

Mediterranean Civil Economy and the European System

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Received: 21-02-2018. **Accepted:** 01-04-2018. **Published:** 30-06-2018

doi: 10.23756/sp.v6i1.403

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Abstract

This paper argues that: a) the indiscriminate application of the German model to all European countries (mainly to Mediterranean Catholic countries) has fostered economic growth in the EU at different speeds; b) Italy, the cradle of Catholic capitalism, is currently attempting to react against austerity measures - imposed by the economic constrictions of the German model – by focusing on the third sector and non-profit companies. **Keywords:** Rule-Following, Universal Hermeneutics, Schematization, Understanding (*Verstehen*), Interpretation (*Auslegung*), Schleiermacher.

Keywords: Civil economy, Social Market Economy, Catholic capitalism.

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1. Introduction

As is known, the economic crisis of 2008 caused several American financial giants to collapse, modifying the macroeconomic structure of the global capitalist economy, affecting Europe and Italy, too. This has led economic systems towards a structural crisis which is still being felt in terms of growing unemployment and wage disparity. The adoption of the Treaty of Lisbon (2009) brought the competitive social market economy model to Europe, based on restrictive monetary policy. In this way, a European economy which has been adopted, based on anti-Keynesian restrictive economic policies (both fiscal and monetary), has steered Europe towards austerity and a resulting recession.

In an attempt to exit the recession, Italy has chosen to turn to its Franciscan-Catholic vocation for solidarity, incentivising the non-profit sector (and green social farming in particular) and a new corporate culture whose mission is inclusive growth.

In this study, we will see that in order to better comprehend the distance separating Italian/Mediterranean and Euro/German economic thought, it will be necessary to look back to the two souls of European capitalism.

2. The Dual Souls of European Capitalism

It is possible, in today's Europe, to discern two logics of Capitalism: the Lutheran, which is rational and pursues the efficiency of economic aims which sees the State as the only institution able to guarantee the existence of a free market¹; and the Franciscan-Catholic, which prioritizes social interests and aims for economic efficacy, seeing civil society as an organisation which acts between market and State for the common good.

In this sense, Latouche's essay, Minerva's challenge (2000, 62), separates the 'reasonable' from the 'rational'. The reasonable is seen as the wisdom of economic behaviour based on the efficacy of the desired result, that is to say on its economic and social impact (ie: the number of individuals who benefit from results). The rational, instead, represents the a-valorial economic logic of the efficiency of economic results (with no reference to ethical values).

¹ We refer to what is known as the theory of Luther: original sin marked man with a sin which no penance could remove; for this reason, man lives in a highly anguished state, until the day he dies, as he is not able to know if God will decide to save him, despite being a sinner. One consequence of this theory is allowing Man to behave as he thinks best, relying solely on his conscience. Luther has had to recognise the State must wield significant power in order to stop the freedoms of individual conscience from rendering any form of coexistence possible. In Protestant countries, therefore, the individual is either anarchically opposed to the State or sees it as a demiurge. Civil society, which could reduce the distance between State and individual, does not really exist (Zanotto 2005, p. 146). See: *Teoremi di politica cristiana*, Mendrisio, Tipografia Ticinese, 1839; Max Weber (1965 (2002)).

In Economics, theoretical constraints ensure that rationality is detached from other overlapping spheres like politics, the social and human relations. Reasonableness is evident in those behaviours that combine a logic of rationality with priorities of other nature: social, political and humane.

The bond between reasonableness, efficacy and ethical values is characteristic of the Mediterranean (Franciscan) civil economy; while the rational, efficient and a-valorial are prevalent in the German social market economy (as applied to the economies in the European system).

The distance between Italian-Catholic capitalism and German-Lutheran capitalism is evident on two fronts. The first, deriving from the Lutheran reform (Reformation) which saw two cultures clash: the ancient Latin culture, refined by the Renaissance and the Catholic age; and the German, coarser and cruel (Fanfani 1961, 508). Under Bismarck, and Kulturkampf, there was hostility towards the Church. The Lutheran dynasty reached its highest form of expression with the May Laws (1873), which removed almost any form of power from the bishops (Valente 2004, 179); XIII Century German culture possessed these characteristics because it had not experienced religious dominion (Weber 1965 (2002), 88).

1.1. Saint Francis vs. Martin Luther

Lutheran capitalism derives from Martin Luther's vision of the human condition, in which man, guilty of original sin, can only find salvation by living a life of conscious repentance, at the end of which only God can grant eternal salvation.

This pessimistic view colours man's life with an inner struggle as he tries to do the best for himself (individualism and selfishness) in the hopes that he will be saved. Subsequently, all contacts with other men will be influenced by the fact that each man will focus solely on his own goals in order to obtain the best results. This view of the world exalts individualism, competition and efficiency, all values which are central to late Nineteenth-century Anglo-Saxon capitalism.

Nineteenth-century positivism (formulated by the French author Comte, while J. S. Mill e H. Spencer were its main exponents in Great Britain) – gave even more strength to the Lutheran spirit within a rational economic vision which had as its main priority the achievement of individualist aims and gave origin to the theory of neoclassical capitalism. This system, which came to Italy in the early Twentieth century, was influenced by a less individualistic Catholic viewpoint and was inspired by the Franciscan conviction that original sin can be expiated through a life of good deeds, altruism and poverty (possessing only what is necessary to live a dignified life, and sharing any excesses).

1.2. Catholic Civil Economy

Civil economy is a system of thought, defined in the studies of Stefano Zamagni² and Luigino Bruni (Bruni, Zamagni 2004), that conveys an idea of the market that is humane and centered on relational goods and reciprocity³. In the Franciscan model, reciprocity possesses a strong human value and is aimed at the recognition of the other as an integral part of the greatness of the universe.

Reciprocity goes beyond family ties, economic relations between people, or fraternal bonds: it is man's reciprocal recognition of his sense of belonging to Creation (Bazzichi 2016). In this sense, reciprocity was included in the economic thought of the school of civil economy and activities pertaining to the Third Sector, economic pillar (between State and Market) of the social system⁴.

In Italy, this vision has its roots in the XIII century Franciscan school⁵ and the humanism of the XV century which placed Man, in contemplation of Creation, at its centre, accepting of his status and putting himself at the service of humankind (Bazzichi 2016 and Niccoli 1967).

As is known, the central ideas of Franciscan thought are poverty, gratuity, searching for fulfillment through work and commitment towards others, charity towards the needy, and sharing ones riches. These attitudes can be summed up in altruism, reciprocity and social equity – values that are at the basis of contemporary civil economics.

Poverty implies the search for one's own well-being and the common good in objects and relationships that are not, naturally, subjected to economic evaluation (friendship, fraternity, solidarity, reciprocity). In this way, wealth is no longer exclusively material in nature, but also, and most importantly, imbued with spirituality by the things of the world (Creation) and its creatures

² Stefano Zamagni, full professor of political economy, University of Bologna, is one of the major theorists of civil economy. From 2007 to 2011, he was President of the Agency for the Third Sector (a Government agency of Public Law operating under the Presidency of the Council of Ministers).

³ Zamagni and Bruni (2009) claim that «relational goods are those human relations which cannot be 'produced' or 'consumed' by a lone individual, as they depend on the ways and reasons that motivate human interaction and consequently can only be enjoyed when they are shared in a reciprocal manner». Reciprocity is a fragile intersubjective relationship based on an act of generosity that, unlike economic exchanges, is unrecognised by law. In reciprocity, A pledges an act of generosity to B (a gift) expecting not payment but that B might do the same thing for A, or others. Morally speaking, reciprocity is more demanding than exchange as it requires loyalty, honesty, responsibility and care for others. It is not self-serving (exchange of a good and its value) but a gesture towards the common good and the division of common values.

⁴ For these reasons, civil economics is in opposition to the social market economy model.

⁵ See also: Barucci (1961), Baldini (2001), Bruni (2006), Bruni and Porta (2006), Bruni and Porta (2007), Zamagni e Bruni (2003), Gentilucci and Testa Bappenheim (2013).

(Todeschini 2004, 59-60). Monastic poverty as experienced in religious (Franciscan) communities or monasteries can be seen as an economic and institutional way of life in which personal renunciation coincides with the enhancement of public heritage (Bazzichi 2016).

In the thirteenth century, with the Franciscan Order, Francis's attitude towards the world started to move towards what is now known as Civil economy.

This school of thought is not limited to the Italy of St. Francis of Assisi and the Italian Renaissance but can also be found in Spain with the School of Salamanca⁶.

In Spain, a worldview inspired by the thought of St. Thomas Aquinas came into being between the XVI and early XVII centuries (Zanotto 2005, 38). The Spanish Scholastics, seen as the first real economists by Joseph Schumpeter, were theologians who attempted to harmonise faith, reason and social reality by inviting governments to follow a rigorous ethic. The crucial factor being the identification of a theory of value that considered the objective and subjective factors that contribute to making trade fair (Melè 1999 and Elegido 2009).

The School of Salamanca forms a bond between Italy and Spain, leading from the XIII century's Thomism to the Neo-Thomism of the XX century (Don Curzio Nitoglia 2015). Its protagonists influenced the writings of *Rerum Novarum*, published in 1891. From the XIII to the XIX century, in fact, a Mediterranean logic of economics, more civilised and geared towards the social⁷ (compared to the reasoning that developed in Germany with Martin Luther, and France with John Calvin (Knio 2013)), emerged in Italy and Spain, putting the individual, with his relational values, and the collective, with its ethical and moral principles, at the centre of the economy (Banyuls, Miguélez, Recio, Cano, Lorente 2009). Latouche also recognises a Mediterranean tendency to take into account the complexity of socio-economic relations, the diversity of production and ethical and social values.

However, the path of Civil economics, from St. Francis to the present day, is long and discontinuous. From the end of the eighteenth and early nineteenth

⁶ The School of Salamanca was a group of theologians and philosophers who taught at the University of Salamanca, following the input of the Thomist Francisco de Vitoria who was responsible for significant theories of economics and international law, in particular regarding financial issues and international contracts (Rivas 1999). The most comprehensive study on the School of Salamanca is attributed to Marjorie Grice Hutchinson, a pupil of F. A. Hayek. In it, she maintains that the economics of the free market originate in Spanish Catholic scholasticism. In his *History of Economic Analysis* (1954), J. A. Schumpeter affirms that Italian, Spanish and French Franciscan scholastics distinguished themselves by theorising the stimulating role of creative entrepreneurship in the free market (Zanotto 2005, p. 40).

⁷ See Zamagni: sites.google.com/site/uominieculture/people/stefano-zamagni/zamagni-su-avvenire-2009.

centuries onwards, the influence of Positivism mathematised economic thought in an attempt to make economics a pure science, removing the social sphere from the concerns of scholars. Civil economic thought in the nineteenth century remained in the background, though there have been authors who have kept its principles alive (Gentilucci 2015).

Thus, the years spent preparing *Rerum Novarum* were rich in ideas of a social bent and it was drafted during the challenging conditions brought by social issues and the accompanying discussion on capitalism and socialism (Manzalini 2008, 79).

Between 1884 and 1885, the Church held several meetings on the social programme of the Catholic doctrine. These meetings were frequented by the Jesuit Matteo Liberatore, Count Edoardo Soderini, and the priest, Salvatore Talamo⁸. Inspired by the discussions held in this circle, two books were published: one by Matteo Liberatore, *Principi di economia politica* (1889) and the other by Antonio Burri, *Il lavoro: studio sociale* (1888).

The 1891 Encyclical paved the way for the 10-yearly publication of other social encyclicals until the most recent, *Praised Be* (2015) of Pope Francis, which is particularly sensitive to environmental issues. Pope Francis reminds us of the force with which St. Francis contemplated Creation, seen by him as proof of the bounty of the Lord. As is known, the *Canticle of Creatures* praises the environment, as well as speaking of a love for all creatures. In Franciscan thought, this becomes an undying commitment towards our neighbours and the recognition of human value within the economic sphere.

The ethical principles and moral values found in the Social Encyclicals are set out in the *Compendium of Social Doctrine of the Church* (Pontifical Council for Justice and Peace, 2004) and still stand as the foundations of the tradition of civil economics heralded by the Franciscan school. For our purposes, it is interesting to note that this train of thought was also influenced by the founder of *Opus Dei*: the Spaniard, Josemaria Escrivá de Balaguer (Zanotto 2005, 8).

This combined Italian-Spanish Mediterranean train of thought continued from the late XX century and came to light in the school of civil economics, which offers a new way of seeing economics as shown in the work of Zamagni. A humanised science based on solidarity, reciprocity, gratuity which seems to indicate a path of sustainable growth and proposes solutions for escaping the current economic crisis.

⁸ Matteo Liberatore founded the magazine *La Civiltà Cattolica* in Naples, 1850. Salvatore Talamo and Giuseppe Toniolo founded the magazine, *Rivista internazionale di Scienze Sociali* in 1893.

1.3. German Capitalism

If Franciscan thought influenced the view of society in Mediterranean culture, Lutheranism, as already said, shaped the social market economy school of thinking which today is the basis of European economic systems as foreseen by the Treaty of Lisbon⁹.

This interpretation is suggested by the words of ordoliberalist Röpke, according to whom German statism derived from lutheranism, which was mistrustful of social liberty, and held that rules and institutions made certain that the market acted in a neutral manner, in full respect of the natural law of competition (Felice 2008, p. 13).

Social market theory has its origins in ordoliberalism (Freiburg School) (Forte 2015, p. 15), a liberal school of thought developed in the 1930s as an answer to the profound economic and political crisis Germany was undergoing.

The Freiburg School was influenced by Von Mises' work *Nation, State and Economy* (1919), which advocated the need that free competition be regulated within an institutional framework¹⁰.

Forte and Felice (2010, 20) claim that the market should act by following natural laws of «price as indicator of scarcity», regulated by constitutional laws, that is to say: «interventions that do not suppress price mechanisms or the market's capacity to govern itself, but are included as new data».

Political economics cannot, therefore, go beyond the provisions of Law, which involves an «anti-keynesian policy» of controlling aggregate demand (and public spending in particular).

To our ends, it is worth mentioning Wilhelm Röpke, who concluded the debate on social market economy in his 1958 work, *Beyond supply and demand. Towards a human economy*¹¹.

In Röpke's view, the market should base its actions on a system of values; the State is allowed to intervene, but its actions must always conform to the

⁹ In Italy, economists such as Gotti Tedeschi (2008), Mario Monti (2008), Franco Bassani (2008) and G. Bazoli (2008), aware that the economic era founded on the State's role in supporting aggregate demand had come to an end, asked that the rules of the free market be respected, referring to the Treaty of Lisbon (signed 13 December 2007, it came into force on 1 January 2009) in which, under art. 2 comma 3 it reads: "The Union shall establish an internal market. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance."

¹⁰ For a history of Social Market Economy see the numerous contributions of Francesco Forte and Flavio Felice.

¹¹ In Röpke's previous writings – *The Social Crisis of Our Time* (1942) and *International Order* (1945) – Social Market Economy is understood as a «third way between liberalism and socialism».

principles of a free market. In this view of the economic system, free competition is seen as the best possible condition, excluding value judgement on the equity of results obtained and championing the above-mentioned values of «rationality-efficiency-avaloriality».

Röpke's ideas came to Italy as well, thanks to Luigi Sturzo and Luigi Einaudi (Forte 2016). For Felice and Angelini (2014, 45-47), the Röpke-Einaudi model accounted for the principle of subsidiarity, though only when compatible with a competitive market intervention (Forte and Felice 2010, 68). Luigi Sturzo's model can be summarised as follows: political and economic freedom is unique and individual in nature; the main role of the State is to watch over and guarantee collective and private rights, maintain public order, national defence, protect credit and monetary systems; and subsidiarity as a fundamental requisite of democratic progress.

There was so little interest for the principles of market economy while the Italian Constitutional Assembly was in session that Luigi Einaudi was not able to steer their views towards the German model, even though he saw it as the «third way» (Forte-Felice-Forte 2012), an alternative to Socialism and the free market, regardless of his 1946 election as Deputy in the very same Assembly, the fact that he was an economist and a politician of undeniable merit, too.

1.4. Exporting State-Building?

As anticipated in the introduction, the Lisbon Treaty, in applying the German economic model unconditionally to all European countries, actually created paradoxical situations: Italy, a country historically economically close to social issues, solidarity and sharing, has had to apply a form of management that is rational and a-valorial which contradicts social needs and historical necessities (for example, the immigrant crisis and solidarity towards the socially disadvantaged).

The basic idea is that applying economic criteria as set out in the German model to the entire European area would guarantee a stable future for the eurozone (by controlling inflation, the containment of economic crises and increased competitiveness in world markets).

In truth, however, economic systems answer to their own culture and histories. Referring to a well-known discussion on state-building, it is not possible to export and apply economic systems to societies which are not culturally able to receive them.

More recently still, Amintore Fanfani (1961) observes that the XV century is significant for the creation of an Italian capitalistic spirit that, unlike the German, sees business as being at the service of society.

Therefore, in the writer's opinion, the application of the German (Lutheran) model to European countries (and countries in the

Catholic/Mediterranean tradition in particular) has contributed to the growth of a two-speed system in Europe.

Restrictions imposed by this system have meant cuts to public spending, in primis the welfare state, and local institutions, made necessary by enforcing economic policies of austerity. These cuts hold back economic growth; in Italy, the percentage of people living in poverty has increased in recent years¹².

3. The Welfare State and Sustainable Growth

We have, thus, affirmed that the Mediterranean cultural and social tradition is different to the German and because of this, applying this model to all European countries has caused a two-speed growth (Greece's default in 2015; Brexit in 2016).

We have also said that in an attempt to keep up with the financial restrictions imposed by Germany, Italy has acted by making cuts and rationalising public spending (spending review), though these actions have resulted in an evident increase in unemployment, above all for young people, and a structural change in economic and social equilibriums. Regions and municipalities have had to deal with expenditure cuts and controlling aggregate demand. The application of the Lutheran model to Mediterranean countries has created the inconveniences and difficulties currently debated (Panebianco 2012).

We have also stated that the largest difference between these two models is faith in the market's ability to achieve the best economic results. In aiming for efficiency, market economy views free competition (via free negotiation) as the best possible method to achieve the best results as well as the highest levels of global competitiveness. Monetary policy must therefore be restrictive and free markets must be checked (even if results are uneven, and show themselves in lower wages, the impoverishment of some classes or price levels that curb consumption).

On the other hand, the Mediterranean civil economy, aiming for efficacy and results with a positive social impact, has less faith in the ability of markets to obtain the best results and allows for state intervention in order to support (sustainable) consumption, investment and the fair distribution of wealth (Keynesian policies) (Conti 2015).

¹² In 2015, 1 million 582 thousand households were living in absolute poverty (6,1% compared with 5,7% in 2014) for a total number of 4 million 598 poor: the highest number recorded since 2005. Essentially there are as many poor people as there are inhabitants in the Veneto region. (Ottaviani 2016) and (Cottone 2016).

In Italy, a certain degree of care for one's neighbour as well as the disadvantaged, has traditionally been passed down through the generations, in so far as to include the welfare state in the Constitution of the Republic¹³.

In fact, Italy is actually looking towards the world of profit, through a combination of organisational efficiency and social efficacy. Thanks to the rationalisation and revision of public spending imposed by Europe, Italy currently has less resources to apply Keynesian policies supporting development, but thanks to the contribution of the third sector is contemplating a «welfare society».

And finally, the politics of today tend to highlight the fact that austerity does not create social and economic stability and it is, consequently, necessary to return to the type of public spending which is able to boost the economy (while avoiding waste). History is showing us that Project Europe, as envisaged by the Lisbon Treaty, is encountering many difficulties.

3.1. The Third Sector

Due to cuts on public spending imposed by Europe, Italy, faithful to her spirit of solidarity, is reacting to the economic crisis by applying a “welfare society” approach which is based on strengthening the third sector and social enterprises (which include the green economy and civic agriculture).

The role of social enterprise in Italy has become so important that it has been granted legal recognition (Enabling Act of August 2016). In Italy, the third sector comprises over 300 thousand non-profit organisations generating a yearly income of about 63 billion euro involving 6,63 million volunteers of whom 3 million participate without being part of an organization.

This type of business can be found in Germany, too, but its conditions and prospects are quite different. First of all, there is no law granting an autonomous role to social enterprises and the third sector, differentiating them from ‘for-profit’ operations. Furthermore, as indicated by Boccaccini (1993, 279), there is a substantial difference between the Italian third sector, strongly characterised by “solidarity”, and the German which maintains an aid-based approach. This distinction has its roots in the cultural heritage common to catholic countries, compared to those in which protestantism is prevalent. The reference to solidarity puts a spotlight on altruistic and reciprocal leanings of an intersubjective nature that are not present in a welfare approach.

In Germany (Defourny-Nyssens 2008, 23) (Gros 2014), in a legal sense, social enterprises are included under the general umbrella of insurance companies, limited liability companies, cooperatives and foundations which have economic, political and legal restrictions which in turn limit economic

¹³ The welfare state is recognised by the Italian Constitution under articles: 3, 4, 9, 29-38, 41-47.

activity in social enterprises. Many of these are not even able to access funding for the private sector¹⁴.

3.2. The Transdisciplinarity

A decisive factor for sustainable growth is transdisciplinarity.

In order to adopt growth strategies for the XXI century, we must we have to get out of the ivory tower (or restricted environments) of individual disciplines and open up to broader discourses that embrace culture, innovation, society, law and man. Even in this, Saint Francis has taught us to be open to others and to their truths, thus avoiding a situation in which we isolate ourselves in the belief of being above others. Each discipline contains a truth to be seized, and these multiple truths allow us to find the best way in which to solve specific issues and reach specific goals. This view of science, influenced by the ancient Latin culture, is very Mediterranean.

Italy is showing herself to be capable of adopting sustainable growth strategies, allowing her to combat high industrial unemployment.

The pillars on which this strategy is based are: sustainable growth; inclusive growth to favour social and territorial cohesion¹⁵.

3.2.1. Sustainable Growth

In the context of Mediterranean civic economy, founded on the principle of reciprocity, the enhancement of social needs and the recognition of the third sector as an autonomous economic sector, it is possible to include social enterprise.

Italian social enterprise has seen a noticeable return to local knowledge and skills (as demonstrated by the Italian industrial districts) that enhance the territory and its specificity. It is characterized by networks of small and micro local systems that work together in a multi-relational dimension, attracting numerous local realities (urban planning and landscape, economic, environmental, historical, social, recreational).

The mission of social enterprise is, as a matter of fact, to enable sustainable development (respecting the environment and producing goods and services with a social vocation) that takes into account the overall complexity and, therefore, interdisciplinary nature of the actions involved (social, environmental and economic). The multifunctional character derives from the creation of external effects in an environmental, landscaping, goods security, educational, social and health care, recreational, eco-friendly setting.

¹⁴ Report of the Italian Chamber of Commerce for Germany, October 25 2012; <http://itkam.org/2012/10/cosa-significa-fare-impresa-sociale-germania-normativa-numeri-esfide/>

¹⁵ http://www.aiccon.it/file/convdoc/quaderno15x21_economiasociale_web__1_.pdf

Caporali (2010) observes that, when giving pointers for social enterprise, scholars should consider a multidisciplinary, multisectoral approach. The author is of the opinion that it is common practice for international institutions to measure the sustainability of social enterprise through socio-economic performance indicators. In this sense, studies on social enterprise might lead the way in introducing an approach that is open to diverse circles which have erroneously been considered separate.

In fact, social enterprise functions as a territorial, participative, relational model which puts local organisations in a logic of service, proposing a model of welfare society which appreciates identities, protection and freedoms of all citizens.

The term social enterprise was used for the first time by Lyson (1999) at the annual meeting of the Rural Sociology Society, underlining the connection between economic growth, food needs and the civic duty to respect the environment.

Social enterprise responds, therefore, to the characteristics of alternative development proposed by civil economy. It arises from the need to find alternative sources of income compared to those of the old Anglo-Saxon capitalist production processes, from the need to heal the social divisions that have arisen in the capitalist system and from the need to fill the vacuum in the local welfare sector, originated by the spending review imposed by Europe.

3.2.2. Inclusive Growth: a Shared Value

A shared value is conceived as the set of policies and practices that enhance the competitiveness of a company, improving economic and social conditions in the communities in which it operates. Shared values include social objectives, which aim to optimize welfare society, and the multi-functional effects of the productive sectors of goods and services.

The same assessment of the productive and organizational performance of non-profit companies depends on the level of fulfilment of shared values (that is, the social impact of the activity undertaken) because non-profit businesses are conceived as an instrument for creating social value.

The ability of a social enterprise to meet the requirements specified in the shared values of the community of reference is evaluated according to Corporate Social Responsibility (CSR). One method for evaluating CSR proposed by Europe is stakeholder satisfaction, which is used mostly in evaluating the multifunctional impact of social enterprises (Piore, Müller 2009).

CSR is inspired by an economic theory elaborated in 1984 by Robert Freeman (mathematician and philosopher) according to which the purpose of a capitalist company, albeit listed on the stock exchange, must be to make profits and share social and ethical interests with all stakeholders.

Interestingly, these concepts appear in a publication issued in 1968 by the Italian economist Pallavicini, the creator of the "parameter breakdown method", which calculates the performance of a business in a manner which is not strictly economical and includes ethical, moral, social, cultural and environmental aspects.

The contribution of Pallavicini and Freeman is in sharp contrast with the still-dominant theory of profit enterprise (capitalist and neo-classical) drawn up in 1970 by the Nobel prize for economics Milton Friedman (father of the restrictive monetarist theory adopted by the European market) which identifies the ultimate aim of company policy as being exclusively in the financial interests of shareholders. It is a rational view of the economy that considers the social dimension of a firm as an obstacle, rather than an incentive for improvement.

4. Conclusions

The chain reaction regarding austerity measures imposed by the European Union and the consequent recession has led to a structural change affecting the countries which are part of it. Italy, with its Mediterranean culture, is demonstrating an ability to react, and is managing to avoid adopting a system that does not belong to it in a passive manner, by employing its own cultural tools based on the values of solidarity and social cohesion.

Italy is proposing a new economic and social paradigm to Europe, based on sustainable growth which translates into respect for the environment and territorial enhancement. In Italy, the non-profit sector is becoming a new culture of enterprise and a new way of doing business which is also recognised by the legal system, a situation which puts the country at an advantage compared to other European member states.

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