

OPEN Jesuit Forum SPACE

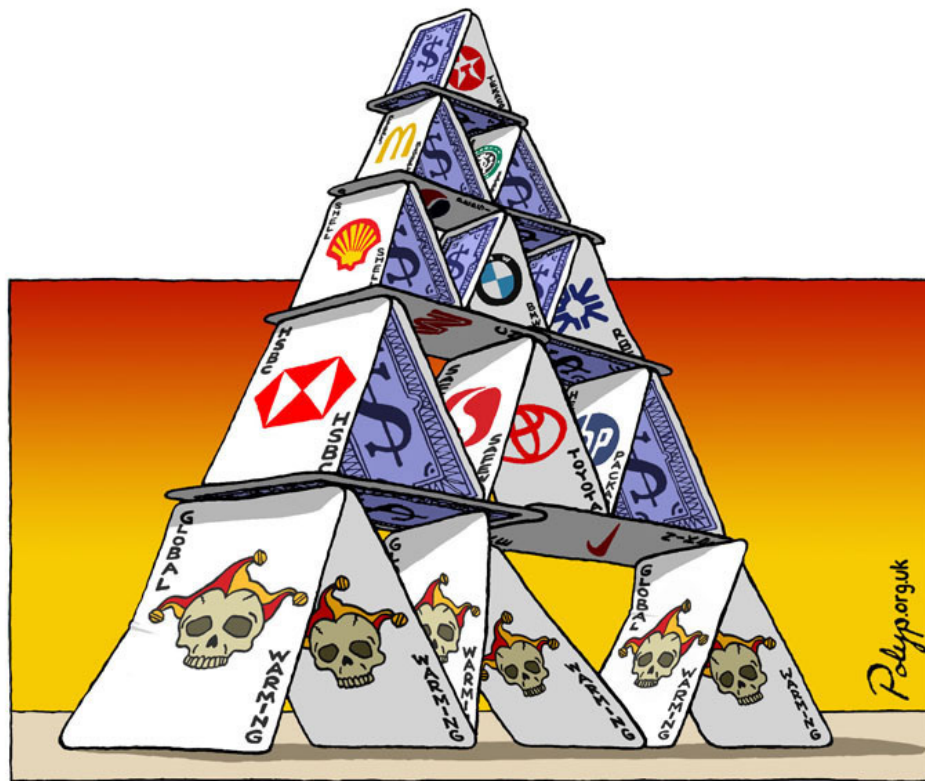
...Engaging the signs of the times...

June/July 2012
Volume IV, No. 3

Power and Democracy - uneasy partnership

There is much talk these days about a major shift in our economic paradigm or methodology since the financial and debt fiasco that started on Wall Street but eventually spread globally. Let's hear briefly what a few respected thought leaders say about this and see how it squares with Catholic social teaching.

Jeff Rubin, longtime Chief Economist of CIBC World Markets, issues in his updated book *Why Your World is About to Get a Whole Lot Smaller* the following warning: "We don't control oil – oil controls us!" He asks the simple question, "What do subprime mortgages, Atlantic salmon dinners, SUVs and globalization all have in common?" His answer, "They depend on cheap oil." And the days of cheap oil are over.



'HOUSE OF CARDS'

polyp.org.uk

On June 4, 2012,
more than 500 organizations
and thousands of Canadians
spoke out in defence of
nature, human rights and
democracy.

Together, we sent a clear
message to Canada's
leaders: we will not stay
silent while nature and
democracy are threatened.

The Jesuit Forum supports
this call for rejecting the
omnibus budget bill C38
which would threaten
environmental protections,
the significant work of
charities and
democracy itself.

Find out more and
sign the petition at:

www.blackoutspeakout.ca

ForumWord

The Earth is not a resource – it is a source of life! These words of Mary Evelyn Tucker at a meeting last year remain etched in my mind and it seems a very apt reminder as we offer you some ideas to take you through the summer.

With our governments' unending emphasis on "growth" and all that implies, it's rather refreshing to hear from someone like Jeff Rubin, former chief economist with CIBC World Markets, whose recently released book is entitled: "The End of Growth" with an interesting subtitle: "but is that all bad?" And indeed this idea that economic growth is coming to an end and will therefore force us all to other ways of living – more communal and cooperative – is being echoed elsewhere as well as you'll see in this issue.

Nevertheless, the ongoing desire for economic growth which results in the mindless search and grab for land the world over, for resource extraction or to grow export crops, continues unabated. Recently we heard from Jim Davis of KAIROS who spoke of the production of palm oil for biofuel on extensive swaths of land in the Democratic Republic of Congo, where 70% of people live in poverty. We heard the same story from Maria Estela Barco of DESMI, a group supporting very poor indigenous communities in Chiapas, Mexico. There the state government is also pushing the production of palm oil instead of corn. They're telling people that corn brings poverty!

The Earth is not a resource – it is a source of life!

We remain hopeful for the upcoming international gathering, Rio+20. We include some brief commentaries on pages 8-10.

The Jesuit Forum has been through a year of some transition, with the arrival of a new director, John Perry, and two operations for new knees taking chunks of time from our special advisor, Bill Ryan. John has been busy making links with city groups addressing such issues as youth employment, care for vulnerable people, human trafficking and mining injustice.

Our plan for the coming year is to build on our expanding network and do some serious engagement on the whole concept of degrowth. This is an idea whose time has clearly come with a recent international conference held in Montreal and another on "Strategies for a New Economy" at Bard College in New York. It's a broad topic that will enable us to explore issues of ecology, economics, co-operatives and sharing, while using the guiding principles of Catholic Social Teaching.

Anne-Marie Jackson

continued from page one

*Today , the world burns
about 90 million
barrels of oil a day.
What if that's enough?*

*If our economies are
no longer growing,
maybe we don't need
any more than that.
We might even need less.*

*Maybe the oil trapped
in the tar sands or under
the Arctic Ocean can
stay where nature put it.
Some people might call
that an oil peak.*

*Others might just call it
the end of growth.*

Jeff Rubin
*The End of Growth -
but is that all bad?*

The basic cause of recent recessions and recoveries, he believes, is the availability or lack of oil – not the secondary causes such as greedy banks, etc. Already a proven forecaster on gas prices in the past, he now expects the price of a litre of gas in Canada to rise to \$2.00 in the near future, and to rise unsteadily thereafter. He makes a strong case that the rising demands for oil by China, India, Brazil and other developing nations, together with the steady depletion of older sources, outweigh more costly new supplies from recently discovered sources. Besides, in modern economies, oil has myriad usages beyond fuel.

Transportation will be the first victim of increasing oil prices. Transport by cars, trucks, ocean cargo ships, and planes will all become too costly for massive usage. China will lose its advantage of cheap labour and cheap transportation. World trade will greatly diminish and we will rediscover a new mode of local economy— and perhaps also of neighbourly living.

With our long-lasting tar sands Alberta/Canada will become— somewhat like the biblical Joseph in Egypt with food scarcity—a czar of global oil distribution. However, the downside of expensive oil is that with the price being set globally our expensive dollar will discourage our export trade. In that world, location and distance will be everything. We will still have to face the necessity of supporting a global agreement on emissions, but we may well rediscover Canada and ourselves as a local community.

Let's return to genuine democracy

John Ralston Saul is the author of *The Collapse of Globalism and the Reinvention of the World*. He is a respected political philosopher; for some he is a prophet. By 2005, Saul had already confronted the ideology of globalization, which he calls 'globalism', and foresaw how it would play out into an economic crisis.

He blames the financial meltdown and its sequel not primarily on the greed of financial institutions but rather on the departments of economics and business management schools which have been teaching their students in Economics 100 the theory of free markets and trade as if it were science rather than theory – thus preparing future financial leaders who absorbed it as ideology and thus could not imagine alternatives in time of crisis.

Witness Alan Greenspan, head of the Federal Reserve, candidly admitting publicly at the time of the meltdown that he could not have imagined that financial dealers could be so greedy. For them the only measures of success were more growth, more trade and more profits. Money and debt had lost their basic purpose as servants of real activity that creates useful products to meet the

continued next page

continued from page 3

real needs of real people and only secondarily to earn profits. Once the problem of scarcity was solved, leaders should have turned the economy towards paying the full social costs of mass production instead of rushing to create new needs to bolster demand through marketing and advertising, etc.

In any case, why should we put our faith in the validity of a free-market theory based on a 19th century context where people died, on average, at the age of 50, and patterns of education, work and retirement were so different from our own?

Globalists foresaw that in the future power would be with the global markets. Indeed, economics not politics would shape future events. What was needed were bigger corporations to serve bigger markets – and, yes, bigger, less regulated financial facilities to service these corporations. Already national/local governments can be sued to reimburse losses which foreign corporations judge to be caused by a policy or action of the government of the country in which the corporation is operating.

First Malaysia, and later China, India and Brazil refused to continue to see the world through this narrow western method of analysis. These “emerging” countries wanted to weight the balance of the economic system more in favour of national government action. Trade was good, but sustainability and people’s welfare had priority.

Saul wants to return to more genuine democracy, to what he calls “positive nationalism.” In the immediate future he sees this coming primarily from civil society and the multitude of new non-governmental organizations emerging on almost every important social, economic and political issue.

Why do nations fail or prosper?

MIT economist Daron Acemoglu, and Harvard political scientist James A Robinson have given us a popular new book, *Why Nations Fail – The Origins of Power, Prosperity and Poverty*. After studying a sample of the economic history of over 30 countries, they came up with a very simple answer to their question, “Why do nations fail or prosper?”

They are quick to dismiss such common explanations as education, culture, religion and geography. Their core answer is: it depends on whether they have been able to develop inclusive political and economic institutions rather than “extractive” institutions. Inclusive political institutions are democratic; “extractive” are managed by dictators or small elite groups. Likewise, inclusive economic institutions are open to innovation and “creative destruction;” and

continued next page



The real problem is that economic inequality, when it becomes this large, translates into political inequality.

Daron Acemoglu

continued from page 4

“extractive” are more profit-centred and less open to change and to social concerns. They note that greed or power-seeking can at any time upset the balance in these institutions; with the result that progress or development is seldom unilinear.

The authors suggest that a nation can only arrive at inclusive institutions through grassroots initiatives. They can’t be imported or imposed.

A strange lacuna in their massive book was filled in by Acemoglu in an interview with the New York Times [April 1, 2012]. Here he worried out loud that a huge growth in economic inequality is undermining the inclusiveness of America’s institutions... “The real problem is that economic inequality, when it becomes this large, translates into political inequality.”

Corporations: a new class of supercitizens

David Rothkopf is a Washington insider. Besides writing a book entitled *Inside Story of the National Security Council* (he was a key advisor for President Clinton on international affairs), Rothkopf is CEO of the Foreign Policy Magazine Group and of his own company. He knows a lot about power and does not think it impolite or Marxist to name it clearly. His story in *Power Inc.* is about the rise of private power in our times and how little it is understood.

After suggesting that in today’s international system between 70% and 80% of nation states are in fact now only “semi-states”—no longer able to measure up to what a state was supposed to be, he continues:

At the same time, private actors [multinational corporations] have grown so large that perhaps two thousand of them are more influential than those 70% to 80% [of nation-states].

These private actors are a new class of supercitizens, entities that can marshal and project to their advantage the economic, human, natural, or political resources that once were available only to nations.

Ask why the world can’t or won’t address concerns from global warming, to embracing new forms of energy, to containing global diseases, to regulating derivatives markets, and you will see

the not-so-invisible hand of these megaplayers.

These enduring private actors, which were built on an idea once created to serve national interests – the idea of the corporation – have morphed into a group that plays a leading role shaping national and international priorities, often without regard for the interests of any one society anywhere – a group with the money and the power to institutionalize their ideologies and serve their interests by successfully supporting efforts to translate their ideas into laws or, alternatively, carefully carve out legal and regulatory voids. [18]

David Rothkopf, *Power Inc.*

continued next page

Continued from page 5

***Wal-Mart Stores,
the world's largest
company, has revenues
higher than the GDP
of all but twenty-five
countries.***

***Its employees
outnumber the
population of almost a
hundred nations.***

If you listen to movements like the Tea Party in the USA, you would believe that governments are steadily growing bigger and more powerful. But the opposite may be true. Bigger budgets do not mean more power or more available money. In fact, today's budgets are mostly taken up with paying for commitments to previously established programs, not to mention interest on onerous debts. Governments today feel their power shrinking in their efforts to serve two classes of voters – the real people and the “artificial” people – the corporations with their small, elite armies of lobbyists. To mention one example: Wal-Mart Stores, the world's largest company, has revenues higher than the GDP of all but twenty-five of the world's countries. Its employees outnumber the population of almost a hundred nations.

Governments often feel impotent to collect taxes from multinational corporations (MNCs) whose loyalty is, to say the least, flexible. Some corporations even have their own foreign policy offices and security forces. Rothkopf suggests that a power capable of making millions of judgments a day allocating trillions of dollars is the real shaper of the global economy - quite independently of what government thinks or says.

And yet the celebration of capitalism as the natural, inevitable victor after the fall of communism was premature. The growing flaws in the American system caused the recent financial and economic meltdown, and now the big global picture looks different. It appears that the American style of free-market corporate capitalism is losing its supremacy. It is being challenged by different forms of capitalism. Indeed, it is becoming evident that a country need no longer imitate America to succeed.

continued next page

Bill Ryan's personal reflections on the books in the article

- Jeff Rubin, who is quoted above saying “We don't control oil, oil controls us”—may not have accurately predicted the time frame in which economies will become “local” again because of the drastic impact of expensive oil on trade and transport. But his analysis deserves to be taken seriously.
- John Ralston Saul's critique of economic and business schools which converted the un-nuanced free-market theory of Economics 100 into an ideology is severe. But it is justified— as is his anticipation that new thinking and initiatives aimed at the common good will come up from the bottom of society, from civil society and non-governmental organizations.
- I am impressed by the intuition of Acemoglu and Robinson that the decisive factor in whether a nation thrives or sags economically is whether or not they are able to develop inclusive economic and political institutions. However, their casual dismissal of the influence of culture, religion and geography is naive.
- The overwhelming power of multinational corporations documented by Rothkopf is evident. And with his argument that there are now several competing models of capitalism, we have a new lens through which to better understand the global economy. Indeed, it offers hope for a rebalancing of public/private power.

Continued from page 6

Rothkopf suggests that new forms of capitalism are emerging which give more emphasis to public and people concerns than does America. He lists five competing systems of capitalism in today's world:

1) The American "Government-lite" system. 2) "Capitalism with Chinese Characteristics." 3) Indian and Brazilian "Democratic Capitalism." 4) German, French and Scandinavian "Eurocapitalism." 5) and Singapore's "Entrepreneurial Small Market Capitalism."

The fact that every form of capitalism "on the market" allots a significantly greater role for the state than that advocated by the US model "suggests that not only is the US view unlikely to prevail, but indeed the momentum is actually with the alternatives." [360]

Bill Ryan sj

Catholic Social Teaching

Several of the above themes are echoed or supported in Pope Benedict's *Caritas in Veritate* and in Cardinal Turkson's recent statement *Towards Reforming the International Financial and Monetary System in the Context of a Global Public Authority*.

Though Benedict does not dwell directly on the ominous power of transnational corporations, he does assert that the international market belongs to everyone and must not become "the place where the strong subdue the weak". He would strengthen public power by encouraging a greater variety of smaller and more social enterprises, encouraging trade unions and self-help movements in harmony with the principle of subsidiarity.

For him, economic activity cannot declare independence from the state which has the authority to direct economic energies in the public interest, and has a necessary function of redistribution of income.

- *Caritas in Veritate* insists that energy-rich nations should not hoard these scarce resources from access by poorer nations.

- The bloated financial sector should be shrunk back into its traditional purpose of serving the real economy.
- Outsourcing and downsizing systems cannot be justified if they increase unemployment and poverty.

Interestingly, Pope Benedict emphasizes the seriousness of environmental concerns more directly than the authors quoted above—although their awareness of it is implicit in their visions of the near future—and in his latest book, *The End of Growth*, Rubin suggests triple digit oil prices just might save the planet from catastrophic climate change.

Finally, both Benedict and Turkson agree with Rothkopf in seeing the evident need for an

effective international public authority to regulate and guide the financial markets. Of course, that warning is scorned by critics in the business section of many of the western world's newspapers, where the current "shrink government" mantra of the American right wing reigns supreme.



RIO+20 United Nations Conference on Sustainable Development

Church and civil society leaders call on governments to focus on the poor and plot a new path to a just and sustainable world

World leaders focus on economic growth as the main measure of success. But what does growth mean if the poorest cannot partake of it, if it does not change lives for the better, if it deepens the persistent inequalities? What does economic growth mean if it comes at the cost of destruction of our forests, our oceans and our natural resources? We need to measure the things that matter, let us measure how the economy is reducing poverty, creating livelihoods and decent jobs, improving ecological sustainability and social stability.

Priority should be given to women who form the majority of those living in poverty and are adversely affected by the current social, environmental and economic inequities. Strong measures to promote equality between women and men at the social, economic and environmental levels should be at the heart of governments' actions towards a sustainable and just development.

The scandal of one billion people going hungry in violation of the human right to food cannot continue. Greater support must go to the millions of family farmers who produce in harmony with their environment; they are the most important source of food security for the world's poor.

Efforts to address human-induced climate change need a new urgency and focus. This is the most pressing threat we face, particularly for the poorest. More ambitious action must be taken, based on the principles at the core of the UN Framework Convention on Climate Change.

Taken from a joint statement signed by 50 church leaders, including Bishops Champagne and Grecco of Canada, CIDSE (the international alliance of Catholic development agencies) plus partners and allies.

http://www.cidse.org/content/publications/rethinking-development/sustainable-development/church_and_civil-society_statement_on_rioplus20.html

It is widely agreed that the diverse and closely intertwined environmental problems cannot be solved by some minor corrections. On the contrary, they require a renunciation of the current model of civilization. The growth-oriented, resource- and carbon-intensive economies of the industrialised countries are not sustainable, particularly as they are imitated by more and more emerging economies such as China and India. "Obtaining and overtaking" may not be the basis, if future generations are to love with human dignity.

Rio should therefore point the way towards a "green" economy, marked by sustainable production and consumption, which take into account the finiteness of natural resources and seek to reduce global poverty at the same time. So far, however, we lack international consensus on what constitutes a "green economy" and how we can address such challenges.

Johannes Müller sj
Professor of Social Sciences and Development Policy
Jesuit Faculty of Philosophy, Munich, Germany
Advisory Board Chair, Misereor

Green Economy: profit-making using nature as a basic resource

Voices from the global south

***We have to try to
foster changes from the
bottom by enabling
civil society, the
economy and NGOs to
become relevant actors.
This is the only way to
shift from thinking
to acting.***

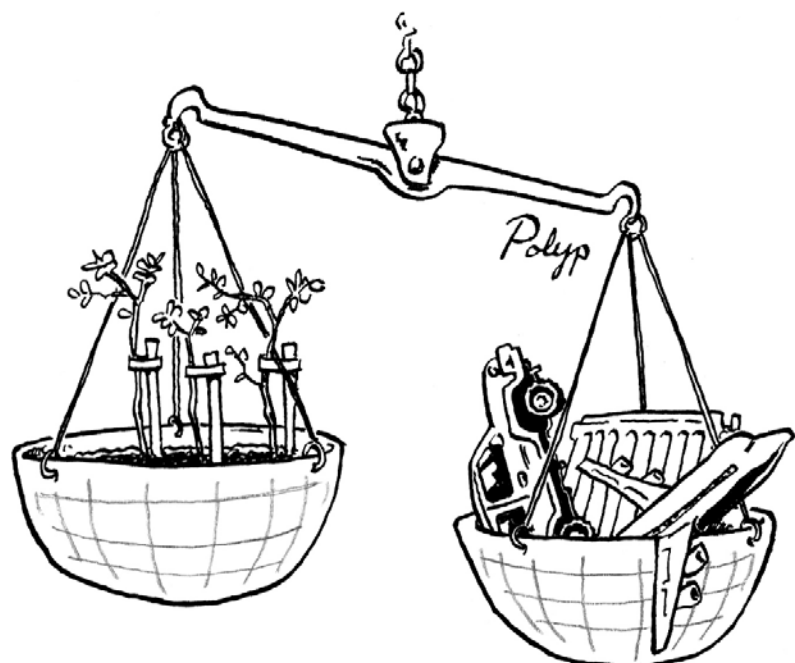
***The religions, with
their rich heritage,
can contribute
significantly - not
only by announcing
a guiding ethics of
moderation as social
model and individual
virtue, but also by
being a pioneer in
implementing them.***

Johannes Müller sj
Advisory Board Chair, Misereor

The so-called zero draft with the title “The Future We Want” that is the declaration of the Heads of State and Governments is certainly not for the prosperity of the people. Governments do not seem to be willing to address the various crises, created by the failure of the capitalist system resulting in increased poverty and food crisis, the climate crisis, the resource crisis, the financial and economic crisis and the crisis of global governance. Rather, they want to pursue the green economy in the context of sustainable development and poverty eradiction, which is a deceptive notion to legitimise profit-making, using nature as the basic resource.

Economic growth can no longer be the primary goal that anything else has to serve. If Rio+20 shall be a success, it will have to subordinate private economic interest based on profit and greed to human rights, social and ecological justice and a life in dignity for all. Ownership and control of natural resources and means of productions should remain embedded in communities for their livelihood sustenance. For this, equity as well as integrity of nature has to be at the core of the Rio+20 conference.

excerpts from “The Future They Want: A Critique of the Rio+20 Zero Draft”
signed by NGO/CSOs from Asia, Africa, Latin America and Europe, including
Third World Network, Malaysia. See the complete two-page statement at
http://www.twinside.org.sg/title2/uncsd2012/eed_ua_critique_zero_drafteng_2012.pdf



polyp.org.uk

Humanity brings consciousness to earth community.

This consciousness gives us responsibility
to care for and nurture the earth and each other;
it is not a licence for unbridled exploitation.

“Earth Community” illustration thanks to
www.livingeconomiesforum.org
the online home of David Korten

In many cases, citizens around the world are doing their part to move toward sustainable lifestyles. We celebrate efforts to return small farmers to the land, work toward policy changes that would create food sovereignty, develop local economies, and create community gardens as a resource for low-income neighbourhoods (etc).

However, this is still a long way from creating the deep systemic changes that are necessary for an authentically green economy.

A green economy must be rooted in a new paradigm for economic growth, one that recognizes that we live on a finite planet.

It assumes the need for intergenerational justice and, therefore, is attentive to the impacts that current decision-making might have on future generations; it requires developed countries to take the lead in changing their patterns of production and consumption while developing countries maintain their development goals even as they move toward sustainable practices.



It urges developed countries to follow through on commitments to support sustainable development in the global south through financing and technology transfers.

If the emerging Green Economy is to support sustainable development as well as poverty eradication, we recommend the following:

- End subsidies for large, export-oriented agricultural and resource extractive industries.
- Create a new paradigm for agriculture.
- Shape a new relationship between trade agreements and human rights.
- Incorporate gender analysis into governmental policy development.
- Strengthen democracy
- Create a Rio+20 framework that is legally binding.
- Make the private sector accountable.
- Regulate the financial sector

Taken from a statement by the Congregations of St. Joseph prior to Rio+20 . Please note: the above are only some of the recommendations - see statement at:
www.csjfederation.ca/news/rio_statement.pdf

Jesuit Forum OPEN SPACE

a publication of the Jesuit Forum for Social Faith and Justice
70 St. Mary Street, Toronto, Ontario M5S 1J3 416-927-7887 www.jesuitforum.ca
Editorial Team: Anne-Marie Jackson, John Perry sj, Bill Ryan sj

Your contribution is greatly appreciated.

Name _____

Address _____

*Cheques are payable to the Jesuit Forum. Donations are tax deductible.
Our charitable tax number is 11897 3742 RR0001*