

Preface

We make light of virtues in life; we praise them in death.

– Giacomo Leopardi, *Nelle nozze della Sorella Paolina*,
Canti IV, 1824

The world suffers for lack of thought.

– Pope Paul VI, Encyclical on the Development of Peoples,
26 March 1967

We have worked in the area of the civil economy for many years. We published a large work on this theme in 2007, which was a time of growth and enthusiasm for the new financial economy that promised widespread and inclusive well-being. Actually, even then we were pointing out the serious limits of a vision of the market and a conception of the company that was based on the individual rather than on the person, on compulsively seeking wealth rather than public happiness, and forgetting and destroying such fundamental economic goods as relational goods, common goods, and gratuitous goods. The crisis that exploded in 2007–8 only reinforced our diagnosis of the malady of a particular capitalist economic system that is wholly centred on rent

seeking.¹ The crisis confirmed yet again that the classic tradition of the civil economy still has a future for Europe and for everyone.

As well as witnessing the grave crisis of debt-based financial capitalism (private debt in the United States and public debt in Europe) the past ten years have been an important time for the civil economy. An unintended consequence of the crisis was to create cultural conditions suitable for understanding the economic, social and ethical relevance of a different, sustainable vision of the economy and finance. The “civil economy” is a tradition of thought that, in order to save the market economy, recalls it to its ancient, original vocation as an ally of the common good, representing a space for liberty, sociality and the expression of our capabilities and “vocations” as persons, particularly the vocation of work.

We will not exit this serious crisis, which goes much deeper than just the economic dimension, by eliminating finance and markets (assuming that someone were even able to do so), but only with civil and civilizing finance and markets. Indeed, we should recall one of the lessons of the civil economy tradition: actual markets, different from those described in most textbooks, are never ethically neutral; they are either civil or uncivil (*tertium non datur*, i.e. “no middle ground”). If finance and markets do not create value and *values*, if they do not create work, if they do not respect and care for the environment, they are simply uncivil; they destroy the economy and civilizations, as we continue to see in this time of crisis. The market economy will survive only if it is able to move beyond this form of individualistic, financial capitalism, towards a civil and civilizing economy.

1. “Rent-seeking” is not related to renting space in which to live or work. It is a technical expression in contemporary economics that describes the socially costly pursuit of wealth transfers. The idea is a cornerstone of public choice theory, and the goal is to profit by extracting money, or benefits from others through transfers rather than through market exchanges.

It is useful to recall at this point that the civil economy has two main meanings. The “Civil Economy”, written with initial capitals, is a tradition of thought and a perspective for studying the economy that understands the *entire* economy differently from the dominant Anglo-American capitalist tradition. This first meaning is not directly related to the third sector,² much less the non-profit sector (a concept and expression originating, not by chance, in the United States, which does not understand the specific nature of the Civil Economy). The Civil Economy speaks to the whole of the economy and to society, offering a standard of judgement for choices and action by governments, multinationals, consumers (ethical consumption) and socially responsible savers.

There is also the “civil economy”, not capitalized, that can be synonymous – without completely overlapping them – with expressions such as social economy, private-social organizations, value-based organizations, solidarity economy, popular economy and so forth. This second meaning of the civil economy has its own specific characteristics and originality, as it includes actors who remain outside other conceptions and definitions. Among these are traditional forms of co-operation – such as credit, production, use and consumption – as well as new projects like the Economy of Communion, which due to their legal forms or traditions are not part of the non-profit sector, nor of certain more anti-market definitions of social economy.³

The crisis years have seen the growth of the civil economy in both senses. Indeed, on the one hand, academic interest from an increasingly international group of scholars has grown (of which the

2. The term “third sector”, as opposed to the public and private sectors, refers to non-profit organizations, including voluntary groups, foundations, social cooperatives, social enterprises and NGOs.

3. For stylistic reasons the lower-case term has been used throughout the book but it should be understood in the first (capitalized) sense. (*Trans.*)

translation of our 2004 work into six foreign languages is eloquent proof). In addition, a movement has grown that is made up of those who believe in and work for communal and solidarity enterprises, and those who conceive of the market as the practice of civil virtues and ethical and spiritual engagement.

The Civil Economy is basically a paradigm, a map that guides us. It has a sense of causation, and is not just a theory or a specific model. We assign two specific goals to it. The first is to contribute towards filling the cultural void in economic thinking, which has been neglected for far too long. It should be evident to anyone that the current crisis is also the result of the superficial credence with which the broad public and policy makers perceive and receive the prescriptions of the many influential think-tanks scattered around the world. With a high level of technical sophistication in their research techniques, these think-tanks have succeeded in passing off their explanations of how financial markets work as true (and certain) and in having their recommendations accepted as incontrovertible.

The second goal we entrust to the Civil Economy paradigm is to contribute towards counteracting both the serious productivity decline of our production systems over the past twenty years and the insufficient capacity for innovation in our companies. We are of the view that at the bottom of this dismal state of affairs there is, in addition to an inadequate institutional structure, a concept of work that is obsolete in the era of the so-called fourth industrial revolution. That concept still depends excessively on Frederick Taylor's efficiency model,⁴ which is not able to attribute value to the

4. Frederick Taylor (1856–1915) was an American mechanical engineer who applied the principles of engineering to factory work in order to improve efficiency. His *The Principles of Scientific Management* (1911) became a management best-seller.

principle of co-operation, or to see the market as a place for mutual assistance and work as an opportunity for human flourishing, not just fatigue and boredom.

We offer the invitation with which Antonio Genovesi closed his *Lezioni di economia civile* (*Lessons of Civil Economy*):

The idea behind this work is this: if we fix our eyes on such a beautiful and useful truth, we will study not out of pedantic vanity, nor out of pride to lord it over the ignorant, nor out of perversity to circumvent them, but instead to comply with the law of the Moderator of the world, who commands us to use our ingenuity to be useful to one another.⁵

(Genovesi 1765–70)

This short volume represents new thinking. It is by now a recognized fact that market systems are compatible with cultures of many different origins and forms. In turn, the degree of compatibility of market systems with cultures has effects on the efficiency and sustainability of the systems themselves. What we say in the following pages does not mean dropping the advances of the analysis made over the last century. It does mean recognizing the urgency of rethinking the anthropological foundation of economic discourse, which continues to embody an excessively narrow conception of personal well-being and that takes little account of human capacities for moral sentiments going beyond the mere accounting of personal gains. It is a fact that when people define their own interests and when they act to pursue those interests, they more often than not give great weight to their moral premises and to the principle of reciprocity.

5. Unless otherwise noted, all translations from the Italian originals are by the translator.

One of the most penetrating dangers of our time, coined by the twentieth-century author C. S. Lewis, is “chronological snobbery”: the uncritical acceptance of anything merely because it belongs to the intellectual trends of our present. This short book has been written precisely as a contribution to repulse such danger.