



## Final Statement on the Occasion of the First Meeting

Program on The Fraternal Economy of Integral and Sustainable Development



Young people around the world clamor for their future. They decry the reckless destruction of the environment. They yearn for the education and skills they will need for meaningful work, a meaningful life, and to support their families. They are among the 100 million people forcibly displaced by wars and natural disasters, numbers that will likely soar in the future. Young people seek, in short, an economy fit for our time.

As Pope Francis has declared, “Today, a new economy inspired by Francis of Assisi can and must become an economy of friendship with the earth and an economy of peace. It is a question of transforming an economy that kills into an economy of life, in all its aspects.”

The Pontifical Academy of Social Sciences, together with partner institutions, including the UN Sustainable Development Solutions Network, the Enel Foundation, the Blue Chip Foundation, and others, have established a series of workshops to investigate the institutional and ethical underpinnings of a new fraternal economy for our time, one that promotes integral and sustainable development for all peoples of the world. Derived from Catholic social teaching, integral human development centers on the development of the whole person and all people. And sustainable development insists that economic prosperity must be twinned with economic rights and the protection of nature.

A core group of scholars, with invited specialists and young people engaged in building the Economy of Francesco, is examining the design of 21st century economic institutions and ethical principles to address the grave challenges that face us today, including: climate change and

energy transitions, extreme poverty, growing inequalities of wealth and income, geo-political and economic competition, dehumanization of life in a throw-away culture, distrust of political institutions and a crisis of democracy, the challenges of jobs, education, and the care economy, and the opportunities and threats posed by the digital economy.

Pope Francis's encyclicals *Laudato Si'* and *Fratelli Tutti* inspire the work of the core group and the series of workshops. *Laudato Si'* addresses the ecological challenges of our age, and the moral and practical urgency of protecting the planet. *Fratelli Tutti* focuses on the virtues – the ethical skills – we urgently need to find fraternity in our global diversity.

The papal encyclicals, and the social teachings of the Catholic Church, emphasize the integrality of economic life and the purpose (*telos*) of the economy for the common good. The concept of economy itself derives from *oikos*, the ancient Greek word for household. The economy is to serve the sustenance, wellbeing and dignity of households and family life, and by extension for the community and polity (political community). From *oikos* we also find the roots of *ecology*, meaning the interconnected of life on earth, and *ecumene*, meaning the global human family viewed as an integral whole.

The principles of sustainable development, globally agreed by all UN member states, underscore the responsibilities of all nations, peoples, and businesses to pursue three objectives: economic prosperity, social inclusion, and environmental sustainability. These objectives are brought to life in the 17 Sustainable Development Goals, the Paris Climate Agreement, and the new Global Biodiversity Framework.

The world economy today, and the supporting precepts that guide the global economy, do not achieve integral human and sustainable development. We meet at a time of crisis, and in the search for new ideas and approaches to the economy. The world economy reels from the continued disruptions of the Covid-19 pandemic, climate disasters, war in Ukraine and other parts of the world, great power politics, and financial and debt crises. The poor, women, and those with precarious jobs are hit hardest, as they lack the financial buffers to sustain themselves and their families in the face of massive disruptions to their lives and livelihoods.

Even more, we meet in the midst of a deepening crisis of global leadership and governance. For every global issue we need empathy, cooperation, dialogue, and diplomacy. Yet on every issue we face a breakdown of trust among nations and within nations—between political elites and the people. Despite the Covid-19 pandemic, investment in health care systems has not increased. Geopolitics is in flux. There are gulfs between North and South, East and West, and these are spilling over into open warfare, as in Ukraine, or in dire risks of conflict in the rising tensions between the US and China.

Powerful nations invest more in weaponry today even as they cut back on development finance.

They are turning their plowshares and pruning hooks into swords and spears. They are violating the first principles of interstate ethics. The Doomsday Clock has been moved to just 90 seconds to midnight. The respect for human life is a fundamental ethical requirement that must never be endangered by power struggles.

The transformation to integral and sustainable development will require a reform of economic institutions as well as economic ethics. Economic life, including human work, is shaped by a wide range of institutions—including laws, regulations, market forces, business organization and practices, financial institutions, public services, public investments, civic organizations, charitable foundations, international relations among states, international trade and investment, global treaties, popular movements, and multilateral bodies, most importantly the United Nations.

Many of these institutions have fallen behind the times and are no longer fit for purpose. They urgently need reform to support integral and sustainable development. Notably, we need reforms of international investment treaties; the management of global sovereign (state) debts; forms of business organization, especially corporations; multilateral development institutions, especially multilateral development banks; taxation; trade and investment rules to support environmental sustainability and an energy transition driven by renewable energies.

Yet institutions must be formed on the basis of underlying ethical principles. Different ethical traditions espouse different values and principles, including the excellence of character (Aristotle), the conformity with God's law (religious teachings), the consistency with universal rational principles (Kant), and the greatest happiness of the greatest number (Bentham). Yet in all cases, ethics are principles to promote wellbeing, and they apply to institutions as well as to individuals.

Individual ethics focuses on the formation of character. Aristotle followed the famed inscription of the Temple of Delphi in recommending "moderation in all things" (*meden agan*), thereby leading to virtuous character (prudence, bravery, temperance, justice). Aquinas added the theological virtues (faith, charity, hope). Cultivating these personal virtues, and the knowledge to apply them in practice—such as responsible consumerism, or "voting with the wallet"—is part of the challenge.

Institutional ethics focuses on the behavior of organizations and the people within them, ranging from businesses to governments and civil society. Organizational ethics are necessarily different from individual ethics, since individuals operating within organizations are bound by both law and internal rules to promote the organization's aims. We therefore need an ethics to guide the behavior of the organization as a whole, apart from and in addition to the ethics of the individuals within the organization. Institutional ethics must consider issues of inclusivity, respectfulness, participatory work, and subsidiarity to enable members to contribute to the economy. Institutions must ensure that workers have the necessary skills and support systems to ensure that the transition to the green and digital economy is socially fair and economically just, ensuring decent work for all, including women. We need a framework to guide ethical competitive collaboration.

Corporate ethics may be the most evident area of current debate over organizational ethics. The world today finds itself in a practical and intellectual battle between two forms of corporate ethics: shareholder versus stakeholder capitalism. Shareholder capitalism, practiced in the US, aims to promote the wealth of shareholders. Stakeholder capitalism, practiced mainly in Europe, aims to harmonize the interests of multiple stakeholders (workers, consumers, suppliers, communities, civil society, and the environment). The aspiration to meaningful work constitutes an opportunity to harmonize personal and corporate purposes in the light of the Sustainable Development Goals. Institutional ethics also urgently needs new thinking in other areas, most urgently political ethics (relations of state and society) and geopolitical ethics (the interrelations of governments).

In forthcoming workshops, the initiative will focus attention on the urgent issues of reform of economic institutions and ethics. Our aim is an integral and sustainable development that meets the needs and purpose of today's young people and future generations. The next workshops will consider core challenges introduced in this first workshop, including: reform of international trade and financial institutions; corporate governance, ethics, and reinvention; debt and international finance; the situation in Europe; technology and innovation; the ecological transition; intergenerational ethics; combating extreme income and wealth inequality; transhuman and neo-humanist projects; decent work; and intergenerational dialogue and justice. We will conduct our work with the 2025 Jubilee in mind.