

Promotio Iustitiae

SPECIAL REPORT

Justice in the Global Economy
***Building Sustainable and Inclusive
Communities***

Task Force on Economy



**Social Justice and Ecology
Secretariat**

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Foreword

Economic and financial markets have become extraordinarily significant in our times. Their behavior affects the lives of most human beings on the planet and impact the environment. Poverty, inequality, environmental degradation, economic gaps between countries, migration patterns and violence are highly interdependent forces impacting our common future.

The global economic crisis that began in 2008 was anticipated by some economists, but surprised many others who did not foresee the events and damage that would follow. This crisis prompted many to take a closer look at the “fundamentals” of our global economy and the policies that led to the excesses causing the collapse.

Since the beginning of his Pontificate, Pope Francis has repeatedly called both the Church and the larger society to turn their attention to issues of justice in today’s global economy. In many of his talks and homilies, and especially his Apostolic Exhortation, *Evangelii Gaudium*, and his Encyclical letter, *Laudato Si’*, Pope Francis has called both Christians and all people of good will to give serious attention to some of the major challenges of justice that arise in our social and economic life today. The Pope calls for actions that include alleviating the suffering of the poor, reducing inequality between rich and poor, overcoming the patterns of exclusion that cause so much conflict and violence today. In addition, he has called for sustainable development in ecologically responsible ways, a theme to which he devoted an entire encyclical. “We are faced not with two separate crises, one environmental and the other social, but rather with one complex crisis which is both social and environmental” (LS, n. 139).

Building inclusive and sustainable communities stands as a major demand of our times: communities that allow everyone to share in the wealth accumulated by generations, with special concern for the most vulnerable; communities that are committed to protect the environment. This is the challenge taken up in this document, to reflect on how current economics are affecting inclusion and sustainability and to explore ways in which economics can better respond to the needs of the poor and the environment.

The Jesuit Secretariats for Social Justice and Ecology and for Higher Education assigned this task to a Task Force of experts to help Jesuits and other members of the larger Ignatian family address these challenges. This Report is the result of the Task Force’s work. The Task Force was composed of Jesuit and lay colleagues. We are extremely grateful for their work and wisdom. They are: Germelino Bautista (Philippines), Matthew E. Carnes, SJ (CFN), Gaël Giraud, SJ (GAL), David Hollenbach, SJ (MAR), María Eugenia Ibarrarán (Mexico), François Paxisnewende Kabore, SJ (AOC) and Felix Raj, SJ (CCU). They came from the six Conferences of the Society. Their generous donation of both time and counsel is deeply appreciated. In addition to their efforts, they asked two dozen colleagues in the field of economics and the social sciences for feedback on the first draft. Their names appear at the end of this document in the section for acknowledgements.

In the limited space of this Report, only a general orientation to the challenge of economic justice in our day can be provided. The Task Force has drawn upon the intellectual resources in the social sciences, philosophy and theology that Jesuits and their lay colleagues are privileged to have at their disposal. We hope that the reflection we have been able to conduct together in this Task Force will be of some help in the many Jesuit works and institutions around the world as they continue their work for greater justice.

Finally, this Report does not attempt to weigh or debate specific local and regional issues. Rather, we trust that what is said here will be developed more fully by groups linked with the Society of Jesus in light of the challenges arising in different regions and local situations. This Report, therefore, is just a beginning in the larger work Jesuits and their lay colleagues can undertake in response to the challenges raised by Pope Francis.

Michael Garanzini, SJ
Secretary for Higher Education

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1. Introduction: a call to action

Pope Francis has stated forcefully that the human race today stands at an important turning point in its history. The possibility of true advancement is indicated by the fact that a growing access to education at all levels, improved health care, advanced technology, and rapid communication have made possible remarkable improvement in the well-being of many people in recent decades. At the same time, the Pope has consistently noted that many people continue to live in abject poverty and that “the majority of our contemporaries are barely living from day to day” (EG, n. 52). **Thus, the global human community stands at a critical junction: will the economic advancements we are clearly capable of making benefit all people, or will they be reserved for a privileged few?** His diagnosis of the situation leads him to a somber judgment about where we are heading. He concludes that, tragically, a sizable part of the human race is not sharing in the improved well-being that contemporary social and economic developments make possible.

Pope Francis uses strong language to describe the deep division between the haves and have-nots today. In his words: “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” (EG, n. 53). Provocatively, he has written that “inequality is the root of social ills,” including poverty and exclusion. Addressing these ills will require rejection of “the absolute autonomy of markets and financial speculation” and overcoming “the structural causes of inequality” (EG, n. 202). Furthermore, “The alliance between the economy and technology ends up sidelining anything unrelated to its immediate interests,” (LS, n. 54). On the positive side, however, this calls for an increase in what Pope St John Paul II has called “the virtue of solidarity”, that is “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.” (SRS, n. 38).

These discussions of the realities of poverty and of the human suffering caused by economic conditions have inspired and motivated many people. There are indeed signs of hope that change that will help the poor is really possible. **This report hopes to contribute to and foster efforts by Church and others to address these questions and challenges, bringing a Gospel perspective to these economic and public policy questions.** It seeks to show that improving the conditions faced by the millions of desperately poor people in our world is both possible and required. It argues that today’s deep inequalities are unjust and need not continue. It addresses, briefly, the links between poverty and violence and notes what harms to the environment fall most heavily on the poor, and that ecological responsibility and economic justice are inextricably linked. After an overview of the challenges confronting us in this global economy, we present a vision of the common good that can guide the decisions and policies of the many people and institutions whose choices will shape the future. Global “actors,” that is, companies and financial managers, politicians and policy analysts, as well as, non-governmental advocacy groups can work for greater justice. Governments of nation states, and the intergovernmental agencies that play important global roles today can do more to address these issues. If these groups could come to share a vision of the global common good—and work vigorously to promote it-- we could surely mount a more effective response to the challenges of inclusion and sustainability.

Our report is divided into 5 brief chapters. Following this “call to action,” in chapter 1, we begin with a discussion of what we call “signs of the times.” In chapter 2, we hope to share what we believe are new circumstances created by a “globalized” economy and the

technological advances that shape our daily lives. These are, as one might expect, both positive and negative in their impact. We then outline, in chapter 3, the key economic realities that have both created new wealth, lifting significant numbers out of poverty, as well as, those economic dynamics that keep many poor and marginalized from participating or sharing in these economic gains. We conclude this section by offering some recommendations for further debate and study.

But, a truly Christian and humanistic response requires a roadmap, a vision of what is possible, of what ought to be. This “vision of the common good,” chapter 4, we believe, can lead to more just and equitable policies and practices. Finally, we close by offering some suggestions and recommendations to our fellow Jesuits and Ignatian colleagues and institutions, chapter 5. These are more specific and designed to keep our attention focused on the most vulnerable and to keep us vigilant in the face of large and often impersonal and powerful economic forces. Our hope, then, is to offer the reader an “Ignatian” opportunity to move from reflection, to deeper study, to action and transformation, and more reflection, and prayer.

2. Signs of the times

The reflections of Pope Francis on the challenges presented by economic relations are timely and deeply appreciated. As Jesuits and lay collaborators working in the fields of economics and political economy, we note the following “signs of the times” that characterize the evolving reality of economic life today. These new “realities” are simply “facts” that define our world and impact the lives of those we want to keep within our sight: the weak, the powerless and the disadvantaged.

Poverty remains stubbornly high despite significant economic growth in recent decades. Recent years have seen a promising and heartening reduction of extreme poverty, from 44 percent to 12.7 percent. Nevertheless, over two billion people live below \$2/day, and 80 percent of the world’s population lives below middle class standards, on less than \$10/day. As Pope St John Paul II has affirmed, “the goods of this world are originally meant for all.” (SRS, n. 42).

Inequality has been steadily rising, measured by both income and wealth. Around the world, the vast majority of income gains have gone to an extremely narrow group of elites, while incomes have risen only marginally for most people. Roughly half of the world’s population has no wealth (accumulated assets) at all. As the Second Vatican Council reminded us, “under the leadership of justice and in the company of charity, created goods should flow fairly to all.” (GS, n. 69)

Indigenous peoples and marginalized ethnic minorities have experienced discrimination and entrenched biases that have limited their educational, social, and employment opportunities. They have been neglected and sometimes systematically excluded from the process of development.

Women are more prone to poverty and unequal economic opportunity than are men. They suffer to a larger extent than men from domestic violence and poor education across cultures. All these facts broaden the gender gap. They are demanding an equal share and participation at several religious and political levels.

The nature of work is rapidly changing, often in troubling ways. Deindustrialization, outsourcing, and technological change have produced a new class of long-term “working poor,” who labor long hours in low-wage jobs with little likelihood for social mobility. Technological changes benefit those with advanced education while undermining employment opportunities for those with fewer skills.

Financial markets have expanded dramatically, constituting an ever-increasing share of the overall economy, enhancing uneven existing development, and shaping commodity prices, currencies, and sovereign debts. Financial markets now affect virtually every aspect of our lives, and offer those with surplus funds opportunities for investment that bear greater risk from market volatility. Wide swings in prices can have destabilizing effects for long-term investment by individuals, families, and countries. This instability has been hardest on the poor, whose access to food, energy, savings, and stable employment has been severely affected. The recent subprime mortgage crisis shows that the expansion of financial markets has spread risk across the globe. The automatization of financial transactions and increased deregulation means that volatility in one location can quickly have a world-wide contagion. Many of these transactions, due to their complexity and scale, are far from transparent to all stakeholders.

The private sector has become increasingly important, creating new opportunities for entrepreneurship and employment, but also diminishing the role of the state in ways that are deeply concerning. Large corporations can often wield economic power greater than that of the states that host them. This raises questions about how corporations will be held accountable for the effects of their activity on local communities, indigenous peoples and the environment. Global business ventures that seek rapid growth and maximum profits can threaten local development efforts and, in addition, have adverse ecological effects. This can be particularly troubling if private capital and the state collude against local efforts to inhibit or reduce these harmful effects.

The sustainability of our current economic practices is a critical challenge today. Climate change, environmental degradation, and resource depletion already have global effects, and the burden has been borne disproportionately by the poor. The private commodification and exclusionary use of resources such as water, public forests, land, seabeds, and protected areas are already a threat for poorer communities. Present levels of consumption pose a serious threat to future generations.

The violence that plagues our present age often has economic roots. Domestic violence, crime and delinquency are often tied to a lack of decent jobs; sustained deprivation can lead to social unrest; economic marginalization can lead to dangerous patterns of migration. Economic divisions often intersect with other deep social divisions, compounding the likelihood of strife among religious or ethnic communities. Such economic factors do not arise by chance. Rather, they are the result of decisions undertaken by states, firms, and consumers, often producing both exploitation and conflict among peoples.

The role of the media - both commercial and social - has become increasingly more important. This growth provides an opportunity to democratize information, allowing for a greater monitoring of economic activity and consciousness-raising about violence and abuses. At the same time, access to the media is often in only a few hands, making real sharing of information impossible. And commercialization of the media can lead to a glorification of violence, hate speech, and the stoking of increased divisions among peoples.

In spite of these many challenges, there are also important new signs of hope in global economic relations:

Many local, grass-roots communities pursue innovative efforts to promote more just and inclusive economic relationships. Often led by women, indigenous and marginalized ethnic minorities, and other excluded groups, they boldly stand up for individual and collective rights, and demonstrate alternative styles of leadership and organization in economic and social relations.

A new global civil society is emerging. United by new means of communication and fostered by local communities, transnational associations of ordinary citizens are raising consciousness and taking direct action to confront environmental change and deterioration, to pursue just employment practices, and to promote solidarity across borders and levels of income.

Some governments and businesses have increasingly shown openness to engaging concern for sustainable development, just resource allocation, and the advancement of education and social inclusion. This new consciousness is still in its infancy, but it offers a sign of hope.

A new understanding of sustainable development is emerging, both in practice at the local level, and on the theoretical level in international debates. This new understanding places human beings and responsible care for the environment at the center of development. It gives a privileged place to institutions that foster community and shared opportunity.

The rising corporate social responsibility movement is also a sign of hope. Some firms have voluntarily adopted a set of standards known as the “triple bottom line,” which balances economic, environmental and social values, seeking integral economic and human development. The rise of large-scale capital has also been accompanied by increased opportunities for monitoring of business activity by interested actors, both locally and transnationally.

These “signs of our time” highlight the importance of the concerns raised by Pope Francis and his predecessors, Pope Saint St John Paul II and Benedict XVI. They show us a number of things. First, some advances and developments offer us great opportunity to alleviate suffering and to save the planet. They have made life in the 21st Century for many more fulfilling. But they also show us that there is something profoundly wrong with the world’s economic relations when so many are unable to reap the benefits of the more positive new developments. Finally, they point to the possibility that many individuals, communities, and governments can take action to advance a more just world economy. In other words, they can stimulate genuine hope in the face of our world’s challenges.

We turn now to a more careful analysis of the forces and realities of our global economy. In an effort to situate this examination within the context of the Gospels, we offer a reflection on how, from the perspective of scripture, we might shape our response. Our aim is to share the various ways we have come to understand these economic and social challenges, as well as, possible ways of living out a positive commitment to the common good.

3. Major challenges of today

3.1 The challenge of severe poverty

As we saw in the previous section, the contemporary global economic scene is marked by some notable signs of hope. There has been remarkable economic growth in recent decades, increasing the total output of both goods and services by many communities around the globe. While this growth has occurred not only in the developed world, it has remarkably involved some of the poorest countries, with developing countries growing at higher rates than industrialized nations. This has helped reduce the number of people in the world living in extreme poverty, i.e. with incomes below \$1.90/day.¹ Therefore, we have achieved the Millennium Development Goal of halving the share of the world's population living in poverty five years ahead of the original target date of 2015, and brought the share in extreme poverty down from 44 percent in 1981 to 12.7 percent in 2012. Yet, the number of people under extreme poverty globally remains unacceptably high.² Many developing countries have not achieved these Millennium Development Goals.

Despite this rapid growth in some countries, other nations have suffered stagnation or decline, and some that had previously experienced high growth have seen a slowdown to near zero or even a fall. This has occurred in both advanced industrial and developing countries. Sadly, in Sub-Saharan Africa the number of extremely poor people in 2010 (414 million) was twice as high as it was in 1981 (205 million).³ The challenge is still severe. Serious economic literature suggests that growth is diminishing toward a slower rate over the long-term, and thus growth cannot be relied upon as a driving force that will lift significant numbers of people out of poverty.

There is also hard data showing some of these improvements and the challenges ahead. The global under-five mortality rate has dropped by more than half between 1990 and 2015, except for Sub-Saharan Africa and developing Oceania. Overall, this global rate is falling faster in the last two decades than for any other prior period. Progress, though, has not been enough in Sub-Saharan Africa, Oceania, Caucasus and Central Asia, and Southern Asia.⁴ Sub-Saharan Africa, for example, faces the largest challenges yet to come since almost half of the increase in global population until 2050 will take place in that region.⁵ On the other hand, the global under-five mortality rate has declined by more than half between 1990 and 2015.⁶ Finally, life expectancy at birth has risen from 65 years for men and 69 years for women in 2000-2005 to 68 years for men and 73 years for women in 2010-2015, on average worldwide.⁷

¹ World Bank, October 2015, *Ending Extreme Poverty and Sharing Prosperity: Progress and Policies*, at <http://goo.gl/oDHEGw>, accessed November 2015.

² World Bank, October 2015, *Overview*, at <http://goo.gl/r8SVpo>, accessed November 2015.

³ World Bank, April 2013, *The State of the Poor: Where Are the Poor and Where Are They Poorest?*, at <http://goo.gl/Vue9Ju>, accessed November 2015.

⁴ United Nations, 2015, *The Millennium Development Goals Report 2015*, at <http://goo.gl/sWiipQ>, accessed November 2015.

⁵ United Nations, 2015, *World Population Prospects. Key findings & advanced tables*, at <http://goo.gl/v90x9k>, accessed November 2015.

⁶ United Nations, 2015, *The Millennium...*, p. 32.

⁷ United Nations, 2015, *World Population...*, p. 10.

Despite the notable recent declines in the number of people living in severe poverty, two issues are still worrisome. First, **extreme poverty remains a reality for nearly a billion people.**⁸ People in extreme poverty lack adequate nutrition, housing, education, and health care. For example, in 2015 about 800 million people in the world lacked enough food to lead a healthy active life (one in nine people on earth). The vast majority of those who are hungry live in developing countries, where 12.9 percent of the population is undernourished.⁹ Second, people that are slightly above the poverty line, and are thus no longer poor by these standards, may now be more vulnerable because they are no longer taken care of by anti-poverty government policies. A slight fall in their income or a health-related expense can easily push them back into poverty.

Poverty, however, not only means a lack of indispensable material resources, such as food or a decent home. It can also mean exclusion from interaction with others and participation in society that is needed for a minimally humane lifestyle. The poor often lack the education and social connections that support involvement in civic life. Their influence in the political realm can also be limited by work demands, which tend to be less flexible for them. Additionally, the poor are often compelled to live in geographically disadvantaged locations or segregated into communities that have little access to the goods and services that are made possible by social spending, and from other life-enhancing opportunities such as art, culture and other forms of recreation. Likewise, poor people are often stigmatized or regarded as unworthy of the social support that is essential if they are to overcome their plight. **Poverty, therefore, is a threat to the fundamental worth of very many people today.** The extreme deprivation that comes with having such low incomes, and the dispossession and dehumanization that comes with it, is a severe affront to the dignity of these people.

Reflection from the Christian tradition

Christian faith holds that every person is created in the image of God (Genesis 1: 27). Every human being possesses a sacredness and dignity that requires respect and social support. When we have the resources required to make it possible, every person should have enough to eat, a basic education, and primary health care. All should have access to the social participation and political voice that is needed to live in dignity. The Bible also tells us that God's love reaches out to the very poor in a special way. For example, the God of Israel has special concern for the most vulnerable members of society, who in Biblical times were identified as the stranger, the orphan, and the widow. Psalm 146 sings that God comes directly to the aid of these poor:

[God] secures justice for the oppressed,
gives food to the hungry.
The Lord sets prisoners free; ...
The Lord raises up those who are bowed down; ...
The Lord protects the stranger, sustains the orphan and the widow (Psalm 146: 7-9.)

A commitment to alleviating the suffering of the poor was also central to the ministry of Jesus. The gospel of Luke tells us that at the very beginning of his ministry, Jesus proclaimed that his mission was "to bring glad tidings to the poor . . . to proclaim liberty to captives . . . to let the oppressed go free" (Luke 4: 18). Therefore, since the justice that God

⁸ World Bank, October 2015, *Overview*, at <http://goo.gl/r8SVpo>, accessed November 2015.

⁹ Food and Agriculture Organization of the United Nations, 2015, *The State of Food Insecurity in the World*, at <http://goo.gl/LdNRmF>, accessed November 2015, p.3.

wills for Israel requires justice to the poor, and since the gospel proclaimed by Jesus is good news especially for the poor, faithful believers also have special duties toward the poor.

The scandal of the scope and depth of poverty today thus raises a forceful challenge both to the church and to the larger society as well. As Pope Francis put it, “Each individual Christian and every community is called to be an instrument of God for the liberation and promotion of the poor, and for enabling them to be fully a part of society” (EG, n. 187). Both Jesuits and the larger Ignatian family should be particularly attentive to this call to concern for the poor, for St. Ignatius and his original followers knew that personal works of mercy toward the poor and more institutionalized responses to the needs of the poor were key parts of their vocation. Bringing justice to the poor is thus a key aspect of the Christian and Jesuit vocations today. The duty to secure the dignity of persons is a requirement of justice. Working to secure justice for the poor is therefore required of all, and should help shape national and global economic policies.

3.2 The social wound of inequality

Compounding the challenge of poverty is the increasing inequality between the richest members of society and the rest of the population, both within nations and across the global community. **Inequality has been increasing in nearly every country since roughly 1980.** The benefits of economic growth have been distributed in highly unequal ways, especially within nations. In many countries there has been a rapid increase of wealth and investment income among a relatively small proportion of the population who are rich, while incomes for the middle class and for those with low incomes have advanced much more slowly, if at all. While some poor have become marginally better-off, the rich have seen their incomes grow exponentially. In fact, less than 100 individuals in the world have more wealth than half of the world’s population.¹⁰

Different countries exhibit different aspects of social exclusion, reflecting their specific colonial and revolutionary histories, demography, and beliefs. This leads to inequality between groups within countries, and some of these trends hold worldwide.

Women are more prone to poverty and unequal economic opportunity than are men. In many developing countries, only half of working-age women actually earn a wage, as opposed to about 80 percent of men, and statistics show that more women live in poverty than men. Unemployment is higher among women and women are the first to be fired when firms face financial stress. Worldwide, women’s wages are between 10 and 30 percent lower than men’s. All these facts push women further into poverty and broaden the gender gap.

In most countries, young people are expected to work, become independent, marry and establish a family. The fact that a large share of the youth is unable to meet those expectations is a sign that exclusion is rising for this age group. They are more and more excluded from the labor market, institutions, family and social relations, and politics. Youth exclusion in places like Europe and the Middle East is not so different, since they face similar threats such as very high unemployment rates that are more than double that of the adult population. Older people, on the other hand, particularly those in lower socio-economic groups, face desolation because they lack resources. Some keep working until a very

¹⁰ International Monetary Fund, June 2015, *Causes and Consequences of Income Inequality: A Global Perspective*, at <https://goo.gl/dfHnQE>, accessed November 2015.

advanced age and often face poverty, violence and abuse from society and even from their immediate family.

The same is true for some marginalized ethnic minorities, indigenous peoples, and migrants. Oftentimes, these groups have lower incomes and wealth than dominant social groups. The young and the aged within those minorities often bear the worst of the burden of poverty and inequality.

Unequal incomes and wealth, of course, have always been present in human societies. **The current rise in inequality is of particular concern, however, because it flies in the face of opportunities opened by significant growth and productivity in modern times.** This is due in part to the way wealth facilitates the generation of additional assets. Those with greater resources, therefore, have an advantage over those with less and thus often see their incomes and fortunes outpace those who hold little or nothing to start with. Growing inequality has accompanied the rise of imperfectly competitive markets (oligopoly or monopoly) and unregulated or deregulated financial exchanges. Indeed, the expansion of such markets and the growing concentration of some industries correlate highly with increased inequality of income and wealth. Further, growing inequality is partly explained by the fact that those with substantial wealth have advantages in accessing and influencing the political system and its leaders. They are able to promote policies that benefit themselves and to resist policies that would jeopardize their position. The poor suffer the consequences.

The question of an “acceptable” level of inequality should haunt us. The experience of some countries, mostly European (such as Sweden, Slovenia, Montenegro, Hungary, and Norway) shows that these very high levels of inequality are not inevitable. They have managed to keep low inequality (measured by the Gini Coefficient) while maintaining a high standard of living. On the other hand, some Latin American and African countries have significant and stagnant levels of inequality.

Yet, it is important to note that **political choices, supported by a commitment to social solidarity, have attained lower inequality and greater poverty reduction in countries that have made this a priority.** This has happened through a combination of economic growth and innovative commitments to new anti-poverty policies. In particular, a few countries of Latin America, which was the most unequal region for most of the last century, have become more equal by adopting new policies that directly assist those with low incomes, many of whom are working in the informal, unregistered job sector. This has not come at the cost of economic growth, even where it has resulted in slightly lower incomes and wealth for the richest members of society.

Inequality divides society in ways that have serious moral consequences. It is a wound harming social cohesion and solidarity. The separation between the very rich and the very poor, and even between the very rich and the middle class, stands as a stark challenge to full human flourishing for both individuals and the communities to which they belong, creating and reinforcing social divisions in which a small group in society has access to nearly unbounded goods and opportunities, while a persistent majority lacks such opportunities. Sadly, even as communication technologies have improved, these different social classes seem to have less and less opportunity to interact and build bonds of solidarity. These divisions make it difficult to envision how all members of society are in fact linked together in a single community. In some countries, social distinctions have ossified into dual societies (or more complex, tiered societies), in which individuals in one tier never interact with those in other tiers, making social mobility between layers nearly impossible.

The Second Vatican Council affirmed, however, that God wants all people “to live together in one family” as brothers and sisters (GS, n. 24). The Council teaches that both Christian revelation and the laws of social life understood from a more secular perspective tell us that we are interdependent upon one another. We are called to a life that is shared with each another, not divided by inequalities that exclude so many from the resources God has created and the riches human ingenuity has produced. This interdependence is achieved in intimate communities like families, in larger communities like the nation, and globally in the entire human community as a whole. As St. Paul taught, “From one single stock [God]...created the whole human race so that they could occupy the entire earth” (Acts 17:26). All men and women have a common origin; all have a common destiny; all are linked together in interdependence on the one earth. Inequalities that create deep divisions in the human community, leaving many millions desperately poor, go against both God’s plan for humanity and the very meaning of our common humanity. The Christian community and in particular the Ignatian family, therefore, are called to work vigorously to overcome the inequalities that wound our countries and our world. When such work is effective it will both help overcome poverty and strengthen the common good that should be shared among all.

3.3 The risks of modern-day financialization

In recent decades, there has been a notable growth in financial markets. These markets create financial instruments (paper assets) that provide new economic opportunities for both investors and consumers, and which have allowed for an overall increase in trade and flow of funds (portfolio investments) around the globe. This has allowed middle-class investors to save, consume, and insure themselves in important new ways. **At the same time, however, this process of “financialization” has rendered the economy increasingly intangible, as financial instruments now far exceed the “real economy” of goods and services.** A process that began with instruments such as securities, bonds, and debt certificates has ballooned into a system with increasingly complex instruments like derivatives, futures contracts, trade in currencies, and credit default insurance, to name only a few. These financial instruments have also been characterized by significant arbitrage and volatility, and their interconnectedness can mean that a price change in one part of the world affects prices around the globe. Indeed, even as investors are now offered greater opportunities, they are exposed to greater risks, some of which may be hard to detect. Significantly, those most exposed are those with the smallest holdings and the least access to information (especially the middle class and poor).

Furthermore, financialization offers new possibilities for manipulation and misuse of the instruments involved. Governments, eager to attract capital and increase national growth, have frequently engaged in deregulation of financial markets, diminishing their ability to limit flows and protect their citizens. **Firms are often incentivized to package their financial offerings in ways that create new sales or inflate asset prices but decrease the transparency of the underlying assets.** And individual investors may be drawn to pursue short-term gains that do not contribute to the long-term growth of the firms or underlying economy.

This trend of financialization played a major role in recent financial crises – including the 1998 Asian crisis, the 2008 subprime crisis, and recent volatility in China and Russia – which threatened the stability of the entire global economy. In addition, the impact of

financialization tends to be highly unequal, in terms of the small few who have access to invest and reap gains, in comparison to the large majority who may be subject to the volatility it generates. Likewise, capital tends to go where it will be best rewarded, rather than where it is most needed, leading to uneven patterns of investment across territories and peoples. Indeed, recent developments raise serious questions about the adequacy of financial markets, left to themselves, to function as effective tools for the advancement of well-being and justice (LS, n. 109). Unregulated markets and financial interests may not provide equitable growth or many of the most important basic goods citizens need, and often expose them to increased price volatility and risk. It is not surprising that Pope Francis has challenged what he calls “ideologies which defend the absolute autonomy of the marketplace and financial speculation.” **To address such concerns, the Pontifical Council for Justice and Peace has repeatedly called for movement toward regulation, at both the national and international level, that increases oversight, transparency, and responsibility.** Attention to subsidiarity calls for more inclusive participation – at the local, national, and regional levels – in the design of new regulatory structures and rules.

3.4 The injustice of violence

Today the economic wounds of poverty and inequality divide societies in ways that are increasingly dangerous. The socio-economic divisions that fragment both countries and the world as a whole often lead to conflict and violence. When violent conflict erupts, this in turn reduces economic growth and social inclusion. **Poverty and conflict thus converge to weaken hope and undermine action for positive social change.** Deepening income inequality is the number one trend on the world scene today and this inequality threatens to bring political instability, violence, and conflict in its wake. A vicious cycle of economic injustice and social conflict threatens to bring deeper human suffering and loss of hope.

We can distinguish several ways that economic injustice is related to conflict and violence. First, extreme poverty itself violates the dignity of those who suffer from it. When society possesses the resources to alleviate poverty and enhance their quality of life, as it does today, failure to do so is itself a kind of violence inflicted upon the poor. Thus today’s growing patterns of inequality violate the dignity of those left behind.

In addition, the concentration of income and wealth in the hands of a few can give them a monopoly on the power to control the direction of economic change, leading to a further polarization of power and an increasing risk of societal breakdown. These patterns of polarization are often handed on from one generation to the next, leading to increased deprivation of society’s younger members, which can in turn generate further social strife. Unequal shares in the power to shape society can also exclude large population groups from sharing in society’s resources, causing economic desperation. This economic inequality and exclusion increase pressures that lead to migration. Indeed, much of the migration within regions and outward migration in all continents, as well as, migration from those regions to the north, is due to the way poverty and social exclusion have made life unlivable for those who migrate. Such migration is a kind of flight from violence. Also, conflict and war are the principle cause of the displacement of refugees, who today outnumber those since the end of World War II.

Second, economic injustice becomes a form of violence when the privileged use their power to keep others poor or even to dispossess the poor of what little they have. Those at the top of society have sometimes obtained their wealth by seizing land or other material resources needed by the poor to support themselves and their families. This seizure of resources can

be backed by the use of the law, the police, and even the military. Indigenous people are often the victims of such dispossession. Indigenous people, too often regarded as inferior, are often the victims of violent dispossession and impoverishment. Huge numbers of refugees and internally displaced persons, driven from home by the civil wars in the Middle East, Africa, and Asia are evidence of the way poverty can be a direct result of the unjust use of power.

Third, states, large corporations and major financial institutions play important roles in shaping the economic dynamics that can lead either to conflict or to peaceful social life. These large powers have the capacity to work to improve the lives of the poor, or they can act in ways that lead to de facto physical violence in the form of exploitation, exclusion of civic life, expulsion from land, or dispossession of the resources needed to sustain livelihood. Moreover, states have lost some of their ability to shape the larger structures of society so as to effectively dampen the impacts of transnational corporations and speculative financial capital. Situations where states are unable to control diverse forms of intra-state violence have also increased dramatically. Certainly the violence that occurs when the rich and strong impose domination on the poor and weak is not new; it has been a fact of life throughout history. **The social exclusion that is a part of today's inequality, however, makes the link between economic injustice and conflict particularly poignant, especially given the increase in resources at our disposal.**

States, corporations and financial institutions can also take actions that have powerful effects through their cultural consequences. The effects can be either positive or negative. When these major institutions treat people humanely, they advance efforts to overcome poverty and inequality. On the other hand, when these institutions deny people their dignity through racial, ethnic, religious, cultural or class discrimination, their actions violate the dignity and even the very lives of those they affect. The poor are particularly vulnerable to cultural, ethnic or other forms of discrimination. Yet, they are not powerless. They are not waiting with their arms crossed for assistance from others. They are their own protagonists in the struggle to improve their lives.

Reflection from the Christian tradition

Poverty and inequality do violence to many people and generate many of the conflicts and wars that mar the world today. Christ's call to his followers to be peacemakers is thus closely linked with the call to promote justice. Peace and justice are interwoven in the struggles to make the world more human and more like God wants it to be, just as injustice and violence are interwoven forms of sinful abuse. The people of Israel knew that in the age to come, when God's promises will be fulfilled, eliminating violence and overcoming injustice will go hand in hand. As the Psalms proclaim, God calls humanity to a destiny where both injustice and violence are surmounted, to a world where

Love and truth will meet;
justice and peace will kiss.
Truth will spring from the earth;
justice will look down from heaven (Psalm 85: 11-12).

This linkage between justice and peace was reaffirmed by the Second Vatican Council, when it taught that "excessive economic and social differences between members of the one human family" not only violate the dignity of the human person but also threaten "social and international peace" (GS, n. 29). Both justice and peace are rooted in God's commandment to "love your neighbor as yourself" (Leviticus 19:18, Mark 12:31). Levels of

poverty and inequality that create deep divisions among people are incompatible with the most fundamental requirements of Christian morality. Jesus's twin call to bring good news to the poor and to be peacemakers challenges the church, the Ignatian family, and all people of good will to work vigorously to eliminate the poverty and to overcome the deep inequalities that violate the dignity of so many today.

3.5 The unattended fragility of our common home

As the Pope stated in *Laudato Si'*, the rate of extraction of natural resources cannot be sustained. Scientific analysis indicates that we face severe menaces to both ecological stability and human well-being should consumption continue at the current pace. At the moment, patterns of economic activity, such as over-mining, over-fishing, deforestation, etc., often harm both the environment and the poor. **Yet, ecological and societal breakdown can still be averted if we educate ourselves about these dangers and if we take concrete action to avert these perils.** The limited capacity of the planet to process harmful residues is an aspect of this problem posing a risk for our planet, one which will grow exponentially should nothing be done. Technological solutions can help but they too can create greater damage as we have seen in many cases around the globe (LS, n. 20).

The harmful consequences of over-use and misuse of resources are also unequally distributed. Environmental degradation almost always affects the poor most severely. The lopsided impact of environmental degradation on poor people was discussed by the Task Force on Jesuit Mission and Ecology in its 2011 study, *Healing a Broken World*. The poor are more exposed to natural risks and changing environmental conditions precisely because their poverty puts them on the periphery of society and thwarts them from taking steps to protect themselves against these risks and changes. Simply put, they are more vulnerable to the effects of pollution, deforestation, desertification, and soil erosion.

In particular, the poor are more likely to be exposed to the harms that occur when unsustainable agricultural, commercial logging, fishing, and mining practices threaten air, water and land resources. These harms are frequently the result of the actions of large extractive industries, mining companies and agribusinesses, but they also arise in part from the actions the poor must take to survive, such as the use of forest wood for cooking their meals. All of these problems can lead to an expanding cycle of environmental problems.¹¹

On the other hand, control of critical natural resources, like water and soil, tend to benefit existing powerful interests, adding to the ecological pressures faced by those with less. Business groups often have little interest in limiting their activities and production in light of the effects these have on the environment, for such limits can threaten profits. Many powerful business groups make significant contributions both to the overall economic growth of the countries in which they operate and to the governments of those countries. Because of these contributions, governments that should be regulating such business activities, instead extend them special privileges. These privileges can lead to patterns that effectively displace local people, forcing them to migrate. The displaced often include indigenous people, landless settlers and farmers, and the rural poor. The outcome can be additional loss of resources and economic opportunity, generating a vicious cycle in which poverty leads to greater vulnerability, which in turn leads to greater poverty (LS, n. 52). Thus the joint actions of states and large corporations too often affect resources and the

¹¹ Social Justice and Ecology Secretariat, 2011, *Healing a Broken World*, at <http://goo.gl/cDx0CL>, accessed November 2015.

environment in ways that increase poverty and inequality, ecological instability and health problems.

As *Laudato Si'* acknowledges, environmental factors will likely threaten the livelihoods and lives of the most vulnerable in additional ways. The poor are especially exposed to the harmful effects of periodic drought and flood episodes. They are also particularly vulnerable to climate change that can alter living conditions and limit access to natural resources. We see an increase in the frequency and intensity of natural disasters such as hurricanes and typhoons. Rising sea levels caused by climate change will likely displace millions of people in the decades ahead. Most will most likely be unable to return to their former homes. This effect is exacerbating the rising intergenerational poverty worldwide. **Thus, we can expect to see many millions of people turned into de facto refugees by environmental degradation.** Many of the ousted are (and will be) poor and vulnerable, and they will be made even more so by their displacement.¹²

Preventing this cycle of environmental degradation, economic vulnerability, and increased poverty is a major challenge facing all countries and communities. Making needed change will mean limiting the way the unregulated market operates with respect to the environment. Markets do not have the social conscience, environmental ethic, or long-term vision needed to promote the common good of a stable environment that is shared inclusively and fairly (LS, n. 190).

Reflection from the Christian tradition

The biblical account of creation celebrates the intrinsic good of all the natural resources and living species of the earth. Just as the Bible declares that “God looked at everything he had made, and found it very good” (Genesis 1:31), so should we look upon all the resources and living things on the earth and see how good they are. The economic activities, policies, and institutions we develop should respect the inherent value of the natural resources and living things of the earth. The Genesis story of creation also tells us that human beings possess a value that is truly sacred:

God created humankind in his image;
in the image of God he created them;
male and female God created them (Genesis 1:27).

Thus economic actions, policies and institutions should serve the sacred dignity of all men and women. The biblical narrative thus presents us with a moral and religious vision that can help us shape global economic life in ways that seek simultaneously to protect the integrity of the environment and the well-being of all humans. In biblical terms, we are called to respect the inherent value of the earth, “to cultivate and care for it” (Genesis 2:15), and to respect the image of God in each person. As The Earth Charter puts it, “it is imperative that we, the peoples of Earth, declare our responsibility to one another, to the greater community of life, and to future generations.”¹³ Though there can be tensions among

¹² World Bank, 2013, *Turn Down the Heat: Climate Extremes, Regional Impacts, and the Case for Resilience*, at <http://goo.gl/ZUKeEv>, accessed November 2015.

¹³ Earth Charter Commission, *The Earth Charter*, at <http://goo.gl/NSMB49>, accessed November 2015, see Preamble. The Earth Charter was launched on 29 June, 2000 by the Earth Charter Commission, an independent international entity, in a ceremony in The Hague. It was the result of a decade-long, worldwide, dialogue on common goals and shared values. The Earth Charter project

these values, Christians and all who respect both human beings and the earth should work to advance them in a sustainable global economy.

Sadly, however, the earth and many of its people have not been treated in this responsible way. Both the earth and its people have been abused, often by economic activity. Human activity has deepened the conflicts that occur within nature due to its finiteness. The world of nature is thus itself affected by the corruption humans have caused by their irresponsibility and sin. Nevertheless, Christians trust that through the redeeming love of God and the cooperation of collective human action not only human beings but all of nature will be restored to wholeness in a new creation. St. Paul wrote that though "all creation is groaning in labor pains even until now," through Christ God promises that "creation itself will be set free from slavery to corruption and share in the glorious freedom of the children of God" (Romans 8: 21-22). Christians thus hope that both humanity and the world of nature will be restored to the goodness that God gave them at creation and will be raised to a new and even deeper integrity by the redeeming action of Christ. God promises redemption to both humans and to the whole of the cosmos. Human beings are called to respond to this promise by working for reconciliation among divided cities, nations, and peoples. In a similar way, we are called both to prevent further damage to the surrounding environment and to work to restore the integrity of the global ecology. Response to the challenges of economic justice should therefore be linked with a deepening of ecological and environmental responsibility.

began as a United Nations initiative, but it was carried forward and completed by a global civil society initiative.

4. A New Vision

An effective response to these challenges of poverty, inequality, unregulated financialization, social conflict, and environmental degradation will need to be shaped by a strong vision of the common good. By sharing in the common good, people become linked together in a shared social life, enabling them to realize their human dignity. Effective promotion of the common good counteracts the grave threats to human dignity posed by the realities of poverty, inequality, and social conflict. These threats fracture society, weakening or sometimes destroying the social bonds that dignity requires. Similarly, promotion of the common good counters environmental threats by supporting the deep interconnection of persons and the natural world in a shared ecological community. A vision of the common good of the human and ecological communities will thus be an essential guide for response to the challenges raised by Pope Francis.

4.1 The common good today

The idea of the common good has a long history, but its meaning is rarely spelled out with any precision. **We can describe the common good as the interconnected set of social values that are shared by all of a community's members to at least the degree required by their common humanity.** It is a good that simultaneously benefits the community and each of its members. For example, a healthful and sustainable environment is a common good. When this kind of environment exists it is of benefit *both* to the community as a whole *and* also to each of its members. Or negatively put, a polluted and declining environment is a common bad—it is harmful to the whole community and also to each of the community's members. A genuinely common or shared good is therefore not the same as the aggregate sum of goods possessed by the individual members of society.

It is a mistake, for example, to identify the common good with the aggregated incomes of the individual members of society. Though the gross domestic product per capita in a society is a partial measure of of a society's well being, it is not a fully adequate measure of the common good. It does not take into account how the GDP is distributed among the society's members. A society where a very small number possess almost everything and many are deeply impoverished has not attained its common good. Unfortunately there are countries today where the aggregate GDP has been growing while some citizens are becoming poorer or even falling into destitution. This is happening in some parts of sub-Saharan Africa. In cases like these the aggregate GDP per capita does not measure whether growth actually increases the benefit to each of the members of society. Some may be left out, either with an inadequate share or with no share at all. The aggregate welfare, therefore, need not be a truly *common* good. This limitation to the aggregative approach means that a normative understanding of the common good should include both aggregative and distributive standards. In the words of Pope St John Paul II, the common good is “the good of all and of each individual.” (SRS, n. 38). For a good to be truly *common*, all members of the relevant society must share in it to at least the level required by the humanity they share with other men and women.

The common good, therefore, is not like the benefits that accrue to the owners of private property. It is not the private possession of any individual members of the community or of any small group within it. This is the reason it is called the *common* good. The way the common good is related to the good of the individual members of society is governed by the requirements of justice. Justice, of course, is itself of complex concept. The Catholic

intellectual tradition, going back to St. Thomas Aquinas and through Aquinas to ancient Greek thinkers like Aristotle, distinguishes several meanings of justice that can shed light on the global challenges we face today. **Commutative justice requires equality and reciprocity in exchanges among particular individuals or small groups.** Commutative justice requires fair exchange in the market and it forbids theft of what rightly belongs to another. More positively, it requires that employers pay their employees a wage equivalent to the value of their contribution.¹⁴

In addition there are also standards of justice that should regulate the relation between the common good of a society and the good of the society's individual members. Aquinas calls these other types of justice "general justice" and "distributive justice." "General justice" can be more descriptively called "contributive justice," for it sets forth people's duties to contribute to the common good of their society.¹⁵ "Contributive justice" requires individuals to build up and sustain the shared good of their society. Thus it calls citizens to be active participants in the life of their community, working not only for their own good but also to help meet the basic needs of poor fellow citizens, to generate jobs for the unemployed, to overcome patterns of discrimination and exclusion, to protect environmental quality, and to build up other goods that can help make a good society.

Distributive justice is the inverse of contributive justice. It regulates how the common good of the larger society should be distributed or made accessible to its members. Distributive justice deals with the way the society enables its members to benefit from the goods that the common life of the members makes possible. It calls for the allocation of social resources in ways that reflect the contributions people have made to the common good through their work and creativity. Very importantly in our global context today, it calls for distribution of the world's wealth and resources so that the basic needs of every person are met at least to the level required by their human dignity.

The requirement that the common good be built up and distributed justly thus requires that the positive results of the growth of a country's economy ought to benefit all members of the community. When growth benefits just some, it neither advances the common good nor is it justly distributed. In order to determine whether economic growth is serving the common good, therefore, we have to ask who benefits from it and who does not. If significant numbers of people are left out of the benefits that growth produces, this growth is not serving the common good. This is even more evident if some people are not simply left out but are positively excluded because of their race, gender, ethnicity or religion. Such active exclusion both demeans those who are excluded and fragments the community they should be part of.

In the biblical tradition, those excluded in this way are often referred to as "the orphan, the widow and the stranger in your midst" (see, for example, Deut. 16:11-14, 26:12; Jer. 22:3; Zech. 7:10). **The prophets of Israel and Jesus of Nazareth continually remind us that it is a duty of justice to respond to the needs of the widow, the orphan, and the stranger, whom**

¹⁴ The issue of the meaning of a just wage is complex and is certainly not dealt with adequately in these brief comments. For an important treatment that had a major influence on Catholic engagement in the labor movement in the United States, see John A. Ryan, *A Living Wage*, revised and abridged edition (New York: Macmillan, 1920), esp. chap. III, "A Personal Living Wage."

¹⁵ See Thomas Aquinas, *Summa Theologiae* II-II, q. 58, art. 6. The term "contributive justice" is used in place of general justice by the U.S. Conference of Catholic Bishops in their 1986 pastoral letter, *Economic Justice for All: Catholic Social Teaching and the U.S. Economy*, n. 71, at <http://goo.gl/3L0dSl>, accessed October 2015.

today we would call the poor, the marginalized, and the migrant. In more secular terms, we can say that when people cannot share in the common good, their dignity as members of the human family is being unjustly violated. Thus the requirements of both justice and the common good today require working to meet the needs of all who are poor or who do not benefit from the remarkable growth that has been happening in our world.

The Catholic tradition also stresses that the common good has important institutional dimensions. This is evident when recent Catholic social thought defines the common good as “the sum of those conditions of social life which allow social groups and their individual members relatively thorough and ready access to their own fulfillment.”¹⁶ The “conditions of social life” referred to here are the social institutions and structures that enable the members of a society to attain their well-being. When these institutions do this, they are both promoting the common good and are themselves key elements within the common good.

The importance of these institutional considerations is evident when we note that recent policy discussions have stressed that the market must be guided by other social and governmental institutions if the basic well-being of all is to be achieved. We have noted above that economic growth has been significant in many countries in recent years. Free market institutions have often played notable roles in promoting this growth and in lifting people out of poverty. But a rising aggregate GDP can fail to benefit some members of the community, leaving many to face serious deprivation. When this happens neither the common good nor justice is being achieved. Non-market institutions will need to intervene to help make the results of growth accessible for all to the level required by their human dignity. Devising policies for both governmental and non-governmental institutions that supplement the market in this way is essential if we are to respond in just ways to today’s challenges.

Promotion of the common good, therefore, requires evaluating the way multiple social institutions give some people greater share in the aggregate good, some people smaller shares, and some people no share at all. The just build up and distribution of the common good require that economic, political, and other social institutions be shaped in ways that generate enough resources to support the well-being of all (an issue of productivity and aggregation) and also to assure that all are able to share in the goods produced (an issue of distribution and access). Different kinds of goods must be produced and distributed to serve human well being: food, health care, jobs, education, political participation, a sustainable environment, etc. Income in money is not by itself a sufficient measure. Regrettably, today far too many people lack the required levels of these essential goods even though there has been dramatic economic growth. That there are over a billion people living in extreme poverty, that so many children are hungry, and that many lack education and health care indicates that injustice is a regrettable reality in our world today. Economic activity often threatens the environment with too many negative effects to be ecologically sustainable. Shaping growth in ways that serve the common good, therefore, requires the creation of institutions and policies that will help overcome these threats.

¹⁶ This definition was initially presented in Pope St John XXIII’s 1961 encyclical *Mater et Magistra*, and has been repeated frequently in subsequent church teachings. See St John XXIII, *Mater et Magistra*, n. 65, in David J. O’Brien and Thomas A. Shannon, eds., *Catholic Social Thought: The Documentary Heritage*, expanded edition (Maryknoll, NY: Orbis Books, 2010), 98. This definition is cited in Vatican Council II, *Pastoral Constitution on the Church in the Modern World (Gaudium et Spes)*, n. 26, Vatican II, *Declaration on Religious Freedom (Dignitatis Humanae)*, n. 6, *Catechism of the Catholic Church*, n. 1906, and *Compendium of the Social Doctrine of the Church* (n. 164).

The moral standards of the common good and justice also call for initiatives that will confront the harms caused by today's deep inequalities. Sharp inequalities break society apart into fragments and often do real harm to those at the bottom. Inequalities can undermine the positive relationship of solidarity among the members of society that is a crucial aspect of the common good. Pope St John Paul II called solidarity a virtue that leads to "a firm and persevering determination to commit oneself to the common good." (SRS, n. 38). For example, the solidarity of rightly ordered patriotism links citizens together in a bond of mutual loyalty. Their concern for their co-citizens arises because they recognize that they share a common fate rooted in their shared history, geography, and political interaction. Recognition of this shared fate helps them see that the well-being of each citizen is intertwined with that of the others. This in turn generates a mutual concern among the co-citizens that can be called solidarity. **In today's increasingly globalized world, the way people's fates are shared across borders will also call for an analogous form of solidarity that is global in scope, based on recognition that all are members of one human family.**

Both within borders and across them, such solidarity is an important expression of the love of neighbor to which Christians are called. Pope St John Paul II has affirmed that "solidarity is undoubtedly a Christian virtue" and there are "many points of contact between solidarity and charity, which is the distinguishing mark of Christ's disciples (cf. Jn 13:35). (SRS, n. 40). Thus it is a central part of the vocation of all Christians to work for the building up of the common good and for the creation of institutions and policies that will sustain it. Both within countries and among them, therefore, the moral solidarity needed to advance the common good is threatened by deep inequalities. Inequality can lead to a situation where the small group at the top thinks it has little stake in what happens to the majority below them, and especially no concern for those at the very bottom. Inequality in both income and wealth can undermine efforts to prevent and overcome poverty. **When economic activity is as heavily knowledge-based as it is today, those who have the education and know-how successfully to navigate the flow of technology and finance will reap benefits in disproportionate ways.** Sizable numbers with less education will be left behind with much less, often in the long-term unemployment and poverty that frequently leads to diminishing hope and even despair. Solidarity and commitment to the common good, therefore, require efforts to reduce inequality and overcome such poverty simultaneously.

4.2 Institutions for change: states, civil society, and global networks for justice

In our globalizing world, such efforts will require initiatives and institutions that reach across national borders. **As far back as 1963, Pope St John XXIII, in his encyclical *Pacem in Terris*, concluded that the institutions governing transnational economic and political interaction were "unequal to the task of promoting the common good of all peoples."** In response, he called for the development of institutions of governance that have transnational power and that possess the capacity to pursue the global common good efficaciously (PT, n. 135 and n. 138). St John XXIII gave particular endorsement to the United Nations. Benedict XVI went farther in his 2009 encyclical *Caritas in Veritate*, when he said that the continuing growth of global interdependence requires reforming the UN and other institutions governing international economy and finance to give them "real teeth." (CV, n. 67). Following St John XXIII and Benedict XVI we can conclude that institutions of regional and global governance must be significantly strengthened to secure justice and the common good today.

At the same time, these governing agencies will also need to respect national and cultural differences. There can sometimes be a tension between the goals of advancing justice and the

common good on the regional or global levels and the need to respect the distinctive identity and freedom of people on the local or national levels. The tradition of Catholic social thought addresses this tension through the principle of subsidiarity.¹⁷ This principle maintains that smaller organizations that are closer to the people and nearer to the grass roots should be the main agents of social change whenever they can act effectively. The principle thus requires that global institutions of governance should respect the self-determination of nation states, the distinctiveness of particular cultural communities, and the rich fabric of the many agencies that make up civil society. Indeed regional or global institutions should provide help (*subsidium*) to more local communities and to civil society in their efforts to advance the common good rather than absorbing or replacing more local agencies (PT, n. 140-141). **However, if national communities and civil society are unable or unwilling to take action needed to secure the common good, regional or global organizations of governance can be required to do so.** The common good of national and cultural communities, therefore, must be seen within the framework of the common good and larger solidarity of the global human community. This larger solidarity may call for intervention across a national border if the requirements of justice and the larger common good require this. The commitments to the global common good and respect for the identities of diverse peoples and nations, therefore, are complementary (PT, n. 139). Subsidiarity requires respect for the local unless the demands of a more inclusive human solidarity require otherwise.

Thus states play important roles in advancing key elements of the common good. For example, national governments must play important roles in fostering sustainable cities and regions through economic incentives, procurement budgets, and infrastructure projects. They can move local economies toward environmental sustainability by phasing out energy subsidies, enforcing energy efficiency and emission limits, thus improving living conditions for both rural and urban populations while protecting the environment. Interstate organizations like the European Union and the African Union also have essential roles, as do state-sponsored multilateral agencies. The World Bank has recently set the goal of eliminating extreme poverty by the year 2030 and doing so through the promotion of shared prosperity by reducing inequality.¹⁸

Action by governments and intergovernmental organizations, however, will not be enough. Indeed, both weak states and excessively powerful ones can fall under the control of the small elites with economic and financial power, resulting in the state exploiting rather than serving its own people. **Strong involvement by civil society is essential to prevent this distorted use of governmental power.** Action from below by civil society groups is very often needed to address extreme poverty and environmental degradation.

The experience of recent decades has shown that the tasks of advancing global economic justice and of caring for the environment are the responsibilities of many different agencies. **Today's global order is being shaped by nation states, by intergovernmental bodies such as the United Nations and its regional counterparts, and by multinational corporations and financial institutions.** Nongovernmental organizations play increasingly important roles through their advocacy on issues such as poverty, inequality, and environmental

¹⁷ The classic statement of the principle of subsidiarity in Catholic social thought is in Pius XI's *Quadragesimo Anno*, nos. 79-80.

¹⁸ See World Bank, *Global Monitoring Report 2014/2015: Ending Poverty and Sharing Prosperity* (Washington, DC: World Bank Group, 2014), at <http://hdl.handle.net/10986/20330>, accessed October 2015.

protection. In recent years internationally-oriented nongovernmental agencies (INGOs) have been playing increasingly important roles in advancing global justice and the common good. The number of these nongovernmental agencies has grown dramatically in recent years. Many of these organizations are working to overcome poverty, inequality and environmental degradation or to challenge states and economic elites on these matters. These NGOs possess the expertise needed to work as partners of states and interstate organizations. Agencies formed by poor people enable the poor themselves to address exploitation actively. Community-based groups can help people organize for access to land and to care for natural resources and the environment. Some of them work directly on development, promoting economic justice for the poor and for particular groups in society, such as women, children, and youth. Other organizations in civil society promote the human rights and good governance required to advance equality both economically and politically. Still others work directly on environmental issues.

The challenge for all these institutions, whether they are national, intergovernmental, or nongovernmental, is to keep their work sharply focused on attaining just, peaceful, and sustainable development. This means these institutions need to work together to shape global social structures and economic rules that will serve the common good rather than the private good of those who possess more power. Global NGOs that have strong commitments to the economic and environmental common good can play especially important roles in this effort.

Many effective NGOs are linked to the church and to other religious communities, including the Society of Jesus. For example, Caritas Internationalis coordinates many Catholic initiatives for development and relief around the world and World Vision International does so in the evangelical Christian community. **Indeed the Christian community is perhaps uniquely positioned to show leadership in these efforts because it is simultaneously global in scope and has many members among those who are most vulnerable to economic and environmental harms.** The church, in partnership with other agencies, can thus contribute to sustainable development that is attentive to effects at the grassroots and also on the global level. The same is true of the Society of Jesus and of the institutions linked to it. These Jesuit-related bodies have capacities for action that is both global and responsive to local needs.

When these many national, inter-governmental and non-governmental agencies are successful in pursuing the common good and greater justice, it is often the result of their collaboration and formation of networks with other bodies. Such networks can make institutions notably more effective than they would be when acting independently. For example, efforts to overcome extreme poverty in developing countries require coordinated or networked actions by private entrepreneurs and by global development and financial institutions. It will also be influenced by the actions of regional agencies such as the African and Inter-American Development Banks, by country-to-country bilateral assistance programs, by direct foreign investment or loans from private corporations and banks, and by the activities of numerous NGOs dedicated to promoting development. Church-related and other faith-based organizations, including the Jesuits and Jesuit -related institutions, also have important roles to play, both through service activities that directly benefit the poor or the environment, and through advocacy that calls other agencies and governments to take needed action.

The pursuit of the global common good in an increasingly interdependent world, therefore, calls for response by networks of many different kinds of groups. We live in an increasing networked world. Response to poverty, inequality, and environmental degradation is most

likely to be effective when it is the response of numerous groups working together in activity that none of the groups could undertake on their own. This reinforces the insistence of the 35th General Congregation of the Society of Jesus 's that work for the promotion of justice calls for strong collaboration between the Jesuits and the many others who are similarly committed to justice and the common good. Indeed the Congregation declared the collaboration with other groups is essential to pursuing the Jesuit mission.¹⁹ Networks of cooperation will thus be very important in the work for global justice and the common good by Jesuits and by the institutions affiliated with them today.

4.3 Recommendations for improving the plight of the poor

There are situations that cry for change. As Pope Francis writes, "there needs to be a distinctive way of looking at things, a way of thinking, policies, an educational programme, a lifestyle and a spirituality which together generate resistance to the assault of the technocratic paradigm" (LS, n. 111). In the last section of this chapter, we tentatively list some concrete issues that could be addressed. They are meant to provide a sense of direction. We are aware that some of them are subject to controversies. If we mention them explicitly, it is with the hope that they may, at least, induce a fruitful debate.

Reforms at the national level to promote fairness and participation:

We deal first with questions regarding the state's public policy. Even though some states seem *de facto* to be powerless in comparison with a number of multinational corporations, justice at the international level can obviously not be dealt with without empowering the state whenever possible, or using the power of the state to address needed reforms.

1. We recommend the promotion of public policies that redistribute wealth

We see a growing acknowledgement that policies designed to enable the rich to become richer in order for those who are better off to create opportunities for the alleviation of poverty, i.e., the "trickle-down effect," do not in effect do so. This acknowledgement opens the door for reconsidering redistribution policies. Increasing income taxes should be considered again as a valid option both to reduce inequalities and to provide the state with fiscal opportunities that advance the common good.

Capital taxation should be used to reduce the rate of increase in wealth inequalities (not just income) that took place in the last 4 decades. However, we should not forget that some poor populations in Western countries, which have little income but some inherited capital (e.g., real estate), would be endangered by a blind tax on capital.

Such reforms would be easier to implement at a time of rapid GDP growth. Nevertheless, we acknowledge two potential problems. One is the threat of stagnation of GDP and the other, a strong correlation between growth and the increase of greenhouse gas emissions. Therefore, we recommend that reforms should be considered independently of whether or not GDP growth takes place. For the same reason, the promotion of the common good should be the measure for retaining the political goal of GDP growth.

¹⁹ Decree 6 of General Congregation 35 is entitled "Collaboration at the Heart of Mission."

2. We recommend the enforcement of laws that protect the environment and foster good governance of natural and mineral resources

Current discussions demonstrate that several countries do have a road map for shifting from carbon-based productivist models of production and consumption to low-carbon, environment-friendly alternatives. This shift is often called the “ecological shift”. Thus, there is urgent need to implement concrete scenarios for the ecological shift, including adaptation and mitigation programs. Mitigation programs are especially critical in the North. To be consistent, these alternative scenarios should be accompanied by the reduction of subsidies for fossil fuel production, using the savings for investment for green infrastructures.

Such long-term strategies and investments will not suffice, however, if states do not at the same time, prohibit or at least limit damages to the environment. Local communities that are directly impacted must be protected.²⁰

3. We call for stronger regulation of economic and financial markets

A number of suggestions have been made to regulate financial markets.²¹ These include a tax on financial transactions (known as a Tobin tax, whose implementation is currently making some progresses in Europe); the separation of banks that take risks on financial markets from retail banks which manage the citizens’ deposit accounts, to cite but two.

Financial regulation has proven to be a difficult task but should not be abandoned. At minimum, we call for a tax on capital gains. This would reduce the volatility of markets and make it easier to invest capital in green infrastructures.

4. We strongly support policies that reduce the capture of states by lobbying elites and stronger efforts to combat corruption

Policies that make the capture of the state by lobbying elites and corporations more difficult are urgently needed. These include prohibiting revolving doors between private financial sector, multinationals, academia and government positions. This may be the easiest and most efficient way to keep separate the interests of each sector. Insuring the independence of the judiciary is another. Most of all, policies that mandate transparency at all levels, and that enable an involved and informed citizenry to monitor these sectors, are essential pillars of the needed reforms.

5. We must promote the creation of decent jobs

The ecological shift might be an opportunity to create new jobs. This should be an occasion to address the inefficiency and unfairness of many labor markets, where a majority of poor workers coexists with a minority of well-paid skilled workers. States should enforce laws that protect jobs and make sure that wages are decent.²² Too

²⁰ There is an active Global Ignatian Advocacy Network for the Governance of Natural and Mineral Resources. Some of the activities that they are developing can be found at Promotio Iustitiae 118, at <http://goo.gl/IO8Hy8>, accessed November 2015.

²¹ See Pontifical Council for Justice and Peace, *Towards reforming the international financial and monetary systems in the context of global public authority*, at <http://goo.gl/6eOyk7>, accessed October 2015.

²² “Decent” can be understood in the way International Labour Organisation proposes. See ILO, *Decent work agenda*, at <http://goo.gl/iAW6wH>, accessed October 2015.

many workers and their families cannot afford a decent living due to inadequate salaries.

6. We recommend that advanced nations comply with a commitment to share a small portion (0.7%) of their national GDP

Most Northern countries do not keep their promise of sharing 0.7% of their GDP to promote real development in the South.²³ Some examples, mainly in the North of Europe, nevertheless show that it is possible. Addressing development in the South is not exclusively a matter of a solidarity. The tragedy of migration and refugees heading to North America and to Europe makes this obvious.

7. We recommend new efforts to promote the involvement of additional actors in civil society

As *Laudato Si'* (n. 38) reminds us, civil societies have a major role to play if these changes are to occur. NGOs and churches, in particular, can put pressure on governments in the areas we have mentioned. This clearly calls for additional ways to inform and enlighten the wider society. More education and better uses of social media are critical and important components of this effort.

Reform at the international level

Actions by individual nations, however, will not be sufficient in our globalized world. Thus, there is a need for structural changes at the international level, promoting the kind of “global authority” that is called for by *Laudato Si'* (n. 175) and a growing chorus of NGO’s and thought leaders.

1. Therefore, we, too, call for stronger international regulation of financial and economic markets

In itself, capital mobility has not proven to provide prosperity, but, as has been stated, has spread instability in many countries. The governance of international institutions that for the past 20 years have promoted capital mobility (viz IMF, OECD, WTO), should now be reformed. Instead, what is needed is an international framework where the mobility of persons and goods take priority over capital, and both should be conditioned, or measured, by their contribution to the international common good.

2. There is urgent need for more just trade treaties among states and multinationals

Given the importance of the State, international treaties that weaken States’ sovereignty by giving what many see as excessive power to multinational corporations should be questioned. Moreover, these treaties must be transparent and require public debate.

3. Regulation of tax havens and taxation of multinationals is urgently needed

²³ Over the past 35 years, UN members have repeatedly committed 0.7% of rich-countries gross national income (GNI) to Official Development Assistance. The UN General Assembly first made the commitment in 1970: “Each economically advanced country will progressively increase its official development assistance to the developing countries and will exert its best efforts to reach a minimum net amount of 0.7 percent of its gross national product at market prices by the middle of the decade”.

There is a growing consensus of the need to regulate tax havens. Institutions like the G20 and OECD are capable of pointing them out and managing their disappearance. This will require new regulation of accounting practices of multinational corporations. The “apportionment rule,” which already exists in the US, could serve as a model for preventing taxes from being siphoned off by corporations and banks which use these tax havens.

A new spirituality and a new way of understanding personal well-being

As *Laudato Si'* reminds us, no change will occur without a “profound inner conversion” (LS, n. 217), and “there can be no renewal of our relationship with nature without a renewal of humanity itself. There can be no ecology without an adequate anthropology” (LS, n. 118). Obviously, the structural changes just mentioned are out of grasp if there is not wider and more universal “buy-in.” Where should our hearts be? We end this discussion by mentioning some individual and communal virtues that are called for by the challenges to which we have just alluded. This concern should not only take hold of us individually, but should also impact and nurture our institutions and works. In brief, a “new” spirituality may have these components:

Such a spirituality should begin with a commitment to **solidarity with the poor**. As this Pope often states, we will need to become friends with the marginalized, the forgotten and the destitute, if we ever want to understand them, assist them, and especially if we want to understand, why God actually has a special affection for those society discards as less significant or not significant at all.

We need a new awareness of our habits of consumption. What do we consume, rely on, take for granted and are these preferences and “needs” favorable to the movement for promoting fair trade, protecting the environment, and simplifying our lives, making them less materialistic? By **reducing our consumption and becoming more conscientious of the products we buy**, we do our part in promoting more sustainable production and development. Living simply, enjoying human relations and friendship, fostering family life and social cohesion, becoming active citizens in our communities and societies are all characteristic of the fruits of such a spirituality.

A spirituality for our times would also be built upon a **concern for justice that goes beyond national boundaries**. Certainly, **our own local communities need our involvement and commitment to just solutions**, but our globalized world requires us to move past local issues, to see their connections to national and regional and even global issues. Do we feel part of a vast human family, spread out all over the planet, which shares common concerns and a common destiny?

Finally, such a spirituality, steeped in an appreciation of our human and global connectedness would hold a special place for welcoming and protecting those who are forced into becoming migrants and refugees. **This culture of hospitality**, especially to vulnerable people, is one small way of healing the wounds inflicted by violence and humiliation, and a sure way of opening up opportunities for families forced to abandon their homes to find peace, decent work and a future for their children.

It is certainly quite “Ignatian” to see in the scriptures, especially in the narrative of the Hebrew people and in the life of the Holy Family, the scriptural support for such a spirituality. And, it is Ignatian to “place oneself” alongside this Holy Family in contemplation and prayer.

5. Recommendations for our Ignatian family

As we close our report, we offer some additional recommendations aimed at our Jesuit family and the institutions in which we serve. These are driven by our conviction that poverty undermines the fundamental value and dignity of human life. Inequality, in income, in living standards, access to health care and education, etc., undermines social cohesion and indeed the very fabric of society. Severe inequalities exclude and deprive people of their basic participation in the social order. And, those without access to the goods of this earth too often find themselves engulfed in violence, are uprooted and their displacement only adds to their marginalization. Finally, environmental degradation impoverishes us all, and the poor more acutely.

Our own fortunate circumstances beg the question: what might be our response, we who are more fortunate, more connected and more capable of addressing and reforming the systems of power which sustain these realities? We suggest the following.

1. **It begins by directly engaging the poor and their causes.** There is a need to listen to the voices of the poor, to know how they understand their situation and their own perspectives on how to change that situation. Accompaniment of the poor, as we have already discussed is the key element of a new spirituality that will inspire and sustain us.²⁴ Regular and direct contact with those who struggle gives witness to the dignity of this struggle and to the lives of those who are victimized by unjust systems. This contact should also promote the inclusion of the poor in decisions that affect their lives and destinies. We should commit ourselves to regular contact in order to become friends and companions of the poor, and to better collaborate with their causes. They will teach us how we can best serve them.
2. **It requires turning our institutions into instruments for economic justice.** The extraordinary growth of inequality in our time and the creation of a permanent underclass in most societies, even the most economically well-off societies, means that working with and for the poor must be a top priority for our Jesuit ministries. Advocacy for government action, for corporate responsibility, for inter-institutional cooperation must be characteristic of our response as individuals and as institutions. It should impact who we admit to our schools, what we teach, who we hire, and what we do with the resources of our institutions. The following suggestions are not given in a priority format but are meant to stimulate reflection and refinement. We should turn our institutions into instruments of economic justice and reconciliation.
3. **We can harness the resources already at our disposal.** Academic departments possess unique and much-needed research and information on these complex issues and their impact on the lives of those without the ability to speak for themselves. Research is needed in all the areas noted in this report and many more. Our network of institutions could “tackle” selective issues, building up the kind of knowledge needed to influence policy change. Our social centers and outreach programs can provide both access to the poor in order to experience their joy and their distress, understand their problems and engage in their struggles. We should commit

²⁴ “As fellow pilgrims with them (the poor and those committed to justice) towards the Kingdom, we have often been touched by their faith, renewed by their hope, transformed by the love”, GC 34, d. 3, n. 1.

ourselves to an agenda that targets issues raised in the Church's encyclicals on social justice.

4. **Advancing knowledge in the service of the poor and marginalized requires a commitment to action.** The complexity and interrelationship of economic forces has been mentioned. A short list of critical priority issues has also been proposed. And, as just suggested, while much is known, there are still large gaps in our appreciation of the way these forces impact the lives of people. Lobbying and advocating for change means engaging governments, organizations, especially multi-national organizations, inter-governmental agencies, and the new international actors, both formal and informal. Solid research that supports the need for change must be presented and forcefully argued. We should leverage our commitment and reputations for sound research and clear positions through direct advocacy.
5. **Through the network of Jesuit institution, we could powerfully impact the status quo.** This network of Jesuit institutions and their presence in diverse and remote corners of the world give Jesuit and our collaborators an opportunity for coordinated and targeted research projects. Such issues as migration and its effects on family disruption, environmental degradation and poverty, gender inequalities, governmental corruption and violence, and fiscal policies that inadequately protect the poor, or are specifically designed to enhance the wealth and power of a class of citizens are but some examples of problems that can benefit by a coordinated and focused research agenda shared across institutions and continents. Our universities, for example, could be especially effective in this arena, with natural and eager allies among our faculty. Many problems require national, and international focus to understand a problem or challenge and university faculty are increasingly interested in research collaborations across regional and national boundaries. This research should always be made from the poor and for the poor: "By preference, by option, our Jesuit point of view is that of the poor"²⁵. We should therefore utilize our network of institutions to turn a spotlight on significant policy issues and to pressure for greater international cooperation in reforms that would make the lives of the poor more humane and just.
6. **The potential of our professional schools has not been realized or harnessed.** The issues and topics raised in this paper are especially relevant to schools of business and management, to faculties of economics and theology, to schools of law and government, and to programs in public policy. The concerted efforts of scholars and practitioners from these fields would have an enormous impact on the production of knowledge necessary for effective advocacy. Our Jesuit business and law schools, departments of economics and faculty of theology are in a unique position to offer new and compelling perspectives in the academic arena. With access to social scientists and other professional schools, such as medicine and nursing, social welfare and education, our business schools, in particular, have a unique array of fellow-researchers who share a passion for the topics raised here. Trans-disciplinary work can set Jesuit schools apart from others and can greatly advance our knowledge

²⁵ Kolvenbach, Peter-Hans, Peter-Hans, 2000, *The service of faith and the promotion of justice in American Jesuit higher education*, Santa Clara University, 6 October 2000, in <http://goo.gl/wTCkuu>, accessed October 2015.

and appreciation of the complexities of our economic life on this planet. The business and government sector must understand better the way public policy, economic policy, financial practices, regulation (and lack thereof) impact such social realities as violence, dislocation and environmental degradation. Our professional schools should collaborate to address issues about which there is a special knowledge, a direct contact with the social reality and the capacity to impact change through faculty, student, and alumni action.

Concluding this section, we return to a reflection on the power of the Gospel and its claim on all believers. God's preference and love of the poor, the weak and the vulnerable is at the heart of the Beatitudes, his "charter and plan" for us followers of "the Way." His care for a people in distress, for those who suffer and his love for those who hunger and thirst for Justice is our motivation and ultimate source of hope and strength.

Abbreviations used in the text

- CV Benedict XVI, *Encyclical Letter Caritas in Veritate*, 2009.
- EG Pope Francis, *Apostolic Exhortation Evangelii Gaudium*, 2013.
- LS Pope Francis, *Encyclical Letter Laudato Si'*, 2015.
- PT St John XXIII, *Encyclical Letter Pacem in Terris*, 1963.
- SRS St John Paul II, *Encyclical Letter Sollicitudo Rei Socialis*, 1987.

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