



PONTIFICIUM CONSILIUM
DE IUSTITIA ET PACE

THE GLOBAL COMMON GOOD: TOWARDS A MORE INCLUSIVE ECONOMY

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THE MAIN OBJECTIVES OF THE SEMINAR AND OF THE WORKING PAPER

1. Introduction and context

Every historical moment experienced by humanity is in itself unique and valuable. Precisely for this reason, the principles, criteria and practical guidelines of the Social Doctrine of the Church (we can mention here as examples: the common good, the primacy of the person, the value and dignity of work, the preferential option for the least fortunate) must be applied in ever new forms, always taking into account the continuous changes taking place. With the exception of Benedict XVI's *Caritas in Veritate* and, in part, John Paul II's *Centesimus Annus*, previous encyclicals, for obvious reasons, had not yet had the opportunity to deliberate on the new challenges and opportunities that globalisation and the internet pose to the fulfilment of these principles, criteria and guidelines. At this precise moment in history it is the task of our generation to rise to the challenge.

The main objective of this seminar is to reflect with leading experts from the world of institutions, enterprises and academia, on the many aspects of development today, particularly from the perspective of anthropology and ethics. This requires that we place it in the particular historical context of today. The discussion paper and the research paper, provided to all participants, are intended to illustrate this by proposing a representation of the facts as a starting point and stimulus for discussion over the course of these two days.

We begin, then, with a brief description of the context and events. Today we live in an era that in some ways is remarkable. It reaps the fruits of technological progress that is consistent, rapid and following an almost exponential curve. It certainly is not

linear. This progress is indisputable and in some respects irreversible. Once a scientific discovery in any field has become widespread and has produced its results, humanity cannot forget or give up the wealth of knowledge and tools related to it. The spread of the internet has enormously accelerated the speed of circulation of knowledge, giving us to understand that progress like this will continue to expand at this rate. Sages in ancient times had to travel for days in order to be able to transmit what they had discovered to other places. Today every member of the scientific community can instantly put the results of their work on the web and submit them to the judgment of their peers, thus contributing to research activity. Likewise, they can even initiate a discussion about their preliminary results with the global scientific community through social networking sites and discussion lists before they have them published. This extraordinary evolution allows us all to stand on the shoulders of a giant that continues to grow. Humanity has now solved the problem of aggregate production of goods and services. A spectacular example of this non-linearity of progress is the fact that 23% of this production, from the birth of Christ to the present, has happened since the start of this new millennium. The financial resources of the world are also considerable and sometimes overabundant, causing bubbles and crises. The key problem of today, therefore, is that of distribution.

Globalisation has set in motion a process of convergence between the average income of the poorest countries and the richest countries, but at the same time, it has increased the inequalities between different parts of the world population. The two phenomena are children of the same revolution. The market is becoming globalised while increasing the gaps in schooling levels, and by bringing about intense competition between low cost workers in low-income countries with workers with high wages in high-income countries. The convergence process that is in place is progressively improving income in emerging countries but it is causing difficulties for the rights acquired by workers in high-income countries. In the meantime, the mass media give more intense visibility to the contrast between the different levels of well-being, and this encourages the disinherited masses to abandon their land and to seek their fortune in rich countries.

We are therefore going through a long transition that is promising, although problematic and complex, which will hopefully lead from the old world, segmented within national borders, to a new world populated by a single human family. If current trends continue unchallenged, it is estimated that such a transition is likely to last 70-100 years. To date, one billion two hundred million people still live below the absolute poverty line and more than two billion 700 million people exist on less than

two dollars a day. These people are unlikely to see this change come about in the course of their lifetimes.

Furthermore, it is known that the economic problem that economists have traditionally dealt with is only one of the dimensions of the problem. We have to ensure that the creation of economic value is environmentally sustainable (the environmental dimension), that it does not produce dramatic financial crises (the financial dimension) and that there is no disparity between GDP and well-being (the life satisfaction dimension) that will produce growing dissatisfaction and the loss of a sense of life, thus turning the rich countries into countries that are “satiated and desperate”.

In a nutshell, the challenge ahead that is summed up between the lines of the discussion paper and the contributions contained in the research paper for which we thank professors Becchetti, Bruni, Habisch and Zamagni, is that we can do more, much more to accelerate the transition towards the transformation of humanity into a single family, where the four critical dimensions above are jointly transcended by: the defeat of poverty (‘make poverty history’ was chanted by an international campaign some time ago); the solution to the problem of environmental sustainability, by separating economic value creation from the destruction of natural resources; full reconciliation between the creation of economic value and social responsibility and the creation of regulations that are needed in order to avoid the risk of new relapses being caused by crippling financial crises.

2. The main contents of the preparatory papers

Pope Francis’ apostolic exhortation *Evangelii Gaudium* contains some key messages for our reflection, especially in those sections devoted to the current economy, to ideological views of finance, to the idolisation of money, and to the consumer culture of indifference. Obviously, our reflections must be subjected to critical examination and be compared to the doctrines of today, with a view to their in-depth study, both cultural and conceptual.

The first message conveyed by the exhortation is that no positive determinism or automatic mechanisms can transform the sum of individual self-interest into good for everyone. It is very dangerous to think that “invisible hands” can replace both the hard work and the effort of all in promoting the civic virtues necessary for the market to function properly, and the system of regulations needed to put the strength of the economy at the service of each person. The recent global financial crisis has

resoundingly refuted this unrealistic illusion. The *laissez faire* approach causes the regulators to sleep. When the market is made absolute and is abandoned to its spontaneous mechanisms, it will never produce a regime of perfect competition. It tends instead to create oligopolies of actors that are too big to fail. The very signals that the market transmits through the price system are either misinterpreted or, in any case, they fail to give advance notice of the danger of an approaching crisis or about bubbles that are about to burst. Precisely for this reason, after the latest crisis, economists have begun to seriously think about the “law of motion” which is capital and the civic virtues, the basic lifeline of the system and without which the market economy cannot survive.

The second message given by *Evangelii Gaudium* is that the social doctrine of the church (= SDC), can make a valuable contribution in breaking narrow mindsets and anthropological and ethical reductionism that diminish the human person, enterprise and moral values and neutralise their potential. The SDC, centred in Jesus Christ, the Redeemer of all humanity, of the whole person, proposes a new humanism that is open to transcendence. A person is more than goods and more than “a life to be discarded”. Each person is a framework of relationships and not simply an acquirer of material goods. A business is not simply a corporation. It is, first of all, a “society of people” and an organisation that must aim to satisfy the well-being of various stakeholders who depend on its operation. The common good is not the same as GDP, although it includes, of course, the dimension of material well-being. The richness of the Church's social doctrine can ultimately provide important inspiration to help current socio-economic thinking understand that there are not only private, public or common goods, but that interpersonal and community relationships are key to the success and fertility of economic and social life. It should be recognised that while the great innovators of today (think of the inventors of social networks) have well understood the importance of relational goods, socioeconomic thought is finding it very hard to grasp fully the extent and the consequences both for markets and for the sustainable and inclusive development of countries.

A third and decisive message offered by *Evangelii Gaudium*, in view of the socio-economic growth of the family of nations, is related to fraternity, a good and value that is often forgotten. Until now, in the social sciences and political doctrines, reflection has been developed on the axes of only two of the three key words of the French Revolution, those of freedom (liberalism) and equality (socialism, equality of opportunity, redistributive policies). The SDC emphasises, however, the need for a third dimension. It is fellowship or fraternity, so that the full potential of living together in society can be developed. Fraternity is not a virtue to be confined to

sacristies and churches. It is the lubricant that makes relationships fertile, and it is the asymmetry of the gift that is able to initiate processes of reciprocity and make human interactions alive and vibrant.

The papers prepared for this seminar also emphasise that a decisive role can and should be carried out by organised forms of civil society, according to a polyarchic logic and in the implementation of the principle of subsidiarity. *Caritas in Veritate* had already discussed the fact that, in the dialectic between the only two poles of the public and the private profit maximisers, the economic system is likely to erode its own foundations and dry up the “law of motion” of the civic virtues. These virtues are essential for its smooth operation, such as compliance with covenants, trust and moral integrity. Today's financial crisis, from which we have not yet fully emerged, is, from this point of view, a typical situation in which all of this has happened. In the interests of pluralism and balance of powers, it is therefore necessary to stimulate the energies that come from the base, from civil society in its organised forms. In recent decades there has been significant spontaneous growth of these organisations that have often played a subsidiary role in producing public goods and services. The hybridisation of forms of enterprise is an important key to our future. The conference recently organised by the Pontifical Council for Justice and Peace on impact investing, which brought to Rome major global impact investors, informed us of what is now the highest ambition of a new generation of entrepreneurs. They are not content to increase earnings as compensation for their contribution to the creation of economic value but consider that the greatest ambition is to do something that can have a positive impact on society. Only in this way will they receive the highest gratitude, esteem and recognition from their peers.

The reflections prepared in advance of this Seminar also ask what regulations and institutions might facilitate the full development of the energies of civil society that are able to combine economic value creation and the creation of values and social capital, all necessary for the proper functioning of the economic system. So, we ask how taxation, procurement rules, development of quality and of information intermediaries can help to increasingly turn globalisation into a path of growth, from the base upwards, from people's rights and from environmental sustainability, and not in a race to the bottom in each of these cases.

3. The objectives of the Seminar

On this basis it can be said that the aims of the seminar are condensed into one main goal that is, moreover, very ambitious. They are to develop a discernment process at the highest level, drawing on the wealth of experience and expertise of the

participants, to understand how each of us, with our role and responsibilities, may do more and achieve *magis*, with a view to the activation of the processes of change that accelerate humanity's journey towards being a large global family and the conditions necessary for the achievement of our common good. Such a large goal involves two other more specific objectives: a) to overcome, as soon as possible, the great evils which afflict humanity today, such as the still huge proportion of people living below the threshold of absolute poverty, the environmental unsustainability of our development, and the lack of meaning in life and work for so many people; b) to move quickly towards an inclusive society, one in which the proportion of people able to find a reasonable meaning to their lives and their work is as high as possible.

The group of participants in this seminar is composite and heterogeneous. Precisely for this reason the work that lies ahead is promising. In a well-known story, some blind people ask a wise man to explain to them what an elephant is. The wise man suggests that they go and touch it and report to the others what they have experienced and perceived. Each of the blind people follows the advice of the wise man. By sharing their stories they come to get an idea of what an elephant is. The diversity of our lives and life experiences, as well as our professions and roles, is a great wealth. It allows us to put together the pieces of the puzzle and get a better view of the complexity of the problems and challenges that the human family is facing today. The synergies and complementarities that can be made between institutions, academia, the world of culture and businesses are very considerable. These are treasures that are within our reach and that these two days of joint reflection can help us to discover.

One method that could be adopted with the result of our work is Saint Ignatius Loyola's *Presupponendum*, a method certainly dear to Pope Francis, considering his spiritual family of origin. The Ignatian *Presupponendum* is like an open and positive preliminary ruling with regard to attitudes, words and sincere enquiry. It fosters dialogue among those concerned. It consists precisely in "being more willing to support a person's statement than to condemn it". In essence, the *Presupponendum* is a state of mind of departure. It is benevolent and avoids *a priori* prejudices and barriers that prevent us from enriching our lives through the sharing of that 'part' of truth that our interlocutor has discovered, by virtue of his or her original and particular life experience.

A prospect of a fruitful outcome that can guide us in our path is given by the striking illustration that Pope Francis proposed in *Evangelii Gaudium*. It is the principle of "time is greater than space". He says: "One of the faults which we occasionally

observe in sociopolitical activity is that spaces and power are preferred to time and processes. Giving priority to space means madly attempting to keep everything together in the present, trying to possess all the spaces of power and of self-assertion; it is to crystallize processes and presume to hold them back. Giving priority to time means being concerned about initiating processes rather than possessing spaces. Time governs spaces, illumines them and makes them links in a constantly expanding chain, with no possibility of return. What we need, then, is to give priority to actions which generate new processes in society and engage other persons and groups who can develop them to the point where they bear fruit in significant historical events. Without anxiety, but with clear convictions and tenacity” (*Evangelii Gaudium* n. 223).

Pope Francis does not intend to discourage anyone who assumes responsibility for organisational or policy management in an attitude of service. He is suggesting, rather, that we judge the *magis* of any policy action on the basis of its ability to generate positive processes that accelerate the pace of history. In view of this objective, it is not enough to have the important gift of being able to detect the line of progress one step ahead of others. It is not sufficient to indicate a goal well. It is more necessary and important to help humanity to chart paths that lead to it, living in the places where we build the new. In the passage above from *Evangelii Gaudium*, it is also very instructive to read the reference to the spiritual balance that those who are about to undertake an activity should possess. We must avoid falling into the anxiety of those who think that they have to solve the world's problems alone and are frustrated because they do not have the resources. If we are to proceed with clarity and tenacity in our mission, a necessary precondition is clear discernment of the situation, to be clear about how much each one of us can do in our own specific, original and precious life as we coordinate our efforts with those of others and develop synergies in initiatives. It is, as they say these days, to be a multi-stakeholder. It is to help this process of essential discernment that we are gathered here today, and everyone is invited to make their contribution.

4. Conclusion

As globalisation today has failed to totally resolve the issues of inequality and poverty – it has managed to deal with some problems but it created others like reducing the middle class – we can be permitted to ask some questions. Does a market economy really reject an inclusive economy as proposed by Pope Francis? Is it, perhaps, synonymous with centralised economy and finance that are totally

planned? Would it be functional to an inclusive economy and democracy to have an economy and finance that are totally independent from policy and the common good? What concrete steps should be considered necessary in order to have international and supranational institutions that are commensurate with markets and global finance? Many scholars and politicians now believe that you need to accelerate the reform of the existing international institutions, as well as the creation of new democratic political entities, at least at the regional level, so that the global common good can rely on the contribution of, in addition to that of the United States of America, also that of the United States of Europe, Africa, Latin America and Asia. On these issues, the Pontifical Council for Justice and Peace, in our desire to practise the guidelines given in number 67 of *Caritas in Veritate*, have offered some proposals.¹

With a view to victory over inequalities and poverty, is it necessary to return to the separation between commercial banks and investment banks? Must we maintain the view that work is marginal with respect to the production of national and global wealth? Is the market enough to create a sustainable and inclusive economy for all, to cultivate a welfare society? Should this be totally privatised or mercantilised?

It seems that the solution cannot be found in the radicalisation of the public economy against a private economy, or in neo-statism against neo-liberalism. It is to be found in a healthy flowering of forms of organisation that are present in a modern economy with entrepreneurship that has a wide range of values, democratically oriented towards the common good, through the logic of participation and gift, in the context of social justice.

+ MARIO TOSO

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¹ PONTIFICIO CONSIGLIO DELLA GIUSTIZIA E DELLA PACE, *Per una riforma del sistema finanziario e monetario internazionale nella prospettiva di un'autorità pubblica a competenza universale*, Libreria Editrice Vaticana, Città del Vaticano 2011, 3.a ristampa.