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## **Gratuitousness and Work The Priority of Labour Over Capital in a Globalized Economy**

### *Abstract*

The priority of labour over capital represents a powerful analytical tool for understanding wealth creation and development. Such a tool is particularly relevant in today's world, characterized by rapid change and the increasing importance of immaterial, subjective dimensions of the economy.

The paper provides an overview of the original analytical elements of the Catholic Social Doctrine (CSD), as compared to the basic analytical tools coeval economic profession has mostly been using. Being based on a solid relational anthropology, CSD provides a powerful framework where the priority of labour is pivotal for advancing economic theory and practice, in the perspective of a "good life in common". In particular, the paper elaborates on the notion of gratuitousness, an innovative expression which is deeply rooted in CSD and particularly helpful in order to realistically understand development and social progress in our globalized world.

### *Zusammenfassung*

Die These vom Vorrang der Arbeit vor dem Kapital verkörpert ein leistungsfähiges analytisches Instrument für das Verständnis von Wohlstandsbildung und Entwicklung. Ein solches Instrument ist besonders in der heutigen Welt wichtig, die durch einen rapiden Wandel sowie eine zunehmende Bedeutung von immateriellen, subjektiven Dimensionen in der Ökonomie charakterisiert ist.

Der Aufsatz bietet einen Überblick über die spezifischen analytischen Elemente der Katholischen Soziallehre und vergleicht sie mit den grundlegenden analytischen Instrumenten, wie sie von den Vertretern der zeitgenössischen Ökonomie überwiegend verwendet werden. Basierend auf einer tragfähigen relationalen Anthropologie bietet die Katholische Soziallehre eine wirkmächtige Rahmenkonstruktion, in der der Vorrang der Arbeit aus der Perspektive eines »guten Lebens in Gemeinschaft« für eine Weiterentwicklung der ökonomischen Theorie und Praxis ausschlaggebend ist. Der Aufsatz arbeitet besonders den Gedanken der Unentgeltlichkeit aus, der als innovativer Begriff tief in der Katholischen Soziallehre verwurzelt und vor allem für ein realistisches Verständnis von Entwicklung und sozialem Fortschritt in unserer globalisierten Welt hilfreich ist.

## 1 Introduction

In the present times of rapid change and global integration, standard economic culture seems to be quite inadequate in catching the essential drivers of economic, financial and socio-political dynamism. Experiencing a crisis should prompt renewed efforts for innovation in economic thinking and practice – but we do not see much of it. “Business as usual” seems to be what market agents dearly wish to go back to, be they consumers, wealth holders, workers or entrepreneurs: back to well established routines (maximizing satisfaction, or profits, or portfolio value).

Exiting the crisis this way is clearly unrealistic. We live in time of uncertainty and simply cannot play maximization games most of the time. Our actions are driven by expectations and beliefs, and above all by hopes. We are attracted by the unknown, yet frightened by it. We feel we accomplish our lives by spending time on something worthwhile: happiness, beauty, justice, truth and love (for integral human development, in the words of Catholic Social Doctrine, CSD). Could economists ever understand crisis solution or development – even strictly material, economic development – in a framework where this fully human dynamism is overlooked, or denied? My answer is no – we do not grasp what economic change is by looking at anonymous “representative agents”, strategically interacting with each other according to determined optimization algorithms. Each person, each concrete and historical person, shapes history by shaping her neighbourhood, her family, her enterprise, her community, her country. Curiously, it’s easy to recognize *ex post* that some people actually made a difference: their personality and the quality of their interactions mattered for innovation and development. Yet, it seems either too naïve or too complicated to focus scholarly efforts on the idea that actual people, with their beliefs and hopes, do influence economic development at least as much as the material conditions in which they act. This seems to me the most impressive dimension of the “priority” of human work: it really comes first in shaping reality and in fostering development.

I am convinced that an inquiry into the nature of human labor helps to adequately ground the economic and policy perspective on global development. CSD offers a distinctive contribution to these matters, in terms of both experiences and reflections. CSD is a concrete story of daily work by the “millions and millions” of people mentioned in

*Centesimus annus*, living their faith in their daily existence and actually transforming the world (cf. CA, 53). At the same time, “the Church is aware that her social message will gain credibility more immediately from the *witness of actions* than as a result of its internal logic and consistency” (cf. CA, 57). The Gospel is very demanding: you know the tree by its fruits. There is one good fruit of CSD for economists to gather: the wealth of original insights CSD offers in discerning the signs of the time, as compared to what coeval economists are discussing. This paper is meant to show the value (often, the prophetic value) of those insights, hence the convenience of using CSD to “open up” current economic models, both theoretical and practical. In particular, this paper suggests that the dimension of gratuitousness is central in understanding how human work generates social innovation.

I do not intend to interpret CSD documents along philological or exegetical lines, which are definitely not my expertise. I’m a professional economist who – at some point – ran into the social teachings of John Paul II. They made a lot of sense in rescuing Economics – and Labour Economics in particular – from irrelevance. So, I went on reading the cited papal documents, being repeatedly surprised by how acute those documents were in capturing the crucial issues of their times, and yet how suggestive they remained for our times. Quite reasonably, I have over time become an eager reader of current official documents – it is a matter of convenience. One may also notice my emphasizing continuity in CSD, despite obvious differences related to the times and the personality of authors. I am deliberately neglecting nuances, while actually trying to highlight the most precious notions that, from an economist’s point of view, help facing the challenge of our times. These notions indeed reflect a strong coherence, showing their “dynamic faithfulness to a light received” (cf. CV, 12). As truly a non-expert in CSD, I remain more interested in finding this light – so convenient for my daily profession – than in discussing details concerning the “shape of the lamps”, so to speak.

## 2 *Rerum novarum* and the Social Question of its Times

The capitalist transformation of production brought along an unprecedented increase in production and widening in inequality: the poor toiled for mere survival, most benefits of increased productivity accruing

to the new entrepreneurial classes. This is the material side of the social question, which goes together with its immaterial counterpart: the loss of the sense of the dignity of human work.

The fathers of Economics were aware of the material centrality of human work in wealth creation (Adam Smith) and in the formation of value and prices (David Ricardo); their analysis of income distribution among social classes – workers, land-owners, capital-owners – was taken by Marx to the extreme vision of the necessity of class struggle, a vision that dramatically changed subsequent history. In the second half of the 19th century, a different economic perspective also took shape, in which income distribution was understood as a market phenomenon: producers and consumers expressed their respective demand for productive factors and for commodities as anonymous individuals, thus leading to a market equilibrium price for all goods traded: either work, of land, or cheese, or cloths. The marginalist perspective, based on market competition, made income distribution a largely non-political issue – as opposed to the Marxist tradition. But these alternative views had nonetheless much in common: namely, the prevalence of necessary, anonymous forces in which human beings were considered but gears in a huge machine they could not control (Beretta, Citterio (eds), 2009).

With the encyclical *Rerum novarum* (RN) in 1891, Leo XIII felt it necessary to tell the truth “when it seemed opportune to refute false teaching” expressing his concern and deep love for “the condition of the working classes” (cf. RN 2). While coeval socio-economic thought was theoretically built upon the principle of impersonality of social interactions, whether along the Marxist line or the politically opposed marginalist perspective, Leo XIII intervened on the social question with a culturally, socially and politically innovative message focusing on the personal, subjective dimension of economic and social actions and interactions, where actual power relationships and institutions matter. Two key concepts spelled out in the encyclical suffice for getting a sense of how innovative *Rerum novarum* was and remains: the priority of labour over capital and the principle of social collaboration.

The priority of labour and the articulated vision of society of *Rerum novarum* are not simply policy auspices; they are building blocks of a positive effort to ontologically understand the personal dimension of labour relations. In the emerging CSD, labour is not reduced either to a commodity – as is labour-power in the Marxist tradition – or to

an anonymous factor of production – as in the mainstream tradition of Economics. Consider the following quotes:

“[T]he first thing of all to secure is to save unfortunate working people from the cruelty of men of greed, who use human beings as mere instruments for money-making.” (RN 42)

“The great mistake [...] is to take up with the notion that class is naturally hostile to class, and that the wealthy and the working men are intended by nature to live in mutual conflict. So irrational and so false is this view that the direct contrary is the truth.” (RN 19)

“For man, fathoming by his faculty of reason matters without number, linking the future with the present, and being master of his own acts, guides his ways [...]” (RN 7)

Human subjectivity, interpersonal and “structural” relations matter in addressing the new social issues and in finding possible paths to face them in a socially generative way – which is what has happened, by means of innumerable bottom-up initiatives. As an economist, I must note at this point that it would take many more decades for human subjectivity and relational interdependence to make their way into Economics, through game-theoretical insights.

### 3 Globalization, the “New Thing” of the Twentieth Century

The relational dimension remained crucial in the social question of the twentieth century, when large corporations and powerful financial institutions had already become crucial transnational actors. *Quadragesimo anno* (QA) of 1931 explicitly tackles concrete power relations, defending on the one side the rights of workers, and entrepreneurial work and “the wise forecasts of producers” on the other side:

“The easy gains that a market unrestricted by any law opens to everybody attracts large numbers [...] their one aim being to make quick profits with the least expenditure of work, raise or lower prices by their uncontrolled business dealings so rapidly [...] they nullify the wisest forecasts of producers.” (QA 132)

Lucidly, Pious XI foresaw the political consequences of the socio-economic transformations related to capital becoming anonymous. He acutely described the phenomenon of globalization, quite a few decades before this word became a by-word, in terms of the disconnection between economic and political powers, by which “country is where profit is”:

“[...] as to international relations, two different streams have issued from the one fountain-head: On the one hand, economic nationalism or even economic imperialism; on the other, a no less deadly and accursed internationalism of finance or international imperialism whose country is where profit is.” (QA 109)

In later years, Pious XII intervened with concrete proposals on labour and on industrial relations, addressing issues that remain relevant today. He refers to firm and industry organization and labour participation:

“The small and average sized undertakings in agriculture, in the arts and crafts, in commerce and industry, should be safeguarded and fostered. Moreover, they should join together in co-operative associations to gain for themselves the benefits and advantages that usually can be gained only from large organizations. In the large concerns themselves there should be the possibility of moderating the contract of work by one of partnership.” (Pious XII 1944)

Other proposals refer to the need to keep social exclusion to a minimum, for true development of countries and nations:

“the national economy, as it is the product of the men who work together in the community of the State, has no other end than to secure without interruption the material conditions in which the individual life of the citizens may fully develop. Where this is secured in a permanent way, a people will be, in a true sense, economically rich.” (Pious XII 1941)

I can't help noticing here that inequality of opportunities as an economic problem – not only as a mainly ethical issue – has only recently resurfaced in Economics (Milanovic 2011), challenging the common wisdom according to which a negative trade-off between efficiency and social equity is assumed to exist almost by definition.

Global economic integration, not yet named as such, exploded after World War II. One may object that the world was bipolar and not global

at that time, which is obviously correct; but the “new things” that were actually occurring in the late Fifties / early Sixties (such as the Eurodollar market, first clear sign of global finance) cannot be understood without considering the *de-facto* economic interdependence between the two superpowers. The social encyclicals of the Sixties show acute awareness of the global dimension of the social question.

*Mater et magistra* (MM), issued in 1961, is particularly careful in highlighting new social, geographical, sectoral and international unbalances; showing a clear concern for mounting inequality. MM outspokenly defends the rights of labour – especially in declining regions of industrialized countries – and supports regional and international development policies. Despite some readings of MM tend to highlight the “pro-state” stance of the encyclical, subsidiarity in public intervention is strongly emphasized.

“(A) sane view of the common good must be present and operative in men invested with public authority. . . . We consider it altogether vital that the numerous intermediary bodies and corporate enterprises—which are, so to say, the main vehicle of this social growth—be really autonomous, and loyally collaborate in pursuit of their own specific interests and those of the common good. For these groups must themselves necessarily present the form and substance of a true community.” (MM, 65)

The notion of “community” clearly transcends the “state versus market” dichotomy: in coherence with the CSD tradition, the notion of community is rooted in a relational anthropology, where the centrality of persons and the quality of their relations matter, in the micro setting of the firm and in the macro setting of the world at large:

“Every effort must be made to ensure that the enterprise is indeed a true human community, concerned about the needs, the activities and the standing of each of its members.” (MM 91)

“[...] technical and financial aid be given without thought of domination, but rather for the purpose of helping the less developed nations to achieve their own economic and social growth. If this can be achieved, then a precious contribution will have been made to the formation of a world community, in which each individual nation, conscious of its rights and duties, can work on terms of equality with the rest for the attainment of universal prosperity.” (MM 173–174)

The entire world is indeed at the heart of CSD. As it is well known, Paul VI would openly state in 1967 that “the social question ties all men together, in every part of the world” (PP 3). No wonder that in 2009 *Caritas in veritate* (CV) defines *Populorum progressio* as the *Rerum novarum* of the present age (CV 8).

#### 4 The Priority of Labour: Not Just a Distributive Issue

While it was (and still is) very common to concentrate on distributive issues, “(i)t is not enough to increase the general fund of wealth and then distribute it more fairly” (cf. PP 34). The originality of CSD is most evident in its firsthand inquiry into the nature of labour and capital. In 1981, blessed Pope John Paul II wrote an amazingly original manifesto on the priority of labour over capital. *Laborem exercens* (LE) is fully embedded in the CSD tradition, yet profoundly innovative in both its analysis and its language, highlighting “perhaps more than has been done before – the fact that human work is *a key*, probably *the essential key*, to the whole social question” (cf. LE 3). Making it clear that work in the objective sense is illuminated by work on the subjective sense, *Laborem exercens* announces Christ, “*the Man of Work*” (cf. LE 26) and offers very powerful insights on the centrality of actual people, “men and women of work”.

The following quotes highlight the analytical dimension of the priority of labour, by constantly using the present indicative tense:

“(T)he principle of the priority of labour over capital [...] directly concerns the process of production: in this process labour is always a primary efficient cause, while capital, the whole collection of means of production, remains a mere instrument or instrumental cause.” (LE 12)

“Opposition between labour and capital does not spring from the structure of the production process [...] Working at any workbench, whether a relatively primitive or an ultramodern one, a man can easily see that through his work he enters into two inheritances: the inheritance of what is given to the whole of humanity in the resources of nature, and the inheritance of what others have already developed.” (LE 13)



Hence, in LE the logic of receiving – inheritances and gifts – is stated as prior to the logic of production. The priority of labour, then, becomes the cornerstone for understanding reality and for effectively transforming society. Even capital finds its true, humanized dimension in this framework:

“[...] the whole collection of means by which man appropriates natural resources and transforms them in accordance with his needs (and thus in a sense humanizes them), ... *all these means are the result of the historical heritage of human labour*. All the means of production, from the most primitive to the ultramodern ones – it is man that has gradually developed them [...] Thus *everything that is at the service of work*, everything that in the present state of technology constitutes its ever more highly perfected ‘instrument’, is *the result of work*.” (LE 12)

Affirming the priority of labour valorizes capital as a result of work, and also gives a clear calling to existing capital: it is not to be accumulated, or treasured; it is to be circulated as an instrument to enhance labour opportunities (productive investment).

#### 4.1 The Goods of the Earth as a Gift

John Paul II gives a fascinating vision of the economy of creation and salvation: Christ is the centre of the universe and of history. No less fascinating is the vision he gives of material economy. In this teaching, “gift” appears as the driving force of economic development (cf. Beretta 2006, Beretta 2000); Benedict XVI states that “gratuitousness” is found at the very beginning of all that exists (cf. CV 34), a powerful linguistic innovation which is fully coherent with the CSD tradition.

In all beginnings, including those of professional life, we enter an already-existing reality which is given to us, that has been shaped over millennia by human work. The Genesis story is that the earth is given to the human family, so that humankind might have dominion over it by their work and enjoy its fruits. This message translates into the CSD principle of the universal destination of the earth’s goods (GS 29). Human dominion means care-taking of all we are given as the matter of our work.

#### 4.2 Work is itself a Gift.

The universe is a gift to us, and God the Creator gratuitously made us to be like Him: co-creators of sorts, participating in the unending act of creation (cf. LE 4). As the original creation is a gratuitous gift, also human work is itself a gift, by analogy. We can only transform through work and give to others what we have been given; by exercising our freedom, we can contribute to creation by giving a fuller and richer sense to the earth's goods, by "giving a story" to matter.

"(T)he earth does not yield its fruits without a particular human response to God's gift, that is to say, without work." (CA 31)

In CSD, human labor is not a factor of production (that is, a means to an end), but an *actus personae*, sharing in the activity of the Creator, freely choosing to participate in the dynamic circle of reciprocal giving in a never-ending, meaningful exchange (cf. LE 25).

Being creative is a distinct human ability: we can detect humanity by the original, unpredictable, surprising aspect that human work gives to the material world (in economic jargon, innovation). Many animal species work, accumulate wealth in the form of food; they build durable forms of wealth (shelter and some sort of productive capital) in an impressively predictable way; they can adapt the same, perfect constructive archetype to variable circumstances, but nobody would label their work as "creative" in the same sense as human work is.

While labour is a basic source of wealth creation, the origin of true wealth is God; by analogy to God's work, human beings, in His image, create new wealth not in isolation, but in dialogue; in a network of stable connections which can only occur because someone, gratuitously, has the courage to be the first in taking the risk of action, by giving to others (material goods, but also immaterial goods, like trust and knowledge) in the reasonable hope of establishing new wealth-enhancing relations.

### 4.3 Alienation, that is Refusing the Logic of Gift

Interestingly, John Paul II defines alienation (a quite topical theme in social analysis and political praxis) as the refusal to take part in the dynamic of gift.

“When man does not recognize in himself and in others the value and grandeur of the human person, he effectively deprives himself of benefiting from his humanity and of entering into that relationship of solidarity and communion with others for which God created him. Indeed, it is through the free gift of self that man truly finds himself [...]. [He] is alienated if he refuses to transcend himself and to live the experience [...] of an authentic human community [...]. A society is alienated if its form of social organization, production and consumption make it more difficult to offer this gift of self and to establish this solidarity between people.” (CA 41)

The logic of gift directs us towards realizing the universal destination of the goods of Earth; whereas the logic of accumulation, exploitation, and depletion causes us to exclude large portions of humanity from the benefits of economic progress. Exclusion comes about when we allow too much wealth to be concentrated in too few hands; when we allow economic power to exploit the poor, and when current generations abuse creation.

### 4.4 Development as a “Story” where Human Labour is prior to Capital

Within CSD, development is conceived as a dynamic process in which each step is fully valuable in itself, since *how* you get a result is as essential as *what* result you get (cf. MM 60; PP 14; PP 20). Each step consists in actual human work, an end in itself and not a means.

The priority of labour over capital matters in development policies. If you only care about reaching a pre-defined set of development indicators, you will rationally look for viable technical solutions to be efficiently implemented; the more seriously you care about material outcome, the more you will be inclined to technocratic solutions; as a consequence, all the more you will focus on capital, and not labour, as the crucial driver of growth. If, on the other hand, you care about *how* development

occurs, you will be inclined towards a bottom-up approach where the priority of labour is essential.

Take the objective of eradicating poverty: in the “development as an outcome” perspective, poor people would typically play a passive role, as aid recipients; in the “development as a process” perspective, poor people would be actively involved as the crucial decision makers. Access to labour remains the only sustainable way to abolishing poverty and to social and political participation:

“The dignity of the individual and the demands of justice require [...] that we continue to prioritize the goal of access to steady employment for everyone. All things considered, this is also required by ‘economic logic’. [...] Human costs always include economic costs, and economic dysfunctions always involve human costs.” (CV 32)

This is not to deny the need to reform structures and institutions: rather, it is to stress the fact that you need people to do it. CSD has been quite outspoken in assessing the role of formal and informal institutions in local and global development and in highlighting the importance of the non-material dimensions of development (cf. CV 19, CV 22 on culture, corruption and illegality).

Attention to the institutional dimension was tangible even at times when development policies were mostly concerned with industrialization, infrastructures and material growth, expecting national income growth to automatically “trickle down” to the poor and the excluded. *Mater et magistra* in 1961 and *Populorum progressio* in 1967 – with all their evident differences – already focused on the need for shaping internal and global institutions according to justice, for the good of all humankind. We must admit that even today much is said but too little is done for good global governance and opportunities for development in our plural world (cf. Beretta, Zoboli 2010).

“There is urgent need to reconsider the models which inspire development policies. In this regard, the legitimate requirements of economic efficiency must be better aligned with the requirements of political participation and social justice [...]. [I]n practice, this means making solidarity an integral part of the network of economic, political and social interdependence which the current process of globalization is tending to consolidate. These processes call for rethinking

international cooperation in terms of a new culture of solidarity [...]. [C]ooperation cannot be reduced to aid or assistance [...]. [R]ather, it must express a concrete and tangible commitment to solidarity which makes the poor the agents of their own development and enables the greatest number of people [...] to exercise the creativity which is characteristic of the human person and on which the wealth of nations too is dependent.” (John Paul II, 2000)

Human labour makes the difference even within international organizations! Solidarity for development doesn't occur primarily in the dimension of capital (be it physical, infrastructural, or financial capital), as top-down material transfers that occur in a relational void; rather, solidarity is a tangible commitment, fostering and caring for durable relationships.

#### 4.5 Social Justice and the Priority of Labour

Social justice is built on the same founding principle as the priority of labour, namely human dignity; and human dignity is fully inscribed in the logic of gift.

“Even prior to the logic of fair exchange of goods and the forms of justice appropriate to it, there exists *something which is due to man because he is a man*, by reason of his lofty dignity. Inseparable from the required ›something‹ is the possibility to survive and, at the same time, to make an active contribution to the common good of humanity.” (CA 34)

When people lack a way to contribute to the life of the human community, they are bound to passivity and marginalization. Hence, social justice is not limited to accessing the distribution of material goods, but it consists in participating in the very process of creating wealth through labour, which is a dynamic of gift. In the language of 1937, Pius XI already explained that

“It is of the very essence of social justice to demand for each individual all that is necessary for the common good. But just as in the living organism it is impossible to provide for the good of the whole unless each single part and each individual member is given what it needs for the exercise of its proper function, so it is impossible to care for the social organism and the good of society as a

unit unless each single part and each individual member [...] is supplied with all that is necessary for the exercise of his social function.” (Pious XI 1937, 51)

Using contemporary language, “[t]he challenge, in short, is to ensure a globalization in solidarity, a globalization without marginalization.” (John Paul II, 1998). In other words, social justice is not circumscribed within the material domain (cf. also QA 88); it encompasses and yet transcends paying a just wage to the worker – where “just” is to be taken both in the commutative sense of respecting contractual *do ut des*, and in the distributional justice sense of allowing the worker’s family a decent life.

The priority of labour relates to labour participation: sharing freedom of action, initiative and responsibility within the firm. This teaching is movingly documented by the following quotation, which dates back to 1956:

“The economic and social function to which every man aspires requires that control over the way in which he acts be not completely subjected to the will of others. The head of the undertaking values above all else his power to make his own decisions. He anticipates, arranges, directs, and takes responsibility for the consequences of his decisions [...]. Can he deny to his subordinates that which he values so much for himself?” (Pious XII, 1956)

Freedom of initiative and responsibility for each person in the firm (we could say: subsidiarity within the firm) are indeed a matter of social justice, reflecting a particular form of acknowledging the priority of labour. Quite a few decades after 1956, management studies confirmed the importance of subsidiarity within enterprises as a source of innovation, efficiency and effectiveness in wealth creation.

## 5 Economic Implications of the Priority of Labour

In times of rapid structural change, development has obviously more to do with innovation (facing new needs, seizing new opportunities, detecting feeble signs of change, making an economic resource out of something previously dismissed as useless) than with optimizing behaviour. Hence, our times urge for abandoning mechanistic lines of thought and rediscovering the priority of labour, in a rich interpersonal and structural relational setting.

## 5.1 The Priority of Labour – Human Action versus Mechanistic Behavior

In mechanistic frameworks, decisions follow from calculating rationality: freedom is reduced to deciding between alternative means for pursuing given ends – but then the choice is given by the necessity to minimize effort. Yet, reflecting on ourselves in action, we observe that freedom has more to do with possibility than with necessity. Freedom is being open to the unpredictable, to the unfinished; literally, to infinity – the same human language, in all cultures, is built on the notion of infinity (cf. Moro 2006).

This is why it seems very useful for economists – and not just for moral philosophers – to use the category of free and purposive *action*, as opposed to mechanical and instrumental *behavior*, as the analytical basis for addressing issues concerning wealth (Beretta 2006). The word *action* expresses a dynamic concept: action is a synthetic response to a complex situation the actor never fully knows and in which freedom and responsibility are co-essential.

“Business activity has a human significance, prior to its professional one. It is present in all work, understood as a personal action, an *actus personae*, which is why every worker should have the chance to make his contribution knowing that in some way, he is working ‘for himself’. With good reason, Paul VI taught that ‘everyone who works is a creator’.” (CV 41)

## 5.2 Priority of Labour – Reproduction versus Generation

The idea of generation, as distinct from reproduction, helps rethinking the *why*, and not just the *how*, of economics. Compare human reproduction versus human generation: by concentrating on material output, we cannot discern between the two situations, as in both cases we observe a new baby. But there is a crucial non-material dimension in generation: the determination to take care of the new born baby, up to her full flourishing. In the family as well as in the economy, generation implies not just producing an output, but *taking care* of the underlying relationship (that is, circulating the gift of being together).

Reproduction and generation suggest two quite different perspectives on work and development. If production (and re-production, as in the

*enlarged reproduction* models of growth) is the central focus, we tend to concentrate on understanding how the existing system enlarges itself, and to neglect the problem of understanding the discontinuities by which “new things” enter the system. No surprise we seem to be unable to creatively face crises, in a world characterized by the preeminence of the sphere of production of goods and services and by the technocratic ideology (cf. CV 14, CV 70) where “too much attention is given to the ‘how’ questions, and not enough to the many ‘why’ questions underlying human activity” (CV 70)! Think about one firm employing ten people: how different the post-crisis story of that firm will be if these ten people are not only ten anonymous, interchangeable workers, but partners in the same creative adventure in which relationships are taken care of. True wealth creation occurs when such a generative attitude fosters relationships.

We know from historical experience that both the horizontal circulation of goods (markets) and the vertical bureaucratic circuits (state) are weak generators of development. Development as generation requires gratuitousness, with its inherently unbalanced structure and its profundity in time, where the circulation of goods follows *strange rings* connecting markets and hierarchies (*une boucle étrange et une hiérarchie enchevêtrée*, Godbout 1992, p.219) that do not require immediate equivalence, but call for free, non-compulsory new rounds of circulation. Hence, conventional discussions about the respective roles of state and market risk concealing more than they reveal. *Caritas in veritate* points precisely to generative, gratuitous relations to overcome obsolete binary models:

“When both the logic of the market and the logic of the State come to an agreement that each will continue to exercise a monopoly over its respective area of influence, in the long term much is lost: solidarity in relations between citizens, participation and adherence, actions of gratuitousness [...]. The exclusively binary model of market-plus-State is corrosive of society, while economic forms based on solidarity, which find their natural home in civil society without being restricted to it, build up society.” (CV 39)



### 5.3 The Ethical Implications of the Ontological Priority of Labour

Ethical considerations are often seen as if they came from outside the economic sphere. Indeed, if economic rationality is reduced to optimizing behavior, pursuing ethical goals necessarily entails some costs; such a sacrifice may be regarded as desirable by ethically minded people, but there remains the negative trade off between efficiency and equity. Some trade off may be there at times, but that is not the full story. If we do not wrongly take the part (optimizing behaviour) for the whole (economic action as *actus personae*), we get a much more interesting story about economics and ethics.

The ethical dimension is constitutively present in all human actions, including economic ones: in working, trading, investing, human freedom is exercised within real relationships, for which we bear responsibility. From experience, we recognize the importance of immaterial, symbolic dimensions of the economy; we often care about the *intentions* of others, and their importance for our well-being may very well exceed the importance of the material action we observe others performing. Even intentions matter for creating well-being! Words like responsibility, solidarity, intentionality may appear as external to formal economic discourse; but they nevertheless belong to elementary economic experience. Hence, seemingly paradoxical economic actions (such as gratuitous actions) make perfect sense in view of generating wealth through human labour. Sincerely gratuitous gifts may indeed be very effective in establishing innovative and long lasting economic relations.

### 5.4 Globalization and the Priority of Labour

“Priority” is a lexicographic notion: analytically, it says that labour comes first, as a matter of fact (no capital would exist without work). In policy making, the priority of labour implies that defending and promoting labour is the number one policy priority. This makes a lot of sense in our times of globalization and for the future. Globalization is driven by concrete human decisions – it is not an uncontrollable outside event. Trade globalization in the 60s and 70s, exploding foreign direct investments (FDI) in the 80s, financial globalization in the 90s profoundly reshaped the “international division of labour”. The globalization of

the twenty-first century is even more clearly people-driven, as the “new thing” is international labour migrations.

Migrations are a much underestimated driving force for economic, social and political change both at the local and global levels. The transformations driven by *female* migration flows are especially crucial: in both the countries of origin and of destination, the so called “global care chain” (Beretta 2010) is bound to produce serious long-term consequences that are, as yet, scantily studied and even less considered by policy makers.

Facing today’s globalization “as if the priority of labour really mattered” – both in analytical thinking and in practical policy making – requires a human dignity-based common framework to address a variety of emerging phenomena, which are often analysed independently. These phenomena include, for example, youth unemployment in mature and rich – one may say “gerontocratic” – economies and youth unemployment in low and medium-low income countries, where young people constitute a large fraction of the total population. Purely “national” analyses and policy actions risk missing the fact that both geographical distance and cultural distance between nations have shrunk – the more so, if we consider countries which lay on opposite borders of the same sea, as in the Mediterranean.

## 6 Gratuitousness and Work

The logic of gift, as I tried to show, is not some quaint theological assertion that sits on the sidelines of economic analysis; rather, it is a central concept in understanding human work, wealth creation and development. Good economic theory teaches that, when it is costly or virtually impossible to gather all relevant information, when information is asymmetrically distributed, when economies of scale and concentration of market power are relevant, and when “strong” uncertainty is present, creating personalized relationships is crucial in order to trade and, more generally, to pursue one’s objectives.

In many cases, it is also important that personalized relationships be potentially durable – as in finance. Of course, whether they will be or not depends upon the substantive strength of the relationship: trust among partners has a peculiar economic value. The current lack of trust

in financial markets makes this all too evident; yet, we do not seem to have an idea about how to “produce” trust. This is to say, relations matter; and a sound economic analysis requires a sound anthropological setting, relational in its nature.

### 6.1 Sorting the Ambivalence of “Relational Goods” and “Reciprocity”

A recent, interesting line of research adds “relational goods” to private and public goods, in the perspective of reviving the “civil economy” tradition as a contribution to efficiency, equity and public happiness (Bruni, Zamagni 2007). In my understanding, I see the complementary need to dig deeper into the intrinsic relational dimension of *all* economic goods, be they private or public goods, along the lines that I tried to draw in the previous paragraph.

While I see the importance of recognizing the economic value of well-defined “relational goods”, I also feel the urge to note that there is nothing intrinsically good about personalized and potentially durable *relations* that are needed to realize many different economic goods; and nothing intrinsically bad in impersonal market transactions or bureaucratic, top-down allocation of resources. Personalized relations are an ambivalent fact of life: they can be a powerful force for the good, or the bad. The same ambivalence characterizes interdependence, which may translate into vulnerability and dependence.

Even *gift relations* mirror the profound ambivalence of any human relation: we know from fairy tales as well as from personal experience that a gift can be a poisoned gift, in which the receiver ends up being bound into dependence (cf. Godbout 1992, pp. 14–15). Yet we know from elementary experience that the gift is needed for nurturing relations; market contracts, diplomatic initiatives and business relations may depend on some gratuitous act in order to occur or to be preserved. Labour contracts are no exception (cf. Akerlof 1984). Furthermore, a gift has to be perceived as spontaneous and sincere in order for it to help you win a friend, or even a client; there is indeed an *interest* in giving, but not in that term’s narrow sense. Only the *gratuitous* gift, the one that preserves the freedom of the other partner, is truly generative and sustains relations over time, while the poisoned gift transforms the gift relation into something completely different.

The notion of “relational goods” is often connected to the notion of “reciprocity”. Undoubtedly, daily experience tells us that reciprocity is a powerful driver of human actions; again, both for good and for bad (love for love, but also “an eye for an eye”). In the game theoretic literature, reciprocity may be required for a cooperative outcome to occur; but cooperative outcomes may themselves be for the good, or for the bad. “Good” reciprocity can lay the foundation of a “civil” society; but unfortunately we all experience vicious forms of reciprocity that precipitate society into violence and chaos. In so many instances, in fact, the Gospel is actually shocking us by asking *not to* stick to reciprocity in our relations with our neighbours.

The truly interesting question is: where can we find the roots of a truly “civil” society and economy, or the possibility for a “good life in common” (Scola 2010)? For the sake of realism, the answer must consider that

“Ignorance of the fact that man has a wounded nature inclined to evil gives rise to serious errors in the areas of education, politics, social action and morals.”  
(CV 34, CCC 407, CA 25)

A less demanding question may help answering the former: how can we tell a “civil” society from one which is not? The answer is: by its fruits. The most desirable fruit of a “civil” society is integral human development in love and truth – as the full title of *Caritas in veritate* says. The heart of each human person has the capacity to recognize that fruit. We recognize beauty, love, and justice when we encounter them, as they surprisingly correspond to our inner desire to “do more, know more and have more in order to be more” (PP, 6; CV, 18). Hence, I would like to make the point that detecting a truly “civil” society requires going back to first principles: Love and Truth. In this perspective, I feel I can grasp – at least initially – why CSD is defined as nothing less than “*caritas in veritate in re sociali*” (CV 5).

## 6.2 Gift and Gratuitousness

The third chapter of CV, titled “Fraternity, economic development and civil society”, starts by saying:

“Charity in truth places man before the astonishing experience of gift. Gratuitousness is present in our lives in many different forms, which often go unrecognized because of a purely consumerist and utilitarian view of life. The human being is made for gift, which expresses and makes present his transcendent dimension.” (CV 34)

The kind of gratuitousness CV is talking about is not merely a human sentiment, an *élan* of altruistic concerns translating into action; first of all, it consists in treasuring the astonishing experience of *receiving* and recognizing gifts for what they are, with gratitude. We receive life, the earth, and also the “workbench” we use, which is the fruit of the work of all men and women that preceded us (LE, 13).

Curiously, the adjective “gratuitous” is itself an ambivalent word, in everyday language. It may indicate that someone received a useful good without paying any money (positive use value, zero exchange value); but it may also be used as a synonym for the unmotivated, unjustified, and possibly irrational. CSD underlines the *gracious* aspect of gratuitousness: our Creator and Redeemer gives in a perfectly gratuitous way, intensely desiring to establish a relation with each of us yet leaving us totally free to accept or to refuse the gift, and not binding us into dependence. For human beings, giving is always, in a sense, giving back. Any human giving is called to express gratitude and make present the transcendent dimension of the gift: the vivid memory of the Gifts of Love and Truth we keep receiving from the Giver. In a dynamic perspective, we give because receiving is such a fascinating experience that it overflows: my own gratuitousness comes from overabundance (cf. CV 77).

Gratuitousness rooted in gratitude: this seems to me a possible answer to the question about what makes a society truly “civil”. For a good life in the *pólis*, all forms of living together (state, market and civil society – to use the tripartite taxonomy we are accustomed to) require that kind of gratuitousness which is rooted in transcendent gratitude.

“(C)harity in truth is a force that builds community, it brings all people together without imposing barriers or limits. The human community that we build by ourselves can never, purely by its own strength, be a fully fraternal community.” (CV 34)

Gratuitousness is necessary in the market and the state (cf. CV 36): they are historically and socially determined institutions whose quality mirrors the substantive quality of the formal and informal relationships of both the people who shaped them in the past and the people who acts in them at each moment. After all “without justice – what else is the State but a great band of robbers?” (St. Augustine, as quoted by Benedict XVI in his address to the *Bundestag*, 22 September 2011).

A final remark: Christian realism suggests not to forget our “wounded nature inclined to evil”; gratuitousness is neither confined to the so-called “civil society”, nor should it be taken for granted that it automatically pertains to the “broad new composite reality embracing the private and public spheres, one which does not exclude profit, but instead considers it a means for achieving human and social ends” (CV 46). In each and every layer of human life within the *polis* – market, state, civil society – nothing short of Charity and Truth can meet the most urgent needs of the human heart.

## 7 Conclusions

Only the facts can tell us whether human creativity in labour, generative gift relationships and gratuitousness are a matter of wishful thinking, or indeed the real drivers of a “good life in common” (Scola 2010). If we look at history, we see that “new” things in wealth creation and development – even grand things from a strictly economic point of view – have typically come from creative gift relations. New technologies, impressive for their times, were developed within the connected network of the monasteries spread all over Europe. We can see gratuitousness of monastic labor in the beauty of monasteries, in the amazing detail that is practically invisible to people, but which is there as a gift for the glory of God. We also see the material fruits of *quaerere Deum*: a new culture of work revitalized the socio-economic life of wide territories and promoted “multinational” relations in ways that exalted and connected local cultures.

In later centuries, fraternities of arts and crafts – essentially structured as stable partnerships cutting across markets and political hierarchies – were also essential elements of European social and economic development, favoring the accumulation and intergenerational transmission of

technological knowledge (cf. Zardin 1998). Charitable initiatives aimed at answering new needs of a population living in large cities produced institutions such as hospitals and other institutions of social assistance, which over time gathered and managed huge economic resources. Some of these charitable institutions and their riches, meant to serve the poor, survived all sorts of political turmoil, foreign invasions included.

The crisis we face today calls for similar generative relations, engaging human creativity in markets, social initiatives, politics and public administrations. This is a work of gratuitousness, rooted in gratitude:

“*Development needs Christians with their arms raised towards God* in prayer, Christians moved by the knowledge that truth-filled love, *caritas in veritate*, from which authentic development proceeds, is not produced by us, but given to us.” (CV 79)

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