COMMENTARY - RECOVERING THE PURPOSE AND PRODUCTIVE CAPACITY OF CAPITAL TO OVERCOME THE CRISIS.
FIVE AND A HUNDRED

By Luigino Bruni
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Crises, especially deep rooted and severe ones, cause a loss of productive capacity in the economy and civil society, inhibiting the ability to create true economic, civil, political, cultural and scientific value; society unable to distinguish what is truly valuable. At the heart of the evolution of economies and civilizations is the following rule: when the productive power of society reaches its peak, its ability to continue to create ceases. An economy's continued successes eventually extinguish societies' hopes and dynamism, which are both necessary for economic growth.

History and today's emerging economies confirm this rule. China - where I am now -, the Philippines and Brazil are booming thanks to their civic engagement and their desire and drive, socially and individually, to develop. In fact, in these countries you can feel that the people, particularly children and the poor, live lives full of joy.

Moral and spiritual resources are not inherently renewable and society consumes them; sooner or later they run out. It's a ruthless yet indispensable process that forces some people and countries to get off while allowing others to get on the merry-go-round of wealth and prosperity. When the economy is expanding, civil and economic forces guarantee that capital (stock) serves to create income (flow): farms, houses, real-estates, savings and shares are used to ramp up the income from labor (salaries) and business (profit). Capital is important in this phase as long as it creates more income and is reinvested in development and for the common good.

Hope is the virtue which guides this period of growth. It allows us to consider capital (real and financial) an instrument, the fruitful talents that one should put to work, that makes stocks the means to produce flows. Our hope in the future product of the investment, which is worth “five”, makes it more valuable than the existing capital, which is worth “a hundred”. In fact, the flow, income, represents the productive capacity of an individual or their company. Good wheat will not usually accumulate in the granary. Similarly, there is an essential difference between farmers and mercenaries, investments and mere accumulation, entrepreneurs, who promote growth, and speculators, who spawn decline.

People are happy and fruitful when wealth produces income, while miserable and barren when it is accumulated for its own sake. In Latin cultures representations of working tools, children and fertile crops (Campania felix) have symbolized happiness (felicitas). In both past and present, children have been symbols of happiness and fertility for families and peoples. The art of great cultures has usually chosen greedy characters, not poor ones, as the main icons of unhappiness. Miserers are rich yet miserable since they cannot partake in the joy of creation while protecting their possessions; they are like capital sent (deported) to fiscal paradises (tax havens).

Businesses, economic systems and civilizations decline when the goal of production and capital becomes merely a means to increase capital. When this happens, fear replaces hope, wheat fills up barns instead of sustaining workers, and workers are ignored by the system. In economic terms, crises start when income (flows) serves only to create capital (stocks), while profit and salaries are saved rather than reinvested. Thus, entrepreneurs, who successfully started the growth of these economic and civil cycles, become speculators. They gather together in social classes and work primarily to maintain their previously acquired wealth and privileges. During the phase of happiness, trust and cooperation prevail, inspiring people to work together in new ventures. When the decline begins, suspicion spreads,
colleagues become rivals and everyone focuses on protecting their own slice of revenue from others, potential thieves. Deteriorating social relationships increase distrust as the others (not us) are considered dishonest tax evaders; their wealth is a risk to ours. However, when economy is doing well “the market teaches us to treat the wealth and richness of others with respect” (John Stuart Mill, 1848). The creation of new pies are important, not the slice size of the old ones. In Italy the situation is even worse. A Sicilian entrepreneur once said to me: “We are able to fight over pies that we'll never make”.

Our crisis reveals that we are destroying the civil and religious capital that fostered the miraculous economic and social development of the past decades. A new economic, civil and moral miracle is necessary. After the Second World War, our parents and grandparents made bricks from the ruins and rebuilt their houses; this reaction to the inhuman bloodshed of war, became the cornerstone of Europe's new community. Today we too are called on to build a better world and must gather the necessary resources from the ruins to build new houses and a new economy. Although our debris aren't made of cement and dust, this crisis ravages houses, factories, churches; it claims new victims while creating heroes and resistance movements. In other words, to find the necessary resources to make bricks out of the rubble, we must dig deep; the best stones aren't on the surface. We must dig down to those buried stones, which are ignored - like our communitarian nature -, that are usually regarded as stumbling blocks and thrown away. It is essential that we save these stones and make them the cornerstones of our new homes, economy and labor market.

Translated by Cristian Sebok