

THE CRISIS OF THE 'WORLD SYSTEM' AND THE NEED FOR A NEW CIVIL SOCIETY

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1. WHAT IS BEHIND THE WORLD ECONOMY'S CRISIS? THERE IS A PROBLEMATIC AND OBSOLETE VIEW OF THE 'WORLD SYSTEM'

1.1. The financial economy's crisis that broke out in September 2008 has been interpreted in many different ways, mostly from a strictly economic point of view. Basically, the crisis has been attributed to a 'malfunctioning' of financial markets, obviously widely resorting in the process to moral considerations concerning economic actors failing to behave ethically. Solutions have been looking to identify new rules capable of moralising markets.

Politics has been assigned the task to find practical solutions, that is measures implemented by national States and formulated by international agreements among States. International monetary authorities have been called upon by governments to act as fire brigades (i.e. to bail out banks and financial agencies from bankruptcy). Governments have adopted measures to limit the crisis' effects on unemployment as well as an increase in national poverty rates.

We are still short of a sociological interpretation of the crisis per se, differing from interpretations centred upon economic, moral and political factors. Sociological analyses have often been confused with moral ones. Take, for instance, the proposals regarding a new economy with a 'human face', drawing economic behaviour from anthropology (in particular from a personalistic anthropology rooted in both Catholic and Islamic thought).¹

¹ It is certainly remarkable that Catholic anthropology has been associated with the Islamic Ummah on the grounds that Islamic finance is reported to use money only as a means and not as a goal, which would explain why Islamic financial institutions were able

Such philosophical proposals fall short of making the link between anthropology and economics by considering the specifically social factors that are the subject of sociology.

In fact, the interpretations that have shown how the crisis was determined by a lack of ethics in the economy have also shown that ethics on its own – i.e. seen as a call upon economic actors to act according to moral principles – can do very little, not to say nothing. It has been observed that only political coercion can introduce rules into the economy, whose ethical quality is always debatable. Instances of ethical self-regulation on the part of economic actors and financial markets have been rare in for-profit sectors. This in turn has highlighted to an even greater extent the weakness of the ethics-economy match as a remedy for the crisis.

In my view, we need a sociological analysis to show how the crisis stemmed from a certain setup of the so-called 'global society'. Such a setup is the product of a long historical development, which goes beyond the financial crisis' outbreak in 2008.

The question we ask is the following: from a sociological standpoint, why did this crisis break out? And what remedies can be put in place?

Luhmann's sociological analysis turns out to be very useful to understand the situation in question. Luhmann (1984) holds that highly modernised societies act as a *world system* (a *world society*) of a functional kind, in which each sub-system, for instance the economic one, is self-referential and autopoietic. The financialisation of the economy has emerged precisely out of that (Luhmann 1998). This means that in Western societal systems, representing the paradigmatic model of modernisation processes for the rest of the world, political power can enforce some limitations to economic systems. These limitations, however, are only contingent, merely functional and they cannot meet normative imperatives beyond economic and political action. Ethics is turned into an *exaggerated steering mania*, which proves to be practically ineffective when challenged by real incidents (Luhmann 1997a: 50).

In other words, it is clear that modernised societies cannot resort to any solid moral values, least of all to a *business ethics*, simply because this goes against the modernisation idea itself. Modernised societies are constructed

to avoid being crushed by the world crisis of September 2008 (cf. Riccardo Milano, *Finanza islamica e finanza etica. Il denaro al servizio dell'uomo*, in newsletter@benecomune.net, 11 February 2010).

in such a way as to be immunised from ethics. As Luhmann put it bluntly and brutally (1984 [1990: 354]), 'man is no longer the yardstick of society'.

I am not going to expound Luhmann's theory here: I will have to take it as known. I will get straight to the point: the thing is that sociological theory nowadays converges on the idea that world society is bound to face a future bristling with risks, uncertainties, disorientation, and even chaos (in the technical sense of the word). A future which, as Luhmann put it, *cannot* even *begin*. 'Reflexive modernisation' theory (Beck, Giddens and Lash 1994), though with different emphases, has in essence legitimised such an analysis of the current situation and of future prospects.

What, then, is/lies behind the world financial crisis started in 2008? There is certainly a very different crisis from that of 1929. The historical circumstances are totally different. At the time capitalism was scarcely regulated and lacked a substantial welfare State structure. Nowadays markets are far more regulated and benefit from more developed social security systems.

As national States play a much larger part than eighty years ago, the measures that have now been put in place to solve the crisis amount to three kinds of action: (i) incentives to, and enforcement of market best practices by political-administrative systems, (ii) ban on 'dirty' financial products and on fiscal heavens, and (iii) greater public commitment in terms of social expenditure, to nurture the real economy's virtuous cycles (by supporting family expenses, by limiting unemployment damages, by protecting poorer segments of the population).

And yet is that the solution? Personally, I doubt it. My analysis, then, proposes an interpretation of the crisis and of its solutions that is different from the most widespread ones.

The measures adopted these days cannot solve the crisis, but, for a number of reasons, they can at most provide temporary stoppers and remedies.

First of all, all these remedies remain within the 'economic-political system', which would confirm Luhmann's arguments by which the market+ State system will keep on working even during a constant endemic crisis (I call it *lib-lab* configuration).² My argument, then, is that if we want to avoid a permanent crisis – more or less 'under control' as the case may be – then remedies have to break away from the self-referential logic of economic-political systems. In Luhmann's conceptual framework this is not possible. We

² I have described and analysed the *lib-lab* setup in many works I simply have to refer to here: cf. Donati (2000, 2001, 2009).

then have to accept the challenge posed by having to prove that an alternative societal setup is not only abstractly possible, but is also necessary and realistic, if we really want to get out of a system producing a chronic crisis.

Secondly, the ethics that is called upon to correct the market's malfunctioning has no credible sociological foundations, for the ethical principles one would like to uphold have nowhere to be generated or regenerated in this societal configuration, since neither the market nor the State are sources of ethical standards. If ethical corrections are to work, one needs to think of a different way of organising society. Such a new setup: (i) has to be capable of allowing for the emergence of social subjects (viz. 'social environments' for the economic and political system) that can generate and adopt certain ethical standards of conduct and uphold them in economic-political systems, and (ii) has to meet such a condition in a structural manner and not by way of an occasional voluntary commitment. Luhmann would say that this is not possible, because – in his view – society's multiple spheres cannot in any way influence one another, least of all exchange ethical services. I propose to meet the challenge of proving that this is as possible as it is necessary, if we want to avoid a permanent crisis.

1.2. My argument, of a sociological kind, is that *the setup of world society is a critical and unstable setup it is impossible to get out of except by reforming its own lib-lab basic structure*. Let me explain this.

Societies that have been or are in the process of being modernised are based on a structural (systemic) compromise between Market (*lib*) and State (*lab*). By 'Market' I mean free competition and capitalistic production theories and practices that refer to liberalism as an economic doctrine (it is the *lib* side, on which we find, for instance, the Chicago school). By 'State', I mean the State intervention theories and practices, aimed at guaranteeing equal opportunities and a welfare bare minimum as a citizenship right, which is generally supported by socialist-oriented political doctrines (it is the *lab* side, on which we find, for instance, the doctrines going back to J.M. Keynes, Lord Beveridge, R. Titmuss).

In brief, modernised systems are a mix of *lib* and *lab*, that is *lib-lab* systems. Whenever the market (*lib*) is insolvent, one resorts to the State (*lab*); whenever the State (*lab*) is insolvent, one resorts to the market (*lib*). This is the game of modern economy, which attained its most accomplished model in the second half of the twentieth century.

Our societies are still working on the basis of this framework, looking to stabilise economic cycles and a fairer resource distribution through *lib-lab* regulations.

What is wrong with this societal configuration?

On the one hand, it is to be said that the *lib-lab* setup has so far offered remarkable advantages, in as much as it has guaranteed freedom and more extensive political and social citizenship rights. In fact, we can say about this setup what is said about liberal democracies, i.e. that although this system is full of defects, it is the best one human history has produced so far. On the other hand, though, we have to point out that its structural faults are not insignificant, but they concern some mechanisms which produce intrinsically and inevitably recurrent crises. In other words, *lib-lab systems are not sustainable as long-term systems*.

What are the mechanisms that make this society unsustainable? I would like to analyse the problematic aspects of *lib-lab* systems and verify whether there can be a societal configuration that can overcome these limitations.

1.3. Let us first look at intrinsic faults of the *lib-lab* setup.³

a) According to the *lib-lab* approach, *society is an intertwining of economics and politics against which the rest is seen as insignificant for the common good and for citizenship*. In particular, life worlds are conceived as a merely 'private' sphere. I myself would rather point out that, from a sociological point of view, what lies outside the State-market pair is not insignificant for the achievement of the common good, for citizenship and for the workings of both market and State. If life worlds are conceived as 'left overs', the *lib-lab* system falls into a chronic crisis it cannot remedy.

b) For the *lib-lab* system, *there is no alternative to the combination of liberalism and socialism*.⁴ Such a societal configuration, though, essentially considered as a problem of *balancing* between (anti-systemic) freedom and equality (in view of extending individual freedoms), refrains from tackling the *social integration* problems⁵ posed by such an approach. Even though one may agree that society's systemic planning is not a workable regulatory response, still it is clear that the *lib-lab* combination says almost nothing on social integration problems in contemporary social systems. To put it

³ For a more detailed analysis cf. Donati (2000: 229-260), Donati (2001: 202-227).

⁴ A champion of this approach, Ralph Dahrendorf (1994) sees citizenship as a gift granted (*octroyée*) by an enlightened political élite, including entitlements guaranteed by the State versus other provisions offered by the free market.

⁵ I am using the phrase 'social integration' here to distinguish it from 'systemic integration' (Lockwood 1992, 1999).

another way, *lib-lab* systems generate increasing social integration deficits (the so-called 'modernity pathologies')⁶ for which they provide no remedies.

c) The *lib-lab* setup seeks to tame the 'competition-profit vs. solidarity-social redistribution' conflict without providing alternatives to the permanent opposition between these two contradictory needs. The conflict is seen and dealt with as an insoluble opposition, which may only be kept under control through political democracy, especially in the form of neo-corporativistic democracy. The two oppositions, though, bring about a structural imbalance. In the USA, the competition-profit side has the upper hand over social citizenship rights, which entails serious social inequality and poverty indexes in Third World contexts. In Europe the solidarity-redistribution side prevails on the basis of a citizenship principle that seeks to be unconditional without actually succeeding in that.

The *world system* (or globalisation), marked by the economy's financialisation, is the outcome of this current worldwide societal *lib-lab* structure.

The recurrent crises are not those predicted by Karl Marx. The polarisation process setting the leading world imperialist bourgeoisie against the proletarian masses does not occur on a worldwide scale, but in limited geopolitical-economic areas, where it is restrained by *lib-lab* systems, looking, despite all their shortcomings, to reduce social inequalities. Furthermore, globalisation gives rise to many other intermediary economic actors between the two poles envisaged by Marx.

What determines the crises occurring in systems based on the *lib-lab* compromise between State and market is the very 'economic logic',⁷ which is not purely capitalistic, but is based on the intertwining of market and State, and thus embraces society as a whole (starting with the market). Such an economic logic has unexpected effects, side effects and negative external effects which erode the civil society on which the *lib-lab* system is based. What is this logic about?

Let me summarise it in Figure 1. The economic logic I am talking about consists in using political power to increase consumption, which in turn will foster productivity and profits, so as to be able to draw on fiscal drag for the financial resources needed to push consumption. The rest is irrelevant. Banks and financial systems serve this logic.

⁶ The well-known expression was first proposed by J. Habermas (1981), who deals with such pathologies in terms of communicative forms and not as a more complex problem. At the cultural level it has been employed by Charles Taylor.

⁷ The term 'economic' here is used in an analytical generalised sense: cfr. Donati (1991; chapter 4).

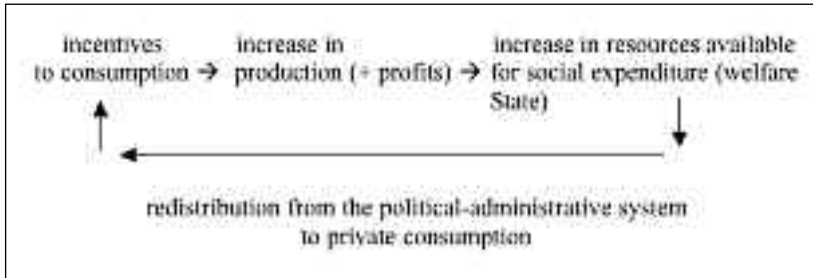


Figure 1. *Lib-lab* systems' economic logic (an evolutionary model which is supposed to bring us to 'progress').

Such a systemic logic, with all its internal mechanisms, cannot be extended over certain thresholds, because great social problems arise once certain economic growth levels are exceeded. The present societal model proves functional to break away from poverty and under-development, whereas it becomes dysfunctional for a welfare society. In particular:

a. Consumerism generates a broad range of problematic or pathological human conditions since consumption needs are artificially induced and technologies, especially the media, are misused;

b. The social inclusion model that is supported by this logic (founded on a simple extension of the typical twentieth-century welfare State) makes beneficiaries ever more passive and produces distorted effects: for instance, it creates various 'traps' (the poverty trap, the 'crystal roof' limiting women's social mobility and distorting equal opportunities on the basis of gender, etc.), and above all immunises individuals from social relations.

Many will point out that there are no alternatives to the systemic logic I am talking about (Figure 1) because: a) if you curb consumption, you also stop economic growth; b) if you cut social expenditure (the welfare State), you create poverty.

What shall we do then?

The proposals put forward are centred on introducing two kinds of correcting tools:

(1) Putting *more ethics into the market*, as proposed by some, in the hope of making actors more responsible:⁸ two examples of this are 'business ethics'

⁸ On the issue of finance ethics see Ettore Gotti Tedeschi, *Denaro e Paradiso* [Money and Heaven], Edizioni Piemme, Casale Monferrato, 2005 and Id., *Spiriti Animalì. La concorrenza giusta* [Animal Spirits. Fair Competition], Università Bocconi Editore, Milano, 2007.

at the production stage and a 'fairness ethics' in the distribution of goods – such proposals are especially aimed at correcting the *lib* side of this setup.

(2) Extending citizenship, as proposed by others, to make it 'more inclusive' to embrace the weakest social segments, in order to reduce poverty and social problems – such proposals are especially aimed at correcting the *lab* side of this setup.

I note that such corrective measures do not modify the systemic logic of *lib-lab* systems. As generous as the above proposals may be, they do not stand many chances of succeeding. They do not stand many chances of succeeding because it is the *lib-lab* system itself which makes them ineffective. The system continues to work in such a way as to be functional to a moral order centred upon individual, instrumental and utilitarian values and criteria. Though sensitive to the need for personal honesty and greater social justice (in the form of equal opportunities), these values and criteria fail to meet the need to create a civil society capable of supporting honest and fair behaviour. On the whole, it is a self-contradictory model, because it is the economy that drives morality and not viceversa.⁹ We have to modify the *lib-lab* logic. I shall now attempt to present these arguments in more detail.

2. SHOULD WE YIELD TO EVOLUTION LAWS?

2.1. The *lib-lab* view of the *world system* urges us to let society run in accordance with its own evolutionary tendencies. Such an approach is implemented through a so-called 'reflexive' modernisation model, which in essence chronically questions itself. As Beck, Bonss and Lau (2003: 3) put it, "Reflexive" does *not* mean that people today lead a more conscious life. On the contrary, "reflexive" does not signify an "increase in mastery and consciousness, but a heightened awareness that mastery is impossible". Simple modernity becomes "reflexive modernization" to the extent that it disenchantments and then dissolves its own taken-for-granted premises'. This leaves the referent, the purpose and the point of 'reflexivity' highly ambiguous.

The society envisaged by the *lib-lab* way of thinking is a society which suffers from a permanent identity crisis, pervaded as it is by insoluble social and personal risks. Reflexive modernisation is seen as a radical uncertainty affecting every sphere of social life.¹⁰

⁹ In the AGIL terms the Adaptation function prevails on the Latency function.

¹⁰ On a critique of the reflexive modernisation theory: cf. Archer (2007), Donati (2010a).

According to my argument, on the basis of modernity's own assumptions, the abovementioned correcting measures (i.e. a. ethical injections into the market and b. extension of citizenship rights and their beneficiaries) do not work because: a. the *lib-lab* logic is relativistic from an ethical point of view and neutralises any attempts to replace economic criteria by 'non-negotiable' ethical criteria; b. the extension of citizenship rights (in terms of more rights and more beneficiaries) is always unstable and problematic, and, at any rate, if it is viewed according to the typical twentieth-century *lib-lab* welfare State model, faces increasing failures (fiscal crises, inclusions generating exclusions, etc.).

In short, the present modernisation processes do not tolerate any restrictive, external regulations of the *lib-lab* logic (in the three stages summarised in Fig. 1: consumption, for profit production and redistribution through the welfare State). The only regulations this logic can endure are functional ones, that is functional to its own reproduction.

Neo-functionalism, though, does not ensure any society capable of avoiding the dilemmas and social pathologies produced by such a societal model. It cannot produce any stable social system, it can only determine the same problems again and again. *Neo-functionalism turns to be just 'another way', only outwardly non-ideological, of describing the commodification of the world and an evolutionary adaptation of the whole society to such commodification processes.*

Basically, the *lib-lab* model proposes us to live in a society that adapts to Darwin's evolutionary laws, lacking any finalism and pushed by its competition and survival skills. This is globalisation's own *world system*.

There seem to be no alternatives to this State of affairs. Utopias have fallen. And yet, perhaps, a careful analysis of the situation may reveal ongoing societal morphogenetic processes which question the functionalistic view of economic rationality as configured in the *lib-lab* model (Figure 1). Sociology has consecrated this model first with Talcott Parsons' theory and later, faced with the former's failure, with Niklas Luhmann's one. We now see a new version in place, which we had better look at: it is a version of functionalism proposing an interpretation of markets, particularly financial ones, through key 'reflexive truths' (Soros 2000).

2.2. George Soros, the international magnate, has pointed out that financial markets' workings follow their own 'reflexivity' (or reflexive rationality) marked by evolutionary mechanisms, which are self-referential and have uncertain outcomes. These 'mechanisms' are rooted in the partic-

ular reflexivity of economic actors who 'discount' the future. They shape reality (what actually happens in society, not only in markets) through investments that anticipate the future and pre-empt future reality in the shape desired by financial operators. Reality is transformed through the financial operators' own 'reflexive truth'.

However, our question is: to what extent can society – interpreted as daily life's social texture – be configured in the same way as financial markets and their 'reflexive' logic promoting an evolution without finalism? The thing is that society – if we see it as a social relationships network properly – is not a *stock exchange*. There are other types of reflexivity to shape society (Archer 2003, 2007, ed. 2010; Donati 2009, 2010a).

The argument I would like to hold is that it is these 'other' forms of reflexivity that can get us out of the crisis started in 2008 and beyond the *lib-lab* systems' own chronic crisis.

3. IS THERE AN ALTERNATIVE TO AN EVOLUTION WITHOUT FINALISM?

Can we think of an alternative to the functionalist and evolutionist model I have been discussing? I think that the world needs a post-functionalist, indeed an *after-modern* development model (Donati 2010b forthcoming), i.e. based on the assumption of definitely overcoming functionalism – theoretical and empirical – as its intellectual infrastructure.¹¹

However, a word of caution is needed here. Functionalism cannot be overcome by a backward-looking humanistic view, unable to match the competitive skills of functionalism. It has to be a humanism proving capable of taking functionalism into account while overcoming its limitations.

Such a post-functionalist development configuration or logic ought to be able to do two things:

- a) At a macro level, to reduce systemic determinisms, in favour of organisational networks capable of self-steering;
- b) At a micro-level (i.e. of individual action), to modify lifestyles, i.e. consumption habits, according to more austere value guidelines, to avoid

¹¹ I take it that modernity corresponds to a society spirit and model of a functional type (as has been clarified very well by Niklas Luhmann's own theory). I see functionalism as the root of the scientific-technological approach typical of the West and of Western modernity, as Davis (1959) described it.

functionalistic commercialisation mechanisms. Life worlds, i.e. primary (face-to-face) relations and interactions, taking place within families, small groups, associations' networks based on interpersonal relations, have to be given a chance to speak. One has to take into account the decisive role of *personal* reflexivity, seen as inner conversation (Archer 2000, 2003) and the role of *social* reflexivity as a quality of relations' networks (Donati 2010b).

It is clear that such changes are not possible within a consumption economy whose only ruling principle is the GNP growth imperative (as it is in Figure 1). They become possible, though, as soon as one takes on board the fact that GNP has been a useful well-being parameter when used for developing countries with quite a low average income and with widespread poverty problems, but it becomes hardly significant for societies that have reached a certain well-being threshold, such as post-industrial countries. In these countries, GNP has to be replaced by other units of measure, such as Gross National Well-Being (GNWB), which should be adopted not only by developed countries, but also by developing countries.

An austere lifestyle does not mean a 'poor' economy that reduces aspirations to a greater well-being. It does not mean, for instance, a mere de-industrialisation or a demise of medical services or schooling as proposed in the past, nor does it mean rejecting technology. It does not mean going back to a naively 'naturalistic' way of life. These are utopias without any hope or sense. A different economy is made possible by a different notion, relational and not merely materialistic, of well-being and of happiness.¹²

We need another economic logic, if we realize the relational character of society which follows from the 'happiness paradox' (according to which the well-being in the advanced countries does not increase over time, or even declines, in spite of the rising trend of income, while people continue to strive for money).

We have to ask ourselves if and how it is possible to envisage an economy centred upon the human quality of individual and social life and focused on humanising social relations.

The crisis that emerged in 2008 is at the root of the following novelties (see Figure 2):

- Consumption habits are becoming more reflexive;
- We are seeing an expansion of an economy that we may call relational because it envisages the economic stages of production-distribution-con-

¹² Cf. Diwan (2000) and Donati (2009).

sumption of goods and services in terms of social relations and aims at producing a synergy between profit and non-profit;

- The rule of the welfare State is gradually replaced by a societal governance (plural and subsidiary welfare, featuring a market-State-third sector triangle);

- Societal governance seeks to operate reflexively both on consumption and on market differentiation (for profit, non profit, civil economy, etc.) in order to produce relational goods.

Such changes point to the rise of another type of societal configuration, as outlined in Figure 2.

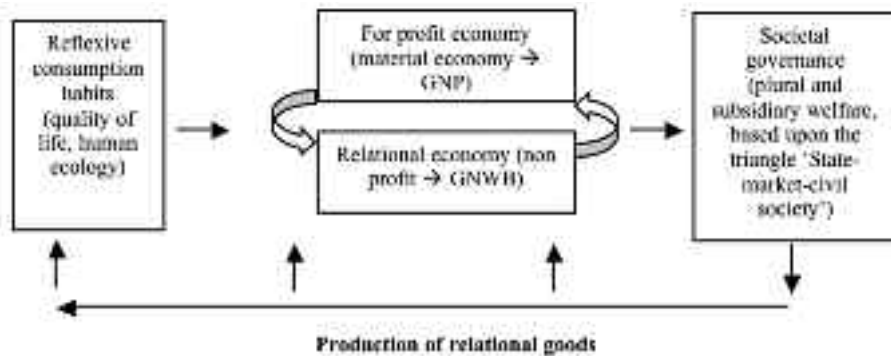


Fig. 2. The economic logic of a relational society.

It is important to emphasise the role of the social spheres commonly called 'third sector'. Not only does the influence of their economic role increase (in terms of turnover and workforce), but above all such spheres operate as an 'engine of a civil society' that is alternative to the market underpinning the *lib-lab* setup (as described in my Figure 1).

It is the vast world of co-operation (social co-operation, social enterprises), of voluntary associations, of ethical banks and of various forms of microcredit, of fair trade, of NGOs, of multiple forms of enterprises which we call 'civil'. Such bodies create their own financial markets, such as the *Bolsa de Valores Sociales y Ambientais* (BVS&A) in Brazil, *SASIX* (*South African Social Investment Exchange*) in South Africa, the *KIVA* project in the USA, the *Asian Impact Investment Exchange* (*IIX*) managed by the

Social Stock Exchange Asia (SSXA) in Singapore, *GEXSI (Global Exchange For Social Investment)* in the UK, *MYC4* in Denmark and *Social Stock Exchange Ltd.* in the UK, involving the Rockefeller Foundation, and finally the *FacciaperFaccia* [Face for Face] event at the *Falacosagiusta* fair in Milan. Others have proposed to create a 'social stock exchange', aimed at managing *social and welfare business*, which would become an integral part of a horizontal subsidiary setup a State could not ignore. And this might happen by setting up a sort of AIM (*Alternative Investment Market*), whose financial instruments would be shares (issued by low profit enterprises and non-profit social enterprises) and debt bonds (equally issued by for profit and non profit bodies).

Such new enterprises as *low profit limited liability companies* and *community interest companies*, as well as new financial markets, can produce a different response to the world economic crisis, not merely by adapting themselves but by giving moral standards priority in economic and social action and by being able to modify life, work and consumption styles. Compared with traditional capitalist enterprises, such enterprises have a number of peculiar features: for instance, they produce relational goods (and more generally *intangibile goods*), they show greater flexibility, value sideways social mobility, rather than upward or downward job mobility.

These new economic entities do convey a new model of society, but to implement it they have to overcome a number of obstacles: (i) internally, they have to develop their own reflexivity; (ii) externally, they have to get rid of their structural dependence on the State (above all in Europe) and on the for-profit market (above all in the USA).¹³

4. RETHINKING CIVIL SOCIETY AND ITS ECONOMIC FOUNDATIONS

4.1. The problem with modernity having reached the globalisation stage is that civil society is still seen as a capitalist economy tending to financialise real economy. The 2008 crisis has revealed this way of seeing civil society and has at the same time started to elaborate a new way of interpreting civil society. In other terms, the 2008 crisis has highlighted the dif-

¹³ As an indicator that a *lib-lab* configuration is prevailing in the USA too (and not only in Europe), it can be reminded that 97% of the private debt in the States passes through the State (Sinn 2010: ch. 11).

ference (a real *splitting*) between the old and the new civil society. We may have reached a turning-point between one and the other.

On the one hand, the old civil society is still amongst us, tending to subject every good to the sequence by which money is invested in goods which in turn are used to make more money [Money-Good-Money (M-G-M)]. Actors, that is, invest money in a good they have no need for, but which is only instrumental to making more money. At first, they attribute to that good a monetary (functional) value and then trade it to make more money. It is important to understand that this mechanism presides over the whole *lib-lab* system. The State also uses it in its relationship with the market: the State uses the market to get the money to pay for public welfare, which in turn is the source of votes, the political system's own money. In this context, civil society is identified with the market.

On the other hand, a new civil society has emerged, which is identified with real economy. In real economy, in contrast with the previous case, the good is evaluated in itself and money (also in forms different from currency) is only used by actors as a tool to acquire the goods they need [according to the sequence: Good-Money-Good (G-M-G)]. A good is translated into the money needed to obtain another necessary good (for instance: work provides the money used by actors to buy the goods they want).

Rethinking civil society means understanding whether, and how, it is possible, and necessary in the first place, to shift from the M-G-M sequence to the G-M-G sequence. This shift requires a more complex view of society than modernity's own view. At the core of this view lies the relational nature of goods. Indeed, if it is true that the distinctive feature of a modernising economy is to erase the relational nature of goods and economic processes, the building blocks of a new economy will be precisely the new needs for individual and social relationships. It is not by accident that we see gifts coming back into so many social spheres and in many different forms (Donati 2003): from a sociological point of view, gifts point to the pursuit of social bonds and to the need for social relations to be forged to cement the sense of community.

4.2. Let me explain the distinction I have been drawing between the two societies: the modern one and the one I call after-modern, in more detail (Figure 3).

The key element of this distinction is the fact that after-modern society is confronted with the need to produce a variety pool of options (in goods consumption and production, in lifestyles, in welfare measures) which can-

not be 'accidental', or amount to a merely functional monetary equivalence (as Luhmann holds), but has to be endowed with sense, permitting the creation of common goods, by which I mean relational goods (Donati 2008).

This results in the rise of a new *Zeitgeist*. Whenever we say that future society will have to be inspired by the ethical criterion of 'sustainability', we have many different things in mind, the first being that instruments, such as finance, technology, etc., must match human needs and not viceversa. Which in turn implies that means have to be used only as means and not as self-standing ends or goals.

I summarise the distinction between modern and after-modern setups in a table (Fig. 3).

(i) In modern society:

A) Financial economy is based on the equation: money = currency

G) Money is an end in itself, because of the functional culture which makes all goods and services subjectable to monetary equivalence;

I) Enterprises have no broader social responsibility than that strictly associated with their own employees;

L) The motives of economic action are individual, instrumental, acquisitive.

(ii) In after-modern society, on the other hand:

A) Means economy assumes that money does not only amount to currency, but there can be other forms of money, meaning by money an entitlement to access goods and services [money ≠ currency]. This economy, therefore, draws a distinction between monetary and non-monetary forms of money, by connecting them to 'real economy' (in which many goods and services do not allow for monetary equivalents). Hence arises an observable multiplication of forms of money, labour and capitals (not only financial capital, but also political, social and human) and also a multiplication of contracts, in brief, of all the goods needed to pursue an economic objective (Donati 2001);

G) Money is subjected to social constraints, which may be usage or functional constraints (as, for instance, is the case of vouchers);

I) Corporate social responsibility is extended outside the company to the surrounding community and to stakeholders (profits do not only or entirely go to shareholders); social responsibility is also broadened with regard to employees with forms of conciliation between work and family, with relational contracts, as well as corporate citizenship;

L) The motives of economic action relate individual interests to principles of subsidiarity and solidarity which are necessary to produce common goods, which will be relational goods.

	In a 'Modern' society	In an 'After-modern' society
A (means)	Money = currency	Money \neq currency
G (goals)	The only constraint set by money is for it to provide more money	Functional constraints are set for the use of money (in its various monetary and non-monetary forms)
I (social respons.)	Enterprises only have an internal social responsibility to their employees	Enterprises also have an external responsibility (to the community's stakeholders)
L (values)	Value motives are individualistic, instrumental, acquisitive	Value motives are relational (inspired by subsidiarity and solidarity to produce goods seen as relational goods)

Fig. 3. Two paradigmatic setups of economy.

4.3. The new societal configuration (as outlined in Fig. 4) does not erase modernity, but sees the modern *lib-lab* setup only as a particular case, that is as a way of operating (of organising economy, politics, etc.) which is no longer general and which cannot be generalised throughout all social actors and spheres (i.e. AGIL), but is only applicable to ever more limited action areas. Earlier on modernisation was seen as potentially extendable throughout all spheres of society. This in turn legitimised the fact that the compromise between State and market was able to turn life worlds into commodities. The new setup that I call after-modern is not characterised by a logic of dominance of a pole (market or State) over the other or by commercial negotiation logics between sub-systems or social spheres,¹⁴ but by a *network-like logic* which is forced to make the different societal spheres more co-operative, or at least to follow a mutually non-destructive competition logic, within a world-system's global sustainability project.

¹⁴ I am referring to individual A, G, I, L sub-systems with the institutions thereof.

To implement such a setup, one needs a relational configuration that modernity was unable to tolerate, because it was overwhelmed by cultural movements seeing modernity as a denial of sociality.¹⁵

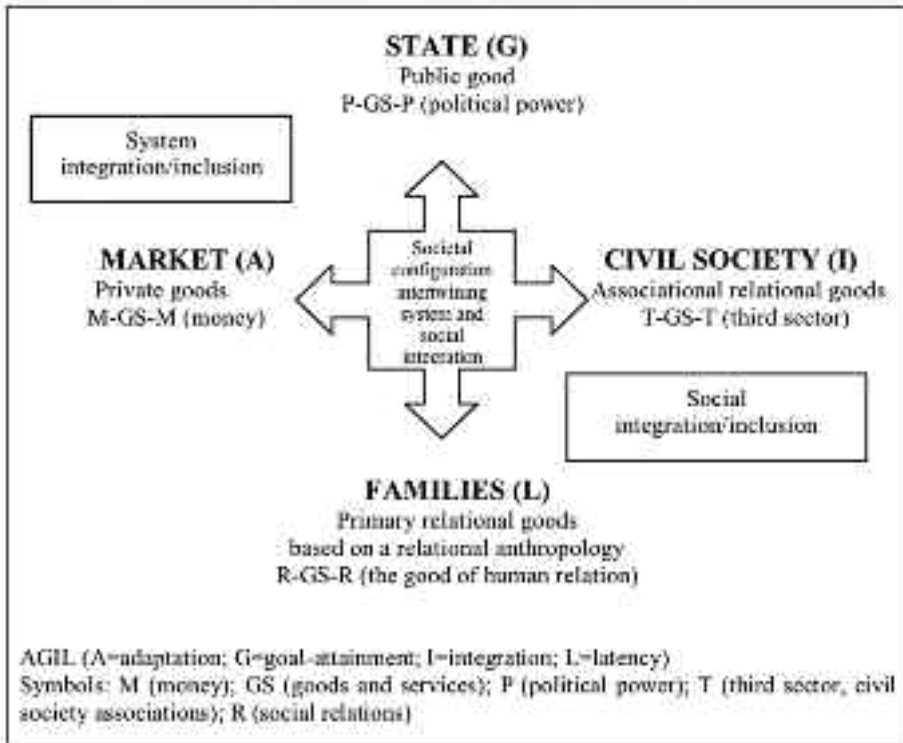


Figure 4. The new configuration of after-modern society.

4.4. The encyclical *Caritas in Veritate*, in my opinion, is to be read and interpreted in this light. I shall make a few remarks on the encyclical, to highlight how this document paves the way for the view of society that I

¹⁵ J.J. Rousseau's works, for instance, provide a paradigmatic example of this position, which has justified an apolitical individualism and at the same time State dictatorships within modernity (cf. Spaemann 2009).

have summarised in Figure 4. We shall thus be able to grasp even better what societal configuration will be functional to getting out of the long-term crisis that broke out in 2008.

Caritas in Veritate has been the subject of many comments, both written and oral. These have rightly focused on its central issue, i.e. that charity lived out in truth 'is the principal driving force behind the authentic development of every person and of all humanity' (no. 1). The Pope's call to rediscover the deepest meaning of human actions in the true love of God (who is Truth) and of others certainly lies at the heart of the encyclical. It is undoubtedly the guiding star for the analysis of both complex economic, social and political problems and of their possible solutions.

In the present essay, I would like to underline an aspect of the encyclical which has not yet been discussed in depth. I am referring to the 'way of thinking' Pope Ratzinger proposes in this text. It is a way of thinking which is centred on *relationality* as a central category to interpret human condition and the ways to achieve a full genuine development of the person and of humanity ('Thinking of this kind requires a *deeper critical evaluation of the category of relation*', no. 53).

Pope Ratzinger proclaims that 'charity is at the heart of the Church's social doctrine' with the following justification: as 'it gives real substance to the personal relationship with God and with neighbour; it is the principle not only of micro-relationships (with friends, with family members or within small groups) but also of macro-relationships (social, economic and political ones)' (no. 2). From the very beginning, it is clear that the turning point of the encyclical is found in the quality of relations, micro and macro, through meso-relations (those of civil society's median bodies which are dealt with at length in chapters 3, 4 and 5).

This approach is based on the idea that, while the eternal truth by which human dignity consists in being children of God still holds, it is also true that today there is a change in the sense (historical, cultural and contextual) of what 'human' is. The scenario shows us a range of degradations of every kind, especially in the area of human life and family manipulations, and also presents many emergencies in education, unemployment, denial of fundamental human rights in so many areas of the globe. This new scenario cannot be addressed without an adequate anthropology ('the social question has become a radically anthropological question', no. 75) and without this anthropology being able to cast its light on the whole society, that is on all the social relations in which human life is in question.

In my view, the way Benedict XVI proposes can be called 'relational', given the fact that it is in the category of relation that a solution is to be sought. 'As a spiritual being, the human creature is defined through interpersonal relations. The more authentically he or she lives these relations, the more his or her own personal identity matures. It is not by isolation that human beings establishes his worth, but by placing himself in relation with others and with God. Hence these relations take on fundamental importance. The same holds true for peoples as well. *A metaphysical understanding of the relations between persons is therefore of great benefit for their development*' (no. 53). And a little further: 'The Christian revelation of the unity of the human race presupposes a *metaphysical interpretation of the "humanum" in which relationality is an essential element*' (no. 55).

That is then the *fil rouge* running through the encyclical: interpreting the 'humanum' through relationality and hence moving on to carry out an analysis suited to our times of the various difficult questions we are confronted with.

The quality of social relations is identified with what people love most, the 'ultimate' concerns they express in their relations. Love is a gift of God, but it is also an ultimate concern of human persons. Its presence or its absence justifies the problems we endure and paves the way to their possible solutions. Yet love is not a nice feeling, but rather *a certain relation* with oneself, with neighbours and with God. The encyclical precisely insists on the fact that charity cannot be interpreted as a generic feeling, affection or emotion. The charity discussed here, precisely because it is relation, cannot be a 'private' fact (deprived of social responsibility). It is conversely the source of every good, as a relational good. This is why love can and must become a principle of social organisation (the civilisation of love). '[T]he decisive issue is the overall moral tenor of society' (no. 51). Humans have to 'weave networks of charity' (no. 5). 'The *earthly city* is promoted not merely by relationships of rights and duties, but to an even greater and more fundamental extent by relationships of gratuitousness, mercy and communion. Charity always manifests God's love in human relationships as well' (no. 6).

Hence, then, can be drawn all the operational consequences. In sum: the idea that the relations in which charity is made concrete, such as gifts and fraternity, can and must turn from marginal and marginalised occurrences in modern society into principles occupying a primary place in most practical matters, such as the way of organising and managing economic enterprises, consumer associations, unions, social service networks, the welfare State, the relations among peoples and so on. Right up to support-

ing the articulation of society, the way of 'setting up societies' (associations in the broad sense of the word), based on a *governance* of a societal and plural type, which realises the common good through a solidarity and subsidiarity combination between all society's parts. This holds true from a family organisation right up to international relations.

What, though, can push men and women along this path, given the present globalisation process led by a rampant capitalism, by ever more pervasive individualism, by clear signs of separation and fragmentation of the social fabric?

It is at this point that truth comes into play, so that charity may not be reduced to mere emotions: 'Without truth, charity is confined to a narrow field devoid of relations. It is excluded from the plans and processes of promoting human development of universal range, in dialogue between knowledge and praxis' (no. 4); and again: 'Truth frees charity from the constraints of an emotionalism that deprives it of relational and social content' (no. 3).

Here again emerges the importance of the relational key as a 'novelty' of the encyclical. In fact, beyond well-known issues (call to an integral human development, to fight old and new poverties, etc.), its specific contribution lies in highlighting *the mutual interchange between charity and truth configured as thinking of them 'relationally'*. It is from such relationality that can arise blueprints for a new humanism open to transcendence. There is no truth without charity and there is no charity without truth. Truth needs charity, just like charity needs truth. This *unbreakable link* is the relation that characterises the 'humanum'. In it find their roots all the qualities we may define as authentically human, which are indispensable to achieve a 'society of the "humanum"', that is an economy and politics, a technology, a bioethics with a human face.

The relational link between love and truth is always necessary, but its forms and content are always contingent due to the peculiarities of contexts, in space and time.

The outcome of this new perspective is the development of 'a new vision' (no. 78) which responds to Paul VI's cry: 'the world is in trouble because of the lack of thinking' (no. 53). The encyclical letter *Caritas in Veritate* invites us to embrace a new vision opening up a precise path, which stems from a theological vision, but is able to speak to and fertilise all human and social sciences.

The Church does not claim to provide cookery book recipes, but points to a new way of thinking which has its source in *relationality*, rooted in the simultaneously transcendent and immanent reality of the Trinity. Such a

perspective is particularly voiced as a dialogue with human and social sciences in sections 53-55 (see a comment by Archer 2009), and adds substance to all the other more 'practical' considerations concerning the configuration of economic relations (a new civil economy), of political relation (a new plural, subsidiary, relational welfare), of family relations and life care (a new relational bioethics), and so on.

The deepest message of the encyclical, I believe, lies then in betting on a new ethical interaction between consciences and intellects, on a relational vision, which may be up to the challenge of the new interdependences among individuals and among peoples. Human development will be the emergent effect of this new vision of socialising and of the resulting practices. For instance, it will no longer be feasible to see and practice artificial procreation as an expression of a private desire or (emotional) feeling expressed by one or more individuals, because what matters is the dignity of the relation which bears the child, a dignity on which depends the *humanum* in the identity of the child him/herself. Pope Benedict's call to 'reciprocity of consciences and liberties' is a call to rethink our lives in this direction, that is as a relation in what it has of human. Life is human in so far as it is a 'relational reality' in a specific sense (Donati 2010). From this way of thinking can arise a new society.

In view of this perspective the common good is reinterpreted as a relational good, which can only be achieved by making an appropriate and combined use of the solidarity and subsidiarity principles, on the basis of a relational anthropology and a relational view of society as a whole, starting from the family.

Particularly important is the Statement according to which: 'The exclusively binary model of market-plus-State is corrosive of society, while economic forms based on solidarity, which find their natural home in civil society without being restricted to it, build up society. The market of gratuitousness does not exist, and attitudes of gratuitousness cannot be established by law. Yet both the market and politics need individuals who are open to reciprocal gift' (Benedict XVI 2009, no. 39).

In my sociological language, this means that we have to see social inclusion as relational inclusion and social differentiation as not merely functional but as relational differentiation (Donati 2009).

I therefore propose to interpret the encyclical in a relational perspective enabling us to make it lively and practicable. This means that twenty-first century society has to take a new departure from civil society. Which nowadays entails the fact that the New Deal no longer only rests on the State or

only on the market, or on a combination of the two, but on the network between State, Market and Civil Society (third sector organisations). Such a network is to be observed and implemented therein as a relational network, not as a knot structure (Fig. 4). But surely a decisive role is assigned to relational economy, with its prototypical, though not exclusive expression in the Third Sector, capable of providing ethical inputs to State and Market. Yet, as demonstrated by empirical sociological research (Donati, Tronca 2009), the Third Sector in turn needs inputs to devise a culture capable of upholding goods and services as social relations, rather than as means to make money. Such inputs come from the primary networks of families and of interpersonal relations.

5. IN CONCLUSION: A NEW 'WAY OF MAKING SOCIETY'

The *world system* based on the financialisation not only of economy but, we may well say, of all social relations, experiences a chronic crisis and has to be reconverted. But how?

In the present essay, I have argued that we do not have to resort to an abstract societal 'model', but rather to facilitate some ways of life (forms of a *modus vivendi*), i.e. ways of operating and making society, which may trace the original practices of a civil society that is not subordinate to the compromise between State and market.

It is possible to apply to the paradigmatic civil society a notion of 'reconversion' by analogy with what happened to market reconversion, when we shifted from an economy based on large industrial concerns to the information and knowledge economy. It can be defined as a reconversion of *civil* society if we think of it as a 'bottom up' promotion of networks of social relations which do not respond to imperatives of functional service and to monetary equivalence criteria, but meet the need to create relational goods.

The reconfiguration of civil society according to the scenario I have outlined (Figures 2, 3 & 4) will redefine the ways of being of State and Market as well.

Certainly, present societal configurations are characterised by great disparities between countries. The gap between the two sides of the Atlantic is well-known. In the US the market is typically *lib* and is celebrated as such. In Europe (in the EU), conversely, the market proclaims itself as 'social' and is celebrated as such. In actual fact, though, in both cases the societal model pursued is the *lib-lab* one, as proved by the continuing State and Federal

intervention in the USA (in particular under the Obama administration, even though Ronald Reagan and Bill Clinton had already widely implemented Keynesian policies) and by the increasing practice of resorting to market privatisations (disguised as applications of the subsidiarity principle) in Europe.

My view is that not only Europe and North America, but every Continent needs the new development model I have tried to outline.

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