

**Ethics and Economics. 4th dialogue.
Buenos Aires 27-28 September 2018.**

Forward

The 4th Dialogue on Ethics and Economics was held in Buenos Aires, Argentina on September 27-28, 2018 in the framework of the G20 Interfaith Forum on '*Building Consensus for Fair and Sustainable Development*'.

The forum was welcomed for three reasons related to the link between ethics, beliefs and consensus building :

(i) Sharing the same faith, believers are split - As demonstrated by the present context in many parts of the world, there are at least three categories:

- Those who are responsible or support the "old world" approach to development;
- Those who exploit the injustices of the old world to promote their vision of their 'new world' as an illiberal and tribal political project that views outsiders as the enemy who need to be kept out by building walls; and,
- Those who aware of the ecological and social shift and want to create the conditions of a "transformation" of our world for the common good and create a secure a safe operating space for humanity.

Despite the stark differences, all three will refer to the same religious writings and teachings creating an issue of how to build a consensus?

(ii) Faiths are 'universal'. Faiths addressing themselves to all of humankind. Faced with the present risks of an «anthropocene threshold», Humanity needs nothing less than a «*leap forward*» to create a renewed sense of rationality which links timeless ethical principles with the realities of the present to bridge the gaps which divide us.

(iii) Faiths are 'powerful'. Because of the importance of spiritual belief for many people, they remain in search of faith leaders to mobilize their efforts towards a higher purpose. How the faiths make use of their power is guided by the ethics of those in positions of power.

So, on one hand there is a need to build a broader consensus on current risks, a focus on how to achieve « justice » to secure a «dignified future». In this context, **we need to build a large coalition of willing for a leap forward from «goodness» in the present form of globalisation to «radical change»** to promote social good that will « leave no one behind ».

This type of coalition should be designed with the explicit purpose to support the implementation of the UN Sustainable Development Goals which outlines a set of objectives for the world to achieve by 2030 that was unanimously approved in 2015. The Dialogue was an invitation to return to basics («*love at the service of justice*») and the opportunity to build a transformational path with ethics as a foundation.

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1. Re-build a common vision of ethics and build a broader consensus on risks, justice, interdependence, stewardship.

1.1. Present system is « deeply irrational »

Although there has been an aspiration across many parts of the world towards democratic processes in society, there is a global democratic deficit. We are trapped by the words, concepts and behaviors of the current economic system which embeds a model that, left to its own devices, automatically increases inequalities. In this system, unless we proactively build in safeguards, humans are treated as means to an end and their dignity is not respected. The economic model that has taken us to this point brings the perverse reality that the poorest among us, who have contributed the least to the carbon dioxide in the atmosphere will suffer the most from the effects of global climate change. We need a renewed sense of rationality that balances the economic imperatives in existence today with a care agenda for humanity and our common home.

1.2. A new conversation on « what is reality ? »

Humanity is dependent upon the Earth, and since we depend upon it for our health and growth, it creates a belief that humanity is the center of creation, supplanting God. As a result a return to a focus on care will promote the idea that humankind is dependent on the planetary system and needs to change the way we engage with those systems.

1.3. Goodwill Platform

A community of faithful should design an alternative model using our capacity of self-examination. If humankind can discover the idea of a humans as a constitutive element of humanity and nature. Our responsibility in this role shifts to one who promotes good stewardship and in the current status quo, we are called to challenge practices that run counter to the interdependence of humanity and the planetary systems that our survival depends on. The role of faith is to provide a long-term vision for a shared well-being, with a shared mutual security assurance to care for our fellow humans and the Earth.

1.4. A new conversation on a civilisation of love (or empathy) .

In order to move forward to rebuild our societies around principles of interdependence, we must cooperate and elevate the principles of liberty, truth, justice and solidarity. With our current practices not aligning to these shared principles, we have to reflect on what is justice and are our societies organized in a structure that is just? In particular, the economic system that we use today introduces several problems that affect our ability to create a just society.

The role of debt increases inequalities today and discounts the value of future generations to live a healthy, prosperous and just world. The over-financialization of the economy increases this by focusing efforts towards an extractive model that prioritizes near-term gain over long-term costs. In particular, the environmental debt that is being built up will not be paid by those who incurred it but those who will also bear its effects.

1.5. Translate vision in signs and symbols which could be shared by all.

The vision to change the future has to be designed in signs, actions and community building that can be an « integral spirituality » :

- Iconography : We should focus on the value of the beauty of the natural world as inspiration to transform away from narrow utilitarian perspectives
- Liturgical: We should build shared experiences ; a moment shared in community to celebrate something from the past and take a break from the short-term perspective
- Ascetic : We should re-discover that things are means towards an end, not an end in themselves. The culture of discarding does not help our health, hunger or humanity.

2. Renew ethics to build the new social contract and secure a safe operating space for humanity

2.1. Life is a collective adventure and we must care and cooperate to build hope and dignity

Solidarity is the basis of society because it creates community bonds that are build on our common nature. With a common home, we must focus on creating a shared mutual security assurance that centers of the concept of love at the service of justice.

The common home means that we have a shared well-being and we benefit most when there is focus on social, gender, economic and ecological justice. These are the preconditions to a sustainable prosperity. Our solidarity represents a mutual responsibility to promote economic inclusion, which requires limitation on greed, reduction of inequality and the empowerment of women.

2..2. What do we mean when we talk about « security » ?

Security is about being confident in our identity, that we will be treated justly, that our ownership of the land we depend on will be preserved. To achieve sustainable security, we must return to a framework set by planetary boundaries to protect humanity. This means we work towards ensuring there is a safe and secure space in terms of avoiding and mitigating the impacts of climate change, preserving biodiversity and equitable and sustainable natural resource management.

2.3. What constitutes the new social contract.

Building a new social contract is defined by the Sustainable Development Goals (SDGs), including reaching the goals of zero poverty (SDG1), zero hunger (SDG 2), reduced unemployment, reduced inequalities (SDG10), opportunities for decent work (SDG 8) and quality healthcare (SDG3) and education (SDG4).

3. Be the change agent for a new financial and economical architecture at the service of humanity

3.1. Reflection on Biblical teachings

The concentration of wealth & exploitation of natural resources has a dramatic impact on the poor. The use of interest on loans made to the poor for their subsistence was condemned in many parts of the Bible. The prohibition of interest was gradually lifted beginning with the Calvin, who differentiated between subsistence loans which could be exploitative from loans to facilitate commerce. The differentiation between permissible and impermissible interest-based loans carried specific conditions which have been abandoned over time.

3.2. Financial structure has mutated,

The choice of financial instruments throughout history has been influenced by "religious" writings such as the Old Testament, the Qur'an and Hadith and scholarly explication of the Maqasid (higher objectives) of Shari'ah, and by Calvin,. The encyclicals of Pope John Paul II (*Centesimus Annus*), Benedict XVI (*Caritas in Veritate*) and François (*Laudato si'*) as well as "*Æconomicae and pecuniariae quaestiones*", the appeals by Patriarch Bartholomew I, the Stockholm Declaration co-signed by investors and the Swedish Lutheran Church, are precious references.

Structural changes in the economic and financial system impairs many peripheral countries, especially in Latin America & the Caribbean. Speculation, corruption and political power exerted by private financial institutions can coopt democratic nation's institutions. We are often keen to point fingers at others but do not often ask where we are allocating our own wealth. Adding within the debate, we need to examine our role in promoting ethical investment with a triple bottom line. Investments should be evaluated on economic, social and environmental impact.

3.3. Accelerate requires method changes

We must address the inequities in our economic and financial model with efficiency and accountability, bringing together activities that are now carried out independently so that we are « acting as-one-brain » to solve the problems we face.

Some of the activities we finance are so incongruous with our beliefs and the needs of the future that we must divest while others we can remain invested while promoting change. In these situations where we remain invested, it is useful to understand the nexuses that bring

together diverse actions on concrete issues that affect our ability to create an inclusive and sustainable financial and economic system.

In both of the foregoing points, there may be more diverse efforts than we can keep track of in traditional ways and the use of digital technology including the CDIT Initiative can provide a way to overcome traditional limitations on our ability to act collectively.

In our actions, we should be focused on how to engage the Millennial generation, who are the recipients of the largest inter-generational wealth transfer in human history. The members of this young generation are 'voting with their wallets' about the economic, social and environmental future they want to see.

4. Make use of your power.

As mentioned above, faith confers power with 80% of humanity on Earth professing a faith. We should build a new path together to protect and make humanity more resilient. This will require a new commitment to change the way we use goods, how we direct the assets and wealth we control and how we manage the resources and money we are endowed with. The change must be comprehensive connecting actions from the top-down and the bottom-up. The financial sector (the macro) and individual asset owners (the micro) should be working in the same direction and able to provide total transparency between them.

4.1. Transform Our World: Churches run 50% of schools worldwide.

As noted in Nasdaq, July 31, 2018 by Darren Toh : 'A changing of the guard is taking place right now, as the Baby Boomer generation moves into retirement and Millennials form a growing proportion of total capital investments. This will be the largest generational wealth-transfer in recorded human history. One of the most striking trends observable in this transition is the Millennial's greater focus on verifiable and robust social and environmental governance practices by the companies they invest in. Millennials vote with their wallets and have overwhelmingly favored businesses with ethical and sustainable business practice frameworks'.

Although many within the new generation are changing the way that values, finance and economics are linked together, there are many others (and a long history) of the changes not occurring. With faith organizations running such a large share of the education of children, we must take a hard look at what we are teaching and whether it contributes positively towards the shared future we want to see created.

4.2. Making inclusive and sustainable finance a change agent to transform the planet: Churches own 10% of the global financial wealth

Value-based investments represent 10% of global financial wealth according to estimates produced by the Alliance of Religions for Conservation (ARC). In order to transform the process of mobilizing private capital that includes investments managed by the faith organisations, there will need to be constant dialogue on the evolution of the nature of financial risks and business opportunities until the success of the SDGs can be reasonably assured.

Responsible Investors use their funds to sustain their organizations and also to « *satisfy basic needs associated for example with agriculture, access to water, adequate housing, as well as with primary health care and educational services* » (Cardinal Turkson).

Faiths must take action within the financial system and through their own decision-making focus on making the system more inclusive. The role of finance should be to promote justice, which can be implemented through exclusionary and/or positive criteria as well as investments that target impact outcomes. The private investments being made should be made in a way to create public benefits as well as private returns. Among the assets that faith organizations have to make these changes include 8% of habitable land and 5% of commercial forests.

One way that faith-based organizations can contribute to these efforts is to join **FAITHINVEST**, an interfaith partnership for the environment which began with the creation of the Zug guidelines. FaithInvest will work to build a network, promote education of faith-based asset owners and offer them a voice. It will serve as a bridge between investors and development agencies, and will support common approaches to implementing exclusionary and positive investment criteria.

Join the **CDIT Initiative**¹, launched at the Buenos Aires conference (People & Planet : Financial Inclusion for Social Inclusion) to generate efficiency improvements for existing initiatives and will help to rebuild trust in the financial industry.

Its valuable metadata which are expected to be independently managed as a public good. It can provide financial institutions the ability to make verifiable commitments to credibly demonstrate their sustainable & inclusive finance credentials to rebuild trust in the financial industry's collective contribution to sustainable and inclusive finance.

The CDIT initiative is trying to force a change to the financial architecture so that the financial industry sees more significant incentives to act positively towards sustainable development, to transition the shareholder focused model to a stakeholder model. If the CDIT initiative is successful, financial institutions will become more willing and able to meet the needs of the faith-based organisations because their business models will be more in line with the Agenda 2030 and the Paris Agreement, which necessitate a stakeholder focus.

5. As believers, Join Multi-stakeholders Partnerships

5.1. Trans-American & multi stakeholder joint dialogue and initiatives

Aparacido 2007 : a roadmap for a new alternative development model

REPAM : A project focused on the Amazon from an ethical, economical and ecological perspective

5.2. Promote Just transition

Economic inclusion: Giving people the capacity to negotiate on their own terms

¹ Collaboration through decentralisation and new incentives to rebuild trust (CDIT)

5.3.Promote Inclusive and sustainable finance for social inclusion

Sustainable, responsible and impact investment

5.4.. Ensuring the full and effective participation of women and equal access to leadership

Important to promote at all levels of decision-making in political, economic and public life and ensuring equal opportunities (SDG 5).

5.5.Build plan of action based on new indicators

Expand on the idea of a human development index to measure our progress with a multi-faceted measurement tool

5.6. Future proofing our economies

Examples include the future generation act (as in Wales) and interfaith initiatives such as Green Faith

6. Conclusion. Which joint action plan for a Humanity leap forward ?

- Be game changers to transform the financial sector towards an increased focus on SDGs 1; (no poverty) and SDG 10 (reduced inequalities);
- Invest in methodological changes to measure, scale up, monitor and be accountable;
- Change indicators for stewardship;
- Be systemic;
- Engage a major initiative involving schools, universities and business schools; and,
- Engage Millennials.