

Working Notes

facts and analysis of
social and economic issues

Issue 61 September 2009

Jesuit Centre for Faith and Justice
26 Upper Sherrard Street, Dublin 1

Phone: 01 855 6814
Fax: 01 836 4377
Email: info@jcfj.ie
Web: www.jcfj.ie

Editor: Cathy Molloy

Production Team: Eoin Carroll
Berna Cunningham
Lena Jacobs

Printed by: Colorman Ireland
Design: www.artisan.ie

Cover photograph: Bought under licence
from *iStock Photo*.

© 2009 *Articles may not be reproduced
without permission*

The Jesuit Centre for Faith and Justice
is an agency of the Irish Jesuit Province.
The Centre undertakes social analysis
and theological reflection in relation to
issues of social justice, including
housing and homelessness, penal policy,
health policy, and asylum and migration.

A complete archive of *Working Notes* is
available on the website of the Jesuit
Centre for Faith and Justice: www.jcfj.ie

If you enjoy *Working Notes*, we invite
you to consider making a voluntary
subscription to the Jesuit Centre for
Faith and Justice. We suggest a sum of
€20.00 per year.

Perspectives on Europe

Contents

Editorial	2
Towards the Lisbon Treaty Referendum The View from Europe <i>Frank Turner SJ</i>	3
From Libertas to Caritas <i>Brendan MacPartlin SJ</i>	8
Taking Our Rightful Place Ireland, The Lisbon Treaty And Democracy <i>Edmond Grace SJ</i>	14
Ireland, Europe and Catholic Social Teaching: Shared Values? <i>Cathy Molloy</i>	18
Europe: What is Pope Benedict Thinking? <i>James Corkery SJ</i>	24

From LIBERTAS to CARITAS

Brendan MacPartlin SJ

Euro barometer surveys consistently show that Irish people have a positive attitude towards the European Union. Research on how people voted in the referendum on the Lisbon Treaty found that this positive attitude was the strongest single factor affecting people's voting decisions.¹ It also found that a low level of knowledge of what was in the treaty had a powerful effect on increasing the 'no' vote. People who perceived things to be in the treaty that are not there, tended to vote no. On the other hand, people who had a correct perception of what was in the treaty tended to vote yes. So it is a good move for the Department of Foreign Affairs to publish its excellent White Paper² even though devotees of *The Sun* and *News of the World* may not read it.³

We live in interesting times. No sooner had we cast our No vote from our high seat on the back of the Celtic Tiger than Fannie Mae and Lehman Brothers triggered a credit crisis and general depression. The position we find ourselves in now is an invitation to think again about the basic questions like market regulation, the role of the state and the path to socio-economic development. In this article I want to think again about these very basic ideas in the context of the Lisbon Treaty and where we go from our present impasse.

Market Individualism

Libertas rode into town for the debate on the ratification of the Lisbon Treaty. Declan Ganley did a very competent job on persuading us against the treaty, and then rode off into the sunset. Where had he come from, what did he represent and where did he go? I believe that he came from the free market, was an icon of the entrepreneur, and is now investing his talents in the next project leaving the rest of us standing around in shock and awe.

Freedom, *libertas*, is rightly acknowledged by many systems of thought as a foremost priority. Despotism preferred to rule by command and control but eventually enlightened philosophers and glorious revolutions identified and asserted freedom as the first value of political and economic systems. In a republic the role of

the state was to secure an area of freedom and order for its citizens, and leave them get on with the pursuit of their interests. Freedom from want required the right to ownership and exchange. Liberal thought held that the best way to develop a people is to let them act freely as consenting adults in the market place. Each one must work, bring the product of his labour to the market, and exchange it for an agreed price. If each individual looked after his own interests and acted fairly the common wealth would grow. Acting fairly meant no fraud, no deceit, observe freely agreed contracts and make restitution in case of default.

Market individualism was such a success that it was the engine of the Victorian boom, and, in their time, the Progressive Democrats were able to claim that they were the true promoters of justice. The claim is arguable if they had left it at 'fairness' (commutative justice) but Mary Harney's 'social justice' went beyond the perspective of market liberalism. Unfortunately the stock market crash of 1929 and the depression of the 1930s revealed the dysfunctional aspect of the *'laissez faire'* approach to economic and social development. Perhaps the theory of the free market was too abstract, the concept of the individual too ideal and the notion of freedom too attenuated to approximate to the real world, so that this form of development proceeded through boom and bust.

This approach was abandoned in favour of market interventionism, for the following forty years, and when this approach hit the buffers in the 1970s people turned again to classical economics in a neo-liberal movement. The findings of Milton Friedman's Chicago School of economics were applied in practice by Margaret Thatcher and Ronald Regan in the 1980s. The 1990s saw the extension of deregulation and market freedom to the financial sector at global level. George W. Bush and the Neo Cons of the 21st Century thought to enforce democracy and market freedom as the way to world development. Declan Ganley's *Libertas* appears to have come from this stable. One curious similarity with Bush's politics was his alliance with anti-abortion groups. But his main success was the campaign against the Lisbon

Treaty. This was soon followed by the banking crisis and credit crunch of Autumn 2008, and then the failure of *Libertas* as a European party in the European Parliament elections of 2009. Why did the neo-liberal project, begun in the 1970s, finally stall in 2008? One consideration is that a central neo-liberal policy was to push down wage costs and to increase the incomes of elites. Households need roofs over their heads. The elites earned more income by selling mortgages to poor households who eventually could not make repayment. The deregulated market, which was supposed always to find equilibrium, tripped up over its own freedom.

Free market theory clings to the idea that there are only individual economic exchanges, and no such thing as society. It fails to recognise that myriads of individual exchanges evolve into patterns, trends and systems. Even though each transaction is fair the system that evolves has other outcomes such as inequality. The fairness of the system is evaluated by different criteria such as system justices. The individual, the *homo economicus*, is now in relation with other market actors who may act for social reasons beyond market calculation.

The European Social Model

The European Social Model, derived from the interventionist approach to the market, began in the depression of the 1930s.⁴ This model values equality (or at least, reduced inequality) as a system outcome and takes more account of the social needs of people. The actors in the system are social and economic citizens rather than abstract individuals. It views the market as a means to social and economic development rather than an end in itself.

A new political consensus emerged after the Second World War between the forces of the left (trade unions, social democrats and communists) and right (Christian Democrats and Gaullists) that had opposed fascism. They rejected both authoritarian dictatorships and *laissez-faire* capitalism. The state would intervene in the market to increase productivity and employment. It would consult with business and labour to maintain a stable evolution of prices, wages and money supply. It would raise taxes to provide social protection that would meet the rights to education, health and social security services of its citizens. It legislated for social protection in the labour market with rights to information,

consultation, co-decision making and representation in the workplace. Employment rights protected people from exploitation at work and institutions of social partnership involved labour, producers and state in social and economic policy making.

The European Social Model ... values equality as a system outcome and takes more account of the social needs of people.

European countries developed their social models nationally at the same time that the 'common market' was installed at European level. It was not until 1974 that social measures were actioned in the Common Market by means of three directives that outlawed gender discrimination in pay, employment and social insurance. During the 1980s the concept of the 'European social model' began to develop when, at the same time, the Anglo-American neo-liberal counter revolution was beginning. The drive to create the 'single European market' led Jacques Delors, in the early 90s, to draw up a charter of social rights to protect people who would be exposed to European-wide competition. This was supported by social action that produced directives on many aspects of economic citizenship and employment rights. The United Kingdom and Ireland, with some exceptions, true to their neo-liberal tendencies transposed the directives into minimalist national legislation.

Without the European Union it is likely that Ireland would not have enacted protective legislation in the labour market. Where the European Union has directed the enactment of equal employment rights for all workers Ireland has managed to install a loophole which enables the differential treatment of temporary agency workers and other workers, thus opening the way for lower pay for equal work and all that follows from this.

Nevertheless there are some concerns about how the common market can be both competitive and fair at the same time. One concern centres on 'social dumping' whereby business is attracted to the countries with less regulation and taxation and thus contributes to 'a race to the bottom' unless

the Union can agree a system of rules. The issue of Ireland's low corporate tax rate can be viewed in this context. Taxation, we are assured, is a competence that only the State has, unless it agrees with other States, to confer it on the Union.



Temporary agency workers protesting. © D. Speirs

The achievement of an integrated market would relativise the issue of social dumping. There are two aspects of the route to integration. On the one hand negative integration involves the removal of barriers, mostly national, to freedom of trade. On the other hand positive integration creates supports and rules at a European level rather than at country level. To date there has been more focus on the removal of barriers to trade. This is partly due to effort put into the establishment of the single European currency, largely by the work of the Finance Ministers. They and the Court of Justice of the European Communities (ECJ) have been concerned with the removal of barriers to business and free trade. The Commission has also been more focused on Competition Policy. On the other hand the Parliament which is more likely to be concerned with protection remains in the background.

In the end of 2007 and the first half of 2008 the ECJ ruled on the relationship between the economic freedoms conferred by the Treaty (freedom of establishment and freedom to provide services) on the one hand, and social protection (minimum wage) and trade union rights (collective action and collective agreements) on the other. The decisions in four cases (Laval, Viking, Rueffert and Luxembourg) favoured liberalisation and upset trade unions. Against these concerns the European Council agreed a solemn declaration that highlights, among other things, the Union's aim of achieving full employment and social progress, its recognition of the rights, freedoms and principles of the Charter of Fundamental Rights, its commitment to combating

social exclusion and discrimination. This is where the issue now stands, a yet unfinished project.

How does it measure up to Paul VI's vision of development, proposed in his 1967 letter on the progress of peoples?⁵ Its initial goal is freedom from ignorance and want. At the economic level it meant participation in the international process; at the political level it implied citizenship in peaceful democracies; and finally a solidaristic social system of educated people. The developing European social model does justice to this vision. Paul, however, wanted the development of all peoples and of every person across the world to which Benedict now gives the name 'integral human development'.

Integral Human Development

Freedom was the almost exclusive priority of classical liberalism. The European social model embraced equality as well as freedom. The European Union describes itself, first of all, as a community of values that is, a body of people united by a shared concept of what is good and desirable.⁶ The goods they desire are named human dignity, freedom, equality, and solidarity. Solidarity, or as the French Republic terms it, fraternity, is a value that has been enacted by the European social model in parts but that has yet to find its decisive embodiment. The Treaty acknowledges that key values are derived from the cultural, religious and humanist inheritance of Europe.

Benedict represents a part of this inheritance and he treats of fraternity in his latest letter on doing the truth in love.⁷ His concern is with the unification of all people through globalisation, but, in view of the fact that the European Union is the foremost body in developing transnational rules for the cooperation of sovereign states, it might be useful to explore some of his ideas in that context.

To understand the path of integral human development Benedict recommends that we break from Enlightenment individualism and explore the category of relation. It is in relation with others, and not in isolation, that we establish our worth and mature our personal identity. Human community does not absorb the individual nor annihilate autonomy, and in the same way the unity of the human family does not submerge the identities of individual peoples and cultures. On the contrary it makes them more transparent to

each other in their legitimate diversity. Integral human development is the inclusion in relation of all individuals and peoples in solidarity.

Citizenship

In the Preamble to the Social Charter the European Union places the individual at the heart of its activities by establishing the citizenship of the Union and by creating an area of freedom, security and justice. The individual is the subject of its activities, and the object for whose sake the Union exists. The area of freedom etc is a system, like a political order, that is set up by individuals to enable them to act as citizens. Similarly the internal market facilitates them to act as economic citizens. At yet another level they are a community that enables them to act for a set of shared values. These individuals are included in relationship by being elements of an order, a system, a community, at the political, economic and social levels. The individuals are the subjects of their own set-ups and the beneficiaries for whose sake the set-ups are established. The set-up is bad if it does not benefit the individual or good if it helps her achieve her fulfilment. The use of the term 'person' is noticeable in the Treaty, a term that is used to distinguish the individual in relationship from the '*homo economicus*' of liberal economics.

Each person must do his part in contributing to the system (contributory justice). Each person is entitled to what s/he needs for her own fulfilment from the system (distributive justice). The system itself is a reservoir of the common good generated by its being a system, which adds value over and above the inputs of individuals. What the system has over and above the sum of individual transactions is the common good. What prevents the system from determining and oppressing the person is that its purpose is to serve the fulfilment of the person.

When economics focuses on the calculated exchange in the market place it abstracts from the fact that other non-calculable exchanges take place. People have fun when doing business, they enjoy the human interaction. They retire to the pub where the norm is liberality and there is no calculation of the gift that comes in rounds. Benedict, however, rather than focus on the pub, is keen to have us find authentic human relationship, and the qualities of reciprocity and solidarity, within economic activity, not only

outside it or "after" it. Solidarity between people, participation and gratuity are a form of giving that contrast with giving in order to acquire (the logic of exchange) and giving through duty (the logic of public obligation, imposed by State law).

By definition there is no entitlement to gift; gift is freely given. The logic of the gift is an economy of gratuity and fraternity. He is saying that there is space for liberality and gratuity alongside market relations, but also that works of gratuity should also emerge. In fact he seems to suggest that civil society, that space of non-profit and non-government organisation is the place where gratuity can be found. There is no doubt that there is a rapidly growing space of people dedicated to justice, to protecting the environment, to accompanying indigenous people and in general, of people seeking change and another way.⁸ A striking innovation in socio-economic policy making in Irish Social Partnership was the incorporation of the social and voluntary sector as partner alongside the state, business and trade unions.

Globalisation ... should not be a deterministic process of which we are the victims. Instead we should be proactive knowing how to steer it towards the humanising goal of solidarity

Bodies of thought on the different levels of human activity, the economy, polity, social, ethical and theological need to interact if we are to find the path to integral human development. This is all the more urgent because of the explosion of worldwide interdependence, commonly known as globalisation. It represents a great opportunity but also has potential for damage, division and harm. It should be understood as a socio-economic process but it also has other dimensions. Through it humanity is becoming increasingly interconnected. The proper outcome should be the unity of the human family and not the marginalisation and exclusion that we see in the world today. It should not be a deterministic process of which we are the victims. Instead we should be proactive knowing how to steer it towards the humanising goal of solidarity. We must steer the globalisation of humanity in

relational terms, in terms of communion and the sharing of goods if the increasing sense of being close to one another in today's world is to be transformed into true communion. It requires political governance, global economic and financial institutions to give teeth to ensure the common good, distributional justice and fair exchange. It requires the construction of a social order with interconnection between the moral and social spheres, and links with the political, economic and civil spheres.

Conclusion

The Victorian theories of individualism, market freedom and technology have been powerful motivators of progress. But advancement has been marked by catastrophic setbacks and failure as well as the current economic depression. Reflection on that experience leads to the conclusion that the Victorian vision of progress is limited and attenuated. The experience of the European social model and its extension in the European Union is of a more complex path to development with a richer conceptualisation of social and economic values that include an orientation to the well being of its peoples.

Moreover it has potential to offer direction to the broader process of globalisation. It is not without its aberrations and contradictions but it includes processes of dialogue, negotiation and decision making through which dilemmas can be intelligently resolved. It is a compelling vision and practice that offers hope to our deep desires for a better world. Issues that the Irish electorate have had with the Lisbon Treaty have been addressed reasonably to the extent that this stage of development allows. It would be a step into a defensive and hopeless *cul de sac*, rather than a prophetic stand against the rise of a great evil, if we were to resist the integration of the treaties on the Union and on the Community that will give a legal *persona* to the European Union. Endorsement of the Lisbon Treaty is in line with our calling to integral human development.

Notes

1. Richard Sinnott, Johan A. Elkind, Kevin O'Rourke and James McBride, *Attitudes and Behaviour in the Referendum on the Treaty of Lisbon*, Dublin: University College Dublin, Geary Institute, March 2009 (Report prepared for the Department of Foreign Affairs).
2. White Paper, *The Lisbon Treaty 2009: An explanation of changes to the functioning of the European Union made*

by the Lisbon Treaty, Irish Government, Department of Foreign Affairs.

3. Sarah Carey, 'Don't let Rupert Murdoch decide Ireland's future', *Irish Times*, 19th November, 2008.
4. James Wickham, *The End of the European Social Model before it began?*, www.tcd.ie/immigration, Accessed July 2009.
5. Pope Paul VI, *Populorum Progressio* (On the Development of Peoples), Vatican City, 1967.
6. Consolidated Version of the Treaty on the European Union. Article 2. www.lisbontreaty.ie 21st July 2009.
7. Pope Benedict XVI, *Caritas in Veritate: Charity in Truth*, Encyclical Letter issued 29 June 2009.
8. See Paul Hawken, *Blessed Unrest*, New York: Viking, 2007.

Brendan Mac Partlin is Social Coordinator of Jesuits in Europe. He lives in Portadown.

Taking Our Rightful Place Ireland, the Lisbon Treaty and Democracy

Edmond Grace SJ

A Basis of Right

The Irish electorate has voted in favour of many European treaties since the original treaty of accession in 1971. Until the Nice Treaty any deal struck by Irish negotiators with their European partners included generous financial incentives. These incentives are indisputable and easily grasped. They have been our point of entry into Europe up till now and no other vision has been offered by our political leaders, who now have left it too late to redeem their failure of leadership. They have appealed too often and too eagerly to narrow self-interest and, as a result, they have lost the ability to inspire any generous sentiment.

The time has come for straight-forward if unfamiliar questions. What is this entity, the European Union? How have we Irish benefited from membership? What are we willing to contribute? And why?

The Experience of Total Warfare

There can be no understanding of the movement for European union without reference to the experience of France and Germany after the second world war. They shared an experience which ran deeper than victory or defeat. In neither Britain nor America, and certainly not in Ireland, did the entire population have to face that horrific feature of the modern industrial age – total warfare. This experience goes beyond grief at the death of loved ones or bewilderment at the slaughter of millions. The true horror of total warfare brings people face to face with the unpredictable and universal human capacity for wanton destruction and with the indiscriminating sense of shame which it leaves in its wake.

Only against this background can the opening words of the Schuman Declaration, the founding document of the European Union, be fully appreciated: ‘World peace cannot be secured without creative efforts equal to the dangers which threaten it’. In signing this document on 9 May, 1950, France and Germany, later joined by Italy and the Benelux countries, set out to make warfare both ‘unimaginable’ and ‘materially

impossible’. Their express goal was ‘a wider and deeper community between countries long opposed to one another by bloody conflict’ and they saw this European enterprise as a model for the world. This is the founding vision of the European Union.

The Story Moves On

We Irish have become part of that story and part of the achievement. While our point of entry was economic interest rather than political reconciliation, the interaction of Irish and British politicians and public servants which EU membership brought about certainly contributed to a building up of trust between both governments which made the Irish peace process possible. The man who is, more than anyone else, responsible for initiating that process, John Hume, consciously modelled his approach on the European experience.

Few would seriously deny that our interests have been served by our participation in Europe, but we have yet to grasp that there is more at stake, even for us, than ‘our national interest’. The founding of the European Union only became a possibility when those involved came to see that national self-interest, however ‘enlightened’, failed to do justice to the challenge they all faced. They had reached that point of human solidarity which only a shared sense of vulnerability can bring.

We in Ireland will have to find our own answers to questions which first arose for others in the midst of warfare and carnage. The challenge of solidarity cannot be met by clichéd moralising. Before we claim to be looking beyond our own self-interest there is no way around that honestly self-centred question: What is our interest? What has Europe done for Ireland? What are the benefits? And how might they best continue?

Confidence, respect and...

The most obvious, if transitory, benefit is money. We Irish became wealthy. Financial transfers from other Member States certainly played a part in this