



HONORS COMMITTEE UNIAPAC FOUNDATION BOARD THINK TANK MEETING



Report of the working sessions held
by the Think Tank of the UNIAPAC Foundation

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MICHEL CAMDESSUS

Former Managing Director of the International Monetary Fund, Mr. Camdessus is Honorary Governor of Banque de France. He is a member of the Africa Progress Panel, chaired by Mr. Kofi Annan. He was a member of the Commission for Africa, chaired by the British Prime Minister, Tony Blair. Mr. Camdessus was the Chairman of the World Panel on Financing Water Infrastructure. He has been appointed as the Chairman of the French Government of several working groups in charge of preparing the economic, social, and structural policies reforms. Mr. Camdessus was educated at the University of Paris and earned postgraduate degrees in economics at the Institute of Political Studies of Paris (Institut d'Etudes Politiques de Paris) and the National School of Administration (ENA). Following his appointment as Administrateur Civil in the French Civil Service, Mr. Camdessus joined the Treasury in the Ministry of Finance in 1960. After serving as Financial Attaché to the French delegation at the European Economic Community in Brussels from 1966 to 1968, he returned to the Treasury and went on to become Director in February 1982. During the period 1978-84, Mr. Camdessus also served as Chairman of the Paris Club, and was Chairman of the Monetary Committee of the European Economic Community from December 1982 to December 1984. Mr. Camdessus was appointed Governor of the Banque of France in November 1984. He served in this capacity until his election as Managing Director of the IMF in 1987. On May 22, 1996, the Executive Board of the IMF unanimously selected Mr. Camdessus to serve a third five-year term as Managing Director, beginning January 16, 1997. Mr. Camdessus retired from the IMF on February 14, 2000.

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PIERRE LECOCQ

Pierre Lecocq has an extensive international experience in the automotive industry in a variety of engineering and senior management positions in the USA and in France. After starting his career in the USA, he was responsible for Alcatel industrial battery global activity and then joined Valeo as CEO of the Friction Materials and Engine Cooling Branches, both world leaders in their fields. Since 2002, he serves as President & CEO of Inergy Automotive Systems. Inergy is an automotive component manufacturer supplying all car manufacturers. With sales of 1.2 billion Euros, Inergy is the world leader in its field with 26 factories worldwide employing 4500 people. Pierre Lecocq graduated as Mechanical Engineer from ENSAM, Paris, France, and completed a Master of Economic Science from Paris University and an MBA from Harvard University. Since 1984, he is an active member of the French Christian Executive Association, "Les EDC" (Les Entrepreneurs et Dirigeants Chrétiens) which he headed as National President from 2002 to 2006. He serves since 2009 as International President of UNIAPAC (International Association of Christian Executive Associations), present in 30 countries. He is President of Uniapac Foundation created in 2010.

PIERRE DE LAUZUN

Pierre de Lauzun is General delegate of the French Association of Financial Markets AMAFI, which includes financial market professionals. Former student of the Ecole Polytechnique (1969) and the Ecole Nationale d'Administration (1975), he worked mainly in banking and finance. From 1998 to 2000 he worked at Group Goldman Sachs as President of Archon Group France. From 1994 to 1998 he chaired UNION INDUSTRIELLE DE CREDIT (UIC, groupe GAN). He also was executive VP of Banque de l'Union Européenne/UECIC from 1987 to 1994. Before that Mr. de Lauzun worked at the Ministry of Finances, notably as Sec. Gal of the Paris Club. Mr de Lauzun has written ten books on Christianity and economics, politics, and philosophy. He is a specialist in ethical finance. He was awarded the Vatican Centesimus Annus international Prize in 2015 for his Finance: un regard chrétien.

JOSE IGNACIO MARISCAL

José Ignacio Mariscal initial studies were with the Jesuits in Mexico City to later pursue a Bachelor degree in Architecture of Universidad Autónoma de México (UNAM). He later attained an MBA at Columbia University and an Advanced Management Program at Harvard University. From 1974 to 2010 he was CEO of Grupo Marhnos, a family owned company in the Real Estate Development, Construction and Concessions operating in Mexico for more than 60 years now, and in more broadly in Latin America in the past 10 years. He has been serving in the past 15 years as Board Member for various business and non- profit firms. In the business sector he actively participates as such in Marhnos, Grupo Bimbo (bread), Grupo Calidra (lime stone), Aserta (bonds), Hoteles City Express, Aura Solar (solar energy) and FinComún (microcredit). As for the non- profit sector, Jose Ignacio serves as Board member of Uniapac (International Christian Union of Business Executives) where he also acted as World President (2006-2009). He is also an active member of other Socially Responsible non -profit organizations, such as USEM (Unión Social de Empresarios de Mexico), Consejo Coordinador Empresarial in Mexico (Business Coordinating Council in Mexico), Vice-President of International Affairs of Coparmex (largest business owners union in Mexico), Member of Executive Board of Business and Industry Advisory Committee to the OECD (BIAC, Paris). He was Founder and today Board member of IMDOSOC, Institute of Christian Social Doctrine. And more recently, he is acting as President of the Leon XIII Foundation, working to help local communities of the southern states of Mexico (Chiapas, Oaxaca and Guerrero) overcomes their basic needs.

MICHAEL NAUGHTON

Michael Naughton is the director of the Center for Catholic Studies at the University of St. Thomas (Minnesota). He holds the Koch Chair in Catholic Studies and is a full professor in the department of Catholic Studies. Dr. Naughton is the co-author and co-editor of 9 books and over 50 articles. He helped coordinate and write the Vocation of the Business Leader issued by the Pontifical Council for Justice and Peace (2012), which has been translated into 15 languages. His most recent coauthored book is Respect in Action: Applying Subsidiarity in Business (University of St. Thomas, 2015, translated into Portuguese, Spanish and French). He is also the coauthor of Managing as if Faith Mattered (University of Notre Dame, 2001– translated into Spanish, Chinese, Russian and Hungarian). Dr. Naughton serves as board chair for Reell Precision Manufacturing, a global producer of innovative torque solutions for transportation, consumer electronics, medical and office automation products with offices in the US, Netherlands and China.

MSGR OSVALDO NEVES DE ALMEIDA

Msgr Osvaldo Neves de Almeida is a Brazilian and Argentinian Lawyer with Economic and Commercial Law specialization. He has an M.A. (baccalaureatus) in Theology and a Ph.D. in Canon Law (Rome, Pontificia Università della Santa Croce). Msgr neves de Almeida acts Officer (Minutante) of the Holy See - Secretariat of State - II Section, from 1992. He is an Expert in International Public Law and International Economy. Desk officer for Economic and Social Matters of the UN and the multilateral system, with special attention to the work of II Committee of the General Assembly, the WTO, the Bretton-Woods Institutions and World Governance. Desk Officer for the general matters of the Security Council (Terrorism, Responsibility to Protect, Peacekeeping Operations, etc.) and the Secretariat of the UN. Desk Officer and Legal expert for questions related to the VI Committee of the G.A. (development of International Law), and the International Law Commission. His recent activities include: Patents on Life: Through the Lenses of Law, Religious Faith and Social Justice 'defining the boundaries'(Von Hügel Institute, St. Edmund's College, University of Cambridge, et alia) Cambridge UK (4-5 September 2015): Invited Lecturer; The Encyclical "Laudato Si", Meeting of the Media Officers and Spokespersons of Europe's Bishops Conferences; Prague, 17-20 June 2015: Representative of the Holy See - Lecturer; "The Earth is the Lord's and Everything in it" - A Christian Perspective on Our Stewardship of the Environment, St George's House, Windsor Castle (12-14 June 2015): Invited Lecturer. Towards a New Global Mindset: Overcoming Social and Economic Exclusion; World Economic Forum, Rome, 18-19 November 2014: Co-organizer and Participant and the Seminar on the Global Common Good, Vatican, 11-12 July 2014: Representative of the Second Section of the Secretariat of State.

ADRIAN PABST

Senior Lecturer in Politics, University of Kent, UK. Dr Pabst joined the School in 2009 as a lecturer in politics. Previously he gained a PhD in political thought and philosophy of religion from Cambridge (2002-06) and held a Leverhulme Early Career Fellowship at Nottingham (2007-09). His most recent book publications include a monograph entitled *Metaphysics: The Creation of Hierarchy* (W.B. Eerdmans, 2012) and an edited essay collection on *The Crisis of Global Capitalism* (Wipf & Stock, 2011). Both his teaching and research are situated at the interstice of political theory, political economy and international relations (particularly British and continental European politics). Dr Pabst also has a strong interest in the role of ethics and religion in politics. Currently his research focuses on contemporary post-liberal politics. This work combines a critique of economic and social liberalism with alternatives that emphasise reciprocity, mutuality and the common good. For the past eight years, he has also been writing regularly for the comment and op-ed pages of *The International Herald Tribune*, *The Guardian*, *The Moscow Times*, *The National*, *The Huffington Post*, *The Conversation*, *ABC Religion & Ethics* and *Les Echos* on geo-politics, political economy, Europe and religion.

GWENOLA ROBIN

She has been working for 8 years for Uniapac International assisting the President. Since 2011, she has been sharing her time between Uniapac association and the Uniapac Foundation assisting both Pierre Lecocq and Rodrigo Whitelaw respectively President and General Delegate of Uniapac Foundation. Mother of 4 children, she has a Franco-Iberian master in International trade (IAE, Bordeaux).

FATHER BAUDOIN ROGER

Fr. Baudoin Roger was ordained priest in Paris (2003), after 14 years of professional life. Since 2008, he is chaplain at the Cathedral Notre Dame of Paris and co-director of the Economy, Man, Society research department of the Collège des Bernardins where he coordinates a research program on the firm, involving around 30 researchers in different academic disciplines. He also teaches Catholic Social Doctrine in the Collège des Bernardins, and in the Centre Sèvres. He has published or edited *La Doctrine sociale de l'Église, une histoire contemporaine* (Cerf, 2012), « *Entreprise, les fragiles équilibres du bien commun* » (Documents de l'épiscopat n°12/2012), *L'entreprise, formes de la propriété et responsabilités sociales*, (Lethielleux, 2012), *L'entreprise, point aveugle du savoir* (with B. Segrestin & S. Vernac, Éditions Sciences Humaines, 2014), *Penser l'entreprise, nouvel horizon du politique*, (with O. Favereau, Parole et Silence, 2015).

JOSE MARIA SIMONE

José María Simone is President of Uniapac International. He holds an Industrial Engineer degree from UCA (Universidad Católica Argentina). He has over 30 years of experience in international financial business as well as experience in corporate management. Since 2010 Mr Simone is partner and board member of Impulsar Soluciones Agroempresariales SA - Buenos Aires - Argentina for the management of investments in agribusiness and real estate in South America. Vice-president of Citibank in Argentina, Brazil and USA, as head of the corporate business. Vice-president of Uniapac Latin-American. Board member of Uniapac Foundation. Former President of ACDE (Christian Businessmen association-Argentina). Vice-president of Fundación Valores para Crecer - Argentina. Foundation dedicated to train in values and ethics to managers.

JONATHAN SKINNER

Dr Jonathan Skinner is a Senior Fellow member of the Higher Education Academy with a particular teaching interest in interviewing skills and qualitative research methods. He has undertaken fieldwork in the Eastern Caribbean on the island of Montserrat (tourism and trauma, colonial relations and disaster recovery) and in the US/UK (social dancing, arts health, contested heritage). He previously lectured at the University of Abertay Dundee (1996-2003) and Queen's University Belfast (2003-2013). He is an experienced conference organiser and academic editor, keynote speaker, cruise ship lecturer and dance instructor. At Roehampton, he is Chair of the TECHNE (AHRC Doctoral Training Programme) Training Group (<http://www.techne.ac.uk/>), and Programme Convener for the MRes Anthropology of Health. He was awarded The Sociological Review Fellowship (1998/9), and has held Visiting Fellowships at the University of Oxford (2002/3), California State University - Sacramento (2007), and the University of Illinois at Urbana Champaign (2013). He has been Honorary Treasurer of the Association of Social Anthropologists (1999-2003), editor of the journal *Anthropology in Action* (2001-2007), and publications officer for the European Association of Social Anthropologists (2004-2008). He is currently an Adjunct Fellow of the Centre for Cosmopolitan Studies, University of St Andrews, co-edits the book series 'Movement and Performance Studies' for Berghahn Publishers with Professor Helena Wulff (University of Stockholm) and is advisor to the Northern Ireland arts health charity Arts Care.

DOMINGO SUGRANYES

Graduated from the University in Fribourg, Switzerland (Licence en Sciences Économiques et Politiques). Active from 1969 at UNIAPAC (International Christian Union of Business Executives), Brussels. Secretary-General from 1974 to 1981. Joined MAPFRE insurance group in Madrid in 1981, at the beginning of the group's international development. He held a number of different management positions in Reinsurance, Credit and Guarantee Insurance, Corporate Finance and Investors Relations. Since the early 90s he was Managing Director of CORPORACIÓN MAPFRE, the group's public listed holding. He became Member of the Group Executive in charge of Finance in 2000. After completion of the demutualization process, he became Executive Vice-Chairman of MAPFRE Group until retirement from executive office in 2008. He remained member of the Board of FUNDACIÓN MAPFRE and of several group subsidiaries until April 2015. Since 2009, Chairman of FONDAZIONE CENTESIMUS ANNUS - PRO PONTIFICE, a lay-led Vatican-based institution dedicated to the diffusion of Catholic Social Teaching in economic circles, through dialogue with academic research and practical experience. He is Past-President of UNIAPAC, International Christian Union of Business Executives (1997-2000).

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Yves de Talhouët, is graduated from the Ecole Polytechnique,, and also holds degrees from the Ecole National Supérieure de Télécommunications and the Institute of Political Science in Paris. He is currently special adviser to the President of the Medef, (the French employers' confederation), and is on the board of several companies he helped to establish. He is Chairman of the Faïencerie de Gien, an acquisition which he and other associates made recently, and as such, is a member of the Comité Colbert. From 2011 to 2012 he was Managing Director EMEA with Hewlett Packard, supervising activities throughout the region, 80 000 employees and sales of 40 bn US dollars, whilst also holding the position of Chief of Operations, Key Accounts division. He joined the group in 2006 as Chief Executive Officer, HP France, leading the company to achieve record growth with the best business unit performance of the year in 2009, and winning the biggest outsourcing contract ever signed by HP France (3,6 bn US dollars over 10 years). Before joining Hewlett Packard, Yves was CEO of Devotech, then Devoteam (from 1989 to 1996), both of which he founded. From 1997 to 2004 he held positions with Schlumberger SEMA, before becoming Vice-President. Yves de Talhouët also spent 7 years working in the US, notably with the World Bank in Washington as Project Manager.

RICHARD TURNBULL

Director of the Centre for Enterprise, Markets and Ethics. Richard brings to the Centre a wide range of experience in business, the church and public life. He holds a degree in Economics and Accounting and spent over eight years as a Chartered Accountant with Ernst and Young. He also served as the youngest ever member of the Press Council. Richard also holds a first class honours degree in Theology and PhD in Theology from the University of Durham. He was ordained into the ministry of the Church of England in 1994. He has served on the General Synod and was a member of the Archbishops' Council, the Chairman of the Synod's Business Committee and chaired a number of church working parties including a review of the remuneration of the clergy. Richard served in the pastoral ministry for over 10 years, was Principal of Wycliffe Hall, a Permanent Private Hall of the University of Oxford from 2005-2012 and has been the Director of the Centre from 2012. He has authored several books including an acclaimed biography of the social reformer, Lord Shaftesbury, is a member of the Faculty of Theology of the University of Oxford and is a Fellow of the Royal Historical Society.

RODRIGO WHITELAW

Rodrigo Whitelaw is the General Delegate of the UNIAPAC Foundation. Mr. Whitelaw holds a Bachelor degree in Economics and Business Administration and a PhD in Political and Social Sciences from the Catholic University of Louvain. Specialist in Innovation-based socio-economic development, his areas of expertise are the spatial dimension of the innovation process, the analysis of Global Value Chains and cluster competitiveness at a global level. In 2009, he has published his PhD thesis entitled "Mechanisms of cooperation in industrial clusters: the cases of the tile industry in Spain and the salmon farming in Chile" He has worked in the financial, academic and public sectors in Europe and Latin America. His research interests are in corporate social responsibility, business ethics and corporate governance.

STEFANO ZAMAGNI

Professor Stefano Zamagni graduated in Economics from Catholic University of Milan. Professor of economics at University of Bologna and Adjunct professor of International Political Economy at Johns Hopkins University, and, he has spent a research period in Oxford. He has been Director of the Department of Economics at the University of Bologna from 1985 to 1993 and Dean of the Faculty of Economics from 1993 to 1996,. Member of the Board of LUMSA University, Rome, Since 1991 he is a member of the Pontifical Council Justice and Peace. He is a Fellow of the Academy of Sciences of Milan, the Academy of Sciences of Bologna and the Academy of Sciences of Modena. He was appointed (2007) President of the Italian Commission for Non Profit sector, Milan. Member of the Advisory Board of EURICSE, Trento, and of UNIAPAC Foundation, Paris. He is a member of the scientific committee of various economic journals and reviews. Professor Zamagni is the author of several books, including *Microeconomic Theory and Civil Economy and Paradoxes of Growth*, both published in 1997. *The Economics of Common Good*, 2008, *Avarice*, 2009 and *Family and work* in 2012.

1. Preface: Conceptual Note: Risk, at the source of life.

by Pierre Lecocq, Chairman of the Board, Uniapac Foundation.

Business is indeed the very place of risk taking. To undertake means 'taking the resolution to do something', 'deciding to do something without any guarantee of success'. In the uncertain environment of the economic world, the risk required for each action is always present and this, virtually at all levels, even if we try to measure, to limit, to mitigate it. We know that risk is the basis of value creation as evidenced by the saying "high risk, high return" which does mean "no risk, no return"...

Humanity has always lived in an environment of risk and sought continuously to protect itself from these risks, from picking to agriculture, from nomadic life to gathering in cities and communities, continuously creating tools and methods to reduce the risks it faces, diseases, hunger, and even natural phenomena. This search for protection against risks was one of the main sources of the continuous progress that brought humanity to the existing so high degree of comfort and security. In fact, the only risk that has remained unchecked, is the risk of the other humans 'Wolf to man' as unfortunately the twentieth century have shown and that the beginning of this century so sadly still illustrates.

Isn't this continuous and desirable evolution now reaching such a degree of security that what remains of risk becomes unacceptable, exacerbating the desire for security, protection of people against a fatality which can hit each one randomly?

Haven't our contemporaries lost the taste of risk as a trial or a challenge that can be accomplished? We now perceive risk as an obstacle to happiness, to be avoided. The requirement of general and universal insurance tends to stigmatize the status of the risk taker. This is manifest in the medical field and of course in business. The risk taker is stigmatized and presumed guilty, condemned and asked to repair. Taking a risk and failing becomes considered as a fault which is the very antinomy of risk.

In such an environment, which does not leave any room to lucid decision to confront danger, isn't personal responsibility deleted? Have we not entered in what the philosopher Ricoeur called "the tragedy of action": men do not know well what they are doing and may at any time lose control of what they undertake, hence a collective fear increasingly deep and this requirement for full safety?

Today, it even goes up to the denial of death, first hiding it and now wanting to defeat it through technology, this dream of eternity... *But the very basis of life, is risk, uncertainty. Indeed, action, decision are only meaningful because everything is not written. If death is defeated, there is no more risk taking, therefore no victory, no failure, no surprise. It is a form of annihilation. In other words, to create a man who does not die, is creating a man who no longer lives (*)*. It is the old theme of the "wandering Jew"...

If risk disappears, not only man no longer lives but isn't it also the end of morality? As recalls the philosopher Vladimir Jankélévitch, the irreversibility of death is one of the guarantors of morality. I do not kill you because my gesture would have an irreversible

consequence. The day when no one dies, where you can infinitely repair the body, there are no more barriers to violence, to total barbarity.

As Christians, do we not live the "risk to believe"? One who desires to believe embarks on an unknown path like Abraham leaving "without knowing where it goes" only listening to a voice. Moses takes its people to the desert, a people who dreams of returning to the enslaved safeties, where the only risk is to lose dignity and freedom. To be reassured takes away the vertigo of death. Then guarantees against risk multiply. Life is replaced by security. This narrowness is choking.

What remains then of walking in the desert? Going away, therefore taking a risk, is a break, is passing a threshold. Cord cut, the child, from hesitations to falls, discovers walking and life. It opens him to the primary risk, daring moving forward, daring meeting others. Believing is taking the risk of encounter, meeting the other in its unpredictable freedom.

Believing releases faith of the risk to enclose itself but faces the risk to exist with the One who rightly said of Himself to be Life to the point of giving his own life. This is what founds the act of believing. As one who gives, goes. It does not weigh on the shoulders of those who follow him. At the root of risking to believe is the confrontation to poverty. Believing lays bare. It means putting his life into the hands of the Father, surrendering to the last breath. Rises then a dawn of hope.

Believing, giving, accepting to lay bare, wanting to be poor, to surrender to hope... aren't these concepts, in particular in western societies, rejected with the rejection of risk? Isn't this rejection of risk inherently deadly?

Nature itself is based on risk, risk of reproduction, of mutations. It is worth noting that this risk of life is mitigated by abundance, abundance of these seeds of life carried at random by winds. Abundance which means that necessarily a proportion will survive. It is the basis also of the so intriguing process of animal and human reproduction. Is it not also the infinite abundance of the Love of God that is offered to mitigate the risk of our complete freedom? Isn't the refusal of risk, the refusal of the infinity of His gift?

As I wrote in the preface of our booklet 'Respect in Action', we, business leaders, know that risk is not only the basis of business but also of the capacity of the human communities that are companies to grow and to allow the full development of the people who work there. We advocate a management based on the recognition of the fundamental dignity of the human person. Well, this means a management that takes the risk of the person. We want to inspire us from a God who took the full risk of his creature's freedom by offering it his infinite love. This freedom and the associated risk are at the root of our humanity and our capacity to love and to respond to His love.

We invite you to reflect on these issues and questions, to eventually rehabilitate the notion of risk as the basis of life within a society which refuses it and seeks, with its now almost unlimited technical means, to eliminate it.

() From a dialogue with Bertrand Vergely in La Croix, November 24.2015*

Conceptual Note: Introduction to Think Tank

Good morning to all of you, and a particular thanks to those of you who have come from far away: South America, the US, from everywhere in Europe. Indeed, this is a token of your interest in what you and we are doing, and on behalf of UNIAPAC, I really would like to thank you for taking the time to travel to join us here.

For this Think Tank, we have chosen the subject of **risk**. Let me just give you a little background as to why. UNIAPAC, in 2008, published a book called "The Profit of values", which was on the social responsibility of enterprises, which for us is basically the Christian view of the common good. This was then developed for practical training, particularly in Latin America and Africa. We thought that besides the **common good**, one of the very important aspects of our Christian faith is the deep respect we must show for the **dignity of the human person**, and we tried to see what this meant in the company context. As CEOs and executives, what is our responsibility towards our employees in terms of respecting people? We thought that one of the good ways of devising a management mode that would respect our people while at the same time ensuring the profitability, efficiency and flexibility of our companies is through the principle of **subsidiarity**. Subsidiarity means recognizing that every person has been entrusted with a beautiful gift by our God and that our responsibility as executives is to allow all our employees to deploy the gift they have been entrusted with. What does this mean exactly? This means that as managers, **we have to take the risk of the person**. This means that as managers we have to take the risk of entrusting employees to make their own decisions, and then we have to assume the risk of that decision, which is a key difference between subsidiarity and delegation. In delegation, you delegate part of your power, but you still remain in control, and you control relatively tightly. However, in subsidiarity, you have to make sure that you have chosen the right people; that you have trained them and have defined their degree of autonomy; and that they have all the necessary tools to do what they have to do, and then you, as a manager, assume the risk of that decision.

So this notion of risk, I think, is key to subsidiarity, and for Christians the other aspect of this is the example of our God who took the risk of giving freedom to his creatures, leaving us free to follow him or not, and as a *qui pro quo* of that freedom, he gives us His immense and infinite love. This link between risk and the infinity of a gift is also an interesting aspect. Particularly in societies, and unfortunately, I think, in my own country – but also in many other countries – everything is done to avoid risk and to make sure there is no level of acceptable risk. There is a word in French "mortifère" which is used to describe a system that leads the whole environment to death.

So this notion of risk, the risk of the person, risk and infinity of gift that mitigates risk, and a society that increasingly refuses risk, I thought, would be a good theme for us to discuss today, looking at what it means from an anthropological point of view, from a theological point of view, from an economical point of view, and how we can embrace this call of risk, which I think is the basis of life and humanity.

2. Panel I: "High Drama in the Anthropology of Risk"

by Dr. Jonathan Skinner, Reader in Social Anthropology
Department of Life Sciences, University of Roehampton, UK.



Abstract

This presentation covers the anthropology of risk from the classic work of Mary Douglas and Robert Paine to more contemporary engagements with 'risk society' debates, crises and risk-taking. It looks at different notions of risk from the structural and socio-cultural to the personal and dramatic.

Introduction

I am honoured to be speaking first and opening this day on the nature of risk in society and business that I consider to be of central importance. Pollution, flood and fire; sex, drugs and driving; surgery, childbirth and diagnostic testing; investment, employment and loans; and insurance, crime and prosecution: all of the above are topics which affect our daily thoughts and behaviours, and all are associated with categories of risk, be they **environmental, lifestyle, medical, interpersonal, economic** or **criminal**. Risk - a polysemic term in which reside meanings such as 'danger' and 'uncertainty' - has now become a truly **fin de millennium** concern, 'the focal point of feelings of fear, anxiety and uncertainty' (Lupton 1999: 12). This word has not, however, been stable but has changed meaning from Middle Age act of God and natural event, to Modern Day objective calculation and control of destiny, a colonisation of the future if you will.

I hope to do two things in this talk: to introduce and consider anthropological approaches to risk, with some sociology, and a wide nod in the direction of continental influences. And I should like to push for a dramatic understanding of risk. This will take me from working definitions of risk to approaches by sociologist Ulrich Beck and anthropologists Mary Douglas and Robert Paine, but also to some of the more theatrical, dramatic approaches developed by Victor Turner.

So, let me begin this talk by quoting a story, one which - if I tell it right - will serve its purpose in setting the scene for the grander story contained within this talk. This story concerns three young men and two doors: independent of each other, three men each had the opportunity to open one of two doors. Behind one door sat a fierce and hungry tiger ready to pounce and tear the man to pieces; behind the other door was a beautiful lady awaiting her suitor. The question is, what did the three men do?

The first man refused to take the chance. He lived safe and died chaste.

The second man hired risk assessment consultants. He collected all the available data on lady and tiger populations. He brought in sophisticated technology to listen for growling and to detect the faintest whiff of perfume. He completed checklists. He developed a utility function and assessed his risk averseness. Finally, sensing that in a few more years he would be in no condition to enjoy the lady anyway, he opened the optimal door. And was eaten by a low probability tiger.

The third man took a course in tiger taming. He opened a door at random and was eaten by the lady. (Clark 1977: 111)

My reason for citing this tale, so fondly recounted by Jack Dowie and Christopher Pym, is that '[i]n ordinary life', I - and I also assume you, 'we' - 'make frequent risk-benefit analyses of various sorts where life and limb are concerned, usually informal and without bringing in numbers' (1980: 49). Those analyses are imaginative and involve visualising outcomes, going through scenarios - they act as 'silhouettes in the mind', to invoke your genius philosopher Jean Paul Sartre. Or, as Holmes Jnr puts it, and my angle today, 'people reason dramatically, not quantitatively' (Dowie 1980: 108). In other words, risk - understood to be 'a chance or possibility of danger, loss, or other adverse consequences' (Thompson 1996: 1189) - is apprehended, perceived, understood, assessed and acted upon by rational man and rational woman; to which we might add that rational reasoning is based upon the actors' social and cultural experiences and premises. Our everyday encounter with risk - with tigers, ladies and other hazards - then, would appear to be socio-cultural and phenomenological: taking place in a 'perceptual world [which is] organised through language and symbolic forms, as well as through social and institutional relations and practical activities in that world' (Good 1996: 139).

Despite the interpretations, rationalisations and actions of the door-opener or cliff-sitter or entrepreneur influenced by their socio-cultural experiences, risk management and risk assessment have become big business, quite literally. The invention of the risk calculus has been a great boon to the insurance and industrial businesses. Yet, it is not without its critics such as Ulrich Beck, who argues that risk calculations are about 'making the incalculable calculable' (1992: 100) by allowing 'institutions of developed industrial society [...] with their ability to calculate hazards, to 'spin' risk figures by under-estimation, comparison out of existence, or to make anonymous causally and legally' (105). Mary Douglas follows this up with a broadside against 'the pretensions of a risk analysis that is supposed to be a politically neutral analysis of culture-free individuals' (1994: 44), the 'bogus objectivity' of our risks coded in a mathematics of probability (16). I will return to both of these characters, but first, what exactly are we talking about?

Covering risk

Risk can be understood as a chance or possibility of harm, loss or other adverse consequences; the potential of gaining or losing something of value - from a house to a limb, an agricultural crop to a pension saving; exposure to the chance of injury or loss

(insurance). A financial institution in this sense, from an anthropological perspective, is a 'risk-shifter' as Kenneth Arrow labels them (1971: 135). It is a way of capitalising, quite literally – on our 'thoughts' and fears. Or we can put it that it is the mitigation of risk:



offsetting it, keeping it in the future. Mark Zuckerberg, founder of Facebook is often quoted for his remark that 'The biggest risk is not taking any risk ... in a world that is changing really quickly the only strategy that is guaranteed to fail is not taking risks'. Zuckerberg took a risk, a chance, in allegedly deferring his tax liability with the UK Tax Office by routing purchases and hence profits through Dublin, Ireland. Only recently has social dis-ease with Facebook in the

UK led to a deal for Facebook to pay more local tax. So, in working to an understanding of risk, we are thinking of it as something to happen in the future. It has potential. It is subjunctive, futuristic, projected because it has not happened yet. And, it might well not happen at all. This is a game of chance about the future as we attempt to control it and to bring order to the unknown and uncertain. This is typically quantified so that it is inherently comparable from surgery survival statistics to weather forecasting, or, to give you a personal example, 'the probabilistic forecasting' of a volcanic eruption (Skinner 2008). This leads me to a case study of my own research on the British Caribbean island of Montserrat.

I began this talk with a story to illustrate the point that we reason dramatically, not quantitatively. This story was also useful in setting up my risk narrative. I have sought to resist what Rapport criticises as the 'objective impulse' (Rapport 1997: 13) which conforms to Giddens's ideal worldview that there is an 'impersonal, informal social reality above and beyond the actions, subjectivities, motives and intentions of individuals' (Rapport 1997: 13). Instead of turning towards quantitative, holistic or cultural approaches to risk, my experience of the eruption of Chances Peak on Montserrat - a British overseas territory in the Eastern Caribbean, my reaction to that risk event and my observations and records of others' reactions convinced me of the legitimacy of the subjective and dramatic 'narrative' impulse (Skinner 2000, see also below). Risk is about containment and what is not being contained; risk conceals the emotional characteristics of 'danger' and by so doing it 'implies



prevision of calculation, which suggests objectivity and control', according to Helene Joffe (1999: 4). As such, then, I would suggest that risk can be contained by culture, nature - and narrative. It is possible to interpret and make sense of this eruption that began in 1995 and is still on-going, the devastation to the environment, the displacement and existential and ontological crises it precipitated, ruining the local economy and leading to the ironic position of house owners and business leaders having to continue to pay their mortgages and insurance policies despite the loss of their homes and their trading premises.

Some would use this Montserrat example as an illustration that we now live in a risk society. Ulrich Beck and Anthony Giddens are German and British sociologists, respectively, who coined the expression 'risk society': *Risikogesellschaft*. They are interested in uncertainty in modern day society. This also links to their reading of reflexive modernisation in that the risks and dangers of our modern industrial world and economy are inter-linked and have implications in all directions whether migration from Syria, the stock market fall in China, the rise in oil sales in Venezuela. Beck also has an interest in warning us of the new secular economic world order for its inequalities and loss of more traditional concerns such as wealth distribution and moral governance. The risk society he identifies is motivated by profit to the exclusion of safety or welfare or even morality. Further to this, this risk society impacts upon the environment: nature and society are interwoven, and politicised.

It would seem that we are indeed living through a new risk paradigm. Our '[m]odernity is a risk culture', as Giddens declares (1991: 3). Concomitant with Beck's and Giddens's universal democratisation of risk is a crisis over accountability and responsibility (Beck 1992a: 1996) which perhaps echoes the recent specific crisis of representation in the humanities and the social sciences - notably in anthropology (Marcus and Fischer 1986; Clifford and Marcus 1986; James and Hockey and Dawson 1997) - and the general ontological uncertainty as to the nature, form and context of knowledge itself (Lash and Wynne in Beck 1992: 4-5; Paine unpublished: 6). With references to 'World Risk Society' (Beck 1996: title) and 'Ecological Enlightenment' (Beck 1992: title; see also Giddens 1991: 4), the environmentally-friendly authors - Beck more so than Giddens - hoist risk aloft as a universal controlling determinant of our global culture. Yet there are critics of this global paradigm. The risk lens, as I anticipated earlier with the initial humorous story, is not without its sceptics. Anthropologists such as Robert Paine in the main, and Ulf Hannerz, argue that our modern world has not been homogenised in the face of risk. According to Paine, the great social and cultural diversification of modernity, which Beck and Giddens are so keen to point out, ironically indicates that the meaning of living with risk cannot be quite as universal as they make it out to be; nor can the responses or abilities for coping with that risk be quite the same (Paine unpublished: 7-8; see also Paine 1992: 278). Far better, then, to turn towards the more dynamic cultural approach to risk taken by the anthropologist Mary Douglas, one which - both as a language (1994: 14) and as a forensic tool (1990: 1) - pays more attention to the native speaker.



It is in keeping with her long term interest in 'the social control of cognition' as she describes her work (Douglas 1987: ix), or 'the sociology of perception' as Adam Kuper refers to it (1991: 183). Mary Douglas is an anthropologist who was brought up a Sacred Heart Catholic near my University of Roehampton in London. Her upbringing inflected her scholarship and academic interests. She translated her 1960s argument about danger and defilement from her classic biblical scholarship interpretations in *Purity and Danger* (1996 [1966]) into 'terms of risk' (1992: 4) in the 1980s with her joint essay with Aaron Wildavsky, *Risk and Culture: An Essay in the Selection of Technical and Environmental Dangers* (1982). She moved from examining the laws of Leviticus to contemporary risk

theory. From looking at the liminal hybrid animal as dangerous and hence prohibited and made taboo in society in the Middle East – such as the pig in what is now modern-day Israel. Together, Douglas and Wildavsky proposed a ‘cultural theory of risk perception’ (1982: 8) which would make sense of risk taking and risk aversion and in so doing help us to understand why there seems to be a growing sense of urgency to ward off risk amongst the general American population (16), and how and why people ignore certain potential dangers around them and concentrate only on selected potential dangers. They were working on the premise that ‘risks are socially accepted’ (14) and that different cultures highlight or downplay different risks; lightning rather than leprosy for the Lele of Zaire, industrial disease more so than the endemic cardiovascular diseases or automobile accidents for the American (6-7). Douglas, now accompanied by Wildavsky, was merely reiterating her stance from *Purity and Danger*: that no matter where we live, or in what society, we all choose our terrors and nightmares, selecting some and ignoring others, and that such choice is culturally informed.

Apparently, each society needs its risk schemas just as each society needs its ‘pollution ideas which are used by people as controls on themselves and on each other’ (Douglas 1975: 243). This raises the question today, why risk? Why not responsibility? And so, it is the task of the social scientist to fathom just ‘which kinds of risks are acceptable to what sorts of people’ (Douglas 1982: 4; see also Fitchen 1989: 314). Risk – ‘danger from future damage’ (Douglas 1994: 30), ‘a joint product of knowledge about the future and consent about the most desired prospects’ (Douglas and Wildavsky 1982: 5, authors’ emphasis) – is thus also about the kind of social consensus inter-subjectively shared and affirmed by members of a community (Douglas 1994: 30, 12). More likely to emplot risk from within than without a society or collection of individuals, Douglas and Wildavsky’s cultural approach is not, however, unproblematic as Miriam Kaprow points out with her observation that an overly culture-dependent approach to risk can ‘trivialise real hazards and end up [...] eliminating danger altogether’ (1985: 347). Though, to be fair to Douglas, Douglas does point out that the risk or danger may be very real, despite the cultural diversity of the responses and reactions to it (1990: 8).

Nevertheless, Paine (unpublished: 10) rightly chastises Douglas for charting a poor course between the individual and society, between individual risk perceiver and collective risk society, for trying to have her cultural theory of risk both ways, particularly in her more recent *Risk and Blame* (1994) collection of essays (‘stodgy Durkheimian conservatism’ in the eyes of Beidelman (1993: 1066)). Douglas focuses upon institutions, as well as individuals (inhabiting, variously, a world of grid/group environments as ‘egalitarians’, ‘hierarchists’, ‘individualists’, ‘fatalists’ and ‘autonomists’ (1986: 54; 1987; 1994)). Yet, it would seem to Paine (unpublished: 11) that Douglas also argues that ‘each perceives risk in [their] own way, and yet this governs the responses of each to risk.’ Despite Douglas’s attention to the individual, she typologises them into one of the above five culturally informed categories, in effect, really giving precedence to society and thus reiterating Durkheim’s general proposition in *Suicide* (Paine unpublished: 12), namely, that: ‘what appears to be a phenomenon relating to the individual is actually explicable aetiologically with reference to the social structure and its ramifying functions.’ In other words, Douglas’s cultural theory of risk slyly ‘construes individuals as socially constrained’ (Boholm 1996: 70).

Risk and the eruption of Chance's Peak



So, it would appear that risk has become one of the new social science tropes, a figure of speech which quantifies fears into figures for some, but remains incalculable for others. One particular ethnographic meeting with risk I had was in 1995 when working on the island of Montserrat, a British Overseas Territory in the Eastern Caribbean. Just coming to the end of a year of fieldwork, the aptly named Mount Chance

began erupting, causing great concern to Montserratians, expatriates, colonial government, anthropologists and insurance underwriters alike. In the following two years some 6,000 people voluntarily migrated from the island, 75% of the remaining population relocated to low risk zones in the north of the island, and there were in excess of 19 deaths as a direct result of volcanic activity. At present, just over twenty years on from the start of the volcano crisis, the south of the island continues to be closed off, with regeneration and rebuilding taking place in the safe zones in the north of the island. Tourists now visit the evacuated and ruined capital Plymouth as a modern-day Pompeii, attracted to the green in the north and the gritty in the south.



Risk wraps the island of Montserrat from the no-go risk zones to the risk-free safe areas, and the daily hazard assessments issued by the Montserrat Volcano Observatory that are interpreted by the Montserrat Government and relayed by radio to the Montserrat citizens. The Montserrat Volcano Observatory (MVO) substantiates her activities by appealing for example to Scientific and Hazards Assessment reports (2001) that quantify risk on a scale from negligible and minimal risk ('frequency of less than one in a million of an adverse event') to high risk ('fairly regular events that would occur at a rate greater than one in 100'), and levels of probability: for example, in December 1997 there was an 11% (1 in 9) chance for one or more fatalities from volcanic activity in the next six months, negligible risk for those north of Lawyer's

Mountain running to high risk for those in Happy Hill in the south of the residential zones on Montserrat.

Annualised individual and societal risk estimates have now become part of the language of Montserratian islanders along with phrases such as 'pyroclastic hazards' and 'dome collapse threat'. These figurative tropes rest uneasily alongside dramatic images of death and injury held in the mind's eye, expert statistics failing to allay lay dread but successfully persuading many Montserratians to migrate - evacuate - from the island. Yet, there are several different ways of viewing this environmental and social disaster, the various

reactions to risk and hazard, misfortune and the unexpected events which throw the world up-side-down. According to Deborah Lupton (1999b), editor of *Risk and Sociocultural Theory*, there are three major approaches to risk: 'cultural/symbolic', 'governmentality' and 'risk society'.

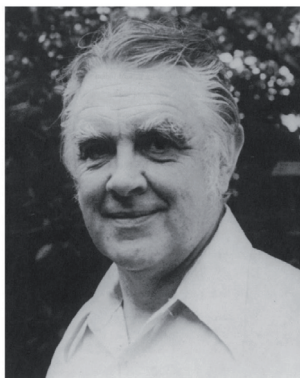
In this edited volume, Lupton articulates with colleagues her tripartite stance (see also Lupton 1999). She extends Mary Douglas's canon of literature on danger, risk and pollution in non-modern and increasingly in more modern societies, as they are so characterised. Moreover, she applies Douglas's work on in-between conceptual boundaries, those people who are considered contaminated and risky because of some impurity, to the anomalous and liminal bodily state of the pregnant woman. The governmentality perspective to risk takes Foucault's ideas about the discursive construction of reality and seeks insight into how expert techniques and institutions render risk calculable. From this stance there is nothing intrinsically risky: there are just the 'risk shifters' (Arrow 1971: 135), those who manipulate risk to their gain, those who use risk as Douglas's forensic resource, as an explanatory tool. This approach also connects with Douglas in that it too is also about the social control of cognition. Two applications of this thesis might be how Montserratians are persuaded to leave their properties for 'safer' residences in the north; and how the British government encourages development workers to the island (whilst prohibiting their young due to health risks which do not seem to apply to Montserratian young). In Lupton's mind, these risk logics are played out in media constructions of safety and government responses. One aim is to reduce risk anxiety by attempting to control and colonise the future: one of Beck [1992] and Giddens's [1991] risk characteristics belonging to our new 'risk society', alongside that of 'reflexive modernisation' - free from traditional networks and relationships, we have the new ability to continually re-narrate ourselves, but all before the global nature of risk, be it terrorist threat, ecological disaster or financial meltdown.

Lupton does well to create a dialogue between the anthropology and sociology of risk, one which inadvertently shows the efficacy and primacy of Mary Douglas's work. On and off Montserrat, risk - reactions and its management, and the management of those reactions, have become the main concern of expert and lay alike. Yet these contributors, with their theoretical masters and mistresses, fail to acknowledge their Durkheimian-inspired lineage, for all their homogenising, collectivising and universalising of risk, and their downplaying of the diversity of risk meanings and possible interpretations. As Beidelman (1993), Paine (unpublished), Boholm (1996) and myself (Skinner 2000) have all tried to show, different sociocultural groups as well as individuals understand, perceive and cope with risk very differently (outside of the 'individual' typology found within Douglas's grid/group environments).

Risk and Social Drama

One might say that risk has become the new frame within which previous anthropological debates into social organisation, rationality and rational-acting/calculating 'man' are again being played out. It is the sociologist Tony Crook (1999) who makes an interesting connection between Mary Douglas and Victor Turner, linking Turner's distinction between

'structure' and '**communitas**' and Douglas's distinction between 'hierarchy' and 'voluntary group' in her grid/group organisational model. They both relate to risk groupings and risk management, issues which we have to get used to living with in this new anxiety-provoking age of ours, so Crook concludes.



Victor Witter Turner (1920-1983)

Victor Turner is a Scottish born anthropologist who examined rites of passage, or transition rituals as performed throughout the world. These transition rituals occur at critical stages of the human life cycle, and often involve a part of the body. For Victor Turner, these rituals are social dramas in which we attach particular and often symbolic importance. They challenge and change us from boys-to-men, recruits-to-soldiers, bride&groom-to-wedded-couple, student-to-graduate. Whilst undergoing the transition, the protagonists are in-between or 'betwixt and between' to use an archaic but popular expression. During these rite of passage rituals, those involved inhabit a liminal space, time and persona. These rites of passage resolve the social paradox or ambiguity or

dangerousness of their position. They are 'redressive' as they attempt to resolve breaches in the natural order of social relations - typically referred to as 'social dramas' by Turner (1979: 83). He elaborates, 'truly there is often some element of risk or danger in the atmosphere of living ritual' (1979: 87). More explicitly, risk can be understood as social dramaturgy in the sense that it encodes an extra-ordinary trajectory. As Palmlund notes, risk is a code word, one that 'alerts society that a change in the prevailing social order is being requested' (2009: 193). It is intrinsically conservative in outlook as it references safety and can be brought to bear leverage to maintain the **status quo**. The shaman healer performs his rituals and takes a risk that he will be able to heal. They operate on the borderlands, vulnerable and exposed. Returning to Douglas, the unclear status is dangerous and risky to society or social structure - in part because of its inter-structural nature. The in-between can compromise the 'natural order', so to speak. In terms of the risk debate, we have people dealing with uncertainty around them. Like the risk shape-shifters with their risk calculus, the rituals Turner writes about, the social dramas enacted around us, use drama to interpret our reactions to risk. Perhaps we have it here, then, in the behaviour and rituals of those living on Montserrat more so than the risk diviners about Montserrat?

Lupton, mentioned earlier, outlines the interesting application of Foucault to risk studies, citing risk as a 'moral technology' (Lupton 1999b: 87) which can be manipulated by institutions as part of a strategy of regulatory power. In other words, individuals or a population identified as 'at risk' or 'high risk' of, say, heart disease can be detected and monitored, or 'positioned in a web of surveillance' (89) to use the right discourse. This approach to risk rightly opens up the issue of subjectivity and risk, and how lay people engage reflexively or otherwise with risk. Further to this, risk, for Lupton connects with notions of Otherness (anxieties and fears about risk projected onto certain social groups, thereby marginalising or stigmatising them) and with Pleasure (with 'Good' risk as

opposed to hazard). The embodiment of risk is evident in a wide range of examples from 'Body McCarthyism' (a New Zealand human rights prosecution of a woman for endangering a mother's infant by breastfeeding it herself) to militant white racists (reactions of fear and loathing to 'liminal' or mixed body colours), extreme sports sky-divers (those who engage in 'edgework' - the voluntary performance of dangerous activities - to achieve a group 'high' or Durkheimian 'collective effervescence' (Lupton 1999: 151-3)) to inflamed dancer (the carnivalesque transgression of corporeal boundaries and behaviours found in the Rio carnival parade, Brighton promenade nightclub, Madrid **flamenco** bar).

Trading Risk

Estellie Smith (2000) inadvertently adds to 'our' individual approach to risk in *Trade and Trade-offs: Using Resources, Making Choices, and Taking Risks*, an economic anthropology text book about how people deal with the 'who, what, where, when and how of production, distribution, and consumption' (back cover). This book is a collection of chapters supporting our case by arguing against general cost/benefit analyses for calculating and taking choices or making preferences, and universal rational action models for decision making. This is because the sociocultural context and the personal perceptions and emotions factor so largely. A current trade-off for Montserratians would be, for example, the various push and pull migration factors where family experiences and networks would feature so highly in personal and family decisions: leave the south of the island for the north and retain visual contact with one's land, albeit at a distance, and wait for the volcano to subside; or leave the island for another country and try and start life over again if migration permits allow; or wait from a distance for the volcano to subside and allow a return. These scenarios are played out in the mind's eye as much as they are weighed up as pros and cons on paper.

Writing about entrepreneurs, Smith notes that the way we trade off each other leads us into a Faustian trap. 'How to make good decisions when uncertainty increases risk', she asks (2000: 86)? From an ethnographic perspective, Smith answers this question by deconstructing the question's key terms: 'good' is a notional quality which is subject to change; and the distinction between 'uncertainty' and 'risk' is more fuzzy than economists and medical practitioners would have us believe (see Skinner 2008 for risk and fuzzy numbers). According to Smith it is not possible to operate the traditional theory of choices under conditions of certainty, 'risk-less choice' (2000: 89), because this model works on the erroneous assumption that each choice has a single known outcome and that individuals select the choice that they perceive will lead to the most desirable (least negative) outcome. Examples from Lupton's work and from Montserrat substantiate Smith's contention that there is a gross disparity between formal models and everyday life. Without referring to Douglas, Smith nevertheless reiterates her thesis that we all choose our terrors and nightmares, selecting some and ignoring others, and that such choice is culturally - more so than economically - informed (leprosy amongst the Lele of Zaire; industrial as opposed to cardiovascular disease in America; colonial disengagement and forced island abandonment rather than volcanic eruption for those remaining on Montserrat).

A life of safety, security and luxury (**la dolce vita**), a dream-world free from risk and uncertainty, is notionally attributed to the world of the lottery millionaire where fortune shines indiscriminately, giving them the means to remove themselves from our world of cares and concerns to the good place - perhaps to the 'land of sloth', the carnival utopia of the Middle Ages where the wine flows and baked quails fly straight into the mouths of the pleasure-lovers. But as Falk and Maenpaa (1999) - the authors of *Hitting the Jackpot* - show, this is not the case for many lottery winners. In their survey of Finnish winners, Falk and Maenpaa found re-occurring themes such as the shock of the win followed by a sense of isolation and anxiety about an uncertain future where - according to the winner's own personal principle of equilibrium they might suddenly suffer again an unexpected gross change, this time for the worse. Their account shows that it is almost as though the lottery is played to lose and it is a risk (128) or even a sin (137) to win! In short, risk is a malleable and versatile term. It has lability. In the above theorisation and examples, I have stressed the socio-cultural and the personal over and above the numerical and universal. This is because we think through scenarios, quite reasonably playing them through our minds as **petit drame social**.

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3. Panel II: “Systemic versus Interpersonal Risk: The Alternative of Catholic Social Thought and the ‘Civil Economy’ Tradition”

by Dr. Adrian Pabst, Senior Lecturer in Politics,
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What I want to say in the next 25 minutes or so is that there are forms of systemic risk today that I think are perceived to be a genuine threat to people's lives, but I would argue that those sorts of systemic risks that we see in a financial, ecological context, and also in terms of epidemics etc. are actually largely generated by a certain system, a system that rests on a profound pessimism, a pessimism that basically goes back to a long tradition of thinking that we can trace back to figures such as Thomas Hobbes and John Locke that basically assumes that we are by nature selfish, greedy, distrustful of others, and prone to violence. And because we are selfish, greedy, distrustful of others and prone to violence, we therefore need essentially a central state that keeps us from waging war on each other, e.g. the “war of all against all” in Hobbes. They go on to argue that trade is essentially autonomy for security. But this pessimism also has a whole economic dimension, i.e. that somehow scarcity of resources is absolute, and therefore, all we need to do is to manage that scarcity. So there is a double pessimism: one about regulating risk and one about, essentially, managing scarcity. I would like to suggest that this pessimism can be challenged based on an alternative anthropology, one that I think in the Western tradition and elsewhere has religious roots – though it's not limited to people of faith. It is an anthropology that essentially suggests that human nature is characterized by both vice and virtue; that yes, we are indeed sometimes selfish, greedy, and distrustful and that yes, violence is also part of our human disposition, but that there is no necessity associated with this. Just as you can encourage and incentivize greed and selfishness, you can also encourage virtue(s), such as fraternity, justice, courage, temperance, moderation and so on. And when you actually have a system that encourages virtue, you can actually pursue the common good in plural ways. The common good is the opposite of scarcity and the opposite of security; **the common good actually encourages risk, but encourages it with a view to generating value that serves interests, and the real needs and interests of society.** The common good is all about abundance, it's about sharing in things that we couldn't have if we only pursued things purely individually, or if we only had a system that imposed goods collectively. So whereas the first system is about regulating risk and managing scarcity, the second one is actually about opening up abundance and untangling risk and interpersonal relations.

Let me start with this notion of risk, and this follows on very clearly from what Jonathan said, and I don't have to repeat everything that's in my paper. I think it's important to revisit the sociology of risk because it does give us a few important elements to integrate into our analysis. The first is that **risk today generally is systemic.** It is systemic in the sense that it can affect us all at any one point in time. Ulrich Beck, who was already

mentioned by Jonathan, defined this as a “risk society”, in which and I quote “*human generated, anticipated risks cannot be restricted either temporally, spatially or in social terms*”. In other words, we are witnessing the de-bounding of risk in the sense that risk is now transnational in origin and in reach. Risk now crosses all manner of boundaries over time and space. Indeed, it is true, we are facing risks such as climate change or financial contagion that do not respect nation-state borders or any other borders. So I think descriptively there’s something here that we can learn. It is also the case that these systemic risks have long latency periods, which means that the long-term consequences cannot be reliably determined and contained. This is true, for instance, for climate change, which happens over a long period, and then we see the effects, but only much further down the line. Or indeed the build-up of debt which you might not notice for a long time, but then the whole edifice comes crashing down suddenly. This happened in 2008. And now people again are talking about a build-up of debt in places like China and elsewhere, which could also threaten an entire economic system.

And as a result of complexity and the opacity of all these chains, it is also increasingly difficult to identify cause-and-effect, i.e. where exactly does all this really originate? What is the cause? What are the effects? These things are increasingly difficult to determine, again partly based on what Jonathan has said: all these traditional approaches of probabilistic calculation breakdown. This is not about pure science because, as we will see, there is a very highly subjective element to all this.

Let me say a little bit more about the three aspects that I think characterize risk today: one is **anxiety** as opposed to fear, then there is **complexity** as opposed to linear trends, and then there is a kind of **disconnection of the future** as opposed to the continuity that we tend to assume. In the past, there was a lot of talk about the fear of tangible, concrete threats. We need only go back 25 years ago. The Cold War was all about tangible, concrete threats, i.e. the threat of nuclear destruction, because we had two opposing systems that were based on this logic of mutual containment. But behind this mutual containment, of course, what we had was mutually assured destruction: if there was a nuclear first strike, there would be retaliation, and we would be facing total annihilation. But these were **concrete, tangible threats**: states, nuclear weapons, spheres of influence that you could more or less delineate. Today, however, it is not really about the fear of tangible threats, but rather anxieties or nebulous risks, i.e. risks that are much harder to determine and to delineate.

An anxiety is different from fear. Fear is usually something that you more or less know about. You may fear a violent neighbor, or you may fear someone who attacks you in the street, or indeed you may fear another country because of its ideology and its nuclear weapons. Anxiety, on the other hand, is much harder to cope with than fear because anxiety resides in the human imagination. As such, anxiety is beyond the grasp of reason, calculation and science, and whereas fear, as I said, focuses on the past and maybe on present dangers as well, anxiety actually concerns unknown and uncertain future risks. This means that anxiety cannot be dealt with either by technocratic management or by a politics of fear. These simply do not speak to the anxieties that are there.

Complexity means that basically we cannot really apply the precepts of instrumental rationality, which is what's been so prominent in both economics and in politics. Sadly, ever since these two disciplines have been separated, neither has really developed for the better. What we actually need is the political economy tradition, which I'll come back to when I talk about civil economy a little later. The issue of complexity today is that we can't really say anything in terms of linear characteristics or using models of probability. We are dealing with emerging properties rather than fixed essences; adaptation rather than continuity; self-organization and emergent order rather than compliance with existing rules. And this is also what is so peculiar whenever people talk about regulation of finance and compliance culture, they completely miss the point: you cannot really regulate finance because you are always a step behind, and so either regulation is ineffective or else it defeats the purpose, it would be much better to encourage the right sort of risk-taking. Rather than having regulation that tries to cope with something that it doesn't grasp, **what we genuinely need is to encourage virtuous risk-taking**. This is the real alternative, not more regulation or less regulation or better or worse regulation. We need to create incentives for virtuous risk-taking.

If we think of the future in terms of anxiety and complexity, it takes on an entirely different meaning because basically the future now is not so much in continuity with what we've had, i.e. the past or the present, rather it is subject to the unknown and unknowns, which also potentially includes catastrophic consequences whenever systemic risks get out of control. So here, risk calculation based on past experience and based on reason simply breaks down. And increasingly, what we see is that the boundary between pure rationality and pure hysteria becomes blurred, and as a result, we see hysterical, totally irrational responses that are always presented somehow under the guise of rationality, with people saying "we can insure you against these risks, we can manage them, we can regulate them."

I think the problem with today's system is this: on the one hand, we have risk-taking that is systemic, and because it's potentially so threatening and has been de-bounded, i.e. it crosses so many different boundaries, it then also leads to hysteria about security. As Pierre wrote in his very powerful text, people become very risk-adverse because they fear for their ways of life, they fear for their very existence, and so many consumers and clients and citizens actually feel very vulnerable and are profoundly anxious. I think that the anxiety we see today has political consequences. It is no surprise we are seeing populism on the far left and the far right because it speaks to that profound anxiety. Now, let's be clear on one point: I think the response that the populists propose is totally misguided. I think the solutions that they come up with are actually solutions of again more regulation, more bureaucracy, more intervention and the promise that they can make people's lives safe, but I don't think we can completely dismiss the fact that they speak to an anxiety that a lot of mainstream parties do not, or the mainstream parties do not recognize that there are these profound anxieties out there. So I think that the way to approach this is really to take into account that we do face systemic risks that are very dangerous and unsettling for many people, but the response has to be different, and this is the point I would like to move onto now.

Basically, we need to understand that even risk perception itself is highly subjective, and therefore culturally specific. **What may be considered a risk to one group, or even one country, may differ from that of another group, another country.** This explains why there are so very different attitudes to what's going on in finance and in other parts of the economy. The key thing to remember, though, is that risk is embedded in cultures, and cultures are not reducible to abstract ideas invented by human beings. Nor are cultures purely intelligible in terms of instrumental rationality. Rather, anthropology, including the anthropology that Jonathan has mentioned, teaches us that culture is material and mediated to us through living traditions, and in that sense, we need to actually approach risk from a more anthropologically-informed cultural perspective.

What this means, first of all, is that cultures are not as Benedict Anderson – I think wrongly – claimed purely imagined communities. (He actually said this about nations but the implication is that it extends to culture.) Yes, of course, in some ways, culture and nations are invented and reinvented: they are represented in books, in art, in music, in film, and popular culture and in all sorts of ways and of course, there is, in that sense, an element of imagination, which is very important, but cultures also grow out of customs, traditions, institutions and ways of life. In other words, cultures also have a material base. They are not purely based on ideas or on abstract representations. And why does that matter? It matters because the sort of system we inhabit is actually one that separates matter from symbol. **Part of the problem that we have in the economy is the fact that we seem to separate symbolic meaning from material processes,** whereas I think catholic social teaching tells us that we need to reconnect matter to symbol, because people don't just do jobs to earn a living, they also do jobs as a source of meaning. Labor isn't just about providing you with money to feed yourself and your family – however important that may be – it's also about actually deriving meaning, a sense of personal fulfilment, trying to pursue one's own vocation and so on. Therefore, it is the reconnection of matter with symbol that I think we need to have and which I think the current system goes against. And again, systemic risk goes against this because it is purely impersonal.

So to conclude on sociology and anthropology for now: I think there's lots to learn from the sociology of risk developed by figures like Ulrich Beck and Anthony Giddens because it gives us an interesting descriptive account of the sort of risks we face, but ultimately I think that the analysis they make falls short because it does not really recognize the cultural material basis for our society. Moreover, it forgets that these risks are by no means a necessary state of affairs. Like all history, they are highly contingent, they depend on the sort of structures we have. But the structures we have are the impersonal forces of a bureaucratic central state and the impersonal forces of a global “market”, which isn't really a market. The market is really a certain form of our capitalism, it's a certain form of commodification, and here I am not so much drawing on Marx but on the anthropologist Karl Polanyi, who I think gave a much better account about essentially the dis-embedding of the economy from society and then the re-embedding of social relations and economic transactions. Marx didn't actually have a very good analysis of capitalism, and hence it is also not surprising that suggestions based on Marx tend to miss the point; the real point being that our economic activities are either embedded in social relations or they are not.

And actually there is an economic argument that says when economic activities are embedded in social relations, they are more productive, they are more efficient, and over time they actually lead to a more stable optimal profit. The only exception to this is if you want to have short-term profit at any cost, then it's true then you are going to be cutting corners, you are going to be disregarding any social consequences, because you are just concerned with your profit today, tomorrow or the next quarter. But if you actually adopt a slightly longer-term perspective, a year, two years, three years and you then factor in potential social effects, you can actually aim for what we could call **profit optimization** rather than profit maximization. Optimal profits over time will be higher profits, because they won't be associated with the same bubbles; they won't be associated with the same boom & bust that we often see. So I think there is something here that this sociology of risk ignores, but which we need to take into account.

When I say social relations, I don't mean the Marxist notion of social property relations, far from it, that's just as impersonal as the system he sought to critique. By social relations, I mean the interpersonal relations that actually constitute society. In other words, what I am trying to speak to is the primacy of gift exchange, because at the heart of society does not lie the pursuit of power and wealth. This is the pessimist view that we've inherited from Locke and Hobbes. **At the primacy of most human societies and cultures lies the pursuit of mutual recognition.** Everyone wants to have a certain place and a certain role at different levels of society. This doesn't imply a static hierarchy. People can be leaders in one respect and followers in another. Of course, it is true that when you talk about interpersonal relations and gift exchange, you have to acknowledge, as the theologian and civil economist Luigino Bruni has done, that in order to pursue relationality, i.e. **in order to try and make relationships primary, you have to accept the risk of being wounded by the other.** This kind of risk is fundamental to society and to an economy. It's only when we actually have that risk of being wounded that we can make the right decisions as it is a matter of the dignity of the person in relationship with others. It's not about the isolated individual or someone who is part of an anonymous mass, i.e. the nation, the people, and all of the kind of collectives that we have seen lead to the terrible totalitarianisms of the 20th century. A proper system actually encourages us to think that we can never be entirely insulated or insured against the hurt of interpersonal relations. But at the same time, that potential hurt is also a source of creativity, it's also a source of fulfilment and a source of real value, not the kind of abstract value we too often get in a system that is abstracted from symbols, and abstracted from our material life.

This brings me to the final part of my presentation, which is about catholic social teaching and the tradition of the civil economy, because I think that more than any other body of thinking, these two traditions actually tell us that there is a genuine distinction to be made between a certain form of capitalism and a genuine market economy. To put this very briefly: capitalism arguably isn't – as Marx would have at – about the commodification of labor and social relations, it's actually much more fundamental than that, it's first and foremost about separating matter from symbol. It's about trying to divorce economic transactions from any social, and therefore any material, existence. It's more specifically about separating risk from reward. This means that you can have a system today where

even if people run companies into the ground, whether privately owned or state-owned, they can walk away without a huge debt because they're own personal wealth is not on the line. The sort of contract that we have now means that no matter the outcome for the company or even for the State or for the society, there is a guaranteed reward. It has nothing to do with the risks you have taken, and it is completely unaffected by the consequences. This strikes me as not just unethical, but also not economically very meaningful. Thirdly, I think the key thing at the heart of capitalism is a complete separation of gift and contract. Gift is now seen as a purely private, optional something that people might do if they wish, but it doesn't come into contractual relations, whether it be at the level of the firm or the social contract that governs our rules of behavior in society. That's where civil economy and catholic social teaching are totally different, because they actually argue in favor of a proper market economy. They argue essentially for something that is about the division of labor; that is about the freedom to work and to trade, to enjoy reasonable returns on investment and to make reasonable profits – profits that are justified in terms of degree of input, risk undergone, benefit secured, and ultimately also social well-being. Market economy actually has a telos, it has a purpose, which is to attempt to increase wealth in the real sense of trying to improve human life, making human life more comfortable, more exciting, more various, more fulfilling. And this is achieved not by creating systemic risks that threaten people's existence, but rather by entangling risk in interpersonal relations and productive activities, productive activities defined in the sense of activities that actually generate real value that serves the needs and interests of societies, not just one group, not just the majority – as utilitarians would have it – but actually everyone. Key to this is the notion that we don't just pursue private profit or public utility – which are the two dominant approaches – but rather we pursue the common good. What is the common good? Common good is the good of each and every one of us as we really are in our families, workplaces, communities, associations and even nations. This is precisely what Stefano Zamagni has long argued: that the common good is not an aggregation. It is not GDP – ultimately GDP is pretty meaningless because it's an average. GDP is just an aggregation of the value of goods and services; GDP doesn't tell us anything about the relational goods that actually make up most of our life, anything from friendship – which is purely immaterial – to things like education. Most goods are actually relational. We only have them when we are in relationships with others, and this value is not captured by GDP or any conventional index. So of course, GDP is not the common good of any one country.

A market economy is about reconnecting gift to contract, reconnecting reward to risk, and reconnecting ultimately symbolic meaning to material processes. This also suggests that we don't live, and never have lived, in an era of absolute scarcity. **Scarcity is only true at any one point in time.** If you take a snapshot today, of course there is a scarcity of resources, but the moment you factor in time, the moment you factor in human ingenuity and human labor, than actually you approach almost something like infinite resources, not quite infinite because we still live in a finite world (we are mortal beings and we don't reach infinity in that sense) but you can actually stretch our resources in such a way that you can also think of them in terms of abundance rather than scarcity, and in terms of creating more resources out of what we have, because we have human ingenuity, human labor and we don't just think of next week or the next quarter.

Now you might say that this is all very well, but where does that leave us in terms of politics and the economy? Well, I want to conclude with just a couple of very broad suggestions, and as I said at the beginning, this is really all about breaking with this fundamental modern pessimism, whereby because we are selfish, greedy and distrustful and prone to violence, we need a central state to keep us in check and a sort of invisible hand to allow us to compete, but really only for our own self-interest (Which is of course the legacy of Adam Smith). There is much to commend, but ultimately the problem with Smith is that he doesn't actually think of the marketplace as a place of virtue, he thinks of it just as a place of enlightened self-interest, which I grant you is better than pure selfishness, but it is still not good enough. It is still not saying that the market can be a place where we pursue vocation and the common good. Civil economy teaches us precisely that the market can be that place because the market is where there is freedom, where there is autonomy, and where there is genuine cooperation. But for that to work and not to lapse into the kind of capitalism that generates all the effects that we know too well, i.e. inequality and also the destruction of the natural world, the destruction of human creativity, we need institutions that incentivize virtue and reward virtue. This means first and foremost not having to rely on impersonal instruments of regulation, or on contract without gift, but rather on a culture of trust within companies and also between the State and its citizens. Compliance, as anyone who's worked in the finance world knows well is always a step behind and actually has all sort of terrible side-effects where people within businesses are so deeply distrustful of each other that they start working against each other rather than together. My wife works in a large corporate bank (which shall remain unnamed) and I can tell you that she spends most of her time fighting her compliance officers because they don't trust her, and she doesn't trust them. It is totally unproductive, whereas smaller banks that actually put the emphasis on trust and cooperation with their own checks and balances have much better outcomes. They spend most of their time working with clients and much less time fighting each other because they actually work together when they meet clients, rather than having compliance officers chasing the front line and telling them what to do, or what not to do. It is about a fundamental culture of trust. Of course, trust is not unconditional. We all know this from our families and friends, trust has its own checks and balances. But a culture of trust is different from a compliance culture. I think it also means that if we want to incentivize virtue and the common good, we also need to think about the role of the State differently, not regulating at an arm's length, but rather trying to encourage trust and cooperation wherever possible. This for instance could mean perhaps rethinking and rewriting company law, jointly with professional associations and trade unions to ensure that it is genuinely based on a proper dialogue. Company law could stress the social purpose of business, which would be both a recognition that companies are contributing not just to the economy in certain ways but actually play a huge social role through training, through discipline, through giving people work, which all give those people meaning. It could stress the social responsibility of companies, i.e. that their motive isn't just one of profit-making. In fact, in order to have more stable and better profit, you need to take the social purpose very seriously, and of course this is very much the work that this foundation is doing. So **rewriting company law is something that's needed** because we have got this short-term culture that privileges only a certain type of profit, and I don't think it is anywhere near what we would call virtue and the common good.

The other idea, and I will conclude on this, is the attempt to try and help transform banking and finance in such a way that risk and reward are more closely aligned. I think it needs to learn from Catholic social teaching and civil economy that usury is not just unethical, it also has bad economic outcomes, i.e. that the lending of money at whatever level needs to be tied as much as possible to real investment, and I think lending institutions could, and should, be seen as stakeholders and risk-carriers in the enterprises that they help fund. That doesn't mean that we completely get rid of the distinction between lenders and borrowers. Of course each of them has their own responsibility, and they can't be doing each other's job's. (Division of labor is not something I'm questioning here) But I think, in line with the principle of reciprocity, which is really what gift exchange is all about, a more ethical and a more economically stable and productive economy could be promoted by establishing a sharing of risk and reward in financial transactions.

This basically means that, whether its high street banks or building societies or others, they could, to a certain extent, be regarded as investors in the businesses that their back, and thus partly liable for the risks incurred by the borrowers, and also as co-partners and advisers. This could lead to better business and better banking. In other words, it's the mutualization of banking and finance that we're seeking, which is different from the pure privatization that we've had, with its short-term profit, or from renationalization, which is something that a lot of parties are now calling for after the financial crash. Reciprocity is essentially about promoting reciprocal arrangements that are more mutual.

Perhaps one remark here might be to say that this is not a utopian response to the kind of profound pessimism I mentioned at the beginning; it's actually grounded in a lot of existing experience. Northern Italy, for example, has banking that is probably on the whole more mutual than some of the banking we see in the Anglo-Saxon world. Germany has a lot of regional banks that promote the funding of SMEs, placing great emphasis on innovation, on vocational training and on real value. So there are models that we can draw upon. It is not something we have to completely reinvent, but it does involve and ultimately require systemic transformation, not a revolution, not anything that Marx would have called for, but rather the idea that, as the economy has been dis-embedded from society, and society has been embedded in transactions, we need to rethink all of that and make society primary. Civil economy is precisely that: the economy embedded again in social relations and in civil society so that it serves people's needs and interests and doesn't just pursue abstract wealth.

Pierre Lecocq: Adrian, thank you for this very thorough and very impressive presentation. When you talk about interpersonal risk, you obviously mean showing trust in the person, you mean taking the "risk of the person", which is what I was addressing in my introduction. I also like your comment on scarcity, i.e. the fact that it is only true at a given time. By introducing the dependency on time, you demonstrate that we can actually have abundance by developing the ingenuity of the human person again risk. I think that's this is at the heart of our concerns.

4. After the crisis, towards an economic ethos for the 21st century

By Michel Camdessus, Former Managing Director of the International Monetary Fund and Honorary Governor of the Banque de France

I was particularly honored to receive your invitation to contribute to your discussion and reflections on how we should, in the decades to come, go about adopting an ethical code for an economy of freedom in the aftermath of the last crisis, characterized by severe shortcomings in fundamental ethical principles. You also trusted me to choose the actual subject of my talk. This freedom of choice made me aware of a first self-evident truth: it would be somewhat vain of me to try to identify the principles of such a code, and even to propose a revised version of those principles that were forgotten or trampled on during the decades preceding the crisis, without initially undertaking a foresight exercise, albeit a cursory one, to identify the major challenges that humanity will have to face in the near future. It is indeed for this future world that we need to work, share our experiences and, in this perspective, look for ethical foundations and the basic values for ensuring a successful co-existence within a planetary economy of freedom.

There is one critical issue that now needs to be addressed as a matter of urgency: what initiatives could be taken to ensure that these values – as well as the universal code of ethics for the economy that these values might inspire – have a chance of prevailing?

This is a question that I have discussed hundreds of times with our friend, Michel Albert. He helped me to clarify and to formulate my ideas, as he is able to do this better than anyone. His thoughts remained in my mind while I was preparing this talk; I could not have given this talk without telling you this.

As I just intimated, let us first of all take a glance at the world of tomorrow.

I. What will the world of tomorrow be like?

It is true to say that the future world incites a sense of fear, in particular among citizens of Europe and in this “old country of France”. A good number of our fellow citizens are afraid that their children and grandchildren will experience greater hardships. Yet, if we look at the scenarios presented to us by foresight experts and at the trends they have identified, this fear would not appear to be justified. Nevertheless, it does ask us to identify all the areas where we need to take resolute action that adheres to more largely accepted ethical principles, thereby making it possible to change the course of our future towards a more sustainable development, where we can enjoy a certain prosperity and the ‘good life’ that advocated Ricœur *“with and for the others, in fair institutions”*. Our aim cannot fall short of this, at least if we listen to Candide and want to cultivate our garden.

Some of the most famous *think tanks*¹ – including those in France, i.e. the CEPII – have gone so far as to present scenarios on what the worldwide economy might be like in 2050 – a projection horizon that is just a mere thirty years into the future and one which would therefore appear relevant in a discussion on a code of ethics. Let us look at these scenarios. The Emerging Markets Forum of Washington has just issued the most recent evaluation. Its central scenario lies somewhere between the most optimistic and the most pessimistic of scenarios, heralding a global economy with an average growth rate of 3,1% between 2015 and 2050; 2% for developed countries, 4 % for developing & emerging countries. We therefore find ourselves – notwithstanding the possibility of a major disaster (nuclear world war, total collapse of the market economy) – in a scenario where there will continue to be global growth, albeit at a slower pace but not so far off the pace we have come to enjoy over the last decades. There would appear to be no room for the fanciful notions of degrowth which some of our contemporaries take pleasure in continuing to uphold.

I would like to digress slightly now. To dismiss the worst possible, even cataclysmic, scenario outright might be a little debatable. Some fine minds might even consider an apocalypse almost inevitable unless there is some far-reaching ethical breakthrough, which they may see as utopian, but which I will nonetheless present to you this evening. On this particular point, I suggest you read the prospective history book “A Brief History of the Future” by Jacques Attali, for which there has just been a beautiful exhibition at the Louvre.

This central scenario also highlights a point that we need to consider in our reflections, i.e. there is still a very significant gap between the growth rate of developing & emerging countries and that of developed countries: 4 % for the former compared with 2 % for the latter. It is also important to note that, within this last group of countries, a gap will continue to persist between the growth rate of the United States and that of Europe, thereby postponing indefinitely – and it is with much regret that I say this – the realization of my generation’s dream of one day seeing Europe catch up with the United States. But without any sense of shame, it is also important to acknowledge that the most essential point is not found within these scenarios. Rather, what matters lies in a dozen or so prevailing trends (or hyper-trends, one might say) that are brought to light by these scenarios and which are becoming increasingly apparent to our eyes. It is the interplay, the cross-fertilization of these trends and their conflicts that are likely to define the face of the future world, in the same way as threads on a loom weave a tapestry. I shall just quickly enumerate them before dealing with each one in more detail.

For the first prevailing trend, the authors of these scenarios act as if it were already taken as read. It involves the maintaining of an essential, and somehow generalized, consensus on the principle of an economy of freedom on a world

¹ In the US, the Emerging Markets Forum (EMF) in Washington which should publish its forecasts in Paris next month.

scale, in the formidable maelstrom which we will see taking shape. Admittedly, this might present itself in many ways, but the large majority of countries would need to be protected from two dangers, i.e. an unbridled laissez-faire policy and a return to state control. Unless there is a radical upheaval of the current model, a free enterprise economy needs to continue to be recognized as the most favorable framework for optimizing development; **but an economy of freedom does not mean an economy without rules**. We shall come back to this point.

In addition to this aspect of continuity, I would now like to come to the other ten hyper-tendencies, the tidal waves, if you like, that are forming on the horizon and which will bring about a new age.

1. First of all, demographic changes – *the small hand on the clock*, as Sauvy once put it: we have an ageing world population that is hyper-connected for better and for worse, and migrant. It will reach 9,7 billion in 2050; Africa, whose population should more than double to reach more than 2 billion inhabitants and which is still likely to be far from being stabilized – will continue to be this planet's continent of youth for a long time to come.
2. Rapid urbanization on a global scale;
3. Increasingly integrated world trade;
4. Increasingly integrated world financial markets, but which are exposed to increasing levels of instability;
5. The universal emergence of a middle-class with new values and new aspirations. It will account for 84% of the world population;
6. Increasingly intense competition over access to increasingly finite natural resources;
7. Threats related to climate change;
8. Incredible technological breakthroughs;
9. A geographical shift of the world's centers of influence and of power towards the East;
10. The role of non-State actors threatening world security through terrorism and violence.

All these factors will come into play, and they, in particular the last ones, are already at work in this kind of civil war which has started to destabilize the "planetary village". All these factors will gain in intensity; intertwining themselves, to bring about a new world where we will indeed be faced with a great number of challenges, but also opportunities. Let us maybe start with these, since our fears are likely to prevent us from seeing them clearly, before then moving onto the challenges that await us. Yes, indeed there will be new opportunities:

- Improvement of the physical living conditions of human beings, the very large majority of whom will be brought out of poverty to enjoy the same standard of living as the middle-classes. When all the world's middle-classes and upper classes account for 84 % of the world population, compared to just over 50% today, the very face of the world will have radically changed. It has been forecast that by 2050, 84 countries across the globe will, albeit a situation that is far from being entirely enviable, will enjoy the same standard of living as currently enjoyed by Southern European countries;
- Incredible progress allowing us to achieve the sustainable development objectives for 2030 to which the majority of the countries of the world committed themselves last September; the main ones being:
 - Elimination of poverty everywhere in the world;
 - Elimination of hunger and malnutrition;
 - Access to the necessary means to live a healthy life;
 - Chance of a quality education for all, as well as life-long professional training opportunities;
 - Access to drinking water and to sanitation;
 - Access to reliable energy services, etc.

These are only the first few goals of what is in my opinion an overly long list of seventeen.

Somewhat of a dream, you might say? Not necessarily, even if all these objectives are not achieved in 2030, they do pave the way and remain plausible; it is surprising that after the lackluster results for the millennium objectives, 195 countries of the world would decide to adopt these objectives, thereby committing to a collective effort to mobilize the necessary financing resources.

Let us add to these, the other opportunities opened up by scientific and technological advancements that are not without their dangers for humanity, but which in some cases already go beyond our imagination today in the fields of health, energy, and in terms of making better use of the resources available, etc.

There are also opportunities in terms of urbanization – that is, if humans manage to keep it under control. The immense conurbations of tomorrow may instill a sense of fear among us, but we must not forget that the town is the mother of civilizations. Why should they not continue to play the same role in the future as they did in the past? – instead of being seen as merely a culture medium and a breeding ground for violence, crime and revolt. There are opportunities for progress, as history has shown us on many occasions, coupled with the development and aspirations of the middle-classes towards greater democracy and the rule of law.

These are real opportunities, but they are closely interlinked with immense risks and challenges, which an ethical code should help us to address. Let us now look at these risks and challenges in more detail. They are glaringly apparent. The first goes without saying: it is the need to maintain the rate of progress in a perpetually changing world, believed to be possible but resting on the assumption that economic policy will be conducted sensibly. This is by no means certain. The sirens of populism and the “easy option” will not be any less tempting tomorrow than they are today. Economic progress is therefore likely to be a bumpy ride at the very least, even bearing in the mind the fact that during the twenty last years, the emerging & developing markets have enjoyed continual progress in terms of the conduct of economic policies. This taste of success could make it all the more difficult for them to want to return to populist or protectionist policies, the disastrous repercussions of which are now well-known.

Another challenge is to secure the necessary budgetary resources & investment to enable developing countries to receive their share of the necessary funding – which for them is huge – so as to achieve the objectives set, not forgetting that the ever-growing world population will also mean a continuing increase in the related costs in so many fields: education, professional training, health, job creation, etc.

An immense challenge and one that has been accentuated for three decades now by the persistent trend towards greater inequalities with respect to the distribution of income. This constitutes the greatest hurdle for the development of poor countries and can create destabilizing social tensions everywhere. If public authorities do not feel they are in a position to adopt more equitable methods for distributing income and for securing the necessary resources to meet the objectives set for education, health, public utilities and collective facilities, then there will be a huge risk of social outcry. After all, it is only by bearing the cost of such programs that urbanization will be able to live up to its promises in terms of human progress.

To this, we also have to add the other challenges that the whole of the international community is facing:

- **Challenges associated with migratory flows** – do I need to say any more on this subject? – and along with them, the urgent need to implement responsible policies for accommodating economic and climate migrants in addition to the refugees that have already been accommodated. Even if Africa develops at a satisfactory rate, migratory pressure will continue to constitute a permanent challenge for Europe, most probably to a greater extent than it is experiencing at the moment.
- **Challenges in terms of competition for finite natural resources:** We may still not be able to fully make out the outlines of this challenge, but the severity of the situation is all too apparent. The gross figures are more than clear: how will we

manage to cope with the pressure exerted on the planet's natural resources if the 3 to 4 additional billion members of the middle-classes decide to adopt the same consumer model as the middle classes living in the Western world, as they will most likely want to? It is said that we will need several planets. How will supply and demand function in such a context? Will we not see huge risks of serious conflicts owing to the scarcity of essential resources?

- **Climate change** is likely to accentuate this issue. This immense and universal threat will be most felt by the poorest populations of Africa and Asia, and it is not certain that a solution will be found even if the resolutions of the COP 21 are applied in full. The need for a drastic reduction in the size of the carbon footprint and thus for radical changes in the lifestyles of developed countries as well as in the larger emerging countries is on the table.
- **Challenges also posed by the** ever closer **integration** of economies with financial markets: This obviously calls for a deep reform of the WTO and the international monetary system. For their part, serious threats to the collective security posed by "non-State actors" also call for a reform of the United Nations. In all these areas, where the lack of global governance is being felt with ever-greater intensity, the international community is being called to wake up to its responsibility to secure, at a multilateral level, instruments for governorship that fully reflect the new division of economic and political power, thereby guaranteeing developing & emerging countries their rightful place in the institutions where the future of the whole world is decided. We could then meet the **challenges associated with the shift in the center of gravity of the world economy**: a logical consequence of the rapid progress experienced by Asia over the last decades, which is now slowing down as it progresses towards the stage of economic maturity, but which will still continue. In 2050, Asia will produce 50 % of the world GDP; the world will become multi-polar and the leading three world powers will be China, India and the United States in that order. Let's put it perhaps in a more familiar way, our "G" 7, 8, 10, 20, 77, etc. will no longer be the same. Unless we see a successful *political* Europe and, through it, a successful France, France will no longer be one of the most important countries among these groups.

These are all almighty challenges that the international community will have to deal with, and which, to a certain extent, it is already facing, at a time when our badly or insufficiently governed planet would seem to be in danger of becoming an economic battlefield and when we are all suffering a double failing, on which we now need to focus our discussion, i.e. the absence of a universal economic ethical code and adequate world leadership. Yet, it is vital to secure both of these if we want the fragile promises to be kept and to prevent the chaos that could result from collective inaction.

How do we achieve this, before a new, even crueler crisis comes along and imposes the changes on us?

II. What is to be done?

To answer this question that Lenin also so famously asked, we now need to focus the discussion on two aspects that are needed for structuring a viable world economic community, i.e. a code of ethics and proper leadership.

1. Towards a universal economic ethos

In a world that is moving towards ever-closer economic unity, the simple good old order of trade, and above-all, on a much broader level, the harmony in all relations on all levels which is so dearly cherished by Asian cultures, calls for the adoption of a universal economic ethos. This is an immense undertaking! To succeed, it will obviously need to be founded in the major systems of world values, without any of the representatives of these systems, and especially the advocates of our Western values, being able to claim they have imposed their views on the others. But what exactly should they be agreeing on? During and since the years that I spent in the corridors of global organizations, I did not stop asking myself, and asking others, who were often well-positioned or even higher positioned, what they thought on this subject. From these exchanges, I have retained some important observations. The first is that this concern is probably more widespread than one might think. A second is that most people would certainly agree on the non-negotiable primacy of respecting the dignity of man – just because he is man – with regard to three principles: justice, solidarity and the sense of common responsibility towards a global public good. They now have to agree on the “details” in each culture across the world, but it is on these overarching principles that such a code could be built.

Justice: man demands it from early childhood, and surveys confirm its importance:² 71 % of the people surveyed think, for example, that the French Society is unjust. Justice continues to be flouted almost everywhere, and the contemporary economy is marked by a bias that means that inequalities, in particular in income, are widening under our very eyes, which in turn is fueling tensions within our societies and which constitutes, I reiterate, the first major obstacle to the development of the poorest countries, which Kofi Annan denounced recently. This bias has an innumerable number of faces, starting with the essential inequality between those who have some sort of access to drinking water and all those that don't, who account for more than half of humanity. And then there are all the other inequalities, starting with what is perhaps the cruelest of all injustices, children who have their childhood stolen from them, followed by inequalities in terms of opportunities, between men and women in particular, and how can we not forget to mention the extravagant gap in income between the privileged few and all the rest. This all too long litany of injustices allows us to have an idea of some of the headings we could put in a chapter entitled justice within a global code of ethics for the economy.

² CSA Research, February 2016.

The principle of universal solidarity is of course essential. Man has been made in such a way that he only exists in terms of the relationships he maintains with others. Each one of his encounters, all the events of an individual's life are an opportunity to add to, and enhance, humanity through sharing or showing compassion. Solidarity on a world scale has become a question of survival in an increasingly interconnected world, bringing men closer together than they were ever before. And all the work that will soon have to be done, given the challenges already on the horizon, will have to be carried out in the name of solidarity: the fight against poverty, hunger & ignorance, showing hospitality towards foreigners, and support for poor countries in their efforts to secure amenities.

So in essence, it means the principle of global responsibility. This would call for, and promote, the necessary solution to the world's collective challenges, such as the "planetary redistribution of wealth", required for meeting the objectives relating to sustainable development, climate change, the scarcity of finite resources, resilience to violence & disorder-producing conditions on the same cross-border horizons. It is this very principle that now calls for our greater reflection on the development of a code of ethics for the economy. Spurred on by this principle, humanity would be in a position to better withstand all the various forms of transgression that constitute a permanent threat and whose toxicity never ceases to increase as financial transactions get increasingly complex.

The G20 leaders, chastened by the clear ethical shortcoming which led to the crisis from which we are still struggling to free ourselves, have, with a remarkable sign of global unanimity, laid the groundwork for an impressive body of new rules intended to close loopholes and to contain dangerous abusive trends. A commendable effort, if any, and certainly useful, and an undertaking that will have to be continuously worked on in order for the world to be able to react in time to the ever-possible aberrations of a perpetual changing economy. Through this code, this same principle of responsibility would call upon us to identify and attempt to eliminate anything that, in our collective lives, can be identified as structures of evil and, at the same time, to endeavor to set up structures of good by directing innovation, creativity and corporate spirit, in particular that of the youth of the world, towards this goal. Such a structure of good, par excellence, would be this code of ethics and, obviously, a global governance capable of living up to the global challenges that are becoming increasing apparent, which no country, however powerful, will be able to address alone without the support of all the others.

2. Towards a renewal of global governance

In the course of my various professions, I have often had to address this question, and so I will keep myself from spending too much time on the subject for the time being. We can of course come back to this point when you ask your questions. Simply allow me to clearly focus on a point that is somewhat self-evident: a world

that is becoming increasingly interconnected and just as increasingly complex requires a common control system designed to orientate economic & social life that is more ambitious than the one we inherited from the victors of WWII. The first priority is to return to a multilateral approach, which we have sometimes left to wither, and to undertake fundamental reforms in the principal sectors of international economic life while strictly respecting the principle of subsidiarity. I am thinking of the approach taken by the international monetary system, the approach used to finance development, or the one taken by the World Trade Organization, and I am referring to the need to give a renewed momentum to regional organizations like the European Union, (I will come back to this point) if only so that countries like our own can continue to exert their influence in what is now a multi-polar world and where all global responsibilities run the risk of being concentrated in the hands of a few country-continent. As everything is interrelated, in order for this reform effort to yield all its benefits, the same work also needs to be undertaken in other institutions of the United Nations, particularly in the Security Council. Once renewed, all these institutions would be in a better position to guide the world towards a better managed future. They would stand a greater chance of being successful in economic matters if they were supported by a code, such as the one your Foundation is trying to promote.

It would fall onto them, welcome or unwelcome, to refer to it on a constant basis, to be responsible for it, to be reminded of it and to denounce any failures and shortcomings before they spread. However, as the most recent crisis has clearly showed: mortiferous ethical failures can occur even in countries where rules or codes of financial conduct do exist and are subject to monitoring by respected organizations. Before the last crisis, there were rules; and they were trampled on. Sanctions were then applied, and the amount of the financial penalties incurred gives a frightening idea of the extent of the transgressions committed. Codes of conduct and the threat of sanctions alone will never be enough. So the question is what still needs to be done to ensure a new code is adopted and lives up to the severity of the situation and the new challenges we are facing? The answer is one of immense proportions: there will have to be major changes made to our cultures.

III. An economic ethos and world cultures

What do we actually mean by that? Simply that we will have to simultaneously work to develop rules for economic ethics on a global scale, to reform world governance and to educate public opinion so that the culture of future actors is in greater conformity with them. An almighty task indeed, and maybe even an impossible task! In any event, it is a vast program and undertaking! Allow me to stop there for a moment. I had arrived at this point in my reflection a week ago, when I came across an interview in the *Le Monde* newspaper with John Hennessy, the President of the University of Stanford. The journalist evoked the radical changes that we have been discussing here; he goes as far as mentioning the dangers of allowing private companies access to masses of personal data: what can we do about this?

The answer was immediate: *“since 2014, we have been teaching ethics from the first year...”*. We will have to go further than this, beyond the campuses, to give new dimension to the important awakenings that have taken place over the last decades in civil society throughout the world. These include positive developments in terms of respect for human rights, women's rights and children's rights; we have witnessed a magnificent fight against racism and segregations, as well as myriads of initiatives against poverty, etc. We can see a culture of responsibility and of world citizenship emerging which the young people of today are embracing in their millions. This however does not gloss over the persisting chasm between some of the perverse features of our collective culture and what is needed in the future world. I will mention two of these features.

The first is this culture of greed and the rampant consumerism that now overwhelms us and which can lead to unacceptable impasses. However, this model continues to stand firm despite all the protests against the commodification of the world. Since “the Thirty Glorious years”, the industrialized countries, which are increasingly being imitated by emerging countries, have fostered a culture in which the notion of “earn more to consume more” has become the predominate incentive. In this culture, man is often reduced, degraded to a mere economic function. Man is destined to consume; and life is becoming void of meaning. Cupidity has become politically correct. This paved the way for all the abuses of the financial sphere, right up until its collapse in 2007-2008. A model of generalized greed created an ethical vacuum in which the global economy became engulfed. Of course, measures have been taken to tackle the financial crisis, but have these measures made people challenge the notion of our consumer culture? Let's face it, there is still a lot to do, to say the least.

The second - universally widespread - bias within our culture is our difficulty to tackle the issue with a holistic, global view. It is time for each country to recognize that its own horizons are now that of a world, itself engaged in the formidable work of bringing about change and struggling to take responsibility for itself in this new global dimension. We have to admit this fact if we want to be contemporary with our time.

When considering the gravity of these problems, we need to clearly recognize that, far from all sharing the same culture of humanity, we are still shrouded in a counter-culture of greed for consumption, of ignorance, even of disrespect for the culture of others, of a lag in acknowledging this global dimension without which there can be no noteworthy ethical code or governance. Our cultures therefore also must undergo a fundamental change. Who can help instigate this change?

How can we give back to our cultures their true role, that of connecting people within our countries and in the global society by letting us share not only knowledge, information, lifestyles, but also these few fundamental values that our essential to our common destiny?

Who has the courage to promote them? Ah well, probably more people than we would hope to believe given our current disenchantment. You have just listened to the words of the President de Stanford. We can certainly count on all the humanists, whether believers or non-believers, those who inherited the 1948 Universal Declaration of Human Rights, this charter of the world community, in which was inscribed a single but essential duty: "to act towards each other in a spirit of fraternity".

Many men and women of good will are actively engaged in promoting these values in the world of education, culture and the media, working to serve these values; but as history has taught us, humanism alone is far from being enough to keep at bay the outbursts of violence that continue to be a threat, now more than ever.

In my ears, I can still hear the words pronounced by President Havel in his opening address at the annual meeting of the Governors of the World Bank and the IMF in 2000, in Prague, speaking about the tasks that should now be jointly undertaken by all the countries of the world. *"We need, he said, a restructuring of the entire system of values which forms the basis of our civilization today"* and he added: *"But how could this be achieved without a new and powerful advance of human spirituality? And what can be done, in concrete terms, to encourage such an advance?"*

The reflections and the questions raised by your colleague, this agnostic hero of the Velvet Revolution, therefore invite us to ask ourselves what contribution could be made by the Wisdoms and Spiritualities of the world, which are after all the roots of our cultures, to this universal effort, in particular at a time where the violence of new actors who instrumentalize religions, threaten our collective security.

In fact, our concern for a universal education on the values and the responsibilities in this world seems to be one that is clearly shared by today's wisdoms and spiritualities. They could therefore be encouraged to foster this dialogue among themselves, thereby helping to bring together all their followers, leading them to embrace more fully this single duty of fraternity imposed on all men by article 1 of the Universal Declaration of Human Rights, just because "he is man." All these wisdoms, all these spiritualities, and all the religions of the world, which seek to bring "a spiritual complement" to this world call upon us to practice the virtues inspired by their common preoccupation for universal peace, their promotion of frugality, conviviality and sharing, in short, a better way of living rather than having more. On such a basis, we could expect them to jointly encourage and support proposals for a universal code of ethics, as they had undertaken to do during the 90s under the aegis of Hans Kung within the scope of the Parliament of Religions. It is up to us to urge them and to encourage them in this respect, as well as to continue the immense work they need to do on themselves and on the language used within their teachings so that they are better understood and taken on board by the new generations.

I will now conclude. Can we hope that such efforts will be enough to consolidate the prospects for a better world, for the more humane world that we would like to see for our grandchildren in 2050?

Of course, the question remains an open one, but far from leaving us with a sense of resignation or a let's wait-and-see attitude, it is an invitation for us not to spare any efforts in trying to achieve our goal with regard to public opinion. It is an immense undertaking. It calls for an unreserved commitment and effort, perseverance and patience. Having said that, I cannot resist the temptation of reuttering the words spoken by Vaclav Havel – yes, him again! – when referring to his experience as a freedom-fighter against totalitarianism, when he was received by the Academy of Moral and Political Science in Paris, on October 27th, 1992:

"I noted with fear that my impatience with regard to the re-establishment of democracy had something communist about it. I had wanted to advance history in the same way as a child pulls on a plant to make it grow more quickly. I think one needs to learn how to be patient in the same way as one learns how to create. One needs to sow the seeds patiently, to water the soil regularly and to give the plants the time they need to grow. One cannot fool the plant any more than one can fool history. But one can water it. Patiently, every day. Of course, with understanding and humility, but also with love".

5. The entrepreneur and the risk

By Stefano Zamagni

1. Who is the entrepreneur?

Who is the figure to whom we give responsibility for production, given that this is a typically human activity (other animals do not produce)? It is the entrepreneur.

All economists, from the period of civil humanism in the 15th century (we can mention Benedetto Cotrugli, Coluccio Salutati, Albertano of Brescia, Antoninus of Florence) up until Adam Smith, Alfred Marshall and Joseph Schumpeter have been unanimous on this point: the entrepreneurial function is essential for the existence of the market economy itself. (A command economy, such as that of the Soviet bloc until 1989, can manage without entrepreneurs, since astute politicians and industrious functionaries are enough).

So who is this entrepreneur, a term used for the first time in 1730 by the Irish economist Richard Cantillon? There are three fundamental elements that distinguish this figure from others:

i. propensity to risk (i.e. the attitude to undertake an economic action without being sure about the final result); *ii. capacity to innovate* (i.e. to create novelty); *iii. ars combinatoria* (art of combining things together). Like the conductor of an orchestra, the entrepreneur needs to know the capacities, strengths, weaknesses and, above all, the motivational structure of his collaborators so as to organize the productive process so that it integrates individual human actions into a harmonious and effective whole. When the entrepreneur is not up to this task, the enterprise becomes a place of more or less intense conflict, which reduces results to suboptimal levels and can even lead to failure. It is important to remember that this is an art, not a technique that can be learnt from an instruction manual.

These three attributes are present in various ways, and to varying degrees, in the entrepreneurs of the real world. There are some who are successful and others who are not. This depends on a variety of factors, not only at the personal level. For example, there are cultures that facilitate entrepreneurship and its approach to risk. These cultures are based on the idea of development and integral human development. There are also systems that, more than others, favor the *ars combinatoria* in enterprises: for instance, it is almost impossible to create real harmony within the business if there are large and pressing inequalities in the distribution of wealth and income in the economy. What is important to keep in mind is that all three of these elements have to coexist in one way or another and to some degree or another, within the entrepreneurial function.

Why is it so important, above all in this day and age, to insist on the propensity to risk? Every time people carry out different interdependent tasks, as part of the division of labor, the problem of coordination arises. Interdependence can be twofold: *technological* or *strategic*. In the first case, the characteristics of the production process itself fix the way in which coordination takes place. The typical example would be the assembly line, and the fordist system in general.

Today, however, the reality is different, and is dominated by the other kind of interdependence. Strategic interdependence depends to a large extent on the expectations that each person has regarding the intentions and the behavior of others and this is a risky affair. In these cases, coordination is based on the *meeting of minds*, to use the expression of the American economist, and Nobel prize winner, Thomas Schelling.

Chesterton has summed up well the difference between a bureaucrat and an entrepreneur by distinguishing between the act of construction and that of creating: "All the difference between construction and creation is exactly this: something constructed can only be loved after it is built but a created thing is loved before it is brought into existence". The true entrepreneur is therefore a creator in this precise sense, and not simply a builder.

2. The true entrepreneur is civil

Whoever observes the relationship between the economy and society today will notice that civil societies no longer only expect enterprises to produce wealth, make quality products at low cost, pay their taxes and respect the law, but rather it is expected that they will also take in tasks that until recently were considered the responsibility of the state, the Church or of the family. At the same time, the expectations of civil society organizations have also changed; they are now expected to operate efficiently in ways that public opinion in the past did not expect of them.

This process of bringing social relationships more visibly together with efficiency whether on the side of capitalistic enterprise or social enterprise, begins in the early 1950s, but is only recently, due in large part to the insistence on the principle of subsidiarity that it has gone beyond a critical mass, now influencing in a profound way the general public and political institutions in general. This phenomenon is now highly diversified and complex, more so that one might think. On the one side, enterprises that were founded within a liberal capitalistic system have begun to take social factors into account, under pressure from consumer groups; on the other, various associations with a clear social goal begin to experience the need to become enterprises, that is, to deal with the typical dynamics of the market. This phenomenon captures within itself two distinct and different traditions: the capitalistic business that moves beyond its previous limits into the social dimension, and the world of social value that takes on an enterprising face.

I am convinced that being civil entrepreneur is the rule not the exception of entrepreneurship. In fact, when the market functions correctly, it is a place in which innovation and human creativity are favoured and awarded. Market competition can be, and if we want to understand it in its truest nature, should be seen as a race to innovation. Those who innovate grow and live, while those who do not innovate remain behind and leave the economic and civil game.

The author who has most caught this virtuous dynamic of the market (the capacity to innovate is undoubtedly a virtue, because it is an expression of *arête*, of excellence) is

J.A. Schumpeter. In 1911, he published *The Theory of Economic Development*. In that book, Schumpeter masterfully describes the dynamics of the market as a "run" between innovators and imitators. To explain the nature and role of innovation, Schumpeter draws upon a model where the starting point is the "stationary state", the situation in which businesses only carry out routine activities and the economic system perfectly replicates itself over time, without profits and losses, without creation of added values and true wealth. Economic development then starts when the entrepreneur breaks from the stationary state by introducing innovation, which can be a technical invention, a new organizational formula, the creation of new products or new markets, which on average reduce costs and makes it possible for the business to create new wealth. All this requires a risk - loving attitude.

One of the deepest reasons for the current crisis was the progressive transformation of many entrepreneurs into mere speculators, which took place in the past decades following the financial boom. The entrepreneur-innovator, compared to the speculator, thanks to his vocation, sees the world as a dynamic place that can be changed. He/she doesn't simply think of increasing his/her own piece of a given "pie". He/she creates new "pies", welcomes new opportunities, looks ahead and not beside him/her in search of rivals to battle with so that he/she can hoard the pie.

In a beautifully written book, Greg Mulgan (*The locust and the bee*, Princeton Univ. Press, 2013) has properly stresses the dual character of capitalism - a point already remarked by A. Smith - ; i.e. this system certainly rewards creators, innovators and providers; but also rewards takers and predators, those who extract value from others without contributing much in return. The critics of capitalism - Mulgan writes - are blind to its innovation potential; its acritical admirers resist the idea that the system might sometimes rewards pure speculation or that the creation of value for some might destroy it for others. What has to be done to empower the productives and restrain the predators is one of the major challenges Catholic Social Thought has to take to-day.

The issue of entrepreneurship is not to be mixed up with that of management. Today, the management culture of the organizations is becoming a true global ideology, developed and taught at major universities and widely implemented by multinationals and consulting firms. It is an ideology that is entering in many areas of social life, since it appears as a value-free technique that has been able to recycle many of the symbolic codes that Western civilization has associated with good life for centuries. The result is under our eyes: we observe a growing relational and emotional fragility of the employees and managers, especially in large companies. The burn-out syndrome is spreading rapidly all over the world and this is one of the major causes of the decline of the happiness index.

At the root of this new working malaise there is a paradox. A golden rule of the managerial culture is the prohibition to mix languages and emotions of private life with those of business life. Words such as gift, gratitude, friendship, forgiveness that we all recognize to be fundamental in family, social relationships must be kept rigorously outside the working place, since they are deemed as improper, inefficient, and

dangerous. If we go beyond the rhetoric of the teams and team work and take a look inside the real dynamics of the new enterprises, we will discover that in these organizations there is more hierarchy than in traditional ones, even if they have a participatory look. However, while today management cultivates the culture of separation, it is a fact that when the managers have to select and motivate executives they typically use words taken from the context of the family, ethics, spirituality: esteem, merit, respect, passion, loyalty, faithfulness, community. Words and codes that activate the same dynamics inside the person that s/he has learned and practiced in private life. The dangerous bluff of the modern organizations of capitalism is hidden in their use of the symbolic and motivational registers as they were used in the past by religion but – and here is the point – distorting and resizing them radically.

3. An application: the role of transnational corporations in human trafficking activities.

The potential contribution of multinational enterprises (MNE) to the creation of more and better jobs is large, mostly in their supply chains but also through foreign direct investments. Despite this enormous potential, MNEs are not sufficiently living up to expectations. Many have come increasingly under pressure to demonstrate what they operate in a socially responsible manner. But we are yet at the beginnings.

Consider, for instance, the role that can be played by MNEs to overcome the problems stemming from the lack of international legal personality and the limited liability of enterprises, as well as the consequences arising when their activity is performed within the territory of those states that are not willing or not able to protect human rights. The UN, Protect, Respect and Remedy *Framework on TNCs and Human Rights* is articulated into three pillars: the State's responsibility to *protect*; the corporation responsibility to *respect*; the construction of *effective remedies* mechanisms. However, it is a fact that the three pillars have not produced, so far, the expected results. Indeed, the *UN Framework*, by trying to overcome the difficulties that arose with regard to the *UN Norms on the Responsibilities of TNCs and Other Business Enterprises with Regard to Human Rights* and by trying to take some distance from the criticisms made to that approach, has opened the door to some disquieting consequences. These difficulties stem from what can be called the "reductionist" move, which the *Framework* rests on, i.e. the reduction of business responsibilities towards human rights to mere generic responsibilities.

It's a fact that over the last few decades the systemic violation of human rights, of this special category of moral rights (known as *iura hominum*), has been associated with the action of multinational companies. The UN estimates that today there are over 70 thousand multinational companies worldwide and roughly 700.000 subsidiaries. (Doc. N.E/CN.4/2006/97, p.5). Globalization has highlighted a novelty, unknown to the ages preceding it: that while multinational companies work globally, the governments regulate nationally. The consequence is that the legal tools that best fit into the process of economic transformation are not the authoritative ones, but those forged by those who

work in the market, like the contracts that have by now become the top regulating source. The international circulation of atypical contractual models is ever more intense. Legal offices of big multinational companies and international entrepreneurial associations create them. This is how the business community - a clear example of soft law - created a communal law that surpasses the juridical discontinuities of national legislatures.

For (almost) all of the 20th century, problems like those now highlighted have been conceptualized as political problems, whose solution should be entrusted to public actors whose job it is to fix the laws (and enforce them), while the companies should follow the laws. What is happening today is the result of the disappearance of adequate mechanisms of enforcement whenever the norms are broken. The phenomenon of global outsourcing of production, if, on the one hand, boosted production levels and profit margins enormously, on the other hand, brought to light the problems of human rights and gave birth to a new interpretation of the principle of responsibility, i.e. multinational companies have to be held responsible not only for what they do directly but also for what happens along the entire supply chain, in application of the ethical principle of the capacity to choose - which shouldn't be confused with the possibility of choosing. The capacity to choose implies the capacity on the part of the agent to consent to the consequences that come from the choices made.

What is the greatest risk that the global market is facing today? Giving birth to a *moral divide* between different countries and different areas within the same country. The plurality of ethical standards, associated with different cultural matrices present in the various countries is a strong incentive for multinational companies and others to practice *moral shopping*: you choose to delocalize in countries where the moral canons are looser and the control systems are less strict. This is the great risk of the *race to the bottom* of moral integrity in the area of human rights.

The new economic order has brought to the forefront the principle actor of globalized capitalism: the transnational company as the real and true social institution, on which rests a new responsibility: to defend a democratic market economy. It's exactly for this role as a social institution that companies, especially the big ones, cannot exempt themselves from contributing to and carrying out the public agenda, and particularly, cannot fail in contributing to resolving the moral divide. A divide due to the absence of a global, polyarchival governance - as one reads in *Caritas in Veritate* by pope Benedict XVI - capable of formulating standards that could be rendered enforceable universally. In the presence of the declining normative power of nations, the company cannot exempt itself from the duty to contribute to forging a global market law that incorporates those values that are considered non-negotiable. The urgency for such a task is increased by the consideration that those who benefit from human trafficking operations not always are careful to hide in the shadows. Many exercise their trade in the open, daring national authorities to crack down on them - or inviting them to conclude.

6. Open Discussion moderated

by Professor Michael Naughton, Director of the Center
for Catholic Studies at the University of St Thomas.

I think both Jonathan and Adrian have done a great job drawing upon anthropology sociology, as well as theology and philosophy. In particular, I thought that Pierre's opening comments on this connection between subsidiarity and risk were very striking, so we have a lot to talk about:

What do we mean by risk? This is really what we're trying to get at because this is a fundamental human reality.

As Adrian asked, **what's the anthropology that underlies risk? What are its implications?** Of course, this is not just a personal matter but it has social implications within our institutions.

Do we have too much risk? Do we have too little risk? and the key question is **risk for what? Do we risk for the good?** And then we can ask ourselves **what is the good?** And in particular **what is the common good?**

Often when we connect risk to a virtue, we associate it with the virtue of courage. Thomas Aquinas talks about a sub-virtue under courage – although he doesn't quite connect it to business, he often connects it to cathedral building. He calls this sub-virtue magnificence, and basically, magnificence means putting two words together: greatness and making, i.e. the ability to make great things. And so we need to ask ourselves: **Do we risk for this magnificence?**

Aquinas also says that for every virtue there is not one vice but two vices and maybe even sometimes more. In this context, we can talk about the vice of recklessness, i.e. the vice of taking too many risks or not managing unnecessary risk. Aquinas calls problematic risk 'meanness', not in the sense of being nasty but in the sense that we should be asking ourselves **are we doing small things when we should be doing greater things.** Isn't that an interesting definition? When we only do small things when we should be doing greater things, and I wonder whether this has a lot to do with the question of risk, and the fact that we have mitigated risk.

So with these opening comments, let's open up the conversation, and people may have some questions for Adrian and for Jonathan.

Pierre de Lauzun: I would just like to add another dimension. Coming back to the question of risk itself and the question of its link with uncertainty. I would like to take the example of war. When you wage war, you can, of course, try to precisely measure the risk, but by definition, you cannot know what will happen because there is the other side who is doing exactly the same thing. Nobody would wage war if a perfect forecast were possible. If you translate this to any kind of human activity, then you can note a big distinction between physical risks and risks relating to human behavior. Physical risks can be measured, at least theoretically, for example, if we consider Jonathan's volcano, they could have measured the potential risks if they had better and more efficient science,

but with human-related risks, you cannot forecast what will happen, so there is always the risk of being hurt and wounded. We cannot know how humans will react because they are fundamentally free. This brings us to the question of finance, because before the last crisis, the finance world believed it was possible to make formulas, to not necessarily eliminate the risk, but to transfer the risk to somebody that was in a position to mitigate the harm in some way or other. This did not work. Not necessarily because people were, let's say, excited by profit or bad or full of vice, but just because you could not exactly know what would happen. When you take physical things, you can make measurements, at least theoretically, but with human things at one stage you have to bet on something, and that's where you have the issue of the multiplication of defects. There is the negative side, I mentioned war and destruction, but it can also have a positive side, because you can have a profit or something that you did not expect. This means that, in this respect, some were believers in a different sense because they know that when they took a risk, they could not measure that risk in the short run, but in the very long run, in the eternity, they would be a winner. There is the multiplying effect, even if you cannot measure it. So I think it gives a background to the absolutely excellent presentations we have just heard.

Dr. Jonathan Skinner: It was uncanny hearing Adrian. It was almost as if we had shared our preparations. When I mentioned the risks shifting, Adrian transitioned this to risk *carrying*, and I think that this is a more responsible way forward. My question is about the relationship between the individual and society and also about who decides upon the social and who determines those qualities of the civil society. **Who is making those decisions and defining what the social purposes are?** Should it be individuals or society, should it be employers or employees. These, I think, are questions that come to my mind when I think about the distinction between the physical and the human. I think that **even when we try to quantify the physical, there is still a lot of human subjective input**, which was one of the points that I was trying to make; the volcanologists actually admitted themselves that *"if we could predict volcanoes then we'd be millionaires, we wouldn't be volcanologists"*. They were trying to manage and negotiate the complexities of a changing scenario with an uncertain future but had to do this with certain players that they needed to respond to; their only way forward was to invent a system of fuzzy numbers, as they referred to it. This probabilistic forecasting didn't really even have much credibility in their own minds. So I think the distinction between the human and the imaginative, the subjective and the social versus the physical is very interesting, but I think it is important to remember that in trying to understand the physical, we are still inputting the social and the cultural.

Adrian Pabst: I very much agree with what Jonathan has just said. I think that one of the interesting remarks about modern economics – and Stefano can probably tell us a lot more about this – is actually the propensity to import certain assumptions from a certain kind of physics. There was a time, with the Physiocrats for instance, when basically we assumed that the economy functions more or less like the physical world, i.e. according to law-like regularities. Now of course up to point that is not wrong. There are certain things like supply and demand that really look like laws. Except that they are not iron laws because they are also influenced by the human, the more subjective, the imagination

and creativity and so on. I think we have to be careful not to first of all assume that the economy works in terms of these laws. And I think we also need to have a more complex account of the natural world. I think theology, the Christian tradition, and other religious traditions too, actually alert us to the fact that nature itself is not quite as mechanistic and static as perhaps we sometimes assume with our modern minds. I mean it is only really since Descartes that we have had this view that somehow the natural world is completely different from the human world. There have been all sorts of dualisms that even go back to the late Middle Ages. The Renaissance was the great moment when we again thought of nature as actually something which itself is full of symbolism, and creativity. I think it is about reconnecting the natural with the supernatural and reconnecting the human with the natural, because we are after all animals. I mean we are human animals, we are social and political animals to use both Plato, Aristotle, but also Aquinas. Aquinas was the one who said we are not so much political as social animals. So Aquinas actually, again, put the social even before the political – and I think rightly so. But it's also important to remember that we are natural beings, and so it's important to recover that legacy. What this means, I think, is precisely what Jonathan pointed at: that all these models of probability in the end really aren't particularly meaningful. They are only meaningful if you make a lot of assumptions, whereas I think in the end, we see that **even the natural world cannot be predicted with much certainty at all**. This doesn't mean that we should just sit back and buy into fatalism, but I think it does mean that we need to think much more about whether we can actually have models that reflect perhaps the complexity of nature much more. Someone once said that biology is no longer about studying life, it is about studying death. It's quite interesting if you think about it in those very radical terms. **Are we actually talking about life and a dynamic cosmos, or are we presuming that there is more or less a static, dead physical reality out there?**

Stefano Zamagni: I think that it will help in our discussion if we **distinguish between risk and uncertainty**. Now Pierre mentioned that risk can be measured and hence it can be calculated. It therefore follows that by applying calculus, we can cope with a risky problem. However, **uncertainty by definition cannot be measured** nor calculated. Even rationality by itself – even if we apply the most sophisticated model of rationality – is not a great help. To cope with uncertainty, we need good judgement, and judgement is something, of course, that does not enter into economic theory, because **economic theory never deals with uncertainty, it always deals with risk**.

Ulrich Beck's risk society was mentioned. I don't think that I can follow him. He said in his thesis that risk today has been endogenized in our society. I am not sure this is entirely true because it seems to me that the **new model of production actually reduces risk, and at the same time it increases uncertainty**. And if we continue to confuse risk and uncertainty, we will never find a real solution. If you read the last book by this year's Nobel Prize winner, Angus Deaton, he has a chapter exactly on this. He says it's not true that we live in a risky society. Risk is diminishing, but at the same time uncertainty is increasing. It seems to me that the real problem that entrepreneurs face today is a problem of uncertainty. In other words, the thing that is stopping entrepreneurs, as Michael mentioned before when he talked about meanness, is precisely the fact that we do not have the criteria to cope with the uncertainty problem, and rational calculus is certainly not enough.

Another aspect I would like to evoke is the famous model by Nobel Prize winners Merton & Scholes. It is the model on which all the derivatives in speculative theory were based. There was a terrible mistake in this model, namely they treated uncertainty as if it were risk, and in fact, we are now observing the results: a major crisis. I mean they were responsible for it, as they themselves admitted very honestly, because they did not consider that the real problem in the financial markets is uncertainty, i.e. agents cannot anticipate what the other agents will do and how they will react.

My final point relates to the points made by Adrian when he said "common good diminishes risk". We need perhaps to increase the notion of common good, asking ourselves how the notion of common good can help entrepreneurs and decision-makers - because in my opinion the same problem is raised for decision-makers, for instance political leaders have to cope with the uncertain problem. That is a point where Catholic Social Teaching might help. For instance, Aquinas spoke of the secondary virtue of prudence. Perhaps other efforts also have to be made, and an association like UNIAPAC may be in a position to advance certain proposals in this regard.

Domingo Sugranyes: When I was thinking about today's meeting and was reading Pierre Lécocq's conceptual note, I asked myself the question "what real risk situations or uncertainties have I already lived through in my life". The first idea that came to my mind was when I had just got married and was going to have children. I think that **family is the best example for carrying out an analysis of uncertainty and risk.**

Coming back to risk management, I think insurance works. I spent most of my professional life in insurance. I think the difference between Pompey and Montserrat is that in Montserrat, insurance worked and the people there, if they were insured probably got, I hope, their money back. As was mentioned, in the financial world, there was arrogance, there was over-confidence and in many places, an ignorance of the real risks, thinking that the formulae and the algorithms etc. were sufficient to do away with any possible consequences. (Whether it's because of a confusion between uncertainty and risk I don't know.) There were however also many institutions like many insurance companies which did not invest in certain products, so it was possible to make a judgment about risk. Now, institutions are imposing the solvency II system, which is a new system for managing the whole underwriting and risks management for the company. But it is pathetic in a way because it is trying to develop a formula for something that old underwriters and managers in their wisdom knew already. This old wisdom is not used anymore, and so we are really at risk of a catastrophe. This is not going to change very quickly. **We are in this world of overregulation, but which is insufficient to really deal with the main problems.**

I was also thinking that all of us here today are of a relatively high average age and probably all benefiting from pension arrangements. I would just like to remark on one of Adrian's comments. I'm not so sure about the mutualization of all financial institutions, because although there is something worthwhile in such mutual institutions, there have also been many governance problems, and I would say - I don't know Italy so well - but in Spain the only banks that have had problems were mutual banks or savings banks, so I mean there are specific risks in these mutual systems.

I totally agree that we are in a new context: there are new labor realities, there are climate change risks, and there is the migration risk. I totally agree that we have to think about the social dimensions that have to be reconciled or reconnected with business and become part of the business models, not only in finance but also in industrial companies. **I think UNIAPAC perhaps has a responsibility of proposing things in more concrete terms and not just in abstract terms** - subsidiarity is fine, but we have to be more specific, perhaps, and say what dimensions should be included and how they can be fully integrated into business models, not just as philanthropy. **One concrete area is the fight against corruption.** There's a lot of talk about corrupt politicians, but not so much about the businesses who pay them, so one subject could be remuneration systems for management.

Edouard Herr S.J.: I think that it's true that we must be a little more concrete, but I would say there is a difference between abstract, personal & existential, and concrete. I would like to see things in personal and spiritual terms. I think Pierre told us that one understanding of uncertainty and risk is rooted in the creation of the alliance by God. This means that creation itself, in my opinion, is an alliance, a proposal of being in a relationship with men and in a relationship of love. This means that you are free to enter into this alliance, because love is freedom. **The alliance created by God itself is already an extraordinary example of risk-taking, and God took such a risk because he wanted a communion in love.**

If this is the root, the basis for theological thinking, then is the problem not the following: how can we in our society - which is individualistic (which is not the same as the human person) and more on the side of Hobbs and probably Machiavelli too-achieve a concrete decision-making process, either personal or collective if we believe that the basis of risk, uncertainty and so on is connected to an alliance with God.

I feel that there is a huge need in our society to bring people, if what we think theologically is true, to embrace this alliance. **We have the responsibility, as the Pope repeatedly tells us in Laudato Si, to achieve the Conversion of ourselves and of society. Christ says convert yourself because the kingdom of God is here, but the difficulty lies in getting people to embrace the conversion.** As you said if the person is young, married and has children, their main concern is to ensure the security of his family, so it is difficult for some people to put these aspects into practice. I acknowledge all the problems and the difficulties there are from a cultural point of view and so on, but the question is: **how can we get people to embrace this existential experience of God and his project of an alliance of all men?** This is one of our concrete tasks.

Richard Turnbull: I have a couple of observations, one of which is building on what Edouard has just said because **one of the challenges that we have is to win the intellectual argument.** I am all in favor of doing practical things, I'm all in favor of us being grounded, but we must also win the intellectual argument, and winning the intellectual argument is interdisciplinary. One of the complexities that we've experienced historically, and particularly in the last 150 years, is the compartmentalization of society, of disciplines, of business being separated from society, theology being separated from any other discipline and so on. I think we do have to win the intellectual argument, and part of winning the intellectual argument is the very integration that Father Herr is referring to. I don't think therefore we should shy away from that.

Secondly, I was just thinking of the links between the two talks, and it seems to me that one of the important links or questions that comes out from both of them is the relationship of the individual to the corporate. If we think of a trader in the city of London, say, or in a French investment bank and if that trader defrauds his or her bank by manipulating the trading book, then is that a failure of the individual through greed, sin, we would say, misbehavior, or is it a failure of the culture which enabled that to happen, the corporate setting in which that individual was set? Of course, the answer is partially both. I wouldn't want to say it is only one or the other, but it did remind me that the whole issue of business culture is fundamental to achieving many of the things that we've been talking about.

Adrian was talking about compliance. The former chairman of HSBC was telling me that HSBC has 10,000 compliance officers worldwide. You do slightly wonder what they all do. Andrew Bailey is the Deputy Governor of the Bank of England for Prudential Regulation said that the main consequence of an increase in regulation is an increase in the number of regulators. This again takes me back to this point about culture, and the culture in which people are set. The culture which shapes behavior is absolutely fundamental.

The other thing I wanted to say was about Adrian's material at the end which I found really interesting and fascinating about company law, company objectives. There is a real dilemma here. In the UK, technically speaking, in the Companies Act 2006, it actually says a company should maximize shareholder value. Interestingly, this is the first time ever in English law that this was put into law. The Act then says that the company must also have regard to eight or nine social values. Well, we all know what happens: shareholder value maximization is seen, and all of the *must have regard to*s are vaguely had regard to. This made me think about some of the historical precedents and the introduction of limited liability, which in the UK was 1855. A lot of Christians opposed the introduction of limited liability for the very reasons Adrian was hinting at, i.e. that it actually absolved responsibility for actions in the market. I don't think you can reinvent the wheel; I don't think you can just say limited liability has no part, but it is a reminder that some of the structures that we have put in place reward poor performance rather than incentivize virtuous performance.

Michael Naughton: In US corporate law, you would never find a reference to stockholder wealth, which is a very interesting phenomenon.

Pierre Lecocq: Adrian, I really like your point about how society today is going from fear to anxiety, and from linear development to complexity, which has led to the present situation of general anxiety we see in our society, and I like your point that we have to go from systemic risk to interpersonal relationships, which basically means shifting the focus back onto the person. Stefano underlined that when you start talking about the person, you automatically incorporate a certain degree of uncertainty, and in uncertainty, you need proper judgement.

Now to come back to practical things, one thing that really struck me in the job I'm doing now as a consultant for innovation and when I meet people in California who are dealing with big data, was the ability today to grasp variables of information and then to process them using a computer and to create algorithms that basically give us the solution. I think

this is a good example of human ingenuity. This brings me back to my early reading. I used to be a fan of Isa Kasimov's science fiction, especially the Foundation series written in the 50s, which was based on the idea that you cannot predict individual behavior, but you can predict the behavior of masses of people. It explored the consequence of this conclusion on a supposedly galactic society, and when you think about it, it was kind of scary. Now the question we can ask ourselves is **"will the ingenuity that is being developed today, and which can be applied to any field, and particularly behaviors, again lead human beings to think that they are God and that they can indeed anticipate human behavior and thereby eliminate uncertainties?"** When you consider the philosophy of the people I meet in California, they really believe that, not only are they going to solve all the problems of human beings in terms of health etc., but also that they are going to be able to run a society by understanding everything using algorithms.

Luis Bameule: Just a just a short comment on Richard's point on business character. I agree with the fact that the business characteristics in some countries may put a lot of the pressure on an individual, but I still think that **it is the individual who "rules" in terms of the decisions he makes, and it is the individual's capacity of discernment and prudence that is paramount.** I think one of the biggest issues we have is the issue of personal responsibility. There is a good and maybe stark example of this in Argentina. In our legal system, there is a judge called Zaffaroni, who is part of the Supreme Court, who has pushed for a theory for penal law. He has basically said that no thief is responsible for his actions if he comes from an ugly environment. It is the environment that caused him to commit crime. He is very poor and society is to blame because it didn't take care of him properly. And therefore the man is innocent even though he killed two people when he entered the house and robbed everything. This may be a very extreme example, but I think that God created us as rational individuals, and especially in more developed societies where the educational system works. **Discernment is key part of what we are looking to achieve, and the capability of the person to judge by himself whether his own actions are wrong or right.**

Jose Maria Simone: When people talk about risk, people start thinking about financial risk, financial risk, but what about production risk? What about a plant risk? Which is also part of our responsibility as managers. And I think we have to link both things, and the way of linking them is the fact that we are human beings, and as human beings, we have to take decisions, whatever the kind of business we are in. And we need to get at the heart of the subject.

I would like to come back to Domingo's family life example. If you're married and you have kids, what are your risks in terms of what is going on in the family? **How much do you trust that you have built the right foundations for your family to allow it to grow in such a way that it belongs to the society and does not impact negatively on society? And in your company, what happens when you hire a person and seek to ensure that his decisions are not going to have a negative impact back on your company?** I think that in order to get to the nitty-gritty aspects of the practical implementation of all these ideas, again we have to consider the development of the person. **Any decision, any calculation, everything that has been discussed must take into account the human aspect.** It is humans who have to take decisions, and I

think that we have to go a step forward and look at how the decisions we make help increase the common good of first the company where we are working and secondly of the society to which we belong.

Anne Duthilleul: I fully agree with the example of the family and I would like to add something. **In order to continue to have permanent trust and a relationship of love, I think that you must never forget that you have to work on that relationship.** We have to work on everything that creates human relations. And I think it is the same in a professional context. I think it is important to work to build the common good. A concrete way of doing this is to give substance to the work we do in order to encourage the people who work in companies and in society in general to embrace a higher purpose. This is really what is written in the Gospels "Anyone who wants to save his life will lose it; but anyone who loses his life for my sake, and for the sake of the Gospel, will save it." (Mark 8:35)

A real pragmatic and concrete solution can, for example, be found in *Laudato Si* with respect to the climate challenges. **We need, as Pope Francis said, to reassess how we define progress and economic development. Likewise, we have to redefine our business models, and to measure commitments that are not necessarily written on a balance sheet.**

Jonathan Skinner: The idea about the relationship between the individual and the corporate was brought up, and I think that this is quite critical, and refers to my comment about the individual and society in connection with what Luis was talking about in terms of the judge who saw the person in a cultural context, perhaps being absolved of the responsibilities of the crime. I think this raises an interesting issue of control and agency in terms of the responsibility of the practitioner, whether it is criminal, an insurance broker or individuals who are facing a volcano and the question arises to what extent can they be considered rational actors. And I would come back to this sense of being dramatic, being influenced by the drama of the situation. There was a comment about the insurance circumstances and I don't want to be critical of a very noble occupation, yet we must not forget that an insurance company is still an organization that has to make a profit for it to be sustainable and so as a capitalist organization, its very impetus is not only to help people feel more certain about the uncertainties of the future, but it also has to capitalize upon those fears and those doubts even though it is salving them. To go back to the Montserrat case study; unfortunately, the people still are paying for their mortgages as well as their insurance policies that they took out, and there has been a lot of concern about the way they were treated. I know that is a minority case study.

There was a comment made about the current migration issue hitting the European Union and that was referred to as "migration risk", and I asked myself how did I see this situation and can it be turned into a risk calculus. When I'm thinking about it, I'm seeing it dramatically, I'm seeing the rescue operation or the child that was found deceased on a beach. So I think **we play out these decisions in our minds, we are very strongly influenced by the imaginative dimension and that leads me to wonder about the extent to which we are rational actors, who actually rely in many cases on the numerical integer.**

Adrian Pabst: I think Stefano is absolute right to remind us that uncertainty is more primary than risk. We cannot know what the future holds so we cannot insure against it in any full sense. We just need to accept that human nature and the world we inhabit is fundamentally characterized by that uncertainty. I agree that, up to point, there are fewer risks or perhaps to put it differently, we have been able to either eliminate certain risks, for instance the risk of dying from all sorts of epidemics that people used to die from for centuries, or we have found all sort of models of insurance to protect us against risks. Having said that, I think we can also acknowledge that **there are genuinely new systemic risks that don't fall into the category of those risks that we can calculate and against which we can insure: terrorism, climate change and I think certain forms of financial contagion are examples. There is simply no way of calculating those risks and certainly no way of insuring against them in any full sense.** Now we can debate as to whether, maybe, in the future we will be able to find ways to do this, but I think when it comes to the systemic risk that we have today, I don't think the old models of risk calculation, i.e. all the old probabilistic models that Jonathan mentioned actually really work.

Now it is the case that the financial models, as you said Stefano, admitted that they had got it wrong; that they simply tried to bracket uncertainty out of the equation. I think that we are dealing with certain financial risks that are systemic in the sense that the financial world pervades not just all aspects of the economy but also increasingly all aspects of social life, so much so that when we have a financial crash like we had in 2008 – what do we see happen? We have a bailout of banks, because banks also hold sovereign debt. We have this unholy alliance based on debt that affects everyone's life. There is simply no way you can really insure against this. Who is really safe when there is a financial crash, or a recession? Very few people indeed, so I do think that there are systemic risks and I think it is worth taking them very seriously.

However, that is not to say that there is any fatality or necessity involved here: if we had better models both in terms of economics but also in terms of better financial arrangements, we could indeed avoid some of this. So we are certainly not stuck with systemic risk: terrorism and climate change can be addressed, so the last thing I want to suggest is that we are somehow powerless in the face of these systemic threats. Agency is absolutely key to this, but I just don't think the traditional models will work when dealing with these new systemic risks.

I believe it really is a matter of human ingenuity, it is about innovation and human imagination. We have to think more critically and more creatively about certain risks that we face. **I think the reference to the family is absolutely right, because the family teaches us all sort of things: it teaches us that all human relationships and forms of commitment involve risk, but that also certain things are generally off limit, and I'm not sure that this is reflected in our political, social or economic arrangements.** In the family, there are certain limits on power and wealth. You know that, when parents start trying to bribe their children with money, there is something deeply wrong. Consequently, there are certain things a family implements, let's call them taboos for want of a better term. I am not sure that our economic, political and social structures have

taboos about the dignity of the person, i.e. that you cannot do certain things to people. This primacy of relationship over transaction is something we need to remember when we think about economic reforms.

I just wanted to say something about the relationship between individual and corporate. I think we have to accept that today people talk a lot about either the isolated individual, which is not the human person as father Edouard reminded us very rightly, or we talk about all sorts of collective arrangements that deny autonomy. But either way, we do not mean the person or groups and intermediate institutions. A lot of societies ultimately revolve around the person and then around forms of association beginning with the family all the way up to professional associations and nations, which are ultimately a kind of associations of associations. You could even argue that the Church is a sort of corporation of corporations in the sense that what the Church does is associate different people, both as unique persons and as certain groups, and I think this role for intermediate institutions is what is missing from our politics and our economy.

Of course, there are dangers as well: you can have corruption, you can have criminality. I think Domingo is absolutely right to remind us that we need to deal with very practical problems, but I think the answer has to be precisely by pluralizing our structures, by making both the person and associations more central to what we do, by including them in the decision-making process.

This brings me to the final point about the different models. Ultimately I think, when trying to solve corruption in business remuneration practices, or when rethinking how mutualized banks work, I think the key question is **can we create institutions that reflect shared interests?** The current system overemphasizes rival interests, overemphasizes the fact that employers and trade unions are at loggerheads over pay, etc., but we actually forget to say that there are a lot of shared interests, and we need to make those more central. For business, this means bringing together all the stakeholders and not focusing on what divides them, but by identifying shared interests. One shared interest of employers, trade unions and government is to have jobs. I do not believe that businesses just want to cut jobs, they want to create value, they want to create a cooperative environment in which people can flourish. I think this is exactly where anthropology is wrong, managers are not cutthroat people who want to sack as many of their employees as possible and just walk away with billions. But it is true that we have both individual and institutional failure, there are institutions that privilege greed, and then there are people who take advantage of the situation, so what can we do? **We need to have institutions that incentivize virtue, which means that we need people who have been properly trained. For banking for instance, this means we have to go back to more vocational routes into banking.** It's no good hiring people from university with top degrees who enter the profession after being taught that it's just about the money, we actually have to have things like apprenticeships and vocation for all professions during which they can learn the culture. This way you can know if the person is really made for banking or not. In the past, when there were vocational routes, certain people were simply deemed unsuitable and rightly so, you wouldn't trust anyone to be a lawyer or a doctor. They need licenses, etc. Not

everyone gets a banking license. There has to be a much stronger emphasis on vocation and ethos. This has to be built into our educational system and into businesses themselves.

Putting the person first, trying to incentivize the common good really means not just relying on models that you know separate us from different groups and communities. We have to try to take our personal responsibilities seriously, which means speaking to vocation, speaking to our ability to do virtue, and as Michael said at the beginning, doing great things rather than small things. This is something that has to be encouraged by the institutions that we inhabit, and I think this is where you need essential reform at the level of business: professional associations and trade unions have not been putting their members first at all; they have essentially been ruled by trade union barons working very much in their own self-interest. It also has to be encouraged at the level of the state, which needs to associate all these groups.

Michael Naughton: John Henry Newman often spoke about the reason why universities should have many disciplines, it is precisely because disciplines correct each other, and they inform each other. Indeed, what we have just had in many respects is the conversation of a real university, where these various different disciplines are coming together and informing, correcting each other, creating distinctions. I think Stefano made a wonderful distinction about risk, but the question is how far can we take that? Are there further distinctions?

When Domingo talked about the family, my immediate experience was so illuminated. When I had five kids, I had no idea about what I was getting myself into, and I still don't know what I've gotten myself into. I hope I'm not putting words into Father Herr's mouth, but there's a deep spiritual sense of the question of vulnerability. By the way, etymologically, vulnerability means the capacity to be wounded, and this is linked to the question of risk. This deep discussion is helping to get us away from the very superficial slogans that we often find in the business world, such as "good ethics is good business". Yes, there is some truth to that: a lot of times when you are ethical, it will lead to good business, but at the same time that doesn't really describe the phenomenon. Because first of all, it takes away sacrifice. It seems to me that this is exactly what the UNIAPAC foundation's is attempting to do, i.e. to deepen the debate, to get away from clichéd slogans, and superficiality. There is this rich tradition that all of us share, whether we are Protestant or Catholic, Christian or not, which we want to draw upon to engage with sociology, anthropology, economics, finance insurance, and others, which will allow us to have a far richer conversation.

7. Conclusions and final remarks of the morning session

by Jose Ignacio Mariscal,
past-President of Unipac International, Mexico.

I think the most important thing is to have faith. As Father Herr said, **if you don't have faith, if you don't have trust, then you are lost**. You mentioned that when God leaves, risk starts, so if you keep God with you, and you maintain this relationship of love and allow this to really guide your life, it will help you to take risks. I think this is a very important point. You have to have an integral way of seeing things, and lead an undivided life. I would say that **the love that Jesus gave us will really help to be strong, to make the right decisions**.

One interesting point is that when you mention risk in our companies, no one thinks of all the things we have been talking about, people actually generally think about safety, physical safety. In our companies we have a safety charter because the most important issue is that someone who goes to work comes back home as he came, i.e. with no injuries after having worked in a dangerous environment, on a construction site for instance. But what's interesting is that nobody here has mentioned safety. **Safety is the first part of social responsibility. Companies have to take care of their people.**

I enjoyed very much the talk on the concept of anxiety. This is really what happens. Every time you take a risk, there is a certain degree of anxiety. There is also complexity, because complexity is part of life, but in the end, you have to make a decision, and when you make a decision, of course, there is uncertainty. You don't know how it's going turn out because there are so many variables, and that's why a lot of people try to calculate risk. We have an expression "paralysis for analysis", which we use to describe people who are very good at analyzing variables in the process but who consequently are not very good at taking a decision. As it was mentioned, here is where we need the virtue of courage. Risk is part of our job. I mean there is anxiety and there is uncertainty, but we are obliged to take risks. So these are the issues that affect the ability to do great things as was mentioned. I think that's really the challenge.

We have to be very clear on the fact that any company has two objectives: one that is social, which includes the integral development of the person. We have to understand this, we have to promote it and believe in it. If we do not believe in it, we will not have a good company. So we have to put the person at the center. The other objective is, of course, to achieve aggregate value. But those two go together. I like very much what you said about optimizing and not maximizing profits. We have to optimize, not maximize profits, we have to consider the long term.

And of course, there is the concept of subsidiarity, which entails helping the human person to realize their full potential. This is essential for making the company grow. So I would say that you really have to believe in this and you have to put the person at the center. Every time you make a decision, you have to consider how that decision is going to affect human persons. You have to promote subsidiarity and also solidarity, both go together. These two concepts are essential.

To conclude, I would say that there is another principle that I think is very important which is the **reconciliation of opposites**. In our companies, we always say that we have to be highly productive and profoundly humane. But this is a contradiction! But it can be achieved! In order to make good decisions, we really have to understand that these opposites can be reconciled. I would say that we face this reconciliation of opposites every time we make a decision, there is always one and or the other. In achieving this reconciliation, we can ensure the success of the company.

8. Panel III: "The Notion of Risk from a Theological Perspective"

Theological perspective on economy, man and society and how risk can be rooted in faith

Introduction by Mgr. Osvaldo Neves de Almeida, section for relations with States, Secretariat of State of the Holy See.

Jesus told us that risk taking is needed for our salvation. If we look to the Gospels, we see that the model that the Lord uses for our struggle to reach the kingdom of heaven is one of risk-taking. In the Parable of the Talents (Matthew 25:15-30), Jesus shows us that it is better to take risks to increase our talents, rather than just burying them in the ground. In the Parable of the Hidden Treasure, we are told of a man who finds a treasure in a field and leaves everything in order to buy that field, and in the Parable of the Pearl, Jesus tells us of a pearl-dealer who finds a pearl of great value and who also sells everything he has in order to buy that pearl. Here we see that taking risk is not just part of human nature but is also part of our struggle for salvation and a part of Christian life.

Incidentally, the Lord does not say that we should only take risk in order to earn more money, but actually something different. In order to save time, I will go directly to the Holy Father, Pope Francis. Pope Francis says in *Laudato Si*, and in many other documents, that he would rather see a Church that is wounded than a Church that stays or remains in sureness and in comfort. So we **as Christians, we have to take risks**. The Holy Father has on many occasions explained what kind of risk we have to take as Christians, and especially as business people and entrepreneurs. The main risk that the Holy Father is proposing is a need to change not just our life but also the goals of business. He wants us to take the risk of doing things for the sake of the common good and for the sake of others. This includes taking the risk of losing money or the risk of diminishing personal rewards or losing competitiveness or losing efficiency, and above all taking the risk of always being honest. The main question is not a question of systems, not a question of ideas, but a question of personal commitment and a question of personal virtues whereby the attitudes of an entrepreneur should be informed by the 4 Capital Virtues: Justice, Prudence, Temperance and Strength.

There is an ongoing discussion about the Holy Father, mainly in the US and Italy, where a lot of people are asking if he is a Capitalist or a Marxist or a Populist. If you look at the documents and at what the Holy Father is actually saying, you will see something astonishing, for instance no other Pope has spoken so much about corruption. If you look for the word corruption in the main documents of John Paul II and Benedict, you will find perhaps 5, 6, or 10 quotations. The Holy Father has spoken about corruption at least a hundred times during his three years of pontificate. What is also amazing is that the social teaching of the Church, I am simplifying things, until now has moved mainly in the contra position of Government and business. The Holy Father puts the stress mainly on personal initiative. If you read the speeches made to social movements, the Holy Father is not asking for subsidies from the State or the Government to give money to the people or to change the system. The Holy Father speaks to those people mainly about responsible

initiative. He stresses the need for personal responsibility, personal initiative and the fight against corruption.

There are two other points I would like to make. First, you have probably heard about the dam disaster on the Doce River on the coast of Espírito Santo in Brazil: this was the worst environmental disaster in Brazil. But thinking about this, the companies involved, i.e. Vale SA and then Samarco, which is an English company associated with Vale SA, created thousands and thousands of jobs; they employed a lot of people. Vale SA was one of the largest mining companies in the world. They promoted development in Brazil. Companies may harm the environment but at the same time they create jobs. So there is always the problem of achieving the right balance between promoting people, promoting economic development and the environmental consequences owing to human failure. This disaster was caused by a small engineering or administrative mistake, and yet we had a disaster that I think affected a surface area 10 times bigger than Guadalupe or Montserrat. A lot of people died and were displaced. So this is a huge problem that could not be addressed by normal insurance. Development is needed and at the same time, business and governments should have some way foreseen the risk of development.

The other point I would like to make is also from Brazil, and concerns the company Odebrecht, which is one of the largest engineering company in the world, not just in Latin America; they have built, harbors, dams bridges all over the world. It was perhaps one of leading quoted non-Brazilian companies. Now we are discovering that they paid a lot of bribes over many years. Yet, at the same time they have provided jobs and work to thousands and thousands of people, so the point I would like to make is if a businessman wants to be responsible, he has to be honest and to foresee all the risk associated with his activity as much as possible. This means that perhaps he may lose some competitiveness.

I think that this is the risk of Christian life, we have to be open to accept the cross and to accept the difficulties that life presents and sometimes to accept to lose. If the goal of a company is to make money without thinking about how that money was made or what the consequences associated with making that money are, then the problem will not go away.

I think that what the Holy See expects from you and from people from UNIPAC is to promote this aptitude vis-à-vis the way business is conducted. You have to do it in a professional way, the best way you can, but by always taking the risk of being honest.

9. Panel III: "The Notion of Risk from a Theological Perspective"

Theological perspective on economy, man and society
and how risk can be rooted in faith

Presentation by Father Baudoin Roger,
co-director of the Department "Economy, Man, Society";
Collège des Bernardins, France.

Risk and religion

I must say that when I accepted Pierre Lecocq's proposal three weeks ago, I don't think I measured the risk I was taking, not only because everybody is digesting all the rich food for thought we had in the morning session, but also because having to talk about risk from a theological perspective is not an easy task since risk *per se* is not a common theme in theology.

When we think about the connection between religion and risk, the first idea that perhaps comes to mind is that religion makes it possible for man to relieve himself of the burden of his freedom by transferring that risk to God. Religion then turns God into an almighty God, and consequently, it makes man a powerless being, i.e. a man who bears little responsibility for the risk he takes.

This is indeed the perspective shared by the Stoics, as well as Marx or even Nietzsche, and Islam: the life of man may well be filled with uncertainties, but if man can then do nothing about these uncertainties, these uncertainties, and the unknown future, do not constitute a risk because they are simply a part of fate and destiny. Man can only say "*Inch Allah*."

The Jewish and Christian traditions do not, however, share this conception of God and man. In these traditions, the almightiness, the absolute power of God, is not incompatible with the freedom of man, because, in his absolute power, God wants man to be free. We know that the God of Israel reveals himself by freeing his people; and he calls upon his people to consent to this freedom. This call to freedom primarily addresses people as a whole. Then, with the late prophetism, this call has increasingly been understood to be one that addresses individuals.³ The Christian Revelation clearly emphasizes these two aspects: freedom and the importance of the single individual.

Jesus begins his ministry by quoting Isaiah "*He has sent me to proclaim liberty to captives, sight to the blind, to let the oppressed go free*" (Luke 4:18). Above all, Jesus engages in personal relations and brings about their freedom. At the beginning of the Gospel of John, when the disciples of John the Baptist start to follow him, Jesus turns back to them saying "*What do you want?*" (John 1:38), then he calls the disciples by name and says "*Follow Me*". Finally, he asks them, and likewise every man, the ultimate question: "But you, he said, who do you say I am?" (Matthew 16:15)

³ "In those days, people will no longer say: 'The fathers have eaten unripe grapes; the children's teeth are set on edge.' (Jeremiah 31:29) - 'The one who has sinned is the one who must die; a son is not to bear his father's guilt, nor a father his son's guilt.' (Ezekiel 18:20)

So here we see that the notion of risk is not alien to the Jewish and Christian traditions, because God is free and he creates a free man, whose freedom therefore implies risk. I will now briefly mention the “risk” taken by God, if we can refer to it as such, and then I will develop the risks for man, first in terms of his relationship with God, then in terms of his earthly life.

Risk and the relationship between God and man

The “risk” taken by God

God first took the risk of creation: this means that the success of His project depends on the freedom of man. Then, after the Fall, in order to restore his relationship with man, He took a new risk through the Incarnation of His son. By becoming a man, the Son was able to live his relationship with man from within human nature, as does any man. The Gospel shows us that the taking of risk is related to the relationship between Jesus and the Father:

First, when Jesus is tempted in the desert, Satan asks him *“if you are the Son of God...”*, and at the end of the Gospel, in Gethsemane, Jesus is placed in a similar situation. In both instances, Jesus is faced with a choice, either he can take a decision based on his own judgment, or because he himself acknowledges that he is the Son, he can rely on the love of his Father. And since men share the same human nature as Jesus, they are also faced with the same choice, they are all faced with this risk.

The Risk of man

Before the Fall, the relationship between God and man was based on trust. The only risk for Adam was related to the trust that Adam had, or did not have, in the word of God: *“But of the tree of the knowledge of good and evil you are not to eat;”* (Genesis 2:17)

Adam could choose to decide for himself, or trust in the word of God. The question was to know whether man would accept the limitations of his own knowledge, and therefore decide to base his decision on the Word of God, which does not come from man and whose justification he does not fully understand. Such was the risk of man before the Fall.

After the Fall, the risk of man changed: mortality and death were no longer a risk, they had become a fact. And it seems to me that the choice, and the corresponding risk for man, is the same as it was for Jesus. It is no longer not only a question of acknowledging the limits of man’s own reasoning in order to be able take into account the Word of God, it is now also a question of whether to acknowledge, or not, the unconditional love that God has for man and to behave accordingly.

The figures of Judas and Pierre exemplify this ultimate risk, a risk which is related to the ultimate question: *“who do you say I am?”*. Like all men, since the Fall, Peter and Judas are sinners. The former betrayed Jesus, and the second denied him. During the last supper, Jesus had something specific to say to each one of them. After giving bread to Judas, he said to him *“What you are going to do, do quickly”* and to Peter: *“by the time*

the cock crows today you will have denied three times that you know me.” Luke in his gospel reports that after Jesus has been denied three times, *“the Lord turned and looked straight at Peter”* (Luke 22:61).

With this dramatic and silent glance, Peter remembers what Jesus said and is aware of his sin, and, like Judas, he is all the more devastated because the death of Jesus makes any repentance impossible. After the resurrection, the death of Jesus takes on a completely different meaning for Peter. On the cross, Jesus shows that he loves these same men who put him to death, therefore he also loved Judas and Peter.

Thus, when Peter meets with Jesus after his resurrection, Pierre gains a completely renewed understanding of the events. During the supper, while speaking to Peter about his forthcoming denial, didn't Jesus say to him that he knew his weakness, and he would take this weakness onto himself, and it would not affect the affection he had for him? And the following day, in the silence of that ultimate glance, did Jesus not confirm to Peter that he loved him at the very moment when Peter was denying him? So it seems to me that we can say that the original sin sentenced man to a “first death”, a death that does not however make salvation impossible.

In front of the cross, men can either find the reassurance that, in spite of their sin, they still enjoy the love of God, and that they can always turn back to Him. Or they may choose not to recognize the unconditional love of God and in such case man condemns himself like Judas, without any possible remission or forgiveness. Such is the ultimate risk of man which would condemn him to a second death forever.

How does this revelation about risk enlighten our earthly life?

As was said, having faith in the unconditional love of God does not excuse men from embracing earthly life. Rather, faith encourages man to move forward and to deploy his freedom.

God calls upon man to act

In the book of Genesis, man is called upon man to deploy his powers, to *“be fruitful, multiply, fill the earth and subdue it”* (Genesis 1:28). Similarly, throughout the Gospel, Jesus exalts and encourages life; he says to both the adulterous woman and to the paralyzed man: *“get up and walk”* (Luke 5:23) and he says *“Go, now”* to those he heals or forgives. Moreover, he calls upon the disciples to control their fear of the storm, to *“put out into deep water and pay out your nets for a catch”* (Luke 5:4) and to walk towards Jesus across the water (Matthew 14:29).

Faith in the love of God helps to release man from the fear of failure. After a successful night of fishing, on the word of Jesus, Pierre agrees *“to pay out his nets again”* (Luke 5:5)

In the Parable of the Talents, the man who, by fear, buries the talents given to him (Matthew 25:25) incurs the wrath of his master, while the other servants who invested the goods wisely are praised.

However, even if our faith encourages man to engage himself and to take the associated risks, the Gospel also shows us that Jesus was careful: Before the miracle of the loaves and fishes, Jesus does not want to endanger the crowd by sending them off hungry, [*“or they might collapse on the way”*] (Matthew 15:32). Likewise, he does not want to remove the dandel, *“because when you weed out the dandel you might pull up the wheat with it.”* (Matthew 13:29)

Revelation of the human vocation

The Christian Revelation also gives us more precise details about the vocation of man, i.e. it defines its terms. In the last prayer of Jesus, he beseeches his Father asking him: *“so that they also may be in us, so that the world may believe it was you who sent me”* (John 17:21-22). Here, he reveals that the vocation of man is to engage in, and build, a communion between men and Him.⁴

This vocation to communion implies a Eucharistic dimension, which is why the Fathers of the Vatican II Council wrote in *Gaudium et Spes* 24 that: *“man [...] cannot fully find himself except through a sincere gift of himself”*. In concrete terms, this means man is first called to live and secondly to develop his capacities so as to achieve an accomplished life, and thirdly to make love the central dynamic of his life and therefore, concretely, to love his neighbor by giving himself so as to contribute to his neighbor's growth.

Loving God and one's neighbor imposes gifts and sacrifices, which have to be paid for. But, when a man knows that he is loved by God, he can draw on the spiritual resources from the love of God to be able to bear this sacrifice.

This is what the Gospel shows us: when a rich young man asks Jesus *“Master, what good deed must I do to possess eternal life”*, Marc writes: *“Jesus looked steadily at him and he was filled with love for him, and he said, ‘You need to do one thing more. Go and sell what you own and give the money to the poor, and you will have treasure in heaven; then come, follow me.’* (Mark 10:21). Jesus looks at him just as he looked at Peter. Jesus suggests here that **man should free himself of his wealth, so as to be able to acknowledge the love of God and, and even more than that, to respond to that love.**

So, the vocation of man to the communion with God in love gives some keys allowing us to distinguish both the concrete requirements and the risks it presents for the life of man. In particular, with regard to economic activities and their organization, the reference to this vocation provides man with an alternate compass⁵ so that he is not exclusively guided by the quest for profit.

⁴ “God, Who has fatherly concern for everyone, has willed that all men should constitute one family and treat one another in a spirit of brotherhood. For having been created in the image of God, Who “from one man has created the whole human race and made them live all over the face of the earth” (Acts 17:26), all men are called to one and the same goal, namely God Himself. (*Gaudium et Spes* 24)

⁵ Pope Francis, *Speech to the Italian Manufacturers' Association – Confindustria*, 27 February 2016

Man's vocation and economic life

At the center of economic life, we find the work of man. Work plays a major role in the development and fulfilment of man (LS 128) and also the society he belongs to. The vocation of man implies that he engages in his work and assumes both the corresponding responsibilities and risks. This is one of the conditions for a dignified and accomplished human life.

But work also has a social dimension: the actions of man have consequences, which are partly unknown and which affect others. Moreover, through association, men can multiply their capacities for action. This is why it is important for men to organize themselves together to achieve their calling. Through his work, man develops knowledge, he produces the goods and services that are necessary for life to grow, for his humanity. If man did not engage fully in his work, and if he did not bear all the associated risks, he would deprive himself and others of the goods that he would have produced, which in turn would have contributed to the growth of life. And in addition he would not have fulfilled all the potentialities of his humanity. Consequently, **to work and to assume all the associated risks is a requirement for everyone**. And in order to give everyone the opportunity to work and to express themselves through that work, work is a requirement for all. In this respect, the creation of companies appears to be an essential lever. It allows us to stimulate business creativity (LS 129) by raising capital to develop projects that require important resources. Moreover, the jobs that are created allow others to develop and deploy their capacities and to contribute to a common life.

Furthermore, limited liability and the liquidity of stock make it easier for investors to engage in risky ventures. However, in order for these organizations to be really able to contribute to common good, they have to be managed wisely. In particular, the exclusive quest of profit is often at odds with the expansion and growth of life. The exclusive quest for profit may give rise to an organization of work that does not respect the dignity of employees, or that does not allow their personal development. In the same way, legal engineering can be used to build networks of companies, making it possible to run profitable businesses without having to bear the associated risks and responsibilities.

On a more general level, the vocation of man imposes the need for discernment on the use of property. Ownership is necessary for ensuring the effective freedom of man, as well as a dignified and accomplished life. Ownership ensures that man enjoys a sphere of autonomy and, as such, it is like an extension to human freedom (GS 71.2). Man can therefore freely use the goods that he owns which are necessary to such a life. However, when a man possesses a lot of goods and resources, as said Pius XI, the use of these goods *"which he does not need to sustain life fittingly and with dignity, is not left wholly to his own free determination"* (QA, 50). He may choose to invest these resources in companies, and this way, he helps to create jobs and to produce useful goods, and Pius XI praises his virtue of munificence (QA 51). It is therefore essential that we work to allocate these resources wisely.

When a project is economically profitable, the company will be able to generate profit which will enable it to grow and contribute more extensively to the common good. Conversely, the

failure of an entrepreneurial project is likely to have a negative effect on the common good. This is not only because the investor loses his money, but rather because the people who have worked on the project will not have produced anything useful.

For example, in building the airport of Ciudad Real, close to Madrid, the Spanish community was deprived of goods, houses, roads, hospitals, which could have been built with the billions that were lost.

Finally, looking at the economy from the point of view of the vocation of the human person to life and to communion helps shed light on financial activities and the associated risks. Financial activities are unquestionably useful when they make it possible to collectively organize the allocation of resources that are useful to the economy, or to manage the associated risks. Conversely, a finance that is disconnected from the economy is **not** only not useful for the economy, but it also creates additional risks for the economy, generating financial profits that do not serve the needs of the economy. Let me give you three examples:

- Derivative products are useful because they make it possible to manage the economic risks associated with the underlying assets. On the other hand, when the market of the derivatives reaches such a volume that it is several hundred times greater than the volume of the economic activities, it creates risks that are endogenous to the financial sphere, and this in turn threatens that economic activity.
- Another example concerns stocks. For the last 15 years, the dividends and stock buybacks on the markets have been higher than the total of capital increases used to finance the growth of companies.
- Third example, the flow of capital around the world creates volatility which is amplified by the other actors imitating the same behavior. As was recently deplored by the members of G20, *"the magnitude of the volatility on markets does not constitute the foundations of a worldwide economy"*, it reinforces its vulnerability and does not live up to *"our ambition of strong, sustainable and balanced growth"*.

Conclusion

I will conclude by evoking briefly the film "Schindler's list". Schindler was making a very good living out of a very profitable business. He could have continued to enjoy a comfortable life, and eventually end his life as the "richest of the cemetery". However, when he became aware of the situation of his Jewish employees, he decided to reverse his rationale and to take on more Jews so as to save them from death. At the end of the film, Schindler stands on the station platform, surrounded by hundreds of Jewish employees whom he had saved and who are now returning home. He then pronounces this dramatic sentence: "I could have saved more".

This means that even though he was totally and completely committed to serving the needs of others and life, the man could not escape this anxiety. The story of Schindler shows us that a man can both use his company to serve the needs of man and the common good, and ultimately he only finds peace and joy by recognizing, as did Peter in the glance of Jesus, that he is loved unconditionally by God.

10. Open Discussion moderated

by Stefano Zamagni, Professor of Economy, Bologna University

There three two points I would like to make. The first one, which has been stressed by both of the speakers, is that for Christians, **salvation is a matter of risk-taking** and sometimes we forget that. I mean salvation is offered to us as a gratuitous gift, but it is up to us to accept it or not. Risk-taking activity is in fact connected to positive freedom. Slaves for instance do not have to take any risks, so when we talk about risk, we also have to always consider the other side of the coin, which is freedom that is positive.

The second point that I noted with respect to the different presentations is the trade-off, so to speak, between nature and nurture, in other words the predisposition towards risk-taking. **Is risk-taking behavior a matter of nature or culture?** This is a fundamental question. There are theoreticians who say that there are people who are born with a risk-taking attitude in their DNA. I think it is more connected to culture. In fact, as we know, there are two types of entrepreneurs: replicative entrepreneurs and innovative entrepreneurs. A replicative entrepreneur is someone who is risk-averse, and an innovative entrepreneur is not. Consider for instance disruptive innovations, unless entrepreneurs take a disruptive innovation process, then innovation and product innovation is no longer enough. We know that that the characteristics of Industrial Revolution 4.0, which has just started, demands disruptive innovation if you want to progress, but unless people are risk lovers, disruptive innovation will never be successful.

My third final point has to do with the fact that interpersonal relations always contain a risk dimension, this is of course the risk of betrayal. When I entertain a relationship with a friend or with anybody else, there is always the risk that the other person might betray me, as Father Roger mentioned with reference to the passage of Jesus and St Peter's betrayal. And this is why the principle of reciprocity is so difficult to put into practice, and this is why we tend to have a trade-off between the principle of reciprocity and the principle of exchange of equivalents of value. This is because in the exchange of equivalents of value, we do not actually take any real risks, since it is a contract and if you do not fulfil the contract, you always have the possibility of taking the other party to court in order to obtain justice. On the other hand, with reciprocity there is no contract. But without reciprocity there is no trust because if we ask ourselves where trust comes from, it comes from reciprocity relations. We know that a market economy will never be able to function without trust. Trust is created by reciprocity relationships among people, inside the firm and outside the firm. This is why it is important to build economic institutions – economic institutions not political institutions – which aim to encourage the practice of reciprocity, which is not an easy task.

Richard Turnbull: As a theologian, it was interesting to hear where risk really came from, and I suppose you have to understand God as the author of risk, and if you accept that God is the author of risk for some of the reasons that you articulated, i.e. God is the author of risk in creation, the consequence of that risk is therefore that we as human beings are endowed with certain natural attributes of God, and therefore we also are going to except risk. God is the author of risk in redemption, that is the resurrection life. And because God is the author of risk in redemption and because God emptied himself on the cross because of what God did through Christ on the cross, there is therefore an immediate issue for us in our Christian response, in our Christian lives in terms of how we behave as Christians who have accepted the resurrection life of Jesus. God is also the author of the covenant. The covenant is very interesting because God was the author of the covenants that we see in the Bible, and yet those covenants also set out various responsibilities for the Lord's people and so again you have the same trade-off. Finally, God is the author of promise: *"I will be your God and you will be my people"* is a refrain throughout the Bible, which is a promise that requires a response. If you think about how we can translate some of this into the economic sphere in a meaningful way, we can say that money is also a promise, i.e. to pay the bearer a certain sum of gold. Therefore, there is an absolute responsibility on us to respond to that promise in an appropriate way. In other words, the manner in which we respond to God in the covenant is matched by how we respond to the use of money. If we misuse money, we are misusing the promise that money encompasses. If we misappropriate the covenant, we are misappropriating the promise that God has made to us in Jesus.

Pierre Lecocq: You underlined, Father Baudoin, the extent to which freedom implies risk and how much God took the risk of our freedom. There is maybe one point on which I would like to have more comment from you. There is the risk that God is taking by allowing His creatures the ultimate freedom to negate him, but at the same time to mitigate that risk, He offers us His infinity of love. I am intrigued by this relationship between risk and the abundance of love that God gives us. How can this be translated into the other side of risk and into a society that has become totally risk-averse. How can we re-create a certain appetite for risk, and what role does this abundance of love play?

Pierre de Lauzun: I think, of course, God has asked us to take some form of risk, but at the same time, he also completely eliminates the ultimate risk because there is the promise of eternal life. So if you have faith, you have the certainty of eternal life. So the risks we take occur in the various gestures and acts that we make throughout our lives, but it is not at the end. There's a kind of ultimate guarantee if you follow the way of the Lord. Thus, it's not absolute risk, and I think this is an answer to Pierre Lecocq's question: if you feel this kind of ultimate guarantee, this ultimate promise and ultimate love, then any risks you take are insignificant in comparison. You find this in the Gospel where there is a reasoning in terms of the risks you take. For example, it tells us not to put our faith and confidence in money or treasuries on Earth that can be stolen but in eternal life, which is let's say a "safe bet". So the reasonable thing we can do is behave in such a way so as to enjoy eternal life, because there is no risk associated with it.

Father Baudoin Roger: Pius made this distinction between the wealth that is necessary for one's life and anything that exceeds that can be considered "free money". Therefore, if I use this surplus of money to invest, there aren't actually any risks because I didn't have any right to use that money for myself in the first place. The risk is not towards me but towards the community, because if I do not invest the money properly, then I deprive the community of the goods that this wealth could have created.

Msgr Osvaldo Neves de Almeida: Pierre asked how we can help people to take more risk. But what kind of risk? Do you mean the risk of salvation? Because it does not really concern let's say economic or other irresponsible risks. **We can help people take the risk of salvation by praying.** I believe in prayer, and I think that personal prayer, and building a personal relationship with Jesus is the only way to endeavor to be responsible. And then the question is always one of personal responsibility, be it of managers, businesspeople, politicians or plain people. How can we best serve others in our lives? We need to ask for the help and the light of God. Without His grace, it is impossible.

Moreover, there is always a margin of uncertainty in the things that we do. So we have to trust in God. Father Roger gave the example of Schindler's List. Schindler's factories produced ammunition, so in a way he was saving Jews by killing other people. Here again there was some kind of uncertainty with which we cannot deal, because it is impossible. So Schindler did the best he could at the time in spite of perhaps doing something that was very helpful for several people but at the same time was damaging to others, to the environment or to history.

Michael Naughton: I would like to make two comments. First, Schindler's List is indeed a fascinating story. He does create bombs, but he actually creates bombs that don't go off. If you remember the story, at the end of the film there is a certain tension because he wants to save the Jews, but he also wants to win the war. And these two wants come into conflict. Itzhak Stern, who's the Jewish accountant is very clear about what his priority is, i.e. to save the Jews. So he actually tries to convince Schindler to create bombs that go off, because the German military are putting pressure on him to close the plant and send the Jews off it. The only thing that saved Schindler is the end of the war.

I had never considered the Parable of the Pearl, and the Parable of the Talents in terms of risk. It is a very interesting way to think about it. Because if you think about what the parable is about, it is about creating more than what's been given to you. It's not a quid pro quo.

Domingo asked what does this mean concretely? Well very clearly and very simply, this is what profit is, this is what margin is, you have more than what's been given to you at the end of the year, well that's your margin, that's your profit, but that's just the beginning of its description.

My second comment actually has to do with what Pierre was talking about in terms of subsidiary, of good work, that is, do you have better relationships with your employees than you had when you started? This means building trust. It's not just about delegation

but about deep subsidiarity because you are investing in their giftedness, and you're creating the type of work that will allow you to have more than what's been given to you.

Jonathan Skinner: when you were talking about faith, risk and trust, and you mentioned the intimate relationship between the entrepreneur and the Holy Father. There is also a level of risk in faith, and trust between the entrepreneur and the employee, and I wondered if there was anything biblical in terms of the entrepreneur asking his employee to come along with him and to follow him.

Domingo Sugranyes: All the examples that have been given show that risk-taking is a mixed affair, and it's never clear. If I may put a kind of contrarian point: often in the church and in the homilies and so on, one has the impression that the pessimistic view and that of alternative anthropology, which Adrian spoke about this morning, has somewhat entered into the preaching of the Church, because the Church seems to consider that economic affairs can only be bad, and I think there is something which needs to be done in this respect; how I don't know because of course it's difficult, it's a difficult world and there is bad and good mixed together, but there is also a lot of faith, as you just said, in business and in companies. It may not be as apparent as it is in the family, but the company is also a place where there are relationships and reciprocity, and I think Benedict XVIth said this very clearly: he said you can find friendship within the economic life and not just before or after.

Yves de Talhouet: I would just like to ask Baudoin to comment on a thought that we have not discussed very much so far, and that is the risk of being wrong. In the 19th century, the CEO was seen as the person who was always right, and so there was very much a command type of management style. The authority of the CEO was to be able to say the truth on just about everything, going down to the smallest details. I think that nowadays it is very different: the world is very complex, and so the role of the CEO is much more one of harmonizing the information flow within the company, and as Pierre often said, to practice subsidiarity and to allow people to make their own decisions. This means that the risk of being wrong is kind of "delegated" down to other people, but I think as Christians who have faith in God, there is something superior to us, but at the same time we need to be humble and recognize that we constantly run the risk of being either wrong or making a compromise, and therefore it's kind of embedded in the way we live. There is this risk and we need to find a way to live that risk in a very positive way. There is no sense in beating up our shoulders all day long because we think we can be wrong and therefore we do nothing. So we constantly run the risk of being wrong, but at the same time we have a faith in the fact that if we place ourselves under the will of God, He will somehow ensure this this risk doesn't overburden us. **From a purely theological viewpoint, do you think that God also ran the risk of being wrong by placing so much freedom in us?** Do you think he sometimes despairs and says well, I didn't think they would do so much damage, maybe it's my fault? I think that when you start applying this to management principles, the question arises: **how far should we allow the people who report to us to make mistakes and at what point should we stop them?**

Father Baudoin Roger: I would first like to react to the question whether the Church views the economy as something intrinsically bad. I would not say this is the case. For me, it is very important to note that in the Eucharist prayer, what we offer is the fruit of our work, which is of great value, so I don't think at all that the Church only has a negative opinion on the economy.

About being wrong, I didn't elaborate so much on the first risk, which is the risk of Adam, which is the risk of making a decision based on one's own judgment instead of taking into account the word of someone else. As Christians, the revelation has something to tell us, which is not so much theological as anthropological. I'm referring to the conception of human being as an embodied soul or spirit. If we have an embodied soul or spirit, our knowledge is radically limited by that body. As a consequence, engaging in a relationship which includes taking into account the word or the thoughts or the judgment of the other person helps us to overcome our own limitations. And when the manager makes a decision after having discussed the matter with his workers, then there is probably less risk of him being wrong. So I think the collective dimension of discernment and reflection is an important means of reducing risk, and in this respect, I'm always very worried when I see heads of companies with hyper-inflated egos, who don't think it's necessary to ask for the opinion of others.

There is an ultimate risk for God, and Jesus mentions it when he asks the question "when the son of God comes back, will he find faith on earth?" Because while Jesus was among us on earth, the spirit was breathed through the human nature of Jesus. When Jesus returns to be with his Father, the spirit is breathed through the body of God, which is the Church, and if there are no longer any people in the Church to breathe the spirit, then this would be the definite end of the project of God, and the ultimate risk He takes.

Adrian Pabst: I wanted to come back to the question of liberty, because it's clearly at the heart of what we've been talking about this morning and this afternoon. On the one hand, it strikes me that in the Christian tradition, we have the sense of almost absolute liberty; that we are created completely free, and in some sense, unconditionally free, because we are loved unconditionally by the creator. But at the same time, of course, it's not the case that that absolute liberty or that gift of freedom that we've been given as part of our creative nature implies that there are no boundaries; that we can do whatever we like. Nor does it imply the conception of liberty often associated with the pessimistic anthropology we talked about earlier, namely this idea that liberty is basically negative. i.e. it's just the absence of coercion, except for the law and private conscience. This has been the dominant conception of liberty all the way from Hobbes and Locke onwards. Today it is associated with a certain kind of liberalism. It seems to me that this is not a very Christian conception of liberty at all, because what it completely ignores is the fact that we are not just free from – and of course, we should be free from coercion, etc. and moreover, we heard how in the old Testament God essentially is about liberation from oppression and so on – but we also free to: we are free to commit certain things. There is a sense of purpose. Crucial to what we are discussing is the question of how can we in some sense bring back the notions of shared purpose which are not coercive, i.e. they

are not imposed by the State or by any form of authority, but which nevertheless speak to our humanity. We are only fully human so long as we pursue certain shared purposes because we are not isolated individuals. So how do we combine liberty with the pursuit of shared purpose in a way that helps us pursue our own vocations, fulfil our talents, create the common good, and the sense of abundance that was also mentioned? This in turn raises questions about leadership. We just heard that the entrepreneur can't just sit back and let his employees make mistake after mistake, and only then be essentially forced to sack them.

There has to be a sense of virtuous leadership where you lead by example. This doesn't mean you lead in all respects everywhere, but you might be the leader in one respect, in one area, and you might be a follower in another respect. This sense of leadership is absolutely crucial. I think that one legacy of both the Old and New Testament is also a sense of discipleship, which implies recognizing that we can learn from others and that we also at some point also teach others. This is something that is entirely dynamic: Today, I am a teacher to my students, but I might well learn from those students – I do indeed all the time – so I think that a sense of positive freedom, freedom with a purpose and a sense of virtuous leadership are absolutely crucial to all professions, but certainly to business. If we had more structures where virtuous businesses lead by example and then others follow their example, whether they are religious or not, just because they are good virtuous practices, then this could help transform the current business culture. **You shouldn't just wait for others to do it, you need to do it yourself in the hope and in the expectation that others will follow you in your enterprise, in your sector and hopefully in other professions.**

Pierre Lecocq: I think the best definition of the limit of freedom was given by John Paul II in his encyclical, Splendor of Truth, where he tells us that we are given total freedom provided that we accept that that freedom is subject to the truth, which is the love of God and its purpose. This is where we find this notion that you were underlining about purpose.

Coming back to your question on making the mistake of being wrong. I think in subsidiarity, you let your subordinate build on the gift they received and allow them to use their freedom to decide. You bear the risk of that decision, which means that you accept the fact that **if they are wrong you are also wrong**. To illustrate this point, I very often take the example of the captain of a ship. He is on the deck behind the helmsman. At one point the captain gives the order because he thinks he has to take responsibility, and he brings the ship to deck correctly. This is delegation: giving power, and behind the scenes, you know you can take it back at any time. In subsidiarity, however, the same captain would have chosen his helmsman, would have made sure he was trained and had all the necessary qualifications and tools, and then would have entrusted him, but rather than being on the deck he would be in his bed sleeping... but he knows if the helmsman makes a mistake and the boat hits something, he is the one who will be sacked because he has to assume the decisions made by his subordinate. There are of course limits to subsidiarity. We can make a parallel with the attitude of God vis-à-vis ourselves.

Freedom has a sort of perimeter, and that perimeter is defined by the impact that a subordinate's decision will have, i.e. whether the decision he takes could have an impact that is greater than that person's scope of responsibility. If the decision he has to take has consequences, whether positive or negative, that are outside of that perimeter where he has an impact on others, then that's the limit of his freedom. The perimeter is contingent to the consequence. I remember back in 2009, when we were right in the midst of probably the worst crisis anyone could have. I was in the automotive industry, and in March 2009, my total group worldwide was 50% down compared to the previous year in terms of volume. In such a situation, you're simply in survival mode. Obviously, I took back the reins, and some of my staff came back to me and said but "Pierre, that's totally against what you've been telling us for years. You're taking decisions that should be ours". So I said "well, wait a minute, in these circumstances, the perimeter of your decision will have an impact way broader than the one you had before, so it's outside of your perimeter today." The key is to explain this, and when the right conditions come back, to then re-expand the perimeter.

Now on the subject of whether God can be wrong, I don't think He can be wrong, but He would accept us to be wrong, and He would accept to be wrong because we are wrong. He would accept the responsibility of our being wrong. When we look at Christ at the time of his crucifixion, he accepted the fact that to a certain extent his disciples had been wrong. They all abandoned him, and he ended up being alone, but he never accused them of being wrong.

Msgr Osvaldo Neves de Almeida: First of all, with regard to the judgement of the Church vis-à-vis economic life. If you look at the documents of the three last Holy Fathers, you will see that the judgement of the Church is positive. The problem comes afterwards and the extent to which other priests or other people read these documents and how they use them. It is also important to remember that Jesus Christ, the Son of God, chose to be incarnated not in the Roman Empire nor in Rome, nor in a Germanic tribe or as any kind of warrior, but among a people of artisans and merchants. Jesus himself chose to be an artisan, and he was known as the son of Joseph, the Artisan. Furthermore, the Gospels are a picture of the economic and business life of the time. If you look at the Gospels, you can find bankers, tax collectors, house-builders, merchants, shepherds, farmers, vineyard-owners and workers, lenders and borrowers, small fishing companies, cleaners, creditors and debtors and also financial manipulation etc. It seems sometimes that the Gospel is a picture of the future i.e. of today's life and not the life of the time. It was a world of traders and merchants that God chose for the Incarnation.

Another point is about the relationship of leaders or owners and employees. If we consider the letter Paul send to Philemon, he told Philemon to treat Onesimus, his slave, like a brother. This is perhaps something we should think about.

And the third point is that at some point God accepts to be wrong with us because God wants our salvation, but it is up to us to decide.

Jose Ignacio Mariscal: When I think about the reconciliation of opposites: freedom and responsibility, the way I see it is I go with the **Universal Destination of Goods and Services** which we receive, but we receive them in a personal way whereby each one of us receives a certain education and culture from the previous generation. So what is our challenge? We have the freedom to do what we want with these goods, but freedom also comes with responsibility, i.e. the responsibility to increase those goods and to make them grow. Everybody is trying every single day to do their best with the things they received. They are personal gifts. Everyone receives those gifts in a different way; even if you are a twins, you receive different things. You are responsible for what you received, and I think that's very important. **The whole process of improving these goods is what really makes life pleasant, and contributes to the good of the world. We are responsible for leaving a legacy. We have to leave something better, otherwise it's not worth being here.**

Pierre de Lauzun: There is a difference between God and a captain of a ship, because if the ship hits a rock, it's the end, but God is in a position to draw higher good from any kind of evil, provided than men, of course, trust in him. So the only time where he can have what we may perceive as a failure is if we refuse to trust in him. The meaning of failure is completely different from his point of view especially since he sees that from an eternal point of view. So God has a very different judgement. You will always have another opportunity at any time in your life except when you it comes to the ultimate choice. This is a positive way of looking at things because there is always a new possibility. **You are responsible for your actions, but if you do make a mistake, God is there to forgive you and to draw a higher good from the wrong that you did** and this makes a huge difference between faith and non-faith, because a lot of things that we can say about responsibility can be said from the point of view of somebody who does not believe. It is completely different if you believe because the story is not over when you fail, it may be even better than without a failure. If we think about the notion of Felix Culpa at Easter, the happy sin of Adam. Without the sin of Adam, there would have been no Christ.

Father Baudoin Roger: I would like to elaborate on Adrian's comment about negative freedom which is freedom *from*, and positive freedom which is freedom *to* in relation with the idea of vocation. When we say that human vocation is towards communion, which refers to the conception of the human being as a person versus an individual, the question arises is "would this make any sense for anybody who does not share our faith", and I think the answer is that this vocation is deeply written in our human nature, and that once it has been expressed, anybody can acknowledge that it's true. I would now like to quote Chester Barnard, who was the manager of a large company in the United states in the mid-20th century. He wrote a very famous book called "The Function of the Executive" and he writes this about communion:

"The most tangible and subtle of incentives is that which I have called the condition of communion... It is the feeling of personal comfort in social relations, that is sometimes called solidarity, social integration, the gregarious instinct, or social security... The need for communion is a basic of informal organization that is essential to the operation of every formal organization." (Barnard, 1956 [1938] p. 148)

This means that anybody can be motivated by this sense of communion.

Another author, who certainly cannot be suspected of being Christian either, and who expressed similar Ideas, is Marx himself. If you go to the extract of the book of James Mill, he writes about the man whose work allows him to fulfil the need of others, and he talks about the joy that can be experienced by providing the other with something that he needs. He even says "my ultimate joy will be to have created, in the individual expression of my life, the expression of your life", and he talks about "my life coming into your life" and about "expressing my true nature which is both human and collective". This means that Marx relates work to the fulfilling of the needs of others, and he expresses the joy that can be found in doing this. He has this idea of my life, our lives becoming intermingled, which is clearly an expression of communion.

Stefano Zagmani: Let me conclude with a short story. Once upon a time, there was a camel seller who was close to dying so he decided to write his will. He has three children and he leaves one half of his inheritance to his first child, one forth to the second child, and one sixth to the third child. On his death, the three brothers open the will and read what I just said, and they discovered that the whole inheritance consisted of 11 camels, which the father was able to accumulate over his lifetime. And they started quarrelling because 11 camels divided by two would be 5.5 (which of course was not possible unless they cut a camel in half). The first brother told the others that he should be given six, but the others disagreed and replied, you know, you have already been very lucky, you have been given more than us, so be content with five. The first brother insisted on receiving 6 camels, so they continued to fight, first with words, then with their hands and then with knives, and they would have killed each other if it had not been for another camel driver who by chance was passing by, and on seeing what was happening, he was curious and he asked them what was wrong. They explained to him the situation, at which point the camel driver made a gift of his camel to them. At that point their inheritance consisted of 12 camels. The inheritance was then divided between the three brothers accordingly: $12 \div 2$ is 6. $12 \div 4$ is 3. And $12 \div 6$ is 2. This made a total of eleven camels ($6 + 3 + 2 = 11$). At this point the camel driver took back his camel and left. So the message is twofold: the first is the notion of benevolent justice. Justice is not enough unless the purpose of justice is the good, otherwise things might end up even worse.

In the history of mankind, many wars have been fought in the name of justice. But when justice is combined with gift, a gratuitous gift, you obtain two results. First, the camel driver did not lose anything, and secondly he gained the gratitude of the three brothers. The rules of justice are not enough to guarantee peace and progress. We need to apply this to companies, as it would be a way to solve many of the problems we're been talking about.

11. Synthesis and Conclusions

by Jose Maria Simone, President Uniapac International

Thank you all very much! What an excellent day we have had. Let's see how we can bring everything together, and think about how we can make it happen. As business executives and company-owners, we have persons working for and with us. Several years ago, in 2008, we published a book called "The Profit of Values", which looks at social responsibility and how we can ensure the dignification of the persons in our companies. In the book, we consider **the three elements that define a person, which are personal needs, human needs and spiritual needs**. It is our responsibility to address these needs so as to help people to grow. Social responsibility means ensuring this human development. One of the most important issues is the coherence that the leader must show in order to make sure that there is a balance with regard to these three elements in our management on a daily basis. So as managers, we take a great risk every day, because if we want to be really respectful of the *dignification* of the person as a means of promoting human development, we must ensure this balance in all the decisions we make.

On the other side of the coin, the person who is working for us also has to take risks as well. How do we evaluate and how does he evaluates the risk he takes when he works with us? He depends on us, and we both have the same needs. Setting the example and showing coherence and trust is the only way we can ensure an equilibrium of risks between ourselves as entrepreneurs, managers or leaders and the other person that works with us. These are very far-reaching words, because if we want to create trust, we have to be truthful, have justice and all the necessary virtues.

It is through subsidiarity that we can help people develop on both sides, both the employee and the manager. We have to start thinking of how we apply subsidiarity in our decision-making process. Even though we may not have been trained for this, **we have to take into account the impact of all our business decisions on all the persons who are working with us and around us as well**. We at UNIAPAC have to think about how we can help and assist other persons and other leaders to put this into practice and integrate this into their companies.

I was impressed by the comment of God being wrong. God allows us to be wrong and He has his own process, i.e. to give us the chance to go back in the right direction. This is the reconciliation. He said that we must forgive others 7x70 times. Obviously, in a business, this is difficult because if you allow an employee to make a mistake 7x70 times, you will surely go bankrupt. What has to be analyzed is the equilibrium of the employee who is taking the decision. Subsidiarity has to help him to not have a negative impact on the other persons who are working with him, because he has the power to take decisions that may impact others. So you have to create this chain of equilibrium to ensure that whatever the decision taken is the best decision, but at the same time bearing in mind that it sometimes may be the wrong decision.

Coming back to the point made about the family, I think we take a lot of things for granted with respect to what happens in a family. Everything that you have lived through and have taught your children through the years is in them and you build on that foundation. Then with subsidiarity, you give freedom to your children, and you allow them to grow. You want them to grow because if they grow, you grow, as a parent. We go through this process, because I think it is based on similar fundamentals, i.e. ensuring the primacy of the person, allowing us to build the relationship on trust and coherence. And we can then cope with any risks and uncertainty because we trust in each other.

I think we have generated a precious discussion, and now it is up to Uniapac to see how all this can be put into practice.

12. Systemic versus interpersonal risk: the alternative of Catholic Social Thought and the 'civil economy' tradition

by Adrian Pabst

1. Introduction

As the 2008 financial crash and its aftermath has shown, the dominant model of contemporary capitalism tends to privatise profits, nationalise losses and socialise risk. Arguably, this is part of a wider system that rests on the impersonal forces of 'big government' and 'big business', which together engender a centralisation of power, a concentration of wealth and a commodification of everyday social life. For many individuals and groups in society, risk is a systemic danger against which there is little personal protection.

However, this is by no means a necessary state of affairs. Far from being a fated and inevitable process, this type of risk is a historically specific and contingent phenomenon. In what follows, I will seek to make a case for a different type of risk that can promote both individual fulfilment and mutual flourishing. Risk that encourages human creativity is key to vibrant entrepreneurship and truly competitive markets. That, in turn, requires a genuine market economy that reconnects risks to rewards through profit-sharing arrangements.

Such an alternative model draws on Catholic Social Thought and the 'civil economy' tradition. It rejects the double impersonalism of commercial contract between strangers, and individual entitlement in relation to the bureaucratic machine. Instead of the mixture of contract without gift, plus the unilateral and poisoned gift from nowhere that is state provision at its worst, this alternative proposes gift-exchange or social reciprocity as the ultimate principle to govern both the economic and the political realms.

2. Are We Living in a Global Risk Society?

Since the end of the Cold War, the character of the geopolitical and geoeconomic context has changed – from concrete and tangible threats in the area of national security to nebulous and systemic risks such as climate change, piracy, cyber-war, nuclear proliferation, state failure, international terrorism, and the global ‘credit crunch’. While a focus on threats tends to involve an emphasis on the past (dealing with dangers that we know), the concept of risk shifts the perspective to the future (preventing future possible scenarios) – for example a ‘black swan’: an event with low probability but high impact, like a financial collapse. Politics, the economy and society have become about risk management – prevention, precaution, surveillance and vulnerability.

The German sociologist Ulrich Beck has theorised this transformation in terms of the emergence of a ‘risk society’, defined as a society in which “human generated, anticipated risks cannot be restricted either temporally, spatially or in social terms”.⁶ In other words, we are witnessing the ‘debounding’ of risk, which is transnational in origin and reach, crossing all manner of boundaries over time and across space. As Beck explains, new risks such as climate change or financial contagion do not respect nation-state or any other borders. They have long latency periods, so that their long-term consequences cannot be reliably determined and contained (e.g. the build-up of debt as part of complex financial instruments such as derivative-trading). And as a result of complexity and the opacity of chains of control, it is increasingly difficult to identify cause and effect (as with vast financial Ponzi schemes like subprime mortgages).

These new forms of risk, which cannot be contained by the logic of insurance or the old institutions of industrial modernity, are transforming not only the strategic context but also economic and social relations. For this reason, the former US Secretary of Defence Donald Rumsfeld had a point when he spoke of ‘unknown unknowns’. Far from being a tautology, ‘unknown unknowns’ are symptomatic of a profound redefinition of the fundamental logic underpinning politics, the economy and society: as the political thinker Christopher Coker puts it, the new logic is governed by “the unknown, the uncertain, the unseen and the unexpected”.⁷

Uncertainty is of course central to economic and business activity, which are very much future-oriented. As Beck points out, it was Keynes who sought to conceptualise the distinction between predictable and non-predictable or calculable and non-calculable forms of contingency. In an influential article in *The Quarterly Journal of Economics* (published in February 1937) Keynes writes the following:

⁶ Ulrich Beck, *World at Risk* (Cambridge: Polity Press, 2009), p. 81.

⁷ Christopher Coker, *War in an Age of Risk* (Cambridge: Polity Press, 2009), p. ix.

by 'uncertain knowledge', let me explain, I do not mean merely to distinguish what is known from what is merely probable. The sense in which I am using the term is that in which the price of copper and the rate of interest twenty years hence, all the obsolescence of a new invention are uncertain. About these matters there is no scientific basis on which to form any calculable probability whatever. We simply do not know.

The problem with Keynesian and other mainstream economics is that they focus on fear and uncertainty, which are fundamentally different from anxiety, complexity and the radical non-continuity of the future which are coming to the fore of both politics and the economy.

In particular, this involves a much greater role for anxiety, complexity and the future. Let me take these three concepts in turn. For Coker, "what is specific to many of our anxieties is that they exist in the absence of any looming historical disaster".⁸ Neither climate change nor the increasing frequency of financial crises is similar in scale and urgency as the permanent threat of nuclear Armageddon and Mutually Assured Destruction during the Cold War. Perhaps for the very same reason, anxiety is much harder to cope with than the fear of concrete, tangible threats because anxieties reside in the human imagination. As such, anxieties are beyond the grasp of reason, calculation and science. And whereas fears focus on past and present dangers, anxieties concern unknown and uncertain future risks. The subjective and futural nature of anxiety means that it cannot be dealt with by technocratic management or the 'politics of fear'.

Likewise, complexity means that political, economic and social systems do not operate according to the precepts of instrumental rationality but instead are non-linear and follow their own logic - 'emerging properties' rather than fixed essences, adaption rather than continuity, self-organization and emergent order rather than compliance with existing rules. All this suggests that a rather more stable order based on fairly clear power relations has already given way to emerging order composed of complex adaptive systems with their own internal dynamics - for example the exponential growth of financial exposure based on instruments that rest on the systemic spread of risk.

Given the nature of anxiety and complexity, the future takes on an entirely different meaning, and this is directly relevant for economics and business. Instead of assuming some degree of continuity between past, present and future, the world risk society which we inhabit has a fundamentally different temporal horizon. The future can no longer be assumed to be predictable based on calculative technologies. Nor can we protect ourselves against dangers by resorting to risk management along the lines of conventional models of insurance. Furthermore, theories that rest on the

⁸ *Ibid.*, p. 73.

probabilistic and the series lose their purchase, with far-reaching implications for economics and finance. Non-linear, complex systems help bring about a future that is not merely contingent and subject to 'unknown and unknowns' but also characterized by catastrophic consequences that exacerbate the climate of subjective anxiety. Thus risk calculation based on past experience and reason breaks down, and the boundary between rationality and hysteria becomes blurred.

As Coker observes with reference to the work of the philosopher Alain Badiou, the global risk society is wary of 'events' (in the sense of genuinely epoch-changing and systemically transformative changes) and is wedded to the status quo. In other words, we are seemingly trapped in a system that is undergoing a peculiar sort of crisis, which elsewhere I have conceptualised as a 'metacrisis' – a tendency at once to abstract from reality and yet to reduce everything to its bare materiality.⁹ This is particularly true for the dominant model of capitalism that promotes simultaneously abstraction through financialisation and materialisation, which subjects the real economy of productive activities to combined speculation and commodification. In so doing it further separates symbolic significance, equated with pure exchange value, from material space which is seen increasingly as just an object for arbitrary division, consumption and destruction. Thereby it renders social destruction and ecological damage constitutive of our fundamental economic processes.¹⁰ The main economic models in force today rest on unprecedented risk-taking while at the same time inducing risk-adverse behavior on the part of most consumers and clients who feel vulnerable and are profoundly anxious. In short, the risk society appears to lack a future that would radically alter the *status quo*.

⁹ John Milbank and Adrian Pabst, 'The Meta-crisis of Secular Capitalism', *International Review of Economics*, Vol. 62, No. 3 (August 2015): 197-212.

¹⁰ For a longer exposition of the concept of 'metacrisis', see John Milbank and Adrian Pabst, *The Politics of Virtue: Post-liberalism and the Human Future* (London: Rowman & Littlefield International, 2016), introduction and ch. 1.

¹¹ Benedict Anderson, *Imagined Communities: Reflections on the origins and spread of nationalism* (London: Verso, 1983).

3. 'Risk Cultures' and the Centrality of Religion

If neither technocratic management nor the populist politics of fear are adequate because they end up exacerbating risk rather than reducing it, then the question is how we can conceptualise and confront such systemic risk. Here the first point to make is that risk perception is highly subjective and therefore culturally specific: what may be considered a risk to one group or even one country may differ from that of another group or country. And, even if two actors agree to collectively manage a risk, the instruments they choose to manage this risk may indeed differ, and this is often due to differing cultures and historical experience. Risk is embedded in cultures that are neither reducible to abstract ideas invented by humans nor intelligible in terms of instrumental rationality alone. Rather, anthropology teaches us that culture is material and mediated to us through living traditions.

Indeed, there is a common view that a country is imagined – what Benedict Anderson, the political thinker, describes as an 'imagined community'.¹¹ It is invented, and so also reinvented, in representation and the imagination – in books, art, music, film and popular culture. However, the culture of a country grows out of its customs, traditions, institutions and ways of life. A country has a history and a culture which is material. This culture is an inheritance which forms a common life providing people with their principal source of meaning, and a sense of identity and belonging. Individuals inherit their culture, but they also contribute to reimagining it. The anthropologist Ruth Benedict describes culture as "the raw material of which the individual makes his life".¹² The loss of a culture is, a "loss of something that had value equal to that of life itself, the whole fabric of a people's standards and beliefs".¹³ Systemic risk generates widespread anxiety precisely because it is seen – rightly or wrongly – as corrosive of ways of life. In part, this explains the growing popular anger against the ruling establishment that appears to be blind to the effects of globalisation on many communities.

The second point is that the emphasis on culture can obscure the role of religion. In fact, Beck and other sociologists such as Joost Van Loon uncritically accept the standard thesis about secularisation whereby the 'death of God' (Nietzsche) has liberated humankind from the constricting shackles of superstition and subservience to irrational powers.¹⁴ For example, Beck claims that "[r]isk makes its appearance on the world stage when God leaves it (van Loon). Risks presuppose human decisions".¹⁵

¹¹ Benedict Anderson, *Imagined Communities: Reflections on the origins and spread of nationalism* (London: Verso, 1983).

¹² Ruth Benedict, *Patterns of Culture* (London: Houghton Mifflin, 1989 [1934]), p. 181.

¹³ *Ibid.*, p. 183.

¹⁴ Joost Van Loon, *Risk In Technological Culture: Towards a Sociology of Virulence* (London: Routledge, 2002).

¹⁵ Ulrich Beck, 'Living in the world risk society', *Economics and Society*, Vol. 35, no. 3 (August 2006): 329-45 (quote at p. 333).

While Beck and Van Loon acknowledge that religious traditions have their own conceptions of human agency, they view acts such as prayer and good works as a way of appeasing divine wrath and hoping to secure salvation.

This ignores the legacy of the Axial Age on which the main world civilisations are founded. As Karl Jaspers first argued, the great philosophies of East and West are of a single contemporary birth with the world religions.¹⁶ The Axial Age marked (in very different ways) the becoming reflexive – so both ‘theological’ and ‘philosophical’ – of religious traditions in the period from around the sixth to the second century BC.¹⁷ This centred on a theoretical and practical critique of predominant norms of absolutist power underwritten by gods who were not believed to be on the side of ordinary humans. The advent of critical thought and resistance to both oppression and exploitation was from the outset inextricably intertwined with an appeal to religious transcendence – whether in Plato, Buddha or Confucius.

Connecting all these traditions is the idea that the rightful exercise of reason involves a pre-rational trust (*pistis* or faith) in the reasonableness of reality – that the universe and all rational beings therein are not subject either to a deterministic fatalism or to the indeterminacy of random flux, but that they can be ordered harmoniously. Based on a new synthesis of personal liberty with universal *telos*, agency in the immanent order of being was thereby for the first time in human history seen as compatible with a transcendent outlook. For the key difference of pre- and post-axial thought is the notion that personal flourishing requires some form of salvation by a benign deity that refuses sacrificial practices to appease divine wrath and instead represents the ultimate guarantee for the dignity of the person.¹⁸ In this manner, God is reconfigured as the supernatural foundation and finality of the good that all human beings desire naturally – a good that exceeds complete comprehension, but is amenable to rational and imaginative reflection.

This has far-reaching implications for our conception of risk. The systemic risk that sociologists such as Beck and Van Loon write about is part of the impersonal forces of the central state and the global ‘free market’. When these forces converge and collude, they tend to undermine social practices of mutual assistance, while augmenting our tendencies to pursue wealth and prestige instead of human and ultimately divine love. The secular perspective, which underpins the sociology of risk, ignores the fact that

¹⁶ Karl Jaspers, *The Origin and Goal of History*, tr. Michael Bullock (London: Routledge & Keegan Paul, 1953).

¹⁷ Robert Bellah, *Religion in Human Evolution: From the Paleolithic to the Axial Age* (Cambridge: Harvard University Press, 2011); Robert Bellah and Hans Joas (eds.), *The Axial Age and Its Consequences* (Cambridge: The Belknap Press of Harvard University, 2011).

¹⁸ Charles Taylor, ‘What Was the Axial Revolution?’, in Bellah and Joas, *The Axial Age and Its Consequences*, pp. 30–46.

human life as such depends upon a bedrock of gift-exchange and that it develops in time through the astonishing and gratuitous irruption of new gifts of talent. As the theologian and 'civil economist' Luigino Bruni has shown, to pursue above all relationality is to risk being wounded by the other.¹⁹ The market and the state encourage us to think that we can be insulated from such hurt by the impersonality of economic and bureaucratic or legal transactions. But without embracing the likelihood of some or even much sorrow, there can be no openness to real joy either. Through a bland buffering, participatory power is removed from ordinary people.

By contrast to such sterile immunity, traditions of courage, commitment, loyalty and leadership shaped the workers' movement, in Britain, France and then elsewhere, in resisting the worst excesses of the Industrial Revolution. This also helped to give rise to the tradition of Catholic Social Thought: in 1889, around 130,000 dock workers walked out over low wages and desperately poor working conditions, an event that marked the beginning of the trade union movement in England and beyond. A key figure in the resolution of the strike was Cardinal Manning, whose actions, along with his ideas on solidarity and the dignity of work and rights for workers, inspired Pope Leo XIII to write *Rerum Novarum* in 1891 – the first of the modern social encyclicals.

In the following section, I will explore how Catholic Social Thought and the tradition of 'civil economy' can help us re-conceptualise risk in more interpersonal ways.

¹⁹ Luigino Bruni, *The Wound and the Blessing: Economics, Relationships and Happiness*, tr. N. Michael Brennan (New York: New City Press, 2007).

4. Catholic Social Thought and the Tradition of 'Civil Economy'

In the face of the economic and ethical crisis of capitalism, we need to learn from traditions that always stood outside the totalising logic of modern politics and economics. It is here that the civil economy tradition and Catholic Social Thought (CST), which has sometimes been independently echoed by Anglican and Orthodox thinkers, can offer an altogether different story. This story challenges not just the story told by the political right and the political left since the 1970s, but the story told by economic liberalism about the whole of modernity.

Both traditions insist on the fundamental difference between the market economy per se and capitalism as its arbitrary distortion. The former means functionally the division of labor, the freedom to work and to trade, to enjoy reasonable returns on investments and make reasonable profits that are both justified in terms of degree of input, risk undergone, benefit secured and ultimate social well-being. It means teleologically the attempt to increase wealth in the real sense of trying to improve human life – make it more comfortable, exciting, various and fulfilling by entangling risk in interpersonal relations and productive activities that offer real value (goods and services that cater to the needs of society).

Thus a pure market economy per se can properly be described as a civil economy, which really does pursue the common good: the good of each and every one of us as we concretely are in our families, workplaces, communities and associations, as Stefano Zamagni has argued.²⁰ Such an economy is not 'capitalist' in the sense of regarding the accumulation of abstract and aggregate 'wealth' as its proper goal, nor in the sense of imagining that the typical economic actor simply pursues the same goal for himself along with other modes of self-gratification.

But how can the typical economic actor be construed otherwise? Part of the answer is that a person can be both pursuing a reasonable profit for herself, and at the same time trying to offer to other people a social benefit, in response to socio-economic benefits that she herself is receiving in turn. One can trade in real human goals as well as in hard cash by connecting risk-taking with profit-sharing. Likewise, a contract can be a reciprocal agreement about a shared goal and value, not just the joint meeting of two entirely separate individual interests. The latter applies when I take a cab: I want to get to the station, the taxi-driver needs to feed his children. But it does not apply if villagers collectively agree to buy some vacant land to build a new village hall or if a town-council and a business consortium agree to financially support the growth of a certain industry as appropriate to the town's needs and capacities. It does not even apply if I am familiar with the taxi-driver or offer him an unnecessarily generous tip.

²⁰ Stefano Zamagni, 'Catholic Social Teaching, Civil Economy, and the Spirit of Capitalism', in Daniel K. Finn (ed.), *The True Wealth of Nations. Catholic Social Thought and Economic Life* (Oxford: Oxford University Press, 2010), pp. 63-93.

The second element binding together the civil economy tradition with CST is the balance between competition and cooperation. Instead of a purely individualist and competitive contract that characterises capitalism, a civil market economy possesses a price mechanism that operates to a degree cooperatively as well as competitively. So, for example, it is not assumed that you would always charge the highest possible price that the market would tolerate. You might lower that price to help your neighbor because you did not want to destroy your neighbor and it would not even make economic sense to do so.²¹

This involves the sustaining of a gift element within contract and so a part of social fabric. For example if you refrain, for neighbourly reasons that may also be reasons of sustainable business, from charging your neighbor the fullest possible price, then there is a sense in which you are making him a discreet donation. Likewise if you pay your worker rather more than you need to. Or if you offer your debtor a lower rate of interest than you might have extorted. In 'for-giving' him his debt (even just fractionally), in keeping with the evangelical exhortation (which had a much more economic ring than the substitution of 'trespass' might suggest) you are once more granting him a gift - in this case as a substitute for monetary revenge. There is a risk to people and even society as a whole, but it is a shared risk that puts the well-being of people ahead of pure transactions.

The third element that is common to CST and the civil economy model concerns the nature of the firm and the market. If social recognition is fundamental also for the economy, then trust is basic for the economic firm. One could say that the economic firm should constitute a sort of benign semi-monopoly which prevents the emergence of malign monopoly. For on the basis of naked individualism, people strive for monopoly in order to produce the shoddiest possible products, buy the materials for those products as cheaply as possible and sell them as dearly as possible. In this way they undermine competitors, and bad practice drives out good. But in the case of the firm that is a 'civil enterprise' or partnership between owners, managers, workers, consumers and suppliers, good practice can drive out bad in a tendency that is actually more stable and more profitable at one and the same time. One can see this for much of the history of a firm like the UK-based John Lewis retail partnership, but also those credit unions, mutualized banks and building societies that survived the de-mutualisation of finance as part of the 'big bang' in 1986. There are also many new examples, including social enterprises and 'fair trade' companies, which involve risk- and profit-sharing arrangements.

Such firms will tend to thrive in the long term, not by driving out *all* other competitors, but rather by forcing other firms to compete in terms of quality

²¹ Michael E. Porter and Mark R. Crane, 'Creating Shared Value', *Harvard Business Review*, January-February 2011, 2-17.

of produce, fairness of pricing and humane treatment of workers and customers. And a crucial aspect to 'quality of produce' is the fact that *real goods* (including 'relational goods' that we can only enjoy in common) are less subject to the law of diminishing returns.

It is perhaps at this point that ethical considerations about economics pass over into metaphysical and religious ones. For much of human existence, it can seem as if bad habits are more powerful than good ones. But in the end, we discover that the reverse is true, and that otherwise we could not survive as social and linguistic animals. Where might one locate such self-sustaining and intensifying good habits? One thing which economic theorists often ignore is that many elements of CST – opposition to usury, the just price, the just wage, guilds, corporations, distribution of assets, the primacy of land as sacred, solidarity, and subsidiarity²² – exist in certain degrees in many parts of the world where they have been tried and successfully tested.

This is above all true for two of the most successful economies in the last half-century – those of Germany and Italy (despite the recent problems of *both*). In different ways, they tend to define global lifestyles in terms of high-quality automobiles, machinery, food, cafes and clothing rather than the low-quality commodity consumerism of the UK and the USA. The German and Italian models are not really the products of the rationalist Enlightenment, but of a Renaissance that remained in continuity with the Middle Ages and shaped elements of a somewhat alternative modernity whose scope could be greatly extended in the future. This is fundamentally different from the idea prevalent in the sociology of risk that we are stuck with late modernity.

What I mean by this is that the German and Italian models combine a Renaissance exaltation of the creativity of human labor with a neo-medieval sense of constitutional corporatism that is neither statist nor merely free-market but rather mutualist in character. Worker participation in management, control of entry conditions to labor by voluntary associations and high-status technical education are all predicated on a greater relative primacy of labor with respect to capital. And labor, not capital, is the dynamic factor in any economy because it is to do with release of personal, creative human power. This is quite different from the negative freedom of the Anglo-Saxon will – for creativity goes along with the power to judge and discern the aesthetic and social value of one's product. Herein lies the difference between Italian cars, food and design compared to their American equivalents. Of course it will be objected that many American commercial products are excellent – but then certain aspects of the Middle Ages and the Renaissance survive also in the United States... Other than Germany and parts of Italy, further examples for the successful operation of civil economy type models include Austria, the Basque country, as well as the new

²² Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church*. (Vatican: Libreria Editrice Vaticana, 2004). See also Finn (ed.), *The True Wealth of Nations* and Adrian Pabst (ed.), *The Crisis of Global Capitalism. Pope Benedict XVI's social encyclical and the future of political economy* (Eugene, OR: Wipf & Stock, 2011).

Economies of Communion.²³ The latter operate in Brazil, Portugal and elsewhere, bringing together businesses, social enterprise and educational institutions in deprived areas so as to create a local economy that blends private profit with social purpose. Business profits are shared between three distinct kinds of purposes that are considered to be of equal importance. First, helping people in need by creating jobs in neglected areas that have been abandoned by the central state and the free market. Second, instituting a 'culture of giving' grounded in human relationships of mutual support. Third, sustaining and expanding the business that has to combine efficiency with solidarity. The objective is to fuse investment with charity, and to change the market from within by locating the logic of gift-exchange at the heart of ordinary economic processes. According to some estimates, some 735 businesses have in recent years joined such 'economies of communion', with a majority in Europe (notably Italy and Portugal) but also more than 245 in the Americas. Small numbers perhaps, but a concrete example of how ethical enterprise can be good business.

It is of course possible to say that the bad practice of capitalism, based upon the abandonment of the economic common good, has produced an immense amount of wealth in terms of its own understanding of what wealth is, and that it has indeed produced material benefits for many alongside palpable exploitation, impoverishment, uglification and lack of meaning in work. One can argue about how far it could all have happened differently. But what is for certain is that now a more extreme form of capitalism, totally removed from the norms of civil economy, is simply not working well any more. Unlike the dominant capitalist system of vice and exclusion, virtue and inclusion can be more successful – even in economic terms.

²³ Lorna Gold, *New Financial Horizons: The Emergence of an Economy of Communion* (New York: New City Press, 2010).

5. Building a 'Civil Economy' Today

The civil economy model has been developed and extended in new ways by Pope Benedict XVI's social encyclical *Caritas in veritate*, along with the works of Bruni, Zamagni and other economists writing in this tradition.²⁴ More recently, civil economy ideas have helped to shape post-liberal economic thinking in Britain, Australia and elsewhere. In this final section, my focus is on the sharing of both risk and rewards and some policy ideas that can entangle risk in interpersonal relations.

Reinstate anti-usury arrangements

Usurious interest rates allow banks and other financial institutions such as payday loan companies to make profits that are vastly disproportionate to the economic and social contribution of their lending activities and their risks. They also take advantage of many people's financial distress who are left with no choice but to take out credit at interest rates that are economically inefficient and ethically indefensible. Therefore the lending of money needs to be tied as much as possible to real investment and banks made stakeholders and therefore risk-carriers in the enterprises which they fund. In line with the principle of reciprocity, a truly ethical economy would establish the sharing of risk and reward in all financial transactions – including house mortgages – between lenders and borrowers, investors and owners, shareholders and managers, employers and employees. In order to transcend capitalism's simultaneous abstraction and materialisation, at every level financial sign needs to be reconnected with material power in order to prevent the speculative, social and ecological threats of their disjuncture.

Lenders of money, from high-street banks to building societies, should as much as possible be re-regarded as investors in the businesses they purport to back: as part-liable for the risks incurred by borrowers on the one hand, but also as co-partners and advisors in the enterprises which borrowers undertake on the other. This would involve a mutualisation of banking and real estate financing wherever possible. A loss of excessive economic power would be balanced for such bodies by an increase in social power, provided this is linked to an increased exercise of social responsibility. Equivalently, a slight loss of economic autonomy for the individual owner is balanced by three elements: greater shared economic security; heightened rights to a stake in the success of the bank to which one belongs; an increase of influence over community agreements about the shape of the built environment and collective projects of many diverse kinds.

²⁴ See Pabst (ed.), *The Crisis of Global Capitalism*.

Hence such proposals retain the realism of an appeal to collective and individual interest, yet also require a cultural transformation in which people somewhat modify their aspirations – even trading some isolated power to choose against an increase in social power and community involvement. Since the latter allows more complex psychological satisfaction and more intense social recognition and conviviality, such a transformation is by no means inconceivable. But while it can be encouraged at the political level through new incentives and rewards, in the end this change in ethos requires a cultural renewal. And people cannot opt for what they have never been offered. The realism of renewal is that it must perforce begin amongst a minority, whose convictions can nevertheless, realistically prove contagious if they begin to be successfully exemplified in practice.

As to investment in manufacturing and other productive enterprises, the primacy of short-term shareholder value needs to be replaced with a legal requirement that companies pursue primarily a clearly stated purpose of long-term economic and social benefit. This is not, however, to be taken as a simple attack on the shareholder: rather it would necessarily involve a favouring of the longer-term over the short-term shareholder – whose holding today may sometimes be a matter of indifferent seconds. Longer-term investment would be made more attractive in terms of both higher and securer dividends, and an increased measure of responsibility for the firm, that would tend to hold in check any executive exploitation. Equally executives would be more empowered to guard against rogue shareholders who have not identified their own with the corporation's interest.

Just Wages, Just Prices and the Distribution of Assets

As part of this cultural alteration, the divorce of the meaning of material market 'growth' from its root meanings of organic, moral and spiritual growth should be called into question.

If we could collectively imagine a shared scale of priority in desiring, we would also remove the scarcity-driven oscillation between relative emphasis on the respective imperatives of consuming and production, demand and supply. For this shared scale would tend to infuse into transactions – prices, wages, shares – a greater sense of its natural justice, over and above prevailing market conditions. We could then have some sense of a 'proper' price paid for a thing of such and such moral as well as economic value; of a 'proper' wage or salary paid for such and such a social task involving different degrees of talent, labor, scope, risk and need for a strenuous exercise of virtue; of 'proper' shares in a firm as between the appropriately weighed contributions of owners, managers and workers.

All these things need first and foremost to become habitual through the growth of

a new ethos. But at the same time they should at the limits of claimed infraction come within the purview of law and judicial debate. For once a company is required to have a social as well as an economic purpose, then all contractual exchanges should by law be equitable as to substantive content as well as to formal consent. Subsidies to large corporations need reducing in any case, but where corporations of all sizes are in any way subsidised, then the degree of subsidy needs to be indexed to the degree of just economic practice. By the same token sheerly financial transfers need to be taxed much more severely, and the proceeds given to the encouraging of research, technological and manufacturing development.

Far from this all this being an infringement of freely-entered into contract, it is its very precondition. For where a contract is in any way unjust, or finally lacking in substantial purpose of human benefit, then this implies that some element of risk-taking, or of committed labor or of valid desire has been alienated and removed in a unilateral and coercive fashion by one party from the process of market exchange itself.

Fostering Virtuous Enterprise

The dominant business model of most advanced economies is based on two elements: (1) individual incentives that influence *ex ante* motivation – whether in the form of private sector performance-related pay and bonuses or in the form of public sector policies ‘nudging’ our behavior towards greater efficiency and happiness; (2) individual rewards, usually conferred without regard to social, ecological or ethical purpose. The problem of the underlying logic is fourfold: first, it sunders *ex ante* motivation from *ex post* outcomes, which leads to the perverse situation of rewarding failure (bonus payments and golden handshakes even in case of bankruptcy). Second, it privileges private self-interest and views social benefit merely in terms of indirect, unintended outcomes. Third, it designs incentives purely in extrinsic ways, and reduces the question of reward to a principal-agent relation whereby the principal rewards the agent and makes herself better off too (e.g. top management and large shareholders). Fourth, it separates monetary from non-monetary rewards, which divorces material value from symbolic worth.

In order to change all this, the idea that economic ends are not inherently ethical ones needs to be challenged. It is crucial (as will be argued below) that virtue be pursued for its own sake. Yet at the same time, virtuous behavior may yield pleasure or even profit while also making a contribution to the common good.²⁵ For this reason it is not inappropriate that it can also be publicly be encouraged by monetary recompense (e.g. tax breaks, preferential treatment in terms of government procurement or public service tenders, etc.).

6. Concluding Reflections

This is the new story that a political economy of virtue might be able to tell – a story whose narrative logic points to a new mode of action. The center of this action must be linkage of cultural renewal and civic pride with economic recovery. Instead of relying mainly on state redistribution, we need to forge an economy that operates justly and fairly in the first place: both through the internal ethos of firms and professional associations as well as through a new legal framework that demands that every business deliver social benefit as well as reasonable profit.

But this does not imply that the state has no role. We need a new notion of the ‘public’ that slides between the social and state-direction or answerability. It is here that at the center of the emerging post-liberal programme could stand the idea not of tactical government intervention but of the strategic shaping of new economic institutions: for example of private/public partnerships in infrastructural and public service broadcasting projects (now being disgracefully dismantled in the UK, as with Eurostar and Channel 4); national research-banks; technology trusts to promote and share new knowledge at the service of human needs; systems of apprenticeships; of entry conditions to work through the operation of professional bodies; of new technical colleges that offer a hybrid training which combines academic knowledge with vocational learning; more visionary business schools; regional banks; and partnerships between such banks, local business and new city-based parliaments; renewed guild halls that could help not just with the exchange of good practice but also with new forms of cooperation in terms of ethical certification and greater ties between ethical enterprises across local, regional and national borders.





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