

# Jesuit Forum **OPEN SPACE**

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

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## **THE RICH** **and the rest**

*A man was standing beside a stream when he saw a baby struggling in the water. Without a thought he jumped in and saved the child. No sooner had he placed it gently on the shore than he saw another and jumped in to save it, then another and another. Totally focused on saving babies, he never thought to look upstream to answer the obvious question: Where were the babies coming from, and how did they get into the water?*

That classic little parable recommends a shift of attention that isn't possible at every moment in a given society: most people are, much of the time, too busy with the emergency stuff. But at certain moments a shift of perspective becomes obviously necessary. Thinking people start to "look upstream" to locate the not-always-obvious source of pressing social problems.

At this time in Canada, as in USA, there is a considerable amount of unfocussed anger, confusion and fear among people. Much of it seems to stem from the fact that our public institutions, including the economy and government, are in a state of disarray, not meeting the needs of significant sectors of the population, and not keeping some important promises.

A striking example is how the so-called developed nations of the world are stumbling badly in meeting their commitments to the Millennium Development Goals, agreed to by over 170 countries



Patricia Storms

## ForumWord

**O**ur last edition of *Open Space* highlighted the notion of friendship as soft power and the way for country leaders to build relationships before attempting to discuss important issues.

*Friendship is also the Forum's main way of working with people. It's about listening, sharing, eating together and finding ways to collaborate and take action. And it's about building trust.*

*Last year, we were invited by the Ontario bishops to create a workbook for people to discuss the Pope's encyclical, *Caritas in Veritate*, and seek ways for action. It comprises seven sessions each on a different main theme of *Caritas*. Each session has a short reflection with a story to bring the theme to life. Then there are suggested additional resources and questions for discussion.*

*It's available on our website at [www.jesuitforum.ca](http://www.jesuitforum.ca), and has just been published in French and English by the Canadian Conference of Catholic Bishops ([www.ccba.ca](http://www.ccba.ca), \$5).*

*We are using the guide as a tool in our work of engaging small groups on global and local justice issues. We see in *Caritas* the key ideas of friendship and gift. God's love permeates everyone and everything and our response is to give of ourselves. And *Caritas* is about love - with intelligence.*

*So just what does that mean in today's world with the widening gap between rich and poor, featured in this *Open Space*? And what does it mean considering the ecological challenges of our time?*

*That's where groups come in - come together, get to know each other, have a meal together, say what we're thinking and listen to each other. Build trust. Build understanding. And take action.*

*Recently we've been working with some parishes in Winnipeg, Toronto, Halifax, the dioceses of London and Hamilton, the Catholic Women's League, teachers and chaplains, as well as the Western and Atlantic Conferences of bishops. Through all of these efforts, we hope many small groups will form.*

*Finally, we join with people around the world in mourning the loss of **Bishop Samuel Ruíz García** of Mexico (see pages 8 & 10). The world and the Church have lost a great leader. *jTatic* (as he was fondly known) will be deeply missed, but will continue to inspire us in our work of building a better world for all.*

“... it tells us something about the breadth of global concern about inequality that China's president, Britain's prime minister, America's second-richest man, and the head of the IMF have all worried, loudly and publicly, about the dangers of a rising gap between the rich and the rest.”

The Economist, January 22 2011

Anne-Marie Jackson

**...rising inequality,  
whether in good  
times or bad, is not healthy  
economically,  
ecologically  
or politically.**

Armine Yalnizyan

through the United Nations as this century began, to rid the world of absolute poverty in the near future. Even within their own countries, the “social safety net” seems, for increasing numbers of people, to be conspicuous by its absence. For example, OECD figures show Canada has dropped from sixth to twenty-fourth place in the world on infant mortality rate.

Poverty is a symptom of many other social ills. If we seriously want to reach the noble goal of reducing poverty and eliminating its most disabling aspects, we have to look upstream to its source in our flawed free market system.

To look upstream is to recall some very important voices from the past. In the 1950s, Bernard Dempsey, a Jesuit economist at St Louis University, was asking: what will happen to our hopes of achieving social justice when economic growth fails us? In the 1960s Harvard economist **Wassily Leontief** was suggesting that we will all starve in paradise unless we introduce an effective theory of distribution into our economic thinking and practice. And his fellow economist at Harvard, John Kenneth Galbraith, warned then, and as recently as 2004 in his booklet *The Economics of Fraud: Truth for our Time*, that our society is fundamentally threatened by an over-concentration of economic power.



Patricia Storms

## With increasing poverty in Canada, government says NO to action plan!

The **Federal Poverty Reduction Plan**, released by the House of Commons all-party Human Resources Committee (**HUMA**) was widely hailed by analysts and advocates as a positive step towards reducing poverty.

Despite the growing recognition from all sectors of society of the need for concrete federal action, the government rejected the plan.

The excellent **HUMA Report** and another by the Senate, **In From the Margins** (2009) along with concerted campaigns, like **Dignity for All: The Campaign for a Poverty-Free Canada, Campaign 2000 and Make Poverty History** were all calling for a federal poverty reduction strategy, now denied.

### But you can take action

If you haven't already, please sign on to the **Dignity for All Campaign**.

Please also see whether your MP has signed on yet (many have and the website lists them). **If your MP hasn't done so, please invite them to sign at: [www.dignityforall.ca](http://www.dignityforall.ca)**

See also:  
[www.campaign2000.ca](http://www.campaign2000.ca)  
[www.makepovertyhistory.ca](http://www.makepovertyhistory.ca)  
[www.cpj.ca](http://www.cpj.ca)

Galbraith argues that influential monied groups and corporate management are shaping public and political opinion to their own interests and purposes through advertising, lobbying, and influence over research, etc. One of the changes being promoted by this elite would enthrone economic control and amassing of unlimited amounts of money – not honest creative work – as the ideal measures of human achievement.

And in the 1970s, Alexander King, one of the architects of the **Limits to Growth** movement, expressed grave concern that by adopting the short-term profit framework as the gold standard for decision-making, businesses at first and then also governments were avoiding, if not denying, the very real ecological limits to sustainable economic growth.



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At least until recently, it had become unfashionable to suggest in public that income inequality, stemming from growing concentrations of wealth and power, is one of the causes of poverty. Critics who continued to point out that real democracy cannot long survive the practical kleptocracy of wealth concentration were accused of the politics of envy, or even of Marxism.

And our political leaders don't even dare to suggest higher taxes for the rich to help diminish our fiscal deficit.

**Karl Polanyi** seems to have been right in seeing capitalism slowly succeeding in replacing the ideal of sharing with the glorification of acquisitiveness in modern society.

**“At current pay rates, Canada’s highest paid executive officers will earn the equivalent of the average Canadian wage by 2:30 pm Monday – the first working day of the year.”**

The Globe and Mail, Jan 3 2011

However, the prevailing silence on income inequality is presently being shattered. When we see **The Economist** magazine (Jan 22-28/11) with a cover story **“The rich and the rest,”** the **New York Times** (Oct 16/10) blaring **“Income Inequality: Too Big to Ignore;”** a **Toronto Star** lead editorial (Jan 4/11) asking **“What’s a CEO really worth?”** and a **Globe and Mail** Report on Business headline (Jan 3/11) admitting **“Rich earn 155 times more than average worker,”** it’s pretty obvious that a pushback in public opinion is on the way.

The Globe’s ROB article went on to cite this statistic from **Canadian Centre for Policy Alternatives:** **“At current pay rates, Canada’s highest paid executive officers will earn the equivalent of the average Canadian wage by 2:30 pm ET Monday – the first working day of the year.”**

Changing times can be measured, roughly, by who gets shocked by what. One Canadian bishop in 1995 was so shocked by an educational poster prepared by the Jesuit Centre for Social Faith and Justice that he prohibited it from being displayed in any church or building under his jurisdiction. The sin of the poster was that it showed Canadian CEOs who earned 90 times as much as their average worker. The bishop felt that it would destroy Christian peace and community if it were shown in parishes. But increasingly, **since the Wall Street-led crash of a couple of years ago, it is the behaviour and tactics of the drivers of high finance that are seen to be shocking, not the effort to disclose them.**

## Hopeful Sign: The Living Wage Campaign

**T**he living wage movement is relatively new to Canada, but has a long history in the US. Last year, though, New Westminster in Vancouver became the first municipality to pass a living wage policy, following a two-year campaign by a network of groups and unions in BC.

The story of child poverty is very much a story of low wages. Nationally, 41% of poor children live in households where at least one adult works full-time, but is paid less than the family needs to rise out of poverty.

Families who work for low wages face impossible choices: buy clothing or heat the house, feed the children or pay the rent. The result can be spiraling debt, constant anxiety and long-term health problems.

The living wage is first and foremost a call to public and private sector employers to sustain families. This can be achieved through wages, or a combination of wages and benefits (such as health benefits, etc.). And research shows that paying living wages has concrete returns for employers, including increased morale and productivity levels; reduced recruitment and training costs; and improved customer satisfaction.

A key way employers can reduce the payroll costs of the living wage is to advocate for progressive policy changes to increase government benefits to low-income earners and enhance public services that improve our quality of life.

**Source: Seth Klein, The CCPA Monitor, July/August 2010**

**The Canadian Council of Chief Executive Officers (CCCE) consists of CEOs from about 150 of the richest corporations from all sectors of the Canadian economy, having a combined total of \$4.5 trillion in assets.**

**The CCCE's calls for tax cuts, consistently heeded by all levels of government, have resulted in the largest financial windfall going to the rich, further widening the rich-poor gap**

Ben Carniol  
Professor Emeritus  
Ryerson University  
The CCPA Monitor, Jan 2011

Recent research by the Canadian Centre for Policy Alternatives and Canadian journalist **Linda McQuaig's** recent book *The Trouble with Billionaires* appear to be important sources of raised consciousness on growing income inequality in Canada. Linda McQuaig offers us a troubling reality check. She reports that the widening income gap between rich and poor in Canada, while not as extreme as in the gap in the USA, has nevertheless doubled (from 25 to 55) the number of billionaires in Canada in just ten years (from 1999 to 2009). **Meanwhile, the income of the fifty highest paid CEOs rose by 444 percent, while compensation for most Canadians stagnated.**

McQuaig cites examples to show how the more unequal a society becomes the less it adopts policies that favour the poor and lower income groups. She pleads the case for a more just income distribution as an economic and a moral imperative.

Canada, she writes, should return to a more progressive income tax and also adopt an inheritance tax – on the grounds that the persons at the top got there not by harder work but because they managed to have the rules changed in order to gain a much larger share of the economic spoils. McQuaig believes that public education should challenge the present negative social attitudes toward taxation, and instead should demonstrate its high value as the price we pay for responsible membership in the community and for citizenship in a democracy.

### **Just wages and honest prices: Pope**

Without flourish, it should be noted that Pope Benedict, in his encyclical, *Caritas in Veritate*, echoes several of the views and values of the authors quoted in these pages and deplores the widening gap between rich and poor.

Like Korten, he sees the present market system marked by grave deviations and failures and in need of fundamental rethinking – especially at the international level. He recommends that the financial world be effectively supervised and be shrunk back to its essential role of facilitating the real economy.

The economy itself, he reminds us, should be so organized that work is valued more than money; that full employment, just wages and honest prices be our constant goals, so that there can be integral human development for every citizen.

Of course government has an important role to play in the fair distribution of income and opportunity. But it is wrong to be unduly dependent on government in this matter. The very structures and culture of production

should be humane, co-responsible, companionable— so that friendship and spontaneous concern can be the natural fruits of working together, and so that our equality in human dignity can be easily recognized.

For Benedict, the primary social value is human dignity, which is sustained by solidarity – the glue that holds society together – the fruit of God's own love for the human family which includes love and care for absolutely every human person; and also subsidiarity, which is an antidote to dictatorship or elitism because it fosters genuine participation in decision-making and shared, local responsibility for meeting local needs.

The Pope also commends the kind of enterprise that is currently called “social business”, as a moderating influence in an otherwise profit-driven business landscape. Indeed, Benedict insists that there must be a dimension of friendship in every human action and enterprise if we are to achieve integral human development for all.

## Income inequality damages social relationships

**A**fter many years of research, we have discovered another feature that is shared by all these health and social problems. They are all more common in more unequal countries. By more unequal, we mean bigger differences between rich and poor...

What is surprising is how big the differences are. Mental illness is three times more common in more unequal countries than in the most equal. Obesity rates are twice as high. Rates of imprisonment are eight times higher. Teenage births increased tenfold...

Everyone getting richer appears to make no difference to the levels of health and social problems in a society. Yet, within each country, all these problems are closely related to any measure of differences of income, education, social class, etc... What seems to matter is not absolute standards of living but the differences between us...

The picture that emerges from the statistics is that inequality damages social relationships... We have evolved to be very sensitive to the quality of social relationships. Status matters but so does friendship among equals. Material inequalities play a crucial role in putting barriers between us. When these differences are larger, the balance shifts from us trusting other people and viewing them as friends, to mistrust and competition for status.

**From an article by Richard Wilkinson and Kate Pickett**, published in *Reflections*, Yale Divinity School, Fall 2010. They are the authors of *The Spirit Level: Why Greater Equality Makes Societies Stronger* (Bloomsbury Press and Penguin, 2009)

**Armine Yalnizyan** is an economist whose prophetic and clear-minded work has added greatly to the influence of the Canadian Centre for Policy Alternatives. In a recent article, "**Income Inequality is not sustainable economically for any of us**," she argues that rising inequality, whether in good times or bad, is not healthy economically, ecologically or politically.

**She points out that by 2007 Canada's top 100 CEOs were earning 270 times the average wage of Canadian full-time workers.** And she also shows that the income gap in Canada kept widening in both good and bad economic times. She wonders whether the elite rich any longer see themselves in the same community, or indeed the same society, as the rest of us.

Like Galbraith, Yalnizyan does not see any hard evidence that tax cuts for the rich and for corporations reliably stimulate the economy in times of recession. She agrees with Galbraith that recession is cured only by a solid flow of demand with everyone having money to spend. Small government, reduced social services and tax cuts are a recipe for unemployment, shrinking demand and social unrest.

Yalnizyan favours a tax change, in particular a steeper progressive income tax, as the most rapid and effective way to redistribute income. In her judgment, Canada was closer to economic wisdom in the post-war years when government, supported by organized workers and by some influential progressive thinkers, built the pillars of a welfare state. Those initiatives significantly narrowed the gap between rich and poor.

McQuaig and Yalnizyan research income inequality directly, and deal more indirectly with the issue of institutionalized power.

## Individuals and their courts of advisors

In his recent book "**Power – Where is it?**", Donald J. Savoie, professor of public administration at Université de Moncton, deals directly with both economic and political power. From his rigorous detailed study he concludes that our traditional public institutions no longer shape people's attitudes but now are themselves being shaped by powerful private financial leaders and their inner circle.

More and more we are not looking to institutions but rather to individuals who can get things done, because what really matters is what works. And the most powerful politically and economically are the best positioned to decide what matters and to pursue what works.



**Bishop Samuel Ruíz (2006)**  
(José Carlo González/La Jornada)

“The capitalist system, which is the only system left in the world at this moment, and which has become more generalized and more efficient with globalization, is causing the gradual dispossession of many - and the accumulation of economic and political power in the hands of an ever fewer number of individuals and groups.

“Here in Mexico, for example, the number of families that receive more than 70% of the national income has been reduced from 80 or so to maybe 14 or 15 families. Those are the only people who are competing at national and international levels.

“This process is rapidly affecting average people, and working in favour of the rich at the expense of the poor.”

**Bishop Samuel Ruíz  
in conversation with  
Jorge S. Santiago in 1996  
in the book, *Seeking Freedom***

(translated from the Spanish by Michel Andraos and published by the Toronto Council, Development and Peace, 1999)

The focus is on the individual, whether the CEO or the prime minister or the retired president, who of course comes equipped with his court of advisors or friends. The result is that other individuals, yes, MPs, even members of cabinet, feel powerless. Increasingly, parliament no longer has the power to hold either business or government to account.

Savoie sees lobbyists, pressure groups and the skillful use of public polling slowly replacing representative democracy. The elites know one another and are in easy private communication with each other. Powerful CEOs and wealthy individuals are able to change the tax laws and patterns of government in their own favour.

## “First, get rid of Wall Street” (Korten)

A final author is **David Korten**, a former professor at Harvard’s Graduate School of Business, who has some very thoughtful books to his credit. In his “**Agenda for a New Economy: From Phantom Wealth to Real Wealth**”, Korten proposes a more radical solution. First, get rid of Wall Street. It was the real villain in the recent recession. And it produces nothing real but only ‘phantom wealth,’ or money that has no intrinsic value but nevertheless creates powerful claims on the real production and wealth created by others.

His new economy sounds startlingly like the original free market economy proposed by Adam Smith, where businesses and banks are mostly small and local, with no monopolies or duopolies, and none big enough to be indispensable. The role of banks would be limited to facilitating business production and commerce. And like Galbraith, Korten would not accept GDP (Gross Domestic Product) as a reliable measure of human achievement. **GDP numbers measure only financial and economic growth – whether good or bad, sustainable or illusory. He challenges us to re-establish criteria that reflect genuine human well-being.**

## Growing gap as serious to economy as climate change

Even from this brief survey of the research and thinking of a few credible authors past and present, it is clear that income inequality, the widening gap between rich and poor in Canada, can and must be publicly challenged. Armine Yalnizyan claims that this growing gap is as serious a threat to our economy and our society as is climate change.



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**Rising inequality  
led way to  
financial crisis**

Economists these days are listening to their colleague **Raghuram Rajan** at Chicago University who argues that rising inequality led governments to facilitate credit growth, contributing to the financial crisis.

**Fault Lines:**  
How Hidden Fractures Still  
Threaten the World Economy  
Princeton University Press 2010

**And the thought of climate change brings us back to the very big picture.**

The wild excesses of weather have been presenting us in recent months with the planetary equivalent of seeing babies drowning in a river (sometimes literally) as the water rushes by. So it's a very good time to look upstream and study some of the causes, both environmental and financial, of the problems that make headlines.

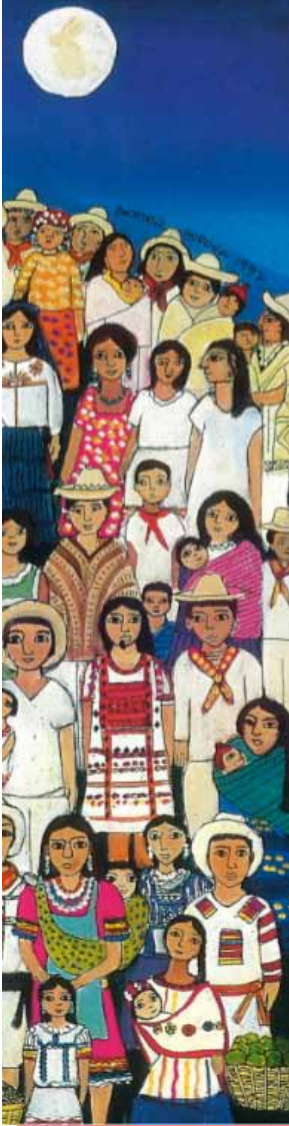
We have been learning in recent years about the drastic institutional and behavioural changes that will be necessary as we strive to "green" our economy—to make it a sustainable, limited subsystem of the planet's all-embracing ecological system. How can we create such profound change unless we are able to think, imagine and act as a unified, co-responsible society? And how far is the possibility of such unity receding as differences in the economic distance between people increase?

There is a radical, constant interconnection that links environmental reform with economic and political reform—and with whole-hearted, clear-headed spiritual conversion.

**Bill Ryan sj**



Detail from poster for the National Indigenous Congress:  
**Nunca más un México sin nosotros/Beatriz Aurora 1997**



## **A great champion of the poor has died *Bishop Samuel Ruíz García***

**D**on Samuel Ruíz became bishop in Chiapas, Mexico, on January 25, 1960. He died on January 24 this year. After participating in all sessions of the Second Vatican Council, he dedicated his life to peace, liberation and to the indigenous people of Chiapas, with a global vision of justice and peace for all.

Under Don Samuel's leadership, the diocese of San Cristóbal de Las Casas hosted a major Congress of indigenous peoples in 1974. "This event was of great consequence for the diocese and that is why I regard it as a stage in our process," commented Ruiz in an interview recorded in the book, **Seeking Freedom** (La búsqueda de la libertad, San Cristóbal de Las Casas, 1999).

"After the Congress, four fundamental issues were identified as significant for the subsistence of the indigenous communities: education, trade, land and healthcare. In light of this analysis, we began to look at our diocesan pastoral plan which we were implementing and realized that it was up in the clouds; it did not have much to do with the real life problems of the people."

The result was a comprehensive pastoral plan, informed by the Congress, with a training and formation program for lay leaders. These developments, as well as other movements and struggles across Latin America, were key to the indigenous peoples becoming the subjects of their own history. (See also page 8.)

**Listening, dialogue, building friendship and trust...  
this is the work of the Jesuit Forum for Social Faith and Justice.  
We invite you to share in our vision by supporting our work.**

### **Jesuit Forum OPEN SPACE**

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