

Business&Peace

FINAL DOCUMENT
ECONOMY OF FRANCESCO

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A. Introduction

Peace and business belong to two worlds that do not communicate with each other and it seems unrealistic to converg the economic objectives towards peace objectives. A deeper analysis of reality however reveals that **there are many striking cases of economically advantageous business that jeopardize people's security because they cause an environmental or humanitarian disaster.** Two examples are the arms companies, such as RWM in Italy which produces bombs for war in Yemen, or the mining companies in Brazil which caused the Brumadinho disaster. Facts that ask us to change the rules of the game in individual countries and internationally to allow people to live in peace, that is, to enjoy their lives to the fullest. Business kills with weapons and with poisonous productions for human beings and the environment: every victim of business is the concrete proof that *"modern man has not been educated to the right use of power because the immense technological growth has not been accompanied by a development of human beings in terms of responsibility, values and conscience"* (Laudato Si' 105). A discouraging scenario in which leaders with cauterised conscience justify instruments of death and amoral economic instruments with the same arguments: *"pretensions of utility and security"*. Barack Obama, in his speech for the Nobel Peace Prize ceremony in 2009 stated that *"the strength of our weapons has guaranteed world security for over sixty years"*.

Fortunately, however, there are those who still have a conscience and connect it with hands and minds to unveil the "armaments hypocrisy" of exporting countries, denounced by Pope Francis. Because the opposite is also true: when economy respects integral human development it is a tool for peace. **Without a peace industry, and the reconversion of the killing economy, there can be no true sustainable development and integral ecology either, on pain of falling into reductionism (Laudato Si' 92).** It is necessary to see conflict through the eyes of the victims, the poor, the emarginated, as catholic preferential option for the poor requires. It is what some young members of the Business&Peace village are doing : Stefano, a young man committed to the reconversion of his land in order to untie it from war production, Joumana, who has abandoned a brilliant career in finance to work for the poor and Lebanese children, Marina, engaged in repairing the damage of the mining companies in South America. The commitment we want to make with the Pope, and among us participants in the Economy of Francesco, aims to reconvert the socio-economic processes to create positive peace. The economy can be an instrument of peace only if peace is seen as a goal of consumers, entrepreneurs and decision makers.

B. Web Conferencing

We are aware of living a 'world war in pieces', and that the possibility of living life to the fullest is threatened in various ways around the world. The Buisness and Peace village thus could not but analyze the causes of contemporary conflicts. The first stage of our journey has been the “virtual hug” with the Syrian people, who for nine years have been plagued by an uninterrupted war. The Syrians, the ordinary people, are also exhausted by international sanctions that have a negative impact on the economic and financial system. Currently, in the midst of a Covid-19 pandemic, it is easier to find a box of ammunition than a box of medicine. We wanted to start from the Syrian contradiction with the pedagogical aim of remaining anchored to the reality around us. Too often we are tempted to say "what do I care?" in the face of distant injustices or we are tempted to remain in our own *comfort zone* in the face of great and complex challenges. Realities, like that of the Syrian people, appeal to universal fraternity, that asks us to take care of our common home and the brothers and sisters who live in it.

Subsequently, we organised a meeting with Professor Vittorio Pelligra and Professor Juan Camilo Cardenas who made us understand that peace and health are two global common goods that must be protected wherever they are threatened. If health can be threatened by different types of viruses, which can put a strain on the world's social order, so can peace be threatened by other viruses: inequalities that appear immutable, atavistic poverty, pollution, the inaccessibility of many to primary goods, violence. All of these factors, addressed in the various Economy of Francesco Villages, undermine people's lives and integral development. Violence and conflict were the 'viruses' faced by our Village, thanks to the contribution of Professor Raul Caruso, who introduced us to the concepts and economic tools to make rational choices for development and peace. Although it would be naive to think of a world without conflicting interests, which lead to conflict between social groups or communities, it is necessary to look for the tools and methods to avoid destructive choices and resolve disputes preferably in a non-violent way. We are led to think that war is a fatality, instead it is the result of rational and strategic processes conceived by decision makers to achieve economic, power or glory objectives.

Peace economics analyses the economic causes and consequences of violent and destructive conflicts. The peace economy, however, focuses not only on ongoing armed conflicts, but also on economic structures that 'prepare' for war, as societies often experience 'apparent peace' by having moved violent conflicts into space or time. In fact, many democratic countries, on the one

hand, support an industry of violence that then finds its realization in apparently distant territories and, on the other hand, are preparing themselves in an unconscious way for direct participation in armed conflicts. Peace economy, therefore, also intends to propose economic solutions and policies not only to remove the causes of conflicts but also to lay the foundations for a new peace-oriented development model.

C. Working groups

In the light of the domino of the peace economy, we organised the Business&Peace Village in six working groups in which fifty young people from all over the world participated. With the constant and expert support of Professor Raul Caruso we tackled the main points on which to work for a peace economy:

1. *Defining peace in economic terms*

The group has worked towards an appropriate definition of peace that includes aspects of the economic components. Peace is certainly a global public good, but a workable definition is needed. Peace could be defined as an integrative institutional framework that fosters productivity at the expense of unproductive activities due to democratic governance, balanced economic interdependence and long-term productivity growth. A definition of peace economy as suggested by Professor Caruso could be: "Peace economy is about the economic study and design of political, economic and cultural institutions, their interrelationships and policies to prevent, mitigate or resolve any kind of latent or actual violence or other destructive conflict within and between societies". It has been suggested that we work on this definition and modify it to include other elements, such as environmental sustainability.

2. *Measuring peace in economic terms*

Measurement is always a relevant issue in any social science. Measurement is in fact the prerequisite for designing economic policies: there is currently no viable measure of peace in economic terms. It has been proposed to start from military expenditure that undermines development (due to its unproductive nature) and to relate it to productive uses of public resources. A candidate objective could be the relationship between public education spending and military spending as a relevant political variable. Indeed, among other aspects, current investment in education systems activates future political participation in democracies, increases the future

productivity of enterprises through higher human capital and decreases the long-term roots of inequality which are all related to stable peace. This measure is strongly correlated with the definition of peace in economic terms. Enriched definitions could also lead to several achievable economic objectives.

3. *Global rules and institution*

Because peace is a global good, global rules and institutions are needed to build peace. In particular, an effective institution is needed to regulate the market where much of the current insecurity is produced, i.e. the arms market. Currently, the global arms market appears to be - de facto - unregulated. This leads to an increasing variety of weapons and continuous disbursements in military R&D in order to maintain the capacity for product differentiation. There is an urgent need to cooperate to effectively regulate the arms market. The first step in this respect is to implement a set of rules and constraints on the arms trade, for example by implementing the Arms Trade Treaty (ATT). Unfortunately some great powers have not signed the ATT (China and Russia) and the US has signed but not ratified it. Nevertheless, the ATT has the merit of establishing a principle that is extremely relevant in the eyes of economists: arms are different from any other commodity and peace, as a global public good, should be considered a focal point for policy makers. Indeed, global regulation such as ATT must be improved. In this respect, regional organisations such as the EU and others could be the basis for a shared agreement on a convergence of rules and principles on different types of weapons.

4. *The economic sectors to be supported to promote peace*

Fundamental to peace-building is the support of political decision-makers for productive activities. Therefore, there must be a certain distinction within the realm of economic activities. Since many conflicts are nothing more than violent clashes in the area of rent-seeking, policy makers should be warned to avoid support for rent-seeking sectors. Unfortunately, this is not the case in many scenarios and sectors. Should well regulated markets in competitive sectors be preferred? In particular, which production is to be preferred in terms of political support?

5. *The nature of businesses and consumer behaviour*

According to the conventional economic script, companies should maximize profits and consumers maximize utility. In fact, we are

aware that these predictions are not met in many cases. In particular, consumers are endowed with lexicographic preferences characterised by an increasing focus on ethical and environmental issues. Less attention has been paid to peace and security issues. Fundamental to establishing adequate consumer pressure on business, there could be a global campaign to address this problem by highlighting the behaviour of companies involved in war-related activities. In this respect, the Italian "armed banks" campaign is a virtuous example to be taken into consideration. In this respect, linked to this would also be a global public debate on the nature of enterprises. In reality, companies do not only maximise profits. Many entrepreneurs and companies have objectives that incorporate social objectives. These attitudes can in some cases become relevant factors in peace-building because they can have an impact on some war correlates such as poverty, inequality, environmental degradation and social justice. However, such behaviour is often not based on legal grounds. What is needed globally is support for a new kind of business that enables managers to incorporate social, ethical, environmental and peace-building aspects into their objectives as well as profit. Benefit companies in Italy are a prime example of this, but they are not yet widespread globally.

6. Nuclear weapons, reconversion and delisting of arms companies from stock exchanges

The era of nuclear deterrence is not over. And of course the work on the road to peace continues. The vote of the UN General Assembly to ban nuclear weapons is obviously clear. And it is very important and significant. But it has not seen the participation of nuclear weapon countries and their allied nations.

It is necessary to relaunch international cooperation on the issue of peace-building and disarmament based on conventional weapons. Atomic arsenals are interpreted by some as tools for more effective deterrence, while by others they are usually interpreted as a last resort in case of destructive war events. In both cases, the Nuclear Bomb constitutes a piece of international relations systems structured around balances of power, which materialise and are structured around military arsenals, but always generate new ones in a process that feeds itself until it reaches a point of no return where the balance risks jumping. Many in fact think that deterrence is a stabilising force, as during the Cold War, but deterrence based

on the accumulation of weapons has not only produced stability: the most eloquent example is the First World War. The Bomb, as a deterrent instrument, appears stronger and more persuasive than conventional weapons, given its destructive capacities, but in concrete terms it is the absence of institutions capable of building peace and implementing disarmament that constitutes the real threat. With a view to denying deterrence as a founding principle of international relations, it is also necessary to make proposals for the downsizing of the military industry. In this process, the delisting of arms producers is a reasonable proposal to prevent the proliferation of conventional or nuclear weapons from being driven by economic incentives. In fact, the listing of arms producers on the stock exchange provides an incentive for managers to maximise performance despite considerations of peace objectives. Indeed, selling more weapons leads to better performance in the stock markets and managers must maximise performance. Therefore, managers are not asked to consider security but only profits. There is no solution other than the exclusion of arms manufacturers from listing and trading venues.

D. Proposals and commitment

The first objective of the working groups was to become aware of the important role of the economy in achieving peace objectives. The group work took place in collective calls where experts intervened and young people shared experiences and questions. Each working group, on the basis of the task entrusted to it, undertook in-depth studies that led to the drafting of Project Cards in which they set their dreams, ideas to be launched and peace projects already in progress. On the basis of the Project Cards and the work described in this document, we have defined the proposals for personal and collective commitment that summarise the results of our work. Below we list the proposals in which we want to commit ourselves:

- **Reconversion, delisting of weapon companies and support to peace sectors**

In many parts of the world there are greedy companies that link their success to production that is harmful to people today and future generations. It is not uncommon for these companies, which produce highly polluting weapons or outputs, to be owned or supported by states and public money. In almost all cases, the banking and financial sector is a partner of these enterprises through direct shareholdings, loans or other types of

financial services. We no longer want to support these businesses! We want to support a peace economy! That is why we are committed to:

- reconversion the industries present in the territories where we live, where there are active productions that threaten people's lives. At the same time we are committed to supporting the virtuous examples of companies that put profit in second place with respect to environmental care and the dignity of people.
- change bank if our bank is not transparent about how it uses the money or if it does not intend to change its policy on supporting arms production or highly polluting production. We are committed to proposing this choice of critical consumption and peace to the secular and religious organisations of which we are part
- remove from stock exchanges the shares of companies that produce weapons, weapons systems and weapons of mass destruction as nuclear bombs

• **Spreading Peace Economics in the Universities of the World**

During the working group we have understood that it is necessary to refine the economic instruments in the service of peace. Very few universities in the world teach the discipline "Peace Economics" with the consequence of a scientific and cultural gap of which we see only the ultimate consequences: peace appears as a positive externality of the action of economic actors. Instead, we want peace, in its broader meaning, to be the objective of optimising the use of resources by public institutions, companies and people. Peace, therefore, as the first objective of economic life and not as a 'secondary' consequence. Studying the economy of peace is the viaticum for this new awareness.

Our work so far

Webinars

PEACE, FIDES AND ECONOMY

WITH ARCHBISHOP PIERBATTISTA PIZZABALLA

MARCH 10
4.00 P.M. (UTC+1)

PEACE, FIDES AND ECONOMY

INTRODUCTION
Bishop D. Sorrentino

Bernat Sellarès Gómez
(BUSINESS & PEACE VILLAGE)

Elena Batani
(BUSINESS & PEACE VILLAGE)

Nayeli Perez Negrón
(VOCATION & PROFIT VILLAGE)

ARCHBISHOP Pierbattista Pizzaballa

When peace and trust are considered solely as means to improve economic performance, they tend to disappear. When they are considered as ends in themselves, worthy of being pursued for their own sake, they foster the

The **ECONOMY** of **FRANCESCO**

On-life seminars
Moving towards a post-Covid better World

FRIDAY, JULY 17, 2020
04:00 - 05:15 P.M. (UTC+2)

MODERATOR
• Vittorio Pelligra
Professor of Economics – Università di Cagliari (Italy)

DISCUSSANT
• Bernat Sellarès Gómez
Professor of History of Economic Thought - Universitat Autònoma de Barcelona (Spain)

JUAN CAMILO CÁRDENAS
Professor of Economics - Universidad de los Andes - Bogotá (Colombia)

RAUL CARUSO
Professor of Peace Economics - Catholic University of the Sacred Heart and Director of CESPIC

PEACE ECONOMICS: >>>>
CAN BUSINESS BE AGENTS FOR PEACE?

The **ECONOMY** of **FRANCESCO**

NOVEMBER 19, 2020

PEACE ECONOMICS AND INDUSTRIAL RECONVERSION: A RECOVERY PLAN FOR THE WORLD

with **Raul Caruso**, Director of CESPIC and Professor of Peace Economics Catholic University of the Sacred Heart.
Susi Snyder, Member of PAX and ICAN - Nobel Peace Prize 2017.
Juan Camilo Cárdenas, Professor of Economics Universidad de los Andes

#FrancescoEconomy

Foto - 210323 Advancing Integral Disarmament in Times of Pandemic_Zoom_return soon.jpg

Mostra tutte le foto + Aggiungi a

the **VATICAN DICASTERY FOR PROMOTING INTEGRAL HUMAN DEVELOPMENT**
in collaboration with:
the **SCRAP WEAPONS OF THE SOAS UNIVERSITY OF LONDON**

We will return soon.

"ADVANCING INTEGRAL DISARMAMENT IN TIMES OF PANDEMIC"

Special thanks to our co-collaborators for their support

