



## Final Statement



### **CHANGING RELATIONS AMONG MARKET, STATE AND CIVIL SOCIETY**

#### **PASS-ODUCAL WORKSHOP**

Casina Pio IV, 21 October 2017

#### **A.        *The “res novae” of present times***

Across the world we are witnessing a centralisation of power, a concentration of wealth and a commodification of everyday life. We must also consider those “structures of sin”, whose purpose and means are immoral, which not only thrive on human trafficking, modern slavery, forced labor, prostitution and organ trafficking, but also influence institutions historically aimed at the common good, trying to corrupt them in different ways. Without a strong civil society that can defend personal freedom and interpersonal solidarity, the state and the market are complementary forces of domination and dispossession. The state treats people as administrative units rather than citizens, while the market views people as commodities rather than social beings who are embedded in relationships and institutions.

The nation-state rests on subordinating the intermediary institutions of civil society to both central control and the processes of globalisation. Weaker civic ties have left many people feeling abandoned and dispossessed. Government and the other parts of modern statehood are based on impersonal mechanisms that often have the effect of atomising persons and communities.

Therefore we need to pluralise politics and the state. Concretely, this means, first of all, strengthening popular participation in debate and decisions; secondly, enhancing accountability to citizens; thirdly, creating the spaces for greater democratic self-organisation.

Contemporary economics, far from defending open markets, maintains old and new monopolies and creates new cartels. In 2017 two-thirds of the 900 sectors of market economies exhibit a greater concentration of ownership and control than in 1997. This is distorting prices, consumer choice and the quality of products and services, from banking to food. Big tech companies are modern-day plutocracies with dominant market positions. They take over their online competitors and even traditional retail companies. By managing access to information and knowledge, these tech giants exercise control over public debate in ways that threaten not just open markets but also free speech. Plutocratic power undermines economic competition and democracy.

#### **B.        *The urgency to take action***

There is urgency to take action, because humanity is confronting unprecedented tensions and crises: human crisis, social and economic crises rooted in an overwhelming ecological crisis (*Laudato Si'*). On top of that, it is no longer possible to turn a blind eye to the scandal of human trafficking and climate change.

Despite some efforts, social, economic, cultural and political asymmetries between people, enterprises, groups, regions and nations have become acute in recent decades, and these are violations of human dignity.

Individualism and the increased role of money go hand in hand in corroding human relations. This opens the doors to Mammon, who makes use of all human weaknesses to become the «golden calf» (Pope Francis – 20 October 2017). They provide an illusion of security, when the only security comes from belonging to a sharing community – the real source of risk mutualisation.

Asymmetries grow because the social fabric is dissolving under the pressure of individualism. This process feeds the double hydra of the State and the market, which in turn weaken social bonds and promote ever-greater individualism.

Growing complexity mollifies the sense of values and responsibilities, which is perverted by the widespread idea that growth and technological progress will heal all wounds and put an end to all exclusions.

Solidarity is not a single act, it is a way of life, one that is open to others under any circumstance. Solidarity requires prior acknowledgment of the reality of interdependence and the subsequent co-responsibility. Solidarity requires the mutualisation of protection against the dangers and uncertainties of life, the sharing of joys and sorrows, and mutual help granted and received. Solidarity should not be equated only with redistributive policies; rather, it is the expression of love as charity.

### **C. *Practical proposals***

1. A primary problem of the current economic system is that it is imbalanced toward two goals (creation of profits for investment and innovation, and consumer surplus and wellbeing) while it clearly neglects and subordinates two other goals (dignity and quality of labour and environmental sustainability) that are at the core of the fulfilment of human life and the pursuit of common good in a society. One important way to redress such imbalances is to curb the expanding power of the complex mega enterprises that are jeopardizing the proper working of the market.

2. This leverage can be made more effective in pursuing the common good by:

- a) Developing information tools to help people vote with their wallet and learn how to consume responsibly.
- b) Rescheduling VAT taxation with a balanced budget, reducing consumption tax on sustainable value chains and increasing it on less sustainable value chains.
- c) Developing new rules for sustainable procurement, enabling governments to use their economic weight and thereby contribute to the expansion of socially responsible consumption practices.

3. To reduce plutocratic power and strengthen open markets, countries need to enhance competition not just by narrowly aiming at economic efficiency but also by guaranteeing a plurality of providers in order to secure a genuinely free choice for consumers (as recent EU actions suggest). The Church can help foster a new popular political consensus to enforce antitrust legislation and defend the market economy against the new plutocrats.

4. In recent times we have witnessed the manipulation of public opinion through the new social networks. Despite their various limitations, we need to acknowledge that a crucial part of the public opinion and consent is formed in these virtual arenas. It is a duty of men and women of goodwill to inhabit these new places in order to counteract phenomena that can weaken the sense of common good in civil society.

5. None of the previous three industrial revolutions has actually endangered the opportunity of full employment in spite of concerns and resistances that have arisen in all the related historical periods. The key issue in those cases, as it is now at the time of the fourth industrial revolution, is the capacity of taxing internationally the aggregate value created (higher and higher every year) in order to redistribute it. If this is the case, new sustainable economic activity may originate and be supported by the demand of vast numbers of individuals around the world. In order to achieve this goal, the fight against international tax dodging and tax evasion is crucial and has to be pursued without hesitation. The various forms of web taxes (such as the one implemented in India and the one proposed by the EU) are an important step in this direction.

6. In times of shrinking government budgets and increasing social needs, we urge the creation of domestic and, possibly, supranational safety nets targeted at all members of society. Subsidiarity and corporate welfare are in fact increasingly contributing to welfare provision, but they are far from being universal and need to be complemented by public safety nets. Safety nets cannot be limited to the provision of a monetary transfer to all those below a given poverty line. In order to contribute to greater dignity, they must be accompanied by serious attempts to reintegrate the excluded into society by creating decent work opportunities. Within these attempts, innovative win-win ways of tackling needs by providing greater dignity at lower cost must be taken into account (i.e. housing-first policies for the homeless, personalized health budgets for mental patients, work

reintegration while in jail). Most of these initiatives have been developed thanks to efforts and innovations from civil society organisations and should be encouraged by new governmental regulatory frameworks.

7. Civil society, grassroots participation processes to create local activities, and macro and micro indicators to capture what GDP cannot and should not capture need developing in each country. These indicators should be used together with GDP to guide and assess political and economic actions geared to the common good. In particular, specific actions should be immediately taken both at the grassroots level and at the institutional level to implement effective anti-trafficking solutions and to enforce policies aimed at solving the overwhelming environmental crisis – as Pope Francis keeps urging us to do.

8. For civil society to be able to confront the forces of state and market, civil society institutions and actors need more agency. One way of doing this is by training members to become leaders who in turn become the co-creators of powerful, broad-based and culturally, economically as well as religiously diverse organisations in their community and in their workplace. Such organisations should be autonomous and democratically self-governing.

By contrast with single-issue movements (such as many new social movements that emerged in the 1990s), community- and workplace-based organisations are multi-issue, action-oriented and run by a broad leadership team. The main task of leaders is to recruit, educate and develop new leaders by building relationships that can sustain and grow organisations around common concerns which enhance the quality of people's lives.

9. Business schools, faculties of economics and finance have a specific responsibility to move away from the implicit acceptance of the *homo economicus* anthropology in their teaching and research activities, as if it were the only necessary premise in economic and social science.

10. The Church has significant moral authority and commands popular trust. It can lead by example by organising and acting directly in the economic and even the political field, not through existing political parties but by engaging people where they live, work and worship. The broad appeal of Catholic Social Thought can help build a new common ground that can be shared for the most part by people of other faiths and by non-religious people who recognise the limitations of the dominant models. There are many non-religious people who fully recognise the intrinsic worth of humanity and the natural world. The Church is key to building new alliances that can transform the relations among state, market and civil society in the direction of the common good.

Bishop Chancellor Marcelo Sánchez Sorondo

Prof. Stefano Zamagni

Prof. Juan Carlos Scannone S.J.