

## Article

# Economic Inequality: An Ethical Response

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**Abstract:** This essay will inquire into the nature of economic inequality from the perspectives of Catholic social teaching and that of a theologian living and working in a developing country. My initial comments will discuss inequality within the context of economic globalization and the neo-liberal paradigm that dominates it. After commenting on the way that development is seen within that paradigm, I will show the impact upon the poor that has occurred as a result of neo-liberal economic policies in nations such as India. Following this exposition of what development according to the neo-liberal model looks like, I will offer another perspective on development drawn from the insights of Catholic social teaching. From that perspective, the importance of solidarity and its influence in shaping a more just and humane approach to development will be considered. The essay will conclude with a number of policy proposals that move away from the present and inadequate view of development to one inspired by a concern for solidarity with the least well off in our world.

**Keywords:** inequality; neo-liberal economics; globalization; development; Thomas Pogge; poverty; Catholic social teaching; solidarity; agriculture

## 1. Introduction

In general, inequality is natural. Human beings are different and unequal in intellectual capacity, physical strength, physical features, artistic capabilities, talents, social skills and so on. So, is it not natural that more hardworking and more efficient people become richer than others?

But, is the problem so simple? Is the economic inequality that exists in the world so natural and hence to be accepted as it is? Or, at least sometimes, should we hold that the economic inequality is human-made, and hence can be and has to be challenged and changed? And, does this inequality become an evil? If it does, when?

I am trying to explore answers to these questions, not as an economist, but in light of Catholic Social Teaching. Moreover, I shall approach the issue of economic inequality from the perspective of developing countries. Some of the examples given will be from India. But, similar cases can be found in various countries and regions. Most of my reflections will be in the context of globalization and the neo-liberal economic model that it promotes. I am not the proponent or opponent of any particular economic theory or economic model. However, I shall describe some of the developments in countries like India, so as to understand whether the present economic model is resulting in the marginalization and exclusion of people, individuals, sections and groups of society.

## 2. Development, Inequality and Poverty

There is no doubt that we need economic development. As Pope Paul VI has told, “Development is the new name for peace.”<sup>1</sup> This development, if it has to ensure peace, should be accessible to all.

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<sup>1</sup> This particular phrase is in fact the subheading given to paragraph numbers 76–77.

If only a few people are able to enjoy the fruits of development, leaving others in poverty, it will result in the dissatisfaction and unhappiness of those who are denied the benefits of development, and it will adversely affect peace within the nation and among nations. Already in his 1967 encyclical Pope Paul VI warned how inequality can threaten peace: “Extreme disparity between nations in economic, social and educational levels provokes jealousy and discord, often putting peace in jeopardy” (Paul 1967, para. 76–77). This is all the more true today, as the inequality is on the rise, not only among nations but also between the rich and the poor within the same nation.

Today, globalization and neo-liberalism are presented as the only models for development. Hence, to understand the problem of inequality, it is necessary to critically evaluate the achievements of globalization in reducing inequality and thus bringing about real development for all. Any form of resistance to this model is presented as anti-developmental. In general, in India, neo-liberalism is welcomed by the elite and the corporate sector, especially by those who are employed in IT, management and allied sectors, whereas many of those employed in agriculture, the poor and those working for social welfare are its opponents. It is difficult to define globalization. Globalization is often defined as the removal of barriers to free trade and the closer integration of national economies. In his book *Globalization and Its Discontents*, ex World Bank economist Joseph Stiglitz defines it as the removal of barriers to free trade and the closer integration of national economies. Stiglitz believes that globalisation can be a good thing but his career in one of the global institutions has also shown him first-hand the devastating effects these institutions’ policies can have on poor people in developing countries (Stiglitz 2002, p. ix). Many do not consider globalization as a mere economic phenomenon though it may be the most visible dimension. Globalization is also a social, cultural and political phenomenon. N.R. Narayana Murthy, the co-founder and executive chairman of Infosys, in a lecture given at the Nani A. Palkhivala Trust in Mumbai, defines globalization at two levels:

“At the macro level, it is about frictionless flow of capital, services, goods and labour across the globe. It is also about global sharing of ideas, knowledge and culture. It is about creating a shared concern and plan for global issues like poverty, AIDS and environment...At the microeconomic or firm level, it is about sourcing capital from where it is cheapest, sourcing talent from where it is best available, producing where it is most efficient and selling where the markets are, without being constrained by national boundaries” (Murthy 2007, p. 14).

Narayana Murthy defends globalization and in the same lecture he argues out why globalization is a necessity for development in India (Murthy 2007, pp. 14–20). But, as already pointed out, many others in India may not agree with his views. Considering globalization as the cause of all the problems in this world seems to be overly pessimistic. But, presenting globalization as a panacea for all the problems is too optimistic. However, it is pertinent to consider whether globalization, which claims to bring about real development, has managed to reduce inequality, and thus to make development more accessible to the less privileged and the marginalized.

In his paper, “Transcending the Washington View of Development,” (Pogge 2013, pp. 73–101). Thomas Pogge shows how the official poverty statistics issued by the World Bank regarding the schedule towards achieving the first Millennium Development Goal (MDG1) which claims that poverty has been reduced, does not reflect the reality. According to him, on the contrary, poverty and undernourishment has only increased. He also says that in the last twenty-one years since the end of the Cold War, roughly 380 million people died from poverty-related causes. “Despite all of the proclaimed ideals, our seemingly lofty declarations, poverty and its concomitant human rights deprivations persist on a massive scale. They persist even while global average income is increasing and the world on the whole is doing quite well.” Pogge holds that the enormous extent of the disparities that have built up during the globalization period in the distribution of global household income is responsible for this. In 2005, the top 5% of the world’s population received 46.36% of the global household income, the next 20% almost the same proportion (that is, the top quarter had 90.34% of the global household income), whereas the other three quarters together had only 9.66%; the poorest

quarter had only 0.78%. Pogge argues that only the richest 5% has gained in the globalization period (Pogge 2013, pp. 84–86).

### 3. Poverty, Rich-Poor Divide and the Rhetoric over Development

After independence (1947), India had adopted a semi-socialist economic policy. In 1991, a new economic policy of liberalization was adopted, giving more freedom for economic activity and imparting global linkage, leading to privatization and globalization. The positive effects of this new policy are seen in the increase in GDP growth rate, foreign direct investment, foreign exchange and outsourcing. Despite the after effects of the recession, growth rate in India was above 7% in 2015. Today, India is often presented as one of the growing economic powers. It is a member of the G 20, a member of BRICS (acronym for an association of five major emerging national economies, namely, Brazil, Russia, India, China and South Africa). Besides, it is predicted that by 2030 India may become the second largest economy in the world and by 2050 the largest. Among the 100 richest of the world, there are already many Indians.

While being proud of such achievements, we cannot ignore the growing rate of unemployment, widening disparities, neglect of agriculture and widespread poverty (Tyagi n.d.). The percentage of people living below poverty line may give an idea of the continuing poverty and growing disparity. Like many developed and developing countries that try to hide or ignore poverty within their own countries, it seems that India also has started to deny poverty within India, perhaps considering it as a shame, or to show that the economic policy being adopted is a success. We cannot ignore the burning truth that 33% of the world's poor live in India. According to the Reserve Bank of India statistics, the percentage of those below the poverty line was 35.97 in 1993–1994, 26.10 in 1999–2000 (Reserve Bank of India 2011).<sup>2</sup> However, according to a 2005 World Bank estimate, 41.6% of the total Indian population falls below the international poverty line of US\$ 1.25 a day (Chen and Ravallion 2010, 1588). Recently, the criterion to define the poverty line resulted in a heated debate. The Indian Planning Commission's affidavit to the Supreme Court of India states that adjusting for inflation, the poverty line for an urban person is Rs 32.5 per day per person and for a rural person it is Rs 29.3 per day per person [1 US\$ = 65 Indian Rupees]. This raised an outcry from many, since the said amount is not sufficient even for a single meal for even one person. Anyone who knows the price of pulses, cereals and vegetables would find this amount to determine the poverty line absurd. Even based on these poverty lines, the Planning Commission estimates that there are 407.4 million people below the poverty line in 2010–2011 (Parikh 2011). This is another indication of the attempts by governments and their agencies to show that poverty is reduced, even denying the basic facts. That is, instead of reducing poverty, they try to bring down the poverty line, and thus to claim that their policies have been successful! Whatever be the criterion for calculation, it is also evident that besides those living under the poverty line, many people live just above the poverty line. Moreover, we need to take into account the opinions that more than 70% of the people in India are poor (Singh 2015).

Poverty existed in India even before the introduction of neo-liberalism and globalization. But, what is pertinent is that the growth in GDP in the recent decades, an argument in favour of neo-liberal economy and development, is not reflected in the life of a good number of people. This points to the widening gap between the poor and the rich. On average, the poorest 10 per cent of Indians live on just Rs. 16 per day to survive whereas the richest 10 per cent spend Rs. 255 per day (NDTV 2012). Similarly, the claim that the present developmental policies create more jobs is not accepted by many. It is pointed out that in recent years the number of unemployed persons has increased (Kumar 2013).

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<sup>2</sup> We may be confused by the statistics provided by different agencies. I have to acknowledge that the statistical data provided by different agencies do not agree with each other, and the criterion for deciding the poverty line is varied and confusing.

Can we agree at least on this? The economic status of the poor has not improved with neo-liberalism; even otherwise their life was not better. Today, as the result of the new economic policies, a number of rich people have become richer, many middle class people have become richer. So, what is wrong? Unfortunately, that is not the situation. Not only those living in extreme poverty, but others as well, are affected by the neo-liberal economic system. Imbalances and inequality in development make the poor poorer. The cost of living has sharply shot up as many people have found jobs in new sectors and their income has considerably increased. Take for example, the city of Bangalore, which is known as the IT hub of India. In the last 20 years, the population of Bangalore has grown three or four times—from 3 million to more than 12 million.<sup>3</sup> With the boom of the IT sector, hundreds of thousands of people have found jobs in software companies and BPO which offer them good salaries. A couple of million people are employed in public sectors, service sectors like education, etc.; the real estate business also thrives in the city. But, a good number of people are employed in low-income sectors, or many do not have a secure job or any job at all. There are hundreds of thousands of people who earn more than Rupees 50,000 or even 200,000 per month [*There are surely people who earn more than 1 million rupees per month*]. But, in the same city, there are hundreds of thousands of people who earn just 5000 or even below 2000 Rupees per month. Often that is the income for the whole family. Their income has not increased proportionately with the development. But, with the economic boom in the city, food, housing, education, healthcare and anything and everything have become very costly. For example, one single room apartment, with 12 × 12 room or 144 sq ft costs at least Rs. 5000 to 7000 or more per month; five to six people may share it; or it may be the house for an entire family. Besides, they will have to pay for water, electricity and other maintenance expenses of that apartment. In short, the so-called development has not improved the life of the poor; rather, their life is rendered more miserable. Even the lower middle class suffer. Today, even if a family of three persons earn Rs. 20,000 a month, it has become almost impossible for them to have a decent life in the city. It is not primarily because of inflation, but due to inequality.

In the beginning, many people in countries like India were apprehensive (and are still) that neo-liberalism is a form of economic colonialism, aimed at plundering the wealth of developing and poor nations in the guise of development. People in developed countries were rather enthusiastic about it, especially as it opened up new markets and job opportunities for them. But, years after its introduction, a good number of people in the developed countries do not seem to be so enthusiastic about it, especially since the economic recession. Millions of people in the developed countries have lost their jobs as many firms shifted their production units and offices to other countries where labour is cheap. To be added to this are millions of jobs outsourced to other countries. Does it mean that people in those countries benefit? But, we need to keep in mind that the primary intention of these companies is not the benefit of those nations, instead their own profit. Often, the multinational groups enter into deals with the local governments, to get their own terms accepted and to evade tax payments. Thus, though many people in the developing or poor countries benefit, the profit that the multinational firms make have increased enormously and this growth is without any solidarity with anyone anywhere, since they are not accountable to anyone either in their home countries or in the countries where they have opened their units. As a result, the development is largely the development of big firms, or the development of a few. There are those who obtain new jobs and better payment, but society as a whole is kept away from the benefits of development. This lack of the sense of solidarity reinforces inequalities, injustice, exploitation and subsequently poverty and suffering.

One of the major premises of the Washington Consensus is that ‘freeing up’ of markets promotes economic growth by attracting international investors. Foreign businesses are supposed to bring with them technical expertise and access to foreign markets and financial sources, thus creating new

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<sup>3</sup> Though the official statistics may give it as 9 million, it is pointed out that including the suburbs which are practically part of the city, the population is more than 12 million. Some also say that considering the population Bangalore is already the third largest city in India.

employment opportunities. However, there is a flipside of this, namely, large global corporations often destroy local competition and home-grown industries. For example, Coca-Cola and Pepsi have wiped out many local soft drink manufacturers all over the world. If competition is the only norm, the small-scale industries and firms do not succeed, rather they are annihilated. This only adds to the number of poor, though the accumulation of wealth by the big firms will appear in the increase of the GDP.

#### 4. Agricultural Sectors

Agricultural sectors in India have suffered a lot due to new economic policies. The agricultural land of small farmers has been taken to create Special Economic Zones (SEZ), without giving them sufficient compensation and without rehabilitating them. In many places, farmers have protested, but in most cases they have failed before the unholy alliance of politicians, bureaucrats and multinationals. Only in some places like Nandigram<sup>4</sup> in West Bengal and Plachimada<sup>5</sup> in Kerala the farmers could succeed in the agitation against the big companies. Since special subsidies for agriculture are reduced or removed, often to fulfil the conditions set by international organisations like World Trade Organization and International Monetary Fund, many are unable to continue farming. Take for example, the thousands of farmers who committed suicide in the last few years. It is said that in the state of Gujarat alone, the state which is often presented as the model of development, more than 16,000 farmers committed suicide in the last 10 years (Sarabhai 2011, p. 98). It may be paradoxical that the present prime minister of India, Narendra Modi, was the chief minister of Gujarat for over a decade, and he won the national election presenting the developments in Gujarat during his rule as the proof of his efficiency and as the model of development he would be able to achieve for the whole of India. Many recent studies show that the so-called development in Gujarat during Modi's rule was at the cost of granting special rights to the big companies, even denying basic facilities to farmers and the poor. In 2016, according to the data available until the month of May, 454 farmer suicides took place in Marathwada, one of the five regions of the state of Maharashtra (Kakodkari 2016). In Maharashtra too from 2014, the Bharatiya Janata Party is in power, and the Add to this the thousands of farmers who committed suicide in other states in India! The rate of suicide of farmers is on the rise, especially in the recent years and months. The picture is very grim when we also understand that in spite of the development in Industrial and IT sectors, the majority of Indians—70%—still depend of agriculture for their livelihood. I do not think that the situation will

<sup>4</sup> At Nandigram in West Bengal, the Communist Party of India Marxist (CPIM) led government decided to expropriate 10,000 acres (40 km<sup>2</sup>) of land from the farmers for a Special Economic Zone (SEZ) to be developed by the Indonesian based Salim Group for industrialization. This was opposed by the farmers and this led to widespread violence and killing and rape of many by the police and allegedly by the CPIM party workers in March 2007. Finally the government was forced to abandon the project. It may be paradoxical that the CPIM, who claims to be protectors of farmers, acted against the farmers and let loose violence on them. Eventually, the CPIM which ruled West Bengal for about three decades, lost the assembly election in 2011.

<sup>5</sup> The Coke bottling plant set up in March 2000 began drawing over five hundred thousand litres of water from the wells on its premises each day. This resulted in the drastic depletion of water levels resulting in crop failure in the locality and thus inviting protests of the locals and environmental activists alike. Besides the depletion of water, the waste material from the factory caused serious problems for the health of the people. It took some more time for all the concerned including the *gram panchayat* (= elected body of local administration) to comprehend the gravity of the situation and to take actions. The plant was producing one litre of Cola from four litres of water leaving behind 2.7 litres of wastewater and solid wastes. The groundwater of the village got heavily polluted as solid wastes containing hazardous chromium, cadmium, lead, etc., caused severe health problems to the villagers. Moreover, the company distributed the solid wastes to the farmers as fertilizers, thus harming the farmland too. The campaign was quite spontaneous attracting world-wide attention and resulting in the temporary shutdown of the plant in March 2004. However, the legal battle and the struggle continued demanding compensation for the victims. In the beginning no political parties were involved in the struggle, though when the movement took momentum, many political parties got involved. However, it remained as a struggle led by the local people. The struggle was led by local people like Mayilamma, an illiterate adivasi woman, and C.K. Janu, another adivasi woman. They became both symbols of resistance against the corporate giant. On 30 April 2010, a high-power committee set up by the Government of Kerala indicted the Hindustan Coca Cola Beverages Private Limited for causing incalculable harm to the ecology and the people of Plachimada, assessing the overall cost of the damage at 2.16 billion rupees.

change drastically even if another party comes to power, unless the economic policy itself changes. Suicide is not a solution, but what drives the farmers to this extreme step? One of the justifications often given for inequality is that it is natural that hardworking people become richer. That may be true. But, what about these farmers who work hard from early morning until late in the evening and still do not manage to get back even what they spend? Is it the lack of hard work or the unjust economic system and market forces behind inequality? Thus, the economic policies and the market-driven economy lead to further exclusion and marginalization of farmers.

For many indigenous peoples, their culture is closely connected to their land. It has become a trend in many parts of the world, including India, to take away, often forcefully, the land belonging to indigenous people and the farmers. They do not have the power and tactics to resist the collaborated work of business groups and governments. In India, thousands of hectares of land in the mountains and forests, that was actually the home of Tribals and other indigenous people was snatched away from them for mining and for establishing huge industries, often using even the military and the police forces. Taking away their land means not only that they are robbed of their livelihood, but they are totally uprooted from their habitat and culture. Once they lose their land, they feel that they belong nowhere. In most cases, they were not given adequate compensation or land in other places to settle down, leaving them homeless and landless. It is said that the main reason behind the rise of violent revolutionary groups such as Naxals in many parts of India is this injustice done to the indigenous people. We cannot justify violence; but we cannot justify such injustice done to the poor and the weaker sections of the society, often authorised by the governments and officials to unlawfully help the powerful big business groups. Such an economic model and development that consider profit as the ultimate goal lead to the marginalization and alienation of the indigenous people. In turn, the human community loses the richness of their cultural heritage. Moreover, those people are alienated from society, and in many cases they may become part of violent and revolutionary movements, threatening peace and harmony in the society.

## 5. Neo-Liberalism, Corruption and Inequality

Corruption is not the invention of globalization. But, neo-liberal economy has given new faces to corruption. A study published in November 2010 by Global Financial Integrity (GFI), an international advocacy group, says that corruption in India has increased considerably after liberalization. According to its report, between 2002 and 2006, the loss to the government due to corruption was 16 billion dollars per year (Pinto 2011, p. 85). Why does this happen? An economic model, in which profit is the only value, becomes an economy without ethics. Profit, even at the denial of justice, becomes the only ethics. Such an economic system is disastrous, and will not lead to real development. As Arundhati Roy points out: "Twenty years ago, when the era of 'liberalisation, privatisation and globalisation' descended on us, we were told that public sector units and public infrastructure needed to be privatised because they were corrupt and inefficient...Now that nearly everything has been privatised...we find that corruption has grown exponentially..." (Roy 2011). For example, from 2006 to 2011, the Government of India wrote off corporate income tax worth 3749 billion Rupees (Desrochers 2011, pp. 155–56)<sup>6</sup>. At the same time, farmers or other poor people who fail to repay even one instalment of the loan taken, have to face legal procedures! When privileges are granted to the rich at the cost of the life of the poor, it becomes a clear case of injustice. This also means widening the gap between the rich and the poor, because the public funds available will be so much less.

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<sup>6</sup> The Hindu, 10 July 2011, 5.



## 6. Development and Inequality: An Ethical Evaluation in Light of Catholic Social Teaching (CST)<sup>7</sup>

### 6.1. Basic Principles of CST

There are a few key themes in CST, which can be said to be its foundation. In order to understand CST's approach to social and economic issues, it is necessary to understand these basic premises.<sup>8</sup> The limited scope of this paper does not permit an elaborate discussion on all these principles. We shall highlight only a few of these foundational principles which are relevant for our discussion on economic inequality.

1. *The Dignity of Every Person*: CST holds that every human person has a unique and sacred dignity. This dignity is not something acquired by one's effort, or granted by those in authority, but based on the truth that every person is created in the image and likeness of God (Gen 1:27). For CST, this implies that human development cannot be understood only in terms of economic development, but includes social, cultural, political and spiritual aspects of human person. That is, any government or system dominated by the concern of economic development alone is against authentic human development. The notion of the dignity of every person implies the equality of all human beings. Based on this, CST stands for a just sharing of social status, political power and economic resources. The concept of human rights basically derives from the equal dignity of all human beings.
2. *Solidarity*: CST is founded on the conviction that all of us belong to one human family, and hence we have the obligation to promote the rights and development of all people, irrespective of national boundaries. In particular, wealthy nations and wealthy persons have a greater obligation to promote the development of poorer nations and people. Dignity and intrinsic worth of persons cannot be understood in terms of an individualistic right in isolation, but only in the context of the obligations to human community as a whole.
3. *Family*: Family occupies an important place in CST. Family is the primary cell of the society and the 'domestic Church.' Hence CST criticises economic and social conditions that disturb family life ([Second Vatican Council 1965](#), para 47).
4. *Private Property*: CST defends the right to private ownership of property. However, this is not an absolute and unconditional right. As *Populorum Progressio* says, "Private property does not constitute for anyone an absolute and unconditional right. No one is justified in keeping for his exclusive use what he does not need, when others lack necessities" ([Paul 1967](#), para. 23). This is re-affirmed by John Paul II: "The goods of this world are equally meant for all. The right to private property is valid and necessary, but it does not nullify the value of this principle. Private property, in fact, is under a social mortgage" ([John 1987](#), para. 42).
5. *Option for the Poor*: Rights of all human beings are to be ensured. At the same time, CST shows a special option for the poor, because the dignity and rights of the poor are often ignored and abused. This preferential option is rooted in the biblical concept of justice, namely, God has a preferential love and concern for the poor, the marginalized and the suffering. CST is also aware of the structures of sin which continue to keep the poor as poor or make their condition worse.
6. *Care of Creation*: CST has directly addressed this issue only in recent decades, but there is a growing concern over this, realizing its urgency, as it is evident from the encyclical letter of Pope Francis, *Laudato Si'* ([Francis 2015](#)). Human beings are called to be co-creators. They have to depend on the

<sup>7</sup> From the beginning of Christian history we find social teaching as an integral part of its teaching. However, usually 'Catholic Social Teaching' refers to the developing body of official Catholic social teaching beginning with *Rerum Novarum* (1891) of Pope Leo XIII ([Leo 1891](#)).

<sup>8</sup> For a detailed presentation of the foundational principles of CST, see ([Massaro 2012](#); [Deberri et al. 2003](#), pp. 18–34). The following paragraphs highlighting some of the foundational principles of CST are mainly based on these books

natural resources for their sustenance. But, this should be done respecting the ecological balance, not destroying it with selfishness and greed.

In the following sections, we shall discuss some of these in more detail.

## 6.2. Christian Vision of Wealth and Private Property

According to the Christian vision wealth is God's gift. Christianity is not against private property; it considers private property as integral to human freedom and dignity. However, as already mentioned above, in the Christian vision wealth ultimately belongs to all human beings; it should be shared in such a way that everyone should have sufficient wealth available for her/his well-being. While respecting and defending the right to private property, Christianity is clear that hoarding of wealth in the hands of a few, denying even the basic rights and needs of others is evil and sinful. Right to private property may naturally imply the possibility of economic inequality. However, inequality can become evil and sinful under various circumstances. As *Gaudium et Spes*, the Pastoral Constitution of the Second Vatican Council has clearly affirmed, "For excessive economic and social differences between the members of the one human family or population groups cause scandal, and militate against social justice, equity, the dignity of the human person, as well as social and international peace" (Second Vatican Council 1965, para. 29). Economic inequality becomes evil and sinful:

- If it denies the basic rights and well-being of others
- If persons, groups and sections of society are marginalised
- If wealth is not shared, especially with the needy
- If equal opportunities are denied, especially to the poor and weaker sections of the society
- If wealth is acquired violating the basic principles of justice and solidarity with others
- If inequality leads to conflicts in the society
- If profit instead of human persons becomes the centre of economic activity
- If wealth is acquired causing harm to nature, which belongs to all, including the generations to come

## 6.3. Globalization, Neo-Liberalism and Economic Solidarity

Thomas Pogge shows an inherent defect in the path neo-liberalism has taken which has led to such a dramatic rise in inequality, both internationally and intra-nationally. Globalization involves competitive systems, such as global economy and financial markets, politics and international relations, courts, etc. According to Pogge, "the fundamental flaw in the modern global economy is that the richest agents have both the ability and the incentives to invest extensive resources into regulatory capture in order to gain an ever increasing share of the social product for themselves." A complex set of supranational laws and regulations is an essential part of globalization. These regulations are often created by intergovernmental negotiations, practically by governments of the richest countries, large multinational corporations and banks, very rich individuals and the elites of the most powerful developing countries. It is a process which is undemocratic, intransparent, excluding the general public and a majority of the weaker governments. Hence Pogge says that, "It should not be surprising that the past seventeen years of globalization have led to income polarization as the rich minority capture ever more influence over supranational negotiations, further marginalizing the poorer majority of humanity." This income polarization happens not only internationally, but also intra-nationally (Pogge 2013, pp. 85–93).

All these make clear that free trade alone is not enough to ensure social justice. "The economy needs ethics in order to function correctly—not any ethics whatsoever, but an ethics which is people-oriented." (Benedict 2015, para. 45) The World Commission on the Social Dimension of Globalization underscores that the governance of globalization must be based on universally shared values and respect for human rights. It acknowledges that, "Globalization has developed in an ethical



vacuum, where market success and failure have tended to become the ultimate standard of behaviour...” (World Commission on the Social Dimension of [World Commission on the Social Dimension of Globalization 2004](#), no. 37, p. 7). Any economic system and developmental programmes should recognise the “centrality of the human person.” (Benedict 2015, para. 47). Only if the economic system is based on the principle of solidarity, it will ensure justice and real distribution of wealth. Otherwise, it will only intensify and perpetuate injustice on the global level. “Solidarity is the awareness of a common humanity and global citizenship and the voluntary acceptance of the responsibilities which go with it. It is the conscious commitment to redress inequalities both within and between countries. It is based on recognition that in an interdependent world, poverty or oppression anywhere is a threat to prosperity and stability everywhere” (World Commission on the Social Dimension of [World Commission on the Social Dimension of Globalization 2004](#), no. 41, p. 8).

Pope John Paul II has repeatedly said that, “peace for all of us comes from the justice of each of us.” (John 1998) Development becomes real development only when it is sought in solidarity, which is an authentic moral virtue. Solidarity implies that there is a shared responsibility to assist countries and people excluded from or disadvantaged.

The Kingdom of God, the central message of Jesus Christ, envisions a human society that lives in solidarity, a human society that lives as a family where God is the Father of all and all, as children of the same Father, are brothers and sisters. As Pope Benedict XVI says in *Caritas in Veritate*, “The development of peoples depends, above all, on a recognition that the human race is a single family working together in true communion, not simply a group of subjects who happen to live side by side.” (Benedict 2015, para. 53) Competitiveness and profit should not alienate the market from the solidarity with the human family. Only a “civilization of love” can ensure this (Benedict 2015, para. 33). This demands a genuine sense of sharing. “Solidarity is achieved by seeing to it that all human beings share in the available goods as a whole.”<sup>9</sup> Seeing economic policies today, and the widening gap between the rich and poor nations and the rich and the poor within the same country, we may feel that the ‘Kingdom of God’ vision is only a utopian idea, an ideal that has no reality sense. We may find the Kingdom vision far removed from the actual situation today, but we continue to believe in its transforming power, and we continue to work towards it with hope.

#### 6.4. Solidarity with the Environment

An important aspect of solidarity is the solidarity with the nature.<sup>10</sup> Often, the multinational companies which manage to influence and even dictate government policies easily ignore the havoc done to ecology and future generations. Rapid growth of the economy, which is the demand and need of the market, requires rapid and major expansion of infrastructure and resource extraction. To be added to this is the encouragement of wasteful consumption, especially by the rich, without which the present model of the market cannot survive. This results in projects and processes with negative consequences for the ecology. Liberalization of trade has led to rapid increase in exploitation of natural resources to earn foreign exchange, which has serious consequences for the traditional livelihoods and ecological balance in different regions. Norms to safeguard the ecology are sacrificed to make a ‘friendly’ climate for investment. Thomas Pogge points out that “wealthy countries contribute disproportionately to global pollution and yet they are allowed to enjoy the benefits of their polluting

<sup>9</sup> Oscar Andres Cardinal Rodriguez M. “The Catholic Church and the Globalization of Solidarity” (Rodriguez 2003, 4).

<sup>10</sup> Here I do not intend to discuss in detail how human beings should relate with nature, namely, nature as independently existing for itself, or nature as existing for human beings. For example, some of the Indian traditions treat nature as existing for itself, seeing the manifestation of God in everything, or nature as an extension of God, an approach which has been often called pantheistic. “Deep Ecology” in contemporary approaches to Ecological and Environmental philosophy has similar view of nature, though not with reference to God. A detailed discussion on this seems to be beyond the scope of this essay. Here the main concern is to ensure sustainable development, considering the needs of the present generation as well as those of the future generations. However, a completely anthropo-centric approach considering nature as existing only to be used by human beings may lead to ‘exploiting it as much as possible’. Instead, what is needed is a relationship of mutuality.

activities without compensating the poor who bear the brunt of the hazards of pollution.” The poor are more vulnerable to health risks and dangers of climate change wrought by pollution. According to a Global Humanitarian Forum report, climate change causes \$125 billion in economic losses annually and 300,000 deaths, of which 99% are in less developed countries. (Pogge 2013, p. 93) Pope Francis has been a relentless advocate of the poor. In his encyclical, *Laudato Si: On Care of Our Common Home*, he explains how the question of the care of the environment and care of the poor are interrelated: “In fact, the deterioration of the environment and of society affects the most vulnerable people on the planet: ‘Both everyday experience and scientific research show that the gravest effects of all attacks on the environment are suffered by the poorest.’ For example, the depletion of fishing reserves especially hurts small fishing communities without the means to replace those resources; water pollution particularly affects the poor who cannot buy bottled water; and rises in the sea level mainly affect impoverished coastal populations who have nowhere else to go. The impact of present imbalances is also seen in the premature death of many of the poor, in conflicts sparked by the shortage of resources, and in any number of other problems which are insufficiently represented on global agendas” (Francis 2015, para. 48).

Solidarity requires that the developed nations, who are more responsible for the ecological damage bear in a proportionate manner the duty to compensate the damage done. *Laudato Si’* has something important to say in this regard: “Inequity affects not only individuals but entire countries; it compels us to consider an ethics of international relations. A true “ecological debt” exists, particularly between the global north and south, connected to commercial imbalances with effects on the environment, and the disproportionate use of natural resources by certain countries over long periods of time” (Francis 2015, para. 51).

## 7. Economic Development in Solidarity: A Few Proposals

Naturally, one may doubt: Will CST make any change? Is it realistic? Is it practical? Is it not too ideological? Such questions may not look so irrelevant. But, we have to consider the fact that the Church is not a political power, and it does not try to impose its teaching with the force of law. It does not legislate like a civil government or like international bodies such as UNO. Moreover, “... the Church does not propose economic and political systems or programs, nor does she show preference for one or the other, provided that human dignity is properly respected and promoted...” (John 1987, para. 41) Rather, CST is invitational, as the Christian message itself is. CST, first of all, invites persons to a new awareness and to act, in their personal and social life, based on that new awareness. This may be considered by some people as a limitation of CST. But, this can be also considered as a strength of CST, in the sense that, CST calls for a conversion of heart and social and economic changes emanating that conversion. It is also to be noted that CST is not addressed only to the Catholics, but to all people of good will. This implies that CST believes that people of good will listen to its voice, and though slowly, real socio-economic changes will happen, leading humanity to a better life. Based on this conviction, and based on our discussion, let us consider some of the concrete proposals for creating a more just world, though the ways and means of expressing solidarity may be varied, depending on the particular context and needs. Let me list below some of the proposals given by experts and world leaders in this regard:<sup>11</sup>

1. Goods are to be shared without excluding anyone, without some hoarding them depriving others of the right to own them. This is one of the basic principles to ensure solidarity both in the international and intra-national levels. This is especially to be ensured in the case of fossil fuels and other non-renewable energy sources.

<sup>11</sup> Here mainly we refer to some of the proposals given by Pope John Paul II (John 1998), Oscar Andres Cardinal Rodriguez M. (Rodriguez 2003, “The Catholic Church and the Globalization of Solidarity”) and Thomas Pogge (Pogge 2013). Please note that these or similar suggestions have been given by many experts and world leaders.

2. International organisations should ensure just prices in trade. Multinational and big companies manage to arbitrarily determine the prices of agricultural products and natural resources. Often, the poor farmers become the victims of this unjust system, making them poorer. On an international level, subsidies are to be granted on essential goods to poor nations.
3. Affirmative action to support weaker sections of the society is necessary to build up a more egalitarian society. Poor sections within the nation are to be offered special subsidies. India, for example, had the system of granting subsidies to the poor and the middle class. Since the introduction of the neo-liberalism, a number of subsidies were cut, especially under the pressure of IMF, WTO, etc. It is claimed that subsidy system slows down the economic growth. However, it is paradoxical that to save big national and multinational companies, big amounts are written off. Often, the loss to the economy in writing off the debt of the multi-million companies is much more than the subsidies granted to the poor. Preferential choice for the poor is an essential element of solidarity.
4. Specially to be mentioned is the obligation of the developed/industrialized countries to help the poorest. This is essential to bring down inequality at the international level. In most cases, this is a demand of justice of restitution, that is, a compensation for unjustifiable exploitation that many poor countries had to undergo in the past. Without generous assistance, many such countries are unable to develop, as they still do not have the basic facilities and infrastructure. However, this assistance should not be on conditions which enslave them further.
5. External debt of the poor nations: Besides being backward, most of the poor nations are over-burdened by huge external debts which hinder their development. This is particularly true in the case of many African countries. Moreover, these debts often compel them to accept exploitative conditions by rich nations and multi-national corporations, resulting in further underdevelopment. Unless rich nations are willing to cancel the debt of the poor nations (or at least to write off a considerable amount of it), it will be impossible for these nations to find the path of development (Makwana 2006).
6. Patent regulations, which control the production of essential goods and their prices are to be reconsidered.<sup>12</sup> This is acutely felt in the case of life-saving and essential medicines. While respecting the right of the inventor and producer for just profit, patent regulations should become sensitive to the needs of the people, especially of the poor. The historic ruling given by the Supreme Court of India, rejecting the petition by Novartis, and allowing the domestic companies to continue to make copycat versions of the drug Gleevec (Glivec), gives new hopes to the poor. Whereas Gleevec may cost \$70,000 a year, the Indian generic versions cost less than \$2,500 a year.<sup>13</sup> Evidently, such steps may be resisted by the multi-national corporations. But, they are necessary steps not to exclude the poor and the less privileged from the benefits of development.
7. Banking and credit system have to become more accessible to the poor at affordable interest rates. Otherwise, their financial condition will be affected further and they will be marginalised from the benefits of economic progress.
8. Governments and NGOs should work together to ensure sustainable development, respecting the ecological conditions of the regions concerned. More investment should be made in developing

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<sup>12</sup> To understand the extent to which patent regulations are misused for business motives, it is enough to consider the dispute over the patent for turmeric, a traditional spice and medicine used in India for thousands of years: <http://www1.american.edu/ted/turmeric.htm>. Another example would be the dispute on patent for neemtree, a medicinal tree: <http://www1.american.edu/TED/neemtree.htm>. There were also attempts to obtain patent for Basmati rice and such traditional crops.

<sup>13</sup> (Harris and Thomas 2013; Selvaraj 2013). Thomas Pogge's article referred to above will be very helpful regarding the patent regulations regarding drugs.

alternative energy sources. As mentioned above, though the harm done to ecology affects all, it is the poor who are affected more by the damage done to ecology.

9. An economic system where the multinational companies are accountable—either in their home country or where they set up their units—to the society should be developed. Terms and conditions for investment should not be decided unilaterally by those companies, but with the involvement of the state and the society.
10. Although the concept of Corporate Social Responsibility [CSR] is accepted in principle, there is a lack of clarity regarding its implementation. At the national and international levels, there should be clear understanding of the percentage of profit that the business firms invest in CSR. Investing this especially in education and healthcare is vital to bringing down inequality.
11. Special care should be taken to make education, including higher education, equitable and affordable. The upward movement of the poor and the middleclass depends to a great extent on education. If the fees are too high, they are practically excluded from the process of development, widening further the rich-poor gap.
12. Works of charity, though may not be accepted as a long-term solution by many, is a necessary way of expressing solidarity with the poor. The poor and the hungry will not be able to survive until economic equality is achieved and all have sufficient to survive. So, to deny charity to the hungry and those who live in utter misery and poverty on an ideological basis is equal to denying them the right to live.
13. In the private sector companies, there is often a huge difference between the payment for the employees in the highest ranks and those in the lowest ranks. Is it possible to decide upon the maximum difference in the salaries and benefits received by those in the topmost ranks and lowest ranks within the same firm, as well as in the same country?

Some of the above proposals refer to policies in the relationship among nations so that poorer nations may receive a more equitable and just share of the wealth, while others speak about policies to be implemented within the nation so that more just and equitable distribution of wealth may be ensured. International policies are also very important for the poor, since the burden of unjust policies more heavily falls on the poor.

## 8. Concluding Remarks

Addressing the new Vatican ambassadors in May 2013, Pope Francis said: “While the income of a minority is increasing exponentially, that of the majority is crumbling. This imbalance results from ideologies which uphold the absolute autonomy of markets and financial speculation, and thus deny the right of control to States, which are charged with providing for the common good. A new, invisible and at times virtual, tyranny is established, one which unilaterally and irremediably imposes its own laws and rules.”

Economic prosperity, if it does not ensure justice to all, will not lead to long-lasting peace, well-being, and development in the world. Those who are denied justice and even a minimum means of life will rise against the powerful who deny them justice and oppress them in different ways. A number of revolutions and people’s movements in the history of the human society clearly show this. Hence, development in solidarity is necessary for peace and harmony in this world. Ensuring justice is not merely to satisfy some legal requirements, or to avoid wars and conflicts. It comes out of the conviction that all people on earth basically form one single human community, that everyone is related to everyone else and everyone is responsible for the well-being of all. This concept of justice is fundamentally rooted in love and solidarity with all people on earth.

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