



*Fondazione Centesimus Annus
Pro Pontifice*

DUBLIN PROCESS

NEW YORK CONVERSATION ON

AN ETHICAL COMPASS FOR THE DIGITAL AGE

Short summary

After discussing the financial and economic crisis and the digital revolution in four previous consultations since 2013, the fifth 'Dublin Process' event was held in New York City on March 15-17, 2018, co-sponsored by the Centesimus Annus pro Pontifice (CAPP) Foundation and Fordham University. The consultation brought together a group of academics, politicians, practitioners and specialists in social ethics for a debate on the basis of previously distributed reports and discussion papers. The present short summary prepared by Domingo Sugranyes Bickel has been read and approved in general terms by all participants¹.

In previous meetings of the 'Dublin Process', the perception that 'something is broken' in the usual approach of business ethics came up on many occasions. What happened to that 'ethical compass'? What are the effects of the new tech economy on its effectiveness? And what is needed for its reconstruction?

SEEING "NEW THINGS"

The smartphone and a world of interconnection have established something like a new communications ecosystem.² The new ecology is linked to technical tools, but it also brings changes in thinking, seeing and hearing, and creates new understandings of human interconnection. Young professionals remember a sense of wonder at the widening potential of the world-embracing Internet and what it seems to carry as values of compassion and empathy. For many people, mobile devices are a form of prostheses, a mere augmentation of reality. Due to the generational gap and the intense rhythm of change, some people may be more conscious of the huge potential and the increased togetherness, while other users see the numerous new

¹ List of participants attached. Introductory addresses, reports and discussion papers are available on <http://www.centesimusannus.org/convegni/convegni-2018/consultazione-internazionale-new-york-15-17-marzo-2018/>

² Paul A. Soukup S.J., Individual vs Common Good Ethics in the World of Interconnection. Paper prepared for CAPP Foundation 5th Dublin Process consultation, New York March 15-17, 2018

problems. The Church is still far from making full use of the new communication possibilities and Christian discernment about good and bad uses is still in its infancy.

The debate about privacy and the possible misuse of aggregated data is everywhere. But behind the problems of data protection lies an even more important debate regarding the value of information. The business model of the ‘data gathering’ industry seems to be based on an unbalanced contract, where one party cedes information without knowledge of its value and with no right of regress. Technology itself is seen as producing distraction and addiction. Through size, technical leadership, and control of data, the large tech groups benefit from monopoly-type returns which may involve inefficiencies, as all monopolies do, and, through the usual process of rent extraction, may contribute to growing unequal distribution of income.

The economic sustainability of a business model based on extremely ‘personalized’ advertising may be questionable as it depends on the advertisers’ evaluation and effective results of the new marketing segmentations. ‘Targeted’ advertising pushes options based on individuals’ past activities, thus leading to a narrow experience. The psychologic mechanisms used to convince consumers reinforce mainly irrational satisfaction trends, passions and futile convenience.³ The developers of technological innovation and the authors of new algorithms often seem to lack the global view and to be motivated mainly by a gaming and ‘gold rush’ mentality.

The unknown, immensely promising future of artificial intelligence combined with robotics, nanotechnology, biotech and neuroscience could also be destructively misused.⁴ It will probably change the reality of human work and has prompted many voices to talk about universal basic income. The realities of ‘job scares’, the emergence of new unpredictable jobs and the need of changing skills was discussed at previous meetings of the CAPP Foundation.⁵ Even more strikingly, AI developments lead many people – philosophers, ethicists or ordinary people – to ask questions about what is human and to rethink how interpersonal recognition and relationship distinguish humans from machines. Information and algorithms open huge avenues, but they can’t produce anything similar to the unpredictable creativity of the human brain.

THE LOST COMPASS OF BUSINESS ETHICS

There is a general feeling, after the financial crisis and the consequent loss of trust in economic institutions and business firms, that existing ethical codes are not sufficient. This question takes centre stage at CAPP: “the Foundation has been asking itself whether existing business ethics [...] is up to the challenge of promoting human dignity in today’s world. The question is not hypothetical, and neither is it an invitation to an academic exercise that ends up with a wonderful paper that no one reads. It is a question that originates from the realities that surround us today”.⁶

The question may be analysed at three different levels: identification, promulgation or application of the ethical standards and codes.⁷ At the level of *identification*, it could be that the principles

³ Mary Hirschfeld, Building a Culture that can sustain the Ethical Compass. Paper prepared for CAPP Foundation 5th Dublin Process consultation, New York March 15-17, 2018

⁴ Thomas Rusche, Is Technical Innovation Serving Socially Inclusive Business. Paper prepared for CAPP Foundation 5th Dublin Process consultation, New York, March 15-17, 2018

⁵ Cfr James Bessen, Scarce Skills, Not Scarce Jobs. Address to CAPP Foundation 2017 international conference <http://www.centessimusannus.org/media/2ywpq1496935510.pdf> and relative panel

⁶ Lawrence Gonzi, Constructing Alternatives to Promote Human Dignity: is Common Business Ethics up to the Challenge? Address to CAPP Foundation 5th Dublin Process consultation, New York March 15-17, 2018

⁷ Nien-hê Hsieh, Reconstructing an Ethical Compass: Who is Responsible? With Whose Mandate? Paper prepared for CAPP Foundation, 5th Dublin Process consultation, New York March 15-17, 2018

invoked are valid, but the map on which they are applied is out of date. There could be a lack of tuning to the speed of technological change. Perhaps the usual codes of business ethics do not address the main negative perceptions in the present context: the dissatisfaction of workers and a sense of growing inequalities in rich societies as well as in quickly growing emerging economies. Above all, the ethical codes in use do not meet with the philosophical and religious ground that existed in traditional culture and seems to have disappeared in the present secularized environment.

The *promulgation* of ethical standards and codes is normally seen as a responsibility of business leaders. This may raise a potential conflict of interest since any reconstructed ethical compass would involve all areas of business, including the conduct of business leaders themselves. In reality, ethical codes may often be genuinely promulgated within elite groups, without being conscious of the echo chamber they are in. The promulgation effort has often ignored who the real ‘influencers’ are within organizations. It often also met resistance from subcultures and assumptions common in individual segments of the business: “this time is different”, “our competitors are doing it”, “this is a key firm initiative”, “the law does not prohibit it”, “this is common business practice”. This explains many unfortunate cases where “good corporations and good individuals make harmful and unethical decisions”.⁸

The *application* of codes of ethics depends mainly on a general sense of ethical behaviour, which seems to have weakened everywhere. Management was not always prompt in inquiring, for example, when certain business areas showed exceptionally high profits. Incentives were often inconsistently aligned. A common problem is the absence of established instruments of accountability and independent audit in the field. Board governance often is not effectively enforced and Board members do not frequently involve themselves in the supervision of ethical standard definition and conduct⁹. Furthermore, there are cases where trade associations acted responsibly and removed membership of firms which had acted incorrectly,¹⁰ but in general the commitment of professional associations in the field was often inadequate.

The reconstruction of an ethical compass for the digital age needs to adapt to the realities of the new economy. However, many failures of the past have little to do with technology and rather depend on management practice and general culture.

WHAT ARE THE VALUES AND PRINCIPLES INVOLVED?

A wide consensus about the mandate for a reconstructed set of ethical standards and codes for business could be based on two principles: a principle to do no harm and a principle to respect human rights.¹¹ To do no harm is a way to incorporate the interests of all those affected by business and economic activity. Respect of human rights refers to the Universal Declaration of Human Rights and subsequent international treaties and documents: security rights (e.g. freedom from enslavement and a right to bodily integrity); due process rights; liberty rights; political rights; equality and social rights. The primary bearers of obligations being the states, business however

⁸ Richard Ketchum, Personal Ethics and Building a New Culture. Paper prepared for CAPP Foundation, 5th Dublin Process consultation, New York, March 15-17, 2018

⁹ Francis Estrada. A View from the Developing World. Notes prepared for CAPP Foundation 5th Dublin Process consultation, New York March 15-17, 2018

¹⁰ Rev. Joseph M. McShane S.J., President of Fordham University. Educating for a New Ethical Compass. Address to the CAPP Foundation 5th Dublin Process consultation, New York, March 15-17, 2018

¹¹ Nien-hê Hsieh, *ibid.*

has the responsibility of “acting with due diligence to avoid infringing on the rights of others and addressing harms that do occur”.¹²

Some would prefer the idea of ‘doing good’; but taking the ‘do no harm’ principle seriously would imply changing many ways in economic life, especially by avoiding those unintended consequences which however can be foreseen. Both general ethical principles are good as starting points, but they don’t always provide criteria for decision in situations where there might be good effects for some and bad effects for others. It is not enough on the other hand to apply ethical criteria when negative effects can be caused by one or several actors at a given point in time or in a given position of influence: ethical behaviour needs to be practiced at all times and also in situations with little or no impact on others.¹³

An economy aligned with the common good needs to ‘walk on two legs’: sound business guided by a “map” and sound ethics guided by a “compass”. This requires possible conflicts to be identified between economic rationality and ethical demands.¹⁴ Arthur Rich’s fundamental principle can be taken here as a base: “That which is not economically rational cannot really be humanly just, and that which conflicts with human justice cannot really be economically rational”.¹⁵ But there are different interpretations of economic rationality: ‘engineering approach’, or ethically related approach? The ‘internal consistency’ value-free foundation of many economic theories or the traditional *homo oeconomicus* self-interest maximization concept are views which dissociate behaviour from ethical or fairness motivation, and they are not compatible with the Christian view. Maximization in general could be a practical approach if applied to a wider set of growth, social and distributional issues, as for example Amartya Sen’s concept of human capabilities. The purpose of the economic system, and therefore economic rationality should be understood as the creation of wealth, which includes natural, economic, human and social capital.¹⁶

How are ethical demands defined in Catholic Social Teaching? The principles of *human dignity* concretized in human rights and the *common good* are intrinsically linked and grounded in the understanding of the person as a relational being. The principle of *solidarity* is rooted in the unity of humanity and transfers factual interdependence into the moral area. The principle of *subsidiarity* (maximum freedom to smaller organizations and an indispensable role of the state or supranational authorities “to secure aid” when necessary) today applies beyond nation states to many challenging situations requiring collective action. These principles are complemented by essential guidelines: the *preferential option for the poor* and *sustainable development*. “Traditional categories and fundamental principles of Catholic Social Teaching remain relevant in responding to new phenomena, because so much of the turmoil comes from a disregard of fundamental principles of human relationships and the human person’s relationship to things around him. New dominant forms or systems exploit rather than respect the person. Individualism defeats solidarity. Selfishness destroys the common good. The here-and-immediately blurs intergenerational solidarity. Relativism knows no objective truth [...] CST has something relevant to say about these dominant realities of our time”.¹⁷

¹² United Nations. The UN “Protect, Respect and Remedy” Framework for Business and Human Rights. 2014

¹³ Nikolaus von Bomhard, Practical Ways to establish an Ethical Compass in Business. Paper prepared for CAPP Foundation 5th Dublin Process consultation, New York, March 15-17, 2018

¹⁴ Georges Enderle. Paper prepared for CAPP Foundation 5th Dublin Process consultations, New York, March 15-17, 2018

¹⁵ Business and Economic Ethics. The Ethics of Economic Systems. Leuven 2006, quoted by G. Enderle

¹⁶ Georges Enderle, *ibid*.

¹⁷ Archbishop Bernardito Auza, Permanent Representative of the Holy See to the United Nations. Address to the CAPP Foundation 5th Dublin Process consultation, New York, March 15-17, 2018

Catholic social principles have been applied at different points in time since the *Rerum Novarum* Encyclical of 1891, for example in affirming the dignity of work and the rights of workers, the protection of the poor and vulnerable, the aims of solidarity and peace and the need to care for God's creation. In today's new technological and cultural ecosystem, it is necessary to rethink and reformulate the application of those permanent principles. The poor today are not just those in need of material goods; they are also the ignorant, the naïve and the exploited in a data world. Fair reward for human resources does not only apply to the salary, but also to the just price of information. The principle of responsible private ownership – or stewardship – does not only apply to material capital, but also to knowledge and information.

A more basic approach is needed to understand the reasons behind the current lack of sense of purpose in large parts of the population. St John Paul II already spoke about fighting sceptical relativism. The individualistic approach to ethics grew out of the Enlightenment and may be traced to a previous revolution in communications: that of print and the opening-up of the possibility of private reading. Since John Paul II, Catholic teaching attempts to reconcile individualistic and common good ethics by integrating the contributions of personalist philosophy into the tradition of common good. Communication technologies both create connection and distance, as demonstrated by print and by the smartphone. The new perceptions of the individual and of the social group require a new understanding of the person, whose individual liberty reaches fulfilment only in solidarity.¹⁸

Behind the motivation of many leaders and innovators of the new tech environment, one can perceive a sense of utopian utilitarianism which somehow pretends to satisfy individuals without them participating in any active way. Against the mighty influence of this thinking, presenting the views of Catholic Social Teaching and of Christian ethics is like fighting 'brand against brand'. It requires the Church to be more explicit and up to date in its expressions, and possibly to use brand tools to keep up with trends. Some of the ethical questions asked with the aim of preserving a human-focused evolution are: How to identify bias in algorithm production and methods, especially where algorithms determine choices available for work place management? How to translate the distinction between individual rights and collective aims or constraints regarding algorithmic decision-making? How to balance the innovation of content across the global internet while protecting national and community content? What transparency and accountability to purpose should be required of the algorithms and of software developers? How can human controls and rules of war be enforced on lethal autonomous weapons? How to ensure human concerted control on the developments of artificial intelligence?¹⁹ There is an urgent need for the Church to be more informed and more engaged in these ethical issues. In his recent message to the World Economic Forum Davos conference, Pope Francis wrote on January 22, 2018:

“The theme chosen for this year's Forum – Creating a Shared Future in a Fractured World – is very timely. I trust that it will assist in guiding your deliberations as you seek better foundations for building inclusive, just and supportive societies, capable of restoring dignity to those who live with great uncertainty and who are unable to dream of a better world [...] Only through a firm resolve shared by all economic actors may we hope to give a new direction to the destiny of our world. So too artificial intelligence, robotics and other technological innovations must be so employed that they contribute to the service of humanity and to the protection of our common home, rather than to the contrary, as some assessments unfortunately foresee”.

¹⁸ Paul A. Soukup S.J., *ibid.*

¹⁹ Paul Twomey, *Ethical Challenges for Data Gathering Industries*. Paper prepared for CAPP Foundation 5th Dublin Process consultation, New York, March 15-17, 2018

Pope Francis is pointing the way for a much more active and continued involvement of the Church in this debate, which is in the interest of all, believers or not, without exclusion.

ACTION NEEDED (“WE HAVE THE GOODS, LET’S FIND THE LANGUAGE”)

The debate initiated in this consultation is just a start. The CAPP Foundation Board will consider in the coming months the idea of establishing a permanent working group on Christian ethics and the new economy.

A responsible statement on this subject requires detailed elaboration and continued dialogue with users of different ages, geographical and social conditions, as well as with academics, regulators, politicians, trade union and employers’ organizations and with leaders of the ‘data gathering’ industries and other businesses involved in the use of data.

Action points can be provisionally listed at the micro, ‘meso’ and macro level of decision-making and action.

Individual and company level (Micro)

The most important level will always be that of individuals who need to change their mind and rediscover the ethical approach of all human activities. This requires in the very first place an active role of the Churches at all levels, including evangelization through digital media. Society needs to recover a sense of purpose and direction which can be shared by all. Christians contribute a plus thanks to faith in God’s plan and the understanding of a humanity redeemed by Jesus Christ.

Educational institutions have a special duty to reinvent their commitment to ethics. There is no ethically neutral educational message: it is impossible for business education in particular to be neutral with regard to ethics “because normative assumptions underlie the knowledge and skills being taught and the very absence of reference to ethics is a kind of message itself”²⁰. Business schools ought to develop specific case studies based on ethical decisions in data gathering, the use of data and investment in robotics.

At company level there is space for rediscovering the forgotten systematic approach of ergonomics such as to give preference to technologies which transform and enhance human action, rather than reducing it or simply suppressing it. New dimensions need to be included in the Corporate Social Responsibility agenda, which are essential in a rapidly changing and sometimes unpredictable work environment, especially company responsibility in making continued learning opportunities available to employees and co-workers, and systems which ensure portability of social rights and benefits for workers who have to change jobs.

Organization and sectors level (‘Meso’)

As indicated above, specific action is needed to reinforce the role of trade associations in updating professional ethical codes, including questions relating to the production and use of data, and to reinforce these associations’ role as guardians of a reputational capital of trust. Besides, Catholic Social Teaching can serve as a platform, as it did for example in Europe after 1945, for continued and genuine dialogue between workers and employers’ organisations and the public sector.

²⁰ Nien-hê Hsieh, *ibid.*

The Church can use its authoritative voice to influence institutions chosen to invest and manage the savings of millions of workers and pensioners, who may not get involved in detailed investment decisions but would support supervision of asset managers with regard to ethical misconduct, not just in the known areas of gambling, armament manufacture and distribution and certain biotech developments, but in everything related to data production and use, especially where firms are criticized for market abuse and hidden agendas. This is not easy to apply because asset managers can't endanger their customers' returns on arbitrary investment choices. The large tech companies are among the biggest capitalisations of today's market, not so much because of innovation, but principally because investors believe that their market position will strengthen and consolidate in the future²¹. As for many new businesses, time is needed before the communications industry can be effectively regulated, but Governments are already preparing to control their market positions and to effectively tax their profit margins. In the meantime, the Churches both as investors and as moral authorities on investment criteria can contribute to air the debate and ask the relevant questions at annual meetings or through the media.

Systemic level (Macro)

Through many different channels, the Churches should embark on a wide opinion-building effort towards responsible consumption and all questions linked to the production and use of data. This message should be addressed to everyone and, especially, to business as well as to government and public officials. The strength of the message, as in any other field, will not lie in its distinctively Catholic or Christian character, but in its authenticity and its confident roots in faith.

Following *Rerum Novarum*, many parts of Europe saw a flourishing of initiatives based on cooperative ownership in banking, insurance, industry and more, often inspired by Catholic thinking, and with the innovative aim of proposing models for a more human economic life. There is a wide field today for similar initiatives, either concerning the ownership of common goods or about new entrepreneurial efforts using digital technologies for products and services aimed at promoting the vulnerable. Bases should be established for quick distribution of experience and successful case stories in this field.

There is no ethical base to stop or put brakes to innovation as such. But there is urgent need for an ethical approach of motivations, use of data and the issues concerning fair distribution of income generated by the data gathering industry.

The heroes of the new technologies like to speak about "the next billion". There are several billions of people in the world, for whom the Churches wish to speak, who are ready to obtain ever growing benefits from technology. Why do "some of the world's brightest minds gravitate towards the safest and most proven ideas and business models"? "They end up creating new services to personalise soda drinks when half a billion people don't have access to clean water, or new ways to order food by phone when more than 800m people are malnourished. We need new incentive structures to encourage more founders to take on real-world problems, and to do so with ethics at their heart"²². These lines by a founder of one of the emerging artificial intelligence companies are a good example for what could become a great tool for true human development.

²¹ Robert Tann. Criteria used by Investment Analysts. Paper prepared for CAPP Foundation, 5th Dublin Process consultation, New York, March 15-17, 2018

²² Mustafa Suleyman, Harnessing technology to challenge inequality. Financial Times, Nov 21, 2017

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