

# ECONOMY

## LAND OF MISSION

One of the most worrying side effects of the coronavirus is the global economic crisis. It is the poor countries that are paying the highest price, especially in Africa. We are talking about those peripheries of the world where hunger and social suffering could reach unthinkable levels in the coming months. The pandemic, moreover, is hitting hard not only the already weak countries, but also the emerging economies, slowing down and, at times, running the risk of undoing the efforts made and the successes achieved in recent years. Covid-19 has added to already difficult situations due to climate change and local conflicts.

It is clear that a qualitative leap in the management of the res publica of peoples must be affirmed, in the awareness that there are structural problems caused by a multiplicity of factors: from the fragmentation of interests on a global scale to predatory actions perpetrated according to traditional dynamics aimed at maximizing profits; from speculative activities in the financial markets, with particular reference to the Shadow Banking System (of which we will speak later), to the vexed question of debt that increasingly weighs on the destiny of many countries.

Against this backdrop, the Development Finance Institutions of the G7 countries (including the Italian Cassa Depositi e Prestiti) announced last June, on the sidelines of the Cornwall summit of world leaders, an \$80 billion investment plan over the next five years to support the economies of African countries. The International Finance Corporation, the African Development Bank, the European Bank for Reconstruction and Development and the European Investment Bank will also participate in the project. At least on paper, these are high-impact investments in sustainable development. The news has been widely reported in the international press, but unfortunately the sum is totally insufficient, considering that, according to International Monetary Fund estimates, sub-Saharan Africa alone would need some \$425 billion in additional financing between now and 2025 to adequately combat the pandemic crisis and reduce poverty in the macro-region. Moreover, the G7 has once again ignored the issue of macroeconomic reforms to protect the rights of African countries and, more generally, those of the global South. It should be noted that in the next three years, the debt of African countries will reach 900 billion, a phenomenon that has been disproportionately exacerbated by the downgrading of African national economies by the rating agencies in the midst of the pandemic. This downgrade reduced the value of sovereign bonds used as collateral in African central bank financing operations, while at the same time increasing the cost of interest and thus of debt. Meanwhile, the total wealth of billionaires worldwide reached \$10.2 trillion in the midst of the pandemic. It should be noted that the approximately 2,000 mega-billionaires who dominate the financial markets own 60% of all the world's wealth. This wealth is far greater than that of the 4.56 billion people in poor countries, more than half of the world's population. Simply immoral!

For years there has been talk of reorganizing world finance, calling for a new Bretton Woods, capable of reforming a system that has widened the gap between rich and poor. This is an indication defended by a large part of civil society on a planetary scale, but which has remained on paper, vanishing in the phantom container of the G20, an enlarged, revised and corrected version of the G7 (with the same original sin). And although the derivatives bubble is estimated to have a nominal value of \$650,000 trillion, no one has yet had the courage to establish a clear

demarcation between the real economy and the financial one, due to the strong conditioning imposed by the merchant banks, which do what they want.

For some years now, the Financial Stability Board (FSB), the international institute that coordinates governments, central banks and supervisory bodies for financial stability worldwide, has been publishing an important report on the "shadow banking system", the so-called global shadow banking. A careful reading of the report, published by the FSB some 10 years ago, reveals an aberrant fact that is at the root of the global financial crisis. The study, focused on the so-called euro zone and 25 other countries, showed that at the end of 2011, no less than \$67,000 trillion were managed by "parallel finance", the so-called "shadow banking", thus outside the controls and banking regulations in force. This figure was equivalent to 111% of the world's GDP and represented half of the world's banking assets and approximately one quarter of the entire financial system. Today, this perverse system has been exacerbated out of all proportion, coinciding with the pandemic. One therefore has the impression of being in the presence of a subversive movement that speculates with impunity at the expense of sovereign states and, above all, of the poor. In other words, if on the one hand we have the current accounts with the savings of citizens and companies, on the other hand we have this hidden banking system, which consists of all financial transactions carried out outside regular banking operations. We are talking about operations carried out by different intermediaries, such as certain operators specialized in the placement of derivatives, those financial products that, to a large extent, have contaminated the markets. All these activities are strictly over the counter (OTC), i.e. carried out outside the markets.

As has already been said, rules are needed to curb the excessive power of finance. But then, out of the blue, why not give back to the States the power not only to create credit, but also to coin money? The U.S. Constitution provides for this, although this task was transferred to the Federal Reserve in 1913. Those who oppose these measures might do well to read a UN document from 10 years ago entitled "The World Social Crisis" on the danger of a disproportionate, uncontrolled and planetary social revolt produced by the unresolved economic recession, which is already heavily penalizing the less well-off classes of the planet, even in apparently healthy countries such as Brazil, China and India. In these countries, while it is true that GDP has grown in recent years, it is also true that the gap between social classes has widened. But is it possible that the only indicator of wealth is productivity growth, when we know that well-being also depends on other measures, such as quality of life? Meanwhile, there are 4 million mouths to feed in Somalia, and in Europe the number of the poorest classes is growing. We live in a world in which globalization essentially consists of offloading on others the effects of our own greed, whether it is the exploitation of raw materials in African countries or financial speculation on the stock market, reducing to the limit not only small savers, but also small and medium-sized enterprises that represent the engine of the so-called real economy.

At this point, some might be tempted to throw in the towel and say that we are all destined to succumb. As Pope Francis has repeatedly said, "ours is not an epoch of change, but a change of epoch," a spatio-temporal reality in need of redemption, that is, evangelization understood as "discernment of God's globalization." In essence, it is a matter of affirming the primacy of the Common Home by combining solidarity tout court with subsidiarity understood as co-responsibility in the face of the world's problems, both near and far.

Over the years, as a missionary concerned with social issues, I have often met believers and non-believers who wanted and want to reflect on the dimension of solidarity in the fight against social exclusion, within the framework of their strictly professional activities. The basic question,

with different nuances, has always been more or less the same: is it possible to reconcile business with the demands of the common good for a more equitable, just and caring society?

There is no doubt that the advent of the capitalist system has brought about a gradual shift from a moral conception inherent in the "relationship between men" to one linked to the "relationship between men and things". This change is essential for understanding our times and marks, so to speak, the transition from a predominantly deontological ethics to a utilitarian ethics. It is a veritable drift that has led to the culture of waste that Pope Francis has censured on several occasions. The dilemma that arises, then, not only from the economic point of view, but also and above all from the anthropological one, is always the same: on the one hand there is desire (i.e., progress and growth) and on the other satisfaction (understood as a response to personal and collective needs). Which to choose? In fact, between these two extremes there is a kind of dialectic and, therefore, we will never be able to fully possess both. So there are two ways to reduce the gap between desire and satisfaction, between supply and demand. We can produce more goods and increase people's purchasing power. And this is the hedonistic recipe of choice since the time of the Greeks and the Romans. Then there is the opposite program, the one proposed in antiquity by the Stoic philosophers. If we want to live well, we have to reduce demand to match supply. One is reminded, almost instinctively, of Diogenes who, locked in his barrel, was convinced that the less one has, the freer one is; a perspective strongly shared by Christianity and, in particular, by the pauperist current of the mendicant orders. In fact, the equation "more is better" does not work today, given the progressive gap between rich and poor caused by globalization. On the other hand, it is precisely the spread of today's utilitarian, and therefore highly pragmatic, ethics that has favored the dominance of economic categories in the political and social thinking of industrialized countries, but also of emerging countries. As a result, a highly speculative culture has been imposed, under the banner of profit maximization. This is why serious discernment is necessary, taking into account first and foremost the sacrosanct dignity of the human person. Also because, as the Czech economist Tomas Sedlacek writes, even God rested on the seventh day, not because he was tired, but because he was satisfied with his creation.

While it is right for economics to focus on efficiency and utility, it is wrong for everything else to be reduced to economics and thus to a discourse on efficiency and utility. It is certainly not a question of returning to medieval ethics, with all social life, and therefore also the economy, subjected to religious morality. Adam Smith himself, the founder of modern economics, taught us that there is no economy without moral values: a society functions if it rests on three pillars: morality, competition and rules. It is therefore a matter of placing the "profit motive" in its reasonable framework, since an economic decision is always and in any case a moral decision. In short, ethics should be (we use the conditional because unfortunately this is not usually the case) the foundation of economics.

Therefore, it is not enrichment in itself that is antisocial, but its elevation to the ultimate and only end. In this perspective, the most ambiguous and suspicious aspect of utilitarian ethics lies precisely in its presumed and apparent neutrality, in its reduction to a simple calculation with which everyone should necessarily agree. For this reason, moral responsibility and the need for virtue concern every acting subject, aware of the possibility of influencing reality in order to improve it, since there are no exceptions that exempt us from responsibility for our selfish acts. From this point of view, the progressive growth of inequalities in Europe and in the world, especially as a consequence of the unscrupulous financialization of the economy, is symptomatic of the primacy of the "money god" over people created in the image and likeness of God.

At this point, let us try to identify the physiognomic traits, from the motivational point of view, of a Catholic who is truly concerned about the common good, with a spirit of responsibility and solidarity. There are three key words here: subsidiarity, solidarity and the common good. Let us begin with subsidiarity, that is, participation in the common good, from which co-responsibility arises. Today there is a way of expressing a sense of citizenship that until recently seemed unfeasible. The idea that a simple citizen could have the will and the capacity to take care of the common good together with the administration was considered completely absurd and out of place. Today, for example, this decidedly innovative approach is inscribed in the Italian Constitution, in the last paragraph of Article 118, and is called subsidiarity. The good news, so to speak, is that the constitutional text has become aware that people not only have needs, but also capacities which, if placed at the disposal of the community, can contribute decisively to respond, together with the public administration, to collective demands. For this reason, the dimension of subsidiarity acquires a special significance in the awareness that there is a common destiny and that everyone, really everyone, must feel responsible for the *res publica*. It is therefore a matter of becoming aware of the importance of individual action as an inexhaustible resource that can effectively influence the course of events and the improvement of life.

But subsidiarity cannot be separated from solidarity. It is interesting to recall that the etymology of the word solidarity expresses a strong concreteness that is perhaps sometimes diluted in our language, unfortunately too often approximate and superficial. *Pagare in solidum*, at the end of the 4th century, indicated the obligation of an individual, belonging to a group of debtors, to pay the entire debt. And it is precisely for this reason that our salary also derives from the Latin word *solidum*. In Roman times it was a coin, originally made of gold, whose value was supposed to be stable over time. But it was not until 1789, in France, that solidarity (*solidarité*) acquired its current meaning as the feeling of brotherhood that citizens of the same free and democratic nation should feel towards each other. Today, the value of solidarity in the global village has expanded to include all of humanity, regardless of race, culture or political or religious beliefs. This is why we attend and participate in real contests of solidarity for those affected by misfortune or other calamities. Solidarity thus understood concretely expresses the feeling of universal fraternity in which the various forms of Christian charity are translated. There is no doubt, however, that solidarity has often been misunderstood by many and, above all, exploited by others. If, on the one hand, humanitarian action is all too often motivated by the paternalistic sentiments of the rich Epulon who looked down on poor Lazarus, on the other hand, the mere use of the word solidarity serves as a shield for some to hide vested interests.

That said, it is clear that the ground on which solidarity and subsidiarity are measured is the so-called "Common Good", that is, what is shared and benefits the whole community. In fact, it is much more than the sum of the good of the individual parts, but constitutes a different and higher point of view in which we go beyond the play of the parts and focus on the realization of that whole which is the integral realization of the human person, even if he or she is an integral part of and dependent on the community.

Then, what can be done concretely, attending above all to the needs of development and progress in the peripheries of the world? It is clear that the missionary world must go out into the world, evangelizing even in the economic sphere. Consecrated and lay people capable of studying new strategies are needed, as Pope Francis called for at last year's historic summit of young economists in Assisi. However, to be concrete, there is an innovative model, from the point of view of the real economy, worth reflecting on, which involves civil society. It is the so-called Social Business. What is it? It is an economically self-sufficient company that sells products

and/or services on the market, like any other company, but unlike ordinary companies its objective is not to maximize profit, but to solve a social problem; shareholders cannot receive profits and employees are remunerated at market prices. The model was proposed by Nobel Laureate Yunus and is the result of his 30 years of experience with the Grameen Bank (for which he won the Nobel Peace Prize) and dozens of other social enterprises he has founded. The difference between new social enterprises and traditional for-profit enterprises lies mainly in their objectives: the new types of enterprises aim to bring about positive change in the social conditions of the people with whom they come into contact. These enterprises may make a profit, but the investors who finance them will only have to aim to recover, over a variable period of time, an amount equivalent to the capital initially invested. Therefore, these are not non-profit or non-governmental organizations that depend mainly on donations, public aid and contributions, but real companies that, while pursuing a social objective, must recover the capital invested. Therefore, a social purpose enterprise has to be conceived and run like a real enterprise, with products, services, customers and markets, expenses and revenues, but with the imperative of social benefit rather than profit maximization. Instead of trying to accumulate the highest possible level of financial profit for the exclusive benefit of investors, the social business seeks to achieve a goal. It should be noted that Social Business does not exclude gratuitousness, but rather affirms the need for sustainability and is based on the concept of shared rather than exclusive well-being. Yes! That of the "Common House" so dear to Pope Francis. (END)

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