



London Diocesan Council
Of
The Catholic Women's League of Canada

One Heart, One Voice, One Mission!

To: All Parish Presidents, Regional Chairperson, and Community Life Chairpersons

Cc: London Diocesan Council

From: Kathy Levesque, London Diocesan Chairperson, Community Life

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Directive # 8

Living with Limits...living well - Session 3

The economy has gone global; do we need global rules?

What is globalization? It is a process of interaction and integration among the people, companies, and governments of different nations, a process driven by international trade and investment and aided by information technology.

With today's technology, a multinational corporation or financial agency can, with a stroke of a key, send massive capital funds to any part of the world without any reference to governments, and with no accountability for the impact the resulting shift of funds has on a local economy. When the national governments signed the free trade agreements, they limit their ability to set priorities to protect the environment or serve the good of their own people. This has been seen in the auto trade business. Many years ago, we had a thriving business in auto. Now, many corporations see that it is cheaper to transport their manufacturing business to Mexico or other countries where the labour cost is at a minimal or cheap labor. The result of this is a loss of wages and jobs for those formerly employed at these manufacturing businesses. The competition is international, opportunities are global and companies must adapt to the growth of globalization. Corporation managers can plan globally, scanning the world for the cheapest sources of human labour and natural resources and the most receptive markets. This places severe limits on how national governments exercise their traditional responsibility for protecting and promoting our economic health, and other elements of public interest. Example: When national governments sign free trade agreements, they limit their ability to set priorities to protect the environment or serve the good for their own people. Corporate interests and investor rights are increasingly privileged over the policies of democratically-elected governments.

But, there is something wonderful about this also. The world really is one world; God created it that way. With world-wide instantly-available media and the internet, we really do live in a "global village." The whole human family – not just our own nation – must matter to all of us. We can help each other across vast distances, but also harm each other across those same distances with a speed that our consciences have a hard time keeping up.

Free Market Economy: In the 1970's there was a big push towards small government, fewer



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regulations, free markets, free trade and free flows of capital. Individual rights and property rights were protected while collective rights, especially those of labour and of the migrants were weakened. The governments would favor the owners of private capital over the common good and would pursue policies of fiscal restraint in the name of competitiveness even as they weakened or dismantled social programs. Within the last decade, countries such as Brazil, Russia, India, China and South Africa, have become economic power-houses whose global trade grew to nearly 16% in 2012. Many poor countries have bargained behind closed doors with state and corporate officials. Free trade economic thinking took a nose-dive during the global financial crises of 2008 – 2009. Without effective regulations, banks and investment houses abused their privilege of creating new money on the basis of debt. Loans and mortgages were given for people with little evidence that they could sustain the repayment. When the “market” collapsed, governments rushed to bail out these huge financial agencies, fearing the chaos would rock the whole economy if they suddenly locked their doors..

With the global economy, the gap between rich and poor has increased in many destructive ways. Political pressure makes government reluctant to put sufficient funds into the economy to make an effective difference in rates of unemployment and poverty. In Pope Benedict XVI's *Caritas in Veritate* (On Integral Human Development in Charity and Truth), published in 2010, calling for “a complete re-examination of development.” He points out that the financial crisis: “presents us with the choices that cannot be postponed...The technical forces in play, the global inter-relations, the damaging effects on the real economy of badly managed and largely speculative financial dealing, large scale migration of peoples, the unregulated exploitation of the Earth's resources; all of this leads us today to reflect on the measures that would be necessary to provide a solution to problems that are...of decisive impact on the present and future good of humanity.”

National governments are facing new limits and difficulties, some of the rules and regulations needed to prevent crises must be forged at the international level. Cardinal Peter Turkson of Ghana, President of the Pontifical Council for Justice and Peace said: “A good working balance between the need for some international regulation of a globalized economy and the need of nations, businesses and communities for the freedom to work out their own solutions is a complex task that will take a long time. We have received the urgent message that 20th century-style economic expansion has to step back, accept restraint and learn the many skills that will attune our economic life to the limits and the health of natural environment – of Creation itself. This is Ecological wisdom. “Market failures” is the single driving force at work, namely maximization of short term profits. This overrides all other values – equality, solidarity, protecting democracy, even the preservation of life itself. Pope Francis, in *The Joy of the Gospel*, expresses it this way: “In this system, which tends to devour everything which stands in the way of increased profits, whatever is fragile, like the environment, is defenseless before the interests of the deified market, which becomes the only rule.”

“When it comes to imagining the right global rules of our globalized economy, we surely need the wisdom revealed by the Covenant Economy.

Share your insights: We are more interlinked globally than any previous human generation. Why is it still important to nourish local, face-to-face, long-term community, even now when a “tweet” can go viral around the world in the instant of time?