

ECONOMY OF FRANCESCO: FROM INITIATIVE TO ACTION

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ABSTRACT

“Our “dominion” over the universe should be understood more properly in the sense of responsible stewardship” (Laudato Si’, III, 116). Applied to all aspects of our economic activity, the principle of responsible stewardship is a guiding principle for the Economy of Francesco commitments. It is a principle that most of us find easy to agree upon. The challenge, however, is how to get from where we are today to an economy that is just, sustainable, and fair. In this article, I discuss potential concrete actions each of us can take to contribute to choosing the right path. Lasting change is not likely to come from the top but from our individual actions.

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The problems we are facing as humanity today are scary, depressing, and daunting. Nothing short of a major paradigm shift in how we view the economic and political systems will solve them. It is quite easy to fall into despair and inaction, so I am happy to see the call to action that is the “Economy of Francesco” initiative (EoF). I do want to take it one step further, however, because without *concrete personal actions* in mind it is very hard to maintain an active and positive mindset.

Environmental and social justice are at the crux of the needed paradigm shift. As clearly outlined by Pope Francis in his address to participants of the EoF meeting, and by much recent research, these two existential global problems go hand in hand. If humanity can shift the focus from personal welfare to the welfare of the community, welfare of all living things, and welfare of the planet, social and environmental justice will follow. This change is a big ask and needs to be broken down into steps. I want to focus on concrete actions for each of the commitments proposed in the Final Statement of the Economy of Francesco (EoF, 2020), which I combine into broader groups.

Slow down the race, protect common goods, get rid of tax havens (commitments 1, 3, and 6). Robert Lucas’s famous quote “Once you start thinking about growth, it’s hard to think about anything else” (as quoted in *The Economist*, 2010) needs to be changed to “Once you start thinking about environmental and social justice in

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economic development, it's hard to think about anything else". Many economists believe that economic growth will allow societies to *grow out* of their problems. If the last 50-60 years can teach us anything, this is not the case: sure, many people were lifted out of poverty by economic growth, but not nearly fast enough, and at a terrible cost to the environment and with growing income inequality, which makes continuing this path not an option. The same applies to population growth: many industrial economies are counting on population growth to sustain their pension systems, but population cannot grow indefinitely, even with technological improvements, without further strain on the environment and growing distributional problems.

In the long run, the whole paradigm of what constitutes a desirable economic system needs to change. How can we achieve this? Not from the top down. Yes, we need changes in governmental regulations and incentives the government provides to private firms through taxes and other laws. But how can we enact this change? In democratic societies, people elect governments. To change what governments do, we need to put people whose thinking is aligned with environmental and social justice goals in charge. To do that, we need to align the minds of the majority of the population. This *is* the paradigm shift. It is a slow work, but everyone can contribute by speaking up at every opportunity, by teaching, by writing, by not being afraid of being ostracized for thinking differently – because we know our thinking might be in a minority now, but it will by necessity become mainstream, much like the discussion of climate change. But we can speed up this process. We have to speed up this process, because time is of the essence for the survival of our planet and our societies. Academic publications alone will not achieve this goal. We need a broad teaching effort in and outside university environments, participation in public policy discussions, and public speaking.

Share technologies (commitment 2). How can this be achieved? Intellectual property (IP) rights protection is already difficult to enforce in the globalized world. As an economist, I know that we have to protect IP because we don't want to stifle innovation. That said, in the context of bold changes and a paradigm shift, do we need to keep assuming that innovators are driven by personal financial interests? What if innovators seek to maximize their impact and not their own monetary benefit? What would it take for this to be the case? Our societies *still* idolize the ultra-rich and make them famous and known. Some of them duly deserve it because of their contribution to society through innovation and philanthropy, and not just because they are rich. However, there are many more people who have actual impact on the world, but remain largely unknown. How many people have heard of Boyan Slat?¹ What can we do to change this?

We all, collectively, have a large and growing influence in social media. Let's agree to promote, boost, like, retweet, share (and whatever else young people do

¹ Boyan Slat invented and implemented a system that allows to clean plastics out of the ocean. See <https://boyanlat.com/>

these days) names of people whose inventions improve the lives of many and the health of our planet without seeking remuneration. Let's write Wikipedia articles about them – anyone can do it! Let's watch and like Youtube videos with and about them and not those of celebrities. We can also promote an idea-sharing culture in academia, by posting our research in open access format, freely sharing the data sets we create (within licencing limitations, of course). An example of an initiative in this area is the NBER data page, where researchers, NBER members or not, share their data in open access for anyone to use.

This directly leads to *economic ideologies (commitment 4)*. The flip side of not idolizing the rich is not vilifying the poor. Charity should not be limited to giving and sharing, it should also include recognition and inclusion. I learned it from Fr. Gagan at St. Ignatius parish of San Francisco years ago and now it seems obvious: one can give a dollar to a homeless person on the street or one can give them a dollar, ask them their name, ask them what else one could do for them. What do you think will make a longer lasting difference? We can all start there and scale up.

In the U.S., we already see the beginning of this change – it is finally recognized that one should not refer to people that do not have a fixed residence as “homeless people,” it is preferable to treat homelessness as a temporary state, not an attribute of an individual, and refer to people as “temporarily experiencing homelessness”. Common consciousness is affected by language, and it matters. By recognizing that one's economic fortunes reflect their temporary circumstance and not their individuality, we take a step towards acknowledging that an individual's poverty, much as one's wealth, has a large structural and systemic component and that it is the responsibility of the society to create an environment with sets of rules that would lead to more equal wealth distribution.

Decent work for all and quality education (commitments 5 and 10). This is an issue that is already at the forefront of economic growth and development researchers as well as in popular discourse because it is related to increasing automation. What's the endgame? When everything that can be automated is automated, how would workers earn their living and, more generally, what will the economic system look like? I have not seen good research on this and it is definitely a question for economists to tackle. Perhaps we can reach into science fiction literature of the last few decades to get ideas of what kind of systems are possible and what will actually *work*. This long-term thinking will offer solutions on what is needed to ensure decent livelihood for everyone at the end and in transition. Creative imaginative research with a positive outlook and clear policy recommendations would really help here.

Quality education for all must become a part of the solution because most opportunities for work will require education and because education itself provides a source of dignity to individuals. In the short run, there is an urgent need to redefine full employment to refocus the definition on socio-economic groups that are being left behind and to make college-level education accessible regardless of income level. To allow for a more inclusive job market, part-time work for all or a shorter work week might be good short-term solutions to try.

New financial institutions, ethics, and sustainable management (commitments 7, 8, and 9). Sustainable and ethical finance and business are slowly making their way to the mainstream through institutional commitments to environmental, social, and governance sustainability (ESG) goals, but it is not happening fast enough. Influencing consumer minds here is an easy first step to take, by encouraging people and institutions to take ESG goals into account, divest from industries and corporations that are mistreating people, animals, and the environment. The governments can help by developing appropriate disclosure standards and supervision of ESG-related disclosures. This is an important step because we already observe greenwashing that discourages consumers and investors who aim to deal with sustainable businesses.

Luckily, an increasing number of ESG-related certifications are available for everyone to be informed and vote with their money. These issues are square within the mainstream of research in economics in finance. In addition to contributing to research on achieving ESG goals in the financial sector, we can promote these goals and raise awareness through teaching, public speaking, and policy advising. We can also use our influence on philanthropic organizations and individuals to pivot their initiatives in the direction of environmental and social justice.

Gender equality and no more war (commitments 10 and 11). These two commitments are linked. I would recommend expanding the issue of female workers equality to equality for all minoritized groups, which differ across societies. How will it help us end wars? If we elect diverse leadership for the governments around the world, each government will have a much broader diversity of views than what we have now. With increased diversity of views in each government, differences between them will be reduced and overlaps will be increased. With increased diversity of views, there will be more understanding and compassion, and hopefully less greed and aggression. That's how we end wars. With proper representation of minoritized groups in the governments and on boards of corporations, we will also be able to achieve workers equality. What can we do to make this happen? We can push for diversity in our workplaces. We can produce research and teach about benefits of diversity. We can vote for candidates from minoritized groups for every office we can – even if we don't fully agree with their views, because they will likely improve the diversity of views in the leadership. Nobody benefits from an echo chamber.

There are a couple of issues that I don't feel are addressed in the commitments. For these, I will go back to the address by Pope Francis. He spoke about the need to change ideas and paradigms through taking a responsible stand and considering the impact of all our actions and decisions. He talked about breaking a single dominant mindset and changing established structures of power, which can only be achieved with diversity of views. He spoke about the fact that hunger is not a problem of insufficient material resources, but a problem of social structures. To me, this points to a particular change that we need to accomplish. We need a paradigm shift in our relationship with the natural world: namely, the ideas of free disposal and of land ownership. Material excesses are partly due to the idea that we can just discard

what we don't need – this is a 20th century invention and needs to be changed. There is a direct cost of waste to our environment but there is also an opportunity cost. Practically, working on economic solutions to the food waste problem in the developed world is a good starting point.

Land ownership should be redefined as land stewardship. We can't own the land – by definition, all the owned land was at some point stolen from someone – other people or animals or plants. We just keep buying and selling this stolen property over and over. We can't afford to give it back, because we need to grow food and build shelter and offices and roads etc., but maybe realizing this fact will help us shift the paradigm from exploiting the land to caring for the land.

To summarize, there is a lot of work ahead of us. A sustainable economic system can only be achieved through radical change in peoples' minds. But this is exactly the business we are in, those of us in the educational, research, and government institutions. This is both an opportunity and a responsibility that we have to take on, because without individual actions, there is no other source of lasting change.

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