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PEGASUS

A NEWSLETTER FOR THE CAUX ROUND TABLE FOR MORAL CAPITALISM
NETWORK LOOKING AT BUSINESS ABOVE THE CLUTTER AND CONFETTI



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Introduction

This issue of *Pegasus* contains a presentation by our fellow John Dalla Costa on the remarkable teachings of Pope Francis, which connects those teachings to a multi-cultural, humanistic framework not limited to the confessional adherents of the Roman Catholic magisterium.

John has written two of the best books I have read on ethics: *The Ethical Imagination* and *Magnificence at Work*.

John frames the insights and recommendations of Pope Francis in the understanding of human striving as creating “social imaginaries” – structures of beliefs which shape our actions. While we may become glued to one social imaginary so that it becomes a cognitive bias, our minds are not permanently fixed to such conceptualization of what reality is. As human persons, we are capable of shifting our understanding to other social imaginaries.

John’s concern is that a principal social imaginary is that of markets and profits, an economic social imaginary. This take on life creates, he says, “a mindset that is almost exclusively calculative, a mode of interpretation that is almost exclusively competitive and an ethos of meritocracy that almost exclusively values success.”

I find in John’s description of what I called in my book *Moral Capitalism* a “brute” form of capitalism, an echo of what I believed French Philosopher Jacques Derrida discerned as some making the competitive market into the “social imaginary” for all of society, a cultural standard of “neoliberalism.”

This frame of thinking gives authority to accounting of arbitrary nominal units of value, justified by a very utilitarian ideal that more is always better. This social imaginary has been belittled in the quip “whoever dies with the most toys wins.”

Such social Darwinism or cultural neoliberalism has no moral counterweight of the common good with which to offset the perils of passionate materialism.

Thus, Pope Francis challenges all of us with the question: “Can there be another way of thinking about our lives?”

John juxtaposes two contrasting visions of personhood – one is a personhood of structures, what he calls “incorporation” and the other is a personhood of persons, which he calls after his Catholic tradition “incarnation.” In the first, the structure gives meaning and purpose through law and command. In the second, the individual seeks purpose and happiness through alignment with the spiritual.

John also helpfully includes reference to the concerns of the Council for Inclusive Capitalism, with which the Caux Round Table has recently affiliated.

To me, the most valuable contribution of John's presentation is his concluding reminder of the polyhedron. The shape of the polyhedron is a whole, but presents its integral constituents independently – each contributing to the whole, but having separate, more individualized structures.

This metaphor of the polyhedron given us by Pope Francis can both stimulate discernment and reassure us that complexity does not necessarily mean chaos is upon us. That fear can easily scare us into wanting to replace multiplicity with uniformity, just as the surface of a sphere smooths away the different plates of a polyhedron.

Stephen B. Young
Global Executive Director
Caux Round Table for Moral Capitalism

THE TASK AT HAND

Foundations for a Moral Economy
In the Aftermath of The Global Pandemic

John Dalla Costa

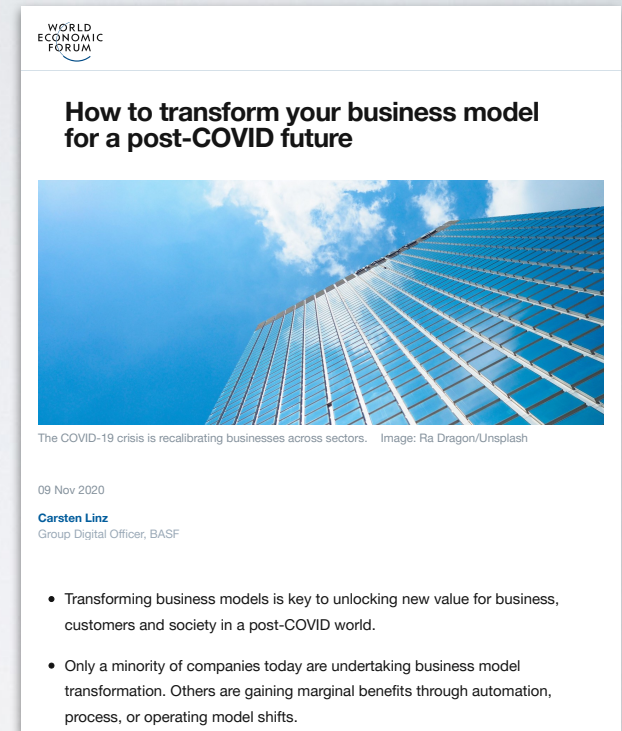
Founding Director: Centre for Ethical Orientation

Fellow: Caux Round Table for Moral Capitalism

April, 2021

STRUCTURES IN STASIS

- Although leaders in many sectors acknowledge that the global pandemic represents a watershed moment for the economy, most initiatives for renewal remain locked in the psychology and priorities of the last forty years. The proffered solutions by organizations such as the World Economic Forum, McKinsey, and PriceWaterhouseCoopers presume that corporations will now have responsibility for “people and planet” as well as “profits.”
- Note that the premise of “triple bottom-line” was first promoted by John Elkington in 1994. Other social responsibility reforms, such as for Environmental, Social and Governance (ESG), were established decades before that - in the 1960s to exert investor pressure on tobacco and on repressive regimes, such as South Africa during Apartheid. As important as have been these initiatives, they have hardly been successful in either moderating inequality, which has grown exponentially, or protecting the environment, which is only that much closer to catastrophic climate change.
- **The new economy imagined for the post-pandemic period is - at least so far - only a less anemic version of the ineffectual one of the past three or four decades advocating for more ethical and social responsibility.** Part of the problem is that the imagination for change is still very much hostage to the instrumental prerogatives set out for business since the 1970s.



RIGID UNDERLYING ASSUMPTIONS

- Perhaps even more debilitating to an authentically reformed economy is that moral values from which business is exercised have now been so inverted. In a recent Zoom call to fellow conservatives, British Prime Minister Boris Johnson attributed his country's success in vaccinations to "capitalism" and "greed." He immediately retracted his words, but he spoke a business truth to power in acknowledging that, in its current iteration, greed is a virtue of capitalism. (*The Guardian*, March 24, 2021)
- Johnson's veritable mis-cue, and the future-economy pronouncements of leading think tanks, suggests that **the trauma from the global pandemic has not generated an economic examination of conscience.**
- If anything, the recovery from Covid-19 seems from positions of business power to best rely on more greed, not less; more greed even to the point of instrumentalizing concern for people and planet.

Covid: 'greed' and capitalism behind vaccine success, Johnson tells MPs



▲ Boris Johnson holds a news conference at 10 Downing Street earlier yesterday. Photograph: Hannah McKay/Reuters

The UK's successful vaccine rollout was thanks to "greed" and "capitalism", **Boris Johnson** has told Conservative MPs during a private call.

Several of those present confirmed the prime minister had made the remarks during an end-of-term Zoom meeting with Tory backbenchers, known as the **1922 Committee**, on Tuesday evening, two days before the Commons breaks for Easter.

Johnson hailed the fact that more than 28 million people have been given a first jab in the UK, saying: "The reason we have the vaccine success is because of capitalism, because of greed my friends."

THE SOCIAL IMAGINARY

- In his analysis of modernity, the philosopher Charles Taylor describes the “social imaginary” as “the ways in which people imagine their social existence, how they fit together with others, how things go on between them and their fellows, the expectations that are normally met, and the deeper normative notions and images that underlie these expectations.” Taylor believes that ordering principle for this social imaginary is now economic - society, not as a culture of institutions and belonging, but as a marketplace for competition and consumption. (“Modern Social Imaginaries” in *Public Culture*, 2002).
- **The social imaginary of business is now the social imaginary for politics, the arts, the professions, and the academy.** Profits and productivity have assumed primacy of purpose.
- As Pope Francis has noted, the values of business have been absolutized while moral values have been rendered relative. Hence why neither the financial crisis of 2007, nor the pandemic of 2020, have substantively shifted perceptions or priorities.

“Ethics has come to be viewed with a certain scornful derision. It is seen as counterproductive, too human, because it makes money and power relative. It is felt to be a threat since it condemns the manipulation and debasement of the person. In effect, ethics leads to a God who calls for a committed response which is outside the categories of the marketplace.”

Evangelii Gaudium 57

FAULTY IMAGINARIES PERSIST

- In fact, what can be discerned from tracking managerial evolution over the last four decades is that ever-more extreme expectations for performance have become normative. Ever steeper incentives for executives have motivated extreme cost-cutting, disadvantaging workers and rendering workers disposable, while shifting costs as “externalities” onto communities or the environment.
- The subsequent imbalance between expertise for enrichment and conscience is in many ways responsible for the stubborn insistence on business as usual despite crises caused by business, and regardless of the data confirming inequality and ecological devastation.
- **The economic social imaginary derives its ordering authority from the assumed truthfulness of numbers, whether in recording profits, GDP, prices for resources, or costs for social services.** Efficiency, particularly from rationally calibrated exchange, is the ultimate social aim and virtue. It also assumes that human freedom finds its zenith satisfaction in consumer choice.
- The economic social imaginary is now global, transcending either communist or liberal democratic ideologies, and sustaining the ever greater technology giants that straddle all cultures, and permeate social and commercial interchanges. This imaginary involves:
 - A mind-set that is almost exclusively calculative;
 - A mode of interpretation that is almost exclusively competitive;
 - An ethos of meritocracy that almost exclusively values success;



There's a popular backlash against experts. Here's why that matters



15 Mar 2021

W. Lee Howell

Managing Director, World Economic Forum

Tomas Casas Klett

Professor for International Business and Director China Competence Center, University of St.Gallen,

- As vaccines are rolled out, public health experts understand that they are in a race against time, but what has stunned them is a populist backlash against experts who have become identified with intellectual arrogance.
- What's the role of expertise in democracies and how should science inform

SHARED VULNERABILITY MADE URGENT

- Human beings share vulnerability as a primordial condition. For being embodied as finite creatures, all humans face an existential precariousness as they attend to basic bodily needs. This defining fragility, inescapable and forever fraught, is also the source for friendship and innovation - for binding together to mitigate risks or create institutions for common protection or common good.
- The sociologist Bryan S. Turner connects the basic human experience of vulnerability to the development of human rights. In fact, vulnerability can be seen as the shared human condition that is the wellspring for all ethics.
- Empathy for another's wounds or risks reflects the understanding of stakes from our own fragility. Compassion is often cited as the universal moral virtue, and by etymology it means "to suffer with."
- Vulnerability is of particular interest to the economic considerations post-pandemic. Although there have been other world-affecting plagues or wars in human history, the experience of Covid-19 is unique because of the very technological and transportation innovations propelling globalization. **In real time, the hazard of infection, and the suffering from illness and death, were at once experienced as planetary and personal.**

"True, a worldwide tragedy like the Covid-19 pandemic momentarily revived the sense that we are a global community, all in the same boat, where one person's problems are the problems of all. Once more we realized that no one is saved alone; we can only be saved together."

Fratelli Tutti 32

ANTHROPOLOGIES FROM VULNERABILITY

- This singularity in the global experience of vulnerability, which echoes the growing worry from the planetary climate crisis, suggests a basic human commonality that upsets the fragmentation assumed by post-modernism. The values for attending to our shared human vulnerability - as Pope Francis has stressed in his teachings on the ecology and human fraternity - are not relative, but universal.
- For Catholic Social Teaching, integral human development aims for the full flourishing of the person, as a spiritual and social being, protected by belonging and inclusion from the suffering of physical privations, or of wounding injustice. This integrality as a shared response to vulnerability has been extended by Pope Francis to include the despoiled ecology.
- Of great consequence to the task at hand is that the anthropology of the economy is diametrically different than the one assumed and venerated in Catholic Social Teaching. Paradoxically, both anthropologies are premised on embodiment, and therefore on responses to vulnerability. For the Christian social imaginary, frailty and woundedness are transmuted into wonder and hope by the **Incarnation**. For the economic social imaginary, risk and investment are transmuted into profit by **Incorporation**.

“Yet the brutal and unforeseen blow of this uncontrolled pandemic forced us to recover our concern for human beings, for everyone, rather than for the benefit of a few. Today we can recognize that “we fed ourselves on dreams of splendour and grandeur, and ended up consuming distraction, insularity and solitude. We gorged ourselves on networking, and lost the taste of fraternity. We looked for quick and safe results, only to find ourselves overwhelmed by impatience and anxiety. Prisoners of a virtual reality, we lost the taste and flavour of the truly real”.

Fratelli Tutti 33

INCARNATION - INCORPORATION

- **Synonyms by etymology, Incarnation and Incorporation represent radically different conceptions of embodiment.** The first confers Divine scope upon human beings, elevating worth, while the second devolves legal personhood to an inanimate organization.
- These different perceptions of embodiment have profound implications. With the Incarnation, human beings are treasured for their gifts and capacities. With Incorporation, human beings are considered as assets if productive and as liabilities if a cost. Incarnation sanctifies each person, while Incorporation commoditizes each person.

Incarnation	Incorporation
<ul style="list-style-type: none"> • From above: the dignity of the person conferred as gift for being created in the image and likeness of God; 	<ul style="list-style-type: none"> • From human constructs of power and competition: a legal fictional personhood conferred on enterprise to limit liability;
<ul style="list-style-type: none"> • Formed by Covenant: a self-offering of God's love entrusted to human beings to engender relationship; 	<ul style="list-style-type: none"> • Formed by Contract: bound by enforcement in relationships of exchange intermixing mutual benefit and mutual suspicion;
<ul style="list-style-type: none"> • An act of <i>Kenosis</i>: Christ lowering himself to assume a human form, so as to elevate all human beings to participate in Divine life; 	<ul style="list-style-type: none"> • A royal charter: Assigning legal privileges to trading companies that were militarized to establish monopolies, defeat competitors and conquer colonies;
<ul style="list-style-type: none"> • Community: salvation (in Greek, "to be healed") is a shared social project. In Eucharist, communion with God and neighbours; 	<ul style="list-style-type: none"> • Competition: self-interest applied with Darwinian ferocity to reward the survival of the fittest;
<ul style="list-style-type: none"> • Original sin: To presume to be like God. Idolatry; 	<ul style="list-style-type: none"> • Original sin: Militarized conquest, profits from slavery;
<ul style="list-style-type: none"> • Eschatology: Although besmirched by sin, humans have the capacity, through mercy and forgiveness, to become divinized; 	<ul style="list-style-type: none"> • Eschatology: Unlimited growth, commoditizing resources, including human beings, with worth based on wealth, consumption and production;
<ul style="list-style-type: none"> • Horizontal: Moral authority from embracing those at the margins, extending the preferential option for the poor; 	<ul style="list-style-type: none"> • Vertical: Authority is top-down, premised on "command and control," disposing of those valued as unproductive;

CST IN TWO DIMENSIONS

- Even as we consider Catholic Social Teaching in light of Pope Francis' teachings, we must acknowledge that the global imaginary today is shaped by the pervasive marketing and messages advancing what could be called "Corporate Social Teaching;":

Catholic Social Teaching	Corporate Social Teaching
<ul style="list-style-type: none"> • The life and dignity of the person as the wellsprings for rights and duties; 	<ul style="list-style-type: none"> • Shareholder rights are paramount, with "maximizing profits" as the primary fiduciary duty of corporations;
<ul style="list-style-type: none"> • The person is socially constituted, called to familial love, community, and possibilities for participation; 	<ul style="list-style-type: none"> • Fact-based decision-making, with duty only to the bottom-line. (A heart not so much of stone as of numbers.);
<ul style="list-style-type: none"> • Responsibilities or duties are the foundation for rights and freedoms; 	<ul style="list-style-type: none"> • Self-interest is the ultimate norm. Any public regulation impedes efficiency and inhibits incentives for performance;
<ul style="list-style-type: none"> • Justice is quintessentially defined by the care, inclusion, and consideration extended to the poor or most vulnerable; 	<ul style="list-style-type: none"> • "Economics has no trunk with morality." It deal with "what is," not "what should be." (<i>Freakonomics</i>, 2005)
<ul style="list-style-type: none"> • Work, especially in applying personal talents or capabilities, provides meaning as well as a living, and hence deserves protection and fair wages; 	<ul style="list-style-type: none"> • Labour is simply a cost to be minimized - a commodity to be disposed of once used up;
<ul style="list-style-type: none"> • Solidarity from loving one's neighbour, which today encompasses people of all cultures, and the environment which sustains human life; 	<ul style="list-style-type: none"> • Markets know best - the "invisible hand" of myriad calculations and transactions that determine winners and losers;
<ul style="list-style-type: none"> • Subsidiarity, which allows persons and community to exercise as much control as possible over decisions impacting them; 	<ul style="list-style-type: none"> • Inequality and unemployment are the inevitable and efficient by-products of risk and reward;
<ul style="list-style-type: none"> • Care for creation, which protects and enhances the common good, while avoiding the "tragedy of the commons." 	<ul style="list-style-type: none"> • Like labour, nature is a commodity to be priced, extracted, used and disposed of once consumed.

HERMENEUTICS OF WOUNDING

- Corporate Social Teaching is not a random outcome, but rather reflects the priorities of managers from their particular worldview, or mode of interpretation. These modes of interpretation, or hermeneutics, matter profoundly because they provide the mental models and maps that boards, executives, and managers use to examine reality, and justify their actions.
- More than a cipher, hermeneutics are the conceptual muscles managers exercise to workout current dilemmas, and to do the heavy lifting of creating the future. For reasons of history or convenience, and by small increments assumed to be guided by the “invisible hand,” managers have adopted and institutionalized for business what can be described as the “hermeneutics of wounding.”
- The disconnect between wealth creation and human suffering has never been greater than during the pandemic. Markets thrived while people suffered tragic losses - loved ones who perished, jobs that evaporated, studies and careers that were curtailed.
- If more dramatic within the circumstances of the pandemic, the economy’s indifference to human displacement and suffering is not new. The global obesity epidemic, the financial crisis of 2007-2008, and the accelerated global warming from carbon emissions, are among the “calamities” from “business as usual” that independent experts have long deemed as “avoidable” or “preventable.”
- This is not simply a more aggressive form of *homo economius*. It is rather a mode of interpretation that not only reduces considerations such as ethics, identity, vulnerability, and aspiration to their economic value, but increasingly renders them instrumental to extract advantage.



HERMENEUTICS OF WOUNDING (PART I)

1. The Militarized Mindset:

Managers have trained formally since the 1960s to develop strategic proficiency, thereby transforming the imaginary and milieu for management into a veritable military zone. Language shapes meaning, so invoking strategy, against a “target group,” inevitably conjures and reinforces terms of violence for advantage. Strategic thinking feeds the perception that business is locked in perpetual warfare. The hostility of this outlook toward competitors has inevitably bled inwards, so that in many companies even loyal employees and productive managers are regarded with enmity as costs, or for having other than productivity needs. In war, one does not worry about the environment. Any damage is externalized as one of the costs for meeting an objective.

2. The Amoral Agent:

With Agency theory in the 1970s, the increasingly militarized work of management was rendered amoral in the cause of protecting personal and societal freedom. In a widely cited article, the management theorist Sumantra Ghoshal wrote: “Since morality, or ethics, is inseparable from human intentionality, a precondition for making business studies a science has been the denial of any moral or ethical considerations in our theories, and therefore, in our prescriptions for management practice.” With morality parked to one side by this “separation thesis,” human ethical sensibilities groomed over millennia were reversed in the aggressive pursuit of profit maximization. First, in the 1980s, greed became transmuted into the “good.” Then, in the 1990s, business process reengineering based on principles of “lean and mean,” validated *meanness* as not only acceptable, but admirable.

3. The Mercenary Manager:

The incentive theories that followed the formulation of managers as agents bred (and rewarded) hostility to any priority other than to the bottom-line. Ghoshal called this an anthropology of “gloomy vision.” As the business professor Rakesh Khurana explains in his book, *From Higher Purpose to Higher Minds*, any notion of management as a vocation vanished. In its place emerged a class of mobile executives whom Khurana calls “mercenary managers.” These highly expert overseers work interchangeably in any company in any country, without setting down any roots that might shape their accountabilities as members of a community.

HERMENEUTICS OF WOUNDING (PART 2)

4. The Dogma of Deregulation:

In their book, *This Time Is Different*, economists Carmen H. Reinhart and Keith S. Rogoff explain that the causes of crises have been known since the mid-1980s. Episodes begin with market liberalization or deregulation of a sector. This sparks a new boom in lending. New products or instruments are devised that exploit asymmetries of information or new technology. These innovations become highly profitable, especially for banks. As the fever of those high profits spread to other investors, the inflow of investment capital leads to a bubble, super-heating or inflating the larger economy. A key lesson from their study is that deregulation consistently overwhelms existing capacities for ethics or self-regulation. Aiming to unleash efficiency, deregulation usually underestimates the sagacity of existing norms, and overestimates the consciousness and conscience of profit-makers to balance their short-term self-interest with practices that are fully accountable to the assets entrusted to them.

5. Prosopagnosia: The Effacement of Others:

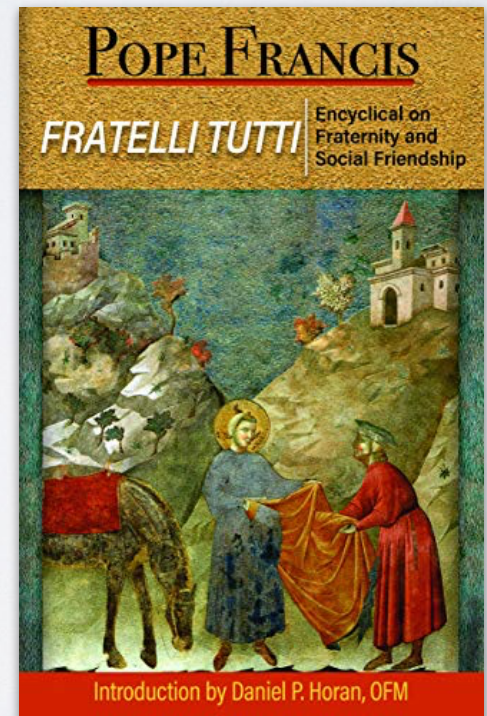
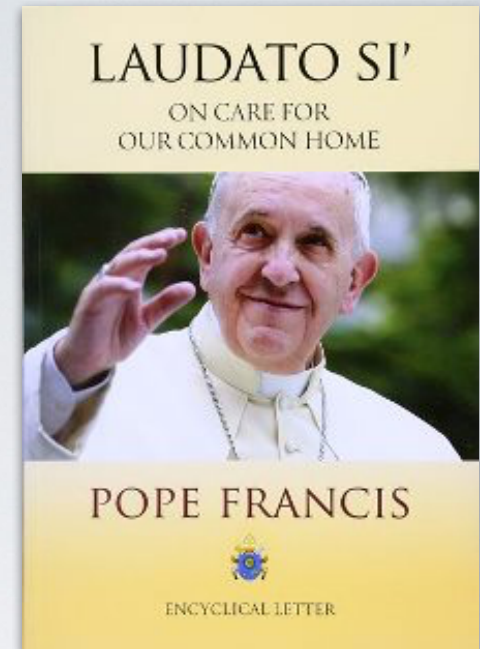
Prosopagnosia is a cognitive disorder that causes “face blindness.” Studying corporate social responsibility strategies as they evolve in firms, business professors Andrew Crane and John Desmond have observed this as an institutional disorder. Similarly to Ghoshal, they argue that “rational-instrumentalist approach that is involved in the calculation of marketing costs and values is adiabatic” in that “it renders the decisions morally neutral.” While companies adopt moral behaviour when it is in their interest, and because it is in their interest, there is no motivation to cross the line and act responsibly when other than their own self-interest is at stake. Crane and Desmond see the “key issue” in this selective morality to be “that it effaces the “face” of the “other” and so facilitates the treatment of this “other,” whether human or not, as an object.”

6. The Subversion of Sentinels:

For over thirty years, polling data has shown that public trust in institutions and corporation has been declining. Paradoxically, that erosion in trust has occurred simultaneously with the adoption of business ethics regimens and corporate social responsibility (CSR) programs. As with auditors and rating agencies, business ethics, and CSR commitments, are meant to exercise values that include, but are not delimited by profit. However, as has happened with auditing firms and ratings agencies, these responsibility disciplines have been marginalized or privatized. Rather than provide a mere challenge or corrective to business, ethics are either marginally considered for their benefit to reputation, or delegated to the compliance function for meeting basic legal duties and policies. Hence the “derision” of ethics that Pope Francis cites.

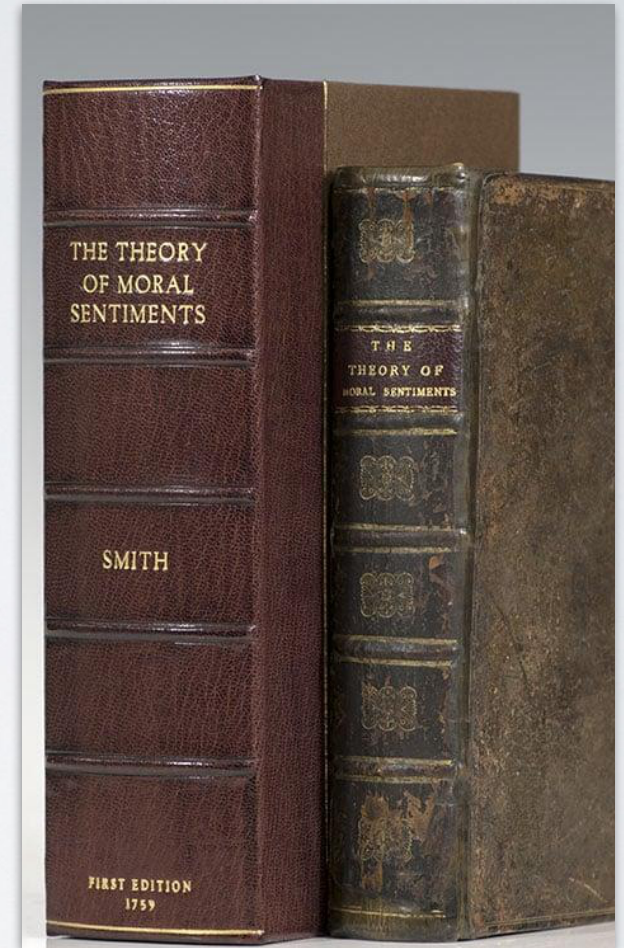
THE FRANCIS CHALLENGE

- **Pope Francis has levied capitalism with a double-challenge.**
- The first is moral. Francis critiques those assumptions or imbalances that cause human harm, distort justice, and imperil peace or life. And he beckons those changes that protect and enhance human dignity, human fraternity, and the natural environment we share as home.
- These teachings from Francis are very similar and in complete continuity to those made by previous popes. If obviously more religiously grounded and morally pointed, many of the concerns Francis expresses are also consistent with those of other advocates inside and outside of business - those who, for the last four decades, have insisted on new initiatives for economic social responsibility, corporate governance reform, business ethics, and environmental action.
- The second challenge is structural in that the rebalancing Francis seeks actually requires deconstructing capitalism as currently practiced. Rather than correct excesses, Francis seeks conversion - that fundamental change in direction from honestly recognizing the causes.
- Many people in business and economics regard this challenge from Pope Francis as radical, and it is, except that the extreme change Francis proposes is in fact in proportion to the extremism that has come to be accepted as normal and natural within the global economy.



INTEGRALITY AS RETRIEVAL

- Theologians would describe Pope Francis as practicing a prophetic role. He is not so much predicting the future as exposing those truths about the present that force us to acknowledge what is right, what is wrong, and the implications for what comes next.
- Prophecy always invokes previous and lost wisdom. Ironically for today's capitalism, the extremism Francis eschews, and the morality he advocates, retrieve almost exactly the "moral sentiments" articulated by Adam Smith. It should not be surprising, because Smith was a moral philosopher. But it is disconcerting, because the economic reformation Francis provokes is to bridge the divide between ethics and business; an amorality that Smith never envisioned, but which markets now presume and exploit.
- To my knowledge, Pope Francis has never quoted Adam Smith. However, like Smith, he founds our human moral sensibilities and duties on our embodied reality as creatures.
 - That we know hunger and pain activates our sympathy for others suffering those conditions.
 - That we have imagination allows us to envision ideals and consequences.
 - That we can experience disrespect, violence or injustice fuels our outrage for those who intentionally abuse us or others.
 - **That we all need trust and human friendship animates our appreciation for generosity, humility, kindness and compassion.** Adam Smith made all these points, and used all these words in the 18th century, before Francis, as pope, made these same points, and used these same words, in his 21st century social teachings.



THE URGENT STAKES

- **Capitalism is not one thing.** It can take many forms. We can see that most vividly with China, which prospers by fusing the otherwise oxymoronic ideologies of communism with capitalism.
- Given this variability, the provocation from Pope Francis is to undo those choices that have institutionalized economic extremism, with its subsequent extreme inequality and extreme environmental degradation. And he now summons making new choices for the economy to serve human dignity, human fraternity, and human flourishing for this and future generations.
- Most of the governance theories and policies for corporations were established in the 1970s, and refined in the 1980s, in response to the Cold War then being waged. Social, ethical and environmental concerns were always secondary to competitiveness and profit. In the decades since, more attention has been paid to issues such as inequality and environmental degradation, without materially impacting outcomes.
- With new social and ethical questions now posed by Artificial Intelligence, and new forms of consumer-political surveillance infringing on human rights, the already frayed approaches for corporate oversight are proving inadequate.



THE FRANCIS SUMMONS: CONVERSION NOT CORRECTION

- **True to his principles as a “bridge-builder,” Pope Francis has welcomed initiatives by corporate leaders and others to promote those reforms in structure, policy, and imaginary to create a more human economy.** Francis has consistently acknowledged the many benefits derived from market innovations, while at the same time indicting those excesses that diminish and sometimes destroy human dignity, belonging, fairness and hope.
- In joining with The Council for Inclusive Capitalism, Pope Francis is welcoming the contributions of socially responsible corporations. As numerous such reform programs have emerged in the last thirty years, the challenge now is twofold:
 - First, to effect a change in corporate culture so as to give priority to moral claims over commercial ones;
 - Second, to scale these new principles and values so as to urgently transform the responsibility of business for human, social and ecological outcomes.

The Council for Inclusive Capitalism With The Vatican, a New Alliance of Global Business Leaders, Launches

*The Council Answers the Challenge by Pope Francis to
Apply Principles of Morality to Business and Investment
Practices*

*Organizations Commit to Concrete Action to Create a
More Equitable, Sustainable and Trusted Economic
System*

December 8, 2020 at 10:00 AM Eastern

The [Council for Inclusive Capitalism with The Vatican](#) (“the council”), a historic new partnership between some of the world’s largest investment and business leaders and the Vatican, launched today. It signifies the urgency of joining moral and market imperatives to reform capitalism into a powerful force for the good of humanity. Under the moral guidance of His Holiness Pope Francis and His Eminence Cardinal Peter Turkson, who leads the Dicastery for Promoting Integral Human Development at the Vatican, and inspired by the moral imperative of all faiths, the council invites companies of all sizes to harness the potential of the private sector to build a fairer, more inclusive, and sustainable economic foundation for the world.

The council is led by a core group of global leaders, known as “Guardians for Inclusive Capitalism,” who meet annually with Pope Francis and Cardinal Turkson. These leaders represent more than \$10.5 trillion in assets under management, companies with over \$2.1 trillion of market capitalization, and 200 million workers in over 163 countries. The organization challenges

INCLUSIVE CAPITALISM | INTEGRAL ECONOMY

- In keeping with previous Catholic Social Teaching, Pope Francis neither advocates nor prefers any one system or theory of economics. His concern is the moral and physical well-being of the persons who are affected by that economy. Although he does not call it as such, Francis' moral concern is in many ways related to his commitment to a "theology of the people." He envisions a fair, participative, and global "economy of the people."
- How does this compare to "Inclusive Capitalism?"

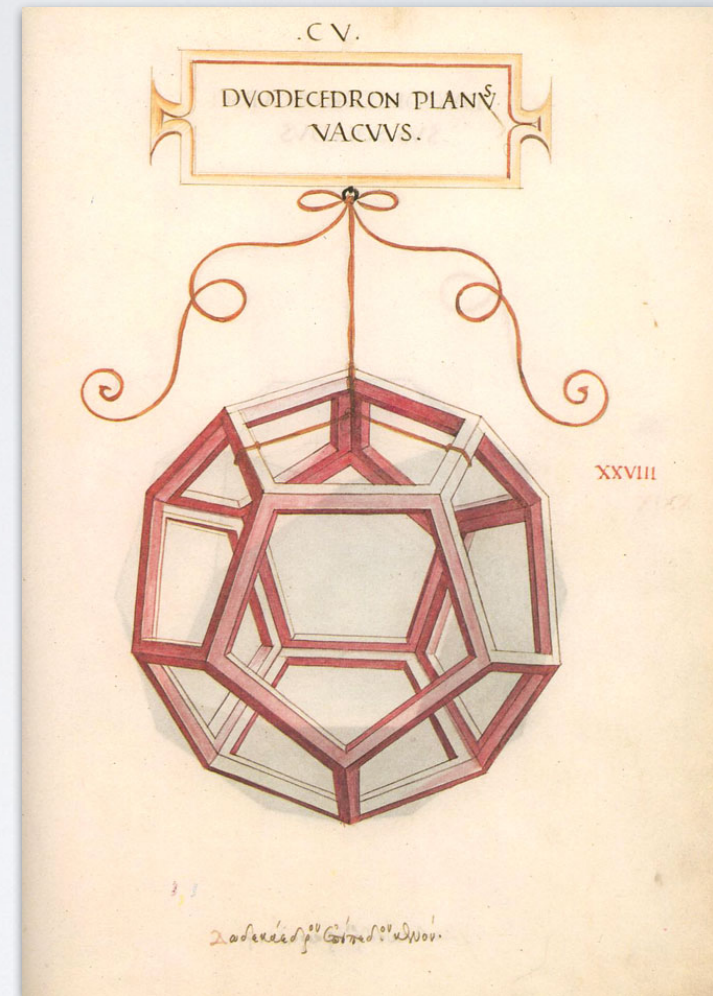
Inclusive Capitalism	Economy of the People
<ul style="list-style-type: none"> • An initiative from above, with leaders and CEOs serving as "Guardians" to uphold the Guiding Principles 	<ul style="list-style-type: none"> • The moral authority for what is good is derived from people on the margins - from the lived experience of the poor and those considered disposable
<ul style="list-style-type: none"> • "Creating long-term value for all stakeholders - business investors, employees, customers, governments, communities and the planet" 	<ul style="list-style-type: none"> • To "accept the world as a sacrament of communion, as a way of sharing with God and our neighbour on a global scale." (LS 9)
<ul style="list-style-type: none"> • "Equality of opportunity for all people to pursue prosperity Equitable outcomes for those who have the same opportunities and seize them" 	<ul style="list-style-type: none"> • "Together with these historical advances...there exists a moral deterioration that influences international action and a weakening of spiritual values." (FT 29)
<ul style="list-style-type: none"> • "Fairness across generations so that one generation does not overburden the planet or realize near-term benefits that incur long-term costs" 	<ul style="list-style-type: none"> • "An integral ecology is inseparable from the notion of the common good... We can no longer speak of sustainable development apart from intergenerational solidarity." (LS 156-157)
<ul style="list-style-type: none"> • "Fairness to those in society whose circumstances prevent them from full participation in the economy" 	<ul style="list-style-type: none"> • "We should feel indignant, challenged... to be changed by our contact with human suffering. That is the meaning of dignity." (FT 68)
<ul style="list-style-type: none"> • Based on five "system" values: Trusted; Fair; Responsible; Dynamic; Sustainable. 	<ul style="list-style-type: none"> • "The challenge, in short, is to ensure a globalization in solidarity, a globalization without marginalization." (QA 17)

ETHICS INSIDE-OUT

- In *Laudato si* Pope Francis insists on a new covenant between humanity and the ecology and economy. “It is not enough to balance, in the medium term, the protection of nature with financial gain, or the preservation of the environment with progress. Halfway measures simply delay the inevitable disaster.” (LS 194)
- **Without prescribing a specific ethical framework, Pope Francis posits various attitudes for conversion.** These include:
 - Foster a spirit of generous care
 - Full of tenderness
 - Entails gratitude and gratuitousness
 - A recognition that the world is God’s loving gift
 - Called to imitate God’s generosity in self-sacrifice and good works
 - Entails a loving awareness that we are not disconnected from the rest of creatures
 - We are joined in a splendid universal communion
 - Conscious of the bonds with which God has linked us to all beings
 - Develop our individual, God-given capacities
 - Inspire us to greater creativity and enthusiasm in resolving the world’s problems
 - We need one another and have a shared responsibility for others and the world (LS 220-228)
- Whether for “inclusive capitalism” or any other responsibility reform for the economy, these attitudes are the moral resources and inspiration for a radically new approach in which ethics are integral to the economy.

INTEGRALITY - POLYHEDRON AS METAPHOR

- Rather than a top-down ethical system, Pope Francis invites a process of learning from moral action and moral contemplation.
- Reflecting on globalization, diversity and individuality in *Evangelii Gaudium*, Pope Francis writes that: "Here, our model is not the sphere, which is no greater than its part... Instead it is the polyhedron, which reflects convergence of all its parts, each of which preserves its distinctiveness. Pastoral and political activity alike seek to gather in this polyhedron the best of each. There is a place for the poor and their culture, their aspirations and their potential. Even people who can be considered dubious on account of their errors have something to offer which must not be overlooked. It is the convergence of peoples who, within the universal order, maintain their own individuality; it is the sum total of persons within a society which pursues the common good, which truly has a place for everyone." (236)
- **Conceiving the integral economy as a polyhedron begins to provide a framework for including the diverse moral inputs from the world's great religions.** Literally a space, the polyhedron protects the integrity of the respective contributions, while facilitating exchange, movement, mutual learning, and shared problem-solving.



CALL TO ACTION

- From Pope Francis: "To Christians, this principle also evokes the totality or integrity of the Gospel which the Church passes down to us and sends us forth to proclaim. Its fullness and richness embrace scholars and workers, businessmen and artists, in a word, everyone. The genius of each people receives in its own way the entire Gospel and embodies it in expressions of prayer, fraternity, justice, struggle and celebration. The good news is the joy of the Father who desires that none of his little ones be lost, the joy of the Good Shepherd who finds the lost sheep and brings it back to the flock. The Gospel is the leaven which causes the dough to rise and the city on the hill whose light illumines all peoples. The Gospel has an intrinsic principle of totality: it will always remain good news until it has been proclaimed to all people, until it has healed and strengthened every aspect of humanity, until it has brought all men and women together at table in God's kingdom. The whole is greater than the part." (EG 237)
- From those of us desiring to fashion an ethically integral economy:
 1. Convene dialogue with groups already working on dimensions for a moral, integral economy;
 2. Draw lessons from those interfaith initiatives already underway to secure more responsible social and ecological business practices;
 3. Using the methodology Pope Francis deployed with *Querida Amazonia*, dare to "dream" the highest moral potential for a post-Covid-19 economy, and apply human wisdom to honestly address current failures and blind-spots.
 4. Develop the moral principles for the ethics of vulnerability to challenge and correct the prevailing (and unseen) "hermeneutic of wounding."

Outro

It just so happens that I was raised in an Irish Catholic family. As was often the case in those days, we were a fairly sizeable crowd – six children, two parents, a total of eight people. There might have been more of us, except that my father died fairly young at 49, while my mother was still of childbearing age.

The trauma of losing my dad in my first month of high school turned me away from the faith in which I grew up (my reaction began when our non-too personable parish priest assured me at the post-funeral reception that I should not grieve because God took my father and “God knows what’s best.” If God thought this was what is best, then I figured I didn’t want anything to do with God).

Over time, my anti-religious attitude softened and I came to appreciate, in retrospect, the beauty of the Catholic liturgy and especially its music. And something else: the deep understanding that we humans are destined to live in what are essentially two worlds: the realm we think of as “the real world,” which is hierarchical and largely governed by anxiety about being “successful” in our material lives and a second realm that I came in time to think of as “reality,” in which we, regardless of wealth, race, age and sex, are equal, vulnerable, needy and born with nothing and ultimately die empty handed.

Rather than this apprehension being the cause of fear, it’s true effect is one of comfort. Why? Because in this dimension of reality, we are all invited to share in the infinite bounty of existence, a bounty that increases, rather than decreases, each time we sit down at the banquet table that is a fully realized existence merging our spiritual with our material lives.

Unsurprisingly, then, I respond quite positively to the views of Pope Francis and their implications for the capitalist world. Yes, business is the source of a certain form of success – or failure – but is often so in a narrowly transactional fashion in which all of us are judged by our standing in the material world, whether in business, academia, the meritocracy, gender, age or, for that matter, clergy.

As I said, I believe all of us are destined to exist in two realms of reality. At the same time, we often focus our attention on one vision at the expense of the other. In the world of business, this tends to narrow our perception of who is “successful” and who is a “failure” in purely economic terms of wealth and poverty.

It is this dual vision of reality and of their parameters that leads me to embrace the vital need for what the Caux Round Table calls “moral capitalism.” That is, a system that offers material benefits – money – to “shareholders,” while also faithfully serving the needs and aspirations of “stakeholders” – i.e., individuals, communities, countries and, ultimately, the environmental and health of the entire planet.

This concept of capitalism in no way rejects the allure of material wealth, but it does insist that material wealth be employed for the benefit of everyone, not just CEOs and investors.

The tension between the notion of capitalism as an economic system that only generates great wealth for a few, often at the expense of the many, as opposed to a system that can generate deeper and more vital benefits, is an ongoing struggle.

An economic system that honors the needs of everyone is also one that merges the goal of “success” in the material world to another goal, that of the other “reality” in which we are all frail and ultimately needy individuals who are invited to share in the infinite bounty that is a fully realized life, both in the material world and in our soul and heart. A life lived in solidarity with others striving to make this a better world for all of us.

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