

HUMAN DIGNITY AND THE LOGIC OF CARITAS: THE SOURCE AND DIRECTION OF ECONOMIC JUSTICE

Bruce Baker
Seattle Pacific University

Abstract

The essential role of human dignity as a foundation for economic justice is elucidated. The focus in this examination is on the encyclical of Benedict XVI, *Caritas in Veritate*, with reference to John Paul II's *Centesimus Annus*. Human dignity emerges from this study as an essential consideration for business ethics, and we see that the 'logic of gift' (*caritas*) is essential in bearing witness to human dignity. Furthermore, we discover how this concept applies to the linked goals of sustainable market development and economic justice. Benedict's call for an "ethical interaction of consciences and minds that would give rise to truly human development" provides useful insight. We explore Benedict's mandate and discover that the ethical foundations for a productive and sustainable market economy derive from the "logic of gratuitousness", a concept seemingly paradoxical, yet our analysis shows this logic to be essential to the morality and stability of markets. These ideas are evaluated in comparison with attribute-based philosophies of human nature, including the concept of homo oeconomicus. The "logic of gratuitousness", a key theme of *Caritas*, is shown to be necessary for a cogent understanding of human dignity as a transcendent reality, which is a foundational good for business ethics. Finally, we comment on what this means for business practice.

"[T]he *principle of gratuitousness* and the logic of gift as an expression of fraternity can and must *find their place within normal economic activity*."¹

Protesters topped the news stories of 2011 as people across the globe sought to overturn oppressive regimes and bring justice to the masses. Although the so-called "Occupy Wall Street" movement appears inconsequential, and perhaps even effete in comparison with the uprisings of the Arab Spring, it does share with them a cry for

¹ *Caritas in Veritate* (#36).

justice. Although the complaints and demands of the Occupy Wall Street protesters have been muddled, and their economic analysis has been lacking, they have managed at least to voice one thing clearly, and that is the brokenness of a society that permits materialism to trample morality.

The widening gap between rich and poor, symbolized by the protesters' claim to be the 99%, stands in for a host of concerns for economic justice: foreclosures, unemployment, publically financed bail-outs, bonus payments to executives of failed firms, the irony of a "jobless" recovery, legislative gridlock and the power of corporate lobbyists. These are the tell-tale signs of breakdown. Nobel laureate Joseph Stiglitz has accurately described the brunt of these conditions as the "near-death experience" of our global economy.¹ When moral commitment is eroded, and profit maximization trumps solidarity, the market will eventually suffer the consequences, as Joseph Stiglitz observes:

We have gone far down an alternate path—creating a society in which materialism dominates moral commitment, in which the rapid growth that we have achieved is not sustainable environmentally or socially, in which we do not act together as a community to address our common needs, partly because rugged individualism and market fundamentalism have eroded any sense of community and have led to rampant exploitation of unwary and unprotected individuals and to an increasing social divide.²

This social divide is mirrored in the divisive cries of the protesters to sacrifice the gains of the top 1% for the sake of the other 99%. This divisiveness is a sign that something has gone wrong with the morality of economic power. The moral premise of that power is somehow distorted. It's gone awry. Something is missing. What's missing is a valid and coherent witness to human dignity. Materialist rationales fail to deliver a sufficiently robust witness to human dignity, thus leading down that "alternate path" noted by Stiglitz as "creating a society in which materialism dominates moral commitment."

1 Joseph E. Stiglitz, *Freefall: America, Free Markets, and the Sinking of the World Economy* (New York: W. W. Norton & Co., 2010) 275.

2 Stiglitz, *Freefall*, 275f. Cf. M. Kelly, "Not Just for Profit", *Strategy+Business*, Booz & Co., Inc., Feb. 6, 2009—"The financial meltdown of 2008 was a direct result of the pursuit of immediate profit by investment bankers and mortgage brokers who disregarded the impact of their actions on customers, on the larger economy, and indeed on stockholders and the company itself in the long term."

Occupy Wall Street protesters...have managed...to voice...the brokenness of a society that permits materialism to trample morality.

I will focus this examination of the essential role of human dignity as a foundation for economic justice on the encyclical of Benedict XVI, *Caritas in Veritate*, with special reference to John Paul II's *Centesimus Annus*. Solidarity and human dignity emerge from this study as foundational goods, and we see that a theological understanding of *human dignity* is essential for an ethical formulation of economic power. Furthermore, we discover how this concept applies to the linked goals of sustainable market development and economic justice.

In *Caritas in Veritate* Benedict XVI takes aim at the ethical dilemmas of globalization. He timed this letter for release just prior to Davos 2008,³ to garner some attention and influence at the global economic summit. He takes aim at the moral issues which ensue from the power of mercantile forces to reach across the globe, touching distant communities and disrupting the lives of people who remain anonymous and unseen, although profoundly affected by the long arm of capitalism. His message is clearly shaped by the context of the global recession and the ethical issues pertaining to the collapse of financial securities markets. At its core, the encyclical expresses concern for those left behind by the accelerating force of global financial powers, and Benedict therefore draws attention to the need to evaluate *human* development, and not merely economic development.

The root of the problem, in Benedict's view, is that while the global interdependence of peoples and nations has become the overarching reality of economic development in our time, this global economic interdependence has not been matched by a corresponding global *ethical* interdependence. He calls for an "ethical interaction of consciences and minds that would give rise to truly *human* development."⁴ By human development, he refers to a vision of human dignity and vocation which proceeds from the Church's social doctrine of charity (*caritas*).⁵ This train of thought is not new

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3 The annual meeting of the World Economic Forum in Davos, Switzerland attracts global financial leaders from government and business.

4 *Caritas in Veritate* (#9) (emphasis added).

5 Benedict claims that this social doctrine promotes "development goals that possess a more humane and humanizing value", (#9). As representative of church doctrine on this score, Benedict draws extensively upon his predecessors' encyclical letters, especially: Paul VI, *Populorum Progressio*, and several writings from John Paul II. As he reflects upon the sources of the problems which have led to the current economic crisis, Benedict recites the usual list of generic categories and hot-buttons for business ethics: the sins of short-term financial strategies, the need for more attention to long-term results, sustainability, transparency, respect for the diversity of stakeholders' values (not just stockholders' wealth), "social capital", and the moral value of investments. These familiar themes have been well examined in greater depth elsewhere, and we shall not be concerned in this

to Benedict. Leo XIII (*Rerum Novarum*) and John Paul II each gave it momentum, and Benedict builds upon their work as he brings the application of a theological understanding of human dignity up to date by applying it to the recent events of the great recession.

As John Paul II explained in his commentary on *Centesimus Annus*, the key questions of social justice in the era of global economic power pertain to “solidarity among working people [and] the dignity of the human person”.⁶ Only by bringing witness to “the transcendent dimension of the person” can we place the economic powers of business on solid moral ground.⁷ John Paul II notes rightly that for business to be moral it must be based in witness to human dignity: “Prior to the logic of a fair exchange of goods, there *exists something that is due to man because he is man*, by reason of his lofty dignity.”⁸

Capitalism, entrepreneurial effort and the free market have the potential to bear witness to human dignity and thus to be founded on a theologically correct premise of morality. This moral premise is rooted in human dignity, as a gift of God, and furthermore, human nature is revealed in acts of giving which bear witness to the dignity of others. Giving is thus the mark and necessary condition for a viable, sustainable free market:

No free economy can function for long and respond to the conditions of a life... unless it is supported and “enlivened” by a strong ethical and religious conscience. This outline, ideal and real at the same time, is rooted in *human nature itself*. Man, in fact, is a being who “can fully discover his true self only in a sincere giving of himself” (*Gaudium et Spes*, n. 24).⁹

How to conceive of human dignity? This is *the* foundational question for economic ethics, and yet this question remains all too easily buried beneath the economic analysis and left tacit in the

paper to evaluate the encyclical’s treatment of those grand themes for business ethics; but rather, our concern here shall be to explore the profound and more provocative issue of what an explicitly theological understanding of human dignity can contribute to business ethics in this era of globalization and hyper-capitalism.

6 John Paul II, “‘A Civilization of Solidarity and Love’: An Invitation to *Centesimus Annus*”, May 1, 1991, Section 2. This address is excerpted in: Weigel, G. (1992). *A New worldly order: John Paul II and human freedom*. Washington, D.C: Ethics and Public Policy Center.

7 Ibid.

8 John Paul II, *Centesimus Annus*, section 34.

9 John Paul II, “‘A Civilization of Solidarity and Love’: An Invitation to *Centesimus Annus*”, section 5.

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subterranean murkiness of unspoken presumptions. Still, some kind of philosophy of human nature, whether explicit or implicit, always sits at the base of any theory of economics. This is precisely why economics is not a dismal science, but rather a study of what makes people tick. Dirksen (1946) grasps the nettle when he calls out the inescapable need for any and all economists to build their theories of economic behavior upon some underlying ideas that presume to know something of human nature:

...every economist accepts certain basic characteristics of human nature which is nothing else than accepting a certain philosophy of man. Whether he accepts one set of characteristics or another doesn't matter; he is dependent upon some kind of philosophy of man.¹⁰

Human dignity is an elusive and ontologically essential idea for the discussion of economic development and needs to be examined as a foundational issue in moral theories. If the idea of human dignity is to be shorn of any theological meaning, in order to avoid (whether explicitly or implicitly) any transcendent context for understanding of human nature, then the moral imagination will of necessity be constrained to concepts which can be more readily assimilated into the calculus of utilitarian thinking.

Charles Taylor demonstrates insightfully what happens when this utilitarian impulse moves in the direction of individualism so prevalent in our western culture. There emerges a new understanding of human nature in terms of the “buffered self”; that is, a self which is buffered from the fideistic constraints of any spiritual reality greater than itself.¹¹ This modern inclination “to conceive ourselves as free individuals first” rather than to locate self-understanding of identity and morality within the greater reality of an “enchanted universe” as the source and context of meaning has profoundly and irrevocably altered our understanding of the moral order. Taylor refers to this revolution as “the great disembedding”¹² because our concepts of self and morality are no longer infused with meaning by virtue of being embedded within a greater spiritual reality.

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10 Cletus F. Dirksen, “The Catholic Philosopher and the Catholic Economist”, *Review of Social Economy* 4, no. 1:14-20 (1946), 15. I am indebted to O’Boyle (2007) for this pertinent reference to Dirksen.

11 Charles Taylor, *A Secular Age* (Cambridge: Belknap Press, 2007) 146ff.

12 Taylor, *A Secular Age*, 131ff.

Avoiding the “Commodity Fiction”

If denied recourse to the greater spiritual reality of biblical truth, economic ethics will be constrained to operate within the realm of the “commodity fiction”. This fiction presumes to express all the essential characteristics of life, or at least those pertaining to economics, in terms of quantifiable values which can be measured and manipulated in a calculus of exchange. This is the logic of the market at work. It is a logic that passes over the core issue of human dignity and the moral sentiments of the human spirit all too facily. As Joseph Stiglitz observes, “the economists’ traditional model of the individual is too narrow.”¹³

Benedict’s *Caritas* proceeds via a decidedly different logic with respect to human nature. His attention to the foundational issue of human dignity avoids the epistemological errors of such narrow models of human nature as *homo oeconomicus*.¹⁴ Benedict’s line of reasoning drives the discussion of economic justice in the direction of a deeper appreciation of human dignity at the core of moral deliberations. This is a more nuanced understanding of what makes a human being *human*. The human person is not an object, or animal, for that matter, to be evaluated on the basis of choices and transactions, as in the concept of *homo oeconomicus*.

While that simplification of human nature serves the more mathematical approaches to economics well by reducing the variables down to a more manageable and measureable subset, it results in an approach to economic justice that falls far short of reality. If left unchecked, the pressure in this direction of interpretation results in a moral imaginary constructed upon the false presumption that the principles of *homo oeconomicus* can serve as a reasonably fundamental description of humanity. This direction of interpretation leads to a slippery slope made all the more slippery by the “underlying methodological mistake [that] threatens contemporary approaches to what it is to be a person”—namely, the premise that the defining characteristic of human nature is reason.¹⁵

The idea of *homo oeconomicus* has great explanatory power of course; however, in the extreme it has also obvious weaknesses, of which I shall name three:

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13 Joseph Stiglitz, “Information and the Change in the Paradigm in Economics”, *American Economic Review* 92, no. 3 (June 2002), 460-501, 488.

14 I have chosen to use the German spelling (*h. oeconomicus*), in lieu of the English (*h. economicus*), as a nod to the apparently earlier use of the word in German (Rau 1847). For a good summary of the historical use of this phrase in our context, see O’Boyle (2007, 322f).

15 Alan J. Torrance, “What is a Person?” *From Cells to Souls - and Beyond: changing portraits of human nature*, ed. M. Jeeves (Grand Rapids: Eerdmans, 2004), pp. 199-222, 199.

First, the logic of the market which pertains to freedom of choice in this context becomes a *de facto* source of moral meaning. Morality thus comes to be grounded upon an understanding of the freedom of choice of the individual as the fundamental arbiter of values. Self-interest prevails, in other words, against all other challenges to morality and justice.

Second, the term has become somewhat dated by its origins in 18th-century ideas of commerce in the era preceding telecommunications, computing, global economic summits, the securitization of debt, the UN principles of Corporate Citizenship and various other effects of globalization. O'Boyle points out with insight how the roots of the idea originate with the economic fiction of Adam Smith's "invisible hand" more than 225 years ago. Following Pesch (2002), O'Boyle proposes a new vision of "Christian solidarism" based in the concept of "*solidarist man* who incorporates the social dimension to human nature that is missing in *homo economicus*."¹⁶ In order to overcome the outdated modality of thinking in terms of *homo oeconomicus*, O'Boyle suggests we bury that idea and replace it with the idea of *homo socioeconomicus*, thus moving from the "individualism of the seventeenth and eighteenth centuries into the personalism of the twentieth century."¹⁷ I shall set aside for the moment the question of whether the concept of *homo socioeconomicus* serves to solve the problems regarding human dignity which concern us here, in order to point out the third and final weakness in the idea of *homo oeconomicus*.

Third, we can see that the logic of market morality based in the concept of *homo oeconomicus* tends to conceive of the market itself as the *summum bonum*. Commoditization and the exchange of goods becomes the arbiter of morality. Commutative justice, based in the ideal of free, open and perfect competition, becomes the dominant stream of moral deliberation, as solutions are sought to mitigate the negative effects of externalities. M. Douglas Meeks has a keen eye for what has happened to our concept of morality within the modern market economy:

Market forces, then, are said to be automatic, unconscious, mechanistic, and unintended. As such, the

¹⁶ Edward J. O'Boyle, "Requiem for *Homo Economicus*", *Journal of Markets & Morality* 10, no. 2 (Fall 2007), 321-337, 325. Cf. Heinrich Pesch, *Lehrbuch der Nationalökonomie/Teaching Guide to Economics*, vol. 3, Bk. 1, trans. Rupert J. Ederer (Lewiston, N.Y.: Edwin Mellen, 2002).

¹⁷ O'Boyle (2007), 321.

market can take the place of state and church and even the family... Naturally, the God concepts that provided these institutions with authority systems could also be replaced. The coherence of the system is derived not from tradition or command but from the unintended outcome of self-interested self-guided activities of individuals. Taking on the character of necessity and inevitability, economic law could seemingly fulfill all public functions that “God” had previously performed. The market, were its law obeyed, promises a free and harmonious way of integrating and coordinating society without authority and coercion.¹⁸

In *Caritas*, Benedict XVI begins from a decidedly different foundation for understanding human dignity. Biblically speaking, human dignity is determined by the mystery of relationship with God. To arrive at a coherent description of what makes humans *human*—that is to say, what ascribes *value* to human life—requires therefore an understanding of the human person as being created for, and existing within, relationship with God. This requires a doctrine of the whole person, the integrated self, as existing in relationship with God. Christian theologians articulated this relational aspect of personhood (*persona*) during the intense controversies of the third and fourth centuries, resulting in the Nicene Creed and other patristic writings which have sustained the force of orthodoxy throughout history into the present day. As Zizioulas summarizes the advent of this new ontological understanding of *persona*,

True being comes only from the free person, from the person who loves freely—that is, who freely affirms his being, his identity, by means of an event of communion with other persons.... This theology of the person... appeared for the first time in history through the patristic vision of the being of God.¹⁹

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18 M. Douglas Meeks, *God the Economist: The Doctrine of God and Political Economy* (Minneapolis: Fortress Press, 1989), 51f. Harvey Cox makes the same point with biting and convincing satire, pointing out that “the religion of The Market has become the most formidable rival [to traditional religions], the more so because it is rarely recognized as a religion.” Market as God: Living in the new Dispensation”, *The Atlantic Monthly*, March 1999, Vol. 283, No. 3, pp. 18-23.

19 John D. Zizioulas, *Being as Communion*, (London: Darton, Longman & Todd, 1985), 18.

Non-theological theories (e.g. secular economic theories) lack the basis for establishing this transcendent significance of human dignity. Benedict identifies transcendence at the very core of what it means to be human, and thus the ultimate vocation for all persons is to live in congruence and “solidarity” with the God-given transcendence that defines human dignity. Responsibility to this vision is thus the ultimate vocation for all persons:

[I]ntegral human development is primarily a vocation, and therefore it involves a free assumption of responsibility in solidarity on the part of everyone. Moreover, such development requires a transcendent vision of the person, it needs God: without him, development is either denied, or entrusted exclusively to man, who falls into the trap of thinking he can bring about his own salvation, and ends up promoting a dehumanized form of development.²⁰

Here with this reference to “solidarity” Benedict XVI echoes his predecessor, John Paul II, who defined solidarity as “a *firm and persevering determination* to commit oneself to the *common good*.”²¹ Solidarity is thus seen to be a desirable outcome and expression of human flourishing, as well as a foundational principle for understanding human dignity. Solidarity is a foundational good for both persons and organizations and thus serves as a guiding principle for ethical evaluation of the market’s impact on society.²²

This commitment to the common good is what transforms a collection of individuals into a community. As Augustine explains, it is in sharing common objects of love that we become a community:

A people, we may say, is a gathered multitude of rational beings united by agreeing to share the things they love.... The better the things the better the people, the worse the things, the worse their agreement to share them.²³

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20 *Caritas in Veritate* (#11).

21 John Paul II, *Sollicitudo Rei Socialis* 38 (emphases original).

22 Alford & Naughton, *Managing as if Faith Mattered: Christian Social Principles in the Modern Organization* (Notre Dame: University of Notre Dame Press, 2001), 78.

23 Augustine, *City of God* 19.24. Oliver O’Donovan takes this definition as the seminal thought for his reflection on moral deliberation in *Common Objects of Love: Moral Reflection and the Shaping of Community* (Eerdmans, 2002), cf. p.

20. Thus, O’Donovan concludes: “We must become actual members of a real community constituted by the real and present image of God as uniquely lord, and

Solidarity, as defined by a shared commitment based in love, is the mark of community as well as the mark of human dignity. Here we have the first clue to the breakdown of the market system, exacerbated by the forces of globalization which separate workers, distributors, owners, financiers, and consumers. All are increasingly distant from one another, not only geographically, but politically, socially and culturally. The recent “near-death experience” of the global economy has brought this issue to the fore.²⁴ When moral commitment is eroded, and commitment to profit maximization is left unchecked by any claim to solidarity, a community loses moral force, and the market system eventually suffers the consequences, heading down the “alternate path—creating a society in which materialism dominates moral commitment.”²⁵

The transcendent view of human dignity, as Benedict explains it, makes *caritas* an indispensable component of the *humanum* (i.e., that which makes us human). Human displays of *caritas* are acts of charity and gift-giving which derive their significance from correspondence with the love of God. To receive the *caritas* of God is the highest imaginable honor and glory to humanity; it is to receive unmerited favor from the highest source. It bestows dignity upon the human person not through the exchange of any item of material value but rather on account of the source and reason for the gift of *caritas*—God himself.

Tear away humanity from the gift of God’s grace (*caritas*), its source of dignity, and what remains but a torn fabric of society in which financial measures overrule human dignity and persons are estranged from one another by the loss of *caritas* in their relationships? Thus we can witness to the transcendent reality of personhood as a necessary corrective to the abuse of economic power. We turn next to examine the premises of a view of transcendent personhood.

Transcendent personhood

To evaluate economic developments from a moral point of view requires a viable vision of human relationships which convey human worth. Benedict XVI seizes upon this point cogently in identifying the “transcendent vision of the person” as the basis for discussion of human development and vocation.²⁶ Transcendence refers of course

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the real and present image of mankind as subject uniquely to God.” *Common Objects of Love*, p. 44.

24 Joseph E. Stiglitz, *Freefall: America, Free Markets, and the Sinking of the World Economy* (New York: W. W. Norton & Co., 2010) 275.

25 Stiglitz, *Freefall*, 275f.

26 *Caritas in Veritate* (#11).

to the spiritual reality of God, and thus, to see the transcendent aspect of humanity is to see persons in relationship with God.

This means that mere economics—that is to say, economics shorn of the transcendent and theological dimension of relationship with God—will lack the coherent vision necessary to make proper ethical judgments. This is what makes the biblical view of humanity realistic: it offers an understanding of persons as existing in *relationship* with God and within a community. This relationship is the fundamental reality upon which theological ethics rests. To forgo the vantage provided by a transcendent vision of human dignity is to make an *a priori* decision to rule out the very thing that gives humanity its ultimate value, and to replace it with a metaphysical artifice of moral norms. While such metaphysical constructions as *homo oeconomicus* can be of help in ethical deliberation, they cannot provide any transcendent significance to the value of human persons.

An ethics which lacks this transcendent conception of human dignity will become reductive and lead ultimately in the direction of explaining ethical norms in terms of natural human tendencies toward altruistic behavior. This is ethology however, and not *ethics*. To define economic justice in terms of altruism, as though it were a merely psychological or biological phenomenon, does not lift the discussion above the level of self-interest. It merely recasts the language of exploitative individualism into the language of altruism, yet both are founded in the same presumption of ethical behavior as being an effect due to the propagation of a species.

Benedict demonstrates in *Caritas* the essential place of transcendent personhood in economic ethics. He notes rightly that a transcendent vision of persons requires ethical theory to countenance “the light of the revealed mystery of the Trinity,”²⁷ for it is only within the light of this mystery that the true meaning of love (*caritas*) can be discerned. And so, making a neat turn of phrase, he inverts the biblical exhortation to speak the “truth in love” [Eph. 4:15], and speaks of ethics as being comprised of acts of “love in truth,” hence: *Caritas in Veritate*. This is a profound statement, for it ties ethics to the transcendent reality of God’s love (*agape* in the Greek, or *caritas* in the Latin), which is known only by virtue of knowing God *as* love [1 John 4:7-8]. Ethics is thus defined as the practice of “love in truth,” or *caritas in veritate*.

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²⁷ *Caritas in Veritate* (#54).

Gratuitous Economics

What does this mean for business ethics? For one thing, it means that economics is fraught with inherent moral challenges, and all the more so in a climate of globalization which tends to increase the distance between participants in the global marketplace.²⁸ How is a community of love to be formed out of the disparate, economically motivated, remote, and anonymous factions involved in transactions on a global scale? How is a community to be formed of such factions, in order that they might truly love one another as Jesus instructed? Here is the crux of the problem: how to build love (*caritas*) into the economic systems of the global marketplace.

In recognition of this problem, Benedict identifies the fundamental ailment underlying the global recession and the credit crunch, and he takes a step in the direction of a prescriptive response—

The great challenge before us, accentuated by the problems of development in this global era and made even more urgent by the economic and financial crisis, is to demonstrate, in thinking and behaviour, not only that traditional principles of social ethics like transparency, honesty and responsibility cannot be ignored or attenuated, but also that in *commercial relationships* the *principle of gratuitousness* and the logic of gift as an expression of fraternity can and must *find their place within normal economic activity*. This is a human demand at the present time, but it is also demanded by economic logic. It is a demand both of charity and of truth.²⁹

²⁸ Barth also saw this same destructive potential in the unchecked power of Mammon. According to Barth, this power estranges people from themselves, from each other, and from God—“As the powers tear apart the individual, so—because there are so many of them in such competition—they tear apart society also.” It is interesting that Barth’s *theological* assessment of the “estrangement” due to the unchecked powers of Mammon matches precisely Stiglitz’s *economic* assessment that a “social divide” results from materialism. Karl Barth, *The Christian Life: Church Dogmatics* IV/4, *Lecture Fragments*, trans. by Geoffrey W. Bromiley (Grand Rapids: Eerdmans, 1981) 233. Building upon Barth’s christological view of humanity, Kathryn Tanner offers another approach to the idea of political and economic solidarity, in which humanity is guided toward “an alternative noncompetitive economy of sorts.” While this seems to lean in the direction of Benedict’s proposal for the logic of gratuitousness, Tanner is more concerned to suggest an economic model than to explore the ontology of the *humanum*.

Kathryn Tanner, “Barth and the Economy of Grace”, in *Commanding Grace: Studies in Karl Barth’s Ethics*, ed. Daniel L. Migliore (Grand Rapids: Eerdmans, 2010), 176-197, 187.

²⁹ *Caritas in Veritate* (#36).

The solution is to build *gratuitousness* (i.e., charity/caritas/love) and the *logic of gift* into the systems of *normal economic activity* which seem to rule the world. But how? Somehow we need to ensure that our economic structures are not only efficient but also gratuitous. This sounds at first oxymoronic, to speak of *gratuitous economics*. After all, the market is founded upon bilateral exchange, not unilateral gratuity. It also sounds idealistic, and no doubt it can become so, but how are we to employ the *logic* of gratuitousness in economic ethics? We begin where Benedict begins, by noting the transcendent value to be found in human relationships. This is precisely the logic of *hope* and of confidence in the *greater reality* of human dignity which can never be adequately reduced do the mathematical principles or monetization of financial risk management which have risen to such preeminence in the global financial markets. The greater reality of human dignity, which finds its source in a relationship ultimately external to any market, transforms the nature of economic exchange by placing the ultimate value of the relationship in the opportunity for *caritas* to be displayed.

The logic of gift and gratuitous economics are seen in Jesus's teaching, for example, in the Sermon on the Plain: "Lend, expecting nothing in return..." [Luke 6:35]. Moxnes cites this as an illustration of the transformational significance of *caritas* in economic relationships. He notes how this emphasis upon *caritas*, over and above the valid expectation of commutative parity, is not a cultural aberration but a remarkable transformation in understanding of the basis for human relationships.³⁰ These views are not merely innovations of the New Testament, however. This is the same logic by which the *Torah* (the "law of Moses") commanded harvesters to intentionally leave a little grain behind for the gleaners. It is the logic by which the Israelites were commanded not to store up more manna than they could eat. And even more profoundly, it is the

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30 Halvor Moxnes, *Economy of the Kingdom: Social Conflict and Economic Relations in Luke's Gospel* (Philadelphia: Fortress, 1988), 133. For an extended analysis of this theme, see Stephen C. Barton, "Money Matters: Economic Relations and the Transformation of Value in Early Christianity", in *Engaging Economics: New Testament Scenarios and Early Christian Reception*, eds. Bruce W. Longenecker and Kelly D. Liebengood (Grand Rapids: Eerdmans, 2009), 37-59. See also Aaron J. Kuecker, "The Spirit and the "Other," Satan and the "Self": Economic Ethics as a Consequence of Identity Transformation in Luke-Acts", in *Engaging Economics: New Testament Scenarios and Early Christian Reception*, eds. Bruce W. Longenecker and Kelly D. Liebengood (Grand Rapids: Eerdmans, 2009), 81-103. Kuecker sums up the evidence from Luke-Acts that the Spirit transforms the basis and purpose of economic exchange: "One of the primary effects of this identity transformation is a radically reoriented economic praxis that privileges the "other" over self in economic exchange", 82.

logic of the Sabbath, which bears witness to the transcendent reality that we depend ultimately on God, more than upon our economic diligence or competence. This logic is based in the greater context of relationship in which the human being is seen as “made for gift, which expresses and makes present his transcendent dimension.”³¹ The illogical streak within economics turns out to be hyper-efficiency, not gratuity. The logic of gratuitousness has never led to financial collapse. It is rather the exploitative excesses of self-interested competition which lead into destructive cycles of boom and bust, greed and despair. There is a logic to gratuitousness which mitigates those disruptive cycles.

Theological ethics thus has a particularly important role to play in bringing light and life to what would otherwise be the ‘dismal science’ of economics. An ethic that is based in a materialistic or naturalistic conception of human dignity will fail ultimately to provide a hermeneutic capable of transcending the limitations imposed by the economic concept of exchange of goods. So long as economics is defined in those terms, it will lack the decisive insight that the moral order is perfected not through the efficiency of the marketplace but rather through the transformation of persons. On the other hand, an ethic that recognizes the transcendent, mysterious reality that the ultimate dignity of human life is not obtained through maximization of the natural capacities of the *humanum* but rather through participation in the divine life of the Trinitarian God offers hope for cooperative and sustainable global development.³² This transcendent reality provides the basis for moving beyond utilitarian and consequentialist understandings of economics that confine the discussion of ethics to the language of competing needs and cost-benefits analyses based upon material and psychological concepts of natural orders. There is a natural tendency “to think of everything as if it were in the market” with the result that:

The market system flouts its own self-regulating laws, but, in fact, it cannot function without power external to itself and it does not reveal the potentially inhumane power on which it often depends.³³

31 *Caritas in Veritate* (#34).

32 Volf diagnoses accurately the reason that natural ethics fail inevitably to convey significance to theological transformation: “a theology of work cannot operate with an *evolutionist* understanding of social realities... A truly *new* creation can never result from the action of intrahistorical forces pushing history toward ever-superior states”; *Work in the Spirit* (1991: 84). Cf. his attention to the *transformatio mundi*; 79, 93-99.

33 M. Douglas Meeks, “The Economy of Grace: Human Dignity in the Market System” (2006: 197-8).

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When left to its devices and constrained to evaluate social benefits without appeal to the transcendent conception of human significance as being founded in relationship, economic theory will remain incapable of fulfilling its ultimate mandate to maximize human dignity.³⁴ This places an onus upon political systems to do justice by bearing witness to the greater reality of human dignity—a value which perennially falls outside the purview of the natural forces of the market.³⁵

Toward fulfillment of economic function

If the market is governed solely by the principle of the equivalence in value of exchanged goods, it cannot produce the social cohesion that it requires in order to function well. *Without internal forms of solidarity and mutual trust, the market cannot completely fulfil its proper economic function.* And today it is this trust which has ceased to exist, and the loss of trust is a grave loss....³⁶

Here is the crux of the matter: if the market is unable to generate the wherewithal, by means of “normal economic activity” and “economic logic,” to impart the necessary component of “gratuitousness” (aka, love, *agape*, *caritas*), then it shall surely bounce through boom-and-bust cycles of hope and despair, both at the micro- and macro-economic levels. Benedict states the corrective succinctly: “[T]he *principle of gratuitousness* and the logic of gift as an expression of fraternity can and must *find their place within normal economic activity.*”³⁷ This distills down to a requirement to evaluate economic enterprise—particularly those global ventures which separate people and erode the possibility of true community—in a spirit of gratuitousness which explicitly conveys meaning to those distant communities which are at a natural disadvantage in the exchange of commodities and financial

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34 “*Without internal forms of solidarity and mutual trust, the market cannot completely fulfil its proper economic function.* And today it is this trust which has ceased to exist”; *Caritas in Veritate* (#35).

35 Oliver O’Donovan explores the repercussions in depth: “Excluding government from evangelical obedience has had repercussions for the way society itself is conceived. Since the political formation of society lies in its conscious self-ordering under God’s government, a society conceived in abstraction is unformed by moral self-awareness, driven by internal dynamics rather than led by moral purposes.” Oliver O’Donovan, *The Desire of Nations: Rediscovering the Roots of Political Theology* (New York: Cambridge University Press, 1996) 246.

36 *Caritas in Veritate* (#35).

37 *Caritas in Veritate* (#36).

resources. This is an antidote to underdevelopment, as well as a preventative to extreme inequality which presages market collapses. Thus, Benedict can prescribe a *quota* of gratuitousness:

In order to defeat underdevelopment, action is required not only on improving exchange-based transactions and implanting public welfare structures, but above all on gradually *increasing openness, in a world context, to forms of economic activity marked by quotas of gratuitousness and communion.*³⁸

This is a recipe for solidarity which builds trust and community by means of relationships in which gift-giving transcends the motive of financial gain.

But here is the crux of the problem for economic ethics—how are the transcendent values of “gratuitousness” and the “logic of gift” to be built into the economic system? The problem is that the marketplace lacks the impetus to reward the “logic of gift.” As Benedict notes rightly: “The market of gratuitousness does not exist, and attitudes of gratuitousness cannot be established by law.”³⁹

The answer to our questions of economic ethics are thus not to be found by building upon any presumptions of human nature tied to the attributes of *homo oeconomicus*, or any other metaphysical construction of the *humanum*. Nor are they to be found in human rights theory, as being prepossessed of a claim to receive, rather than give. Each of these conceptions lacks the logic of gratuitousness within which human dignity can be understood as a foundational good.⁴⁰ This means that an orthopraxy for ethical business conduct will evaluate policies and strategies on the basis of their impact upon relationships where some measure, some “quota” to use Benedict’s term, of *caritas* may be given in parallel with the economic transaction. To the extent that globalization creates obstacles to such relationships, a business will need to take initiative to protect human dignity from being diminished in the conduct of business.

38 *Caritas in Veritate* (#39).

39 *Caritas in Veritate* (#39).

40 M. Douglas Meeks diagnoses correctly the inhumanity in metaphysical constructions: “The market system flouts its own self-regulating laws, but, in fact, it cannot function without power external to itself and it does not reveal the potentially inhumane power on which it often depends.” Meeks, “The Economy of Grace: Human Dignity in the Market System”, in *God and Human Dignity*, ed. by R. Kendall Soulen & Linda Woodhead (Grand Rapids: Eerdmans, 2006), pp. 196-214, 197f.

Business models

Businesses display the logic of gratuitousness in a variety of ways, which extend far beyond simple philanthropy.⁴¹ For starters, the notion of gratuitousness comes naturally to countless many business operators who value personal relationships with their customers. Service and trust are evident in these relationships, and these are models of *caritas*.

Other business models manage to formalize structures in which generosity and concern for the other are built into the exchange. Muhammad Yunus describes the model of a “social business” which exists for the explicit purpose of helping others—a clear witness to the human dignity of both the business operator and stakeholders as mutual beneficiaries.⁴² Micro-enterprise and micro-credit offer yet another approach but share the essence of being orchestrated efforts to fulfill a mission in recognition of the dignity of customers and stakeholders.

Many new business models, such as Wikipedia, are based in the negligible marginal cost of delivering information via the internet. This permits the product—information content in this case—to be offered “for free”, although often accompanied by advertising. Still, the product itself is offered as a “gift”.⁴³

Returning to the overarching theme of inequality which incited the Occupy Wall Street protest, we can see how the logic of gratuitousness (*caritas*) was missing in the market forces which led to the near-death experience of the global economy. In a nutshell, what we experienced was an unchecked slide down the slippery slope of profit maximization in which the logic of gift was absent. Concern for the human dignity of borrowers did not enter into the calculations of risk and profit. The invention and deployment of new derivative instruments removed human relationships from the business models of lending, and focused instead on the merely mathematical equations of arbitrage.

To use the biblical example of gleaning, it was as if every last scrap of grain was harvested, and the dust of broken husks also was swept up from the threshing floor and packaged for sale wherever

41 Indeed, there have been too many stories of ostensibly generous philanthropists who have failed to conduct their businesses ethically; to wit, Ken Lay, Al Dunlap and Bernie Maddoff.

42 Yunus, M., & Weber, K. (2010). *Building social business: The new kind of capitalism that serves humanity's most pressing needs*. New York: Public Affairs.

43 Wasserman, C., and Staune, J., ‘The notion of gift and justice in economics and business’, a conference paper presented at presented at *The Logic of Gift and the Meaning of Business: An Experiential, Scholarly and Pedagogical Examination of Business in light of Caritas in veritate*, February 24-26, 2011, Pontifical Council for Justice and Peace Vatican City.

the slightest profit could be earned. Bonuses for the winners of the game were similarly maximized. All profits were sucked out the system, and nothing was given back. It's easy to see in hindsight, of course, but how do we prevent these excesses in the future? Solutions to these problems can be found on a case-by-case basis, and they will invariably embody the logic of gift, to whatever extent possible, and will thereby bear witness to human dignity.

Conclusion

Ethics based upon the transcendent dignity of human persons will bear witness to *caritas* as the source and direction of economic justice. Concrete illustrations of gratuitous economics—the “new economics of grace”⁴⁴—can be found throughout the Bible.⁴⁵ The economic power of business can be used to enhance human dignity and create a more secure basis for global development by placing a value on human dignity as defined with respect to relationships which nurture the communal identity of all stakeholders. This may indeed require “quotas” in the language of Benedict XVI, to be placed upon forms of gratuitousness which strengthen the communities in greatest need of restoration and development. The alternative is to confine business goals to the realm of secular concepts of human nature, which presses invariably in the direction of subjugating communities and individuals to injustice as economic power ignores the transcendent dignity of persons. Benedict's prescription gives witness to the greater reality of a Christian worldview, and even within the secular norms of post-Christendom society, the values of interpersonal relationship, community and transformation may be lifted up as valid goals and norms. This provides guidance to public policy as well as to corporate strategy.

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44 Meeks (2006: 202).

45 A short list would include manna and quail, gleaning, Jubilee, the fourth commandment, and covenant; e.g. Ex. 16:13ff; 20:8-11; Lev. 19:9, 23:22, 25:8-27:24; Deut. 10:19, 24:21, Matt. 25:38-45.

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