STELLA VISCHER (3)

The Market, Happiness and the "Economics of Reciprocity"

A bridge between theory and practice

FOR MORE THAN A DECADE, LIVING CITY readers have closely followed the developing "Economy of Communion" initiative in which business owners freely choose to share their profits, divided in three parts: to help people in need, to foster a "culture of giving," and to help the business itself remain an efficient and viable model. Many have intuited its power as a practical model which fulfills the deepest aspirations of business life at the service of humanity. Some, however, may not have dared to dream as boldly about its realistic potential to bring about a major shift in economic theory and culture.

On a clear and bright sunny Sunday morning in February 2004, Stefano Zamagni, Professor of Economics from the University of Bologna, distinguished for his contribution in the history of economics, visited Mariapolis Luminosa, the Focolare little town for North America, where some 100 Focolare members dedicated to bringing the spirituality of unity into every aspect of social life had gathered for their annual convention. Over the course of a uniquely joyful meeting, Zamagni opened for them broad vistas on the powerful and profound cultural impact of the treasure they carry. What follows are excerpts from his impromptu presentation and interaction with the audience.

THE ECONOMY OF COMMUNION was launched in 1991 by Chiara Lubich during her visit to Brazil. It is something that has provoked in many people, including me, a sort of shock. Why? Because the Economy of Communion is a scandal. It is the most intriguing challenge against the dominant culture and the dominant practice in economics. As you know, economics is a science that was developed in a period after the first Industrial Revolution on the basis of one anthropological assumption, that is, on the "economic man" (*homo economicus*).

But the economic man is a lonely individual who has only one goal: to maximize personal interest, self interest. And the old economics knowledge was created on this premise—that human beings are essentially selfish. And when they relate a relation to others it is only for instrumental

reasons, in order to obtain more.

At the beginning of the 19th century this idea was not very popular, but nowadays it is the dominant culture. In the media, in the common culture, the argument is that everyone should mind his or her own interest. That is the logic by means of which you can develop in the economy, you can grow in importance, you can sell more, maximize profits, and so on.

The problem of the present-day situation is that people who follow this anthropology, accumulate more wealth, but they become more and more unhappy. And so, nowadays, the issue of happiness is on the frontlines. What's the point of maximizing income if the result is an increment of unhappiness?

The idea of the Economy of Communion is clearly a challenge to the dominant mode of doing economics. In other words, to be able to show that it is possible to be efficient, to remain in the market, and at the same time to be happy, is a real challenge because for more than three centuries nobody believed that. At the academic level, the idea of the Economy of Communion has disturbed many people in economic circles, because we are challenging their paradigm and their faith in what they have been doing and preaching in all universities and in all their classes decade after decade. I would not say that this paradigm is wrong but it is incomplete, because it does not take into account that the human being is a unity. And you cannot split a human life as if we were a simple machine.

The Economy of Communion is also a challenge from a practical point of view. Today, in the era of so-called globalization, the situation is difficult. In the past, people allowed us to believe that it was enough to practice the paradigm of *homo economicus* to solve all the problems. Now we are living in a period where that is not true. We have many more problems than in the past.

Why is that so? Because until recently we have been accustomed to interpret conflict as "conflict of interest." Even the Marxist and socialist traditions were based on that: the conflict of interest between the workers and the owners, the poor and the rich.

But now a new type of conflict is emerging in our society: the "conflict of identity"—not to be confused with the conflict of interest. The conflict of identity is a conflict which is "declined" on the dimension of being, not of having—to be or not to be. And what are typical issues of the conflict of identity? Religious identity, ethnic identity and cultural identity. The novelty is that we cannot cope with the problems stirred up by the conflict of identity with the same tools used in the past in the conflict of interest where the strategy is to redistribute. If the conflict is between those who have and those who don't have, the solution would be to take away from the rich and give to the poor. But can you do the same with the conflict of identity? Of course not. I cannot approach a Muslim and say, "How much do you want in order to give up 30% or 40% of your identity?" That question makes no sense. It creates a reaction in the other and the end result will be terrorism of various types.

In other words, the conflict of identity hinges on the dignity of the person. You cannot use the typical economic instruments to cope with it. You cannot buy identity. You can buy the interest. For example, you can ask workers how much they want in order to stop the strike and they will respond, "Give me 30% more of my salary and I'll be O.K." But you cannot do the same with identity. That would be an offense to one's dignity.

We are discovering now that the usual instruments produced by the economic life to cope with conflicts of interest are not viable for the conflicts of identity. In fact, when you come to the conflict of identity you need specific attention to the being of the other person in front of you.

One can now understand why the logic of the Economy of Communion is a real challenge. This innovative economic system is an attempt to show that you can do business respecting the identity of the other. In this way the other who cooperates with you does not feel repressed or humiliated. Today humiliation is the true original sin of our society. You can humiliate someone even if you give him or her "stuff"—that is called paternalism. Paternalism is generous, in the sense of philanthropic generosity. But when people feel humiliated you can be sure they will react, and most of the time violently. The idea of the Economy of Communion is to give value to the whole of the person, including his or her religious, ethnic or cultural identity.

A FEW YEARS AGO I started inquiring why the model of the economy of communion is viable and is progressing. Through a research project we discovered that the Economy of Communion is nothing but the last ring of a chain which started during

Professor Stefano Zamagni at the conference in Mariapolis Luminosa, the Focolare little town for North America, located in Hyde Park, N.Y. Zamagni is Professor of Economics at the University of Bologna and Adjunct Professor of Public Economics at the Bologna center of Johns Hopkins University. Author of hundreds of articles and the author of numerous books, he is a member of the Pontifical Council for Justice and Peace and a Fellow of the New York Academy of Sciences.

THE INAUGURATION of the bank was celebrated with the fresco of "Our Lady of Mercy" (right), a permanent reminder of the founders' humanitarian and social ideals.

MONTE DE' PASCHI DI SIENA (2)

RESEARCH carried out by professors Zamagni and Bruni described how the market economy originated in Tuscany in the early 15th century with the intent to give economics a human face. Inspired by the Franciscan Friars Minor, institutions such as "Monte di Pieta" were formed in Italy in order to combat usury. In 1472 in Siena, a public credit institution, the bank "Monte de' Paschi di Siena" (above), was founded by the city as a non-religious foundation, yet with the same charitable aims.

the civic humanism of the fifteenth century. At that moment all the fundamentals of the market economy started within the church. We have elaborated this research and the results will be published soon under the title "Civil Economics," co-authored by Luigino Bruni.

Most people believe that the basic principle of economics is the principle of profit-maximization. We do not deny that, but we show that even more fundamental is the principle of reciprocity. In other words, in those economies where you have a culture of profit-maximization without a principle of reciprocity you can maximize profits and wealth but you do not make people happy.

Chiara Lubich's innovative idea of the Economy of Communion can be visualized as the last ring of a chain which started in that period. And the fact that she hardly knows anything about economics is even more relevant. Such an idea would have never occurred to an economist. It occurred to Chiara because she is interested in the happiness of the person.

It is up to the Christian to find how to expand the space of happiness. In this historical period the problem of happiness cannot be solved unless we reinterpret the idea of the economy. As you know, most of our lives are spent in economic organizations. It could be a firm, an office, and so on. In the world we live in, most of our time is dedicated to economic affairs. Unless we solve the problem at that level, how can we possibly think about making people happy?

That is why strategically it is important to show to those who are skeptical or cynical that this is not just a fanciful idea which occurred one day to one person, but is the result of an ancient wisdom that is rooted in a particular conception of the human being which is not individualistic but is personal. The "person" differs from the individual, because a person is an individual in relation with others. Relation is the important dominant aspect.

Translating this fundamental idea into economic discipline, into economic science, I can assure you, is a major challenge. That is why we need to progress on both sides: on the actual experience in the Economy of Communion by the various enterprises, and on the cultural level. Our friends in the Economy of Communion need to listen from time to time to people who are saying, "You are doing something good, you are on the right path." This gives them the strength to continue to overcome the difficulties because, of course, there are difficulties. We need to reinforce their choice to have accepted to join the Economy of Communion. And that, it seems to me, is *one* of Chiara's great merits.

I STARTED TEACHING A COURSE on "the economics of reciprocity." That word is never used in economics. The usual language includes terms as efficiency, profit, cost-minimization, and so on. But no one uses the word "reciprocity."

Q: The idea of reciprocity is exciting. I work in an anti-poverty program, which is trying to address social issues with economics. I could really understand your concern about people losing their identity and can see how instead of being grateful, people end up feeling humiliated and angry. I was just wondering how to translate the idea of "reciprocity" with some of the economically based social programs that we have.

Jennifer Krokey

A: That question often emerges in this type of discussion. For understandable reasons, the concept of reciprocity has been confused with the concept of exchange of equivalents. That is the fault of us economists. All our books are written in the wrong way. They are written in such a way that our students of today will become the leaders or managers or media operators of tomorrow, and they will perpetuate the wrong idea.

The basic difference is that the exchange of equivalents is impersonal. In the morning you go to buy a newspaper and you give one dollar. That is the price. I do not need to know you in order to get from you the newspaper. I only need my purchasing power and you need to have the property rights to sell me your newspaper. But I do not need to know who you are.

Relations of reciprocity presuppose the knowledge of the identity of the other. In other words, the reciprocity principle applies the principle of fraternity,

brotherhood. The principle of fraternity is one of the words most used by Chiara. She applies it in politics, economics and social life. If you pay attention, the word "fraternity" was one of the three key words of the French Revolution—*Liberté, Egalité, Fraternité* (Freedom, Equality and Brotherhood). But after the Revolution the word fraternity was cancelled. And now nobody speaks about fraternity. The reason is that the French Revolution was afraid of the word because it was typical of the Christian tradition. Other cultures or religions have the word "solidarity" but the meaning is different.

Most people confuse the word solidarity with fraternity. Solidarity means that I should feel responsible for the well being of the others. But I do not need to know who the others are. I can apply solidarity to people I never met. Fraternity is different: it is based not only on giving, but on giving with the intention of establishing a relationship.

Brotherhood presupposes that we are children of the same Father. You can see why fraternity, which is translated in practical life into the principle of reciprocity, is different from the exchange of equivalents.

Now consider what happens in a regular business of the economy of communion, in the relationships among people living and working in the Economy of Communion. Solidarity implies trying to make different people equal. Fraternity allows equals to be diverse. Under fraternity people flourish. Under solidarity that is not guaranteed. With the principle of fraternity not only do I tolerate that you are different from me, but I want you to be different from me. I want you to flourish according to your proper dimensions. That strengthens our unity. Unity in diversity, yes, but we have to understand the implication of "unity in diversity." The implication is the principle of reciprocity. An Economy of Communion business is where people translate the principle of reciprocity into everyday life. It is as efficient as another business, and those who work there feel fulfilled and happy. We were all born for happiness.

Q: I come from the business environment. I was so upset about the corporate scandals and the society in the United States is very upset about economics in general, even if we are prosperous. What you are talking about—how we can bring economics and happiness—is what I think is really needed to solve some of the problems in our world. Many are getting pessimistic about what's happening, and this is the most optimistic thing I've heard in a long time….

Jim Milway

A: What you say is so important. There is a fascinating example: in fourteenth-century Europe, feudalism was in a situation similar to ours today. It was full of scandals. At that time, when humanity was losing its north star, out of Christianity came the proposal of the market economy. Its new technicalities were an answer to the pessimistic attitude which was spreading at that period. The market showed that it is possible to progress. Christians are not against, but in favor of progress. And it is possible to progress without slavery, exploitation and so on.

Taking into consideration the enormous differences between historic periods, we live in a similar situation. We need to instill a new type of optimism into those who have been touched, even badly, by this type of scandal and are losing any hope of remodeling our economy. That is why the idea of the Economy of Communion is really revolutionary. It emerged during a period when globalization was showing its face with new problems.

It is a duty for us to instill a new sense of hope in the people around us. A Catholic French philosopher, Charles Peguy, wrote: "The virtue I love most is hope. In comparison to its big sisters, faith and charity, it seems as if it is pulled. But it is hope that is pushing the other two." In other words, in a period of crisis we need to spread around seeds of hope because hope makes the other two virtues, faith and charity, work. We should never accept the attitude that there is nothing to be done.

—Stefano Zamagni

STELLA VISCHER

"I found it noteworthy and significant the fact that you are able to concretize the concept of reciprocity in your EOC businesses," Professor Zamagni told EOC entrepreneurs (left: with Roger Krokey, owner of an EOC ceramic restoration business). "The EOC needs to advance on both the implementation and the cultural levels."

Joan Duggan, a co-owner of "Finish Line," an Economy of Communion educational services business, reflected on how Professor Zamagni was able to build a rare bridge between academic theory and practical application:

"Professor Zamagni's presentation established the relationship between the idea of the Economy of Communion and each person in the room. This is no small feat! In the brief span of an hour, the underpinnings of the Economy of Communion became common ground for each person, the majority of whom were not directly involved in the project. What a phenomenal gift! Here was academia in relationship with the 'real' world… doing a great service… providing the bridge that opened the door of the Economy of Communion for everyone. And from this beginning, further dialogue becomes possible because appreciation has blossomed. I no longer have to search for what academia can bring to the 'real' world—I've finally seen what it can do." ■

Sharing that Builds Universal Brotherhood

The distribution of the goods is the last link in the Economy of Communion (EOC) chain that begins with the contributions from shareholders of the industrial parks and the financial activity of entrepreneurs and employees directly involved in the EOC businesses. It is, however, a crucial link as it contributes to giving meaning to all the efforts made by those connected with the EOC enterprises. We turned to Margarida Silveira Silva, coordinator of a network of social development projects in Vargem Grande, Brazil, that benefit from EOC assistance.

By Benedetto Gui

The metropolis of São Paulo is truly vast. We had been traveling rapidly along the highway for almost an hour passing hillsides dotted with brick homes, often incomplete. Then the buildings and traffic became denser and the road began to run alongside a muddy canal that was soon to be cleaned up by the local environmental department. I was headed from the airport towards Vargem Grande, the location of the Focolare little town named Mariapolis Ginetta, accompanied by Margarida Silveira Silva. I asked her about her work in the delicate phase of distributing goods to those in need.

DANILO ZANZUCCHI (3)

What is being done in this region for the people being assisted through the Economy of Communion?

For those of us involved in the task of distributing the EOC financial profits allocated for the poor it is not only a matter of reaching the right people and giving priority to the greatest needs—a task not so easily accomplished in the face of so many urgent situations. It is mainly about transforming the act of giving into a relationship that builds universal brotherhood. In such a relationship, positions of inferiority or superiority cannot exist if we consider the others as "another us," as brothers or sisters. This is possible because the people we are speaking of have made sharing a way of life.

Do you and your team decide where to direct these resources or do those in need request your help?

Both cases occur but often, even if in urgent need, most people will not ask for help. We have to be alert for signs of need especially because these people are used to thinking first about others' needs, rather than their own. In certain cases, it is not easy for them to accept the fact that they need material help. For this reason, we try to be as delicate and discreet as possible.

Are you concerned that your offer of help might be seen as patronizing, or that someone may take advantage of your generosity and will become dependent on it?

A couple of times we thought that we could be running that risk. Once someone made an extravagant purchase assuming that someone else would take care of the essential needs of his child. We resolve situations like this by simply talking about it, making them aware of where the money is coming from and how many others are also in need. Fortunately, the opposite occurs more frequently. When

The following are excerpts from letters written by persons who, in the Economy of Communion (EOC) system, have accepted help through the businesses' shared profits and the individual contributions of Focolare members worldwide.

God has a plan of love on each person

I have been helped by the Economy of Communion (EOC) funds for the last five years and, thanks to this assistance I am now completing my second year at the university. To be part of the EOC has meant much more to me than just receiving a monthly stipend for my studies. Every month, when I receive the letter with my name written on it, my conviction that God wants each one of us to be happy is strengthened. At the end of last semester, I was given the opportunity to introduce EOC concepts to the students and professors in my faculty. Our assignment was to take a specific environmental problem and outline solutions. Another student and I decided to take on what seemed to be the biggest of these issues. We presented the EOC as a viable solution to the poverty and social disparity that in many cases lies at the root of a given environmental crisis. *(Croatia)*

someone finds employment, he or she notifies us right away that they no longer need help. One family began their own cottage industry and now they want to help someone else.

The help you give is first of all destined to those in need within the Focolare family, for those who live the spirituality of unity. Isn't this a rather limited view?

The fact that we take care of "our own family" first might appear negative, but actually it is extremely positive. The spirituality of unity lived out is the necessary common basis for "giving" one's own needs and "receiving" help in a spirit of communion. It is an experience that is proving to be an effective, innovative model that can definitely be replicated on a larger scale, and that holds great promise for the future.

WE HAD BY NOW left the more densely populated area and were passing by a number of villages that had sprouted up along the roadside. Signs of poverty were very evident. I felt like concluding that the distribution of the help given must be the most delicate phase of the EOC, even more than the management of the businesses themselves. The process will need to be carefully monitored but I was relieved and heartened to see that the existing process is functioning well. The financial help reaches its destination through a chain of uninterrupted relationships lived out in the spirit of universal brotherhood, maintaining the inherent dignity of those who are on the receiving end.

—Benedetto Gui is a professor and dean of the Department of Economics at the University of Padua, Italy

Opposite page: the shantytown of Vargem Grande. Left and above: some of the young students of a local school supported by the EOC and local families.

The EOC model was launched by Chiara Lubich during a 1991 visit to Brazil, as a response to the needs of the many Focolare members living in the shantytowns surrounding the city of Sao Paulo. The model grew to include people in need in many other countries as well.

Just in time

It was such a relief to receive this divine providence right when they were going to cut off our light and gas due to the unpaid bills. The cost of these utilities is so high in our country that we could no longer afford to pay them. We were able to experience that we are truly a family and that God loves us personally and immensely. *(Colombia)*

It's absolutely different

It would have been very difficult for me to continue my studies without the help of the EOC. Living in a market economy which is highly competitive, where nothing is given freely and everything is the object of exchange, I often experience a profound sadness. The Economy of Communion, instead, is really revolutionary, absolutely different, yet feasible. Thanks to all its businesses, poverty can be effectively overcome. *(Chile)*

An even bigger problem

One day, feeling burdened by many problems and poor health, I confided in a friend. A short while later, I met a person who in turn confided in me the difficulties she was having. I realized that her problems were much bigger than mine. One of her daughters was ill and she did not have the money to buy the necessary medicine. I had very little myself but I gave her everything that I had, sure that God knew my every need.

The following day, I received his answer through the help of the EOC which I still continue to receive. I thank God every day for his concrete assistance which arrives just when I need it. *(Brazil)*

I am going to be a mother

A year ago I needed to undergo surgery for a miscarriage. This was the second time this was being asked of me and it was difficult for me to say yes. Yet I continued to believe that this too was part of God's plan of love for me. The EOC helped me pay for the operation which was a success. I am now expecting again and so far all the tests have come out normal and my doctor is confident that this time everything will go well. *(Pakistan)*

To be on the other end

My husband who is an accountant lost his job due to the economic crisis that our nation has been experiencing. We were forced to incur many debts, many of which we could not pay off even after taking out a second mortgage on our home. With the help of the EOC, we were able to cover the most urgent debts. We then sat down and planned how we had to live in order to make it on a very reduced budget. We had to be open about our needs and this allowed us to experience first hand what it is like to be among society's less advantaged. Now our children work part-time to pay for their own activities and we are experiencing the love of those around us in a new way. *(Argentina)*

A dignified burial

Thank you for helping us honor our father with a dignified funeral. *(Pakistan)*