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THE ECONOMY OF COMMUNION
when market meets gratuitousness

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1. Some challenges in today economy and economics

Let us start with some facts.

a) A fine is a price.

In 2000 a field study (Rustichini and Gneezy 2002) was realized in a group of day-care for children (nursery schools). Parents used to arrive late to collect their children, forcing a teacher to stay after closing time. Economists suggested to introduce a monetary fine for late-coming parents. As a result the number of late-coming parents increased significantly. Furthermore, after the fine was removed four weeks later, no reduction occurred in late-coming.

b) Business ethics

In today business community, it is generally acknowledged that ethics is fundamental to and relevant at all levels of economic activity, from the individual and the organizational to the societal and the global. The movement of Corporate Social Responsibility tells the importance of ethics in economics. Yet there is a paradox in the proposition that higher standards of ethical (or pro-social) behaviour will automatically lead to higher profits and better performance. In fact, if the aim of top executives is merely to utilise ethics to achieve greater efficiency their efforts will ultimately fail (Zsolnai 2004). The “paradox of business ethics” has already been acknowledged by ethicists and economists. By creating new regulations to temper opportunistic behaviour within and between organizations, we may temper the symptoms but often reinforce the underlying roots of opportunism. To “dissimulate” ethical behaviour only for making more money often brings less money.

c) The puzzle of Happiness in Economics

The term “paradoxes of happiness” refers, normally, to the empirical evidence, in post-war opulent countries, of long run increasing wealth accompanied with constant or even decreasing self-reported individual happiness or life satisfaction.

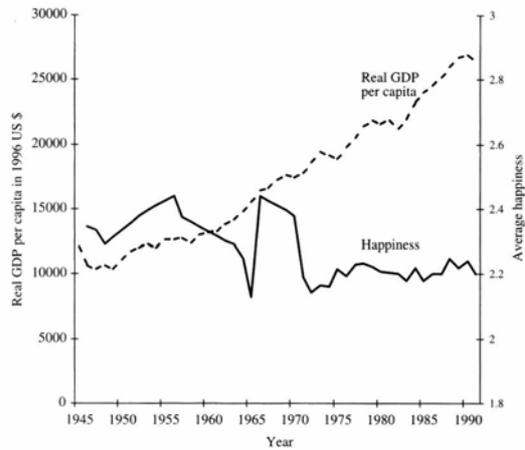


Figure 1. Happiness and income per capita in the United States, 1946-91. Data from World Database of Happiness, Bureau of Economic Analysis of the U.S. Department of Commerce and U.S. Bureau of the Census.

In globalised economies, more income does not automatically become more well-being, and the transformation process of the “wealth” of nations into the “happiness” of nations is complex.

In particular, what the data on happiness show (Bruni and Stanca 2005) is that “relational goods” – friendship, civic commitment, etc. – are far the most important source of happiness for human beings.

d) Market, poverty and justice

Market economy, after its birth, has increased hugely the wealth of nations. If our societies have, today, reached high standards of living, doubled in one century life duration, increased the average education, all these goals have been highly supported by the wealth created by the division of labour and the spread of market.

At the same time, never more than today it is evident that the sole mechanism of market competition is not enough for ensuring a good and fair society. Pure market tools are not suitable for reaching goals that today democracies consider valuable, such as equality of opportunity, fundamental capabilities, basic rights and freedoms. The increasing relative poverty, the intercultural conflicts and sub-Saharan Africa economic and social situations, tell us that a good world social order cannot be the result of a simple extension of the market ideology. We need something new.

2. What these “new facts” tell us?

The common element in the facts that I have mentioned is the role played by both human motivation and interpersonal relations in economic life. In the nursery schools, for example, the introduction of the fine has transformed the relationship between the school and the parent from a trust-based relationship (as it was for at least a fraction of parents) to a pure market relationship (“A fine is a price”, this is the title of the paper reporting the field study) with, in this as in many other cases, worst results both in terms of efficiency and human relations.

For too much time western capitalism has thought that market (or economy) is a separate domain of life, morally and relationally neutral, where the only relevant motivation is self-interest and the only relevant interpersonal relation is the “cash nexus”. Other motivation and relationships are considered to be at work in other domains of life, such as family, churches, friendship, domains considered completely independent from the economic one.

Adam Smith's theory is still indicating the basic methodology in understanding the role between market and non-market:

“Society may subsist among different men, as among different merchants, from a sense of its utility, without any mutual love or affection” (1759, II.3.2).

“In civilised society he [man] stands at all times in need of the cooperation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons” (1776, p. 26).

In the Political Economy perspective, a good economy serve a good society only instrumentally, that is being a good tool that increases wealth, that indirectly brings more well-being and happiness. But – this is the point – the market *per se* is not considered the place for non-instrumental motivation and non-instrumental relationships.

Today paradoxes tell us is that this way of conceiving the relationship between market and society doesn't work anymore. In particular, our understanding of economic life must give room to genuine sociality, to relational goods, otherwise new famines for “solitude” are around the corner of the globalised new economy.

We need to be able to imagine other ways of understanding the role of economic activities for a good society.

The Economy of Communion (EoC), this is my proposal, is one of the “new facts” that tells a hope.

In what follows, I will briefly present the EoC project, and then I will focus, an example, on the issues of CSR that I consider relevant in today's economic challenges, for which the message coming from the EoC can say something relevant.

3. A bit of history

The EoC was born within an ecclesial movement – the Focolare Movement. It is an economic project that today involves hundreds of enterprises; it is an initiative which has taken the aspect of sharing seriously also within the feasibility of the economic and civil life.

The EoC project was born from an ingenious intuition had by Chiara Lubich during her stay at the end of May 1991 in the little town of the Focolare Movement close to San Paolo in Brazil. While she was traversing the city of San Paolo, Chiara was struck by the extreme misery and many ‘favelas’ or shanty-towns that surrounded the city like a ‘crown of thorns’; it left a strong impression mainly due to the great contrast between those slums and the many luxurious skyscrapers. The social issue that had always been very much present in her mind and also in the whole movement (especially among those of the movement in Brazil) now appeared to her, owing to an inspiration, in all its severity and tragedy. Chiara reached the little town with a strong feeling within her soul: she felt the urgent need to do something concrete and immediately for these persons. A new idea emerged from that experience: to extend the dynamics of the communion of individual persons that was already being practised to firms, inviting entrepreneurs and shareholders to put their profits in common. Chiara Lubich's proposal to the people was to become shareholders in Economy of Communion companies, to create new jobs, and to distribute the profits in three directions. One part would be allocated for company development, a second part would be shared with people in need, and the third portion would be allocated for education to forward the ideals of the Economy of Communion.

These are, very briefly, the basic elements of the original inspiration.

During the first 15 years of the project other elements, which were present *in a nutshell* in the first intuition but which matured gradually and which continue to mature day by day, emerged

deriving mostly from the firms who had adhered to the project. The following pages try to outline the points of life and of thought that are emerging from the experience of these first years.

However before doing this, I would like to offer some important data on the firms that are part of the project.

Up to now 735 firms of various sizes (mostly medium-small) form part of the EoC project: more than 200 in Latin America, almost 400 in Europe, the rest in Asia, in Africa, and in Australia – one seed is also in Lebanon (hopefully a seed of a great tree).

[vedi dati aggiornati nel sito: www.edc-online.org]

4. An application: A new way of intending CSR

Now I would like to focus on one particular aspect of the economic theory that is coming from the EioC experience and spirituality. It is an analysis of the peculiar way of intending the CSR.

We have, nowadays, at least two basic ways of conceiving CSR:

- 1. The **Cautious (C)**
- 2. The **Brave (B)**

The “C type” follows CSR without any intrinsic motivation but just because operates in a domain where without following CRS and social accountability it cannot sale its goods. But as soon as the external constraint changes, C stops to practice CSR. Furthermore, C is never a starter of CSR: it is only a follower.

The “B type” has a certain (low) degree of motivation. It is not only an opportunistic, B believes in the value of CSR *per se*, and it can take some risk in making some investment although without full guarantee. But, B stops its CSR practices if it does not find reciprocity and cooperation in the other partners.

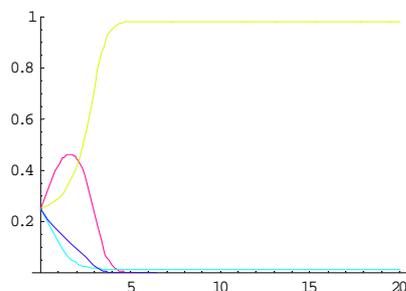
The EoC introduce a third type of CSR, that I can call “Gratuitous” (G).

G follows practices of social responsibility only by *intrinsic motivation*, by “vocation”. Unlikely both C and B, which consider CSR a sort of “luxury good” and therefore contingent, G does not interrupts of being responsible in moment of crisis or of fall of profits. CSR is part of its identity, and firms G type cannot continue the business without being “responsible”. In other words, whilst B and C are conditional, I firms carry on also alone, also without reciprocity.

I am currently working (Bruni 2006) at a dynamic model (with the tool of evolutionary Game Theory) where I analyze the evolution in a population where four strategies are present and interact: C, B, G and N (the irresponsible firm).

In conclusion, I would like to mention some of the result of this model, showing some simulations of the evolution¹ over time.

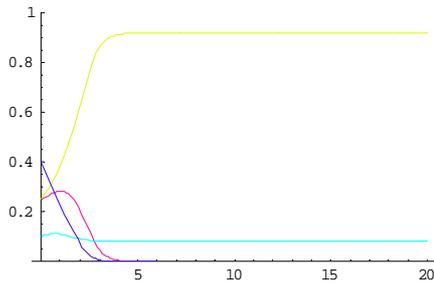
The first graph shows the dynamics of the four strategies:



Legenda: the green is B, the red N, the dark blue C and the blue G.

¹ In the first period, the quotes of the strategies in the population are equal (0.25). The basic game is the repeated Prisoner Dilemma.

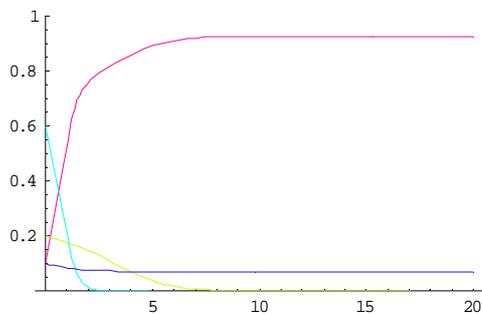
After the first periods, the only two strategies that survive are B and a little presence of G. An interesting result comes when we reduce the fraction of G in the population and increase that of C:



Legenda: the proportion of G (pg) is 0.10, whereas pc=0.4

In this second case, we see that the reduction of the presence of G at the beginning of the dynamics, brings to a greater presence of G in the long turn.

Finally, in the third case we have a high proportion of G in the first period ($p_g=0.6$), that determines the extinction of G already in the second period.



Which is the meaning of these results?

1. All types of CSR are important for a civilized society: the “enemy” is the “irresponsible firm” (N)
2. There is a complementarity between the different forms of CRS: in particular, the presence of C allows the surviving of G.
3. In a population where there are firms N type (that exploit and free-ride the cooperation of the others) firms G have to create alliances with the other kinds of responsible firms, and not just to grow in number. In fact, unconditional cooperation has to be seen as the salt: its presence is essential, but *a good bread needs several ingredients*.
4. The importance of the heterogeneity of forms and culture of social responsibility: *plurality is richness in society!*
5. But, G firms, such as EoC, are indispensable for initiated cultural shifts in environments where the “conditional” ethical firms (such as B and C) are not able to start.

Conclusions

The EoS is a “sign of hope” in the XXI economy: it is possible, it says, to understand even economy activity as a “fully human” domain of life, where we can flourish as human being.

Referring to the “paradox of happiness”, EoS tells that wealth is important for live, but the most important wealth is friendship, are “relational goods”: in the EoS “economic goods” and “relational goods” are not in conflict but complementary.

More in general, the EoC tells us that market economy collapses if loses contact with the terrain of gratuitousness. And with a reflection on gratuitousness I would like to conclude my presentation.

Nothing is worth more than an act of gratuitousness. And it is for this reason too that economics should not ignore it as it usually does.

We can appreciate the importance of gratuitousness simply by considering the fact that the element which makes friendship, love, prayer, beauty as the most precious goods in our lives, lies fundamentally in their being matter of gratuitousness. In fact it is precisely gratuitousness that distinguishes a true friend from an opportunist, a family from a mere organization exchanging goods and services, a work of art from a mere commodity, and genuine prayer from magic or superstition.

The Economy of Communion can be considered fully as an experience of gratuitousness. Economy of Communion in freedom – is the full name of EoC – because only that which is born from an inner calling and which is answered to with one's yes, that can indeed be gratuitous since it is truly free. In fact, gratuitousness exists only there where there is freedom and only gratuitousness is truly free.

For this reason, the experience of communion is always fragile: there can be no communion without an encounter, but without gratuitousness we have no communion but just contract.

Gratuitousness is in fact one of those 'profound' words, like beauty, love, truth, freedom, that are both particular and universal at the same time. The common feature of these words is precisely that each of them also includes the others within itself.

Modern culture has expelled gratuitousness from the economic sphere: market can content itself with contracts, incentives, good rules and interests.

Gratuitousness is not an economic term, so much so that economics has confused it with other beautiful words, like altruism or philanthropy, or has tried to replace gratuitousness with commodities: do we not perhaps fill ourselves with things, with goods, especially when we perceive the lack of genuine interpersonal relationships in our lives?

We have mentioned that gratuitousness is increasingly asked for in the day to day transactions of the market. But its demand does not receive the supply simply because a "gratuitous market" does not and will never exist.

To rediscover the role of the gratuitousness also in economic matter, also in everyday social dealing: this is the message and the gift that the experience and the culture of the EoC can offer also to Lebanon's society.

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