

Reflections on Benedict XVI's *Caritas in veritate*

Dan Finn, October 8, 2009

A. Charity requires both justice and gratuitousness

On the one hand, charity demands justice: recogn

F. There are bad markets and good markets

In and of itself, the market is not, and must not become, the place where the strong subdue the weak. Society does not have to protect itself from the market, as if the development of the latter were *ipso facto* to entail the death of authentically human relations. Admittedly, the market can be a negative force, not because it is so by nature, but because a certain ideology can make it so. It must be remembered that **the market does not exist in the pure state. It is shaped by the cultural configurations** which define it and give it direction.

Caritas in veritate 36

G. Exchange of Equivalents and Redistribution

Economic life undoubtedly requires **contracts**, in order to regulate relations of exchange between goods of equivalent value. But it also needs *just laws* and *forms of redistribution* governed by politics, and what is more, it needs works redolent of the *spirit of gift*.

Caritas in veritate 37

H. Fraternity and Reciprocity

My predecessor John Paul II drew attention to this question in *Centesimus Annus*, when he spoke of the need for a system with three subjects: the *market*, the *State* and *civil society*. He saw civil society as the most natural setting for **an economy of gratuitousness and fraternity**, but did not mean to deny it a place in the other two settings. Today we can say that economic life must be understood as a multi-layered phenomenon: in every one of these layers, to varying degrees and in ways specifically suited to each, **the aspect of fraternal reciprocity must be present**.

Caritas in veritate 38

I. Hybrid market organizations as civilizers of the economy

Alongside profit-oriented private enterprise and the various types of public 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 behaviour** to emerge, and hence an attentiveness to ways of *civilizing the economy*.

Caritas in veritate 38

J. Old models disappearing

Today's international economic scene, marked by grave deviations and failures, requires a *profoundly new way of understanding business enterprise*. Old models are disappearing, but promising new ones are taking shape on the horizon. . . .

Caritas in veritate 40

The **continuing hegemony of the binary model of market-plus-State** has accustomed us to think only in terms of the private business leader of a capitalistic bent on the one hand, and the State director on the other. In reality, business has to be understood in an articulated way.

Caritas in veritate 41

K. The new model of a business firm

It would appear that the traditionally valid distinction between profit-based companies and non-profit organizations can no longer do full justice to reality, or offer practical direction for the future. In recent decades a broad intermediate area has emerged between the two types of enterprise. It is made up of traditional companies which nonetheless subscribe to social aid agreements in support of underdeveloped countries, charitable foundati

The Fundamentals of “Civil Economy”: Luigini Bruni and Stefano Zamagni (Oxford: Peter Lang, 2007).

1. Every social order requires three organizing principles
 - a. Exchange of equivalents: aims at efficiency, maximizing production
 - b. Redistribution: aims at fairness
 - c. Reciprocity: aims at generalized trust and eudaimonia
 - i. Gift as reciprocity, not gift as munus
 - ii. Reciprocity: a series of bi-directional transfers, mutually independent yet interconnected among persons who are in a condition of substantial equality
 1. The other’s response is
 - a. Expected, not required: unlike the contract
 - b. Bi-directional: unlike altruism
 - c.