

THE ECONOMY OF COMMUNION PROJECT
AS A CHALLENGE TO STANDARD ECONOMIC THEORY

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1. Introduction

In the present paper, I will endeavour to answer the following question: in which specific sense the Economy of Communion (EoC) project – whose history and philosophical roots have been so far thoroughly investigated in several contributions¹ - represents a real challenge to the still dominant mode of doing economic theory? To provide an answer, I deem it useful to identify the fundamental pillars making up the identity of the EoC's mode of exercising entrepreneurial activity. To this end, let me spend a word of clarification about the notion of identity. "Identity" admits two meanings or interpretations. We can interpret this term as something received from the past, as a sort of inheritance from the past. There is also a second meaning of the word identity, as something which is freely chosen, and which is constantly under the necessity of updating.

In what follows, I will use the notion of "identity" in this second meaning. The reason is that identity in the first sense has two major negative consequences. The first one is conservatorism, in the sense of an attitude that is solely interested in maintaining a knowledge which has been transmitted from the past. The other negative consequence has to do with the phenomenon of "groupthink", in the sense attributed to this expression by the political theorist Robert Janis. In a famous essay published in 1972, the American scholar explained the difference between groupthink and conformism. Why is groupthink dangerous? Because it discourages creativity, originality. When groupthink acquires dominance in an institution whatsoever the latter becomes incapable of generating novelties and, in particular, incapable of reading the *res novae*, the new things of the time.

¹ See L. Bruni (ed.), *The Economy of Communion: Toward a Multi-Dimensional Economic Culture*, New York, New City Press, 2002; L. Bruni and L. Crivelli (eds.), *Per un'economia di comunione*, Rome, Città Nuova, 2004.

This essay is written in the spirit of the ethics of virtue. Contrary to what is affirmed by both the utilitarian ethics and the contractualist ethics, the specificity of the ethics of virtues is its ability to solve, by transcending it, the contradiction between self-interest and interest in others, between egoism and altruism. This contradiction, born of the individualistic philosophical tradition, is what prevents us from simply grabbing our own good. A virtuous life is the best life not only for others – as the several theories of altruism sustain – but also for ourselves. This is the fundamental reason for “being ethical”. In fact, if behaving ethically were not good for oneself, then why not do what is good for oneself rather than what ethics recommends? However, if “being ethical” is good for ourselves, then what need is there to offer incentives to agents to do what is already in their own interest? The solution to the problem of the moral behaviour of the subject is not to set constraints (or to offer incentives) to compel action against his/her own interest but to offer him/her a fuller comprehension of his/her own good. It is therefore only if ethics is introduced as an argument of the agent’s objective function that the problem of moral behaviour ceases to be a problem, since we are automatically motivated to do what we think is good for us ²

2. Qualifying characteristics of the E o C project

Which characteristics identify the genome of the EoC model? I think that three basic elements are fundamental to this regard. One is generativity, the second one is reciprocity and the third one is the principle of gift as gratuitousness. Generativity in the present context means the capacity to generate new forms of doing business, new modes of organizing the productive process, new ways of realizing the specific role of entrepreneurship.

The relation of reciprocity is applied to all the classes of stakeholders interested in the activity of the firm. According to the EoC perspective, the firm is visualized as a community, not as a commodity that can be bought and sold in the market according to the conveniences of the moment. We know that a community to function presupposes that its members practice the principle of reciprocity. Indeed, it is impossible to maintain for a long time the spirit of a community without reciprocity. Needless to say the principle of reciprocity is not to be confused with the principle of exchange of equivalents of value. The latter has very little to do with reciprocity. It is a major shortcoming of mainstream economics if people continue to conflate the notions of reciprocity and that of the exchange of equivalent as if they were more or less the same thing. This confusion of thought has generated a lot of obnoxious misunderstandings. The third element

² C. Vigna, S. Zanardo (eds.), *La regola d’oro come etica universale*, Milan, Vita e Pensiero, 2005.

characterizing the EoC is gift as gratuitousness. Both in anthropology and in sociology, there is by now a huge literature dealing with the principle of gift. However most people tend to confuse gift as *munus* with gift as *gratuitousness*. In Latin, *munus* is what you give to somebody else free of any charge. On the other hand, the content of gift as gratuitousness is the specific interpersonal relation that goes to be established between the donor and the donee.

It seems to me that what is ultimately typical of EoC is its capability to organize economic activity in such a way that the principles of generativity, reciprocity and gratuitousness are molded and jointly applied. True, one may find productive organizations where one principle or the other is applied. But, what characterizes the EoC is the ability to organize the internal governance of the firm in such a way that all the three principles operate jointly, according to the multiplicative rule, not the additive one. (Just think of the difference between a sum total and a multiplication: in the latter, even though a single factor is nullified, the whole product becomes zero. This is not the case with a sum total, where if one or more addenda are nullified, the sum remains different from zero).³

To conclude on this point, a useful way to characterize in a metaphorical manner the ultimate difference between the behavior of an EoC's firm and an ordinary firm is to pause a moment to consider the differences between the two well-known paradigms of rationality utilized in social sciences. The first one is exemplified by the famous story of Ulysses and the Sirens. As the Greek mythology taught us, the celebrated hero – supposed to be very rational and cunning – ardently desired to listen to the singing of the sirens, but they were dangerous. So the witch Circe instructed Ulysses that if he wanted to listen to them without falling into the sea and die, he should put earplugs to his men and ask them to tie him with strong shackles to the mast of the boat. Ulysses was certainly rational, because he was able to reach his target, listening to the sirens, without jeopardizing his life. Jon Elster, the well-known Norwegian philosopher and sociologist, wrote a book,⁴ "*Ulysses and the sirens*" to illustrate and interpret this famous myth. I find disquieting that students are almost never told about the price paid Ulysses for being rational. First, the loss of liberty and second injustice. For few hours, the hero was tied to the mast and so was not free to move around; at the same time Ulysses was capable of listening to the song, but the poor roamers were prevented, which is certainly unfair.

Let us consider the other paradigm of rationality, the one associated to Orpheus's story. When Jason with the Argonauts started to look for the golden fleece, he decided to embark Orpheus. Orpheus was an idle expert in nothing. He was only good at playing the lira, but he played it very well. Jason was able to convince his friends to embark Orpheus. When the boat of the

³ See S. Zamagni, *L'economia del bene comune*, Rome, Città Nuova, 2008.

⁴ J. Elster, *Ulysses Unbound. Studies in Rationality, Precommitment and Constraints*, Cambridge, CUP, 2000.

Argonauts passed by the island of the sirens, Orpheus started to play the lira. It so happened that the music blended with the singing of the sirens nullified the perverse effect, so that everybody was able to listen to the song without losing any freedom. Why did Orpheus succeed in the enterprise? Simply because he put into practice the principle of reciprocity. Orpheus offered the sirens his music as a gift and the sirens reciprocated, by singing in a “purified” way. It is a fact that when in laboratory experiments we ask people: which one of the two rationality paradigms do you consider superior? The vast majority of answers indicate Orpheus’s paradigm. Which is just what the participants to the E o C project put into practice in their ordinary work.

Endorsing the conception of the market typical of the civil economy tradition of thought, according to which social bonds cannot be reduced to the mere “cash nexus,” the EoC suggests that we can fully experience human sociability within normal economic life, not outside it as it happens in the dichotomous model of the social order. The challenge one should accept is neither to see the economy as if it were in ontological conflict with the good life, as if it were but a locus of exploitation and alienation, nor to view it as the only solution for all the problems of society, as the anarchic-neoliberal school of thought would have it. In other words, the challenge is to go beyond the two main conceptions inherited from modernity about the relationship between the economic and social spheres. The first conception – the neo-liberal one – considers the market as an institution basically *asocial* whose main duty is to produce wealth irrespective of the modes and ways it is obtained. Government – according to this conception – should take care of the redistributive function. According to the other conception – the neo-structuralist one – the market is essentially an *antisocial* institution.

The perspective adopted by EoC rejects the reductionist stance of these two streams of thought. It shows that market is capable of hosting, within its own institutions, in addition to the principles of exchange of equivalents and of redistribution, also the principle of reciprocity. As the encyclical *Caritas in Veritate* by pope Benedict XVI writes:

“What is needed, therefore, is a market that permits the free operation, in conditions of equal opportunity, of enterprises in pursuit of different institutional ends. Alongside profit-oriented private enterprise ... there must be room for commercial entities based on mutualist principles and pursuing social ends to take root and express themselves. It is from their reciprocal encounter in the marketplace that one may expect hybrid forms of commercial behavior to emerge, and hence an attentiveness to ways of *civilizing the economy*” (n. 38; italics in the original).

“Economics as if people mattered” – this catchphrase concisely explicates the ultimate content of the civil economy research program as interpreted by EoC. It constitutes the most original contribution of Italian economic thought since 18th century. From Genovesi⁵ onwards, the economists belonging to the civil economy school have recognized that economic arrangements are not something that exist prior to the decisions of the economic agents, as if they were a natural datum. The civil economist recognize that market institutions generate (or induce) desirable or undesirable tracts in people. It follows that there is not just one route to economic progress; on the contrary there is a variety of market models, each one of them in tune with a specific cultural matrix. Today, the three major ideal-types are the neo-liberal market economy; the social market economy; the civil market economy. And the choice of the market model is a question at least as important and noble for economic science as it is research into the conditions to improve efficiency of a *given* market model inherited from the past.

3. The challenges to orthodox economic science

A groundbreaking meaning of the Economy of Communion experience is that it reveals the falseness of the representation of our market societies as insistently hammered into us by the unique thought of the ‘one best way’. Such a thought can be summarized in the following way. It is well known that in traditional societies there are social norms which, together with the legal set-up, regulate economic interactions among subjects. In modern societies, on the other hand, the forces of competition tend to prevail and they do so to the extent that they manage to erode the spaces for economic activities governed by conventions and social norms. This representation presupposes that over time the sphere of economic relations will become increasingly regulated by the familiar logic of competition as described in all economics textbooks. In other words, the process of cultural evolution is heading relentlessly toward a social equilibrium where all interpersonal relationships are caught up in the laws of the market. Needless to say, those advancing such a thesis certainly admit that this substitution will never be complete in the sense that there will always be economic activities that will not be able to be regulated by the rules of the market alone. They refer to all those activities that are part of the nonprofit sector. But this would always constitute a sphere of

⁵ A. Genovesi, *Lezioni di Economia Civile*, Milan, Vita e Pensiero, 2013 [1765].

residual relations , which is of limited quantitative relevance and would therefore have minimal influence on the functional logic of competition.

The consequences of this dichotomous representation of economic realities are very serious indeed: the market becomes identified with the place in which economic agents act to pursue one single aim: personal self-interest. It follows that the only value judgment which the market is capable of bearing is that of efficiency, understood as a judgment on the adequacy of means in relation to the goal of achieving the greatest possible fulfillment of the interests of those who participate to the economic game. In a symmetrical way, the State is seen as the ideal type of an institution in which collective interests are dominant, and where the regulating principle is that of solidarity.

Now, the experience of the Economy of Communion contradicts this dichotomous model of social order since it demonstrates empirically that it is possible to use the market as a mean to reach goals which are by their nature public. More precisely, it is possible to utilize the market not only to produce wealth in an efficient way but also to redistribute it according to some well- defined concept of fairness. It is noticeable that people in our society still believe that the State is the only institution entrusted with the task of achieving a fairer income distribution. This idea is so prevalent that redistribution continues to be defined as the principle through which production (of a wealth) is consigned to an authority that has the responsibility of redistributing it. Such a concept presupposes the separation between those in charge of such an authority and those who have generated that wealth. The Economy of Communion says to us that the market, under a very precise condition, can become an instrument which can reinforce social ties, favoring both the promotion of practices of wealth distribution through its mechanism (rather than operating outside these or against these) and the creation of an economic space in which it is possible to regenerate those values (such as trust, sympathy, benevolence) on which the very existence itself of the market ultimately depends.

The condition which I am referring to is that within the market (not alongside it or outside it) a set of economic subjects could develop which have the common good as their point of reference. Since participation in this activity cannot be separated from the social ties that motivated it, they come under that principle of economic behavior which is reciprocity, according to which transfers cannot be dissociated from personal relationships. In other words, the objects of exchange are not detached from the subjects who create them, with the result that the exchange that takes place within the market ceases to be anonymous and impersonal. ⁶

⁶ See L. Bruni, S. Zamagni (eds.), *Handbook on the economics of reciprocity and social enterprise*, E. Elgar, Cheltenham, 2013

One could ask: why has dominant economic theory never considered the idea that such an economic space could exist and function? I think that a plausible answer calls into question a double consideration. Firstly, it is not true that – unlike what we continue to read – the preferences that the economic agents seek to maximize on the market have as their exclusive objects the goods which enter their choice sets. The way in which the objects are chosen is also relevant, since people attribute value to the possibility of acting – and hence of choosing – on the basis of their moral and social convictions. It is possible for me to say that option X is superior, on the basis of my preference ordering, to option Y – for example, because X contains a greater quantity of all goods than Y – but if buying X contradicted my personal convictions, which I have gained as a result of my education or previous experiences, then I could decide to buy Y. Taking this into account means rejecting the celebrated precept that “goods are goods”, according to which more is always better. We know that this is not the case, when objects of preference are also *acts of choice* and not simply the things chosen ⁷. In fact, it is not irrelevant for the consumer to know where the goods and services he or she is consuming came from. Neither is it irrelevant for him or her to know the ways in which they were made.

The second error is that of believing that the normative set-up (that is, the juridical norms), culture (that is, the value systems shared by people), and competition have to be considered as alternative instruments for solving the coordination problems of economic decisions. On the contrary, these have to be seen as complementary instruments for the basic reason that if it is true that market transactions depend on social and legal norms prevalent in a certain context, it is also true that the economic process tends to modify endogenously those norms. This means that there is a *co-evolution* between real economic behaviors and changes in the rules of the economic game. It is a co-evolution which official economic science has (almost) never wanted to take into consideration, preferring to postulate that the success of the market is dependent solely on the egocentrism of those who are part of it. That is tantamount to saying that the market is an institution which is compatible *only* with the egocentric behavior of its actors, while we know that the market is compatible with different cultures. The Economy of Communion is a good demonstration of this.

In the light of what has been said above, one can understand why the conjecture put forward by George Stigler, Nobel Prize winner and co-founder of the celebrated Chicago School of economics, is untenable. In a famous essay, he wrote: “Allow me, to predict the result of the systematic and accurate examination of human behavior in situations where self-interest and ethical

⁷ See, A. Sen, “Maximization and the Act of Choice”, *Econometrica*, 65, July 1997.

values are in conflict. Very often, in fact in the great majority of cases, the theory of *self-interest* wins”. Now, it is a fact that nobody has been able to demonstrate such a conjecture!

Indeed, Stigler’s conjecture raises a fundamental problem. Suppose that only two types of agents operate in the market: the antisocial ones motivated by self-interest only and the pro-social ones who practice reciprocity. When these agents meet in the market the role played by economic institutions is of great relevance. It is well known, in fact, that institutions define the rules of interaction between subjects. Just think of the institutions that overlook the functioning of the labor market, the credit market, the tax system, and so on. If self-interested and reciprocating actors engage in market transactions, given that the rules of the game are never neutral, i.e. indifferent to the motivational structure of individual actors, how should political authority design the institutional set-up? For example, should it privilege and favor the economic operations of one kind of actor over another? Since there is no indisputable basis on which to establish whether the anthropological premise of *homo oeconomicus* is worthy of more attention and scientific merit than that of *homo reciprocans*, it is clear that the evolutionary dynamics of the society will depend on the way in which polity will design the institutional framework.

In other words, since the Economy of Communion is based on motivations which are (at least) just as legitimate as the motivation of self-interest, an authentic liberal society cannot discourage *a priori*, through a certain institutional structure, the growth and diffusion of the former to the exclusive advantage of the latter, as it continues to be true today. In fact, if effective competition is missing between different actors offering different kinds of goods and, above all, between different ways of interpreting and carrying out economic activities, then citizens see that their freedom has been somewhat reduced. Freedom, in fact, cannot be defined only in terms of self-determination – the notion of “free to choose” put forward by Milton Friedman.⁸ It has to be seen also in terms of personal self-fulfillment, that is, the concrete opportunity which every person has to choose his or her own plan of life – including the economic one – in accordance with the values in which he or she believes and to which he or she wants to give witness. Freedom does not only have to take into account the freedom of the other – as individualist liberal thought recognizes – but has also to regard the other as a constitutive part of that freedom.

4. The EoC and the principle of fraternity

⁸ M. Friedman, *Capitalism and Freedom*, Chicago, University of Chicago Press, 1962.

The ultimate challenge that EoC invites us to take up is to strive to bring the principle of gratuitousness back into the *public* sphere. Genuine gift, by asserting the primacy of relationship over its cancellation, of the intersubjective bond over the object given, of personal identity over utility, must be able to find a way to express itself everywhere, in every field of human action, including the economic one. That is why it is so important to create and protect places where gratuitousness is actually put into action.

The key word in expressing the spirit of EoC is “fraternity”, originally a watchword of the French Revolution, but which the post-revolutionary order later abandoned for well-known reasons so that it was eventually erased from the vocabulary of politics and economics. It was the Franciscan school of thought that gave this term the meaning it has kept over time: that of complementing and at the same time transcending the principle of solidarity. In fact, where solidarity is the social organizing principle that enables unequals to become equals, fraternity is the social organizing principle that enables equals to be diverse. Fraternity enables people who are equals in dignity and with the same fundamental rights to express freely their life plan or their charisma. The past centuries, the 19th and especially the 20th, were characterized by major cultural and political battles in the name of solidarity, and this was certainly a good thing; think of the history of trade unions and of the civil rights movements. The point is that a good society cannot content itself with the horizon of solidarity, because while a fraternal society is also one of solidarity, the opposite does not necessarily hold true.⁹

This is easy to see why. As is known, there are two categories of goods that contribute to our well-being: the goods of justice and the goods of gratuitousness. 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 *obligatio*. 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. Then we can see why hope cannot be anchored to justice. In a society that was perfectly just there would be no room for hope.

⁹ See L. Bruni, *Reciprocity, Altruism and Civil Society*, London, Routledge, 2008.

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.

Having forgotten that no human society is sustainable where the sense of fraternity is extinguished and where everything is reduced, on the one hand, to improving transactions based on the exchange of equivalents principle and, on the other, to increasing transfers by public welfare institutes explains why, in spite of the quality of the intellectual resources deployed we have not yet come to a credible solution of the great trade-off between efficiency and equity. The society in which the principle of fraternity is dissolved is not capable of a future; in other words, a society where there exists only “giving in order to get” or “giving out of duty” cannot progress. This is why neither the liberal-individualist vision of the world, where everything (or nearly everything) is trade, nor the state-centered vision of society, where everything (or almost) is duty is a safe guide to lead us out of the shallows in which our societies are grounded today.

What is it that suggests that the project to restore the common good, as interpreted by the EoC, to the economic sphere is something more than just a consolatory utopia? The ever-growing dissatisfaction with the way the principle of freedom is interpreted. As one knows, freedom has three dimensions: autonomy, immunity and empowerment. Autonomy has to do with freedom of choice: you are not free if you are not in the position to make a choice. Immunity has to do with the absence of coercion on the part of an external agent. It is, in brief, the negative freedom (that is to say the “freedom from”) cited by Isaiah Berlin. Empowerment, in the sense given to it by Amartya Sen, has to do with the capability to choose, that is to say to reach the goals that are set, at least in part or to some extent, by the person himself. One is not free if he/she is never (at least partially) able to fulfill his/her own life plan.

The liberal-free-market approach aims at securing the first and second dimensions of freedom at the expense of the third, while the state-centered approach, both in the version of the mixed economy and of market socialism, tends to value the second and third dimension at the expense of the first. Free-market liberalism is of course capable of spurring change, but it is not so capable of handling the negative consequences stemming from the marked time asynchrony between the distribution of costs and benefits. This is so since costs are instant and they tend to fall on the weakest part of the population; benefits come later in time and they tend to go to the most talented. Schumpeter was among the first economists to recognize that the heart of the capitalist system is the mechanism of creative destruction – a mechanism that destroys “the old” to create “the new” and that creates “the new” to destroy “the old” - but it is also its Achille's heel. On the other hand, market socialism – in its multiple versions – while it proposes the State as the subject in charge of coping with the time asynchrony, does not refute the logic of the capitalist market; it

simply narrows its area of action and influence. The *proprium* of the paradigm of the common good, as interpreted by EoC, is the effort to hold the three dimensions of freedom together: this is the reason why the EoC project is, to say the least, an interesting perspective to take into serious consideration.¹⁰

5. The Economy of Communion: something old or something new?

A question of some relevance naturally arises at this point. Are we sure that the EoC project represent something new? Or when we use this term today, are we just saying something very near to the idea of corporate social responsibility?¹¹ Some authors think that the enterprise as an institution has always been socially responsible, having been conceived and developed within a social system and with laws, persons and procedures to be respected. Indeed, if we look at the history of capitalism already in the 1800s perhaps we could take the side of the critics. Many entrepreneurs and traders took care of non-economic or social aspects of their enterprises, such as the big corporations that arose at the turn of the 20th century that were concerned about the housing of their workers, the schools their children attended and their summer camps, and that constructed churches, libraries, sports grounds and so on.

At the same time, however, there is an important difference between the various manifestations of social responsibility and the current practice of EoC. The former are largely “top-down”; it is the owner of the business who, *if* and *when* he see fit, would donate money or services to the many categories of stakeholders, somewhat paternalistically. It is therefore the personal morality of the entrepreneur that motivate him/her to think about social issues. The EoC project is essentially “bottom-up”: the EoC movement has not developed primarily from the initiative of shareholders or managers, but as a response to a precise calling: the one proposed by the Focolare movement.

To grasp, therefore, what is new in the EoC project requires us to dig deeper into the radical changes that are taking place in our ways of thinking about the relationship between economics and civil or social life. To say things briefly, we could say that for a firm to be part of the EoC

¹⁰ L. Bruni, R. Sudgen, “Fraternity. Why the Market Need not to be a Morally Free Zone”, *Economics and Philosophy*, 24, 2008, 34-64.

¹¹ See S. Zamagni, *Impresa responsabile e mercato civile*, Bologna, Il Mulino, 2013.

movement means that it knows how to recognise that there are *passions, ideals and human relationships that are not saleable goods and that should not be reduced to commodities*. The EoC firm knows the right place at which to draw the line in the process of transforming relationships, human passions and relational goods into instruments. It is the EoC firm that knows, and continues to learn, that without “gratuitousness” the business itself will implode, because the goods that gratuitousness brings (passions, ideals, values . . .) are those elements that regenerate the market. Gratuitousness is the “stem cell” of all that is truly human, in all the spheres of life.

An economy that loses contact with gratuitousness does not have a future *as an economy*, for it will not attract those with high “vocations”; if the enterprise becomes only a business (in the sense of a “machine to make money”), and excludes the passions, and moral sentiments it will only attract persons with a low capacity for human relations, meaning poor managers and workers. Money and profit are weak incentives if we want to move people at the level of their most noble and most powerful energies. Furthermore, when we act because we are motivated only by monetary incentives, freedom is of little value, if it is true that only where there is gratuitousness is there true freedom. This is why good businesses, those that give value to ideals, passions and to gratuitousness, are important: they increase personal and collective freedom. Virtue cannot be produced or bought, but from virtue all wealth is created: “Virtue does not come from riches; it is from virtue that all riches, and every other good for the citizens and for the city, come forth” (Plato, *Apologia for Socrates*).

Mission-driven organisations – as EoC firms are - develop from a vocation that is born out of the intrinsic motivations of their promoters/founders. The ideal that moves these organisations can take various forms: in can be in the type of activity that is carried out, or in the reasons why the organisation exists (if, for example, it comes into existence in order to provide work for the most disadvantaged), or in the way of carrying on the activity, as regards its form of governance or its organisational structure. These aspects must be present together in a values-based organisation, even if to different degrees, since it is difficult to imagine, for example, that motivation towards an intrinsic good would not be linked to a form of governance that is appropriate to this, since the “new wine” of this mission usually needs the “new wineskins” to hold it, and to help it mature with time. Indeed, these organizations exhibit three major characteristics:

a) The activity carried out by such an organization is an essential part of its identity, since that activity is generated by its “vocation” as this represents its values, its identity and the mission of the organisation. While the owners of a typical capitalistic enterprise can normally change their sector of activity, if this seems advantageous or appropriate, a mission-driven organisation is born to achieve a specific objective, one that is indissolubly connected with the organisation itself. In other

words, in a mission-driven organisation, the activity carried out cannot be separated from the results achieved. The activity carried out is therefore a constitutive part of the objective which the organization aims to achieve.

b) The identity of the organisation is an essential element, even if it is a dynamic reality in continual evolution with its environment and through history. It is not a formal or abstract factor, but is profoundly linked to the people who share in it, at least the few at its core, and who, in a certain sense, incorporate (embody, make real and alive) the vocation and the values of a particular mission-driven organisation.

c) The intrinsically motivated members are relatively less sensitive to price signals (such as salary or extra hours of work), with respect to other members who are less identified with the mission of the organization and less intrinsically motivated towards carrying its work forward. But they are more sensitive to the depth and quality of the living out of the mission and are therefore the first to protest if there is a problem here. They therefore perform the function of the “watchman” with regard to the identity and the quality of living it out of the organization, calling attention to problems when the organisation enters into crisis.¹²

6. By way of a conclusion

The ultimate sense of the argument developed above is that the search for a way to humanize the economy contains a demand of relationality which one should carefully investigate and satisfy at best if one wants to dispel perverse effects of great magnitude. Indeed, how good the performance of an economic system is depends also on whether certain conceptions and ways of life have achieved dominance. As a growing number of economic scholars over the past couple of decades - to cite but a few: K. Arrow, A. Sen, B. Frey, R. Sudgen, R. Frank, P. Dasgupta, S. Kolm - have tenaciously stressed, economic phenomena have a primary interpersonal dimension. Individual behaviours are embedded in a preexisting network of social relations which cannot be thought of as

¹² See E. Deci, “Meta-Analytical Review of Experiments Examining the Effects of Extrinsic Rewards on Intrinsic Motivations”, *Psychological Bulletin*, 125, 1999, 627-668.

a mere constraint, as mainstream economists continue to believe. Rather, they are one of the driving factors that prompt individual goals and motivations.

It seems to me that the central problem in the current transition towards a post-Fordist society is to understand how to fare so that individuals may be at liberty to decide the procedures for the supply of the goods and services they demand. What is at stake here is not so much freedom to decide the overall *composition* of goods to be produced (more of private *versus* more of public goods; more merit *versus* more relational goods), but freedom to decide *how* that composition should be achieved. This is why one cannot advocate the efficiency principle in order to decide *what* and *how* to produce. Undiscriminating admirers of the free market as a social institution seem to overlook the fact that it is the very hegemonic expansion of impersonal relations, that will slowly but inexorably destroy the whole system of social norms and conventions which constitute a civil economy, thereby paving the way for the success of new forms of statism. Today it is urgent to admit that the hypertrophic growth of both State and private market is a major explanation of the many problems that embarrass our societies. Such being the situation, the solution cannot be found in the radicalization of the public economy *versus* private economy alternative, or neo-statism *versus* neo-liberalism, but in a healthy flourishing of those forms of organization such as the EoC firms that shape a modern civil economy.¹³

The most obnoxious consequence of a narrow-minded (and obsolete) notion of market, still predominant to this day, is to lead us to believe that a behaviour inspired by values other than non-tuistic self-interest inexorably drives economy to disaster. By encouraging us to expect the worst of others, such vision eventually brings out the worst in us. Moreover, in the end it immensely hampers the exploitability of such inclinations as trust, benevolence, reciprocity, since that vision perceives these inclinations as merely inborn peculiarities of human nature, unrelated to the civilization process in progress in our societies. As Wolfe points out with great insight referring to the sphere of the relations that shape private economy: "... The problem with reliance on the [private] market as a moral code is that it fails to give moral credit to those whose sacrifices enable others to consider themselves freely choosing agents. By concentrating on the good news that we can improve our position, rather than the not-so-good, but socially necessary, news that one might consider the welfare of others as our direct concern, the market leaves us with no way to appreciate disinterest" (p.102).¹⁴ In the absence of actual - not just virtual - competition among different types of firms, the citizen-consumer will be left with a reduced space of freedom. One might end up living in a more and more affluent society, more and more efficiently inundating us with

¹³ See L. Bruni, S. Zamagni, *Civil Economy*, Oxford, P. Lang, 2007.

¹⁴ A. Wolfe, *Whose Keeper? Social Science and Moral Obligation?* Berkeley, Univ. of California Press, 1989.

commodities and services of all sorts, but more and more “indecent” and, ultimately, desperate. Indeed, the reduction of human experience to the "accountancy" dimension of utilitarian calculus is not just an act of intellectual arrogance; it is disclaimed by actual experience in the first place.

The point is important, well worth underscoring. That man is a social animal is a proposition that no one has ever questioned. But the sociability of human nature, defined as a positive attitude towards other human beings, is something quite different. Adam Smith was one of the first to see that social interaction does not necessarily postulate or generate sociability, so that if all we are interested in is the study of market mechanisms there is no need to assume that agents have socially oriented motivations. To explain *how* the market works, it is sufficient to postulate a single attitude on the part of economic agents, namely – in Smith’s famous phrase – the “human propensity to truck, barter and exchange things”. And this, with rare exceptions, has been the course of economic science for over two centuries. The theories of contracts, of business organization, of prices, of market forms, etc., have no need to bother with the category of “person”: an informed, rational individual is sufficient.

Today, however, we have come to the point where even the most “detached” of economists cannot but admit that if we want to attack the new problems of our society – such as the endemic aggravation of inequalities, the scandal of human hunger, recurrent and vast financial crises, the rise of conflicts of identity in addition to the traditional clash between interests, the paradoxes of happiness, unsustainable development, and so on – research simply can no longer confine itself to a sort of anthropological limbo. One must take a position on the matter, selecting a standpoint from which to scrutinize reality. Otherwise, economics will continue to spread, to enrich its technical and analytical apparatus, but if it does not escape self-referentiality it will be less and less capable of actually grasping reality, and thus of suggesting effective lines of action. There is no denying that this is the true risk that economics runs today.

To conclude the main message I want to convey is the following. It is by now a well recognized fact that market systems are consistent with many cultures, conceived as tractable patterns of behavior or, more generally, as organized systems of values. In turn, the type and degree of congruence of market systems with cultures is not without effects on the overall efficiency of the systems themselves: in general, the final outcome of market-coordination will vary from culture to culture. Thus one should expect that a culture of possessive individualism will produce different results from a culture of reciprocity where individuals, although motivated also by self-interest, entertain a sense of fraternity. In the same way, a culture of cooperative competition will certainly produce different results, from a culture of positional competition. But cultures are not to be taken for granted. Cultures respond to the investment of resources in cultural patterns, and in many

circumstances it may be socially beneficial to engage in cultural engineering. Indeed, how good the performance of an economic system is depends also on whether certain conceptions and ways of life have achieved dominance. Contrary to what it might be believed, economic phenomena have a primary interpersonal dimension. Individual behaviors are embedded in a preexisting network of social relations which cannot be thought as a mere constraint; rather, they are one of the driving factors that prompt individual goals and motivations. People's aspirations are deeply conditioned by the conventional wisdom about what makes life worth living.