

# INTRODUCTION

## THE CHALLENGE OF CHARITY: FREEDOM AND SOLIDARITY WORKING TOGETHER

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Introducing charity as a social principle, valid not only for the micro-relationships, like the family or friendships but also for macro-relationships, such as those in the economy or politics, poses a challenge. Pope Benedict XVI formulates this challenge in his encyclical *Caritas in veritate*.<sup>1</sup> Charity, the heart of the Gospel and the distinguishing Christian virtue, is not a directly applicable social program. It requires the mediation both of a correct political philosophy and of a social organization based upon legal justice. Charity is difficult to incarnate in organizations, however, because the demands of charity go beyond those of justice and are thus difficult to predict. Charity, or love, or benevolence, as it is otherwise known, gives without return, without calculation. It transcends the loving person and therefore cannot be forced into a socio-legal structure that necessitates regularity and predictability in order to function. Love cannot be imposed.

Hence, freedom is the starting point from which this challenge is to be considered. As virtues, contrary to a morality founded upon constraint or legal sanctions, presuppose free human action, charity and solidarity, those preeminent Christian virtues, best thrive in a *free* society and in a *free* economy. Freedom, therefore, is not to be confused with arbitrariness or a state of being unbound; rather, it is an ethical program. A person in a desert is unbound; she can go in

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<sup>1</sup> “Love in truth—*caritas in veritate*—is a great challenge for the Church in a world that is becoming progressively and pervasively globalized.” (Benedict XVI, Social Encyclical *Caritas in veritate*, 9 in AAS 101 (2009): 646.) “The great challenge before us, (...) is to demonstrate, (...) 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*. (Benedict XVI, Social Encyclical *Caritas in veritate*, 36 in AAS 101 (2009): 672.).

any direction she pleases. However, in such a situation, she will not feel free unless she knows which path to choose in order to reach the next oasis. Without knowledge about practical truth, or good praxis, the human person does not consider herself to be free but disoriented. In order to be truly free, we need to know which actions allow for human flourishing and growth in happiness. Therefore, free markets are concerned not only with efficiency and avoiding over-regulation but with ethical and virtuous action. Only ethical markets are free markets. Business is not just business: only ethical business is business. This is true in the long, middle and short term. The exceptions that may exist in the very short term are the temptations that corrode the economy from within.

Free markets cannot disregard the relational nature of the human person, best expressed in the virtue of solidarity, or lived charity within the social sphere. With John Paul II, we define solidarity as a virtue that conveys “a firm and persevering determination to commit oneself to the common good”.<sup>2</sup> As a virtue, solidarity is thus voluntary. This does not exclude that certain aspects of solidary behavior may be imposed by law, as long as law is understood in the sense of St. Thomas Aquinas as an ordering of our reason towards the common good.<sup>3</sup> Even though laws prescribe sanctions, therefore imposing constraint, the understanding of the essence and function of law makes a great difference. In the Hobbesian and Rousseauian conception, law limits freedom. In the Christian and Thomistic view, it does not: law makes freedom possible, because it shows what is conducive to the common good. A free market economy without solidarity would lack an important, yes a key element of morality and thus of freedom. It would give rise to disaggregation and the atomization of society into disassociated individuals. In a society, a group of people united by an indivisible common good, essentially different from the individual goods or even from their sum, if this common good is no longer pursued, the people therein endanger their survival and existence as society: they are on the brink of self-annihilation. Without society, however, we are not free, but disoriented.

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<sup>2</sup> John Paul II, Social Encyclical *Sollicitudo rei socialis*, 38 in AAS 80 (1988): 565.

<sup>3</sup> Cf. Thomas Aquinas, *Summa Theologiae* (San Paolo: Cinisello Balsamo, 1999, third edition), I–II, q. 90, a. 4.

Two symptoms typically accompany the decadence of atomization leading to self-annihilation: the growth of unjust inequality and free-riding. Inequality is not to be equated with injustice. However, inequality does become a moral problem when the poor suffer absolute poverty or misery. Hunger, illness, deprivation of basic capabilities, and other evils appeal to the mercy of others, especially those who are better off. Ignoring the plight of the poor is a sign of hardheartedness and a lack of solidarity. Inequality can also be a result of the intentional, and thus morally imputable and blameworthy, exclusion of the poor from the possibility of development rather than their inclusion in the circles of exchange and productivity. Pope Francis' call to solidarity is a call to inclusion in a free economy seeking the common good:

The international business community can count on many men and women of great personal honesty and integrity, whose work is inspired and guided by high ideals of fairness, generosity and concern for the authentic development of the human family. I urge you to draw upon these great human and moral resources and to take up this challenge with determination and far-sightedness. Without ignoring, naturally, the specific scientific and professional requirements of every context, I ask you to ensure that humanity is served by wealth and not ruled by it.<sup>4</sup>

The second symptom of the atomization of society is free-riding. Taking advantage of public goods and other positive externalities produced by an institution without contributing to its costs has become common in Western societies; the high standards of social security and big government have unfortunately produced much acquired helplessness and aid-dependence. As Francis Fukayama points out, free-riding can be mitigated by the spirit of solidarity. Identifying one's own interest with that of the group or even placing the collective interest before one's own realizes this virtue.<sup>5</sup>

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<sup>4</sup> Francis, Message to the Executive Chairman of the World Economic Forum at Davos, January 17, 2014, [http://www.vatican.va/holy\\_father/francesco/messages/pont-messages/2014/documents/papa-francesco\\_20140117\\_messaggio-wef-davos\\_en.html](http://www.vatican.va/holy_father/francesco/messages/pont-messages/2014/documents/papa-francesco_20140117_messaggio-wef-davos_en.html). As is well known, he used stronger tones in his Apostolic Exhortation, *Evangelii gaudium*.

<sup>5</sup> Francis Fukuyama, *Trust. The Social Virtues and the Creation of Prosperity* (New York: Simon & Schuster, 1995), 155–159.

On the other hand, solidarity needs freedom, because not all forms of solidarity are necessarily advantageous. Solidarity must not override economic rationality and the incentives of free initiative, personal interest and the accrual of profit; otherwise it can become nepotism or cronyism. Some forms of solidarity are even highly inefficient economically, because they lead to “allocative inefficiencies,” mismatches between resources and their most productive use. The danger for societies good at producing wealth-creating organizations is that they are also good at producing wealth-redistributing interest groups that harm efficiency.

In this book we try to rethink the free market from the intersection of freedom and solidarity; these two virtues should work together, not in the sense of a simple alignment but rather in the tension of diverging vectors that open up a field of social interaction. A correct tension between freedom and solidarity, between the individual and the common good, combines both within a single system. This then is the challenge for Christians striving to evangelize the society in general and the economy in particular: while charity is the hallmark of Christian ethics, it is not capable of functioning as an immediately applicable social principle. Christians must therefore struggle to find a way such that charity can manifest itself institutionally in a free market economy. We believe that the fundamental social principles of human dignity, solidarity and subsidiarity, as they have been developed in centuries of Catholic social thought and magisterial teaching, express the concrete way in which charity becomes an active principle within society. While each author holds his or her own opinions and views about how these principles are best understood and made concrete, we are all united by the desire for a paradigm change in the way the global economy works. Some of the chapters, in fact, are based on contributions made to the Third International Colloquium on Christian Humanism, held in Washington DC in the fall of 2012, organized by the Markets, Culture and Ethics Research Centre of the Pontifical University of the Holy Cross, and the Catholic University of America in collaboration with the Chair of Business Ethics at IESE Business School in Barcelona. Within this conference, academics and practitioners discussed and sought better theoretical and practical answers to this challenge.

The editors have divided the chapters into two major sections, according to the primary focus of the essays. The first section, “Freedom as an Ethical Project,” contains articles on the challenges posed by freedom. Kishore Jayabalan inquires into the compatibility of a commercial society with Christian humanism while Anthony Valle produces an introduction to the theological reading of liberty, following Joseph Ratzinger’s insightful teachings. Martin Schlag addresses the question of what a “new evangelization” of the economy might mean, and Markus Krienke offers a novel reading of the common good, as it emerges from the encyclical *Caritas in veritate*. Carla Danani distinguishes a free market economy from capitalism and analyzes the shortcomings of the latter.

The second section is devoted to “Solidarity as Applied Charity.” Peter Schallenberg and Jennifer E. Miller open the section with an article each. Both articles are useful for study, as they give a general overview of solidarity in society, Schallenberg focusing upon solidarity in the legal context and Miller in the economic. The following chapters illustrate the application of solidarity in specific institutions. Antonio Argandoña considers solidarity in the business firm and Arnd Küppers discusses its role in collective bargaining. Catherine Ruth Pakaluk, Joseph Anthony Burke and Andreas Widmer address the positive effects of solidarity in job creation while Marco Bonacker studies the different models and comparative advantages of the “social state” as regards solidarity.

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