

## Vatican calls for Ethical Discernment in our Economic-Financial Systems

The problem with our economic and financial systems goes beyond these systems themselves. The real problem lies in our dysfunctional human mind, our skewed understanding of human anthropology and the unconscious consequent infinite value that we have placed on this instrument of exchange called money. According to the Buddhist religion, the human mind in its normal state generates dukkha which can be translated as 'unsatisfactoriness' or just plain misery.

The human mind is very intelligent, but it is never satisfied and is responsible for the unprecedented violence that humans are inflicting on others, other life forms and our ecosystem. It has created our economic and financial systems devoid of ethical values and discernment but structured and supported to fill the bottomless pit in human mind. Placing a high premium on what is legal rather than what is helpful for our common existence expresses this dysfunction.

It needs to be underlined that the mere multiplication and implementation of legal procedures and agreements without due consideration of correct ethical orientations and imperatives is simply not sufficient to solve the present crises. The often-unspoken link between our economic system and extreme poverty is one of ethics; otherwise, how could one support and even preside over a system that leaves a small fraction of humanity in affluence while the majority scarcely have enough for the day. It underscores the need to have different economic and financial systems that incorporate new attitudes and new forms of living based on ethical values. Pope Francis has consistently insisted on closing this gap in his encyclicals especially *Evangelii Gaudium* and *Laudato Si*. In *Laudato Si* he admonishes that, "a great cultural and educational challenge stands before us and it will demand that we set out on the long path of renewal"(202)

In the same vein, a recent Vatican document, "[Consideration for an ethical discernment regarding some aspects of the present economic-financial system](#)" exposes the grave aberrations in our economic and financial systems and calls for ethical discernment. Prominent among them are:

- Our way of thinking that sees human beings exclusively as mere economic actors (9)
- The lack of an ethic that is oriented towards the common good and guided by human reason (2,17)
- The all-pervasive control of powerful parties and vast economic financial networks (12)
- The growing inequality between countries and within countries
- The diminishing income from labour while profits from capital increase (15)

The document provides ethical orientations for the resolution of the crisis. Some of them include:

- An understanding of economics and business in the light of ethical vision of the totality of the human person
- The regulation of markets which are unable to regulate themselves (13)

- A positive interchange of economic profit and social solidarity
- More comprehensive criteria to measure the Gross Domestic Product (GNP) of nations (11)

Additionally, the document compares financial markets with a giant organism through whose veins, like life-giving sap, flow huge amounts of money. The system is healthy when the growth and diffusion of wealth go hand in hand, and the dignity of human person and the common good are respected. The introduction of unreliable economic-financial instruments creates systematic problems and poisons the whole organism (19).

The destructive factors in these systems are:

- A naïve belief in a presumed self-sufficiency of the markets, independent of any ethics, and a business culture focused only on profit while ignoring the common good. (21, 23)
- Non-transparent and risky financial products leading to speculative bubbles as well as the manipulation of the interest rate of inter-bank loans (LIBOR)
- Shadow banking systems and fiscal havens outside any state control which mainly facilitate speculation and corruption, tax evasion and money laundering (29,30)
- The growing public debt of many countries caused by fraud in the administration of public money by turning private losses into public debts.

As a way out of the quagmire, the document proposes:

- An honest assessment and a change in corporate culture and the institution of ethical committees within the banks and companies.
- Clear and efficient regulations of the financial markets and of the rating agencies to create greater transparency in business transactions at all levels.
- A clear definition and separation of investment banking and the classic forms of saving and credit banking as well as comprehensive information about risks of all financial products
- Finding ways towards a reasonable reduction of public debt.

In summary, the Vatican document re-echoes the age-old guiding principle that all that has been created must be properly ordered to serve the need of the human family. This applies also to economic systems developed for human interaction and development. The focus is the emerging economic systems with their increasing exploitation by individuals and corporate bodies for fraudulent purposes instead of the authentic aspirations of the human spirit. The dialogue between the economic system and the core human values must be a continuous one. It is not sufficient that just some segments are recording huge gains; it must be such that the entire world is becoming a better place for all because of the innovations of modern economic systems.

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