



Comments¹

on the

Socio-economic aspects of the exhortation

“Evangelii Gaudium”

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¹ This document is not an official publication of UNIAPAC, but a working document written for a working meeting with Cardinal Peter Turkson (President of the Pontifical Council for Justice and Peace) and Cardinal Oscar Rodriguez Maradiaga (President of Caritas Internationalis and co-ordinator of the “G8” reform commission of cardinals advising the Pope) on request of the latter.

1.) Summary

For UNIAPAC “Evangelii Gaudium” is an extremely important document. We take it as a call to look at the missionary dynamism of the church and to look at the needs – both material and spiritual – of the poor. We take it as a call to re-**act** to it with spiritual renewal and personal engagement of our members and with the firm commitment to contribute to the transformation of the socio-economic and political world towards the common good. We understand that that evangelization is about both, announcing the gospel and spreading the word of God and at the same time addressing the social realities of the world with special regard to the poor.

Christian business leaders want to ‘produce goods that are really good and services which truly serve’. They are also called to try and find innovative ways and means to create goods and services specially designed to be accessible to the poor. In doing so they are alert of the dangers of consumerism, that is the materialist(ic) reduction of the human person. We rather want to promote the integral development of the human person.

The poor have not only to be seen as consumers of material goods, but as human beings with social, cultural and religious needs. Hence, we share the rejection of a simple welfare mentality, which degrades them to mere objects. They rather have to be seen as producers, too. Only if they can actively take part in the creation of wealth – either in gainful employment or as (small scale) entrepreneurs – they will be subjects of an inclusive economy. The fair and just distribution of wealth starts with the inclusion of the poor into the process of production and giving them access to the formal economy.

Employment, that is what an inclusive economy needs first and foremost. Since employment is primarily created by healthy businesses, we ask (ourselves): How can we train and involve our workers – especially the less educated - to continue being part of our companies? How can existing businesses create more employment opportunities? How can new businesses be created and grow? How can the vast number of poor ‘self-employed’ people in the informal sector develop and get more included in the economy? Which political, economic, social and legal framework would enable such developments? What can we learn from countries that rejected both, socialism and (libertarian) capitalism, and have been practising successfully what is called ‘Social Market Economy’ or ‘Civil Economy’?

Economic growth is necessary but insufficient for an integral human development. Even though the poor have a great potential in themselves to be economically active, their chances have to be enhanced by granting them access not only to the (labour) markets but also to education, health care, financial services, legal protection and physical infrastructure etc. This is another prerequisite for a just distribution of wealth.

Competition is essential for the modern economy but needs a legal order with strong and independent public institutions setting and enforcing rules and regulations to maintain fair competition in open markets. Having said this, we want to stress: The key problem is not the ‘free’ competition on merits or the ‘invisible hand’ of the ‘free’ market, but the deliberate distortion of competition for ‘rent seeking’ without merits and the hidden (invisible) ‘iron fist’ of powerful special interests and unholy alliances of economic and political ‘pseudo elites’.

Poverty is a real scandal, indeed, but the facts are overwhelmingly clear: Over the last 20 years, more than 750 million people were lifted out of extreme poverty (< \$1.25 a day) thanks to the economic development and dynamism of the modern market economy. Never in human

history have we witnessed such a dramatic reduction of poverty. In fact, extreme poverty has been more than halved from 47% of the world population to 22%. These 22% remain an absolute scandal, but this reduction is a fact full of hope.

Especially successful were those countries that were able to integrate into the process of globalisation and the international system of division of labour. Countries with high numbers of people still living in extreme poverty are mainly those in (civil) wars, with a (partial) break down of law and order (failed states), policies of harsh discrimination against ethnic, religious or social minorities or countries with a high correlation to 'bad governance' with no common good objectives which is the essence of 'good governance'.

Inequality undoubtedly has risen in many countries, but to attribute this to an 'absolute autonomy of the markets', seems not to be the right analysis. There is not one country in this world, where in reality there is an absolute autonomy of the markets. On average, around 40% of GDP are coming from the public sector, in some countries this figure is well above 50%. But not any state is a good state. A 'big' state tends to become a 'fat' state and a 'fat' state tends to become a 'corrupt' state. In the words of St. Augustine: 'What are kingdoms (states) without justice but organized brigandage?' (City of God, IV, 4, 1). We therefore advocate an 'athletic' state: slim and focused on setting rules and, thus, a strong state able to enforce them against powerful special interests, and to effectively implement 'affirmative' – but subsidiarity based - action for the poor to develop.

Education is key for the poor to develop. But education – especially basic education and vocational training – has been perceived in most countries as an exclusive government domain, hence, we observe a clear failure of the state! Experiences from more inclusive countries with a low rate of youth unemployment (e. g. Central Europe) show, that a well-organized cooperation of the private sector on the one hand and the public sector as well as civil society institutions on the other hand is important.

Corruption stems from 'structures of sin' leaving many business leaders, even those of good will we have to admit, guilty. From the corporate perspective, there is an almost unsolvable dilemma between staying in business or quitting and laying off people. It is not enough to appeal to the individual morale of the business leader, this dilemma can only be solved if the 'structures of sin' are dismantled and replaced by 'structures of the common good'. The biggest threat to the common good and to a more equal distribution of the wealth created is the combination of 'crony capitalism' and 'authoritarian and crony governance'. That is what kills!

Politicians are the ones to practice good governance, but again it is not enough to appeal to their individual morale. The electorate should be educated to take more informed decisions when casting their ballots and to be able to hold their governments responsible and accountable. What is necessary is a 'culture of political participation'. Even though politics is often regarded as a 'dirty' game, who else than committed Christian citizens can clean it up? The church should encourage the lay faithful to take keen and active interest in public affairs.

Civil Society is the mold from which the orientation towards the common good of both, market and government has to come. For that purpose, Christian business leaders should get organized into local, national and global associations in order to educate one another on business ethics, to make their expertise available to the church and to society and to cooperate with other players within church and society to shape a culture of leveled playing fields and common-good mindedness.

Best practices in countries with a more equal distribution of wealth, more inclusive

labour markets and successes in minimizing corruption and promoting good governance show the importance of the emergence of competitive and healthy small and medium enterprises, the so-called 'Mittelstand'. They create by far the most jobs, and it is them who have a vital interest in the establishment and enforcement of the rule of law, since they usually suffer most from discriminatory 'structures of sin' orchestrated by oligarchic hands. If well organized, they can be the back-bone of an inclusive economy and a vibrant civil society.

The church as an important player of civil society should not be afraid to cooperate with business leaders of Christian faith and/or good will and other groups/forces of civil society and form 'alliances for the common good'. Such alliances are the only chance to break up the unholy alliances of rent seeking political and economic 'pseudo elites'.

While the pastoral care for the poor is a well understood priority for the church, the care and the dialogue with Christian and good willed entrepreneurs and business leaders should not be neglected.

2.) Reception of the exhortation

Even though the exhortation is addressed mainly to the church and the lay faithful and written from an explicit pastoral perspective, it has received reactions from academic and business circles around the world, both catholic and non-catholic/secular. While the chapters on the church itself have been welcomed – sometimes enthusiastically - by catholics in many regards, the paragraphs related to the economy have been met with both, partial support and some amount of scepticism.

In countries with a strong tradition of the welfare state and sophisticated systems of social security, one could hear statements like this: “The Pope probably is not addressing us, since the issues he is describing are not prevalent in our countries. We do not practice “capitalism”, but a “civil economy” or a “social market economy”.

Other voices said: “The Pope speaks from his personal experiences in Argentina and Latinamerica. If he would know the traditions in our countries, he would not have spoken in such a generalizing manner but would have paid more attention to the special situations in different countries and successful ways of creating an inclusive economy and society.” However, others replied that this might be too easy an answer and that Christians have to look beyond the borders and take keen interest of the developments in other countries, especially since globalisation has strongly connected the different parts of the world.

In countries with a communist/socialist past, fears were expressed, that the shadows of that past might be re-awaken, even though probably not with intention.

In countries with a strong economic development in the past 25 years, views were expressed that positive developments seem not to have caught the Pope’s eyes.

From many countries there were also reactions, that the Pope described very accurately the situation of large parts of the population, but stopped short in prescribing adequate solutions.

Many people from all parts of the world, however, understood the document – despite of some shortcomings - as a wake up call to tackle the problem of poverty with a new urgency and a firmer commitment. ‘Business as usual’ – however well intended – can no longer be the order of the day.

UNIAPAC has decided to take the document as a call to look at the problem of poverty once more, study the document as a whole, comment especially on the paragraphs related to the economy and start a process of reflection, in what ways its members can re-**act** to the Pope’s call. UNIAPAC is aware that such a process of reflection cannot be limited to the socio-economic aspects, but has to include a spiritual renewal, an examination of the individual consciences and a personal commitment to listen to the call of the Gospel.

3. Detailed Commentary

In the following pages those parts of the document have been commented upon, which are mainly related to the economy and seem to be most relevant for business leaders. For the purpose of clarity, these paragraphs are quoted first and then followed by the comments.

EG 2: “The great danger in today’s world, pervaded as it is by consumerism, is the desolation and anguish born of a complacent yet covetous heart, the feverish pursuit of frivolous pleasures, and a blunted conscience. Whenever our interior life becomes caught up in its own interests and concerns, there is no longer room for others, no place for the poor. God’s voice is no longer heard, the quiet joy of his love is no longer felt, and the desire to do good fades. This is a very real danger for believers too. Many fall prey to it, and end up resentful, angry and listless. That is no way to live a dignified and fulfilled life; it is not God’s will for us, nor is it the life in the Spirit which has its source in the heart of the risen Christ.”

Comment: This is indeed a great danger, especially for those living in affluent societies. If consumerism makes us to think more and more about ‘getting’ and less and less about ‘giving’ and if we allow our interior life to mainly be filled with thoughts and worries about material(istic) issues, we risk that our whole life becomes ‘devided’. This split between faith and daily business practice can lead to imbalances and misplaced devotion to worldly success. The alternative path of faith-based “servant leadership” provides business leaders with a larger perspective and helps to balance the demands of the business world with those of ethical social principles, illumined for Christians by the Gospel’ (Vocation of the business leader, p.2).

Already Pope John Paul II. has warned in his encyclical ‘Centesimus annus’ of the danger, to replace materialist socialism just by another way of materialism: ‘... the affluent society or the consumer society (...) seeks to defeat Marxism on the level of pure materialism by showing how a free-market society can achieve a greater satisfaction of material human needs than Communism, while equally excluding spiritual values. In reality, while on the one hand it is true that this social model shows the failure of Marxism to contribute to a humane and better society, on the other hand, insofar as it denies an autonomous existence and value to morality, law, culture and religion, it agrees with Marxism, in the sense that it totally reduces man to the sphere of economics and the satisfaction of material needs’ (CA 19).

For us as Christian entrepreneurs and business leaders it is essential to follow our spiritual path and to commit ourselves to the integral development of the human person.

EG 48: „If the whole Church takes up this missionary impulse, she has to go forth to everyone without exception. But to whom should she go first? When we read the Gospel we find a clear indication: not so much our friends and wealthy neighbours, but above all the poor and the sick, those who are usually despised and overlooked, “those who cannot repay you” (Lk 14:14). There can be no room for doubt or for explanations which weaken so clear a message. Today and always, “the poor are the privileged recipients of the Gospel”, (Benedict XVI.,

Address to the Brazilian Bishops in the Cathedral of São Paulo, Brazil (11 May 2007), 3: AAS 99 (2007), 428.) and the fact that it is freely preached to them is a sign of the kingdom that Jesus came to establish. We have to state, without mincing words, that there is an inseparable bond between our faith and the poor. May we never abandon them.“

Comment: As Christian business leaders, we not only accept to be guided in our activities by the principles of human dignity and the common good. We are willing even to go the extra mile and put our resources and innovative creativity to the service of the poor: not only by designing goods and services for the ‘bottom billion’ (Paul Collier, *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It*, 2007) - that would reduce them to mere consumers - , but also by supporting them to become economically active and productive, even entrepreneurs by themselves. We have to recognize the poor as human persons who consume and produce. To include them actively in the process of production is indispensable and the most important precondition for the just distribution of wealth.

EG 51: “I take for granted the different analyses which other documents of the universal magisterium have offered, as well as those proposed by the regional and national conferences of bishops. In this Exhortation I claim only to consider briefly, and from a pastoral perspective, certain factors which can restrain or weaken the impulse of missionary renewal in the Church, either because they threaten the life and dignity of God’s people or because they affect those who are directly involved in the Church’s institutions and in her work of evangelization.”

Comment: As Christian business leaders we understand well, that this exhortation speaks from a pastoral point of view even about economic, social and political issues. However, business people, academics or politicians not so familiar with the pastoral approach of the church may fall short to take this pastoral view into perspective. They may not have the opportunity or even the time to study the entire document and get to know about it only through the media, possibly only the abridged headlines. For them it is: “The Pope has said...”

These kind of people might have little knowledge of the vast tradition of Catholic Social Thought and the encyclical letters like “*Rerum novarum*”, “*Quadragesima anno*”, “*Populorum progressio*”, “*Centesimus annus*” and “*Caritas in veritate*” or the documents of the Second Vatican Council like “*Gaudium et spes*”. There is a real danger that they misread the ‘prophetic language’ of the document as a rather superficial analysis of the social and economic situation. In fact, we know of many Christian as well as ‘secular’ (but well intended) economists and business leaders who made remarks like: “This Pope does not understand much about the economy. And he obviously does not have good advisors.”

Unfortunately, this perception has made it somewhat difficult to engage these people in a dialogue about the core message of the document: What can we do to tackle poverty, create a more inclusive economy and society and to work for an integral human development?

Even some of those people who know the long tradition of Catholic Social Thought and read the document much more positively by pointing to statements where the role of the entrepreneur and the labour markets are being ap-

preciated by the Pope, would have wished for a more careful distinction between individual ethics and institutional/social ethics.

EG 52: “At the same time we have to remember that the majority of our contemporaries are barely living from day to day, with dire consequences. (...) It is a struggle to live and, often, to live with precious little dignity.”

Comment: It cannot be denied, that the majority of people on this earth are living under harsh conditions. More than one billion people are living in extreme poverty with their dignity constantly violated. At the same time, in the last two to three decades there has been a socio-economic dynamism that has lifted more people out of extreme poverty than ever before in human history. Between 1990 and 2010 the percentage of people living in extreme poverty (less than \$ 1.25 per day) reduced from 47 to 22 percent or more than 750 million people. This is especially true for many countries in Asia. Not only there but in many other countries as well a new middle class has been emerging. In the former communist/socialist countries in Central and Eastern Europe the living conditions of the majority of people have improved significantly.

EG 53: „Just as the commandment “Thou shalt not kill” sets a clear limit in order to safeguard the value of human life, today we also have to say “thou shalt not” to an economy of exclusion and inequality. Such an economy kills.”

Comment: Undoubtedly in many countries the internal inequality has risen in recent years. At the same time, on a global level many countries have made a quantum leap in their development. Especially those countries made huge progress, which could integrate into the global economy and into the international system of division of labor. Never before in human history have so many people been integrated into the modern economy than in the last 25-30 years.

As the two graphs below show, the emergence of a modern market economy brought about the exponential growth of both, the world population and income per capita. Only modern market economy made it possible for mankind to escape the ‘Malthusian trap’ (Every increase in growth was followed by an increase in population, thus making higher per capita income impossible and limiting the population growth for centuries.) and to create the living conditions for an ever growing world population. In former centuries, they simply would not have survived and would never have had the opportunity to start families and have children. This economy enables life!

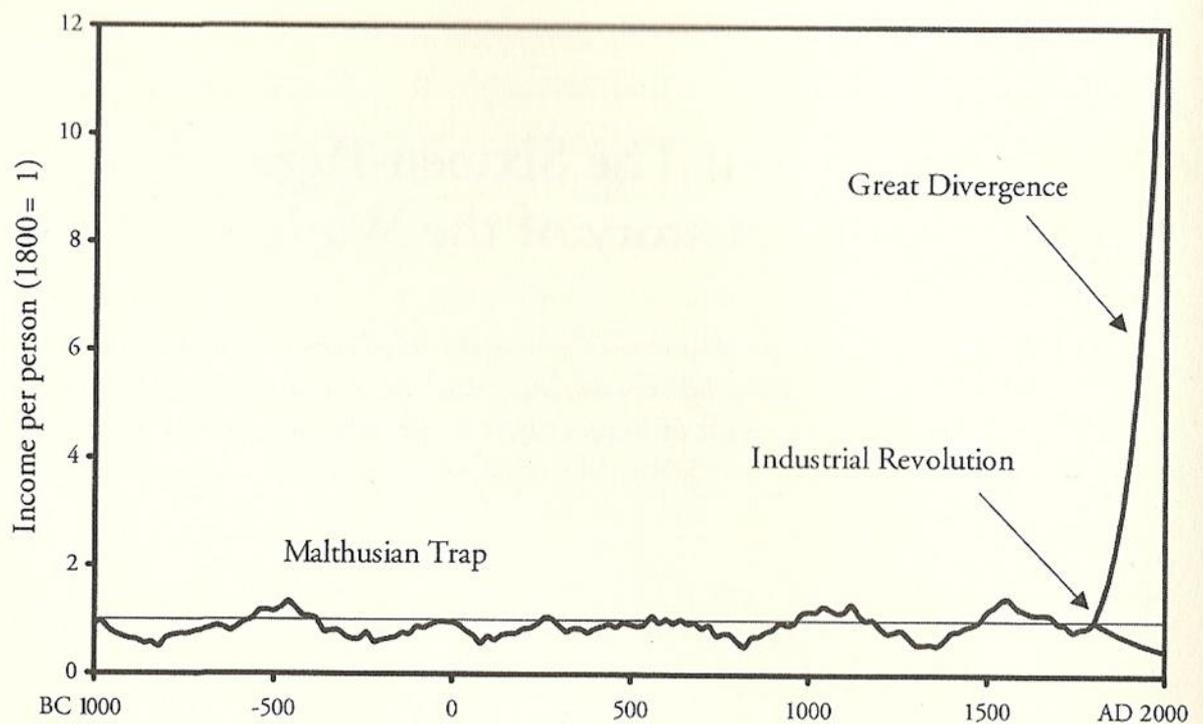
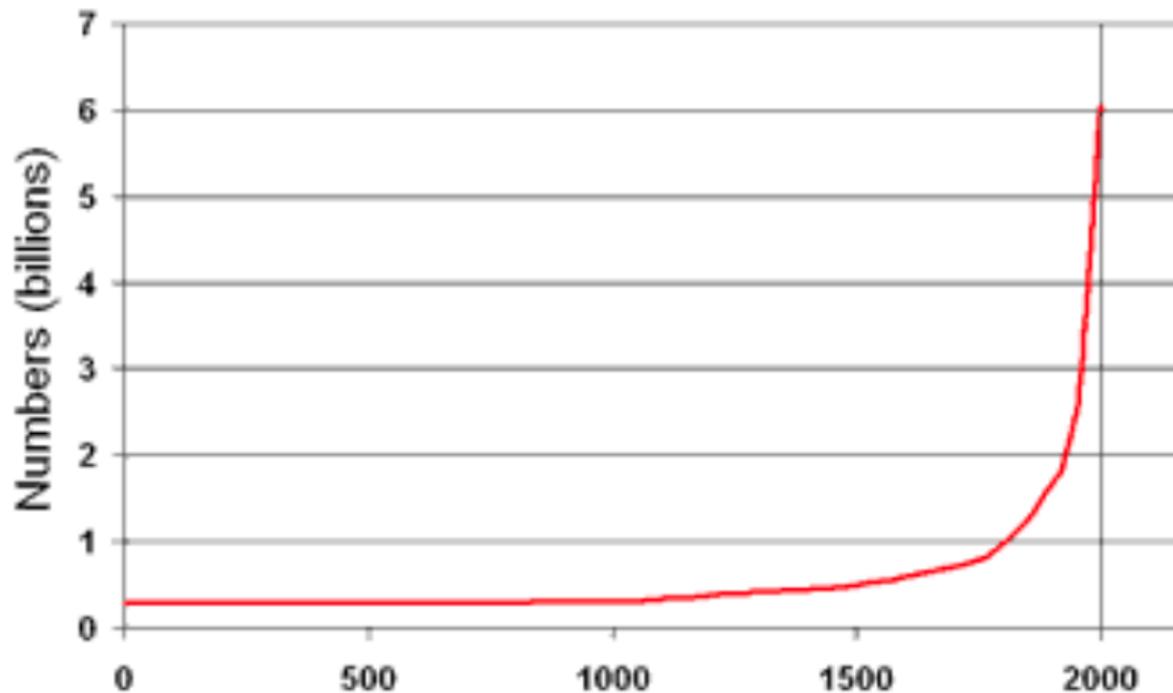


Figure 1.1 World economic history in one picture. Incomes rose sharply in many countries after 1800 but declined in others.

Having said this, we have to admit that even though globalisation has narrowed the gap between the rich and the poor countries, it hardly narrowed the gap between the richest and the poorest within the “winner” countries to the same extent. Nevertheless, there are a number of countries that did not manage to get integrated into the globalized economy at all, especially in Sub-Saharan Africa. In the first graph they are represented by the down-sloped curve at the right lower side. There is still a ‘bottom billion’ living in extreme poverty.

Past World Population growth



EG 53: “Today everything comes under the laws of competition and the survival of the fittest, where the powerful feed upon the powerless. Human beings are themselves considered consumer goods to be used and then discarded. We have created a “throw away” culture which is now spreading. It is no longer simply about exploitation and oppression, but something new. Exclusion ultimately has to do with what it means to be a part of the society in which we live; those excluded are no longer society’s underside or its fringes or its disenfranchised – they are no longer even a part of it. The excluded are not the “exploited” but the outcast, the “left-overs”.”

Comment: Competition is essential for the modern economy. It not only stimulates innovation and rising productivity, rather it also constantly threatens the position of the powerful: The one who is successful today may not be successful tomorrow, unless he invests in innovation and better goods and services. Only if he meets the demand of the customers, he will stay in business. Therefore, competition is not only serving economic goals like efficiency but it is serving social and ethical goals as well.

At the same time we admit that competition cannot be taken for granted. As ‘Quadragesimo anno’ already stated, completely free competition may induce its own destruction and can lead to the accumulation of economic power in the hands of a few: ‘Free competition has destroyed itself; economic dictatorship has supplanted the free market; unbridled ambition for power has likewise succeeded greed for gain; all economic life has become tragically hard, inexorable, and cruel. To these are to be added the grave evils that have resulted from an

intermingling and shameful confusion of the functions and duties of public authority with those of the economic sphere - such as, one of the worst, the virtual degradation of the majesty of the State, which although it ought to sit on high like a queen and supreme arbitress, free from all partiality and intent upon the one common good and justice, is become a slave, surrendered and delivered to the passions and greed of men.' (QA 109)

Thus, a legal order is needed to maintain an open competition and to allow new actors to participate in the market. Strong and independent public institutions are indispensable prerequisites for setting and enforcing the rules and regulations necessary for fair competition in open markets.

Having said that, we want to stress, that the biggest threat to open and fair competition is not the 'free' competition by itself, but 'cronyism', the political patronage of special interests. Yes, there is exclusion of those who do not have the purchasing power to consume. But why do they not have the purchasing power? Because they are being robbed of the opportunity to be productive and robbed of the opportunity to enter the market and take part in the competition. The worst and most deadly exclusion is to raise – often invisible – barriers to prevent others from accessing the local market and compete.

The key problem is not the 'free' competition on merits, but the deliberate distortion of competition for 'rent seeking' without merits by powerful 'pseudo elites'. In this regard, the rule of law is essential in order to have open and fair competition and inclusive markets accessible to all.

Again we admit that markets open to all are a necessary but not sufficient condition for an inclusive economy, a fair distribution of wealth and an integral human development. Complementary, it is necessary to prepare and enable people not only to be consumers but to be producers and to be part of a competitive economy. An inclusive educational system for instance is absolutely indispensable to create a minimum of equal opportunities for every young boy or girl regardless the social, ethnic or religious background of their families.

Moreover, for those who can not or no longer take part in the competitive market, a social security system has to be put in place to make sure they have the purchasing power to live a life in dignity or can be taken care of by their families or other charitable institutions. The Catholic tradition has always emphasized the importance of the subsidiarity principle in designing and organizing actions of solidarity for the less fortunate.

EG 53: "In this context, some people continue to defend trickle-down theories, which assume that economic growth, encouraged by a free market, will inevitably succeed in bringing about greater justice and inclusiveness in the world. This opinion, which has never been confirmed by the facts, expresses a crude and naïve trust in the goodness of those wielding economic power and in the sacralized workings of the prevailing economic system. Meanwhile, the excluded are still waiting."

Comment: Economic growth is a necessary but insufficient precondition to bring about an inclusive economy, integral human development and prosperity for all. Even though the poor have a great potential in themselves to be economically active, their chances to compete successfully have to be enhanced by granting access to education, health care, financial services, legal protection and physical infra-

structure etc. This requires special policies and targeted measures addressed to groups discriminated against and the less privileged in society.

EG 55: “The worldwide crisis affecting finance and the economy lays bare their imbalances and, above all, their lack of real concern for human beings; man is reduced to one of his needs alone: consumption.”

Comment: Reducing the poor to mere consumers of products from the developed World (including China) and to suppliers of cheap raw materials is inhuman, indeed. The poor rather have to be enabled to become productive, to use their talents and find jobs and gainful employment or become (small scale) entrepreneurs. Opening markets is a prerequisite to create opportunities for their participation in a modern economy. For this purpose, however, the subtle mechanisms of oligarchic dominance over the national/local markets must be overcome. Only if national and local markets are inclusive, the positive effects of globalization can benefit the poor and the gap between the rich and the poor in each country be narrowed.

EG 56: “While the earnings of a minority are growing exponentially, so too is the gap separating the majority from the prosperity enjoyed by those happy few. This imbalance is the result of ideologies, which defend the absolute autonomy of the marketplace and financial speculation. Consequently, they reject the right of states, charged with vigilance for the common good, to exercise any form of control. A new tyranny is thus born, invisible and often virtual, which unilaterally and relentlessly imposes its own laws and rules.”

Comment: The growing gap between the richest and the poorest in many countries – even those benefitting from globalisation at the macro level – cannot be denied. To attribute this to an “absolute autonomy of the markets”, however, seems not to be the right analysis. There is not one country in this world, where in reality there is an absolute autonomy of the markets, in the contrary. On average, around 40% of GDP are coming from the public sector and in some countries this figure is well above 50%. Key sectors of many economies are still handled by state owned companies and other sectors are rather over regulated. This is not a problem in all cases, but in many the public sector is not serving the common good but is in the hands of a ruling elite seeking their own ‘rents’. Rules and regulations are put in place by these ‘elites’ not to orient market forces towards the common good, but to practice external and internal protectionism and to deliberately exclude the majority of the people from productively taking part in these areas of the economy. The effects are disastrous: new business cannot spring up and flourish and new jobs are not being created. The free, open and inclusive market economy is being replaced by what one could call ‘crony capitalism’.

Again, it is not the ‘autonomy’ of the markets that produces the exclusion, but rather the ‘strangelhold’ of the markets by an unholy alliance of special economic interests and a corrupted political ‘pseudo elite’. The key problem is the absence or lack of the rule of law.

About the role of the state we are very clear: There is the need for a strong state setting and enforcing rules and regulations. But not any state is a good state. In the words of St. Augustine: ‘What are kingdoms (states) without justice but organized brigandage?’ (‘Remota itaque iustitia quid sunt regna nisi magna latrocinia.’ City of God, IV, 4, 1). First and foremost its orientation towards the common good makes the state a good state.

For the rule of law it is essential that the legislative process is oriented towards the common good and not distorted by lobbyism and undue influence of special/parochial interests. But even the best laws are worthless if there is no executive capable of enforcing the law regardless of the person involved. And even if rules and regulations are enforced according to the law, independent and efficient judiciary is needed to protect the rule of law.

All experiences, however, are showing that a ‘big’ state tends to become a ‘fat’ state, and a ‘fat’ state tends to become a corrupt state. We therefore advocate an ‘athletic’ state: slim and focused on setting rules and, thus, a strong state able to enforce the law even against the resistance of powerful special interests. In this case, the state can become a true ‘common good authority’.

EG 56: “To all this we can add widespread corruption and self-serving tax evasion, which have taken on worldwide dimensions.”

Comment: The question of tax evasion is a very good example to illustrate, that it is not mainly the absence of the state, which causes the problem. Most countries have a very sophisticated legal system governing taxes. Most of the so called ‘tax evasion strategies’ of multinational companies are perfectly legal. The current legal situation is the result of deliberate political decisions, even if such decisions mean not to act and to leave existing and well-known loop-holes open. However, many of such decisions (or non-decisions) have been taken not only under the influence of powerful private interests but also in the name of ‘national interests’ of particular countries. In this regard, corruption or undue influence of special interests are not so much an issue of international public institutions but rather of national and local public institutions.

It is true that corruption always includes the ‘paying’ party as well. Here, we are facing complex ‘structures of sin’ leaving many business leaders – even those of good will - guilty. From the corporate perspective, there is an almost unsolvable dilemma between staying in business or quitting the business and laying off people.

It is sad to note, that in this difficult situation, the church often only criticizes business people rather than to offer pastoral care and to assist them in situations of difficult ethical dilemmata.

The corruption dilemma can only be overcome if the ‘structures of sin’ are dismantled. For that purpose, it is not enough to appeal to the individual moral of the business leader but rather to join hands with those of good will and cooperate. In that sense, good governance - or better: ‘common good oriented governance’ and practice of subsidiarity principles- has to make sure that business leaders acting based on moral principles are not at a disadvantage. Even more, the church, business leaders of Christian faith and/or good will and other groups/forces of civil society should form ‘alliances for good governance’ and

enhance inclusiveness of the economy and society. Structures of sin' have to be replaced by 'structures of the common good'.

The church should encourage the establishment of Christian business associations to support the above endeavours. The role of the church through the clergy would be to enhance spirituality of such organisation and ensure that activities of the associations contribute to the common good of the parish, community and the country. ‘

EG 57: “Ethics – a non-ideological ethics – would make it possible to bring about balance and a more humane social order. (...)

A financial reform open to such ethical considerations would require a vigorous change of approach on the part of political leaders. I urge them to face this challenge with determination and an eye to the future, while not ignoring, of course, the specifics of each case. Money must serve, not rule! The Pope loves everyone, rich and poor alike, but he is obliged in the name of Christ to remind all that the rich must help, respect and promote the poor. I exhort you to generous solidarity and to the return of economics and finance to an ethical approach which favours human beings.” (58)

Comment: ‘Ethics’ are both ‘individual’ and ‘institutional’. In all situations, the individual morale can make a difference. People always have a choice to act in this or in that manner. However, ‘structures of sin’ can make it very difficult for the individual to stick to his moral principles and can overstrain his or her good will. If it needs to be a hero or a saint to act morally right, then the ‘system’ is wrong. We therefore need both: ‘ethics’ in the minds and the hearts of the people, but also ‘ethics’ in the structures and institutions of society and the state.

The document therefore correctly states that it is first and foremost for the politicians to practice common good oriented governance and to create ‘structures of the common good’. This holds especially true for the financial order – both at the national and the international level.

As *Solicitudo Rei Socialis* already stated, solidarity is not ‘a feeling of vague compassion or shallow distress at the misfortunes of so many people, both near and far’, but rather ‘a firm and persevering determination to commit oneself to the common good; that is to say to the good of all and of each individual, because we are all really responsible for all’ (SRS 38).

Business leaders of Christian faith and goodwill and their respective business organizations will have to play a role in shaping ‘structures of the common good’ by making available their expertise of the financial and economic world political decision makers and civil society including the church.

EG 60: “All this becomes even more exasperating for the marginalized in the light of the widespread and deeply rooted corruption found in many countries – in their governments, businesses and institutions – whatever the political ideology of their leaders.”

Comment: The experiences of countries successfully minimizing corruption (eradicating it completely may be as impossible as eradicating human evil) show the importance of the emergence of competitive and healthy small and medium enter-

prises (the so-called 'Mittelstand'). Since they usually suffer from discriminatory 'structures of sin' orchestrated by oligarchic hands, they have a vital interest in the establishment and enforcement of the rule of law. If well organized, they can mobilize constant demand and pressure on political decision makers to replace an oligarchic system of rent-seeking by a system of open and fair competition. In this struggle for common good oriented governance, they have been entering alliances with other forces of civil society like workers unions, human rights activists, students organizations, religious bodies etc. Together they were able to force political decision makers to change course or to consequently be replaced through the electoral processes.

Another experience in those countries is the importance of a pluralistic landscape of independent media creating transparency and enforcing accountability of political decision makers. In reality this independence of media strongly depends on a multitude of different advertisement clients, hence the importance of vibrant small and medium enterprises.

It is precisely this multifaceted importance of vibrant and healthy small and medium enterprises and companies that calls for and active support for and encouragement of these entrepreneurs. It is them who create the vast majority of jobs, and it is them who are the beacon of a 'civil economy' as well a 'civil society and important proponents of a culture of common-good mindedness. All experiences around the globe show clearly, that true democracy usually goes along with a vibrant, informed and organized 'Mittelstand'.

EG 102: „(...) There has been a growing awareness of the identity and mission of the laity in the Church. We can count on many lay persons, although still not nearly enough, who have a deeply-rooted sense of community and great fidelity to the tasks of charity, catechesis and the celebration of the faith. At the same time, a clear awareness of this responsibility of the laity, grounded in their baptism and confirmation, does not appear in the same way in all places. In some cases, it is because lay persons have not been given the formation needed to take on important responsibilities. In others, it is because in their particular Churches room has not been made for them to speak and to act, due to an excessive clericalism which keeps them away from decision-making. Even if many are now involved in the lay ministries, this involvement is not reflected in a greater penetration of Christian values in the social, political and economic sectors. It often remains tied to tasks within the Church, without a real commitment to applying the Gospel to the transformation of society. The formation of the laity and the evangelization of professional and intellectual life represent a significant pastoral challenge.”

Comment: Christian business leaders form part of the lay people. Usually they are highly educated in their professional field. However, just like for many other lay faithful, the social doctrine of the church is one of the “best kept secrets” for them. Therefore, catholic universities and their business schools should do far more not only for the professional education but also for the spiritual and moral formation of future business leaders.

Christian business leaders also should get organized into local, national and global associations in order to educate one another on business ethics, to make their experience and expertise available to the church and to the society at large

and to cooperate with other players within church and society to shape a culture of common-good mindedness.

Even though Christian business leaders understand that the pastoral care of the church is focusing on the poor first, many of them feel misunderstood and their specific spiritual needs even being neglected by the church. Some even feel not welcomed by the(ir local) church.

If the church expects from business leaders to live a spiritual life: What kind of pastoral care can she offer? Priests at parish or diocesan as well as national level can participate in Christian business associations as spiritual advisors.

EG 186/188: “Our faith in Christ, who became poor, and was always close to the poor and the outcast, is the basis of our concern for the integral development of society’s most neglected members.

(...)

It means working to eliminate the structural causes of poverty and to promote the integral development of the poor, as well as small daily acts of solidarity in meeting the real needs which we encounter. The word “solidarity” is a little worn and at times poorly understood, but it refers to something more than a few sporadic acts of generosity. It presumes the creation of a new mindset which thinks in terms of community and the priority of the life of all over the appropriation of goods by a few.”

Comment: Besides personal charity and joining hands with others to work for common good oriented governance the main and proper responsibility of business leaders is to “produce goods that are really good and services which truly serve” (Vocation of the business leader 40). This is also their main contribution to the common good. “Business maintain solidarity with the poor by being alert to opportunities to serve otherwise deprived and underserved populations and people in need” (Vocation 43). By organizing good and productive work, businesses should respect and promote the dignity of the human person (Vocation 44 ff). The creation of wealth should be done in a sustainable manner and mindful of the financial, human and environmental resources used (Vocation 52). Moreover, as creators of wealth and prosperities, businesses and their leaders must find ways to make a just distribution of this wealth to employees, customer, owners, suppliers and the community (Vocation 55).

EG 189: “Solidarity is a spontaneous reaction by those who recognize that the social function of property and the universal destination of goods are realities, which come before private property. The private ownership of goods is justified by the need to protect and increase them, so that they can better serve the common good; for this reason, solidarity must be lived as the decision to restore to the poor what belongs to them. These convictions and habits of solidarity, when they are put into practice, open the way to other structural transformations and make them possible. Changing structures without generating new convictions and attitudes will only ensure that those same structures will become, sooner or later, corrupt, oppressive and ineffectual.”

Comment: Open and inclusive markets and fair competition as well as the respective rules and regulations set and enforced by common good oriented public institutions are necessary but not sufficient. The institutions of the market and the state

have to be enlivened and inspired by a culture of common good mindedness. In this sense, Caritas in Veritate highlights the importance of a vibrant civil society as the mould of such a culture. It needs individuals – politicians, business leaders, unionists, journalists, academics etc. – who carry the ethics of the common good into these institutions. And it needs the willingness of these different groups in society to cooperate and work hand in hand for this aim. True democracy needs true and committed democrats.

EG 190/192: “With due respect for the autonomy and culture of every nation, we must never forget that the planet belongs to all mankind and is meant for all mankind; the mere fact that some people are born in places with fewer resources or less development does not justify the fact that they are living with less dignity.”

(...)

We are not simply talking about ensuring nourishment or a “dignified sustenance” for all people, but also their “general temporal welfare and prosperity”. This means education, access to health care, and above all employment, for it is through free, creative, participatory and mutually supportive labour that human beings express and enhance the dignity of their lives. A just wage enables them to have adequate access to all the other goods which are destined for our common use.”

Comments: Besides the practical ethical principles elaborated in “The Vocation of the Business leader” and quoted above, the document (Evangelii Gaudium) rightly goes a step further. It stresses that an inclusive economy needs first and foremost additional employment opportunities. Since employment is primarily created by healthy businesses, this leads to the following questions:

- How can existing businesses create more employment opportunities – in general but especially for the poor?
- How can new business be created and grow?
- How can the vast number of poor ‘self-employed’ people in the informal sector develop and get more included in the economy?
- Which political, economic, social and legal framework would enable existing business to create more employment, support the creation of new businesses and enhance the development of the self-employed?

For us these are the key questions in order to create a more inclusive economy and to foster a integral human development!

Education is a key prerequisite of a more inclusive economy. Since education – especially basic education and vocational training - is perceived in many countries as an exclusive government responsibility, we observe a clear failure of the state in this regard! Experiences from more inclusive countries with a low rate of youth unemployment (e. g. Central Europe) show, that a well-organized cooperation of the public and the private sector as well as civil society institutions is important. It has proven to be very successful in integrating youngsters from less privileged parts of society into the economy.

EG 198/201: “For the Church, the option for the poor is primarily a theological category rather than a cultural, sociological, political or philosophical one. God shows the poor “his first mercy”. This divine preference has consequences for the faith life of all Christians, since we are called to have “this mind... which was in Jesus Christ” (Phil 2:5). Inspired by this, the

Church has made an option for the poor which is understood as a “special form of primacy in the exercise of Christian charity, to which the whole tradition of the Church bears witness”. This option – as Benedict XVI has taught – “is implicit in our Christian faith in a God who became poor for us, so as to enrich us with his poverty”. This is why I want a Church which is poor and for the poor.”

(...)

No one must say that they cannot be close to the poor because their own lifestyle demands more attention to other areas. This is an excuse commonly heard in academic, business or professional, and even ecclesial circles.”

Comment: The document rightly affirms, that the concern for the poor and social justice cannot be delegated just to professional social workers or charitable institutions or to social policies in general. Everybody should be mindful of the consequences of his or her actions on the poor. Moreover, anyone ‘caring’ for the poor should not fall into the trap of treating the poor as mere objects. The challenge is rather to empower them to become subjects of their own integral development. It is a matter of dignity of the poor to recognize their own efforts to overcome their misery. Initiatives like micro finance, social entrepreneurship, mutual self-help etc. show that little support can make a big difference in that respect.

EG 202: “The need to resolve the structural causes of poverty cannot be delayed, not only for the pragmatic reason of its urgency for the good order of society, but because society needs to be cured of a sickness which is weakening and frustrating it, and which can only lead to new crises. Welfare projects, which meet certain urgent needs, should be considered merely temporary responses. As long as the problems of the poor are not radically resolved by rejecting the absolute autonomy of markets and financial speculation and by attacking the structural causes of inequality, no solution will be found for the world’s problems or, for that matter, to any problems. Inequality is the root of social ills.”

Comment: We agree totally with the need for urgent change. This has to start in our hearts and minds, but has to go also to the local, national and international institutions. As indicated above, the structural causes of poverty are complex. In reality there is no absolute autonomy of the markets and financial speculation- and if there should be somewhere, we do not have any problem in condemning it in the strongest words. The problem is rather that existing rules and regulations are insufficient or designed to purposely favor certain special economic interests.

The issue is not so much the lack of rules and regulations, but their missing orientation towards the common good. In some cases there is even too much regulation preventing the poor from getting productive and entering the markets. There will be no inclusive economy without common good oriented governance.

Neither is there a problem with economic inequality as such – there will always be differences in income and property. The problem is rather the extend of these inequalities. The experience of the socialist countries in Eastern Europe has shown that misguided policies in the name of total equality result in the contrary: poverty, environmental degradation, lack of innovation and wealth only for the privileged few. Too much inequality and the concentration of economic and political power in the hands of a few show the same disastrous effects. The

most dangerous consequences of such a situation is the threat to good governance. ‘Power tends to corrupt, and absolute power corrupts absolutely. Great men are almost always bad men’, as Lord Acton once rightly observed.

Thus, an inclusive economy and society and an integral human development has to balance a certain, unavoidable and even necessary inequality with a certain degree of prosperity and social security for all, so that each and everyone can live a life in dignity.

EG 203: “Business is a vocation, and a noble vocation, provided that those engaged in it see themselves challenged by a greater meaning in life; this will enable them truly to serve the common good by striving to increase the goods of this world and to make them more accessible to all.”

Comment: Responsible business leaders will always look beyond profit. Profit is a necessity to sustain any business, to create gainful employment and to invest in new innovations, goods and services. In an inclusive economy the poor should have the opportunity to find gainful employment or to create their own business, however small they may be.

EG 204: “We can no longer trust in the unseen forces and the invisible hand of the market. Growth in justice requires more than economic growth, while presupposing such growth: it requires decisions, programmes, mechanisms and processes specifically geared to a better distribution of income, the creation of sources of employment and an integral promotion of the poor which goes beyond a simple welfare mentality. I am far from proposing an irresponsible populism, but the economy can no longer turn to remedies that are a new poison, such as attempting to increase profits by reducing the work force and thereby adding to the ranks of the excluded.”

Comment: The market and competition need rules and regulations set and enforced by a common good oriented ‘athletic’ state. But again we want to stress that we do not fear the invisible hand of free market forces, but rather the iron fist of hidden (invisible) unholy alliances of ruthless political and economic pseudo elites who are out for ‘rent seeking’ and want to deliberately distort competition.

In addition to some of our comments above we share the rejection of a simple welfare mentality, which degrades the poor to mere objects. The key to a more equal distribution of income in our view is to enable the poor to become (more) productive, even entrepreneurs themselves, and to get access to the markets and newly created jobs.

Laying-off workers should therefore not be done randomly, of course. However, reducing the workforce in certain businesses in order to free capital for future investment in other areas may not only be morally justified but rather necessary to keep the business competitive. In a dynamic economy people are always laid off in certain areas and at the same time hired in others. These are normal processes of economic development which are not violating the human dignity as such. However, solidarity with the laid-off demands, that support structures like unemployment insurance and job placement services are available.

EG 205: “I ask God to give us more politicians capable of sincere and effective dialogue aimed at healing the deepest roots – and not simply the appearances – of the evils in our world! Politics, though often denigrated, remains a lofty vocation and one of the highest forms of charity, inasmuch as it seeks the common good. We need to be convinced that charity “is the principle not only of micro-relationships (with friends, with family members or within small groups) but also of macro-relationships (social, economic and political ones)”. I beg the Lord to grant us more politicians who are genuinely disturbed by the state of society, the people, the lives of the poor! It is vital that government leaders and financial leaders take heed and broaden their horizons, working to ensure that all citizens have dignified work, education and healthcare.”

Comment: The document correctly stresses the importance of politics and common good oriented governance for a more inclusive economy and society. For that purpose, however, it is not enough to appeal to the individual morale of politicians. More importantly, the electorate should be educated about common good oriented governance in order to take more informed decisions when casting their ballots and to be able to hold their governments responsible and accountable in the years between the elections. What is necessary is a ‘culture of political participation’.

The church should encourage the lay faithful to take keen interest in public affairs and get involved in civic activities oriented towards the common good. Even though politics is often regarded as a “dirty” game, who else than committed Christian citizens can clean it up?

EG 206: “Economy, as the very word indicates, should be the art of achieving a fitting management of our common home, which is the world as a whole. Each meaningful economic decision made in one part of the world has repercussions everywhere else; consequently, no government can act without regard for shared responsibility. Indeed, it is becoming increasingly difficult to find local solutions for enormous global problems which overwhelm local politics with difficulties to resolve. If we really want to achieve a healthy world economy, what is needed at this juncture of history is a more efficient way of interacting which, with due regard for the sovereignty of each nation, ensures the economic well-being of all countries, not just of a few.”

Comment: The global common good calls for better global governance. This holds especially true for the protection of the environment and natural resources, the financial and monetary systems and international trade. Beyond the respective international organizations, which have to be strengthened and find ways of closer cooperation, there is a need for a global civil society. The church is a global player who could facilitate global cooperation in that respect and work towards global alliances for global ‘common good oriented governance’.

EG 241: “In her dialogue with the State and with society, the Church does not have solutions for every particular issue. Together with the various sectors of society, she supports those programmes, which best respond to the dignity of each person and the common good. In doing this, she proposes in a clear way the fundamental values of human life and convictions, which can then find expression in political activity.”

Comment: The document rightly positions the Church as an important player of civil society. Her commitment to the common good makes her a sincere mediator of cooperation between various sectors of society. For that purpose, she should not be afraid to enter into alliances with other social forces of good will in order to promote a more inclusive society and integral human development.