



“The new horizons of the Economy of Communion”
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PANEL 5

NEW HORIZONS FOR ECONOMIC REFLECTION

Manuela Silva ¹

“There is also a need to create a new culture of international solidarity and cooperation, where all — particularly the wealthy nations and the private sector — accept responsibility for an economic model which serves everyone.”

John Paul II,

Bull of Indiction of the Great Jubilee of the Year 2000 - *Incarnationis Mysterium*.

1. The theme proposed for this panel is sufficiently broad to allow me to invite you to engage ourselves in an exploratory and speculative thinking path of innovatory tendencies in economic thinking.

The characteristics of this assembly, namely the Christian commitment of its members, encourages me to go beyond the analysis of the facts and to point clues to changes in behaviours and attitudes required and pressing in a context of responsible citizenship.

2. My starting point is that economic science is a moral science. In other words, it cannot be dissociated from a set of values. Hence, there is room for criticism of the main assumptions on which the dominant economic thought and the according definition of the current economic policies are based. On the one hand, each economist should try to understand how his own personal values influence the economic theory he builds and the economic policies he defends and, on the other hand, he or she should try to incorporate in his or her analyses models the values of the economic actors, because such values determine their concrete behaviours



Illustrious economic thinkers share such belief that economic science is a moral science, from Adam Smith, considered the founder of economic science, to Amartya Sen, Economy Nobel Prize in 1998².

This perspective, however, isn't defended by the dominant contemporary economic thought, in which prevails the presupposition of the separation between economic science and ethics. That being, the scope of economic analysis is limited to a set of, so-called, neutral variables, conceived in a way that allows the elaboration of abstract models, thought to be representative of reality and thought to be able to define specific rules, supposedly unchangeable. These abstract models are, therefore, defined regardless of human behaviours and values behind them.

In practice, this view allows the hypothesis that deterministic solutions can be applied in the economy.

It is within such context that, for example, wages below decent living costs find justification; economic growth rates oblivious to correlative unemployment, pollution levels, intentional destruction of resources (as these become a disadvantage to competition) or the extreme acceleration of technological obsolescence caused by short term financial speculative interests can equally be justified.

On purpose, I gave examples that, undoubtedly, affront basic ethic criteria and cause social disfunctions, sadly frequent in our time. In the language of the neo-liberal economic thinking, these situations are qualified as externalities, that is to say, they are considered variables – trash from the economic model construction point of view.

3. One of the most harmful effects of this kind of deterministic thought is its contribution for the validation and diffusion of the dominant paradigm of the world liberal market mega-economy, weakening its critiques and destroying the support of those critiques, enforcing itself as if it were the only paradigm, of inevitable consequences, and making society accept

¹ Economist. Professor of "Instituto Superior de Economia e Gestão". Retired.

² Sen, Amartya (1999) – "L'économie est une science morale". Paris: La Découvert.



its tragic human, social and environment consequences, as if these ones were only a necessary evil in accomplishing a better future.

4. Equally apprehensive is the high unemployment rate observed in many wealthy nations, partly as a result of restructuring transnational companies and their branches, always looking for higher competitiveness and greater profits in utter disrespect, many times, of worker's rights and benefiting from states total impunity regarding the social costs caused by the dislocation of the work.

5. The set up of human work in the current paradigm is also a cause of great and justified dissatisfaction, including rich countries, even inside the EU.

Among the reasons for this unhappiness the follow ones must be included:

- precarity of employment contracts;
- low wage levels and significant asymmetries in payments between workers of the same activity or company;
- concealed extended working hours and increased stressful work rhythms in some activities and professions;
- enlarged difficulties in conciliating professional career and personal, family and civic life;
- discrimination and exploitation of immigrant labour;
- weakening of labour privileges and rights;
- persistent gender discrimination factors.
- Etc.

6. Coming back to the dominant economic paradigm and its upholding theory, I believe there are solid reasons today for acknowledging the need for drastic changes in economic thinking and political practices.



Firstly, the cry of the victims demands it – a third of the world's population, roughly two billion poor people, without food, health care or medication, education, proper housing, security... but probably watching television and its images of opulence and waste.

Secondly, the very survival of the abundant societies demands it. The dreadful September 11th was only the first big alarm of the danger threatening the West and this menace will keep weighing on the heads of the wealthier countries while they don't want to look at the poor knocking at their doors.

Thirdly, there are other signs of alarm: the multiplication of terrible calamities, usually described as natural, but, in fact, caused by the carelessness and the greed of some.

Fourthly, even inside the economic-financial system itself some signs are alerting the system's fragilities. I'm thinking of recent financial crises in Southwest Asia , Argentina, Brazil and others.

7. In the beginning of my address I promised not to remain on a pure analysis of the situation and to suggest some points for intervention.

As a result of the scarce time available, I'll choose a few examples.

8. In our countries of abundance, it's justified we start by defending the need to slow down consumism, promoting responsible attitudes and behaviours among consumers and fortifying their organizations. It's simply a logical posture to ensure our long-term survival as a species. It's a posture of human intelligence and wisdom, one that raises the value of personal time and relational goods instead of the foolishness for more possess. It's also a posture of solidarity with the underprivileged, acknowledging with deeds the right of all to participate in a collective table. In the language of the social doctrine of the Church, it's about putting into practice the ethical principle of universal destination of earthly goods.

9. For similar reasons, efforts for rigorous critiques of the economic growth myth must be undertaken, via academic researches, but also through changing the minds of common citizen and their political leaders. Society must pressure governments and administrations in



order for them to commit with qualitative specific goals regarding the purposes of the economic growth (for what? for who? how?). Policies must shift from targets of mere average growth rates of the gross national product (that little or nothing represent in the actual improvement of citizens and peoples quality of life) to well-being and quality of life, including poverty eradication.

10. At a planetary level, all the efforts are necessary to achieve as soon as possible some kind of regulation or monitoring of the existing globalization, in order to prevent financial speculation, destruction of the weaker national economies, and social and ecological disasters caused by the dominant model.

11. Among the points for intervention, surely is correct to mention also the reform of companies, as these remain the leading actors in the market economy. It's recognized companies can't continue to be seen just as exclusive property of the holders of the financial capital or of those who run it. Any company is a community of men and women, a system of human relationships: *ad intra* relationships, that is, relationships between those who give their knowledge, their intelligence, their dedication, their work; *ad extra* relationships, that is, relationships between the company and its suppliers, clients, subcontracted enterprises, state, local governments.

Neither can the company forget its role as a social actor. The enterprise benefits from a certain eco-social-political environment and from a surrounding culture, not indifferent to its profit proposes, which implies the co-responsibility of safeguarding and promoting them.

The 21st century companies must face up to this challenge: amend from the current unidimensional logic of the stockholders interest to a multidimensional logic that not only includes the previous but also the remaining interests of all others that participate in a company (stakeholders). To reach this goal, there's plenty to improve not only in business management but also in institutional framework and national governments and international bodies responsibility.

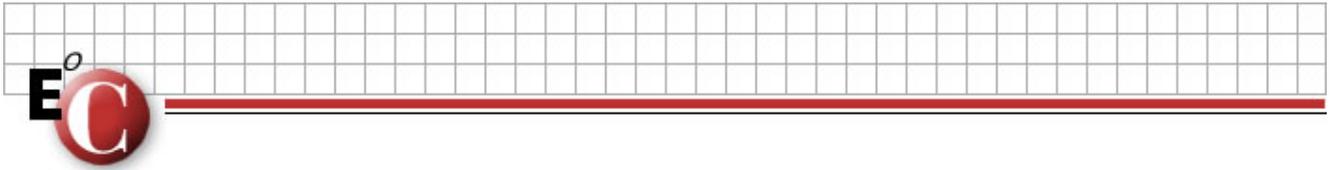


The EoC companies may play a pioneer role in proving the feasibility of a new model for companies and serve as a test tube for innovatory management practices, human relations and citizenship exercise and their assessment.

12. Finally, I should point out the increasingly relevant role of the social economy – an activity portrayed by a double concern: to meet the satisfaction of populations real needs, uncovered by the market, and to try to use resources squandered by mercantile logic (unemployed, handicapped, volunteers). Since it's closer to people and knows firsthand their needs and resources, social economy can make a decisive contribution to improve the life quality of populations. Additionally, it's a fundamental factor of social inclusion, helping to reduce the effects of the crisis and to prevent social disfunctions caused by globalized and unsupervised megaeconomy. Consequently, social economy should be encouraged by citizens and social movements, but also by public powers which have the responsibility to generate the necessary friendly and encouraging atmosphere to economy and society.

13. In short, if we want to strive in creating an economic model which serves everyone – as John Paul II reminds us in his Bull *Incarnationis Mysterium* – we cannot neglect the multiple challenges we face in the present situation, such as:

- repositioning economic science in its social ethic frame;
- arousing better sympathetic and responsible social behaviours and attitudes from all economic actors: consumers, businessmen, managers, workers, rulers, politicians;
- acting politically to create and/or improve, at a planetary level, the adequate monitoring instruments of the globalized economy (in order to adjust the disfunctions caused by the mechanisms of the market) and to prevent and penalize power abuses (such as financial speculation);
- supporting innovatory types of companies, where the values and ethic principles of respect for the human being and of equity in sharing costs and benefits are clearly stated;



- encouraging non mercantile sector of the economy and seeking appropriate ways to integrate it in the formal economy.