance of sympathy, merit, justice, beneficence, self-love, prudence, duty, public spirit and love, among many others. Acknowledging their relevance for explaining human motivation is key for considering ‘we’ as part of the commons, rather than ‘we’ as self-interested agents fighting over commons. Ultimately, ‘we’ are the commons that should be respected and treasured. In my view, caring about moral sentiments has three main implications in talking about how social choice can be conducive to better commons:

1. it helps us to reorient the debate between means and ends, putting people’s interests at the centre of the debate. If people, in their humanity and dignity, are the focus of the commons, then everything else should instrumentally serve people, and not otherwise;
2. it demands that we concentrate not only on culmination or finalistic outcomes [as Sen (2002) puts it] but on comprehensive outcomes that, include not simply final results, but takes into account the processes that originate them. For instance, the same policy result with or without democracy has a different value for human beings;
3. it allows us to talk more directly about what matters, about how people think about the others in the first place, turning not only Economics, but social sciences in general, into ethically richer subjects.

But so what? How can these implications tackle Tirole’s suggestion that “In economic matters, the road to hell is paved with good intentions” If the objective is to increase GDP, an increase in wages might not be the best instrument to promote this end, but if the focus is on the real ends of development, namely, people’s quality of life, perhaps, rescuing human beings from indignity has a higher value a la Rawls (think about his maxmin) than another percentage point of economic growth. People should not however be passive recipients of top-down interventions; they should be part of the processes conducive to these interventions. Moreover, an effort should be made to understand the conditions of those living below minimum wage. This is not about what governments do, but about societies and their media. This is about understanding each other’s motivations to live together in society.

There is something odd in the claim that “In economic matters, the road to hell is paved with good intentions” when these good intentions are only accepted in the first place without changing the motivations of others that will react against these intentions. Of course, the road can only lead you to hell when all others do not understand nor share one’s good intentions and react within the same self-interested fashion.

In addition, should we take Smith’s lessons seriously we can start appreciating that we (often unsuccessfully) demand virtue from people (qualities that are uncommonly great and beautiful) when we should perhaps only expect propriety (approval). Thus, temperance, as demanded by Hardin, might be too much to expect and perhaps demanding prudence (in the sense of simple restraint) might be more than enough. We should not forget that Smith understood well the irregularity of the sentiments from whom he called (Smith 1976, p. 77, footnote 9) “so weak and

imperfect a creature as man”. But he went further, discussing for instance biased moral sentiments related to what contemporaneously Spanish philosopher Adela Cortina (2017) calls ‘aporophobia’ (rejection of the poor) and what could be named ‘plutophilia’ (appreciation of riches). Smith said that (Smith 1976, p. 62) “In equal degrees of merit there is scarce any man who does not respect more the rich and the great, than the poor and the humble. With most men the presumption and vanity of the former are much more admired, than the real and solid merit of the latter. It is scarce agreeable to good morals, or even to good language, perhaps, to say, that mere wealth and greatness, abstracted from merit and virtue, deserve our respect.”

But what does humanity desire? Differently from the standard utilitarian contingent structure of pleasure and pain or the demanding Kantian tenets of autonomy (via categorical imperatives) or the Aristotelian struggles for virtue, Smith believes in something more closely associated to a kaleidoscope of concrete moral sentiment. In his words (Smith 1976, p. 166):

What reward is most proper for promoting the practice of truth, justice, and humanity? The confidence, the esteem, and love of those we live with. Humanity does not desire to be great, but to be beloved.

What? Is this the same Adam Smith of the invisible hand, praising the virtues of self-interest? Indeed, and the way in which self-interest has been reified in economic theories at the expense of love is a singular expression of ideology in the discipline. Economics sees love as an inconvenience, a hindrance to the ability to see facts, a ‘sentimentality’, as argued by Deirdre McCloskey who also notes that (1996, p. 97) love “is the most embarrassing word to economists”. Kenneth Boulding, who wrote in 1973 one of the very few books in Economics addressing the theme of love, also argued that Economics is dominated by the principle that societies are organised by the idea of exchange, dismissing love and other aspects that compose what he called ‘integrative systems’. How can we think about the commons with an ethical view that never gives up self-love and self-interest as organising principles? The liberal model ‘respect but not engage’ with the others has already been forcefully criticised by philosophers such as Michael Sandel, Martha Nussbaum and Barbara Herman, to mention just a few. Somehow, this model has not been successful for fostering the conditions for better moral sentiments conducive to more respect for ‘we, the commons’.

How could moral sentiments, such as love, be considered as part of social choice mechanisms? How could love be related to concrete commons? I will try to address, at least partially, these issues in the last part of my presentation.

4 Fratelli Tutti

In the Encyclical letter *Fratelli Tutti* we are reminded that Saint Francis promoted a kind of love based on fraternal openness defined beyond any criteria of physical and temporal proximity. If we are all part of a human family, then, I quote (paragraph 17)

“To care for the world in which we live means to care for ourselves”. But this care might not interest “those economic powers that demand quick profits” and those who prefer to dismiss the defence of the environment on behalf of their self-interest. There is here a clear claim for the importance of moral sentiments in promoting the commons based on a critique of ‘a throwaway world’ in which (paragraph 18) “Some parts of our human family, it appears, can be readily sacrificed for the sake of others considered worthy of a carefree existence”. *Fratelli Tutti* is clearly critical of a Malthusian interpretation of the world in which some humans do not bother about others who are considered (paragraph 39) “less worthy, less important, less human”.

This is not about informational constraints, as suggested by Tirole (or Kahneman and colleagues). Quite the opposite, in the world of social media and fake news, there is ‘information without wisdom’ in which affluent sectors of society impose forms of subjection and of self-contempt. This is much worse than a ‘tragedy of the commons’; this is ‘the chronicle of a death foretold’, as Gabriel Garcia Marquez has put it.

But even if one recognises these power constraints and moral shortcomings, there are perils ahead. Although the call to fraternal love echoes throughout the *New Testament* it can be misunderstood if restricted to closed and isolated groups (paragraph 62). It is important to move beyond abstract moralizing (also on the lines suggested by Smith, Nussbaum and Sen). Referring to the story of the Good Samaritan, *Fratelli Tutti* argues that (paragraph 68) “It speaks to us of an essential and often forgotten aspect of our common humanity: we were created for a fulfilment that can only be found in love”. More specifically (paragraph 88) “In the depths of every heart, love creates bonds and expands existence, for it draws people out of themselves and towards others”. This cannot be achieved by Tirole’s invitation to bring the outside ‘inside’ our self, but rather the lover must go outside, contradicting his or her self-interest if necessary. Here, “the greatest danger lies in failing to love” (paragraph 92 from Cor 13:1–13). In this sense love is more much existential than geographical.

The recognition of the role of moral sentiments, beyond self-interest, in particular regarding love, changes completely the traditional way of thinking about social choice (more focused on rules, norms or even institutions that cater for self-interested, independently-driven individuals) and the commons. A pluralistic view of moral sentiments would include those who suffer and the planet. It would allow the factor of gratuitousness open to others and avoid the view of “immigrants as usurpers who have nothing to offer” in a context in which simplistic beliefs that “the poor are dangerous and useless, while the powerful are generous benefactors” spread (paragraph 141).

More importantly, love can be civic, social and political. Without moral sentiments, such as charity, that can support political love, what is the meaning of thinking about the commons? Love is not a mere sentiment, but a force, a motivation that to a large extent represents what social choice should be about. Arrow (1963) would say that it is about ‘values’ (views about what should happen to all society) and not simply ‘tastes’ (individual preferences affecting oneself). Only love can

bring people together and provide the necessary knowledge and meaning for engaging people in promoting ‘we, the commons’. Contingent moralities, such as utilitarianism, cannot deliver a ‘culture of encounter’ with the other. In this context, the real ‘tragedy of the commons’ is viewing the others as simple obstacles to our self-centred existence. It should be clear that an analysis of the commons cannot avoid an ethical structure and that as part of this structure it should include an open discussion about the role of moral sentiments in engaging with the others. *Fratelli Tutti* invites us to consider the role of a love ethic in shaping our values and actions. This is not simply about the choice of a different set of human values but about an ethic of human recognition and engagement. It inspires us to follow the words from *First Corinthians*, that without love, all our gains and ourselves are nothing.

5 Concluding Remarks: An Example

I would like to provide a brief illustrative theoretical scenario related to how moral sentiments can make a difference in this debate. My starting point is the remarkable book by Alberto Alesina and Edward Glaeser (2004) on *Fighting Poverty in the US and Europe*, more specifically its Chap. 7 where the authors discuss ‘the ideology of redistribution’. There they show, based on evidence from the *World Values Survey*, how (Alesina and Glaeser 2004, p. 183) “Europeans are much more likely to believe that the poor are trapped in poverty and that their poverty is the result of forces beyond their control. Americans, by contrast, believe that effort, not luck, determines income and that the poor are not trapped”. In Europe 26% believed that the poor are lazy; in the US, 60% of the population thought so. Different ideologies, understood as different sets of beliefs about the others, can explain according to the authors why some people are more supportive of redistributive policies than others. Within this context, a fiscal system or a welfare state can be understood a priori as the commons. Here, there is no ‘road to hell’ situation. Instead, the whole literature around this theme of political economy of redistribution can be seen as a challenge to this well-established position in Economics, sponsored by distinguished scholars such as Tirole.

But from a perspective of moral sentiments in which ‘we are the commons’, the commons are the people in what can be their public essence, namely their dignity (Amartya Sen and Martha Nussbaum would talk about ‘basic capabilities’). In this context, we can understand the non-poor (or even better economic elites) as if they were Hardin’s herdsmen trying to get larger shares of common pastures. Or as Gabriel Palma would put it, the rich would use their capacity to appropriate a larger share of their societies’ economic product (Palma 2016). Indeed, in this situation, societies would produce social organisms, market structures and economic ideologies that would boost the non-poor achievements (Piketty 2014, 2020) at the expense of the poor. Think about the historical reduction in corporate taxes from the 1980s in developed economies combined with a progressive reduction of their welfare states.

Why would elites push for that? Thomas Hobbes would say that they wish power and glory, Bernard Mandeville would suggest pride and ‘the greediness we have after the esteem of others’ and Smith, as we saw it above, to be beloved. Pierre Bourdieu’s argument for ‘distinction’ could also be a good candidate in which even middle classes look for ways of feeling more important (or beloved) than ordinary citizens. Similarly, Thorstein Veblen (1899) examined the impact of conspicuous consumption as an expression of greed and search for social prestige. We can imagine a conceptual scenario, on the lines discussed by Ostrom (1997) in which the main attributes of human behaviour would include the characteristics of two groups: an elite group, supporting an ideology of inequality and ‘the rest’ (where we would include the poor) that little by little would be contaminated by this ideology. We cannot think about the commons as if we all were on the same level. The ‘tyranny of meritocracy’, as Sandel (2020) puts it, moralises success and failure, combining the rhetoric of rising with the speech of blaming the poor for their poverty.

This ideology of inequality, motivated by ‘distinction’ à la Bourdieu, would be translated into a sequence of beliefs that would produce support for certain policy interventions and not others. It would become the foundations of public discourse, fuelled by the language of merit and deservingness. Where poverty and inequality are naturalised, taxes tend to be regressive, welfare states tend to be insignificant, meritocratic speeches tend to be used to legitimise inequalities and societies tend to be perceived as nothing more than a ‘collection of individuals’. In this context the commons would not be the welfare state per se, not least the provision of some public goods, but what people seem to share a priori, namely, their dignity as citizens of a particular country (we can also expand this reasoning to the whole world). When economic elites push for even more inequality, they might increase in a first moment their own share of ‘high dignity’ towards ‘distinction’, reducing however the levels of dignity of all the others. Similarly, to the situation of overgrazing, the social terrain becomes arid and the violation of dignity of ‘the rest’ would corrode the ethical foundations of society to the point in which even the dignity of the elites would be compromised by institutional corruption and violence. If the dignity of the population represents the commons to be cared about, the overall depletion would affect how the country works with evident losses for everyone.

This is not simply about extractive versus inclusive institutions nor about democratic versus autocratic governments. Similarly, this is not about resources, not even about information asymmetry among groups. In addition, this is not about market failures. Instead, this is about how different moral sentiments might be conducive to different behaviours towards the others and social choice mechanisms. The belief that the road to hell is paved with good intentions might be a poor excuse to avoid talking about good deeds. As such, it says more about Economics as a discipline (that often serves the interests of few) than about the common ends to which it should serve.

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Where Are “We” in the Economy? Some Reflections on the Place of Moral Sentiments and the Commons in Redefining Economics



Valentina Erasmo, Maria Jordet, and Julia Wdowin

Abstract In this chapter we provide a discussion of the role of moral sentiments in economics and economic analysis. We aim to uncover some implications of a moral dimension being absent in the mainstream economic framework. This is discussed with a particular focus on the consequences for social welfare, considering the commons. The first section explores the connection between moral sentiments and Economics as a discipline. Next follows a critical and historical analysis of moral sentiments and the commons, emphasizing the need to provide a redefinition of economic agents through the concepts of embeddedness, reflexivity and personal identity. We argue that reflexivity plays a particularly important role in mediating social choices—even if this dimension of moral sentiments has not yet been fully recognized—and in the paradigmatic shift from endless economic growth towards Eudaimonia as an end. Our concluding remarks argue that bringing ethical considerations to economic analysis enables us to overcome the ‘trade-off’ between normatively ‘good’ moral sentiments and social well-being. We uphold that ‘good’ moral sentiments overlap with *social* moral sentiments, such as the notion of social love. These social moral sentiments offer the opportunity to enhance public policies thanks to a more applicable consideration of social well-being.

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1 Introduction

In this chapter we are responding to Comim's chapter in this book about social choice problems and mechanisms in Economics as a discipline. As we understand it, Comim is posing an ontological question regarding the role of an ethical axis (in the form of moral sentiments) in economic analysis. Instead of highlighting the problems associated with mainstream economics-based concerns such as information asymmetry, analysis through types of institutions or market failures, Comim brings to the fore of the discussion the "kaleidoscope of moral sentiments" that the liberal political economist Adam Smith sees as a deep-seated part of human nature (Smith 1759). Indeed, Comim focusses on stressing the neglect and, at times, disregard of the notion of moral sentiments in contemporary traditional economic analysis.

His argument picks up on the consequences of the almost complete exclusion of certain 'moral sentiments' in Economics, that are acknowledged in other academic disciplines, and that, perhaps more crucially, are known to people in everyday life, such as love, compassion or benevolence. Drawing on the perspectives of Smith (1759) and Sen (1977, 1985, 2000, 2006, 2013, 2017), Comim emphasizes how moral sentiments are important for reintroducing ethics in social choice and collective actions. The main point made relates not to the issue of a complete abandonment of moral sentiments in the analysis of individual and social choice of economic agents, but a disproportionate inflation of the role of some, namely *self-interest*, over others such as *love*, where love can be realised on various planes including the political, social and civic, and goes beyond an emotional state.

To this end, Comim turns to the encyclical letter *Fratelli Tutti* (2020) and suggests that the concept of *social love* might become "part of a new ethical structure of the commons" (Comim 2023, p. 160). In this way, a broader view is offered on the commons and social choice. Through the recognition of moral sentiments other than self-interest, especially those inspired by love, it is possible to acquire a pluralistic perspective on the commons and social choice that includes ethical elements in the economic analysis of the commons.

In this contribution, we explore the idea that social love can enrich the economic perspective on the commons, and further that social love be considered fundamental for an ethical understanding of social choice theory. This understanding ought to consider both the role of moral sentiments in economics and the ethical value of the commons. Thus, in our comment to Comim's paper, we will explore the concepts of *moral sentiments* and *the commons* with a particular emphasis on what an Economy of Francesco (EoF) perspective can bring to the framework of traditional economic theory which is argued to neglect the broad spectrum of 'moral sentiments' that are truly present in individual and social choice.

2 Moral Sentiments and Economics

Moral sentiments are broad and varied, as are the many human paths of life. Comim highlights that Smith understood the irregularity of sentiments well since “[man is]. . .so weak and imperfect a creature” (Smith, quoted by Comim, 2023, p. 164). What is important about the broad spectrum of moral sentiments is that they lead first to a broad range of possible attitudes of individuals, such as personal responsibility or commitment, and next, on the basis of these attitudes, to a broad range of possible behaviors and actions, with consequences for the “we”, “the commons”, as understood by Comim. Understanding and considering the above concepts, *moral sentiments* and *the commons* has implications for the ontological and methodological direction of Economics as a discipline, and thus, economic analysis. An important implication of a “kaleidoscope” of moral sentiments relates to the *anthropological approach* to the human agent in economic analysis.¹ Taking the above into account implies that the homo economicus is not only an inaccurate, but potentially misleading, model of an economic agent because it disproportionately emphasizes the role of self-interest as a mechanism in individual and social choice. A model of homo economicus leads to anthropological reductionism (Becchetti and Cermelli 2018), and to what Archer calls “instrumental rationality” which does not deal “with our normativity and emotionality, both of which are intentional, that is, they are about relations with our environment—natural, practical and social” (Archer 2000, p. 4). In response, substantive advances have been made in the alternative modeling of human agents in the form of *homo naturalis*, *homo reciprocans*, *homo socialis*, among others, with some making their way into economic modelling. Ethical foundations, which include the ‘moral sentiments’ that Comim focuses on in his contribution, are argued to be lacking in mainstream economic analysis of social choice problems. The argument of Comim’s paper, with which the Economy of Francesco perspective contends, highlights that without the moral axis, analysis of these problems misses the whole picture, and can indeed be far from the mark. The consideration of ‘moral sentiments’ in economic analysis profoundly impacts both individual and social choice theory, given that in both contexts the problem faced relates to decision-making taken up by a person or group of persons, i.e. precisely *subjects* of analysis that are distinguished by their capacity to reason via the direction given by moral sentiments. Here, Comim focuses on the specific impact on the commons, which in traditional economics are considered to be any scarce resource that provides users with benefits, but that no one has an exclusive claim on. This focus naturally leads to questioning the mechanisms of social choice theory, given that this relates to the study of collective action or decision-making which can imply the aggregation of more than one individual preference.

Once an anthropological account that acknowledges individuals’ moral sentiments is recognized, it can be seen how such concepts as responsibility,

¹For this reason the need to redefine our understanding of economic agents is emphasized here. The issue will be developed in the next section of our comment.

commitment, rationality (understood as the use of human reason in decision-making as opposed to the “narrow” traditional economic understanding), among many others, come to the fore of individual and social choice problems, and how neglect of these moral sentiments leads to a dire reductionism of the true decision-making process in which any person is involved. It is not denied that self-love (egoism) is a relevant ‘moral sentiment’ in many situations of individual and social choice, but it is not the only moral sentiment involved, and can be in some cases mostly absent.

What difference would the inclusion of a moral basis, an ethical axis make to economic analysis? Why is this argued here as such a fundamental change? It all comes down to moral sentiments as the first cog to turn in the ‘system’ of decision-making about individual and social action. That is, there is a strong and direct impact of moral sentiments (the ethical axis) on the direction and shape that collective issues take.

Amartya Sen makes two illuminating contributions through the ethical backbone he develops to economic theory. The first relates to his anthropological vision of the individual, and the second, to the theoretical bases for individual and social choice derived from the aforementioned vision.

Regarding the anthropological view on which to base economic agent modelling, Sen (2013, p. 7) describes individuals as, “agents of change who can—given the opportunity—think, assess, evaluate, resolve, inspire, agitate, and through these means, reshape the world.” Agency in this light, views humans as reflective, creative and responsible individuals. If we accept that moral sentiments are key to directing individual worldviews and ends, and ultimately to generating the overall shape and orientation of conduct and actions, then their fundamental place in economic analysis of collective problems is clear since it follows that they directly influence *how* ‘the world is reshaped.’

Secondly, in relation to the broadened dimensions to human agency explored by Sen, the concepts of ‘sympathy’ and ‘commitment’ are developed in his work.² Commitment is of particular significance because this notion specifies that agents are able to choose and behave in ways that forego their own well-being for causes of greater value to them, according to their internal systems of value. This is in contrast to self-regarding and self-seeking agent modelling in traditional economic analysis, and the difference in mechanisms for social choice change according to the agent model used. Considering Comim’s call for ‘social love’, the ability of agents to be other-regarding in individual and social choice in Sen’s work is promising for collective action problems. The need to acknowledge and model this ability to be other-regarding is what Comim (2023, p. 171) precisely calls for when he says that part of the ethical structure of an analysis of the commons “should include an open discussion about the role of moral sentiments in engaging with others.”

²As an example, the distinction between sympathy and commitment is the following: “If the knowledge of torture of others makes you sick, it is a case of sympathy; if it does not make you feel personally worse off, but you think it is wrong and you are ready to do something to stop it, it is a case of commitment” (Sen 1977, p. 326).

The ‘commons’ are both *people* (in terms of their dignity), and *goods* (in terms of their value): they are more than the aggregate sum of benefits and resources, the ‘commons’ are a different space of evaluation. As suggested by Comim, the ‘commons’ could be evaluated, for example, in terms of social love as “a force” or value in Arrow’s economic terms, as opposed to a mere sentiment or again in Arrow’s economic terms, a taste (individual preference for oneself) (Arrow, 1951). To this effect, the absence of social love in the form of calculating or avaricious approaches to distribution based on self-love will not extend far enough to solve pressing social problems.

The distribution of common goods is one of the key dimensions of interest in Comim’s analysis because of what it implies for generating and entrenching extreme inequalities that are widely considered unfair to those living in extreme or any level of poverty (social justice), unethical and uncondusive to individual human flourishing, but also because of what it implies for societal disruption in the form of social divisions and fragmentation, lack of peace, and for the damages incurred to ‘the common good’ which to a greater or lesser extent affects *every* person (otherwise, the good would not be *common*). In our highly unequal world, the greater extents can indeed be great, determining overall standard of living. It must not be forgotten, however, that there are some social problems that no person, however well-secured from negative impacts, can ultimately escape, such as the quality of air breathed or clean water availability, although material resources can go a far way to protecting some individuals from the scarcity more than others.

One consequence of the traditional economic approach’s focus on market-valued goods and services, is the neglect or distortion of the true value of shared assets and common goods, which are sometimes beyond the market sphere of valuation, and their subsequent undervaluation or exclusion from economic analysis. This exclusion or distortion of the true value of common goods causes an apparently greater divergence between the individual benefit and social benefit in traditional monetary-based cost-benefit analyses.

Reinstating the value of ‘the commons’, both in terms of human dignity as the ‘we’, and shared assets such as the environment, in economic analysis can lead to overcoming a false dichotomy of tension between the individual good and the social good. For example, although the effects may not be immediately evenly distributed, the deterioration of the environment, sooner or later, affects each individual—their well-being—in a more or less direct way. We need only think of common goods such as air quality, or space for rubbish disposal.

‘The commons’ naturally links to the concept of generativity in the context of the economy and economic action—this is because once we think in terms of the ‘commons’ and a ‘we’, the focal point of interest turns to what we bring to others—whether this affects others that are part of the ‘we’ positively or negatively. Linking back to Sen’s terminology, generativity is other-regarding in normative terms. Generativity is thus strongly linked to an ethically grounded concept of ‘the commons’—to think about how we affect others by our actions, we are creating an (informational) space that goes beyond the individual. The commons creates a space for joint thinking, thinking in interaction with others. This space is what is lacking in

mainstream economics, and what Comim (2023, p. 161) here pinpoints as the “original sin of economics”, that is, the existence of a “tension between the individual and the collective interest.”

Moral sentiments really are at the heart of social choice problems, and as such must be at the heart of the ontological and methodological premises of Economics.

3 Moral Sentiments and the Commons from an EoF Perspective: Towards a Redefinition of Economic Agents

To provide a definition of moral sentiments and the commons is a complex task, but this is our aim. Taking into account Comim’s argument, as well as other references, like Adam Smith (1759), Amartya Sen (1977, 1985, 2000, 2006) and Martha Nussbaum (2001), we will offer a redefinition of the commons. This redefinition is based on the acknowledgment of different moral sentiments, offering a new EoF perspective on the economy. To begin, we ought to analyze what “moral sentiments” are. Every discussion on “moral sentiments”, as Comim emphasized, “should start with Adam Smith and the relevance of sympathy, merit, justice, beneficence, self-love, prudence, duty, public spirit and love, among many others” (Comim 2023, p. 164).

In his work, Smith elaborated a taxonomy of moral sentiments that he examined through three categories of passions, namely “selfish passions”, “social passions” and “unsocial passions”. In this taxonomy, passions are the visible expression of moral sentiments. Building within the context of EoF, we highlight here the relevance of “social passions”, which are all possible social and benevolent affections, like “generosity, humanity, kindness, compassion, mutual friendship and esteem”, and which Smith (1759) mostly referred to in the context of family and friendship, while not in the context of broader society (Bruni and Sugden 2008). We consider these here as normatively ‘good’ moral sentiments.³ There are also conversely ‘bad’ moral sentiments which can take the upper hand in choice-making, such as self-interest, greed. . .etc. However, the reality of ‘good’ and ‘bad’ moral sentiments play out in a spectrum, as opposed to a dualism. It is the dynamics between good and bad moral sentiments present in every choice that give rise to the urgent need for the integration of ethics in economic analysis. The tension plays out in human ‘reflexivity’, a concept we discuss below.

Paradoxically, there is no space for social passions in society in Smith’s analysis of moral sentiments. The relevant pillars of social relations are justice and prudence to Smith’s mind, not social passions such as generosity, kindness, compassion, etc. But if there is no space for social passions in society, they cannot have a role in

³Although we cannot discuss further here, the close normative link between ‘good’ moral sentiments and virtue on the one hand, and ‘bad’ moral sentiments and vices on the other, should be noted.

economics as well. More specifically, as Santori (2022) emphasized, Smith (1759) did not assign a role to benevolent fellow-feeling in market transactions because his understanding of society was rather close to Hume’s idea of civil society as “cooperation without benevolence” (Bruni 2006, p. 37).

From our perspective, this is the main limitation of Smith’s analysis of moral sentiments because he argues that social passions only apply in the ‘private’ sphere, as in family and friendships. On the contrary, not only does Comim’s text support that social passions *do* have a place in society but, moreover, that they are consistent with an economic analysis of good public policies. In this regard, Tirole’s conviction (2017) that “good moral sentiments (. . .) often lead (. . .) to poor public policy decisions” (Comim 2023, p. 161) occurs on this basis. Certainly, it is hard to succinctly define what good public policies are, but here we consider good public policies all those political initiatives that are concerned with the promotion of social well-being—where the well-being of one is necessarily connected to the well-being of all and vice-versa.

Challenging the idea of a trade-off between good moral sentiments and good public policies is our main point towards an ethical understanding of social choice theory, as previously discussed. Social passions can make a difference in understanding collective action problems from an economic perspective, beyond Smith’s (1759) exclusion of their place in society. For this ambitious and controversial purpose, a redefinition of economic agents is required. This redefinition will be rooted through three key concepts, such as those of embeddedness, reflexivity, and personal identity.

3.1 Embeddedness, Reflexivity and Personal Identity: Redefining Economic Agents

As Davis (2003, 2011) points out, economics has often availed of an improper understanding of individuality based on the core idea that “rational” economic agents are also atomistic individuals. According to this understanding adopted in mainstream economics, individuals are essentially focused on their own private concerns and objectives, acting in “a socially non-interactive manner” (Davis 1992, p. 83) towards the maximization of individual welfare. This private and socially non-interactive understanding of economic agents has contributed to a prevailing ontological individualism in economics, especially in social choice theory. On the contrary, our argument is based on an understanding that individuals are embedded in social and economic relationships because social life is intrinsic to the understanding of individuals as social beings (Davis 2015). An economic agent is simultaneously a social being, otherwise we would have an impoverished understanding of economic agents.

In this regard, we must mention Amartya Sen and his *Rational Fools* where he significantly supported that “the *purely* economic man is indeed close to being a

social moron” (Sen 1977, p. 336). Comim (2023) is right to remember that Sen “advocates an ethically enriched route . . . [of] motivational and informational pluralism” (Comim 2023, p. 163), but we emphasize that Sen also contributes to a more complex understanding of economic agents compared to that social atomism promoted by mainstream economics, endorsing an *embedded* conception of individuals in economics (Erasmo 2022). This more complex understanding of economic agents is mirrored in Sen’s social choice theory, including further economic motives in the analysis of individual decision-making compared to self-interest and self-regard, such as those of sympathy and commitment (Sen 1977, 1985).

Among these further economic motives, commitment is very relevant towards a reintroduction of ethical elements in economics because this motive favors reflexivity in economic agents (Davis 2007). Broadly speaking, reflexivity can be defined as the “regular exercise of the mental ability, shared by all normal people, to consider themselves in relation to their (social) contexts and vice versa” (Archer 2007, p. 4). Thus, reflexivity is the mediating variable between agents and structures/society, extensively developed in Margaret Archer’s morphogenetic approach. In economics, when reflexivity is favored by an economic motive like commitment it leads to that ability that Davis (2007) defined as self-scrutiny. In brief, self-scrutiny is the ability to reflect both on his/her self and his/her life with others (Kant 1798).

This ability makes self-scrutiny a human and social activity. Self-scrutiny is a “human” activity because other animals are not able to reflect on what they desire to do or to be in their lives or to compare their existence with that of others (Mahieu 2016). But self-scrutiny is also a social activity because commitment is able to change individual goals and choices considering those of others (Sen 1977, 1985), erasing atomism/individualism. When atomism/individualism is erased, it is possible to promote sociality in social choice theory, also considering others’ goals and choices in our decision-making. This is an important point from an EoF perspective.

At the same time, commitment leads to a proper development of personal identity where an individual recognizes himself/herself as plural (Sen 2000, 2006), namely associated to the different social groups to which an individual belongs to, establishing a sense of identity with them. Once again, Sen (1985) is a pivotal author towards a redefinition of moral sentiments and the commons from an EoF perspective, because Sen emphasizes that this plural identification deriving from commitment will also influence our language through an intensive use of expressions like “we”, “our” and “us”. This plural identification is in line with what Comim (2023) points out: acknowledging the relevance of moral sentiments on economic motivations “is key for considering ‘we’ as part of the commons, rather than ‘we’ as self-interested agents fighting against the commons” (Comim 2023, p. 164).

3.2 *Moral Sentiments also Include Benevolence and Compassion: Promoting the Commons*

The commons are principally “natural resources, like land for grazing, fishing areas, forests for timber, water for the irrigation of farmland, and also more intangible resources, like knowledge” (Felice and Vatiero 2012, p. 2). But ‘we’ are part of the commons because we are consumers (e.g., of natural resources) and, at the same time, we produce common goods (e.g., producing knowledge).

In the struggle for the commons, Comim (2023) mentions the works of Hardin (1968) and Ostrom (1998), but he mostly focuses on the more recent work of Tirole (2017), *Economics for the Common Good*. According to this latter, “the quest for the common good therefore involves constructing institutions to reconcile, as far as possible, the interests of the individual with the general interest” (Tirole 2017, p. 3). Institutions have an important role to play for better access to common goods, but we question the tension between individual and collective interest that leads to the trade-off between good moral sentiments and good public policies.

Comim (2023) also points out merits and limits of Tirole’s book: on the one hand, Tirole acknowledges the limits of traditional mainstream homo economicus and handles moral sentiments in economics, including empathy; on the other hand, however, Comim emphasizes that self-love is always the most important moral sentiment (or economic motive because Comim considered the two concepts as synonymous) to Tirole’s mind. Hence, although Tirole is a mainstream economist, he recognizes moral sentiments in economics, but he privileges those inspired by self-love, instead of benevolence and compassion, like Smith (1759) did more than two centuries ago.

Against this dismissal of moral sentiments inspired by benevolence and compassion in economics, we consider the analysis of Martha Nussbaum to be relevant (2001). Regarding compassion, Nussbaum is close to the Aristotelian tradition: before other pains and sufferings, individuals are not impartial spectators, rather sympathetic ones, like in Aristotelian tragedy. Certainly, compassion does not necessarily mean to feel others’ pains or sufferings, but that we may understand their conditions from the awareness of our own vulnerability. This partial identification with others is possible thanks to empathy (Erasmus 2021). Nussbaum offers a valuable alternative compared to Tirole, because compassion enables to include vulnerability in economics. We will continue with Nussbaum’s perspective also when it comes to dignity, in the following section.

3.3 *Carving a New Way Forward with Moral Sentiments: Social Love and Reflexivity*

By suggesting that social love should be part of “a new ethical structure of the commons” (p. 160), Comim is carving a new way forward on which we continue to walk throughout this text. Social love is, we argue, above all a practical concept.

Let us first dwell a moment on a dimension regarding moral sentiments that has been underplayed since Rawls created his Theory of Justice, according to the sociologist Ismael Al-Amoudi (2017). It has to do with the concept of reflexivity, which we have only briefly mentioned so far, and the fact that moral powers are reflexive powers (Al-Amoudi 2017). Although it is beyond the scope of this chapter to elaborate in-depth on this point, it is worth mentioning that this understanding can be linked to Kohlberg’s Theory of Moral Development, stating that moral reasoning is a precondition for ethical behavior, though not sufficient (Tetzchner, 2012). With Archer, the influence of social structures on moral behavior has a clear place: her approach acknowledges that structures as well as human agents have emergent properties and hence are mutually constitutive (Bhaskar 2016). Accordingly, our ability to act, for example on social love, in the circumstances we are in, is mediated by the internal conversation (reflexivity) (Archer 2007). The nature of this inner conversation has to do with one’s (ultimate) *concerns*; what or whom matters to us when we make choices—and this in turn directs our practice and social positioning (Archer 2007).

Social reflexivity⁴ can also be seen as a precondition to be able to function and flourish in the society (Al-Amoudi 2017), and the capacity to be reflexive is unequally distributed (Archer 2007). Therefore Al-Amoudi (2017, p.75) suggests that social reflexivity should be considered among the central human capabilities⁵ on Martha Nussbaum’s list. While Nussbaum partially recognizes reflexivity, mentioning critical reflection under the capability of “practical reason” (2011), she does not recognize it as a capability of its own. This absence may be traced back to Rawls, who, according to Al-Amoudi, lost “sight of moral powers being in essence reflexive powers” (2017, p. 75). In light of this, we argue that integrating moral sentiments within economics has strongly to do with increased awareness about what really matters, so that this can shape our internal conversation, and, in turn, our practice.

Modern societies are characterized by continuous and rapid changes, what can be referred to as *morphogenic* societies (Archer 2017). As traditional structures lose power and fewer social guidelines are available, there is an imperative to be reflexive—thus, this is becoming increasingly more important in today’s societies characterized by “acceleration” (Archer 2017; Rosa 2021). Faced with the urgency of the current crises, we are forced to be reflexive; to prioritize.

⁴Al-Amoudi makes a distinction between social reflexivity and political reflexivity (2017).

⁵The capability approach has been firstly elaborated by Sen for representing what people are able to do or to be in their lives. However, Sen does not provide a complete list of capabilities. This is what Nussbaum does in her capabilities approach.

Keeping this in mind, we will reflect on morality and the commons along three axes of importance from an EoF perspective. These are: We as the commons—whose lives are given importance (social); The ethics of time (temporal) and (re-) Distribution of resources (material). With Fratelli Tutti and the concept of social love as a guiding star, we share some visions for *new* possibilities on how to make our way from here. The problem of normativity in today’s fast-changing societies matters “if we are interested in contemporary obstacles to Eudaimonia” (Al-Amoudi 2017, p. 71).

3.4 *We as the Commons: Whose Lives Are Given Importance*

As Comim points out, the fraternal openness at the heart of Fratelli Tutti (FT), stands in contrast to the Malthusian interpretation where some humans are not cared for. There are several examples in the contemporary world of people being treated as less real, or “less human” as Pope Francis (2020a, b) also writes. As mentioned previously, it is both people (and their dignity) and goods that form the commons. European countries’ coordinated closure of borders and construction of walls as a response to refugees fleeing from war and/or natural disasters, manifest a structuralized response where some are excluded from the commons—as if not everyone should have the right for protection and for taking part in the common goods. The exclusion of some people and enclosing of the commons for the benefit of some few, can be understood as a practice of establishing *unequal grievability*: some lives are considered less grievable and therefore less worthy of protection than others (Butler 2020). This ranking of relative value of human lives is a moral failure of not recognizing the other as part of ourselves. Pope Francis has dissolved the dichotomy between self-care and care for the world: “To care for the world in which we live means to care for ourselves” (FT 17).

Integrating moral sentiments, such as social love, within economics implies caring for the common home and those who live there. Knowing the commons to be about people, also means creating a more inclusive society where all humans belong, regardless of ethnicity, class or other traits. As Comim writes, the commons is also what people “seem to share a priori, namely, their dignity” (p. 168).

Faced with the ecological crisis, time is also overdue to recognize the intrinsic value of all living beings (Shiva 2020). Martha Nussbaum includes animals in her development of the Capability approach, and writes that Sen supports this, although this is not at the center of his analysis (Nussbaum 2011). Such an inclusion, where for example a bird species is recognized as worth protecting and the loss is recognized as grievable, goes to the core of Fratelli Tutti as well. Pope Francis emphasizes the practice of radical hospitality, embodied by one of his sources of inspiration; namely Saint Francis of Assisi as he visited the Sultan in Egypt and declared himself a friend of the sun and the soil and the birds. Radical hospitality could be the result of policy-making also today, if a moral sentiment such as social love was put at center. This begins by recognizing the grievability as well as dignity of all beings.

3.5 *The Ethics of Time*

In their critical realist critique of economics and the economy, Næss and Price distinguish three main crises in the contemporary world: an economic, an ecological and a normative crisis (2016). The slowness of policymaking, for example when it comes to turning away from fossil fuels, in responding to the ecological crisis, is a neglect of the moral imperative to act now. This is despite an endless number of updated scientific reports. According to the latest sub-report by the IPCC (2022), it is code red for humanity now, and we have approximately 2–3 years to put into practice the structural changes needed to secure a livable future. The discrepancy between what we know and what we do is striking. It is a clear form of cognitive dissonance, one could argue. This slowness in responding to the contemporary crises also reveals strong mechanisms of denial outplaying in complex ways (Vetlesen and Henriksen 2022). Failing to adequately respond, has devastating consequences for poor people who are hit the hardest by extreme weather, such as in South Asia. The time-dimension in this crisis is deeply moral.

A moral alternative is to commit to the knowledge we have and act, also for those voices who have not yet been heard, including indigenous people and future generations, regardless of geographical and temporal proximity, as Comim reflects upon. This has not least to do with an economic (re-)distribution of resources in an intergenerational perspective (Bhaskar 2016). In *Fratelli Tutti*, Pope Francis calls attention to the fact that certain people and places are being *sacrificed* in the world today. That some are openly allowed to degrade and exploit from the commons, such as the air and the soil, to pursue their own immediate self-interest, at the significant cost to others, is a manifestation of lack of moral sentiments. The commons is a place of a coordination problem between individual aspirations—guided by a spectrum of moral sentiments that include social love, the coordination problem can be lessened.

4 Concluding Remarks

We draw this chapter to a close within sight of a promising position of a lesser tension between individual and social well-being than mainstream economic narrative might suggest. We have discussed the tenets of a new and different model of the economy that Comim builds primarily around the recognition of a broadened spectrum of moral sentiments. Acknowledging and incentivizing the moral sentiments that inspire *social love* are suggested in the text as a focal point for addressing social choice dilemmas and collective action problems.

Through this interdisciplinary analysis, we ultimately contend that a new perspective for the economy, that aligns with EoF principles, would promote the commons because the ‘we’ of the commons promotes sociality, a feature which curbs the trade-off between ‘good’ moral sentiments and social welfare. The search for good public policies, understood as those that further individual and social

wellbeing, treat well-being for all as an *ultimate end*. Policies that engage with the commons can be redistributive and further advance those conditions for human flourishing that lead to individual happiness or eudaimonia. These can gain traction through the recognition of moral sentiments that promote sociality; here, we emphasized social love.

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The Economy of Francesco and the Age of Sustainable Development



Jeffrey D. Sachs

Abstract This paper sketches five systems of economic ethics in the course of Western history: the Ancient Greeks and Romans, Biblical Judaism and early Christianity; British empiricism; Social Darwinism; and the Church's modern Social Teachings. This historical perspective helps the reader find the new global ethics of sustainable development that today's world requires to address most of the pressing issues we are currently facing.

Ever since Plato's *Republic* and Aristotle's *Politics*, Western philosophers have examined how economic institutions should be organized to promote human wellbeing. Philosophers and moral leaders have come up with different answers depending on the political, technological, cultural, and scientific challenges facing each era.¹ The world today requires a new economic ethics to help address the myriad challenges of a world riven by wars, geopolitical tensions, widening inequalities between the rich and poor, potentially dangerous new technologies, and massive environmental destruction. The 193 UN member states have adopted the Sustainable Development Goals as the framework for global economic and ecological cooperation. Pope Francis's call for an Economy of Francesco can inform and inspire the path to Sustainable Development. To add perspective to our current global economic challenges, I briefly sketch five systems of economic ethics in the course of Western history: the Ancient Greeks and Romans; Biblical Judaism and early Christianity; British empiricism; Social Darwinism; and the Church's modern Social Teachings. This historical perspective, I believe, can help us to find our own footing for a new global ethics of sustainable development.

¹For a recent and short survey of economic and institutional change over time, see my book *The Ages of Globalization: Geography, Technology, and Institutions*, Columbia University Press, 2020.

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1 Economic Ethics of the Ancients

The Ancient Greeks and Romans continue to captivate our attention not only because they were the first in the West to philosophize in depth on the challenge of organizing economic and political life, but also because they built economic and political institutions of lasting significance and made important contributions towards an understanding of human nature. For roughly 1000 years (500 BCE–500 CE), the Greek city-states (roughly 500 BCE–300 BCE), the Hellenistic kingdoms (roughly 300 BCE–150 BCE), and the Roman Republic and Empire (roughly 150 BCE–500 CE), made astounding breakthroughs in philosophical understanding and social organization.

The Greeks built a seafaring network of competitive and prosperous city states (*poleis*) that underpinned centuries of rising living standards, growing populations, urbanization, literacy, and the widening reach of Greek knowledge and civilization. Alexander the Great carried Greek culture into Egypt and Asia. In turn, the Hellenistic Kingdoms fell under Roman imperial rule. Building on Greek knowledge and trade routes, the Roman empire created roughly five centuries of rule over a vast territory, stretching from the Atlantic Ocean south of the Rhine River and reaching almost to the Indus River valley.

There are some useful generalizations about the Greco-Roman economic age. First, the Greco-Roman economy was relatively urbanized (perhaps as high as 25–30%) compared to other pre-industrial societies. This relatively high urbanization rate resulted from a highly productive agricultural sector and extensive long-distance trade in foodstuffs that in tandem were able to support a large urban population. Second, the extensive sea-based trading networks in both staples and luxuries, first around the Mediterranean Sea and then later connecting the Mediterranean Sea and the Indian Ocean, brought the Greeks and the Romans into intensive contact, and often military conflict, with other cultures, thereby contributing to the development of a cosmopolitan Greco-Roman culture. Third, the technological base of the economy advanced over time, but only gradually. The perceptible economic changes from decade to decade were caused by environmental upheavals, epidemics, and the outcomes of wars, rather than from technological advances.

It was in this economic setting that the Ancient Greek philosophers first asked the question as to how to design human institutions (e.g., the constitutions of city states) to achieve the good society, one that would be conducive to human thriving or *eudaimonia*. The dominant idea was that the *polis* (the city-state) should be based on justice, which for the Greeks signified harmony, balance, and the right relations between the different parts of the society. Plato's *Republic*, for instance, is devoted to exploring the virtue of justice both within a single individual—meaning a harmony among the components of the human spirit—and within the polis—meaning the harmony among different social groups (i.e., artisans, cultivators, warriors, guardians) within the city-state. Achieving balance among the different parts of the society in turn depended upon the virtues of the citizenry. Therefore, the ancient Greeks

approached the question of the just city by also investigating how individual human beings should cultivate practical wisdom and other virtues.

Plato and Aristotle taught that human nature is divided between rational and non-rational components.² Humans have animal-like impulses and instinctive desires in addition to a uniquely human capacity for reason. Human wellbeing, or *eudaimonia*, both for the individual and the polis, is achieved when life is lived according to reason, with the instincts and emotions engaged in the service of reason. The development of one's capacity to live according to reason is regarded as an excellence, or a virtue. The most important virtue is "practical wisdom" (*phronesis*), which means the excellence of making choices for the good. The achievement of a good life depends on the cultivation of moral virtues, including practical wisdom, bravery, temperance, and justice.

To achieve the excellence of reason over instinct and appetitive desire, individuals should practice moderation in all things (*medens agan*, or nothing in excess). By avoiding extremes of excess and insufficiency, an individual maintains reason and avoids the dangers of emotions getting out of hand. For example, individuals should have a moderate attitude towards wealth, neither decriing material wellbeing nor craving great wealth in excess of human needs.

Plato, Aristotle, and most of the other ancient Greek and Roman philosophers wrote from the perspective of the property-owning upper classes of their societies. They emphasized the virtue of moderation for the property-owning class, who should live moderately and temperately, and distribute their wealth liberally for the good of the polis (a philanthropic practice termed *liturgy*. In Periclean Greece, for example, the rich were expected to contribute financially to build temples, host public games, and enable public sacrifices to the gods. To manage household wealth wisely, heads of households were advised (e.g., by Xenophon in the dialogue *Oeconomicus*) to master the arts of economy and agronomy and manage their estates prudently.

The Ancient Greeks and Romans viewed society as naturally hierarchical, a viewpoint that is unsurprising, as Ancient Greece was a slave-owning society. Aristotle argued that there were "natural slaves," who by their inferior nature—namely a lack of capacity for human reason—should be subservient to rational masters. Yet Aristotle also emphasized in *Politics* that the polis should avoid an excessive inequality of living standards between the rich and poor. A healthy polis should avoid extremes of wealth and poverty just as a healthy individual should avoid extremes of excess and insufficiency. Historical experience repeatedly demonstrated that grinding poverty leads to social instability. Thus, in ancient Greece, Solon instituted land reforms to ease the plight of the poor; in the Roman Republic, the tribune was created in 494 BCE to represent the plebians (lower classes); and in the Roman empire, food for the lower classes was assured through an extensive

²For a short discussion of Aristotle's theory of human nature, see my paper on "Aristotle, eudaimonia, neuroscience and economics," Chapter 3 of *A Modern Guide to the Economics of Happiness*, edited by Luigino Bruni, Alessandra Smerilli, and Dalila De Rosa, Elgar Press, 2021.

system of public distribution. It was understood that fulfillment of basic food needs for all people (cynically described as “Bread and circuses”) was key to a peaceful populace.

2 Economic Ethics of Biblical Judaism and Early Christianity

While the ancient Greeks and Romans wrote their economic philosophy from the perspective of the elite, the ancient Jews and early Christians took the perspective of the lower socioeconomic and political strata. The nineteenth century philosopher Friedrich Nietzsche mocked Christian ethics as the morality of slaves (Nietzsche 1887). Nietzsche was certainly correct that Biblical ethics arose from a social stratum familiar with hunger, deprivation, conquest, and even slavery. Where Nietzsche erred was in his mockery of the “slave” ethics. An enduring economic philosophy that takes the perspective of the downtrodden rather than the ruling class is a wondrous and history-changing achievement worthy of amazement and the highest admiration.

The ringing commandment of the Hebrew Bible is to love thy neighbor as thyself, including the poor, the stranger, and the slave. The Hebrew Bible is filled with injunctions of social justice—towards the sojourner, the orphan, the widow—punctuated by pronouncements that the Jewish people were once slaves in the land of Egypt, and were redeemed by the Lord. In Deuteronomy 24:17–24, for example:

17 You shall not pervert the justice due to the sojourner or to the fatherless, or take a widow’s garment in pledge, 18 but you shall remember that you were a slave in Egypt and the LORD your God redeemed you from there; therefore, I command you to do this. 19 When you reap your harvest in your field and forget a sheaf in the field, you shall not go back to get it. It shall be for the sojourner, the fatherless, and the widow, that the LORD your God may bless you in all the work of your hands. 20 When you beat your olive trees, you shall not go over them again. It shall be for the sojourner, the fatherless, and the widow. 21 When you gather the grapes of your vineyard, you shall not strip it afterward. It shall be for the sojourner, the fatherless, and the widow. 22 You shall remember that you were a slave in the land of Egypt; therefore I command you to do this.

Jesus’s teachings amplify these precepts and extend them beyond the Jewish community to the “other,” as in Jesus’s parable of the Good Samaritan. Jesus’s injunction “to love your neighbor as yourself” (Matthew 19:19) echoes Leviticus 19:18, “You shall not take vengeance or bear a grudge against the sons of your own people, but you shall love your neighbor as yourself: I am the LORD.” Yet Jesus goes further, calling for moral perfection among his followers, to act in the image of God, by loving not only the neighbor but also the enemy (Matthew 5: 43–48).

43 You have heard that it was said, ‘You shall love your neighbor and hate your enemy.’ 44 But I say to you, Love your enemies and pray for those who persecute you, 45 so that you may be sons of your Father who is in heaven. For he makes his sun rise on the evil and on the good, and sends rain on the just and on the unjust. 46 For if you love those who love you,

what reward do you have? Do not even the tax collectors do the same? 47 And if you greet only your brothers, what more are you doing than others? Do not even the Gentiles do the same? 48 You therefore must be perfect, as your heavenly Father is perfect.

As a people who were once enslaved in Egypt (at least in the collective understanding, if not necessarily historical precision) and whose elites were later exiled in Babylonia, and who were indeed repeatedly threatened by more powerful neighbors and despotic rulers, the Jews and early Christians routinely sought justice through divine redemption. Moreover, because humans are created in the image of God (*imago Dei*), human fulfillment depends on living in the imitation of God (*imitatio Dei*). “You therefore must be perfect as your heavenly Father is perfect,” declares Jesus. (We may note as well how Aristotle believed that human beings could aspire towards the divine through rationality and contemplation.).

A core economic concept for both biblical Jews and early Christians is that the Lord’s creation is to be enjoyed by and shared among all human beings, such that none should suffer from extreme material deprivation. In the doctrine of the Universal Destination of Goods, for instance, the Catholic Church teaches that private property is not an absolute and inviolable right, but instead must serve the common good, especially the good of the poor. The *Compendium of the Social Doctrine of the Catholic Church* (paragraph 177) explains the concept in this way:

Christian tradition has never recognized the right to private property as absolute and untouchable: “On the contrary, it has always understood this right within the broader context of the right common to all to use the goods of the whole of creation: the right to private property is subordinated to the right to common use, to the fact that goods are meant for everyone”. The principle of the universal destination of goods is an affirmation both of God’s full and perennial lordship over every reality and of the requirement that the goods of creation remain ever destined to the development of the whole person and of all humanity. This principle is not opposed to the right to private property but indicates the need to regulate it. Private property, in fact, regardless of the concrete forms of the regulations and juridical norms relative to it, is in its essence only an instrument for respecting the principle of the universal destination of goods; in the final analysis, therefore, it is not an end but a means.³

An eloquent statement of this idea comes from St. Ambrose of Milan in the late fourth century AD, quoted by Pope Paul VI in *Populorum Progressio* (1967, part 23):

Everyone knows that the Fathers of the Church laid down the duty of the rich toward the poor in no uncertain terms. As St. Ambrose put it: “You are not making a gift of what is yours to the poor man, but you are giving him back what is his. You have been appropriating things that are meant to be for the common use of everyone. The earth belongs to everyone, not to the rich.” These words indicate that the right to private property is not absolute and unconditional.

No one may appropriate surplus goods solely for his own private use when others lack the bare necessities of life. In short, “as the Fathers of the Church and other eminent theologians tell us, the right of private property may never be exercised to the detriment of the common good.” When “private gain and basic community needs conflict with one another,” it is for

³https://www.vatican.va/roman_curia/pontifical_councils/justpeace/documents/rc_pc_justpeace_doc_20060526_compendio-dott-soc_en.html

the public authorities “to seek a solution to these questions, with the active involvement of individual citizens and social groups.”⁴

In medieval Europe, the Church actualized the Universal Destination of Goods in several ways. Most directly, the monasteries and mendicant orders (such as the Franciscan and Dominican orders) took immediate responsibility for caring for the indigent and the sick, in accordance with Christ’s admonition to care for the least among thee.⁵ In addition, economic exchanges were endowed with the moral requirement that both buyer and seller must benefit from the exchange, giving rise to the Church’s doctrine of the “just price” to settle exchanges. Similarly, the ban on usury served as protection for the poor borrower against the rich lender, predicated on the notion that the debtor should not have to pay twice for a loan, meaning to pay both for the money (the principal) and for the use of the money (the interest).

The arrival from Córdoba of Arabic translations of Aristotle’s ethical texts (the *Nicomachean Ethics* and the *Politics*) at the University of Paris in the twelfth–thirteenth centuries inspired medieval European theologians to reconcile the economic philosophies of Aristotle with the Christian ethical tradition. They made this synthesis against the backdrop of a revival of commerce, trade, and urban life in late medieval Europe.⁶ Most importantly, St. Thomas Aquinas endorsed Aristotle’s views on private property and commercial exchange on the basis of natural reason. The economy, according to Aquinas, is well served by private ownership, but only if private property remains subject to the needs of the community.

Aquinas’ great synthesis marks a great civilizational watershed. Centuries later, the social teachings of the modern Catholic Church in the social encyclicals since Leo XIII’s *Rerum Novarum* (1891) explicitly follow Aquinas’ synthesis of Aristotelian and Christian economic ethics, thereby giving us the modern Church’s endorsement of a market economy that is embedded within a broader moral framework of the common good.⁷ The core practical point is the one made by Pope Paul VI, that the right to private property is “neither absolute nor unconditional.”⁸

⁴ https://www.vatican.va/content/paul-vi/en/encyclicals/documents/hf_p-vi_enc_26031967_populorum.html

⁵ Matthew 25:31–46.

⁶ For a glorious history of the reception of Aristotle’s work at the medieval University of Paris, see Rubenstein (2004).

⁷ For a recent and superb discussion of the history and content of the Church’s social teachings, see Annett (2022).

⁸ https://www.vatican.va/content/paul-vi/en/encyclicals/documents/hf_p-vi_enc_26031967_populorum.html

3 Economic Ethics of the British Empiricists

The transition in Europe from the early Middle Ages (roughly 500–1000 AD) to the late Middle Ages (1300–1500 AD) is marked by the long-term shift from rural and largely self-sufficient subsistence economies to economies engaged in transoceanic trade. This transition occurred alongside the long-term transition from feudalism to centralized nation states.

Historic shifts in technology, geopolitics, and institutions were responsible for these long-term economic and political developments, including the reestablishment of larger states after the deep fragmentation that followed the collapse of the Western Roman empire; the Crusades, which exposed medieval Europe to the wider world and aroused European appetites for the advanced learning, technology, and luxuries of the more advanced East; advances in agronomy that enabled increases in food production to support growing populations; and the growth of European-Asian Silk Road trade facilitated by the vast Mongol Empire (roughly 1200–1400).

Europe's transition to early modernity and global economy accelerated during the fifteenth century, building on the expansion of trade and growing population of the preceding centuries. Around 1400, leading European thinkers and patrons of the arts launched the Renaissance, forging a new humanism inspired by the learning and culture of the Ancient Greeks and Romans. Earth-changing technologies from China—including papermaking, the compass, ocean navigation, gunpowder, paper currency, and movable type—made their way to Europe, where they were adopted and improved upon. Johannes Gutenberg set up his print shop in Mainz around 1450, producing low-cost books for mass circulation for the first time in history. The Ottomans conquered Constantinople in 1453, unleashing a flood of scholar-refugees to the universities of Italy and resulting in a revolutionary impulse of knowledge in European universities and elite society. In the same period, Prince Henry the Navigator of Portugal was advancing his ocean-going caravels down the coast of West Africa, in search of gold, glory, and sea routes to Asia.

The decisive breakthrough to modernity came in the final decade of the fifteenth century, with the voyages of Christopher Columbus and Vasco de Gama, described eloquently by Adam Smith in *The Wealth of Nations* almost three centuries later:

The discovery of America, and that of a passage to the East Indies by the Cape of Good Hope, are the two greatest and most important events recorded in the history of mankind. . . [O]ne of the principal effects of those discoveries has been to raise the mercantile system to a degree of splendour and glory which it could never otherwise have attained to. . . [T]he commercial towns of Europe, instead of being the manufacturers and carriers for but a very small part of the world. . . have now become the manufacturers for the numerous and thriving cultivators of America, and the carriers, and in some respects the manufacturers too, for almost all the different nations of Asia, Africa, and America. . . The countries which possess the colonies of America, and which trade directly to the East Indies, enjoy, indeed, the whole show and splendour of this great commerce. . . (Smith 1776, Ch. IV, Book IV)

As Smith notes, it was Europe's Atlantic powers—Britain, Holland, Portugal, and Spain—that were the first mercantile beneficiaries of the New World.

The rise of Europe's oceanic empires gave rise to a new European economic philosophy during the sixteenth to eighteenth centuries, one that increasingly championed action and entrepreneurship while putting aside the once-hallowed Aristotelian-Thomistic virtues of moderation and self-control. As the world economy shifted from millennia of gradual technological change to rapid technological advance, and with the opportunities to exploit the vast natural wealth of the New World (including through the horrors of the African slave trade and slave-based plantations in the New World), the virtues befitting the new world economy were increasingly seen to be the attributes of boldness and entrepreneurial zeal. Wealth accumulation, once frowned upon as an unnatural excess in a largely static agrarian economy, was transmuted into the key new virtue of the rapidly expanding European economies set in motion by oceanic trade and imperial conquest.⁹

The decisive change in economic ethics was most notable and consequential in Britain, which became the world's leading imperial power by the end of the eighteenth century. Britain's Protestant Reformation no doubt played into these philosophical changes. Key thinkers in the British transformation include Francis Bacon, Thomas Hobbes, John Locke, Bernard Mandeville, David Hume, and Adam Smith. Francis Bacon, writing in the first years of the seventeenth century, brilliantly and presciently envisioned a world transformed by systematic scientific experimentation and rapid technological advancement. In such a world, the apparent limits to wealth would be overcome through human will and the power of knowledge. A few decades later, Hobbes in *The Leviathan* depicted human nature not as Plato and Aristotle had conceived it—divided precariously between instinct and reason—but as unitary, and marked by insatiable desires for wealth, glory, and power.¹⁰ It was no use, according to Hobbes, to appeal to man's higher virtues to establish a good society, as Aristotle, Aquinas, and Jesus had done. Hobbes wrote that a Leviathan, or an all-powerful state, is needed to restrain humans from violence against others, as every individual pursues an insatiable quest for power.

At the end of the seventeenth century, Locke took Hobbes' theories one step further, by harnessing the insatiable will to the institution of private property. According to Locke's theory in *The Second Treatise on Government*, property arises when an individual mixes his human labor with nature, for example by clearing forests and raising crops. Since the individual is indisputably the owner of his own labor, according to Locke, he is also indisputably the owner of the fruits of his labor, notably the land that he clears and the crops that he harvests. It is the role of government to protect property so that each individual can enjoy the fruits of his own labor. While Locke of course famously championed government by consent, the legitimate role of government was narrow: to protect the security of the individual and private property, which was seen to be the fruit of individual labor.

⁹See, for instance, Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (1905).

¹⁰For a scintillating analysis of Hobbes and his belief in insatiable desires, see David Wootton, *Power, Pleasure and Profit: Insatiable Appetites from Machiavelli to Madison*, Harvard University Press, 2018.

Mandeville made a further remarkable stroke in justifying this transmutation of values from Aristotelian temperance to Hobbesian insatiable desire. In his *Fable of the Bees* at the start of the eighteenth century, Mandeville allowed that avarice, greed, and even corruption are indeed individual vices, but argued remarkably—and initially to great public scandal—that the entrepreneurial energy unleashed by such personal vices in fact serves the public good:

Thus every part was full of vice, yet the whole mass a paradise; flattered in peace, and feared in wars, they were the esteem of foreigners, and lavish of their wealth and lives, the balance of all other hives. Such were the blessings of that state; their crimes conspired to make them great: and virtue, who from politics had learned a thousand cunning tricks, was by their happy influence made friends with vice: and ever since, the worst of all the multitude did something for the common good.¹¹

The key, according to Mandeville, is that entrepreneurship—ingenuity—is unleashed by vice:

Thus vice nursed ingenuity, which joined with time and industry, had carried life's conveniences, its real pleasures, comforts, ease, to such a height, the very poor lived better than the rich before, and nothing could be added more.

In Mandeville's fable, the ruthless and corrupt bee hive becomes the mightiest of the bee kingdom, the "balance of all other hives." Yet when the vice-ridden hive is then "reformed" to squelch the private vices, the hive's dynamism wanes and it is left defenseless against the other hives. Just as Machiavelli justified political ruthlessness as a princely necessity, Mandeville justified unbridled greed as key to economic survival. These ideas were met, initially, as subversive and offensive. Subservice they were—but in the course of the eighteenth century, they became almost commonplace.

A few decades after Mandeville, David Hume advanced the anti-Aristotelian line of British empiricism by overturning two millennia of Western thought that situated reason as the crowning glory of humankind. Whereas Plato and Aristotle urged that reason should tame the passions, especially by cultivating self-knowledge and self-control, Hume instead argues in *A Treatise of Human Nature* that "Reason is, and ought only to be the slave of the passions, and can never pretend to any other office than to serve and obey them".¹² According to Hume, only the passions can truly spur action, a view in accord with Hobbes and Mandeville. Reason cannot restrain actions, as Aristotle argued, but can only guide individuals to the satisfaction of their passions. Reason is merely instrumental for guiding means to ends, but not capable of setting ends. Hume argued that morality arose not from reason, as Aristotle averred, but from sentiments (emotions) that generally lead to sympathy for others.

Finally, Smith synthesized the ideas of Hobbes, Locke, Mandeville, and Hume, arguing with great sophistication and insight, that Hobbesian insatiable desires

¹¹ http://files.libertyfund.org/files/846/0014-01_Bk.pdf

¹² <https://www.gutenberg.org/files/4705/4705-h/4705-h.htm>

conjoined with Lockean property rights, Mandevillian entrepreneurial energy, Humean passions, and the growth of global free trade, would lead to the *Wealth of Nations*. Smith argued that a free-market economy, characterized by competition among a large number of producers, would produce the best social outcome, as if by an “Invisible Hand.” In Smith’s famous words:

As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. (Smith 1776)

Smith’s argument that free-market competition gives rise to specialization and thereby to the advance of productivity is indeed both remarkable and brilliant. Yet his concept of the Invisible Hand was also devastating in its complacency. Smith believed that the invisible hand was the work of a merciful providence, whose economic designs were such as to ensure the wellbeing of all of society, including the working poor. By conveying the notion that the free market would best solve society’s material challenges, Smith laid the groundwork for a pervasive British disdain for economic relief for the poor, who became unworthy drains upon society in the public mind.

The Industrial Age began in Britain with James Watts’ steam engine of the 1770s, at nearly the same moment that Smith published the *Wealth of Nations*. Watt’s steam engine marked the breakthrough to modern economic growth. As Francis Bacon had envisioned centuries earlier, a sustained rise of economic output was achieved by a torrent of technological advances in every sector of the economy, including agriculture, mining, manufacturing, transport, communications, finance, public health, public administration, and more, including of course the military, which allowed Britain to create the most powerful global empire of world history to date. Britain’s economic and imperial successes reinforced the commitment of Britain’s elite to the philosophy of free markets. The United States followed Britain in adopting a free-market ideology, albeit one that was conjoined with America’s slave system up to the Civil War and to racial apartheid after the war.

In 1833, under the spell of Smith’s free-market teachings, Britain harshly restricted relief for the poor, even as Britain began to accumulate unprecedented wealth in the new Industrial era. In the 1840s, Britain turned a cold eye to Ireland as the potato famine ravaged the countryside and led to mass starvation, while British overlords continued with their *laissez-faire* attitudes. In the 1870s and 1890s, British imperial officials stood by as massive famines led to millions of deaths in India, while the British Viceroy insisted on a policy of *laissez-faire*. In the 1877 famine, the Viceroy Lord Lytton gave orders that “there is to be no interference of any kind on the part of Government with the object of reducing the price of food” (Davis

2002, p. 31). In this, he was following the strict precepts on non-intervention in famine conditions laid down by Adam Smith.¹³

The British empiricists had helped to unleash untold entrepreneurial zeal and the new wealth of nations, but also to unleash the vices, releasing greed from social responsibility and diminishing (even deadening) the ability of society to recognize and respond to horrendous horrors, such as the mass famines that killed millions. Vice had contributed to ingenuity, as Mandeville believed, but it also gave rise to much greater vice.

4 Economic Ethics of the Church's Social Teachings

The harshness of living and working conditions in the industrial cities and towns of Europe during the Industrial Age, and the rise of unprecedented inequalities of income and wealth, gave rise to demands for social reforms, leading to new philosophies of socialism, communism, and social democracy. In some deep way, all of these philosophies emanated from the ancient Christian view that the economy should serve the needs of the whole society, not only the rich. In practice, the new ideologies were set in a bewildering variety of secular and religious perspectives, ranging from Karl Marx's anti-religious historical and dialectical materialism to countless Protestant and Catholic social reform movements of the nineteenth century.

The secular left increasingly divided into social reformers and socialist revolutionaries. The social reformers generally sought gradual reforms within the framework of the market economy, while the socialist revolutionaries envisioned a new economy of social or state ownership that would overturn the market system. The reformers established the social democratic parties of northern Europe that gained power in Scandinavia in the first half of the twentieth century. The revolutionaries created the ideological basis that would lead the Bolsheviks to power in Russia in the 1917 revolution and after.

Into this increasingly agitated and polarized milieu, the modern Catholic Church under Leo XIII stepped forward to revive the moral synthesis of Thomas Aquinas under the new conditions of industrialization. The Church's main messages in *Rerum Novarum* and subsequent social encyclicals taught that social institutions and civil society should be oriented towards care for the poor and that private property rights must give way, when necessary, to ensure the wellbeing of the poor, the family, and the environment. The Church, for example, supported the right of workers to organize to secure rights and dignity and has long championed civil-society institutions as vital intermediaries between the state and the individual.

¹³Regarding the Bengal drought of 1770, Smith had written in the *Wealth of Nations* that "a famine has never arisen from any other cause but the violence of government attempting, by improper means, to remedy the inconveniences of a dearth."

5 Economic Ethics of Social Darwinism

Even as the ideologies of social reform were taking hold, and the modern Church's social teachings were being launched by Leo XIII, a very different and pernicious ideology based on the glorification of conflict arose in the middle of the nineteenth century. Despite the efflorescence of industrial wealth, the apocalyptic idea took hold that the new era was nothing less than a battleground for physical survival. Darwin's theory of evolution added a scientific gloss to this new ideology, which eventually underpinned the Nazi calls for race war.

The origins of the new ideology, are best understood through three leading British thinkers of the nineteenth century: Thomas Robert Malthus, Charles Darwin, and Herbert Spencer. Malthus famously taught that social reforms to help the poor were futile and self-defeating. According to Malthus, any temporary rise in income above subsistence levels would spur a massive rise of population that would drive living standards back to subsistence. In short, helping the poor would only lead to more poor people, not to a sustained reduction of poverty. In the early editions of his famous *Principles of Population* (first published in 1798), Malthus doubted that a sustained rise of living standards above subsistence was possible because of the offsetting rise in population, a view that he later tempered but never fully abandoned.

Roughly a half-century after Malthus, the great naturalist Charles Darwin put forward his pathbreaking theory of evolution through natural selection. Drawing on Malthus, Darwin reasoned that all species of plants and animals face a struggle for survival because there are more individuals in each generation than the environment can support. Random variations (later termed mutations) among the individual members of a species lead to a diversity of fitness within each generation. Those individuals with variations that confer a survival advantage have more surviving offspring, thereby increasing the frequency of their fitness traits in the next generation.

Herbert Spencer, a British social thinker and contemporary of Darwin, recast Darwin's evolutionary theory as a struggle for survival in human society. According to Spencer, an economy can never meet the needs of the entire population. Therefore, only the strongest members of the society can garner the resources to sustain life, while the weaker parts of society must inevitably perish along the way. Yet the result of this struggle for survival, argued Spencer, is progress for humanity, since the struggle for survival results in the "survival of the fittest;" that is, of the parts of society with the greatest talents and energies.¹⁴ While the struggle for survival may appear to be cruel, he argued that it is a necessary part of overall social progress.

¹⁴ Spencer coined the phrase "survival of the fittest" in *Principles of Biology* (1864), five years after Darwin's *Origin of Species*, and which Spencer had read and adapted. By 1868, Darwin adopted Spencer's phrase. Though Darwin emphasized that evolution could induce cooperation within a species, his use of Spencer's phrase left the impression that evolution is a ruthless process in which the unfit are doomed to perish in competition with the fit.

In Spencer's hands, survival of the fittest was used to justify a Smithian-Malthusian *laissez-faire* economic policy so as not to tip the scales of survival towards the unfit. Spencer's intellectual heirs in Britain and America argued for restrictions on reproduction by the underclass to improve the quality of the human stock. As the basic laws of genetics became known towards the end of the nineteenth century, the new field of "eugenics" emerged with the aim of enhancing the gene pool, with advocacy for forced sterilization and other brutal means to suppress the fertility of social groups deemed to be inferior.

An even more insidious form of Social Darwinism interpreted the struggle of survival as being among nations or races rather than individuals. This more insidious view regarded the Caucasian (white) race to be superior to the Black, brown, and yellow races as they were described, and in a struggle for survival vis-à-vis those other races. As grotesque as such ideas may appear today, European beliefs in European racial superiority were commonplace, even among leading Enlightenment philosophers such as David Hume and Immanuel Kant. In his essay "Of Natural Characters," Hume wrote, "I am apt to suspect the negroes, and in general all other species of men (for there are four or five different kinds) to be naturally inferior to the whites".¹⁵

Darwin added a profoundly erroneous scientific veneer to this racism in his otherwise magisterial *Descent of Man*. In a manner that is shocking today, Darwin repeatedly emphasized that the "savage races," with Black people and Australian aboriginals at the bottom, are just a small evolutionary step above the great apes, while the Caucasians are the superior human race. Because of survival of the fittest, Darwin surmised that both Black people and the great apes would be driven to extinction:

At some future period, not very distant as measured by centuries, the civilised races of man will almost certainly exterminate and replace throughout the world the savage races. At the same time the anthropomorphous apes, as Professor Schaaffhausen has remarked, will no doubt be exterminated. The break will then be rendered wider, for it will intervene between man in a more civilised state, as we may hope, than the Caucasian, and some ape as low as a baboon, instead of as at present between the negro or Australian and the gorilla.

In a brilliant monograph, historian Richard Weikart describes how Darwinian evolution was adopted by German philosophers and biologists as justification of race war (Weikart 2004). Nietzsche, in 1873, wrote that a true and consistent Darwinian ethic would "derive moral precepts for life from the *bellum omnium contra omnes* [war of all against all] and the prerogatives of the stronger" (Weikart 2004, p. 46). The sociologist Anastasius Nordenholz similarly argued that the highest moral principle is, "Everything that promotes increase reproduction of the more fit racial elements, even if [it is] at the expense of the unfit" (Weikart 2004,

¹⁵ Kant wrote approvingly of Hume, noting in *Observations on the feeling of the Beautiful and Sublime* (1764) that "The Negroes of Africa have by nature no feeling that goes beyond foolishness." <https://www.ucpress.edu/book/9780520240780/observations-on-the-feeling-of-the-beautiful-and-sublime>

p. 52). In the struggle for survival, any help given to the degenerate parts of society was a death knell for the more fit parts of the society and a dire threat to the society's survival.

The new Social Darwinism thereby turned Christian ethics on its head, stating that help for the powerful, not the weak, contributes to the survival of the species, while help for the poor threatens humanity and undermines the progress achieved by natural selection. The German ethnologist Friedrich von Hellwald wrote in 1875 that the struggle for existence is “the motive principle of evolution and perfection. [T]he weak are worn down and must give place to the strong; so in world history the extermination of weaker nations by the stronger is a postulate of progress” (Weikart, p. 81).

The final ideological step of Social Darwinism was Darwinian Militarism, which extolled wars of racial extermination as the way to add living space (*lebensraum*) for the superior races. Weikart cites German hygienist Max von Gruber as arguing in 1915, “There simply is not enough space for everyone!” Therefore, “humans are necessarily the enemy of [other] humans” (Weikart, p. 174). A decade later, Adolf Hitler took up the same themes, declaring that Germany must to expand to the east, and that the Aryan race must supplant the inferior races. In *Mein Kampf*, Hitler writes, “Whoever wants to live, must struggle, and whoever will not fight in this world of eternal struggle, does not deserve to live. Even if this is harsh—it is simply the way it is.” The result of this ideology of conquest and hate was World War II and the Holocaust.

6 Economic Ethics of Sustainable Development

The devastating disasters of two World Wars and the Great Depression temporarily ended the reign of free-market capitalism and social Darwinism. No credible leader or thinker could insist that the market system was guided by a providential “Invisible Hand.” No credible leader or thinker could argue after the Holocaust that the European races had proven their superiority over the rest of humanity. The post-World War II era in Europe was one of social reform, a grasping for social justice, and an attempt to rebuild shattered societies. In the US, the political realm and the voting booths were dominated by the reformist politics of Franklin Roosevelt and his New Deal.

As a result, both Europe and the US instituted extensive social reforms, including budgetary expansions of pensions, education, and healthcare. The countries of northern Europe went furthest in this new direction with bold national programs of “cradle-to-grave” social democracy, yet even the relatively *laissez-faire* Britain and US adopted fairly extensive programs of social support, albeit not with the scope, consistency, and depth of the social democracies of northern Europe. The Christian democratic parties in Germany, Italy, and elsewhere adopted programs most closely aligned with the Catholic social teachings.

Yet towards the end of the twentieth century, the postwar consensus in Europe and the US regarding social programs came under stress from three directions. First, almost everywhere, market forces led to a widening of inequality, most sharply in the United States, but also in Europe. Perhaps the biggest rise in inequality resulted from the economic returns to higher education, creating a growing gap in living standards between workers with only a high-school degree versus workers with a bachelor's degree or higher. Second, in the US and some parts of Europe, the corporate sector gained political leverage and pushed public policies towards reduced taxes and regulation. Third, widespread worldwide economic growth after World War II induced a startling range of environmental crises, ranging from human-induced climate change to the destruction of biodiversity, loss of ecosystems, and pervasive pollution of the air, water, soils, and oceans.

In the twenty-first century, especially considering rising inequality and increasingly dangerous environmental threats, the prevailing ethical systems and dogmas are no longer sufficient. The British philosophy of *laissez faire*, still with strong adherents in the US and UK, is failing to solve the deepening crises of social inequality and environmental destruction. The Easterlin Paradox demonstrated powerfully that rising wealth does not necessarily lead to rising wellbeing. The ideologies of race supremacy have by no means lost all support, even if such ideologies are widely treated as immoral and incorrect. In much of Europe and the US, explicit race supremacy has given way to a somewhat more socially-acceptable nativism and opposition to in-migration. Even the Nordic social democracies find themselves under intense stresses, with political pressures for tax cuts, deregulation, and anti-immigrant policies.

The ideological crisis of the early twenty-first century is made far more complex by the intense interconnectedness of national economies. In a world facing transboundary crises of climate change, pollution, depletion of ocean fisheries, deforestation, mass migration, nuclear arms proliferation, regional wars, international tax evasion, massive capital flight, and more, the need for global economic cooperation is greater than ever. Yet such cooperation requires trust and a common framework for action, in turn requiring respect for international norms and shared values. It is no longer sufficient for each nation to pursue its own economic ethics; we are now in need of a global economic ethics to underpin global cooperation.

Such a global ethical framework is taking shape, but far too slowly and too weakly to overcome the many burgeoning global crises. The birth of the United Nations in 1945 marked the single most important advance towards global cooperation in modern history. The UN Charter commits the world's nations to cooperate for peace, development, and human rights. The 1948 UN Universal Declaration of Human Rights establishes a globally agreed framework for human dignity and the promotion of political, civil, economic, social, and cultural rights. The UN family of institutions provide technical and financial support to nations across almost all economic sectors, including agriculture, industry, education, health, environment, telecommunications, science, culture, housing, finance, energy, and others.

In the past 50 years, the concept of sustainable development has gradually taken center stage. Starting in 1972, at the UN Conference on the Human Environment in

Stockholm, national governments acknowledged for the first time that modern economic growth is causing dangerous anthropogenic (human-caused) change to the Earth's environment. In 1987, the Brundtland Commission recommended the concept of sustainable development, according to which each generation would steward the Earth's resources to meet its own needs while ensuring that future generations could meet their needs. In 1992, at the Rio Earth Summit, the governments adopted major multilateral agreements to head off anthropogenic climate change, the loss of biodiversity, and the degradation of dryland regions ("desertification"). In 2000, the UN member states adopted the Millennium Development Goals for the period 2000–2015 to combat extreme poverty and deprivations of health, education, and infrastructure.

In 2011, the UN member states took this emerging consensus one step further, by adopting a resolution on "Happiness: towards a holistic approach to development".¹⁶ The resolution was proposed and promoted by the Kingdom of Bhutan, which four decades earlier had begun to explore the path to Gross National Happiness, inspired by Buddhist teachings and the guidance of the Fourth King, Jigme Singye Wangchuck. The UN resolution recognized that:

the gross domestic product indicator by nature was not designed to and does not adequately reflect the happiness and well-being of people in a country . . . [and] the need for a more inclusive, equitable and balanced approach to economic growth that promotes sustainable development, poverty eradication, happiness and well-being of all peoples

The UN resolution found a quick global uptake, with a worldwide resonance, with the member states declaring that "the pursuit of happiness is a fundamental human goal." In the resolution nations heard the echoes of Plato and Aristotle in putting *eudaimonia* at the center of politics; the inspiration of Jesus in the Sermon on the Mount in placing *Beatitudo* (happiness) at the center of moral teachings; and the wisdom of Buddha that had inspired Bhutan. The resolution was also underpinned by advances in the field of psychology, which was devising, testing, and assessing new means of measuring subjective wellbeing, such as the Cantril Ladder that is reported in the annual World Happiness Report, itself an outgrowth of the UN-wide movement to put wellbeing at the center of global cooperation.

All of these steps have helped to push the world towards a deepened vision of sustainable development based on four pillars: (1) economic prosperity for all nations; (2) social inclusion that "leaves no one behind"; (3) environmental sustainability; and (4) intergenerational justice.¹⁷ A further breakthrough was achieved in September 2015 with the adoption by UN member states of Agenda 2030 for Sustainable Development and the 17 Sustainable Development Goals (SDGs), and again in December 2015 with the adoption of the Paris Climate Agreement that aims to limit anthropogenic warming to less than 1.5 °C. Yet as of today, these high

¹⁶UN Resolution 65/309 adopted on July 19, 2011. https://digitallibrary.un.org/record/715187/files/A_RES_65_309-EN.pdf?ln=en

¹⁷For an overview of the challenges of sustainable development, see my book *The Age of Sustainable Development*, Columbia University Press, 2015.

aspirations remain unfulfilled, and the world is perilously destabilized by pandemic disease, wars, financial stress, and rising geopolitical tensions.

7 The Economy of Francesco and a New Global Ethics

Pope Francis's call for a new Economy of Francesco is a bold and incisive recognition that the prevailing global economic system, and its flawed ethical underpinnings, fail to serve human wellbeing and sustainable development. In his Papal exhortations and encyclicals, Pope Francis has inveighed against the global "throw-away culture" based on greed and disparagement for the "other." He has repeatedly bemoaned the "globalization of indifference" that is leading humankind to self-destruction, whether by environmental ruin or a third world war, which Pope Francis cogently argues to be already underway.

Pope Francis's two encyclicals are brilliant and scintillating underpinnings for a new global ethics of sustainable development and human wellbeing. They build on the Church's social teachings that the economy must serve humanity, rather than humanity serving the economy. They draw directly on Jesus's moral teachings on *beatitudo* (happiness) in the Sermon on the Mount, especially the happiness of those who are "poor in spirit," that is, solidaristic with the poor. Pope Francis repeatedly teaches that the unbridled defense of private property is idolatry, not ethics. Smithian *laissez-faire*, letting the poor to cope with their deprivation while the rich despoil the planet, is intolerable.

Pope Francis powerfully declares in *Laudato Si'* that, "Interdependence obliges us to think of *one world with a common plan*," a point that he underscored for world leaders in his speech at the UN on September 25, 2015, just before the unanimous adoption of the SDGs.¹⁸ In *Fratelli Tutti*, Pope Francis shows that the pathway to a common plan is *encounter with the other*, or trust-building and bridge-building to overcome enmities and to forge bonds of trust for common action.¹⁹ The Pope's advice may be the most important message for our survival today, in a world in which diplomacy is increasingly disdained in favor of hostile soundbites against one's foes in the social media. The breakdown of global trust has again carried us to the precipice of nuclear war. As UN Secretary-General António Guterres has stated, "Humanity is just one misunderstanding, one miscalculation away from nuclear annihilation".²⁰

¹⁸Find *Laudato Si'* at https://www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html

¹⁹Find *Fratelli Tutti* at https://www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20201003_enciclica-fratelli-tutti.html

²⁰<https://apnews.com/article/russia-ukraine-covid-health-antonio-guterres-2871563e530f9a676d7884b3e2d871c3>

The Economy of Francesco is not itself a blueprint for a new global economic ethics. It is a roadmap to help achieve one. It is a call, especially to young people, to reconsider the economic institutions needed for global wellbeing and sustainable development. This reassessment will benefit enormously by drawing on the long history of economic ethics, and by enduring insights of the past for today's economic realities.

In my judgment, the enduring wisdom of economic thinking includes the following themes:

The insight of the Ancient Greeks that human nature is divided between reason and impulse, and that the ethical work of individuals and society is to cultivate the rational virtues;

The insight of the Ancient Greeks that moderation is key to forging virtues and achieving social cooperation;

The insight of the ancient Jews and Christians that each individual deserves dignity and therefore has intrinsic human rights;

The insight of the ancient Jews and Christians that society's institutions, both religious and secular, should assume the responsibility for "the least among thee;"

The insight of the British empiricists, following Bacon, that technological progress can reduce the misery of humankind;

The insight of the British empiricists that a market system can inspire ingenuity and entrepreneurship, though also undoubtedly bringing new dangers of unleashing the vices;

The insight of the Catholic social teachings that a market system, including private property rights, can never be absolute, without becoming a new idolatry;

The tragic lesson of modern history that the economy need not be a battleground or a struggle for survival, as was wrongly claimed by the Social Darwinists and their heirs;

The insight of ancient wisdom (Greek, Buddhist, Jewish, Christian) that happiness (eudaimonia, beatitudo) is a vital objective of humankind; and

The insights of Pope Francis that our interdependence obliges us to have a plan for our common home, and that to live peacefully in that common home, we need encounter and dialogue.

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Gratuitousness



Valentina Rotondi and Paolo Santori

Abstract This chapter proposes the idea of gratuitousness, i.e., a sincere concern for the good of others, as a pillar for the age of sustainable development. First, it analyzes the Greek notion of virtue, mainly focusing on Aristotle’s doctrine. Second, it presents reasonable pluralism, i.e., the many ethical, religious, and political precepts sustained by people in liberal societies, as a candidate objection to contemporary society’s revival of virtue ethics. Third, it shows evidence from time use data that gratuitousness is a widespread experience in people’s lives. Fourth, it estimates the economic value of some gratuitous acts (caring for grandchildren) in a case study from Italy.

1 Introduction

Jeffrey Sachs’ article surveyed some of the most influential ethics of the Western world to determine which economic ethics might be suitable for the so-called age of sustainable development. He helps the reader discern which lessons learn from the past and which leave behind. The list proposed by Sachs is composed by (1) Ancient Greeks and Romans ethics; Biblical; Judaism and early Christianity; British empiricism; Social Darwinism; and the Church’s modern Social Teachings. One of the messages that emerges from Sachs reasoned survey of these ethical systems is that we should keep virtue ethics and the conceptualization of the hearth as the common

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home of humanity as the two pillars on which we build the age of sustainable development. In contrast, we should discard the idolatry of the free market economy, the social Darwinism, and the idea that the market is a competitive zone resembling the war, where there are fitting/deserving winners and unfitting/underserving losers.

Sachs' ethical maps are a precious tool for the young economists and entrepreneurs of the Economy of Francesco. This chapter aims to enrich that map by critically evaluating some of the ethical advice advanced by Sachs. Together with eudaimonia, rational virtues, and moderation, we propose the idea of gratuitousness as a pillar for the age of sustainable development. More specifically, we reflect on the feasibility of the virtue ethics model for the age of sustainable development. We believe that the model is valid if enriched with gratuitousness, i.e., a sincere concern for the good of others.

Our roadmap is the following. The first section analyzes the Greek notion of virtue, mainly focusing on Aristotle's view. The second section raises a possible objection to contemporary society's revival of virtue ethics: the fact of pluralism, i.e., the trade-off between a substantial view of a good life (as in virtue ethics) and the many ethical doctrines sustained by people in liberal societies. We conclude by showing evidence from time use data that gratuitousness is a widespread experience in people's lives in a sample of countries, and in Italy in particular, and can have a potentially high economic impact.

2 The Greek Roots of Virtue Ethics

The Greek philosopher Aristotle taught that a happy life is a life that is lived according to virtues; virtues are traits of human nature that express excellence (Annas 1993, 2006; Nussbaum 2001). The Greek word for virtue is *aretè* (ἀρετή), which shares a root with the word aristocracy, which means the rule of the best. However, a virtuous life does not simply 'happen,' as the pre-Socratic meaning of happiness (*eudaimonia*) and the contemporary word 'happiness' (from 'to happen') suggest (Bruni 2010). Virtue is a habit that should be cultivated through constant exercise and practice. The Latin word for habit is *habitus*, from the Greek word *héxis*, which means a disposition acquired through continuous and intentional action. Virtues, therefore, do not depend on an individual's taste or desire: they are traits that express the excellence of our nature. This perspective is very far from the theory of utility functions (and its implicit idea of happiness as utility) that rules economic theory. The essence of virtues is inextricably tied to how those same virtues are acquired. In the Greek world, 'ethics' refers to an ethical life (*bios etikos*), i.e., virtues are learned in the social and political spheres. More specifically, virtues are learned in the master-disciple relationship, then progressively tested, and developed in political life; only a few can go even further until the exercise of theoretical life (*bios theoretikos*). The Greek man walked through the long path of virtues all his life, but the most crucial step was when he became self-sufficient (Viner 1978), i.e.,

capable of ethical reasoning (practical wisdom) without the need of a guide (masters or friends).

Once developed, virtues help individuals achieve good through their actions, bringing them to a state of *eudaimonia*. This also suggests the importance of caring for others (e.g., family, friends) and for the common good of society (e.g., politics, economics); read through the lens of virtue ethics, caring for individuals and society are two sides of the same coin.

Sachs's contribution includes *eudaimonia*, virtues (he specified *rational* virtues), and moderation as pathways to follow toward a socially and economically sustainable economy. In a nutshell, he puts ethics, and the main questions that an ethical approach poses, back to the fore. However, as we will show in the next section, some complications might be attached to this idea. Indeed, beyond *utilitarian* ethics—'what I (or others) believe is useful for me'—and, implicitly, beyond *Kantian* ethics—'what must I do'—economics today must deal with the question of virtue ethics, 'how can I become a good person?'.

3 Pluralism, Biodiversity and Virtue Ethics

In the history of ideas of Western civilization, utilitarianism and deontology replaced virtue ethics. This replacement happened for at least one reason. Notice that when we say that utilitarianism and deontology replaced virtue ethics, we are not arguing that the Western world has made progress in this transition. Instead, we claim that whoever proposes to return to rational virtues and *eudaimonia* today has to address one crucial problem that has been well expressed by John Rawls, the most influential political philosopher of the twentieth century. Proposing his theory of the social contract, Rawls rejected both utilitarianism and virtue ethics as two possible grounds for a democratic society based on freedom and equality. The reason for it is expressed in the first page of Rawls's book titled "Political Liberalism": "*The political culture of a democratic society is always marked by a diversity of opposing and irreconcilable religious, philosophical, and moral doctrines. Some of these are perfectly reasonable, and this diversity among reasonable doctrines political liberalism sees as the inevitable long-run result of the powers of human reason at work within the background of enduring free institutions*" (Rawls 1993, p. 4). Virtue ethics lies within a comprehensive doctrine that, in Rawls' view, cannot be the basis of a modern liberal society. The basic institutions of a society should be grounded on principles from a political conception of justice.

What are the differences between a comprehensive doctrine and a political conception? According to Rawls, there are three main differences. First, the political conception is applied only to the basic structure of society, that is, its fundamental economic, political, and social institutions (Rawls 1977). Conversely, a comprehensive doctrine concerns and informs human life, from the private to the public sphere. Individuals can adopt a political conception for some comprehensive doctrine, but it should not be constructed or presented starting exclusively from that doctrine (Rawls

1988). Second, political values create a space where opposing world views can find their justification. The convergence on a set of political norms and ideas which different comprehensive doctrines can share for different reasons (overlapping consensus), is the ideal outcome of this process (Rawls 1987, 1989). Third, a political conception should be grounded in the public political culture of a democratic society. This last requirement restricts the kind of society in which political liberalism can be applied, and the ancient polis grounded on virtue ethics can hardly be counted within these societies.

Applying Rawls's words to our topic, we should ask if Western societies—not to mention the rest of the world—share a common idea of what expresses the excellence of human nature or a common idea about human nature in general. Aristotle said that *eudaimonia* is comprised of different ingredients, and sciences such as ethics cannot deal with them with mathematical precision. Nonetheless, he endorsed a precise conception of human nature as he believed that humans are made by *ergon*, potentialities, that we should cultivate to reach happiness. What if someone disagrees regarding what their *ergon* is about? Should we exclude dissidents from society?

Remember that to promote virtue ethics among citizens, as Sachs also reminded us, we need a society (education, institutions, politics) built in a way that supports virtuous practices. It was not by chance that virtue ethics emerged primarily within the strict boundaries of the ancient city-states (*poleis*). Hence some questions: Is it realistic to think that our pluralistic societies can be re-built based on shared virtue ethics? How can we design policies that balance people supporting virtue ethics and endorsing other perspectives? In economic terms, if *eudaimonia* has to replace happiness as utility, what would we do with people supporting utilitarian or libertarian views? Should we exclude them from the design of our societies and markets?

To us, these are, so far, still unresolved problems regarding virtue ethics as applied to twenty-first century. At least in Western societies, there is a paternalistic element in virtue ethics which is difficult to reconcile with the modern emphasis of freedom and liberty. Are we trapped in this trade-off? In what follows, we explore a possible way out.

4 Gratuitousness

EoF is built upon Franciscan Economic Thought. There is a tie between the age of sustainable development depicted by Sachs and the concept of perfect joy (*Perfecta Laetitia*) of St Francis of Assisi: gratuitousness. Luigino Bruni, the scientific director of the EoF, reported old wisdom from the Bible that the happiness of our children is more important than our happiness (Bruni et al. 2021). Today, we express this concept about sustainability and our duty to future generations. The gratuitousness that leads us to promote the good of others, the good of society, and the good of the environment are inevitably related to our happiness and flourishing. To us, gratuitousness is the element needed to transform the current economic system.

Aristotle would have agreed with this reasoning. His most important book is *Nicomachean Ethics* (2019), ethics for his son Nicomachus. For Aristotle, ethics was akin to a father advising his son on how to live a good life. Moreover, in Aristotle's view, there is a mysterious and beautiful paradox regarding virtues and *eudaimonia*: if you seek virtue as a means to reach *eudaimonia*, you will not get it; however, if you cultivate virtues as ends in themselves, seeking no other goals through them, you will reach *eudaimonia* (Nussbaum 2001). A philosopher distant from Aristotle, Theodor W. Adorno, perfectly expressed this concept when it comes to happiness:

To happiness the same applies as to truth: one does not have it, but is in it. Indeed, happiness is nothing other than being encompassed, an after-image of the original shelter within the mother. But for this reason, no-one who is happy can know that he is so. To see happiness, he would have to pass out of it: to be as if already born. He who says he is happy lies, and in invoking happiness sins against it. He alone keeps faith who says: I was happy. The only relation of consciousness to happiness is gratitude: in which lies its incomparable dignity. (Adorno 2005, p. 124)

This attitude of considering virtues as goals rather than means—which resembles the ideas of considering other people as goals rather than means—is very closely related to gratuitousness.

We believe we should put gratuitousness at the core of the debate within economics. To date, gratuitousness is usually opposed to the instrumental logic of market relations, relegating it to a tiny and highly minor space. We should not be afraid to imagine an economy built on gratuitousness, which is not necessarily self-sacrifice or altruism. Conversely, gratuitousness can involve interacting and vivifying market relations based on mutual advantage (Bruni and Sugden 2008). We should also recognize and emphasize how great gratuitousness already plays in our societies, from firms to markets and from families to civil societies.

Gratuitousness is present in various degrees in each sphere of human life. To show how gratuitousness can exist within the logic of contract, imagine the following scenario (an ideal type of a real-life situation). Paolo is the owner of a computer shop. At the end of the day, he is left with two computers in his storage. One is very expensive due to its high performances and characteristics, but, for the very same reason, it will need to be substituted in 3 or 4 years (computer A). The other is a reliable computer, normal price, medium performance, duration guaranteed for 8–10 years (computer B). Valentina approaches Paolo's shop, asking the owner for some advice: "I am a PhD researcher in Economics, I need a computer to write down my PhD thesis. I am not an expert of computer. Since my salary as PhD is modest, I would like to buy a normal computer, one that guarantees the basic performances I need as writing or reading, and that I do not need to substitute soon". Which computer will Paolo sell? According to the standard economic paradigm, he is concerned with his own interest and so will try to maximize it selling computer A. After all, he is not cheating Valentina, it is not a case of *caveat emptor*. He is just maximising his own profit. Nonetheless, if we bring gratuitousness in this scenario, we see that the selling of computer B not only is the normative choice (what Paolo should do), but Paolo's normal behaviour (what he usually does) in similar situations. How many sellers who opted for the computer B have you encountered in

your life? There you met gratuitousness in the economic sphere. Be careful: Paolo is not being altruistic toward Valentina. He gains from the exchange, as well as Valentina does. Still, Paolo considered Valentina's interests alongside his interest during the market transaction. His profit is moderate in respect of the first situation, but the goal of the economic contract, i.e., mutual advantage, has been achieved. Mutual concern is the form in which gratuitousness manifests in market exchanges alongside with self-interest. The main message is that humans can express in the markets, as well as in other spheres of civil life, some degree of gratuitousness which are in turn connected to their happiness. The nets of relations grounded on gratuitousness which constitutes civil life can be defined as the common good of society.¹

On the top of these considerations, we believe gratuitousness is less normative and demanding than virtue ethics. To argue for such a statement, we would need an entire book (perhaps libraries). More importantly, we would need to locate our analysis, saying which political, economic or social context are we referring to. In what follows, we show (with a somehow imprecise analysis) one of the important roles played by gratuitousness in some of our societies.

5 Gratuitousness in the Data

Time is the resource (limited by definition) that all living human beings hold. All around the globe, humans share the same "time budget" of 24 h per day or 8760 h a year. In addition to the total amount of hours humans hold, there are many commonalities in how this time is spent during the day, as humans should do several essential activities (such as sleeping and eating) to survive. However, there are also many significant differences in the freedom (capability, we should say) people have in using this time for the things they value the most.

Understanding how people spend their time constitutes the first (although extremely rudimentary) step to understanding the relevance of gratuitousness in and for people's lives. The data we can get for this simple analysis comes from the so-called time-use surveys. Time-use surveys record information on how people allocate their time across different day-to-day activities through individual diaries over one or several representative days for a given period. In this first exploratory analysis, we rely on data from the OECD Time Use Dataset, which contains the estimates from time diaries from 33 countries. First, we explore key patterns that emerge from this dataset regarding gratuitousness. Second, we dig deeper into the data from one country, Italy, and estimate the economic value of grandparents' time devoted to care for their grandchildren. Italy constitutes an interesting case study in this respect. As shown by Aassve et al. (2012) using longitudinal data from the SHARE dataset,² grandparenting is widespread in Europe. Even in Northern

¹This example is an adaptation by the one employed by Santori (2021).

²The Survey of Health, Ageing and Retirement in Europe—<http://www.share-project.org/>

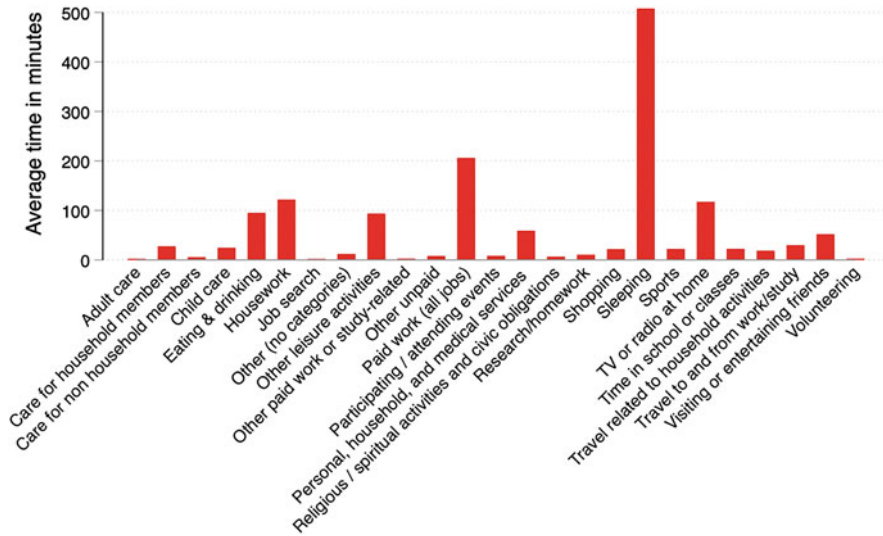


Fig. 1 Source: OECD Time Use Database. For most countries surveys were conducted between 2009 and 2019

European countries such as Austria, France, Germany, Sweden, and Denmark, many grandparents care for their grandchildren at least once a week. However, when looking at the percentages of grandparents caring for their grandchildren daily, Italy, Spain, and Greece play the lion’s share, underscoring how grandparents are often the predominant (if not the only) available childcare option in these countries.

5.1 *Gratuitousness in People’s Lives: The Case of Grandparenting*

Let us start by looking at the minutes per day dedicated by people in the overall sample³ (the average for all people in the working age bracket, mostly from 15 to 64 years, whether employed or not) to different activities. Figures 1 and 2 summarize the main results. Not surprisingly, the two most time-consuming activities reported by the respondents across our sample are sleeping (slightly more than 500 min a day on average) and working (slightly more than 200 min a day on average), immediately followed by doing housework (slightly more than 120 min a day on average). The third (the second if we do not consider an essential activity such as sleeping)

³The sample includes: Australia, Austria, Belgium, Canada, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovenia, Spain, Sweden, Turkey, UK, USA, China, India, South Africa.

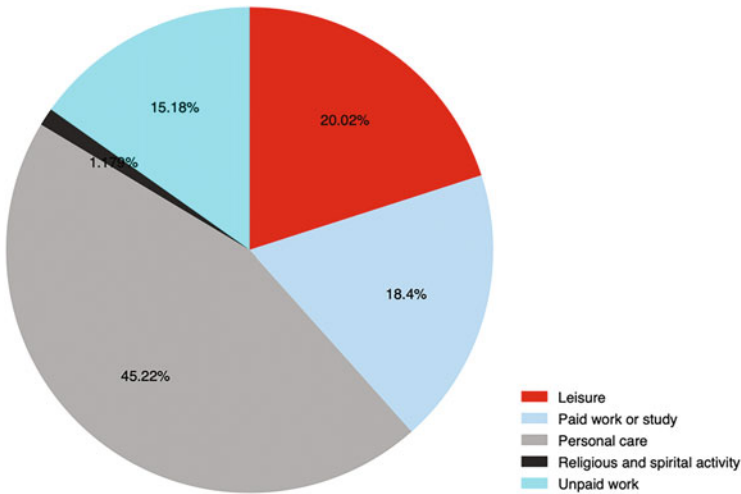


Fig. 2 Source: OECD Time Use Database. For most countries surveys were conducted between 2009 and 2019

most important activity in people's daily lives is, therefore, an unpaid activity. When we aggregate all the activities carried out by people into macro-categories (the exercise shown in Fig. 2), we realize that 15% of people's daily time is devoted to unpaid activities.⁴ This figure is likely an underestimate of people's gratuitousness. As indicated above, gratuitousness is, in fact, often silent and difficult to quantify (think of a smile for a colleague or a kind word said to a supervisor who is facing a difficult situation at work). Precisely for this reason, however, this figure⁵ is symbolic: we dedicate 15% of our time to activities whose beneficiaries are often not ourselves and we do it for free, without any market transaction.

5.2 *The Case of Grandparenting*

Let us now introduce grandparenting in Italy as a case study (we are grateful to our colleague, Emilio Colombo, for suggesting this empirical exercise). Let us start by asking: how many grandparents are there in Italy? Answering this question is by no means easy as that there are no official statistics on the number of grandparents living in Italy. However, it is possible to infer their number by leveraging the richness of

⁴The activities included are routine housework, care for household members, childcare, adult care, care for non-household members, volunteering, travel related to household activities, other unpaid.

⁵These data mask a significant gender inequality, with women devoting, on average, 131 min more than men to unpaid activities, a condition that hampers gender equality (see the Sustainable Development Goal 5.4).

representative surveys of the Italian population and then estimating the number based on census data by age group. For this purpose, we draw data from the survey “Family and Social Subjects (FSS henceforth)” carried out by the Italian Institute of Statistics (ISTAT) in 1998, 2003, 2009, and 2016, which collects information on a range of demographic and socio-economic characteristics. In this chapter, we use the 2009 survey. Grandparents are asked about the frequency (once a day, more than once a week, once a week, less than four times a month, a few times a year, and never) of face-to-face contact with up to three non-residential grandchildren. Grandparents with at least one grandchild below the age of 13 are asked whether and during which occasions they look after them (i.e., Never; When their parents work; During occasional commitments of parents; When parents want to go out in their free time; During the holiday periods; When the grandchild is sick; In times of emergency; Other). Using this information, we estimate the number of grandparents with at least one grandchild below the age of 13, in 2009, in Italy. In 2009 were interviewed 5199 grandparents, amounting to 39.32% of the 13,223 individuals aged 35+. According to the Italian National Institute of Statistics, in 2009, there were 37,309,798 living individuals aged 35+. We can then infer the number of living grandparents aged 35+ in 2009: 14,670,212.57 individuals. Of those individuals, 34.48% (as depicted in the FSS) look after at least one grandchild below 13 years when parents are at work, which amounts to 5,058,289 individuals.

We now estimate the economic value of grandparents. First, we restrict our analysis to grandparents who are (in principle) out of the labor market, i.e., those over 60 years old (76.54% of the FSS sample amounting to 11,228,580 individuals). Second, we use our second data source: the Italian time use data obtained through the MTUS Extract Builder database and available for 2008.⁶ This survey drew a national sample of private households and asked all three and older household members to complete one 24-h diary. For our purpose, we restrict the sample to individuals aged 60+ who do not work. The survey split households into three similarly-sized groups, one who completed their diaries on a random weekday, one who completed diaries on Saturdays, and the third who completed diaries on Sundays. All household diarists were asked to complete their diaries on the same calendar day. The diaries covered 24-h periods, starting at 04:00 on the diary day, and divided the observation period into 10-min intervals where people recorded their main activity and any secondary activity in their own words. Diaries also covered location and mode of transport, who else was present, and whether the diarist used a computer or the internet during the activity. After collection, the activities are coded into 270 categories. One of those categories is what we need: time dedicated to childcare activities.

To be sure to include only grandparents in the sample, we exclude individuals with cohabiting children (below 18). We calculate the average time in minutes

⁶Jonathan Gershuny, Marga Vega-Rapun and Juana Lamote. Multinational Time Use Study [dataset]. Centre for Time Use Research, UCL IOE, University College London [www.timeuse.org/mtus/], 2020.

grandparents spend with their children per day in Italy. We then calculate the average time in minutes grandparents spend with their children per day in Italy. This figure amounts to 9.8 min which we approximate to 10 min a day, 50 min per working week. Considering the average hourly pay of a babysitter in the period under consideration (6.5 € per hour, so 5.42 € for 50 min), we can then calculate the annual economic value of grandparents considering the 254 working days occurring in 2009: 15,448,655,618.36 € (an average of 1375.83 € per grandparent or, better, per family, per year). This figure is likely to be underestimated. Grandparents, in fact, usually perform a whole range of additional free activities to the benefit of their children and grandchildren that are not only strictly caring activities. Think, for example, of time spent helping their children with household chores or doing administrative/bureaucratic paperwork.

These acts of gratuitousness (as well as all acts of gratuitousness that we can imagine and could try to account for) are not included in the national accounts and yet they have very large positive externalities for society as a whole. Let us go back to the case of grandparenting. To date, extensive academic research shows that grandparents positively affect their grandchildren and their families. The existing literature shows that when grandparents help their children care for the grandchildren, all child-parents are likelier to have another child. This association is particularly strong in southern European countries where there is often little availability of public daycare centers and little labor market flexibility, and grandparents are often the only childcare option available to families (Aassve et al. 2012). Moreover, intermediate generations “take advantage” of grandparents’ help caring for their children to reconcile family and work more easily (Del Boca 2002). Finally, the economy benefits from grandparents caring for their grandchildren because this allows for greater participation of young women in the labor market (Arpino et al. 2014).

6 Concluding Remarks

Given the powerful economic impacts of gratuitousness, we might be tempted to bring it into a contract by bringing it into the market. These acts of gratuitousness, however, usually share a peculiar characteristic: when remunerated, they disappear. The real-life experiment by Gneezy and Rustichini (2000) provides a vivid example in this direction. In their field study conducted in Haifa, at 6-day care centers, parents arrived late to collect their children, forcing the teacher to stay longer after closing. The authors introduced, therefore, a monetary fine (i.e., a sanction) for late-coming parents to reduce the incentive to collect their kids late at the end of the day. Surprisingly, the consequence of the sanction was harmful as it increased (doubled) the number of late-coming parents. More surprisingly, when the fine was removed the parents’ lateness persisted unaffected. Why did this happen? It happened for several reasons, the most prominent one being that parents started thinking of lateness as another commodity they could purchase, i.e., they started considering

the fine as the market price for lateness. Put another way: the assumption that policies that affect economic self-interest do not affect ethical, social preferences, or “moral sentiments” [the so-called separability assumption formalized by Bowles and Hwang (2008)] is often violated in real-life circumstances when contracts are incomplete, and information is either asymmetric or missing (Bowles 2008). Increasing experimental literature shows that extrinsic incentives may conflict with other (intrinsic) motivations and crowd them out in many situations where market failures span from environmental degradation to workaday exchanges within labor and credit markets. In a nutshell: contracts cannot be the answer (maybe the complement?) to the pervasiveness and importance of gratuitousness in our daily lives.

What to do, then? We need to start valuing gratuitousness without embedding it into a contract. How? First, it is necessary to recognize that gratuitousness is based on a relationship; it is closely related to, and to some extent dependent on, relational goods (Gui 1996). Relational goods, in turn, are often generated in acts of gratuitousness; think of the difference between buying a commodity and going to the market. In the former case, there is a simple exchange between two necessities and gratuitousness, if present, remains implicit. In the latter case, an encounter between people goes beyond exchanging money for a commodity. It generates a relational good grounded in the gratuitousness of several acts and predispositions (the mutual kindness of the merchant and buyer, empathy towards other buyers more in need of care, etc.). Gratuitousness, in turn, is one of the many components of happiness, which is but one dimension of life and not its ultimate goal.

Returning to our simple case study about grandparenting in Italy, it is not only the economic value of grandparents’ gratuitous acts that counts. Instead, the motivation and the ethical drive that leads them to put themselves at the service of the future that their children and grandchildren represent counts. This is the essence of sustainable development. Gratuitousness is the silent protagonist of our reflections and lives. Perhaps part of its beauty lies in its silence, but we believe that as EOF we should speak about gratuitousness more often because we can do it authentically: that is, *together*.

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Peace, Faith, and Economy



Mons. Pierbattista Pizzaballa

Abstract This chapter outlines the current context of globalization and the challenges related to it. It then develops, in the light of the social doctrine of the Church and the magisterium of the last Popes, and in particular of Pope Francis, some closely related themes: faith—with particular attention to “integral human development”—, peace, universal fraternity and the urgency, invoked by Pope Francis, of a new economy based on a new man in whom the Christian recognizes the traits of the New Adam, the Christ. It does so with a special focus on the “warm” context of the Middle East in which the need for interreligious and intercultural dialogue is particularly felt.

1 Introduction: To Re-animate the Economy

At the outset, I must confess that I am not an expert in economics. The economic dynamics of the world and regions are known to me as any other citizen trying to inquire, but nothing more. Having invited me to speak in this context, I assume and take it for granted that the perspective from which I will have to try to analyze the theme of Peace, Faith, and Economy is that of those who live in the Middle East. Do not expect from me, therefore, a general analysis of social and economic problems in general. Moreover, it must be said that the situation and fate of the Middle East region are also decisive for a large part of the West and beyond. On the other hand, they are similar to many other economically depressed regions.

The Levant region, on the one hand, is one of the richest in the world of energy resources, of which the world is increasingly hungry and therefore economically attractive. On the other hand, it is paradoxically among the most conflictual and socially depressed regions globally. Allow me, after briefly outlining the phenomenon of current globalization, to reverse the elements indicated and thus develop my

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presentation in three points: *faith and integral human development, universal peace and fraternity, new economy, and a new man*. This reversal has a precise meaning, which I hope will become more apparent at the conference. In the face of the dizzying global changes, we are witnessing and the increasingly pressing challenges from which no one can be said to be exempt, and given the interconnection that characterizes our times, it is very urgent “to re-animate the economy,” as Pope Francis said in his recent message addressed to you. The Pontiff pointed to Assisi as an ideal place and the figure of St. Francis as a point of reference for the inspiration of this new “soul” of the economy, since “from his choice of poverty springs (...) a vision of the economy that remains very topical”.¹

In his encyclical *Fratelli tutti* (2020), the Pope proposed the saint of Assisi as an icon of universal fraternity capable of “a love that goes beyond the barriers of geography and space”.² For me, called to carry out my ministry in the Middle East, first as a friar, professor, parish priest, and head of the Christian community of Hebrew expression in the Holy Land, then as a guardian of Holy Land and now—in a completely unexpected way—as Latin Patriarch of Jerusalem, it is very significant that Pope Francis wanted to base the encyclical *Fratelli tutti* on the episode of St. Francis’ visit to the Sultan of Egypt Malik-al-Kamil.³ Thus, the Pontiff writes, at the beginning of the encyclical, about this historic meeting: “There Francis received true peace within himself, freed himself from any desire for dominion over others, made himself one of the last and tried to live in harmony with everyone. He is the reason for these pages”.⁴

2 Globalization and New Challenges

We are facing new and dramatic challenges globally, as demonstrated, for example, by the Covid-19 pandemic, which we are still facing and whose consequences we do not yet know, not only at the health level, but also psychological, social, political, and economic. The resulting fear marks, directly or indirectly, the life of our time and seems to have paralyzed us. 2020 was a year characterized by fear, at all levels. Everything seems to have been overturned by this infinitesimal but powerful virus that collapsed our “Tower of Babel,” also economic, which has in a short time eliminated our projects and left us disoriented. As a result of the pandemic, the economy of various nations has undergone a worrying collapse: the unemployed have increased, many industries and small businesses have had to close, the ranks of the new poor have increased at the gates of churches and charities. The future of so many governments, the economy, and labor are uncertain and, in some cases,

¹Francis, *Message for the event “Economy of Francis” (Assisi, 26–28 March 2020)*, 11 May 2019.

²Francis, *Encyclical Letter “Fratelli tutti” on fraternity and social friendship*, n. 1.

³Cf. Francis, *Encyclical Letter “Fratelli tutti” on fraternity and social friendship*, no. 3–4.

⁴Francis, *Encyclical Letter “Fratelli tutti” on fraternity and social friendship*, n. 4.

worrying. A second example of a “globalized crisis” is the phenomenon of demonstrations—sometimes particularly violent—in various nations of the world, which, although they have specific motivations at local level, have various common foundations, such as, for example, social injustice in the arena of labor, the enormous differences of a society between a wealthy *elite* that has the economy and many poor people, in their hands, new forms of poverty, the serious pollution due to land use, the use of war and violence for easier access to energy resources, political violence, etc. . . . In short, the economic theories on which international policies have been based in recent decades, often coordinated by international bodies, have not brought a fairer and more supportive world, have not erased poverty, but rather the opposite, and are now more than ever showing their failure. But these are topics that you know better than I.

A third example is the new technologies which, while they represent a magnificent opportunity for progress for humanity, are not accessible to everyone and at the same time raise countless ethical questions.

I briefly provided only three examples of challenges of so-called “globalization,” but I think each one could add so many others. I think you know better than I what the serious political, social, and economic distortions are in the world.

It is no secret that religious institutions (and non-religious!) have often played a negative role in this context: sometimes they have been exploited as an element of *status quo*, that is, of preserving the existing state of things, sometimes—as in the Middle East, but not only—they have been used to justify violence, the exclusion of the other and injustice, or they have been incapable of being a prophetic voice that calls man to the common responsibility for justice, equality, respect for human rights, etc. Thus, many say it would be better to exclude religion from public life altogether or eliminate it.

Western nations have developed refined theories about the need to exclude God from public life because—as they say—only in this way can true freedom be achieved. But even this theory has proved fragile. The great dictatorships of the twentieth century, for example, openly atheist and anti-religious, did not show themselves as docile and open as they set out to be. Even the famous practicing atheist, Douglas Murray, had to rethink that theory cleverly. He asserts that many optimistic atheists believed that, once they were overthrown and driven out of the scene, they could live as adults and carry on the utopian project of creating a society based on faith in ourselves. He, however, had to acknowledge that these skeptics were unfortunately skeptical about everything but the goodness of humanity.⁵

The history of humanity, from its origins to the most recent days, demonstrates that humanity—even without God—is not necessarily good, positive, or freer.

Globalization itself—in short—is a positive phenomenon. It is also problematic, however, when it does not place the human person as such at the center of its attention as a subject of rights and duties, but rather the global interest. The global economy has intensely changed the concept of work, the role of trade unions, the

⁵Based on his book: Douglas Murray, *The Madness of Crowds*.

rights acquired in the previous century, exposing the worker to precariousness. The economic crises of recent years have accentuated the phenomenon that places financial interest at the center, to the detriment of the person. The religious community that insists on putting the interests of the person at the center of attention and not a generic global economic well-being, is therefore accused of stopping the path of progress, of protectionism and so on.

The phenomenon of the migration of peoples has created incredible opportunities in terms of intercultural dialogue, but it has also created many fears. Religion is accused or uncritically welcomed by different populations or is used instrumentally to affirm and defend cultural identities as new populations advance. Moreover, in almost all migrants' societies of origin, there is a link between religion and state, accompanied by a profound democratic deficit. In contrast, in most host countries, the secularization of societies is evident. In the face of the migratory phenomenon, therefore, there is a demand for recognition and respect, a need for knowledge of other religions in all their diversity and in their links with the different political and cultural realities. Religion, in this sense, has a fundamental role, which is to preserve the historical identity of those who welcome, serenely and critically.

On the other hand, it has the task of making it clear that affirming an identity does not necessarily mean excluding that of others. In short, we must avoid, on the one hand, the asserting of generic, theoretical identities not linked to the history and culture of the peoples they welcome. On the other hand, it is necessary to welcome the other, serenely and without fear. Religion must also help to reflect on the category of memory, especially in the West. There is a big difference between the historical memory of the host country and the memory of migrants. They are increasingly demonstrating their desire to establish a dialogue with host societies and their desire to be recognized not only as workers and consumers but also as human beings, with their own culture, history, and tradition. In conclusion, the answer to problems of this kind is not to erase identities but to place them critically and serenely in dialogue with each other. A faith that dialogues does not water down but is enriched and strengthened.

The global challenges, which I superficially mentioned, need a clear reaction and strong resilience. Such resilience should not be based solely on an immediate response to specific problems. We cannot, for example, restore justice, have a safe and clean environment, avoid any exploitation and respect everyone's rights only through specific laws. *Stable* changes in society, in the economic field as in any other context, must be based first and foremost on spiritual renewal and cultural change, which, in turn, requires investment in education and long periods. In short, it is not the time for emergency solutions but to rethink from the root the religious and cultural models on which our policies and relations are based at all levels.

3 Faith and Integral Human Development

Faith is the experience of God, having an awareness of His presence, living in that relationship that sustains personal and social life. The believer rooted in life in God does not fear confrontation and does not feel threatened by differences because, in God, he already has everything and lacks nothing. It is therefore becoming increasingly necessary to make a recovery of *the prophetic and educational meaning* of religious experience. It can no longer be first and foremost a membership decided by birth or circumstances to which one adapts, but a chosen and desired *experience*. It is the task of religious leaders, in other words, to help their respective communities to re-focus and reappropriate what is fundamental in every personal and community religious experience and, therefore, also in their identity as believers and as citizens. That also involves being able to discern and understand what is constitutive and fundamental belongs to our faith, belongs to us, and is destined to remain always, and what, on the contrary, is the result of interpretations of a time that is no longer ours.

The religious experience thus lived, that is, a faith that really and fully dialogues with life, personal and social, is not only not an obstacle to development, but also becomes its driving force and solid foundation, because everything that is founded in God, is intended and to fully serve man.

A real renewal of the economy, therefore, can never ignore even a serious and serene religious dimension or, in any case, the comparison with it.

Against the background outlined above, we can now indicate the foundation of this renewal, of this “spring” that Pope Francis, referring to his predecessor St. Paul VI, recently addressed to you:

How good it is to allow the words of Saint Paul VI to resonate when, in the desire for the Gospel message to permeate and guide all human realities, he wrote: “Development is not reduced to simple economic growth. Development must be integral to be authentic, which means the promotion of every man and all man. [. . .]—each man and every man! We do not accept separating the economic from the human, the development from the civilization where it fits. What matters to us is man, every man, every group of men, to the point of understanding the whole of humanity”. In this sense, many of you will have the opportunity to act and to influence macroeconomic decisions, where the fate of many nations is at play. These scenarios also need prepared people, “prudent like snakes and as simple as doves” (Mt 10:16), able to “supervise the sustainable development of countries and to avoid the asphyxiating submission of these countries to credit systems that, far from promoting progress, subject populations to mechanisms of greater poverty, exclusion and dependence”.⁶

The initial quotation of St. Paul VI, taken from the fifteenth paragraph of the encyclical *Populorum progressio* (1967), points out that limiting one’s reflections of an economic, political, or cultural nature, without these being included or open to the integral development of man and his spiritual dimension, would be clearly

⁶Francesco, *Video message to the participants in the meeting of the international online event: “The Economy of Francis—The young people, a pact, the future”* (Assisi 19–21 November 2020).

reductive. The concept of “integral human development,” which has deep theological and anthropological motivations, is now an indispensable cornerstone of the Church’s social doctrine and is intertwined with the challenges of globalization, the economy, and the environment, as is clear in the thought of the current Pontiff. This concept has its roots in the Encyclicals *Mater et Magistra* (1961) and *Pacem in Terris* by St. John XXIII, in the Pastoral Constitution *Gaudium et Spes* of the Second Vatican Council (1965), according to which the improvement of the social conditions of the person must accompany economic growth⁷ and have as its goal “full human expansion” of the person, including his spiritual dimension.⁸ The same concept was extensively developed, in addition to the magisterium of St. Paul VI,⁹ also by that of St. John Paul II¹⁰ (cf. spec. the encyclical *Sollicitudo rei socialis*, 1987) and Benedict XVI.¹¹

Thus, we understand how Pope Francis firmly stands on the foundation placed by the Second Vatican Council and the magisterium of his predecessors so that we can decisively mark the path that you and all must follow:

The prospect of *integral human development* is good news to be prophesied and implemented—and these are not dreams. That is the way—good news to be prophesied and implemented because it proposes to us to find ourselves as humanity based on the best of ourselves: the dream of God that we learn to take charge of our brother and our most vulnerable brother (cf. Gen 4:9). The measure of humanity is essentially determined in the relationship with suffering and sufferer—the measure of humanity—. That applies to the individual and society, a measure that must also be embodied in our decisions and economic models.

Since Pope Francis encouraged us in the mission of “re-animating” the economy, let us, therefore, go to the soul of our theme.

4 Universal Peace and Fraternity

Peace is the necessary premise that underscores every initiative that places the human person at the center and *integral* development as designed by Pope Francis or, as is often said today, *sustainable*. Even development for its own purpose, which does not consider the needs of creation and society, which does not consider the rights of all, can become an idol. Without peace, in short, we cannot have a serene

⁷Cf. John XXIII, *Encyclical Letter “Mater et Magistra” on recent developments in the social question, in the light of Christian doctrine*, n. 68.

⁸*GS* 86.

⁹Cf. Paul VI, *Encyclical Letter ‘Populorum Progressio’*, spec. Nn. 15.21.43.76–80.

¹⁰John Paul II, *Encyclical Letter “Sollicitudo Rei Socialis” on the 20th anniversary of the Populorum Progressio*, spec. Nn. 19.28.30–31.37–38.

¹¹Cf. Benedict XVI, *Encyclical Letter “Caritas in Veritate” on integral human development in charity and truth*, spec. Nn. 21.34.48–51.78.

cultural reflection that has an open and free breath, capable of proposing and building.

In Hebrew, as we all know, peace translates *Shalom*. The root of this term (S.L. M.) means whole. Peace is synonymous with fullness and integrity. In other words, to truly have peace, it is necessary to be capable of a vision of human life and of the world that is integral and not partial.

A partial approach believes that it already has clear ideas about the situation and, in a sense, rejects a critical analysis of the complexity, and where the reading of events is processed through the filter of one's already assumed opinions. There is no room for other assessments: when there is a conflict, there is no room for nuance, and you must choose where to stay, and that is it.

Another partial approach is also what it wants to face or try to understand what happens from a political perspective only, or only military, or merely economic, or just religious.

Dealing with complex problems only from one perspective, excluding all the others, and without placing them in their most complete context, has led many to make mistakes even in the more recent past. The lack of an integral vision leaves room for the rise of fundamentalism, not only religion.

Regarding the subject of peace, allow me to start with some reflections on the situation in the Middle East, a world which I know best. It is crucial to start by placing our communities in their current political, religious, and social context. What is commonly referred to as the 'Middle East' or 'Arab Region' has experienced radical change over the past three decades. Since the early 1990s, with the so-called Gulf War, a long period of anguish began, not yet ended, which radically changed the political and socio-religious balances of the whole region. The invasion by the Western countries of Iraq, with the fall of Saddam Hussein's regime, is considered to be the moment when this long anguish began. Briefly and with the risk of approximation, we can say that since then, we have seen an exacerbation of the clash within the Islamic world between Sunnis and Shiites, which is also a power war between Saudi Arabia and its allies in the region, with Iran and its allies. There is, of course, the international component, with the deployment of Western countries on the one hand and Russia on the other. In the global question, we must also include interests related to energy issues and the commercial arms trade, which is always very profitable. Turkey's role has been and remains decisive, both for the Kurdish question and its links with the Sunni world, but not only. Iraq, Yemen, and Syria are the countries that have paid the highest price in terms of human lives and tragedies of all kinds.

The Arab spring, which seemed to be the beginning of a rebirth of the Arab world, was the beginning of a tragedy that involved the whole fertile crescent, from North Africa to Syria. The Islamic fundamentalism that has characterized mainly those countries in this period has nourished and developed in this political and social vacuum following the Arab spring, but it has also been sustained thanks to the interests and influences of part of the international community.

Daesh is also the result of all this, although there is no denying a formation, within part of Islam, of contempt for those who are not Muslims, which has led to the

extreme forms we have known. In the Middle East, one cannot obviously separate religious component from that of identity. Since sectarian struggles have been the common denominator of recent years, we cannot even separate the phenomenon of Islamic fundamentalism from the phenomenon of sectarian and identity struggles of which the whole region has been the victim and of which fundamentalism has made use.

Finally, we must not forget the issue of displaced persons in Syria and Iraq, refugees in Lebanon, Jordan, and Turkey. Millions of refugees are now in those countries, with predictable economic and social consequences, without a safe perspective, neither in times nor in destinations.

The Israeli-Palestinian question is no stranger to all these changes. The Sunni-Shiite struggle has also led to a change of strategy in some Arab countries in terms of the anti-Iranian approach to Israel. Israel and Iran are known public enemies. It is mainly the Palestinians who bear the cost, and they seem to be no longer the focus of attention even in the Arab countries. Internal weaknesses (Hamas, Fatah division) then did the rest. The humanitarian situation in the Gaza Strip is also worrying and extremely serious. The proposal between two peoples and two states is becoming increasingly complicated, even if it remains the only ideal.

The question of Jerusalem, the US Embassy move there, returned to the center of the international debate and tensions between Israel and Palestine. The Churches clearly expressed themselves. Currently, it is impossible to think of a possible next solution since relationships between the two entities are practically non-existent.

Christian communities have paid a very high price in this tragedy. If it is true that they were neither the first nor the only objective of the sectarian persecutions, one cannot, however, deny the very serious cost paid in terms of human lives and general impoverishment of the life of the churches.

We find ourselves, in short, at the crossroads of epochal changes—as Pope Francis defined them—which still for a long time will be at the origin of tragedies and difficulties of all kinds for everyone.

As one who has lived and today continues to live in the region, I also wonder: what is really happening, and how did we get to this scary situation?

Let me now present some possible avenues for reflection on peace. The expression “ask for peace for Jerusalem” can be translated literally from Hebrew as “demand peace in Jerusalem”.

The peace that we must invoke, and build is precisely “the peace of Jerusalem”: peace, which is not the suppression of differences, the cancellation of distances, but also a truce or a non-belligerence pact guaranteed by pacts and walls. We must strive for a peace that is a cordial and sincere welcome of the other, a tenacious will to listen and dialogue, an open road on which fear and suspicion give way to knowledge, encounter, and trust, where differences are opportunities for companionship and collaboration and not a pretext for war.

We will increasingly have to get out of the concern to occupy physical and institutional structures, to focus more on beautiful and good life dynamics that, as believers, we can start. Of course: sometimes, even for us, the temptations of flight

and resignation, the easy compromise with power, or the violent response may seem to be the only possible reaction to the difficult time we are given to live.

In this regard, I should like to remind you here of the answer given by Mons. Pierre Claverie, Bishop of Oran in Algeria, when asked why he had ever accepted the episcopal appointment in a land torn apart by Islamic fanaticism that murdered him on August 1, 1996: "I am interested in a Church whose head can be killed like any other man". The reference was then to the attack suffered by John Paul II. As believers and religious, we will be an "interesting" presence to the extent that our prophecy will be our daily witness because in a social and political context where overpowering, closure, and violence seem the only possible words, we will continue to affirm the way of encounter and mutual respect as the only way out, capable of leading to peace.

Peace needs the witness of precise and robust gestures on the part of all believers, but it also needs to be announced and defended by equally exact words.

We are therefore often at a crossroads, almost called upon to choose between the necessary denunciation of violence and abuse, always perpetrated to the detriment of the weakest, and the risk of reducing religion to a "political agent" or even to party or faction, forgetting its true nature and exposing it to easy and superficial exploitations. Our being in the world as believers cannot be confined to devotional intimacy, nor can it be limited only to the service of charity for the poorest, but is also a *parrhesia*, that is, it cannot fail to express, in the manner proper to each religious experience, a judgment on the world and its dynamics (cf. Jn 16:8.11). We are well aware that in the Middle East, politics envelops ordinary life in all its aspects. Everything becomes political, and this seriously questions all our religious institutions, involved in conflicts that wear down the lives of our faithful, who await from us a word of hope, consolation, but also of truth. Here we impose a truly difficult discernment that has never been achieved once and for all.

This does not mean being silent in the face of injustice or inviting quiet living and disengagement. The preferential option for the poor and the weak, however, does not make us a political party. Taking a stand, as we are often asked to do, cannot mean becoming part of a confrontation but must always translate into words and actions in favor of those who suffer and groan and not in invective and condemnation against someone. It can be easy and convenient, at times, to join the chorus of criticism and recriminations, and we might even get applause and consensus, but it could be a worldly temptation.

We, believers, are also called, in short, to love and serve the polis and share with the civil authorities the concern and action for the common good, in the general interest of all and especially of the poor, always raising our voices to defend the rights of God and man, but without entering logics of competition and division.

In the context we have outlined above, the responsibility of religious leadership, especially in the Middle East, is essential. Instead of being the religious support of less than credible political regimes, religious leadership should first cooperate with the whole best part of society in creating a new culture of legality and become a free and prophetic voice of justice, human rights, and peace. These values are not only human values, but first, they are an expression of God's desire for people. Our

contribution as religious leadership to resilience and innovation during current global challenges is not to invent the wheel again: that is, to find new and modern operational strategies, but to be ourselves, that is, credible, sincere, and passionate witnesses of God. Faith and politics, like or not, have always had a close relationship between themselves in the plan of social relations. Faith, religions have a function for the life of national communities, and politics have always had to deal with religion and its public function.

Each generation, moreover, has always had to identify the criteria and forms to regulate the relationship between these two areas of the social life of each country. Our generation and future generations are faced with challenges that we can call unique because, in these times, it is not only a question of defining the relations between the two spheres mentioned above but also of rethinking politics and religion and their role in itself and not only concerning each other. It is not infrequently national politics and religion today that they are in the dock, accused of today's evil, or of incapacity, backwardness, and so on.

Religion has a fundamental role in rethinking the categories of history, memory, guilt, justice, forgiveness, which directly connect the religious sphere with the moral, social and political sphere.

Intercultural conflicts will not be overcome unless the different and antithetic readings of one's religious, cultural, and identity stories are re-read and redeemed. In fact, Pope Francis said:

In many parts of the world, we need paths of peace that lead to healing wounds; we need artisans of peace who are willing to start processes of healing and renewed encounters with ingenuity and audacity.

New meetings do not mean returning to a time before conflicts. Over time, we have all changed. Pain and confrontation have transformed us. Moreover, there is no more extended room for empty diplomacy, concealment, double talk, good manners that hide reality. Those who have fought hard speak from clear and naked truth. They need to learn to exercise a penitential memory, capable of taking on the past to free the future from their own dissatisfactions, confusions, and projections. Only by the historical truth of the facts can the persevering and lasting effort to understand each other and attempt a new synthesis for the good of all be born. The reality is that "the peace process is, therefore, a commitment that lasts over time. It is a patient work of seeking truth and justice, which honors the memory of the victims and which opens, step by step, to a common hope, stronger than revenge".¹²

This work, as well as global, is also deeply personal, which constitutes an urgent appeal for conversion for each of us so that we may all become "artisans" of peace:

The actual processes of lasting peace are, first and foremost, artisanal transformations made by peoples, in which every person can be an effective ferment with his daily way of life. Big transformations do not build at the desk or in the studio. Therefore, "everyone plays a fundamental role, in a single creative project, to write a new page of history, a page full of hope, full of peace, full of reconciliation". There is an 'architecture' of peace, in which the various institutions of society intervene, each according to its own competence, but there is also a "craft" of peace that involves us all.¹³

¹²Francis, *Encyclical Letter «Fratelli tutti» on fraternity and social friendship*, nn. 225–226.

¹³Francis, *Encyclical Letter «Fratelli tutti» on fraternity and social friendship*, n. 231.

5 New Economy and New Man

From what has been said so far, you can deduce that only a new man can succeed in having a new economy. If, as Christians, on the one hand, we must always keep before us the words of Jesus: “My kingdom is not from this world” (Jn 18:36), on the other hand, there is no doubt that a heart transformed by the Gospel has a very powerful influence in political, social and economic structures, so that the Gospel itself is a leaven of the Kingdom already in this world, as the Congregation for the Doctrine of the Faith, and the Dicastery for The Service of Integral Human Development have recently reaffirmed in a document that, especially for you, it is essential to deepen:

God comes to man in Jesus Christ. He, involving us in the admirable event of his resurrection, “not only redeemed the single person but also social relations” [8] and works for a new order of social relationships, founded in Truth and Love, which is a fruitful leaven for the transformation of history. In this way, he anticipates over time that the Kingdom of Heaven has come to proclaim and inaugurate with his person.¹⁴

Moreover, it should never be forgotten that, for us Christians, what is divine and authentically Christian is also genuinely human, and vice versa, and therefore Christianity can contribute significantly to a “new humanism” and a new “civilization of love,” as stated in the same document:

The integral promotion of every person, of every human community, and all men is the ultimate horizon of that common good that the Church intends to realize as a “universal sacrament of salvation”. In this *integrality* of good, whose last origin and fulfillment are in God, and which has fully revealed himself in Jesus Christ, the summarist of all things (Cf. Eph 1:10), consists of the ultimate purpose of every ecclesial activity. This good flourishes as an advance of that Kingdom of God that the Church is called to proclaim and establish in every area of human undertaking; and it is the unique fruit of that charity which, as the main way of ecclesial action, is called to express itself also in social, civil, and political love. This love “manifests itself in all actions they try to construct a better world. Love for society and commitment to the common good are eminent forms of charity, which concerns not only relations between individuals but also “macro-relations, social, economic, political relationships”. That is why the Church has proposed to the world the ideal of a “civilization of love”. Love for the integral good, inseparably from love for truth, is the key to authentic development.¹⁵

That also means that we have a solid common basis with all “people of goodwill,” regardless of their religious faith, and that we are all called to “repair” that common home which is the world. This universal common commitment has become very clear in this long “winter” of the pandemic, which we all hope will be the result of a

¹⁴Congregation For The Doctrine Of The Faith And Dicastery For The Service Of Integral Human Development, *‘Oeconomicae et pecuniariae quaestiones.’ Considerations for ethical discernment about some aspects of the current economic and financial system, 17.05.2018, n. 4.*

¹⁵Congregation For The Doctrine Of The Faith And Dicastery For The Service Of Integral Human Development, *‘Oeconomicae et pecuniariae quaestiones.’ Considerations for ethical discernment about some aspects of the current economic and financial system, 17.05.2018, n. 2.*

new “spring” and a *great reset*. We must, however, avoid any misunderstanding: the great reset, far from being an obscure project of the few, for us Christians is conversion, which means returning to God and to man and woman, to our brothers and sisters, especially the weakest and poorest, in the firmest defense of life in all its forms. In this time of the pandemic, therefore, we realized more than ever that we could not live as “monads,” also from an economic point of view, as Pope Francis said:

Every aspect of social, political, and economic life is fulfilled when it is at the service of the common good, that is, of the “set of conditions of social life which enable both communities and individual members to achieve their perfection more fully and more quickly”. Therefore, our plans and efforts must always consider the effects on the entire human family, weighing up the consequences for the present moment and future generations. How true and current it is the Covid-19 pandemic shows, before which “we realized that we are in the same boat, all fragile and disoriented, but at the same time important and necessary, all called to row together,” because “no one saves himself” and no isolated national State can ensure the common good of its population.¹⁶

Let us ensure that Pope Francis’ appeal to “put in place a new economic model, the result of a culture of communion, based on fraternity and equity”¹⁷ is not unheeded. All this is possible only in the light of new anthropology:

Without an adequate vision of man, it is impossible to establish an ethic or a practice that is equal to his dignity and to a truly common good. In fact, however neutral or detached from any basic conception, any human action—even in the economic sphere—nevertheless implies an understanding of man and the world, which reveals its positivity or not through the effects and development it produces.¹⁸

Pope Francis, especially in his two encyclicals *Laudato si’ e Fratelli tutti*, not by chance both inspired by St. Francis, wanted to criticize the “technocratic paradigm” which also intends to dominate the economy, so much so that this is just thought “in the operation of profit” without any thought about adverse consequences on the human person. The economy is sometimes reduced to mere finance or a market which “stifles the real economy” but which, however, cannot guarantee the integral human development mentioned above and social inclusion. The economy thus designed becomes dehumanizing and prevents the poorest from accessing basic resources.¹⁹ According to this aberrant model, “to open up to the world” would only mean opening up to foreign interests or to the freedom of inhuman capitalism, which invests without any common good with other countries, until it becomes a global economy that is disinterested in the common good itself and which “does not

¹⁶Francis, *Message for the celebration of the LIV World Day of Peace. The culture of care as a path of peace, January 1, 2021, n. 6.*

¹⁷Francis, *Message for the event “Economy of Francis” (Assisi, 26-28 March 2020), 11 May 2019.*

¹⁸Congregation For The Doctrine Of The Faith And Dicastery For The Service Of Integral Human Development, *‘Oeconomicae et pecuniariae quaestiones.’ Considerations for ethical discernment about some aspects of the current economic and financial system, 17.05.2018, n. 9.*

¹⁹Francis, *Encyclical Letter “Laudato si’” on the care of the common home, n. 109.*

make us brothers” but men “more alone than ever, in a massified world which favors individual interests and weakens the Community dimension of existence”.²⁰

Unfortunately, we often believe in the “dogma of neo-liberal faith,” according to which the market alone would solve everything. If, on the one hand, it is necessary that politics favors an economy that promotes “diversification of production and entrepreneurial creativity,” on the other hand, it deplores “financial speculation with easy profit,” which “continues to disastrous”. In reality, “the fragility of the world’s systems in the face of the pandemic has shown that not everything is resolved by market freedom” and that “in addition to rehabilitating a healthy policy that is not subject to the dictates of finance, we must put human dignity back at the center and the alternative social structures that we need must be built on that pillar”.²¹

It should not be believed, therefore, that “every acquisition of power is simply progress, an increase in security, utility, well-being, life force, the fullness of values as if reality, good, and truth spontaneously blossomed from the very power of technology and the economy”. On the contrary, the immense technological growth must be accompanied by the development of man, as regards his responsibility, his values, and his conscience, since he is not autonomous in the absolute sense and risks being “naked and exposed to his own power that continues to grow, without having the means to control it”. Thus, the economy will become unjust if a person lacks “a suitably solid ethic, a culture and a spirituality that really give him a limit and contain him within a lucid self-domination”.²²

6 Conclusion

We can therefore conclude by saying that, in a globalized and rapidly changing world, it is time not to restore it, but to start over, from the foundations. It is essential, for this to happen, to restore the space of trust. The legacy we have received brings within it an intrinsic strength, the humble and tenacious strength of a seed. And such trust does not come from human security. Trust is born only from the awareness of salvation experienced, from the joy of having found a treasure.

It is not then a question of reconstructing walls that separate, of recreating a distance between us and the world, but of knowing how to grasp the reality of the world as an instance that challenges us today as in the past it had done with our fathers, which challenges our faith. The world is becoming more and more complex, and we could say that every facet of this complexity comes to us as a question. The world is evolving more and more complex, and we could say that every aspect of this complexity comes to us as a question. There are new questions, and this allows us to question our faith in a new way, to extract from the treasure of the Gospel new things

²⁰Francis, *Encyclical Letter “Fratelli tutti” on fraternity and social friendship*, n. 12.

²¹Francis, *Encyclical Letter “Fratelli tutti” on fraternity and social friendship*, n. 168.

²²Francis, *Encyclical Letter “Laudato si” on the care of the common home*, n. 105.

and old things (Mt 13:52). A dialogue with the world that has its roots in our personal and community dialogue with the Lord. There is nothing of human experience that cannot be enlightened and enhanced by the experience of faith. And that is precisely our job, and only we can do it. Then something new will happen, a new man, a new economy: that what we have regained, through this process of embodying one's faith in history, will no longer be ours alone, mine alone, yours alone, but will be for everyone, will be heritage and gift for all.

Peace, Faith, and Economy: A Comment



Bernat Sellarès Gómez, Nayeli Pereznegrón, and Elena Batani

1 Introduction: The Economy of Francesco’s Approach to Economic and Social Issues—The ‘See, Judge, Act’ Method

The presentation of the Patriarch of Jerusalem, Archbishop Pizzaballa, on ‘peace, faith and economics’ begins with a disclaimer: “I must confess that I am not an expert in economics. The economic dynamics of the world and regions are known to me as any other citizen trying to inquire, but nothing more. Do not expect from me, therefore, a general analysis of social and economic problems in general”, but at best a testimony to the economic and social problems experienced in the Middle East, which he experienced throughout his service and as Patriarch of Jerusalem, a city at the heart of global geopolitical tensions and at the heart of the conflict between Israel and Palestine. Yet his article opens with a chapter on ‘globalization and new challenges’, before moving on to specific issues related to the Middle East and before focusing on the multiple relationships between faith, economy and peace. Is this just an ‘introduction’ or can we discern signs of a well-defined methodological approach?

The way in which the Patriarch constructs his speech is interesting and reveals much about the way in which the Archbishop, but also the Church and the young

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people of the Economy of Francesco, choose to approach the problems of the modern world and read the ‘signs of the times’. In fact, we can recognise in this election two methodological choices promoted and applied by Pope Francis in his first apostolic exhortation *Evangelii Gaudium*, but also in his encyclicals *Laudato Si’* and *Fratelli Tutti*.

The first is the use of the ‘**See, Judge, Act**’ methodology developed by Cardinal Joseph Cardijn and to which paragraph 15 of the *Laudato Si’*¹ refers directly. The method consists of offering an analysis starting from ‘see’: the encounter with reality, the problems of the contemporary world and the analyses provided by researchers. This approach goes hand in hand with one of the principles set out in the chapter ‘The common good and peace in society’ of the apostolic exhortation *Evangelii Gaudium* in order to advance peace, fraternity and justice. The principle is ‘reality is greater than ideas’, explained by Pope Francis as follows: “Realities simply are, whereas ideas are worked out. There has to be continuous dialogue between the two, lest ideas become detached from realities. It is dangerous to dwell in the realm of words alone, of images and rhetoric. So a third principle comes into play: *realities are greater than ideas*. This calls for rejecting the various means of masking reality: angelic forms of purity, dictatorships of relativism, empty rhetoric, objectives more ideal than real, brands of ahistorical fundamentalism, ethical systems bereft of kindness, intellectual discourse bereft of wisdom” (EG; 231). After, and only after, having apprehended, opened our eyes on the world, we are able to express a judgement on the facts examined, a judgement which is guided by the principles of the Church’s social doctrine, and which must lead to action. Indeed, the last phase of the ‘see, judge, act’ method is exactly the one of ‘act’, making proposals, a phase which has been nourished by the previous stages.

By adopting this approach, which is practical and based on experience, the Archbishop is already setting the tone for the reflection he will develop on the relationship between faith and the world, and in particular between the economy and peace. It is a faith that calls us to be open to the world, to examine it through the lens of faith, and to act accordingly, each of these dimensions being essential and non-exclusive: “our being in the world as believers cannot be confined to devotional intimacy, nor can it be limited only to the service of charity for the poorest, but is also a parrhesia, that is, it cannot fail to express, in the manner proper to each religious experience, a judgment on the world and its dynamics (cf. Jn 16:8.11)”. This

¹“I will begin by briefly reviewing several aspects of the present ecological crisis, with the aim of drawing on the results of the best scientific research available today, letting them touch us deeply and provide a concrete foundation for the ethical and spiritual itinerary that follows. I will then consider some principles drawn from the Judaeo-Christian tradition which can render our commitment to the environment more coherent. I will then attempt to get to the roots of the present situation, so as to consider not only its symptoms but also its deepest causes. This will help to provide an approach to ecology which respects our unique place as human beings in this world and our relationship to our surroundings. In light of this reflection, I will advance some broader proposals for dialogue and action which would involve each of us as individuals, and also affect international policy.” Pope Francis, *Laudato Si’*, 24 May 2015.

methodological approach is beneficial in two ways: to the world, because it allows us to have a positive impact on the reality around us and to bring to it an action nourished by faith, and to faith itself, because it is rooted, grounded, and is challenged and grows through confrontation with the world: “that also involves being able to discern and understand what is constitutive and fundamental belongs to our faith, belongs to us, and is destined to remain always, and what, on the contrary, is the result of interpretations of a time that is no longer ours”. The same methodology is applied by the young people of the Economy of Francesco, who are organised in ‘villages’, in function of the topic that the ‘villagers’ wish to analyse. Each village analyses a particular issue² and then has the task of developing proposals to improve reality.

The second methodological choice is that of analysing a particular situation, in this case the situation in the Middle East, taking into account global dynamics: in order to understand particular issues it is necessary both to have an understanding of local and global dynamics. To this end, the Patriarch’s speech opens with a presentation of the global challenges that will help us understand the situation in the Middle East. Analysing global dynamics in order to understand local problems is especially essential in an age which, as *Laudato Si’* constantly emphasises, is marked by interconnection: “It cannot be emphasised enough how everything is interconnected” (*Laudato Si’*; 138). The consequence of this interconnection, and the response to it, is cooperation, for as the Pope recalled in his *Urbi et Orbi* address of March 2020, in the midst of the pandemic, “no one reaches salvation by themselves” and in his message for the Day of Peace 2021, “no isolated national State can ensure the common good of its population”. Indeed, peace is a common good: I cannot be at peace if my neighbours are not. Thus Mons. Pizzaballa writes: “In the face of the dizzying global changes, we are witnessing and the increasingly pressing challenges from which no one can be said to be exempt, and given the interconnection that characterizes our times, it is very urgent ‘to re-animate the economy’”.

At the same time, global interconnections can only be fully understood by looking at particular situations, as the Patriarch explains when he explains his choice to focus on the Middle East: “it must be said that the situation and fate of the Middle East region are also decisive for a large part of the West and beyond. On the other hand, they are similar to many other economically depressed regions”. This constant interaction between the universal and the particular, the whole and the part, informs us on how we should look at the world, being attentive to the multiple effects of interconnection: “We need to pay attention to the global so as to avoid narrowness and banality. Yet we also need to look to the local, which keeps our feet on the ground” (*Evangelii Gaudium*; 234). Thus Pizzaballa begins by presenting the global challenges, then moves on to the Middle East, and goes even more into the particular

²The Economy of Francesco’s villages are: ‘finance and humanity’, ‘business and peace’, ‘women for economy’, ‘vocation and profit’, ‘business in transition’, ‘CO2 of inequality’, ‘agriculture and justice’, ‘energy and poverty’, ‘life and life-style’, ‘work and care’, ‘policies for happiness’, ‘management and gift’.

by offering a reflection on the conflict between Israel and Palestine and finally on the situation of the Catholic Church in the region, which is illuminated by the previous analysis of global, regional and national dynamics.

Having highlighted the methodological choices in Archbishop Pizzaballa's speech, which also illustrate his preferences in terms of understanding the role of believers in the world, let us go into the analysis provided in the three different stages of his speech: see, judge and act.

2 See: The Middle East in the Face of Interconnectedness, Power and Vulnerability

Archbishop Pizzaballa mentions and analyses many of the challenges faced by the world and the Middle East. It seems that these challenges can be summarised and analysed in the light of two concepts—power and vulnerability—in order to orientate oneself in the complexity of the twenty-first century.

2.1 *Contemporary Expressions of Power: Conflictuality, Technocratic Paradigm and Neoliberal Dogma*

1. Power and conflict in the Middle East

The concept of power is central to understanding the challenges of our century, in which we have witnessed the return of politics defined as confrontation, and of international relations defined as a clash between great powers. After the years of the so-called 'dividers of peace', when history seemed to be over and multilateralism triumphed, the return of conflictuality and the deterioration of dialogue between States might have surprised some analyst.

In order to understand the passage from an era that seemed to be characterised by the appeasement of relations between States to the present time, marked by conflictualities, it is interesting to go beyond the global scale and analyse local dynamics, as Mons. Pizzaballa does by recalling the tensions that have always been present in the Middle East (for instance Israeli-Palestinian conflict) and especially since the beginning of Operation Iraqi Freedom in 2003. According to the author: 'The invasion by the Western countries of Iraq, with the fall of Saddam Hussein's regime, is considered to be the moment when this long anguish began. Briefly and with the risk of approximation, we can say that since then, we have seen an exacerbation of the clash within the Islamic world between Sunnis and Shiites, which is also a power war between Saudi Arabia and its allies in the region, with Iran and its allies', but also between Israel and Iran who are now 'public enemies'. Opening our eyes to a region considered to be on the 'margins' of international relations during the Cold War period helps us to

explain and see the continuity power logics. One cannot understand international relations by only analyzing great powers dynamics.

The opposite of course is also true, as global dynamics shade light on the situation in the Middle East. Speaking about conflicts in the region, Archbishop Pizzaballa says: “There is, of course, the international component, with the deployment of Western countries on the one hand and Russia on the other. In the global question, we must also include interests related to energy issues and the commercial arms trade, which is always very profitable”. Thus again, showing the interaction between the whole and the part helps us in understanding power dynamics in the Middle East and in the world.

2. *Technocratic paradigm and neoliberal dogma as forms of domination*

The reflection on power is also linked to the reflection on new technologies and the market. With regard to new technologies, according to the Patriarch “while they represent a magnificent opportunity for progress for humanity, are not accessible to everyone and at the same time raise countless ethical questions”. These ‘countless ethical questions’ are however not sufficiently posed and analysed in the public sphere because of what Pope Francis calls the ‘technocratic paradigm’ in which technological progress and the increasing power of technology become an end in itself, not a means to the common good. Archbishop Pizzaballa also develops a similar reflection when he touches on the subject of the market and finance, a sector where, because of the ‘neoliberal dogma’, market liberalisation became an end in itself. The technocratic paradigm and the neoliberal dogma thus become forms of domination, i.e. elements that impose themselves on man—command him—and limit his freedom.

In the contraposition between the technocratic paradigm and the neo-liberal dogma on the one hand, and the analysis of Mons. Pizzaballa’s analysis, inspired by the social doctrine of the Church on the other hand, the benefits of applying ‘see judge act’ methodology become clear. Indeed, while the first two set a principle of action (the development of the power of technology, the liberalisation of the market) without dwelling on the first two steps of the path (the ‘see’ and the ‘judge’), and therefore without questioning the needs of the world and the moral principles that should guide the action, Pizzaballa asks us to develop a critical analysis of the economy and new technology so that they can be at the service of the common good.

2.2 *New Vulnerabilities*

The second concept that can help us understand the global challenges is that of vulnerability. Vulnerability is an intrinsic characteristic of human nature and to lose awareness of it risks to create ‘false securities’. However, some forms of vulnerability have been exacerbated in the twenty-first century and have exposed the most vulnerable to further insecurity.

1. *The fragmentation of social groups*

As conflicts, new technologies and the market expose individuals to new risks, communities and organisations that used to protect the interests of individuals and groups are losing strength. The Archbishop gives the example of the exhaustion of trade unions, which, faced with neo-liberal dogma, do not have the strength to ensure the protection of workers and the value of work: “The global economy has intensely changed the concept of work, the role of trade unions, the rights acquired in the previous century, exposing the worker to precariousness”.

In the same way that neoliberal dogma dissolves trade unions and workers’ organisations, conflicts dissolve communities and the social fabric. They are among the most important causes of forced migration, which Mons. Pizzaballa cites among the most pressing problems in the Middle East: “we must not forget the issue of displaced persons in Syria and Iraq, refugees in Lebanon, Jordan, and Turkey. Millions of refugees are now in those countries, with predictable economic and social consequences, without a safe perspective, neither in times nor in destinations”.

Finally, new technologies can also increase our vulnerability. Even if Mons. Pizzaballa does not deeply focus on this aspect, Pope Francis multiple times said that they can in some cases also lead to isolation and thus increase individual vulnerabilities. On a collective level, they can make critical infrastructures for human security vulnerable, for example by exposing them to cyber-attacks.

2. *Vulnerability in analysis*

Another source of vulnerability is, according to Mons. Pizzaballa is the inability to analyse in a systematic and moral way the challenges posed to today’s world. In his analysis, he exposes the fragility of an atheistic thinking that has as its objective the simple elimination of the idea of God: “Western nations have developed refined theories about the need to exclude God from public life because—as they say—only in this way can true freedom be achieved. But even this theory has proved fragile”.

Indeed, the simple exclusion of the idea of God and of the religious fact does not help us to grasp the identities of people for whom religion continues to be an important factor of identity and risks preventing the construction of a more harmonious society and of a common memory. Religion is, according to Mons. Pizzaballa particularly important in the weaving of links between the host community and migrants “that are increasingly demonstrating their desire to establish a dialogue with host societies and their desire to be recognised not only as workers and consumers but also as human beings, with their own culture, history, and tradition”. More generally “religion has a fundamental role in rethinking the categories of history, memory, guilt, justice, forgiveness, which directly connect the religious sphere with the moral, social and political sphere”. Erasing religion from public space and debate creates new vulnerabilities as it creates tensions between migrants and host communities and prevents us from working together to define categories of analysis that can help us to understand the issues of the twenty-first century.

This observation leads us directly to the second part of our commentary, the ‘judge’. In fact, in his speech Mons. Pizzaballa offers criteria to enable us to analyse and judge the challenges we face today.

3 Judge: Universal Peace and Fraternity: The Adoption of a Human Centered Approach

The criterion that Pizaballa suggests to analyse the world is the adoption of a ‘human centered approach’. As members of The Economy of Francesco, besides our different interests or knowledge in economics topics we are all driven by our vocations so we believe that the **human being** is the centre of everything. If you treat well the people that is around you, you will create harmony and fraternity, a value that Pope Francis talks a lot about in his last encyclical: *Fratelli Tutti*.

He actually proposes fraternity and social friendship as the ways to build a better and more peaceful world, but he also makes clear that it needs the contribution of all: people and institutions. He is very emphatic saying that: “no work will be possible if nations and peoples continue to fight each other; dialogue, because each finds its completeness in the other; the strengthening of multilateralism and no to any kind of war; the fight against the globalization of indifference and the promotion of social inclusion”.

The pontiff also merges the concept of our entire life as the “**art of encounter**” with everyone that comes into our path, even with the poor people and with original people, because “each of us can learn something from others. No one is useless and no one is expendable” (FT 215). This is also related to Mons. Pizzaballa’s way of remark the human person, just for being a person, at the centre. We also believe that human beings are not only goods, and the interests and rights of the person must be the centre of the attention.

Social friendship and universal fraternity necessarily call for an acknowledgement of *the worth of every human person*. If each individual is of such great worth, it must be stated clearly and firmly that “the mere fact that some people are born in places with fewer resources or less development does not justify the fact that they are living with less dignity” (FT106). This is a basic principle of social life that tends to be ignored in a variety of ways by those who sense that it does not fit into their worldview or serve their purposes.

Pope Francis also focuses on “Religions at the service of fraternity in our world” in *Fratelli Tutti* while Mons. Pizzaballa writes that “Religion has a fundamental role in rethinking the categories of history, memory, guilt, justice, forgiveness, which directly connect the religious sphere with political sphere” saying also that “Faith and politics, like or not, have always had a close relationship between themselves”.

Peace and faith come together when we talk about economy, Pope Francis has given us some good examples of that during his apostolic trips. A good example is the trip he made to Iraq last year, from his faith he said: “you are all brothers and

sisters” and sometimes, we just forget something as simple as that. Then he said something amazing about peace: “Where does the journey of peace begin?” He asked. . . and he said: “From the decision NOT to have enemies. Anyone who believes in God, has no enemies to fight”.

Faith is the experience of God, there’s no field for confrontation because we already have everything and lack nothing. Pope Francis didn’t solve a problem in Iraq, but he gave hope to this nation, and **hope** means a lot, even for a single person. He went to this apostolic visit, transmitting his faith, talking about peace, and after that, he talked about everything else, like economy. We just have an example that, it doesn’t matter if you go to a place full of wars, peace and faith will make the difference.

Peace is extremely important when we talk about economy. Right now, after the pandemic and all of its economic repercussions, we are witness of the war in Ukraine that in words of the president of the World Bank, Mr. Malpass for BBC: “It is a catastrophe for the world which will cut global economic growth”. He also said that: “the economic impact of the war stretches beyond Ukraine’s borders, and the rises in global energy prices in particular hit the poor the most, as does inflation”. Gasoline and food prices have also increased globally by the war, and this has been a real difficult time to people in need, to the poor people.

We completely agree with Mons. Pizzaballa’s and what he writes about these topics. “We need paths of peace that lead to healing wounds; we need **artisans of peace**” and to become artisans of peace we need to have faith in people, that means trusting in people again. Faith and peace are the vocation of the society, we are all called to live in peace as brothers and sisters.

We all have to start working from our mindsets, to reflect it on our behavior, generating a real impact in our surroundings. To reflect it is very important, it doesn’t matter if you talk and talk about it but do something else at the end. We believe that, to generate a real impact in our society we have to start from each one of us. The real profit that we need in the world, the one that will remain on the time, only comes when we find our real vocation as society and when we put human dignity on the center. We must “pact to change the current economy and give a soul to the economy of tomorrow”.³ “But the fruit of the Spirit is love, joy, peace, forbearance, kindness, goodness, faithfulness” (Gal. 5, 22).

This call for action brings us to the very final part of our commentary ‘act’. Indeed the adoption of a human centered approach shades light on the inequalities and injustices of our time and call people of faith to act in order to change reality by promoting Integral Human Development and a culture of encounter and dialogue.

³Letter sent by the Holy Father for the event “ECONOMY OF FRANCESCO” https://www.vatican.va/content/francesco/en/letters/2019/documents/papa-francesco_20190501_giovani-imprenditori.html

4 Act: Faith and Integral Human Development

The “the idea of infinite or unlimited growth, which proves so attractive to economists, financiers and experts in technology” takes us away from a reasonable, logical, eco-logical dynamic of economics, because “it is based on the lie that there is an infinite supply of the earth’s goods, and this leads to the planet being squeezed dry beyond every limit.” (LS, 106). Unlike other times where the boundaries of the earth were not known, we know that our planet is finite, so trust that our own economic system and the technology we are able to develop through it will save us from the ecological disaster is, to be optimistic, quite risky.

It is for this reason that Economy of Francesco’s new generations see a sign in the recent pandemic, as “COVID has made us all slow down, without having chosen to do so”. They call on “the great world powers and the great economic and financial institutions [to] slow down their race to let the Earth breathe”. That “When COVID is over, we must choose to slow down the unbridled race that is suffocating the earth and the weakest people who live on earth”.⁴

A request that, while seeming logical and eco-logical, is against the current institutional and media mainstream that advocates for a constant economic growth as the only possible source of well-being (LS, 56). A clear demand for degrowth that is viewed with suspicion by much of the establishment of the Western world but which, instead, is in full correspondence with the thought and demands of Pope Francis:

we need also to think of containing growth by setting some reasonable limits and even retracing our steps before it is too late. We know how unsustainable is the behaviour of those who constantly consume and destroy, while others are not yet able to live in a way worthy of their human dignity. That is why the time has come to accept decreased growth in some parts of the world, in order to provide resources for other places to experience healthy growth. (LS, 193)

However, advocating for degrowth in developed countries is by no means irrationally stopping human progress and development, for “decrease in the pace of production and consumption can at times give rise to another form of progress and development” (LS, 191). To discover new ways of living economically that are in no way incompatible with population growth as it must be recognized that population growth is fully compatible with comprehensive and supportive development. “To blame population growth instead of extreme and selective consumerism on the part of some, is one way of refusing to face the issues” (LS, 50).

Obviously much of the solution goes through better distribution in the first place. Since the nineteenth century, we have been hearing voices such as that of J. S. Mill, arguing that “It is only in the backward countries of the world that increased

⁴Economy of Francesco final statement and common commitment. <https://francescoeconomy.org/final-statement-and-common-commitment/>

production is still an important object: in those most advanced, what is economically needed is a better distribution”.⁵

Reduce our consumption of objects is not to return to the caverns, but the opportunity to devote these resources to more important causes. Let us not forget that the money we do not use to consume is not to be treasured and put under a pillow, but to be made available for what we consider good. For example, allocating them to invest instead of consuming “could correct the present disparity between excessive technological investment in consumption and insufficient investment in resolving urgent problems facing the human family. It could generate intelligent and profitable ways of reusing, revamping and recycling, and it could also improve the energy efficiency of cities.” (LS, 192).

But here we want to point out the importance of Mons. Pizzaballa’s proposal: **faith**. It may seem not a very economical way of reconciling development and the ecological boundaries of our world. However, faith, as the very base of believers’ life, creates a certain, and necessary, condition on human beings that stops the illogical economic growth because, as Pizzaballa puts it, “the believer rooted in life in God (. . .) already has everything and lacks nothing.” Such is the power of faith. Conversely, fear, as a very powerful animal spirit, as Keynes would call it, leads us to accumulate because of the anxiousness and insecurity that derives from it. “The religious experience thus lived, that is, a faith that really and fully dialogues with life, personal and social, is not only not an obstacle to development, but also becomes its driving force and solid foundation” says Pizzaballa.

This is true because, for him, “development is not reduced to simple economic growth. Development must be integral to be authentic, which means the promotion of every man and all man. [. . .]—each man and every man! We do not accept separating the economic from the human.” True development is what the Church’s social doctrine calls *integral human development*, the development that recognizes wealth not as an increase or material accumulation but as that which generates authentic life, life that develops, that unfolds, where everyone comes to be and expresses what is truly authentic. He who feels, for example, that he carries within him the potential and the desire to be a father. Or the one who carries the seed of being a politician. If what lies in the deepest places of the person is allowed to grow, it springs a good for that person which is usually good for the others as well.

It can be difficult to imagine how this would be applied in macroeconomic terms. But if we look at it **microeconomically**, specifically about companies and people, it’s easy to see what we’re talking about. There is a widespread belief in the business world that companies need to grow year after year. But if we use common sense, we see that a company that has an income that allows it to cover the payment of salaries, invoices from suppliers, investments . . . does not need to constantly grow.

In one of the preparatory sessions of Economy of Francesco in Spain, one of the invited companies was the Catalan La Fageda. People who did not know this company were impressed by this **model of social enterprise** that promotes the

⁵Mill, J. S., 1848. *The Principles of Political Economy*. Book IV Chapter 6.

social integration of people with intellectual disabilities and/or severe mental disorders and other groups in risk of social exclusion through their work. One of the attendees, enthusiastic about the project, asked them: but why not create another factory in Madrid, for example, and scale the company. Their response was that by ensuring the viability of the business they had enough and, above all, that they were committed to a particular territory. Additionally, they responded that they would love to help those who want to replicate their business model elsewhere. A great example that highlights the stupidity of the constant thirst for growth in the business world and at the same time shows the very limitation of growth as the ability of others to do what I do. A generous view that contrasts with the obsession with rivalry and widespread competition in mainstream economic environments.

It is only by rediscovering the personal and collective goals that generate true wealth, this is, true and full life, that we will be able to free ourselves from the need for constant economic growth. Only by striving for higher and more humane goals will we be able to realize those things that are essential to us and that which are only created needs. These new goals are what will allow us to see how many are still running in this unbridled race towards greater production and accumulation. But because we have stopped running we will have time to stop and contemplate, and we will be able to be the ones who prefer to make people grow, to make them do what they have inside, instead of growing the economy. Without this anxiety and without haste we will have time to enjoy the best things that life has to offer, which are always beyond and above the interests and economic affairs.

This peace coming from faith that frees ourselves from the race to accumulation is closely related with **care**. As accumulation is related to property, care for things is what really enables true development. Perhaps the easiest way to understand what it means to care for rather than to own is in personal relationships. In the Old Testament we have a great example of what it means to have a person to care for. In the book of Genesis we see Abraham calling his wife Sarai. While Abraham calls her Sarai she is sterile, she cannot have a child, that is, she cannot become a mother. But once Abraham calls her Sara instead of Sarai, she becomes pregnant. What this name change could possibly mean?

In Hebrew Sara means ‘princess’, and the final “i” indicates the possessive. So when Abraham called her Sarai, he was literally referring to her as “my princess”. It is only when he recognizes her only as a princess, that is, as Sara, that she becomes pregnant and can become a true wife and mother. This beautiful story that the Bible tells us could show how the possessive character in human relationships is something that does not allow us to grow as we should, does not allow us to be who we are. Sara cannot be a true wife and mother until her husband ceases to “own” her, to understand her as something of her own, and to begin to understand their relationship as one of mutual help, of caring for each other; of being who we are with the other, of existing and living in relation to the other.

Something similar is happening in economics. As long as we recognize ourselves only as owners of a good, we can be mutilating the ability of these goods to grow people and let them be themselves. For example, think of an owner of an old house where no one lives. As long as this owner understands that this old house is his

property, consider that he owns it, he can easily decide not to do anything with it and wait for it to rise in price in the market. But if this “owner” considers that he does not own this house but takes care of it, he becomes the custodian instead of the owner. As a custodian, he will either sell the house so that a new family who needs it can occupy it, or he will fix the house in order to rent it to someone or even live in it himself.

As **custodians** we ensure that assets are used to make people grow, rather than property resources used to generate more resources, that is, to grow capital. Caring for things is intimately tied to caring for people. In fact, the word custody, in the original Hebrew, is used in the book of Genesis at two very significant times: first, when God gives custody of creation to Adam: “God took the man and put him in the Garden of Eden to work it and take care of it” (Gen 2: 16). And secondly, when Cain, after killing his brother, God asks him where Abel is and he answers: “I don’t know. Maybe I’m my brother’s custodian?” (Gen 4: 9). Being custodians of creation (caring for the “garden”) means being caring for others (caring for the “brother”), because we can only care for people if we respect the planet where they live.

But this is an impossible conversion if it is not through a previous conversion: recognising the other as a **brother**. We are installed in a logic of “us-them”. A “north-south” logic, “developed-undeveloped”. Going from owning to caring is only possible through a true feeling of brotherhood with all the other people in the world recognizing them as one equal to me. A true feeling of community and mutual help that is perhaps even more absent in the workplace, where competitiveness, rivalry and the resulting aggressive way are in some cases (especially in positions of greater responsibility), not just a common and accepted practice, but a fallacious symbol of reputation or prestige. If we regained the original sense of **authority** (from the Latin *auctoritas* which has its root in *augere*, that is, ‘to grow’) we could see that the one who has authority is the one who makes people grow, the one who makes people to bring to light the best of themselves, what they carry inside. Recovering this humanistic view of work is absolutely necessary to convert the economy, but it is only possible through true kindness and a closer bond with colleagues. Not only being collaborators, in the sense of working together (co-laborare), but also colleagues (com-panis), those with whom you share the bread, share the fruits of the labor.