

EUROPE AND THE IDEA OF A CIVIL ECONOMY

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1. Introduction

The debate over the identity and future of Europe has thrown up a whole series of weighty discussions and concerns, one of which is worthy of special mention: the supposed trade-off between the strengthening of European identity on the one hand and the preservation of the many national identities on the other. Indeed, Europe has always been both a field of contested identities and a space of universal consilience. What has made this co-existence of plural delineations possible is an identity space constituting the real “soul of Europe”. How can we characterize this identity space? In what follows I will attempt a sort of *reductio ad unum* of the many different issues at stake with a view to identifying a few basic concepts that ought to inform the public discourse. These concepts will revolve around three key words: the human person; democracy; fraternity.

But first, a few preliminary remarks. The XVth century was the century when Humanism first made its appearance in what was an exquisitely European event. The XXIst century has, from the very word go, underscored the need for a new form of Humanism. In the XVth century it was the transition from Feudalism to Modernity that provided the catalyst. Today, it is an equally radical shift from industrial to post-industrial society, from Modernity to post-Modernity, that points the need for a new Humanism. Globalization, financialization of the economy, new technologies, multiculturalism, heightened social inequalities, conflicts of identity; environmental issues, - just a few of the problems that, to use the title of one of Sigmund Freud’s most famous books, conjure up today’s “civilization and its discontents”. Faced with these new challenges, merely updating old ways of thinking or resorting to collective forms of decision making, however refined they may be, will simply not fit the bill. We need to be more daring, to come up with more innovative solutions. This after all is the primary task of the University – a place which not only teaches but helps nurture new ways of thinking.

2. *Towards neo-personalism.*

I will begin with the first key word, that of person. While the philosophical personalism of the XXth century – that of Mounier, Maritain, Ricoeur and others – served to undo some of the damage done to the concept of person by nazism, fascism and communism, it did not address the need to defend the idea itself of the human being as person; the neo-personalism we need today must set itself the task of challenging all those who deny that individuals are also persons. The ideas of wellknown bioethicists like P. Singer and T. Engelhardt who argue that deformed babies, though human individuals, are not persons because they have not yet developed self-consciousness or will never be able to do so because of brain damage, call into questions the very distinction between human and non human: what ultimately distinguishes human from non-human life? How can we dialogue with cultures – for example the Chinese – that do not even have the word of person in their lexicon and which do not subscribe to the idea of the person as an individual entity who is necessarily, i.e. ontologically, tied to the other, where the other who stands in front of me is a you and not merely an *alter ego*?

We understand why the biopolitical question – in the sense of M. Foucault – is today at the centre of the political and cultural debate. University cannot close its eyes to issues of this kind and must come up with answers if it wants to keep its role as one of the main pillars of civil society rather than just some kind of educational supermarket where students come along and choose (or even buy) those bits of learning that best suit them at particular times. This is precisely why we need to urgently address the question of new laicism. To grasp the scale of the problem we need to begin by recognizing the fact that after the break down of western religious unity and the religious wars, the whole process of separation between the public and the private spheres – which is at the very heart of secularization – got under way, starting from the French Revolution. As is wellknown, the term secularization was first coined by Max Weber even if the principle underlying it had been previously discovered by the English economist and philosopher J.S. Mill around the middle of the XIXth century. The basic idea of secularization is that religion, and more generally, systems of individual beliefs should be confined to the private sphere and should not spill over and contaminate the public sphere which

instead should be governed by rational considerations alone. The lay principle, which stems from this line of thought, says that the State, with all the means at its disposal, must act to head off such threat of contamination. From this stems the idea of laicism as indifference by the State towards the various religious movements and hence the idea that the legislator must be guided by the principle *etsi Deus non daretur* (as if God did not exist) – an idea formulated by Hugo Grotius in the XVIIth century.

It is worth mentioning that only one continent in the world – Europe – has experienced a keen process of secularization which, as it were, “forced” individuals to privatize their religious beliefs and principles. There has been nothing similar in other continents. Let’s take the case of the USA. Here religion, or rather religions, occupied the public sphere from the very word go, helping to forge that public ethos that was to inform the American Constitution. That’s why in the USA laicism, as understood by the Europeans, is impossible to comprehend. The fact is that the American Revolution is, qualitatively speaking, very different from the French Revolution, as H. Arendt so famously pointed up. The former emphasized the principle of *neutrality* – in the sense of *impartiality* – of the State vis-à-vis religions: the State cannot prefer one religion over another and all religions are not only permitted but actively encouraged. The latter, on the other hand, engendered the principle of *separation* – read *indifference* – between State and religions, a principle which excludes religions from the construction of the public ethos. Which is why the European lay State needs to create its lay schools, its lay hospitals and, more generally, produce all those merit goods that the lay ethics deems indispensable for the citizens.

What is the novelty of the current historical period? The “laicism of modernity” has suffered irreversible damage to the extent that it is no longer in touch with reality, i.e. it is unable to provide credible answers to questions such as: what should the relationship between ethical and economic reasons be? How to deal with the issue of non negotiable values? What answers can be given to the challenges of multiculturalism? How can people with very different points of view on life live in a single polity? What is the common denominator of the different cultural value systems present in a country that should go to make up “public reason”? If, out of fear of possible authoritarian consequences, we do not accept the central tenet of the school of juridical positivism that affirms *auctoritas non veritas facit legem* (law derives from power, not from truth),

then it is clear we need to find an alternative. As Pope Benedict XVI said, laicism which is not open to transcendence and which absolutizes reason itself becomes an absolute in a shere fundamentalist style. Such a laicism leads inevitably to a dictatorship of rationalism. It is when confronted with questions of this kind that intellectually honest people realize why secularization and the form of laicism it engendered have become hollow obsolete concepts, superceded by facts. In Europe, the modern lay State was able to practice the separatism we spoke of above because when they entered the public arena all the actors – believers or not – shared a common value system rooted in the Judaic-Christian tradition. As has been noted, the modern lay State may have separated sin from crime, but it has not forgotten the Decalogue. It posits educational and family models but it predicates them – even if not explicitly – on the basis of that tradition

Today's crisis stems from the fact that, in the face of new migratory patterns prompted by globalization, the common value system is slowly disintegrating with the result that the modern lay State now finds itself powerless to tackle head on the new challenges. With the conceit of trying to maintain the principle of separation in a context that is no longer that of modernity (where the Decalogue as point of reference was taken from granted), the State in its effort to remain lay, can only do what we are witnessing today, i.e. what is technically possible the State must allow; what the individual wants to do the law must not forbid, etc. If the State is lay – the reasoning goes – its legislation must also be lay, i.e. axiologically indifferent, given that there is no generally accepted criteria for grounding a common system of values. Which is where the political slogan “forbidden to forbid” comes from. A position of this kind, however, is clearly untenable since it is fraught with perverse effects. Indeed, to support the theory that the law ought not to distinguish between options for achieving the public good – given that, as ethical relativism sustains, there is no common criteria on whose basis one can choose among morals – we need to have political principles that are outside any value system, i.e. principles whose justification requires no recourse to the concepts of public good in question. For sure, this is possible but only on condition that political action is reduced to purely procedural action.

In other words, we are facing the following basic dilemma: either we reduce democracy to a series of rational procedures to take decisions and this will enable us to preserve the modern idea of laicism or else we want democracy to be based on values

since we want – with Aristotle – that the goal of political action is the common good of the community, in which case the modern idea of laicism is no longer sustainable. The State that accepts the proceduralist conception of democracy and so denies itself any power of intervention and decision-making in questions like the structure and the role of the family, distributive justice, public happiness, genetic engineering, distinguishing what is human and what is non-human, etc. would be a State that seeks its own self destruction. (This is the sense in which Cardinal Ratzinger spoke of the “tyranny of relativism”: the relativization of all values leads to the destruction of democracy).

It is not difficult to understand why this is so. A purely procedural view of democracy leads to pragmatic contradictions which are in the long run unsustainable. Indeed, the idea of a society made up of people who are – in T.H. Engelhardt’s words, - “moral strangers” and who only interact through market rules is bound to clash with the fact that the survival of those very rules depends on the recognition itself of human rights. Without such recognition, it would not be possible to devise and grant rights of ownership and all the rules and procedures would last no more than a day. In this sense, the idea of “liberalism” of values and of State interventionism in social and economic matters is quite simply illusory.

3. From representative to deliberative democracy

The second key word of the new Humanism is democracy – another word of the European lexicon. It is thanks to the idea of democracy that Europe in the XXth century was able to reconcile liberty and social justice. The French philosopher Henri Bergson summed it up well when he wrote: “thus is democracy: it proclaims liberty, demands equality and reconciles these two foe sisters, reminding them they are sisters”. In actual fact, taken singly, the principles of liberty and equality would appear to be irreconcilable; it’s the democratic principle that holds them together. We need only think of the welfare state, an exquisitely European invention which has succeeded, through an alternation of episodes of disruptive conflicts and constructive conciliences, to bring to co-existence liberty and social justice.

So, what now? The problem today is that the model of representative democracy – whose historical pedigree is beyond question – is no longer able to sustain political

institutions in a position to guarantee an equitable distribution of the fruits of development and offer people more room for positive liberty. Let's take a closer look. The elitist-competitive model of democracy inherited from Max Weber and Joseph Schumpeter has three main characteristics. Democracy is essentially a way of selecting an elite which, being inherently expert, is able to take the necessary decisions in given conditions. Democracy, therefore, is a way of selecting, from within society, those people able to take the decisions requested by the political leadership. The second characteristic is that of counterbalancing abuses of power by the political leadership. Since the risk of degeneration and abuse of authority can never be fully eradicated, it is wise to have a mechanism in place that can "throw sand" in the works. And what better way of doing this than exposing the political parties to the winds of competition? The third characteristic is that the model under discussion is informed by the ideas of growth and progress. The analogy is the following: just as in a market system the rules of economic competition serve to ensure an efficient allocation of resources and the highest growth rate possible so, in much the same way, political parties compete with one another to win elections and the rules of the game are that there should be no room for the creation of clots of power that may help one side or the other. The underlying idea of the model is that companies administer the markets and governments regulate the companies; or again, bureaucracies manage the public administration and governments control and regulate the bureaucracies. All of which means it is the political sphere that has the job of mapping out the way forward for society as a whole.

This model of democracy – in all its different national shades – has produced remarkable results in the years since the end of the Second World War. But the sweeping changes we mentioned above have sapped it of the strength to tackle the new changes. Deliberative democracy appears to be up to the task in hand. Why? As is wellknown, deliberative democracy has three main elements. First, deliberation is about things that are in our power. (As Aristotle already noticed we do not deliberate on the moon or the sun!). Not every discourse therefore is deliberation, which is rather discourse bent on decision-making. Second, deliberation is a method for discovering the practical truth and is therefore incompatible with skepticism. In this sense, deliberative democracy cannot be just a mere technique uninformed by values; it cannot be reduced to a simple procedure for taking decision. Third, the deliberative process *per se*

entertains the possibility of self-correction – each side involved has, *ab imis*, the possibility of changing his/her choices and opinions in the light of the reasons put forward by the other. This means that the deliberative method is incompatible with those who, in the name of ideology or vested interests, refuse to listen to the reasoning of others. Deliberation in this sense is essentially a communicative method.

Certainly many practical issues need to be resolved before the model of deliberative democracy can become an acceptable alternative to the existing one. But there can be no doubt that the deliberative form of democracy represents today the best way of tackling the problems of progress, both moral and economic. Why? Because it is able to see politics as an activity that is based on the goals of cohabitation and living together. What's more it is the best way of restoring the idea of civil society.

Democracy is based on two fundamental principles. On the one hand, that all those who are directly and indirectly affected by a political decision should have an opportunity, however far removed, of being able to influence such decision. On the other hand, that all those who have acquired, through the ballot box, decision-making powers can be held accountable for their actions by having to respond electorally to the voters. What globalization is doing today is undermining these principles, weakening the strong ties, inside single nation states, between democracy and democratic institutions. In the real world today in fact there is a series of subjects who have the power to create binding rules, *erga omnes* too, but who have no territorial base and who are not backed by democratic institutions of the kind we have been used to so far. The national State is no longer the only law maker. We need only think of players like multinational corporations which for some years now have been creating a new *lex mercatoria*; of transnational associations; of non-governmental organizations; of intergovernmental organizations like the European Union which have assumed supranational powers that were not contemplated by international law and that cannot be regulated by its main instrument, i.e. the treaty; of interstate organizations like the WTO and the G8 which, though not having democratic legitimacy according to elitist-competitive canons, take decisions of immense practical importance. (According to some estimates, there are today more than 2000 international organizations – there were only 123 in 1951; more than 100 international courts of various nature and functions.)

We also need to consider the link between representative democracy and that phenomenon, so widespread in politics, known as short-termism: political parties construct their electoral platforms with an eye on the next election rather than tackling the problems facing future generations. This is the strategy to be adopted if you want to win elections. Yet real authentic democratic politics is about creating a long-term vision. Responsibility towards future generations is an issue, especially today, that cannot be ignored. The nature of most social and economic issues today is such that decisions taken by governments on a short-term basis almost always produce long-term effects that impact future generations, to whom however politicians are not electorally accountable. Which means that the second principle we spoke of above no longer applies. A couple of examples might serve to clarify the point. If the government of a small country decides to create, for electoral reasons, a tax heaven where money laundering is made easier, this will not only have an effect on financial markets but will also impact the future generations of that country in that they will be saddled with a heavy mortgage to pay. Or again, the decision of a country not to ratify environmental agreements like Kyoto may certainly have short-term economic benefits (lower production costs and so more competitive margins compared to other countries who have ratified the agreement), but it is clear that they will have long-term negative effects for future generations.

What creates problems then is the growing dyscrasia between political systems that are designed for the short term and the consequences that follow from such systems – consequences that go beyond national boundaries and that affect the freedom and liberty of future generations. It is from this that the short-sightedness that dogs many political decisions stems. It is from this too that stems the paradox of electoral programmes that become increasingly general-generic and of spin-doctors that become increasingly influential as they seek to win over (and sometimes manipulate) voter preference. It is the “economicist” twist to the idea of citizenship, in turn linked to the power of lobby groups, that induces citizens to play a passive role in the democratic process where the electoral debate is controlled by expert professionals. As the French political scientist Zaki Laidi wrote, we are confronted with a “fractal State”; ever more often – in its relations with civil society both local and supranational – the State is no longer the

“whole”, but only a “part” that is forced to negotiate its own role with other “parts” in the form of multi-level governance.

The conclusion of all this is that the elitist-competitive model of democracy is unable, under current historical circumstances, to generate and protect those economic institutions that are able to guarantee a high level of innovation and increase the number of people participating in the productive process. Deliberative democracy, on the other hand, is well up to this task. Think also about the shifts in meaning words like “public” and “social” have undergone in the current political debate. “Public” signifies the whole, the general interest; “social” is a word used to denote the sphere of the poor or the underprivileged in society. And indeed social policies are synonymous with policies for the poor. Having discovered that wealth does not grow horizontally but only vertically (i.e. it does not spread to those who could potentially take a part in its creation), political agendas have been set in the name of the “public”, i.e. in the name of citizenry as a whole. In this way inequality has become entwined with the idea of difference: there is not just economic inequality between the rich and the poor, between those on welfare assistance and those not, there’s difference too. Is it not perhaps this that most undermines the progress of our societies? A deliberative democracy could never accept that inequalities degenerate into differences.

Today it has become clear that democracy is a fragile construct that must be continuously protected not just from outside attack but from internal fire too. Which is why the defence of democracy cannot just be entrusted to the political party system only. It is the whole of civil society that must watch over the democratic system and take charge of its health. Secondly, it is urgent that the democratic principle be extended to the economic sphere too. Democracy limited to the sphere of political relations is destined not to last very long. In view of this the plurality of corporate structures (capitalist, cooperative, social) and of the banking-financial system (where ethical finance can be found alongside of speculative finance), the variety of property rights, these are all examples of areas of intervention that need to be regulated if we want to make democracy strong and sustainable.

4. Fraternity versus solidarity

I will now turn to the third word, fraternity – a word not to be confused with that of brotherhood. It was the Franciscan school of thought that endowed the word fraternity the meaning it has today. There are pages in the *Regola di Francesco* that shed considerable light on the meaning of fraternity, an idea which is meant to be a sort of algebraic complement to the idea of solidarity.

Indeed, while solidarity is the principle of social organization that allows the unequal to become equal, fraternity is the principle of social organization that allows the equal to be diverse. Fraternity allows people who are equal in their dignity and their fundamental rights to express themselves, their charisma, differently. In other words, the principle of fraternity allows the co-existence of equality and diversity. (Diversity should not be confused with difference: the latter opposes itself to equality; the former opposes itself to uniformity). The point is that the good society must aspire to more than just solidarity because a society based merely on solidarity (and not fraternity) is one that its members would instinctively seek to distance themselves from.

This is easy to see. As is known, there are two categories of goods that contribute to our well-being: the goods of justice and the goods of gratuity. The former ones – for instance those guaranteed by the welfare state – charge some institution (typically, but not always, the State) with the *duty* of ensuring that citizens' rights to those goods are satisfied. Gratuitous goods on the other hand – such as relational goods – create an *obligation* that is based on the special ties that bind us one to the other. It is the recognition of a mutual *ligatio* between people that creates an *ob-ligatio*. It should be noted that while the law can be used to defend a right, an obligation is met following a process of reciprocal recognition. No law, not even constitutional law, can force us to relate to each other. And yet there is no one who does not see that gratuitous goods are essential for the need for happiness that each of us carries around him/her. For where there is no gratuitousness there can be no hope. Gratuitousness in fact is not an ethical virtue as is justice. It has more to do with the supra-ethical sphere of human action; its logic is that of superabundance. The logic of justice on the other hand, as Aristotle taught, is that of equivalence. We can see then why hope cannot be anchored to justice. In a society that was perfectly just there would be no room for hope. What could its citizen truly hope for? It is otherwise in a society where the idea of fraternity has taken root, precisely because hope draws sustenance from superabundance.

One point that is too often forgotten is that the modern market economy grew out of the Humanist movement of the XVth century as a result of the resurgence of a neo-Aristotelian perspective according to which not just the intellectual life but human life with all its dimension, in particular its economic dimension, needs to be part of happiness. This view implied that business was to be seen as an honourable profession in so far as it was aimed at the common good. This paved the way to the affirmation of Humanistic management as an activity that makes its own the principle “*omnium rerum mensura homo*” (man is the measuring rod of everything). Since the advent of the market economy, it has been the idea of exchange that has ushered in the great genetic diversity of human populations. But we should bear in mind that at the beginning the market economy was based not on the principles of exchange of equivalents and redistribution, but also on the principle of reciprocity. It was with the outbreak of the Industrial Revolution and the affirmation of the capitalist system that the principle of reciprocity lost its way and even fell out of the economic lexicon. With modernity came the idea that a social order can be predicated on the other two principles. And it is from this that the State-Market dichotomy arises: the market is called on to provide efficiency, i.e. to generate as much wealth as possible under the constraint of given resources and technological know how; the State is given the job of seeing over the redistribution of that wealth to ensure an acceptable degree of social justice.

By way of example we need only think of the whole debate, still far from being resolved, about the “big trad-off” – to cite the famous 1975 book by Arthur Okun – between efficiency and social justice (or distributive justice). Should we prefer one or the other? Or in other words, is it better to grant more room for maneuver to the market and its principle of exchange, aiming as it does at efficiency, or give the State greater powers of intervention so that it can improve income distribution? Or again, how much efficiency do we have to forego to improve things on the social justice front? And so on. Questions of this kind have filled (and fill) the agendas of scores of economists and social scientists, with few practical results if the truth be told. The main reason for this is certainly not the lack of empirical data or the poor quality of analytical tools. Rather, it is the fact that this literature has forgotten about the principle of reciprocity, the principle transforming into practice the culture of fraternity. In a society which has eschewed the idea of fraternity and is limiting itself to improve exchange-based

transactions and transfers from governmental agencies, it is easy to explain why, despite the intellectual firepower at hand, we have not yet come up with a credible solution to the trade-off dilemma. A society where the gift principle no longer applies has in fact no future. A society based merely on “giving in order to receive” or “giving because duty-bound” is incapable of progress. Which is why neither the liberal-individualistic view of the world, where everything (or almost everything) is exchange-based, nor the State-centered view of society, where everything (or almost everything) is duty-based, can steer us clear of the rocks our societies seem to have washed up on. It is a fact that many problems of today’s world have much more to do with situations of social scarcity than material scarcity.

The civil economy perspective rejects the reductionist stance of the stream of economic thought associated to the utilitarian philosophy of J. Bentham. It shows that the market is capable of hosting, within its own institutions, in addition to the principles of exchange of equivalents and redistribution, the principle of reciprocity. Which implies that the market can serve multiple functions, not just one. Against the “institutional mono-tasking” advocated by mainstream economics, the civil economy view considers the market as an institution capable of furthering the degree of civilization of a society. T. S. Eliot once wrote about the nature of human consortium in a business civilization: “When the stranger says: ‘what is the meaning of this city?’ what will you answer? ‘We all dwell together to make money for each other’ or ‘This is a community’? And the stranger will depart and return to the desert. Oh, my soul, be prepared for the coming of the stranger. Be prepared for him who knows how to ask questions”. (*Choruses from the Rock*, VI, 1934). Quite often, the questions of “strangers” afford us perspective!

5. *A concluding remark*

Will Europe be able to rise to the challenge of the new Humanism whose key words – human person, democracy, fraternity – we have discussed above? Will it be able to rediscover the language of the common good and build on the noteworthy results we have already achieved with the single market, the single currency and common fiscal policies? My answer is essentially positive. The fact is that Europe has always been able, to one degree or another, to transform its legal, political and economic structures

to meet the shifting demands of a changing world. Permanent revolution has been the matrix of European culture since at least the 1075-1122 papal revolution of Gregory VIIth. This matrix has always drawn its lifeblood from strict theological teachings – those that see the human being and the temporal as a path rather than an obstacle to salvation. Such teachings date back to the Church Fathers who called the Incarnation a *Sacrum Commercium* so as to underline the profound reciprocity existing between the human and the divine and, above all, to point up the fact that the Christian God is a God of men who live in history and someone who feels compassion for the human condition.

To say that Europe in these days is in need of a spiritual shot in the arm goes without saying. In this regard, Soeren Kierkegaard's apologue can be evoked: "the ship by now is controlled by the ship's cook and what is communicated through the captain's microphone is no longer the route but what we will eat tomorrow". In effect, what is lacking today in Europe is a "voice" able to indicate the route, point the way to the harbour. Is it perhaps not the case that this "voice" should be shaped and moulded by culture, and hence by that privileged place that is the University, a typically European creation? The target is to construct a synthesis between the federalist orientation well expressed in the motto *e pluribus unum* and the autonomist orientation that proceeds in the opposite direction (*ex uno plures*). The challenge, in other words, is to achieve a unity that does not sacrifice diversity and a multiplicity that does not generate irreconcilable conflicts.

In his influential book *The Heritage of Europe* (1989), Hans Gadamer wrote that Europe's great strength has always been its ability to recognize and live with the Other: "living with the Other, living as the Other of the Other is the fundamental task of mankind, at the highest and lowest level. This perhaps is the peculiar advantage of Europe which was able and indeed had to learn the art of living with others". It is my belief that Europe should continue to cultivate this art and cultivate it wisely and with considerable patience.