

The Ethical Foundation of the Market Economy: A Reflection on Economic Personalism in the Thought of Luigi Sturzo

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Luigi Sturzo (1871-1959)—Sicilian priest, intellectual, and founder of the Italian Popular Party—produced a corpus of serious reflection on the moral foundation of the free economy. My intent here is to discuss four theoretical foundations that enable a link to be developed between classical liberalism, the market economy, and Catholic social thought: methodological personalism; the interdependence of moral, political, economic, and cultural liberty; the separation of powers; and the creative subjectivity of the human person. Each of these elements are found in the thought of Luigi Sturzo and John Paul II, who, in my view, contribute substantially to the development of economic personalism.

“What is liberalism? It is ‘humanistic,’ which means: It starts from the premise that the nature of man is capable of good and that it fulfills itself in ‘community,’ that his destination stretches beyond his material existence, and that we are debtors in respect of every individual, as man in his unicity, that forbids us to lower him to simply a means. It is therefore individualistic, or, if one prefers, personalistic.”

—Wilhelm Röpke

“The basis of natural justice, or of natural rights, can be fixed in the coexistence of rights and the reciprocity of duties; and this transports the subjective value of rights and obligations of the human personality into its objective social order.... The personality of man, as far as it is rational, is not only the subject of rights but the source of rights, and neither society nor the State is the source of rights, as some think.”

—Luigi Sturzo

Introduction

The passages quoted above serve to make immediate the point of view that we intend to make our own in reflecting on the moral basis of the free market. Thanks to the stimulus from these two authors, we have already begun to think about the concrete possibility of reconciling some typical aspects of the social doctrine of the Catholic Church with certain characteristic aspects of that particular strand of modern liberalism represented by the Austrian School, also

called “classic” or “Anglo-American.” We will proceed in this way, dedicating particular attention to the reflections of an Italian thinker, the Sicilian priest and founder of the Italian Popular Party, Luigi Sturzo (1871-1959). Sociologist and philosopher, he was able, at the end of the last century, to inaugurate a new stage of Catholic political action: *popolarismo*.¹ In 1926, on account of his anti-fascism, he was forced to leave Italy and so to begin a long, sad, but providential exile that he led for twenty years: first in France, then in England, and finally in the United States.

It is my intention to discuss some of the ethical problems that attach to political and economic institutions—for example, the market and competition—following the work of this interpreter of Christian social thought, making him converse with some of the more relevant exponents of classical liberal thought.

One relevant bit of support for the task before us comes from Friedrich von Hayek. The Austrian economist, going over the salient “stops,” on the long “march” of liberal thought in the history of humanity, in the footsteps of Lord Acton, called Aquinas “the first Whig”—the founder of the party of liberty. He also referred to Nicholas of Cusa and Bartolus of Sassoferrato at the beginning of his investigation into the first political schools that formulated the principle of the rule of law and of self-governing communities. (He was referring to the project of civil society or civic republicanism, dear to the Founding Fathers of the United States and springing substantially from the Christian principle of subsidiarity—*civitas sibi princeps*). “But in some respects Lord Acton was not being altogether paradoxical when he described Thomas Aquinas as the first Whig [and] a fuller account (of the history of liberalism) would have to give special attention to Nicolas of Cusa in the thirteenth century and Bartolus in the fourteenth century, who carried on the tradition.”²

Four Theoretical Foundations

One Line of Demarcation Between Classical Liberalism and Modern Liberalism

Before delving into an analysis of those principles that, in my view, could reveal some theoretical foundations supporting the morality of the free-market economy, let us stop and reflect briefly on the possibility of setting up a productive debate with that component of liberalism that, renouncing the excesses of rationalism, utilitarianism, and materialism, has shown the contiguity of its own positions with those typical of Western thought, particularly with the Judeo-Christian tradition. On this matter, it is indispensable to underline the profound line of demarcation between the two principal strands of modern liberalism. On one side we have the British tradition that we call

classical liberalism: empirical, asystematic, and anti-utopian. It is traceable to the “Old Whig” English political tradition, to English and Scottish moral philosophy of the eighteenth century and to that of America, in particular, the version found in the Federalist Papers. It attributes to the spontaneous order of civil society the defense and promotion of liberty: “Experience must be our only guide. Reason may mislead us. It was not Reason that discovered ... the odd and, in the eye of those who are governed by reason, the absurd mode of trial by Jury. Accidents probably produced these discoveries, and experience has given sanction to them. This is then our guide.”³ On the other hand, we have the continental tradition, in particular, the French style of liberalism: rationalist, utilitarian, and materialistic. It recognizes one relevant intentional function for public power.⁴ Wishing to make a sufficiently clear distinction, though necessarily one not including all the exceptions, we have to consider the two streams in their relatively pure forms, as they appeared in the eighteenth and nineteenth centuries. The so-called British style is represented in a special way by the Scottish moral philosophers such as David Hume, Adam Smith, and Adam Ferguson, as well as by the French thinkers Montesquieu and Tocqueville, not to mention the contemporaneous English thinkers, Josiah Tucker, Edmund Burke, and William Paley, drawing from the established tradition of common law. On the opposite side, we have the tradition of the French Enlightenment, permeated with Cartesian rationalism and guided by the Encyclopedists, by the physiocrats, by Rousseau, and by Condorcet. The differences have been identified by Talmon who, undertaking his study of the origins of totalitarian democracy, thus summarizes the two versions of modern liberalism: “One finds the essence of freedom in spontaneity and the absence of coercion; the other believes it to be realized only in the pursuing and attainment of an absolute collective purpose ... one stands for organic, slow, half-conscious growth, the other for doctrinaire deliberateness; one for trial and error procedure, the other for an enforced solely valid pattern.”⁵

Building a New Relationship

The point of departure from which to start this discussion is found in Hayek’s inaugural discourse given on the occasion of the first meeting of the Mont Pelerin Society in 1947. He confronted the tendency to perpetuate the contrast between those who defend liberty on a secular basis and those who defend it in religious terms. “It is this intolerant and fierce rationalism that is mainly responsible for the gulf which, particularly on the Continent, has often driven religious people from the liberal movement.... I am convinced that unless this breach between true liberal and religious convictions can be healed, there is

no hope for a revival of liberal force. There are many signs in Europe that such reconciliation is today nearer than it has been for a long time, and that many people see in it the one hope of preserving the ideal of Western civilization. It was for this reason that I was especially anxious that the subject of the relation between Liberalism and Christianity should be made one of the separate topics of our discussion."⁶

Methodological Personalism

The first theoretical foundation on which the morality of a free-market economic system rests is taken from methodological personalism.⁷ At the base of this interpretation of political, economic, and cultural phenomena, social institutions are judged to be the unintentional result of intentional actions brought into being by subjects that set themselves the task of improving their own existence, using the instruments at hand, in the human condition of limitation and fallibility.⁸ Carl Menger, one of the fathers of the Austrian School, writes: "All these social institutions (rights, the State, the market, the city, language) are, in their various phenomenological forms and in their incessant mutation, in no small part the spontaneous product of social evolution; the price of goods, interest rates, land rents, salaries and a thousand phenomena of social life and of the economy in particular demonstrate exactly the same characteristics."⁹ By this we mean that the market, although it is a spontaneous order, is not a natural datum but an artifact, albeit a very complex artifact. It is the nonintentional fruit of actions brought into being by persons capable of reflection and of choice, whose autonomy and freedom allows them to act, having as their object the common good.¹⁰

In what way can the Christian social thinker find a point of contact with liberal individualism, even in its Austrian version?¹¹ On this point, Luigi Sturzo is able to help us capture the substance of the questions that will be dealt with in the course of this paper.

As the theme of individual liberty weaves itself with methodological personalism, we believe that this can be better understood if, as a key to understanding, we assume a reference to Christian anthropology: the central, unitary, and transcendent character of the human person. The peculiar characteristic of Sturzian personalism is his relentless insistence of the risks to those who labor in the modern democracies should they lose sight of the unitary character of personal life and its horizontal ethic. This is described by Sturzo as "the tendency of each one to make himself the center of his own internal and external activity, to expand himself, to fulfill himself and his own powers, to search inside himself and outside for what responds to his needs, aspirations, and life."¹²

At the center of methodological personalism is the conviction of the primacy of the individual in society.¹³ Society is always a means and never an end, since mankind is the end. In Sturzo's perspective, moreover, society appears as a "projection multiple, simultaneous, and continuous with individuals considered in their activity."¹⁴ The use of the term *projection* appears to us particularly interesting as it indicates an element of continuity and of relation—but not of separation—between two subjects and the affirmation that society, as a projection of free, responsible, and creative human actions, reflects the same characteristic as the subjects who contribute to its constitution.

The "Father-Son" Dialectic

From a theological point of view, the Christian anthropology, to which Catholic social thought makes reference, is based on the principle of the transcendent dignity of the human person, and on its fulfillment through encounter with the *other*, life with the other, and not *against* the other. The method of knowledge that is here proposed—methodological personalism—is the attentive consideration of intersubjectivity—or reciprocity—that permits us to consider the individual in his relation to the other. On the contrary, the other is the key through which we are able to reveal the precious treasure that is in us and to uncover the immense treasure that God has given us: "A human being fully discovers himself only in engagement with another human being. Besides, the discovery of oneself, the self-consciousness, is for the Christian Church not an accessory but an integral element of human self-realization. The form of the relationship with the other deeply enters into the success and the failure of man in the realization of the task of fulfilling his own human essence, which is by nature dynamic."¹⁵ When all is said and done, this method helps us to comprehend the relation between individuals and their existence, their joining together, and the knowledge of themselves acquired in relation with the other. Among human relations, the father-son relationship is, *par excellence*, that in which the affirmation of each one's dignity is bound to the affirmation—and not the negation—of the dignity of the other: The father can be considered father in the son and through the son. It is the son that reveals that particular and decisive profundity of his personal existence that consists in the being of the father. At the same time, the son is son according to the father and through the father; these considerations not only reveal to him the profundity and the significance of personal existence in general, but cause him to exist, to join him in existence.¹⁶ The Father-Son dialectic is poles apart from that social anthropology that has as its principal hermeneutic the Hegelian dialectic of slave-master. In this dialectic, the struggle between the two subjects, beyond constituting the basic idea of its

notion of social justice, represents a complex interpretation of the human situation in the cosmos. That places itself against what Saint Thomas, referring to Aristotle, calls an original political friendliness that stands at the foundation of life together in the city and implies reciprocal help in the realization of the common good. The Father-Son dialectic allows us to regard man not only in general but also and above all in the moment of fulfillment with other humans: This develops the proposition of acting with others, and helps us to comprehend the moment in which society is born and bonds together.

Liberty in Its Entirety and Indivisibility

A second theoretical foundation that should enable us to link classical liberalism and the market economy to the Christian tradition is given in the interdependence among moral, political, economic, and cultural liberty, that is, of liberty in its entirety and indivisibility. Therefore, it is possible to conclude that personal liberty without economic liberty is unthinkable, and vice versa.¹⁷ A social order coherent with the personalist tradition distinguishes itself from a command-constructivist one through the practical answers it gives to concrete political problems. For this reason, we affirm that, in the fields of politics, economics, and culture, the characteristic feature of the personalist solution is the conviction that a correct competitive system is preferable to the centralized, monopolistic command of the state. At the center of the competitive system, in harmony with the principle of subsidiarity, is the spontaneous and creative work of civil society, which increases the possibility of choice on the part of single individuals, with the end of obtaining a more efficacious answer to the real needs of the citizens and a greater respect for the liberty, dignity, and responsibility of the person.

The preference for the competitive process over the command, monopolistic one, springs from a double base of practical observation. On the one hand, if personal liberty is taken as the normative premise, no entity—neither the state nor parties—is given the right to eliminate the risk, the limits, or the ignorance of the human experience—should it even be able to do so. On the other hand, the reality of human existence is before the eyes of all: Man acquires his own store of knowledge by passing through a process of research and selection of bits of information that falsify or confirm what has gone before, without any preventive guarantee concerning the results. As said previously, Sturzo points out that there should be an unavoidable link between risk and competition, given on one side, the limitations and ignorance of human nature and, on the other, the innate tendency of humans to expand the borders of their knowledge.

Competition, therefore, and the subsequent risk, are the extraordinary ingredients of real human experience that allow us to go beyond our natural limits in a continuous and courageous search for better solutions. We have before us a broad range of choices, limited knowledge, and an irreducible pluralism of intentions. The competitive process involves ideas, persons, associations, enterprises—indeed, both those things that look after economic matters and those that do so in politics—which are based on that special human link that is established between fallible and limited persons, in common but variegated tension, to increase their own existential condition.

Cum-Petere As Inalienable Social Virtue

From this perspective, it is possible to conclude that arrogating to ourselves the right to eliminate risk (that is, inescapable human ignorance) inhibiting the competitive process—aside from representing a useless squandering of energy—causes, thereby, grave damage to society, paralyzes the natural flow of human activity, and deprives the person of the necessary shove toward interpersonal relationships.¹⁸ A classic text on the social relevance of individual risk is given in the following passage from Luigi Sturzo: “*Vexatio dat intellectum*; the human, to comprehend and thus to act, has need of a compulsion, both spiritual and material. Risk contributes to well-being of both the spirit and the body. Risk contributes to the compulsion, to upbringing, to strength, to force, to intellectual speculation, to the preparation of plans, to the overcoming of obstacles; it favors the spirit of conquest.”¹⁹ We are able to conclude, therefore, that by competition, we mean the sound, natural, and stimulating aptitude of all humans to improve their own condition, to work in competition to bring into existence the conditions that favor the realization of a society more liberal, more in agreement, and more responsible. There is no need to mention that competition derives from the Latin *cum + petere*, that is, to strive together.

The social dimension of competition and of risk that educate us, delineated in the passage from Sturzo, is emphasized and highlighted by another passage, this time from Michael Novak, which maintains that competition is entirely the opposite of a defect. “It is, in a sense, the form of every virtue and an indispensable element in natural and spiritual growth. Competition is the natural play of the free person. All striving is based upon measurement of oneself by some ideal and under some judgment.”²⁰ Although they have different shades of meaning, we must notice interesting analogies between the interdependence typical of the tradition of classical liberalism and the reflections Sturzo has dedicated to the same theme.

The Sturzian kind of liberty is liberty in its entirety and indivisibility. If we look at it from one side, we recognize it as a spiritual gift, a good in itself, capable of enabling man to search for the Superior Good. From the other side, one cannot study it without giving proper consideration to those guarantees that, at any given historical moment, render social liberty effective. For this reason, it involves human experience in all its aspects. Although Sturzo considers this idea inborn in man, it must be regained and defended each day. Therefore, according to Sturzo, among political, economic, and ethical-cultural liberty there is no opposition but, rather, a profound relation that tends, if properly managed, toward the creation of a particular social order in which democracy, the market, and pluralism represent the elements supporting social life. "If liberty is violated in the economic playing field, it is damaged also, in my opinion, in the cultural one, in the political and social one, and vice versa. There is no example in history of a liberty that hangs together by itself."²¹

The Tripartite Nature of Power

The third theoretical foundation is related to the theory of the tripartite nature of power, or rather of the separation of powers. It is, without doubt, a fact that this represents a kind of minimal common denominator of the liberal tradition in all its variations,²² so we must specify that we associate this institutional form with the more ample philosophical theory of the fallibility and limitations of human action that can be called *social anti-perfectionism*.

The interpretive perspective in which we move is that expressed by Hayek in his *Law, Legislation, and Liberty*. "When Montesquieu and the Framers of the American Constitution articulated the concept of a limiting constitution that had grown up in England, they set a pattern which liberal constitutionalism has followed ever since. Their chief aim was to provide institutional safeguards of individual freedom and the device in which they placed their trust was the separation of powers."²³

Using this interpretive key, we affirm that democracies cannot function if they are not controlled, not managed, not disciplined and, above all, if they are not limited by mechanisms placed in defense of the rights of individuals. Thanks to these limits and adjustments, both the economic system and the political system do not operate in a sphere without restraints, and their liberty is regulated by other liberties, even as each power is limited by a counterpower and each office is counterbalanced by a counterpart. According to Hayek, the reason that requires the use of some "checks and balances" for the control of power and of the spheres of liberty resides in the maxim of Lord Acton: "Power tends to corrupt; absolute power corrupts absolutely." From this simple and

spontaneous observation can be derived this political principle: Never place your trust in someone with excessive power. Anti-perfectionism is born of the observation that democracy is a method that establishes laws on the basis of a fixed institutional political arrangement characterized by the active role played by a large part of the population in the process of forming political opinion and of selecting the ruling class. It is to be considered an *instrument* and not an ultimate *ideal*, since it does not have even the possibility of indicating what ends constituted power should follow. From that, it derives that democracy will be judged not as a value—since it is a means—but rather for that which it will fulfill and that will be limited in light of the ends that we wish it to realize.²⁴

A classic text on which the theory of social anti-perfectionism is based comes from James Madison. At the time of the ratification of the American Constitution, together with Alexander Hamilton and John Jay, he directly addressed the electorate of the State of New York through essays published in the daily newspaper *New York City*. These were later collected under the name *The Federalist Papers*. He handed down to history one of the most brilliant passages on the need for the constitutional fortunes of a nation to take into account, before all other considerations, the limitations of the physical and moral constitution of the human person.²⁵ In a now-famous passage from *Federalist* no. 51, he affirmed: “But what is government itself but the greatest of all reflections on human nature? If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government that is to be administered by men over men, the great difficulty lies in this: You must first enable the government to control the governed; and in the next place oblige it to control itself. A dependence on the people is, no doubt, the primary control on the government; but experience has taught mankind of auxiliary precautions.”²⁶

Social Anti-Perfectionism and Catholic Social Teaching

In this outline, two cultural and theological traditions confront each other: the utopian and the realistic. Revolutionary utopians maintain that the font of evil is to be sought in specific social structures and in particular systems (capitalism, democracy, the market, competition, and so forth). Their removal alone will yield the final extinction of evil. Realists, on the contrary, maintain that the root of evil stands in the physical and moral constitution of individual humans, and that no social system, however well-conceived, would be in a position to eliminate sin or limitations from human nature.²⁷

The Catholic reflection on this theme is extremely rich. Luigi Sturzo contested the revolutionary assumption of the age, according to which it would be

a “dogmatic” impossibility for Catholics to be democrats. He confuted the interpretation, shared by many, of the distinction between thesis and hypothesis that *Civiltà Cattolica* (the Jesuit magazine) made, on the occasion of the promulgation of the *Syllabus* (1864). There were many who held that the thesis (ideal) of the Catholic Church is reaction and authoritarianism, while the hypothesis (the concrete case) is democracy and liberty, accepted only as a tolerable reality but not a preferable one. Sturzo set himself against this interpretation and proposed one that was opposite: “I take this occasion to try to wipe out the myth that has been created around this distinction between thesis and hypothesis. The theses are the ethical and religious principles of society of which the Church is upholder and defender. The hypotheses are the various historical fulfillments of society, where in one way or in another these principles are carried out and made concrete in institutions, customs, and laws of various value. Therefore, living reality is always a hypothesis; that is, a given fulfillment (unfortunately incomplete and limited as we humans are in our individual life) of those principles that are eternal, since they are based on the laws of nature and of revelation.”²⁸ When all is said and done, for Sturzo, political society could be authoritarian, patriarchal, feudal, aristocratic, democratic, or mixed, but each of these historical realities will never be able to represent the thesis, the ideal, but rather, a hypothesis, at times good, at times bad, but always laden with imperfections. In each practical, historical reality of any ideal of political society, we will notice deficiencies of various natures that invite us to a tenacious and courageous reforming work that will never have an end.

In this vein, John Paul II in his reflections on the limits of human nature takes the same position. He remembers that, although man was created for liberty, he carries in himself the signs of Original Sin that render him in need of redemption every day. This truth is not only an integral part of Christian revelation, but it also has great hermeneutic value for social, political, and economic reality as an aid to understanding complex, human reality. Therefore, at the point of departure in a debate over political systems, we cannot fail to take into consideration the fact that the perfect society does not exist. The strength and balance of a social order depend on the measure in which it takes proper account of this principle of anti-perfectionism, and in the measure in which the subjects that constitute it show themselves able to work an institutional synthesis between personal interests and the interests of society as a whole.²⁹ “The human person,” writes John Paul II, “tends toward good, but is also capable of evil. One can transcend one’s immediate interest and still remain bound to it.... When people think they possess the secret of a perfect social organization that makes evil impossible, they also think that they can use

any means, including violence and deceit, in order to bring that organization into being. Politics then becomes a 'secular religion' that operates under the illusion of creating paradise in this world."³⁰

The Creative Subjectivity of the Human Person

The fourth and final theoretical foundation, corollary to the three preceding ones, is derived from the creative subjectivity of the human person. In the Austrian School tradition, this principle is appropriately synthesized in the following passage from Israel Kirzner: "Market capitalism [is to be understood] not simply as a set of institutions governing exchanges ... but as an ongoing process of creative discovery. What one witnesses in a market economy, at any point in time, are nothing but attempts by market participants to take advantage of newly discovered or created possibilities ... The process of creative discovery is never completed, nor is it ever arrested."³¹

A similar attitude that flows from an anthropology inspired by Judeo-Christian culture and tradition serves to highlight the creative subjectivity of the human person. In this concept, the right of political and economic initiative is an inalienable right, since it is founded on the transcendent dignity of the human person, molded by the Creator in his image and resemblance. According to Catholic social thought, man also participates in the vocation of creation in the political, economic, and cultural fields. Sturzo, in complete harmony with the social doctrine elaborated later by John Paul II, affirms the superiority of human capital (Latin, *caput*), placing on the first level the problem of free choice.³² This aspect of his thought places the Italian priest among the interpreters of Christian thought inspired by liberalism. With tenacious research, these interpreters have contributed to the establishment of a renewed relation among democracy, the spirits of enterprise and initiative, ethical-cultural pluralism, and the modern social doctrine of the Catholic Church,³³ the rich and ancient tradition that has undergone an acceleration due to the three social encyclicals of John Paul II: *Laborem Exercens*, *Sollicitudo Rei Socialis*, and *Centesimus Annus*.

John Paul II's central concern in social doctrine is the theme of liberty. In *Sollicitudo Rei Socialis*, he poses the question: "The denial or limitation of human rights—as for example the right to religious freedom, the right to share in the building of society, the freedom to organize and to form unions, or to take initiatives in economic matters—do these not impoverish the human person as much as, if not more than, the deprivation of material goods?"³⁴

The nucleus of Sturzo's reflection on liberty and, in particular, on the liberty of economic initiative, is taken from the concept of the creative subjectivity of

the person. "Everyone, individuals and society, in reciprocal action and reaction, on the natural plane and the supernatural one, respond and cooperate, directly or indirectly, to their universal vocation by fulfilling the good and the knowledge of God, through social forms and inside each one of us, for the edification of his kingdom."³⁵ In the biblical narrative, the distinction between the human race and other creatures is a result of the fact that only the creation of man is presented as the fruit of a special decision by God, of a deliberate choice to establish a bond of similarity and participation in the work of the Creator. "The life that God offers to man is a gift by which God shares something of Himself with His creature."³⁶ The capacity for choosing and understanding, therefore, besides being the human activity that comes closest to the Divine Spirit, represents the point of contact between religious, political, and economic liberty, since they are all based on a common root, namely, the existence of an image of the Creator reflected in every person.

Market Economy and Capitalism As Logical Categories

Sturzo is aware of the fact that in free countries the market economy prevails as a natural extension of the principle of liberty in all spheres of human activity, and that in dictatorial countries, the command economy prevails. He is convinced, moreover, that neither is able to do without capital or, as a consequence, capitalism. This conclusion, far from being ideological, is understood by him as a logical category of the productive process. He does not understand it as a historical category fated to emerge but deterministically condemned to relinquish its place to collectivism and the Communist mirage.³⁷ For the Sicilian priest, a corollary to this interpretation of capitalism is that, from an exclusively historical point of view, we can only affirm that the capitalist economy coincides with two important facts: "The formation of free school constitutional states and the introduction of industrial technology." Now, since for Sturzo each authentically human action, as rational, is pervaded with ethics, a rational element ought to be found in the laws of capitalist economics. This element cannot be missing from any human structure of associative character, even if it does not lack infiltrations of pseudorationality and irrationality that tend to annul, or, in any case, to attenuate, the rational and ethical character of the system:

It is evident that he who acts and reacts on the moral plane is the same volitional and rational human who acts on the moral plane and on the political plane, on the religious one and the civic one, in culture and in the arts. All his life is conditioned by the economy, and that is conditioned by quantity, and its quality is conditioned by the productive activities of man. It is an iron circle, yet, one animated and brought to life

by the interior liberty of the individual and by associative or interpersonal liberty, which are the fount of responsibility and thus, of the morality of human action, of the good, and of the bad that is found in this world. This is also true in the economy, looked at from its own internal ethical nature, as the product of humans who ought to be free and responsible.³⁸

For this reason, referring to the work of Luigi Sturzo, it is difficult to sustain the widespread idea of the need to identify a third-way alternative to both capitalism and socialism. Sturzo did not fall victim to any such temptation. On the contrary, considering “capitalism as a natural force of history, that is, as a system of free economy able to mobilize the vices and virtues of men,” he did not concentrate his attention on searching for an alternative to capitalism, but, rather, “worried about giving to capitalism the right moral inspiration.”³⁹

Such is the vision of human action in life toward a *novus ordo saeculorum*, at the center of which, as we have underscored, is liberty in its entirety and indivisibility, that is, the whole problem of democracy (political liberty), of the market (economic liberty), and of pluralism (religious liberty). Pluralism is the first liberty as both the font and the synthesis of the preceding ones. What characterizes this new order is the fact of its being a system in dynamic equilibrium where the ability to understand and to work together becomes the motor for the continual mutation of modern civil society. In a 1957 article Sturzo expressed the urgency of the times: “The hour of counterattack has sounded, calling us again to the defense of liberty; liberty, which is of great value to the spirit; liberty, which trains to self-discipline; liberty, which makes us assume our individual and social responsibilities; liberty, which makes us run risks; liberty, which forms the citizen, strengthens the Christian, and emboldens the struggler for the grandest sacrifices for the common good.”⁴⁰

Sturzo’s fundamental lesson is encapsulated in the concept of liberty in its entirety and indivisibility. If, from one side, this reflects the theological reality of the *imago Dei*, from the other side, it solves a series of political problems that have to do with the relationship between liberty, understood only in its formal aspect, and the possibility of translating it into concrete opportunities for individuals.

Subsidiarity As a New Dimension of Social Justice

The way out that Sturzo indicates for the newborn Italian Republic is represented by the principle of subsidiarity. On the basis of this principle, expressed in an authoritative and formal way for the first time by Pius XI in the encyclical *Quadragesimo Anno*, the pope exhorts the state authority to abstain from all

questions in which intermediate groups, associations, and families demonstrate the power to act autonomously and sufficiently for their own needs (free schools, private enterprise, financial institutions), lest they inflict grave damage and disorder on the proper order of society.⁴¹ Consider how Father Sturzo affirmed, supported, and struggled for the defense and promotion of this concept. “The fundamental error of statism is that of entrusting to the state activity with productive purposes, connected to a system of restricted economics that suffocates the freedom of private initiative”;⁴² “to transfer private capital to the state, and to make it operate in large sectors of industry ... causes damage to the country, to its economy, and to the working classes themselves”;⁴³ and again, “Blessed be private initiative that is not obligated to expect benefits that rain from on high when the gods of the Olympic state—it matters not whether democrats or totalitarians—seek to find a compromise among them, as in the times of Homer, through deigning to watch-over that which happens in the tiny base-world of living reality!”⁴⁴ Referring to liberty, he affirmed: “As long as the schools in Italy are not free, neither will the Italians be free; they will be slaves, slaves of the State, of party, of private and public organizations of every kind ... The true school, free, joyous, full of youthful enthusiasm, developed in a suitable atmosphere, with teachers busy with the noble function of the educator, cannot sprout in the heavy atmosphere created by a bureaucratic state monopoly.”⁴⁵ It is possible to see how in Sturzo’s perspective, the principle of subsidiarity represents an empirical hinge for the modern social doctrine of the Church. Indeed, while contrasting itself with the centralism typical of the systems that have a preference for monopolistic state solutions in the fields of education, enterprise, and social provision, it reconciles itself to the most advanced forms of the liberal tradition. This proposes to resolve, through the active role of the subjects that comprise civil society, the difficulties created in the private sector by purely egotistical behavior and in the public sector by the illiberal centralization of state power.

At the base of this principle lies the certainty that between the impersonal State and the individual abandoned to himself, looms up a prime line of defense traceable in intermediate bodies, in the “small platoons,” in the vital worlds, as for example, the family, enterprises, schools, associations, and churches. Their natural action is indispensable for a balanced development of the human person and a more equal political, economic, and cultural organization, founded on the notion of freedom in its entirety and social justice.⁴⁶

Building a New Civil Order

Methodological personalism, liberty in its entirety and indivisibility, social anti-perfectionism, and the creative capacity are all elements that define a con-

crete political course of action, at the center of which the primacy of the human person is irreconcilable with any form of bureaucratic and monopolistic centralism, command economics, or moral relativism. The free, responsible, creative but never perfect, physical and moral constitution of the human person designs a new civil order in which the principal actors are all the women and men who freely, responsibly, and creatively decide to associate themselves for the common good. We are able to summarize the political character of a society ordered according to the liberal-personalist principle of subsidiarity in the affirmation that the State must not claim for itself competency in spheres that belong to institutions of a lower order. If anything, it must ensure that these levels work adequately at their tasks, and it should intervene solely in the cases where they do not perform them properly, first to uphold them, and only after that, whenever they do not respond to needs, to substitute for them. In brief, the Latin motto says it well: *Civitas propter cives, non cives propter civitatem* (the state on behalf of the citizen, not the citizen on behalf of the state).

Market Economy and the Spirit of Enterprise in the Social Teaching of John Paul II

Toward a New Interpretation of Capitalism

We conclude this brief exposition of the morality of the market economy by inserting into the dialogue between Sturzo and some liberal thinkers the reflections that John Paul II has made on this theme. The fourth chapter of *Centesimus Annus*⁴⁷ is dedicated to an elaboration of a new interpretation of initiative, entrepreneurship, profit, and of capitalism itself.⁴⁸ John Paul II grounds this interpretation on the basis of the traditional principles of the universal destination of goods and of individual property. Regarding the first, the pope affirms that “God gave the earth to the whole human race for the sustenance of all its members, without excluding or favoring anyone”;⁴⁹ regarding the second, he recalled that “it is through work that we succeed in making the earth a fitting home. In this way, one makes part of the earth one’s own, precisely the part that one has acquired through work.”⁵⁰ However, for Wojtyła another form of property exists: It is the property of knowledge, technology, and know-how, and the capacity to organize productive processes that involve more people, such that have the power to endure in time and to guarantee the satisfaction of the needs of modern man. It is the capacity to act responsibly and assume necessary risks. John Paul II defines this form of property as the capacity of initiative or of entrepreneurship. It is our profound conviction that his thought represents a leap forward in the interpretation of contemporary history, since it has the merit of highlighting the creative and subjective side of man. He praises intelligence

and the capacity to uncover new resources and to try out fresh productive potentialities in the earth that allow us to give a more effective answer to unsatisfied human needs. The ethical and cultural root of the modern business economy is the full liberty of the person. Its center is its ethical and religious dimension, in the service of which, liberty in economic matters is placed, anchored in a solid political-juridical context capable of preventing degeneracy and of reducing undesired effects.

The position of the pontiff, regarding possible solutions to adopt following 1989, is stated with extreme lucidity in the forty-second paragraph of *Centesimus Annus*. In it, he makes an important distinction between one type of capitalism founded on the positive role played by enterprise, by the market, by private property, and by the free, responsible, and creative action of the person, anchored to a firm juridical system and a clear horizontal ideal that is given in the truth of God concerning man, and another type of capitalism on which his judgment is extremely negative. This second type is not framed within a solid system of regulations and the liberty that characterizes it is separated from the truth about man. It is not placed in service of human nature in its entirety, the core of which is ethical and religious.

Imago Creatoris—Homo Creator

If we are to consider the term *capital* in its broader meaning, it is possible to conclude that the classic definition of this concept, neglecting some relevant aspects of its human dimension, results in something completely unsatisfactory. Indeed, this definition affirms that capital is nothing more than the material possession of the instruments of production. Taking into account the reflections by Novak, Weigel, Neuhaus, and Buttiglione, the term *capital* would seem to be derived not so much from the Latin *capita* (head of a beast) as from *caput*: The mind, which is the place where the virtues such as creativity, inventiveness, initiative, and the spirit of sacrifice have their seat. That is how Novak maintains this argument: “Although the origins of the word ‘capital’ lie in a more primitive economic area, when *capita* referred to heads of cattle, and the major form of economic capital lay in the ownership of land, the same word also suggests the Latin *caput* (head), the human seat of that very creativity, invention, and initiative that the pope sees in ‘creative subjectivity.’”⁵¹ Understood in this way, the term *capital* may be considered an integral part of the concept—formulated by John Paul II—of the creative subjectivity of the person, on which the pontiff grounds the right of economic initiative.⁵²

Is contemporary capitalism increasingly centered on the *caput* (head), that is, on factors such as knowledge, discovery, imagination, and ingenuity? We

think the answer is affirmative. We are convinced that the pope understands this point well, such that it would be proper to assign to him the merit of having identified a new meaning of the term *capital*. “Whereas at one time the decisive factor of production was the land and later capital—understood as a total complex of the instruments of production—today the decisive factor is increasingly man himself; that is, his knowledge, especially his scientific knowledge, his capacity for interrelated and compact organization as well as his ability to perceive the needs of others and to satisfy them.”⁵³

Continuing in the encyclical, he affirms the importance of the fact that humans work together, participating as such in “social work.” The social character of work leads John Paul II to express himself favorably toward the capacity of initiative and of entrepreneurship. “Organizing such a productive effort, planning its duration in time, making sure that it corresponds in a positive way to the demands that it must satisfy, and taking the necessary risks—all this too is a source of wealth in today’s society.”⁵⁴ The importance that Catholic social thought attributes to the principle of initiative and entrepreneurship comes from the fact that it recognizes in them the capacity to bring to light the truth concerning man that has always been affirmed by Christianity. Furthermore, this involves such virtues as “diligence, industriousness, prudence in undertaking reasonable risks, reliability and fidelity in interpersonal relationships, as well as courage in carrying out decisions that are difficult and painful but necessary, both for the overall working of a business and in meeting possible setbacks.”⁵⁵ It is for this reason that, according to John Paul II, the modern economy deserves to be viewed with favor by all Christians, since the foundation of the modern business economy is located in the liberty of the person, which expresses itself in economics, politics, and religion.

Concluding Considerations

“Exchange Between Equivalents” and “Exchange Freely Given”

Social exchange is organized essentially on two levels. Besides the normal rule of exchange between equivalents, which follows the observance of the principle according to which it is rewarded to whom and what one values, there is another level that conforms to the rule of gift, that is, exchange freely given.⁵⁶ It is enough to think of categories of people such as children, the elderly, and the handicapped. They do not have anything to give that corresponds exactly to what they receive. Yet, these persons, by force of their eminent dignity, have the right to be the recipients of goods and services needed for their sustenance and for the development of their natural capacities. By force of this fact, it evidently turns out that exchange between equivalents and exchange freely given

represent the poles of natural human action, so that each action and choice cannot fail to be informed by these two principles. Such considerations find confirmation if we reflect on the nature of some specific human spheres. There are some of them, in fact, that completely escape any sort of control, operating through the exchange of equivalents: The person, love, the body, human work; so, in these spheres the logic of pure gift predominates, or, better, ought to prevail.

The market economy, for being able to increase production and to distribute wealth more effectively, depends on the value of liberty and ethical principles, which are contained in its system. These ethical rules and freedom precede the market and make it possible. Therefore, it is the task of each person to develop all the human virtues—contained within the concept of creative subjectivity—that defend liberty and the ethical dimension of the person. It is the particular responsibility of politicians to construct juridical premises that support ethical premises, such as charitable giving and industriousness, without which the market would produce situations of great economic imbalance.⁵⁷

Our proposal is centered on the guiding rule that the new course of Catholic social thought—inaugurated by John Paul II—should be able to assume inside the complex organizations of contemporary society. This allows us to consider critically the real possibility of a renewed alliance between market freedom and solidarity, valuing economic liberty within respect for the centrality of the human person. The empirical hinges of this alliance are located in the principles of solidarity⁵⁸ and subsidiarity.⁵⁹

“Economy of Sharing” and Free-Market Economics

Therefore, given all these arguments concerning the morality of the market economy, I am convinced that free-market theory—as elaborated by Sturzo, John Paul II, and economic personalism—might offer a natural backdrop for understanding the experience of the “economy of sharing.” Indeed, as Chiara Lubich has maintained one characteristic of this experience is that it “does not present itself as a new form of enterprise, alternative to those already existing. Rather, it seeks to transform the normal structures of enterprise from the inside, all with respect to the authentic values of the market—those values highlighted by the social doctrine of the Church, particularly by John Paul II in *Centesimus Annus*.”⁶⁰ It might not appear so bizarre to begin thinking, then, of the possible relation between some relevant achievements of the tradition of classical liberal thought and the practical experience of free economic enterprise—for instance, the economy of sharing—that sprout in the furrows plowed by the tradition of Catholic social thought.

Notes

1. By "populism," we mean the political and economic ideal elaborated by Sturzo in pre-Fascist Italy and then, later, during his twenty-year exile in France, England, and the United States, through that particular associative experiment that was the People and Freedom group. This group was founded in London in 1936 by a group of young people, under the sponsorship of the exiled Caltagirone: "People and Freedom" was the motto of Savanarola. "The people" signifies not only the working classes but the entire citizenship, because all should enjoy liberty and participation in governance. "The people" also signifies democracy, but democracy without liberty would mean tyranny, just as liberty without democracy would become liberty only for some privileged classes, never the entire populace. Luigi Sturzo, *Nazionalismo e internazionalismo* (Bologna: Zanichelli, 1971), 108.

2. Friedrich von Hayek, *The Constitution of Liberty*, trans. from Italian edition (Roma: Seam, 1998), 457, n. 4. In the rest of the essay, we will use the phrase "classical liberalism" as a synonym for "Old Whigs," with the meaning given to the expression by Hayek. "As opposed to some other very different thinkers, more often found in Europe, who are also called liberals, who are better called 'Old Whigs,' and whose outstanding thinkers were Alexis de Tocqueville and Lord Acton." Friedrich von Hayek, *The Fatal Conceit: The Errors of Socialism*, trans. from Italian edition (Milano: Rusconi, 1988), 99. It should be noted that Saint Thomas "devised Whiggism to bolster religious absolutism." Rocco Pezzimenti, *Il pensiero politico di Lord Acton. I cattolici inglesi nell'ottocento* (Roma: Studium, 1992), 130. On the same argument we cite the following essays by Michael Novak, "The Judeo-Christian Concept of the Person," *Journal of Markets and Morality* 1, no. 2 (1998): 107–21; "The Catholic Whig Revisited," *First Things* (March 1990): 39–42; Rev. Robert A. Sirico, "The Economics of the Late Scholastics," *Journal of Markets and Morality* 1, no. 2 (1998): 122–29; and Rocco Buttiglione, *The Moral Mandate for Freedom: Reflections on Centesimus Annus* (Grand Rapids, Mich.: Acton Institute, 1998). On Bartolo da Sassoferrato, see Antonio M. Baggio, *Riflessione su alcune categorie politiche alla luce della rivelazione trinitaria*, in AA.VV., *Abitare la trinità. Per un rinnovamento dell'ontologia*, ed. Piero Coda and Lubomir Zak (Roma: Città Nuova, 1998), 173–236.

3. John Dickinson, *The Records of the Federal Convention of 1787*, ed. M. Farrand (New Haven: Yale University Press, 1937), 278, as cited in Hayek, *Constitution of Liberty*, 474, n. 33.

4. See Hayek, *Constitution of Liberty*, 91; and Valerio Zanone, "Il liberalismo moderno," in *Storia delle idee politiche economiche sociali*, ed. L. Firpo, vol. 6 (Torino: UTET, 1989), 215. On the distinction between the two currents of liberalism, see Friedrich von Hayek, "Liberalismo," in *Ideazione*, ed. Lorenzo Infantino (Roma: 1996), 33–38.

5. J. S. Talmon, *The Origin of Philosophic Radicalism*, as cited in Hayek, *Constitution of Liberty*, 56.

6. The passage is quoted by Michael Novak, "Seven Whig Amendments to the Liberal Theory of Liberty," in *On Cultivating Liberty: Reflections on Moral Ecology*, ed. Brian Anderson (Lanham, Md.: Rowman & Littlefield, 1999), 36–37; the passage is available in Italian in di M. Novak, *Spezzare le catene della povertà: Saggi sul personalismo liberale*, ed. Flavio Felice (Macerata: Liberilibri, 1999).

7. A school concerned with spreading the idea of methodological personalism is economic personalism, constituted by thinkers such as R. Buttiglione, M. Novak, R. J. Neuhaus, R. Sirico, M. Zieba, and G. Weigel. "Economic personalism is a science of the morality of markets—an attempt to analyze the moral ramifications of economy activity in light of a theological vision of the human person.... There are various kind of personalism.... Economic personalism derives mainly from its current Polish definition. Polish personalism has its roots in a group of mostly Catholic intellectuals and churchmen.... The common ground of these thinkers was the philosophical methodology of phenomenological realism." Gregory M. A. Gronbacher, *Economic Personalism: A New Paradigm for a Humane Economy* (Grand Rapids, Mich.: Acton Institute, 1998), 1–4.

8. "Well, which is the way that leads us to serfdom and how to avoid it? To avoid serfdom—Hayek answered—we must demolish the conceit of our reason. We must admit at once that the Socratic maxim, according to which 'the recognition of our ignorance is the principle of wisdom,'

this has a profound significance for understanding our society." D. Antiseri, *Liberi perché fallibili* (Messina: Rubettino, 1995), 56.

9. Carl Menger, *Principi di economia politica* (Torino: UTET, 1936), 112.

10. "The idea ... of the market as a spontaneous order, may be illuminating insofar as it generates insight into the ways in which unplanned market exchanges may coordinate human activities better than any plan; but it is profoundly misleading if it suggests that the institutional framework of the market process is given to us as a natural fact, or can be deduced from any simple theory." John Gray, *The Moral Mandate of Market Institutions* (London: IEA Health and Welfare Unit, 1992), 29.

11. "The methodological individualism of the most advanced currents of contemporary economic thought reduces any economic phenomenon to the agent who is engaged in it, that is to say, to the man who chooses and decides through his action the reality around him.... Undoubtedly this constitutes a similarity to Wojtyla's approach in *The Acting Person*. In this line, therefore, a comparative reading of L. von Mises's *Human Action* with *The Acting Person* would be very engaging." R. Buttiglione, *Karol Wojtyla: The Thought of the Man Who Became Pope John Paul II* (Grand Rapids, Mich.: Wm. B. Eerdmans Publishing Company, 1997), 379.

12. Luigi Sturzo, *La società, sua natura e leggi* (Bologna: Zanichelli, 1960), 35.

13. "On the one hand, the person is an irreducible subject, who cannot be understood merely as the sum of his emotional states, brought about by internal and external conditioning. The lived experience of efficacy and responsibility forces us to admit that the person has a substance, which activates itself in emotional states but which also transcends them in relation to the truth. In this sense the person is not, first of all, relation but substance." Buttiglione, *Karol Wojtyla*, 361.

14. See AA.VV., *Il populismo sturzano pietra d'angolo per l'Italia del 2000* (Roma: CISS, 1995), 5–15.

15. Buttiglione, *Karol Wojtyla*, 362.

16. See John Paul II, *Dives in Misericordia* (November 30, 1980), 4:5–6; Stanislaw Grygiel, *L'uomo visto dalla Vistola* (Bologna: CSEO, 1978); and R. Buttiglione, *L'uomo e il lavoro* (Bologna: CSEO, 1982), chap. 1.

17. Raimondo Cubeddu, *Atlante del liberalismo* (Roma: Ideazione, 1997), 10.

18. "There can, then, be no doubt that the catastrophic failure of Soviet-style planning is in large part to be accounted for by the absence of the benign incentives provided by the disciplines of market competition and the presence of incentives to mismanagement and mal-investment. The deeper explanation of the failure of socialist central planning is, however, not one that appeals to artificial distortion of incentives, but one that invokes instead insuperable limitations of human knowledge." Gray, *Moral Mandate*, 6.

19. Luigi Sturzo, *Le profezie verità*, ed. Francesco Pasquariello (Torino: Edizioni Centro Sturzo, n.d.), 39.

20. Michael Novak, *The Spirit of Democratic Capitalism* (Lanham, Md.: Madison Books, 1991), 347.

21. Luigi Sturzo, *Il Giornale d'Italia* (October 16, 1957).

22. On the matter of the historical relevance of the separation of powers in the Anglo-Saxon world, see W. S. Holdsworth, *A History of English Law*, vol. 10. (London: 1938), 713, as cited in Hayek, *Constitution of Liberty*, 571, n. 80. "If a lawyer, a statesman, or a political philosopher of the eighteenth century had been asked what was, in his opinion, the most distinctive feature of the British Constitution, he would have replied that its most distinctive feature was the separation of powers of the different organs of government."

23. Friedrich von Hayek, *Law, Legislation and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy* (Chicago: University of Chicago Press, 1973-1979), 1.

24. See Hayek, *Constitution of Liberty*, 149–63; Joseph Schumpeter, *Capitalism, Socialism, Democracy*, Italian translation (Milano: Etaslibri, 1994), 231. "Democracy is a political method, that is to say, a certain type of institutional arrangement for arriving at political—legislative and administrative—decisions and hence incapable of being an end in itself, irrespective of what decisions it will

produce under given historical conditions. And this must be the starting point of any attempt to define it."

25. "... the Constitution that the new American nation was to give itself was definitely meant not merely as a regulation of the derivation of power but as a constitution of liberty, a constitution that would protect the individual against all arbitrary coercion," 182.

26. James Madison, *The Federalist Papers* (New York: Bantam, 1961), 322, n. 51.

27. See Novak, *Spirit of Democratic Capitalism*, 82–92.

28. Sturzo, *Nazionalismo*, 61.

29. See John Paul II, Encyclical Letter *Centesimus Annus* (May 1, 1991), no. 25.

30. *Ibid.*

31. Israel Kirzner, *Discovery and the Market Process* (Chicago: University of Chicago Press, 1985), 9–10.

32. Buchanan affirms that political economy is a manufactured product, shaped by the choices of people. See James M. Buchanan, "Economics in the Post-Socialist Century," *The Economic Journal* (January 1991): 15; and also: "Il dibattito attuale su etica ed economia: orientamenti e prospettive," in *Etica degli affari e delle professioni* supplement of No. 4 (1991), 13–19. Proceedings of the Congress of NEMETRIA on Economia, società postindustriale, dottrina sociale della Chiesa, Foligno—October 21, 1991.

33. See Antiseri, *Cattolici*, 118. According to Wilhelm Röpke, "liberalism is not ... in its essence a renouncement of Christianity; rather, it represents its legitimate spiritual offspring. Only an extraordinary reduction of historical perspective can lead one to confuse liberalism with libertinism. Rather, liberalism embodies in the field of social philosophy the best that three thousands years of Western thought have been able to hand down us, the idea of humanity, natural law, the culture of the person and the sense of universality." *Natura del liberalismo e suoi rapporti con il Cristianesimo*, translation from the Italian edition.

34. John Paul II, Encyclical Letter *Sollicitudo Rei Socialis* (December 30, 1987), no. 15.

35. Luigi Sturzo, *La vera vita. Sociologia del soprannaturale* (Bologna: Zanichelli, n.d.), 51. The classical text on which the theology of creation is founded appears in the following passages from Saint Thomas: "While in all creatures there is some kind of likeness to God, in the rational creature alone we find a likeness of *image* ...; whereas in other creatures we find a likeness by way of a *trace*. Now the intellect or mind is that whereby the rational creature excels other creatures; wherefore this image of God is not found even in the rational creature may happen to possess, we find the likeness of a *trace*, as in other creatures to which, in reference to such parts, the rational creature can be likened." Thomas Aquinas, *Summa Theologiae*, I, 93, 6.

36. John Paul II, Encyclical Letter *Evangelium Vitae* (March 25, 1995), no. 34.

37. See Giuseppe Palladino, *Il capitalismo vincerà?*, Il Sole 24 (Milano: Ore Libri, 1986), 55. "Fr. Luigi Sturzo thought that popularism was not an ideology, but a social-economic doctrine, on the basis of which to bring into existence a proper capitalism, a widespread and unrestricted intensive growth of economy. In his opinion, popularism was also a political doctrine of the modern state."

38. Sturzo, *Politica di questi anni*, 291.

39. Letter of Giuseppe Palladino to the *Onorevole Giuseppe Costamagna*, April 20, 1979, and recently published in the magazine *Rinascimento Popolare* under the title, "Presupposti etici del popolarismo," (March 1999): 13–14.

40. Sturzo, *Le profezie-verità*, 52.

41. "Still, that most weighty principle, which cannot be set aside or unchanged, remains fixed and unshaken in social philosophy: Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a great and higher association what lesser and subordinate organizations can do. For every social activity ought of its very nature to furnish help to the members of the body social, and never destroy or absorb them." Pius XI, Encyclical Letter *Quadragesimo Anno* (May 15, 1931), no. 80.

42. Luigi Sturzo, *Opere scelte II. Stato, parlamento e partiti*, ed. Mario D'Addio (Bari: Laterza, 1992), 126.

43. *Ibid.*, 127–28.

44. Luigi Sturzo, *A difesa della scuola libera*, ed. Dario Antiseri (Roma: Città Nuova, 1995), 59.

45. *Ibid.*, 60.

46. With the purpose of establishing a nexus between the modern social doctrine of the Church and the Hayekian theory of social justice, Michael Novak reworks the traditional principle of social justice, placing at its base the principle of subsidiarity: “Social justice is a specific modern form of the ancient virtue of justice.... It does not necessarily mean enlarging the state; on the contrary, it means enlarging civil society.” Novak, *Catholic Ethic and the Spirit of Capitalism*, 77–78. We invite comparing the redefinition given by Giuseppe Palladino, *Presupposti etici*, 13: “Therefore, justice is the patient work of love between brothers and having a paternal community in God.”

47. Buttiglione writes that “When the encyclical *Centesimus Annus* came out, an eminent American economist whom I met at a meeting of *Kaltenbrunner Gesellschaft* told me that it seemed that the Pope had read and deeply reflected on the writings of L. von Mises or I. Kirzner, who are among the most significant writers on the modern economic science. While at that moment this seemed to me a bizarre hypothesis, ... more attentive reflection convinced me that there is, in fact, a certain relevant parallel.” He continues: “But there is a tremendously important difference. For Wojtyła the human person is at the same time individual subject and human community.... Acting together with others is a fundamental dimension of acting. Its comprehension allows us to assimilate the methodological lesson of Austrian individualism without, at the same time, renouncing the comprehension of the role and the value of the political sphere.” Buttiglione, *Karol Wojtyła*, 379.

48. On the relation between the social doctrine of the Christian Church and free enterprise in *Centesimus Annus*, aside from Michael Novak’s bibliography, we cite the following essays by R. Buttiglione, “The Blackmail the Pope Rejects,” *Catholic World Report* (April 1988); “Behind *Centesimus Annus*,” *Crisis* (July-August 1991): 8–10; “Christian Economics,” *Crisis* (July-August 1992): 32–36; and “The Free Economy and the Free Man,” in *A New Worldly Order: John Paul II and Human Freedom*, ed. G. Weigel (Washington: Ethics and Public Policy Center, 1992).

49. *Centesimus Annus*, no. 31.

50. *Ibid.*

51. Novak, *Catholic Ethic and the Spirit of Capitalism*, 128.

52. See *Sollicitudo Rei Socialis*, no. 15.

53. *Centesimus Annus*, no. 32.

54. *Ibid.*

55. *Ibid.*

56. See R. Buttiglione, *Per un’Alleanza tra Libero Mercato e Solidarietà*, 7–16; see Kenneth J. Arrow, “Gli obblighi etici del mercato,” *Etica degli affari e delle professioni* supplement to *L’impresa*, 94, no. 1, 35.

57. In *This Hemisphere of Liberty*, Novak lists ten practical proposals that could constitute a programmatic platform for a political party inspired by the ideals of democratic capitalism, 105.

58. According to the redefinition of social justice and its link with both solidarity and subsidiarity, we refer to the definition elaborated by Buttiglione who expands on Wojtyła’s understanding of participation: “One can say that solidarity is the attitude of responsible care for the common good that constitutes the human community, or, in other words, the social form of love understood as the sole adequate attitude toward the person.... It is the response to the value of the person of the other and the decision to cooperate in his realization.” Buttiglione, *Karol Wojtyła*, 363.

59. In *Centesimus Annus*, John Paul II praises the concept of the “subjectivity of society.” This refers to the idea that the person and the person in community are best situated to answer what Aristotle said is the political question: How ought we to order our life together? In this sense, people do need to govern themselves. The “state” does not instruct the people; the people instruct the state.” Peter Berger and Richard John Neuhaus, *To Empower People: From State to Civil Society* (Washington, D.C.: AEI Press, 1996), 152–53.

60. Chiara Lubich, "Economia e Commercio" (lecture given on the occasion of her *Laurea Honoris Causa*, Università Cattolica del Sacro Cuore, Facoltà di Economia, Sede di Piacenza, January 29, 1999), 7.