



Chapitre du Luxembourg

Report of the Meeting of the Luxembourg Chapter of Centesimus Annus Pro Pontifice Foundation Woluwe-Saint Pierre, 8 October 2024

This meeting brought together the Members of the Luxembourg Chapter at the home of Mrs Irini de Saint Sernin, whom we thank warmly for having proposed this meeting with two very inspiring personalities :

- **His Exc. Mgr. Franco Coppola, Apostolic Nuncio to Belgium and Luxembourg** and

- **Prof. Gaël Giraud s.j., director of research at the CNRS, former chief economist of the French Development Agency (AFD) 2015-2019, doctor honoris causa** of the University of Namur, author of numerous works on economics, finance, game theory and artificial intelligence, including, with the founder of *Slow Food* and the *Terra Madre* network, Mr. Carlo Petrini, *Il Giustio di Cambiare*¹, a book prefaced by Pope Francis.

We were very honoured by the presence of Mgr. Coppola, who gave us the opportunity to discuss the Holy Father's visit to Luxembourg and Belgium and to learn more about the work of the Nuncio in a secularised society, as well as enriching our discussions on the topics below.

With the economist Gaël Giraud², we addressed the theme on which the Holy Father has asked us to continue our reflections this year: **innovation and artificial intelligence in the light of the encyclical *Fratelli Tutti***, but also, Luxembourg obliges, on the measures that could ensure a **more sustainable and resilient monetary ecosystem**, instead of 'liquid' and ephemeral'-as His Holiness Pope Francis tells us. His Holiness Pope Francis warned us of this at the Foundation's International Convention in October 2021³, as did our ecclesiastical Advisor, His Eminence Cardinal Hollerich, when our chapter was founded.

¹ <https://www.slowfoodvalliorobiche.it/il-gusto-di-cambiare-di-carlo-petrini-e-gael-giraud-ha-un-sapore-di-futuro-per-papa-francesco/>

² <https://www.ineteconomics.org/research/experts/Giraud>

³ Address-of-His-Holiness-Pope-Francis-23rd-October-2021



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A few words about Professor Giraud. He collaborated on the drafting of *Laudato Si* and was the outstanding chief economist of the French Development Agency (AFD) from 2015 to 2019, a period since which I have been keen to meet and exchange views with him.

We learned a great deal during this meeting and hope that, through the distribution of this report, the Luxembourg Chapter can help to disseminate these thoughts and suggestions with a view to ensuring that the monetary ecosystem is adapted to the crucial challenges it faces, and that we, the Members of the CAPPF, can continue to prevent the threats of the automation of minds, while remaining driven by the quest for fraternity and the unity of the human family around its Creator.

Our heartfelt thanks go to H.E. Mr. Thomas Antoine, Honorary Ambassador of H.M. the King of the Belgians and one of the esteemed Members of our Chapter, for agreeing to write - as Professor Giraud pointed out - an excellent report of this meeting.

Together with Ambassador Antoine and our hostess Mrs Irini de Saint Sernin, we can also testify that with the warm and inspiring presence of Mgr. Franco Coppola and Prof. Giraud, who is as pleasant as he is erudite, the exchanges were brimming with wisdom, respect and humility, and that we left this meeting with satisfied minds, grateful hearts and sparkling faces.

Christophe Déage,
Coordinator, CAPPF Chapter of Luxembourg

Report written by His Excellency Honorary Ambassador Thomas Antoine

Gaël Giraud s.j. bases his action and his thinking on the Christian themes of respect for the common good and biodiversity, asserting himself as a proponent of integral ecology.

Faced with the colossal lending capacity of the China Development Bank and, to a lesser extent, the World Bank, AFD has made the difference by accompanying its loans with macro-economic models for optimising their use, which requires a



thorough knowledge of the ecosystem and governance of the recipient countries. It's all about tailor-made solutions.

As AFD's chief economist, Professor Giraud was, for example, the contact person for the Vice-President of the Republic of Côte d'Ivoire, H.E. Daniel Kablan Duncan, when faced with the problem of a 5pc annual drop in cocoa and coffee production. He had to answer the question: is this a cyclical or structural problem? Deforestation has a major impact on the availability of water and soil moisture. With climate change, he also had to help the Vietnamese government meet the major challenge of responding to the threat of flooding in the Mekong delta, where Vietnam's rice production is currently concentrated: is it possible to slow the subsidence of the lagoon and rapidly relocate production and the population to higher ground, with what type of rice and production? What kind of economy could Vietnam have in 2050, without a delta?

During our discussions, Professor Giraud was kind enough to answer two questions:

- 1) What measures can we propose to strengthen our European monetary ecosystem after the Draghi Report?
- 2) How can we prevent the risk of dehumanisation in the use of artificial intelligence and ensure that it serves a fairer, more caring and sustainable society?

1) What measures can we propose to strengthen our European monetary ecosystem after the Draghi Report?

Professor Giraud pointed out that public debt, which is approaching 110% of GDP in France and Belgium, is not a crucial problem when compared with household debt, which is approaching 130% of annual income. The eurozone average is 88%, which is perfectly reasonable. This is because governments cannot go bankrupt, unlike households or businesses. The danger is that the private sector will no longer be in a position to invest, even though the transition requires it to do so (see the Stern Review 2006, Draghi Review 2024, and other).

He believes that governments can continue to run up debts if this money is invested in the private sector to enable it to reduce its debts by improving its competitiveness, thereby reducing private debt.

The greatest danger to an economy is deflation, which has plagued Japan for nearly 30 years: people believe that prices will not rise, so they postpone spending or



investment. This general procrastination undermines the dynamism of the economy and causes prices to fall: a self-fulfilling prophecy. The economy then slows down.

The tax burden has fallen in France in recent years, particularly on businesses, and public debt has increased more in 7 years than in the previous 50. So this is not the right method. How then can we get rid of excessive debt, the servicing of which deprives the State of the means to invest in productive sectors such as health, education, environmental standards, research and energy? South Africa too is not in a position to repay its public debt in the current context. And a new public debt crisis looms for a number of sub-Saharan African countries.

One way forward is a debt swap for climate, as proposed by South Africa and followed by around twenty African countries: creditors agree to a reduction in debt (haircut) in exchange for a reduction in emissions (reforestation, low-carbon energy, etc.). Bankers therefore contribute to the greening of the economy.

The question that remains is: what price should be set for each ton of CO₂ saved? The World Bank took part in these debt swaps on an 'industrial' scale in the early 2000s: financiers are therefore familiar with this mechanism, but the Bank only did it at regional level. The challenge now is to do it at national level, both to reduce the financial threat of excessive debt (over 300% of global GDP) and to accelerate efforts to decarbonise. Better, in fact, a coordinated partial cancellation of debt than a chain of defaults likely to destabilise the financial sphere.

Another avenue that could be pursued by the eurozone is that, since the Greek crisis (particularly since 2015), the ECB has been buying up the public debt securities of eurozone countries from private banks, thereby circumventing the ban imposed by the Maastricht Treaty on the ECB lending directly to the national treasuries of the eurozone. In doing so, the ECB eliminates the counterparty risk for the private banking sector and prevents interest rates from rising: reducing the spread between rates considered 'safe' (e.g. the German Bund) and the rate applied to certain countries with vulnerable economies (currently, France's 5-year spread is higher than that of Greece this reflects concerns about France's political horizon in 2027, but also a certain economic absurdity). Thanks to this buyback policy, the spread can remain at relatively low levels since, ultimately, the risk for these private banks is zero.



For example, the ECB has bought around 40pc of French public debt: it is the creditor of its shareholders. In 2021, the amount of euro-denominated public debt on the balance sheet of the Bank of Frankfurt will total more than 4,000 billion euros.

The shareholders of the ECB are the eurozone countries, which are therefore both debtors and shareholders. Professor Giraud therefore proposes cancelling the debts owed to the ECB by the Member States (or a significant part of them), as these debts have already been repaid to the banks by the ECB. The operation could take the form of a debt-for-climate swap: each beneficiary country would undertake to reduce its emissions by a certain amount over a fixed period in exchange for a partial cancellation of its debt. This would not give rise to any additional monetary creation, as this has already taken place when the ECB buys back the debt securities. If there is to be inflation (which is not certain because the quantitative equation of money needs to be interpreted), we are already suffering from it. The ECB could only carry out such an operation once and would lose its own funds, which amount to only €100bn (2021).

What should be the price per ton of CO₂ avoided? This could (or should) be a matter for political negotiation. Indeed, the level on the ETS market is too low to provide the necessary incentives for the private sector. All the simulations (including those of the GG team in Washington DC) suggest 300 euros per ton in 2030. The object of this negotiation could be as follows: the States would be invited to adopt as their carbon reference value the price per ton set at the time of the debt swap with the ECB: if it is low, the reduction efforts will be more onerous (for a given haircut volume), if it is high, the swap will be easier to implement but the State will have to stick to this value in its national investments (Prof. Giraud feels that a price of €100/ton (the level of the ETS in February 2023) would be reasonable for France.

These questions are not being debated today because there is a kind of obsession with the independence of the ECB (which stems from the Allies' mistrust of German politics in 1949, when we imposed the independence of the Bundesbank), but we seem to forget that the States are its shareholders. Basically, unlike private banks, a central bank does not need equity capital because, as the Bank for International Settlements (BIS) has pointed out, unlike a second-tier bank, a central bank can create money to re-capitalise itself. If it so wishes, a central bank can decide to issue money to finance hospitals, for example - which is what the advocates of People's Quantitative Easing⁴ are proposing, for example.

⁴ https://en.wikipedia.org/wiki/People%27s_Quantitative_Easing



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This zeroing out would enable countries freed from debt servicing to borrow again to invest in sectors that will restore Europe's competitiveness, particularly in the areas of digitalisation, decarbonised energy and re-industrialisation, as called for in the Draghi Report, which speaks of around 800 billion euros per year, or 4.4pc of the Union's GDP in 2023.

At this point in the conference, our Co-ordinator informed Prof. Giraud that he had spoken about his proposal to cancel the debt to the central banker Pierre de Lauzun⁵, a brilliant Member of the Foundation, senior civil servant and polytechnician, Deputy Director General of the French Banking Federation from 2001 to 2014 and Director General of the Financial Markets Association (AMAFI) since 2002, who had replied that this measure would be likely to destroy the credibility of the ECB.

Professor Giraud replied that the cancellation of debt by the ECB would not be a 'default', since the private sector would not be affected: it had already been repaid when the ECB bought up the debt. This would give the EU the means to invest in line with its Green New Deal and Draghi Report objectives. It would then be a good public debt because it would be a debt for investment. As for the credibility of the euro, it is not based on the ECB's own funds (less than 0.5pc of GDP).

One way of financing investment would be to continue issuing Eurobonds. Prof. Giraud points out that this European debt should not be repaid by a budgetary contribution from each State but by European tax revenues, for example through a carbon tax (or mile tax) at the EU's borders. This is already being done by the Border Carbon Adjustment Mechanism (BCAEM), inaugurated in October 2023 and expected to bring in 14 billion euros a year.

Such a tax mechanism could constitute the embryonic European federal executive, a power that the Commission could exercise. Prof. Giraud points out that, in his view, since the Commission lacks democratic legitimacy, the management of this European budget (expenditure, tax revenue, debt repayment) could be entrusted to a European executive elected by the citizens. This would be the beginning of the construction of the 'political leg' (Jacques Delors) of the EU, which is sorely lacking today.

At this point, Mgr. Coppola pointed out that in Italy, many currencies had been created in this way in the past, and the result was the devaluation of the lira.

⁵ https://en.wikipedia.org/wiki/Pierre_de_Lauzun



Prof. Giraud, who was well aware of this legitimate concern, replied that this time we would be on the scale of the EU, where there are two types of countries that complement each other:

1. High-wage countries with weak currencies (essentially in the 'South': France, Italy, Spain, Portugal, etc.);
2. Low-wage, high-currency countries (the North: Germany, Austria, Netherlands, Belgian Flanders, Finland).

For Germany to be able to feed its machinery export model, wages had to remain low and the value of its currency had to allow it to buy inputs into its production cycle at low prices. But in order to sell its products, there had to be buying countries on the other side, because wages were relatively high (and the currency weak, which meant that Germany could sell its products at low prices). This is something that Germany would not have done until recently.

Prof. Giraud hopes that the current faltering of the German 'model', coupled with the receding mirage of the Chinese market, will enable our German neighbours to remember that 70pc of their exports go to the EU. This is what Berlin failed to do when the 'austerity cure' was imposed on Greece's economy: the ECB threatened to stop supplying Greek banks with euros and then carried out its threat for 15 days on the occasion of the referendum of 5 July 2015. The Greek Prime Minister was forced to give in even though he had elected to resist the ECB's remedy and the no vote on austerity had just won by 61.5pc of the vote. Prof. Giraud also points out that the adjustment plan proposed to Athens in no way solved the problem of Greek public debt: the public debt/GDP ratio was 207pc in 2020 compared with 180pc at the start of the crisis in 2010.

It was the same ECB threat that forced Prime Minister Berlusconi to resign in November 2011. But making such threats, with such consequences for the Greek economy, is not part of the ECB's mandate, which is simply to maintain annual inflation at 2pc. Gael Giraud s.j. questions the democratic nature of the ECB's de facto policy. This is why, according to our speaker, a political Europe is needed, with a European executive able to take legitimate public policy decisions. This would perhaps have made it possible to discuss the advisability of a 'Marshall Plan' for Greece rather than the structural adjustment plan, which has served no purpose in terms of public finance and has caused lasting damage to Greek society.



The issue of Eurobonds repaid, for example, by a carbon tax at the EU's borders, as has been said, would perhaps be a way of moving towards this political Europe. Tax receipts would also provide the means to help households make the investments needed for the transition (particularly in home insulation).

In his book *Illusion financière*, Prof. Giraud demonstrates the failures and dead-ends of the logic of financialisation prevalent since the 1970s and the speculative mechanisms put in place in the 1990s that led to the financial crisis.

He argues in favour of recognising the common status of two of the functions of money, liquidity and financing, as well as a set of resources that should be managed on a Kantian or Christian principle of reciprocity ('Whatever you want men to do for you, do for them'). Gaël Giraud details the subprime crisis resulting from the introduction of derivative products such as CDOs, CDOs squared, CDSs and triple-A ratings awarded despite common sense by rating agencies paid by banks. He analyses the whole thing as a self-referential speculative mechanism, leading to an enormous Ponzi pyramid⁶. He attributes the role of catalyst to the 'messianic ideal' (inherited from Jefferson) of effortless home ownership for American households. He calls for 'liberation from the Golden Calf', in other words, a moderation of consumption and financial regulation to avoid the depletion of resources, and to allow a third way between private property and collectivism, one in which the 'commons' can find a place (alongside private and public goods), allowing everyone, without exclusion, to use the economic benefits, subject to rules of access defined collectively in the perspective of the general interest and social cohesion, according to the summary given by the critic Salvatore Mauger.

2) How can we prevent the risks of dehumanisation in the use of artificial intelligence and ensure that it serves a fairer, more caring and sustainable society?

The discussion then turned to AI.

Like Pope Francis in his message to the 2024 International Convention, Gaël Giraud s.j., who has a doctorate in mathematics, refutes the term 'artificial intelligence', because there is nothing intelligent about AI. It is a process based on algorithms and neural networks that do not think, but make choices, notably on the basis of what they have been taught in the context of deep learning devices. They do not interpret

⁶ A fraudulent financing arrangement in which clients' investments are remunerated primarily by funds provided by new entrants.



and therefore do not make sense. Their strength is access to a phenomenal amount of data.

However, the impact of AI on the labour market will be significant, and there is a risk of the development of mental laziness and ethical resignation, with humans preferring to entrust tedious or routine processes to machines, thereby abdicating their responsibility and decision-making capacity. We had already endorsed this warning when the Luxembourg Chapter took part in the Foundation's 31st International Convention in June 2024⁷.

The use of AI software in the courts seems to Prof. Giraud to be particularly alarming because the statistics of a machine built on past case law risk replacing the judgement of a person (who will be responsible in the event of a miscarriage of justice?), reproducing the well-known biases of American justice: misogyny, racism, etc. This is one of the theses he defends in his latest book, co-written with the philosopher Anne Giraud. This is one of the theses he defends in his latest book, co-written with the philosopher Anne Alombert: *Le Capital que je ne suis pas, Mettre l'économie et le numérique au service de l'avenir*, Fayard, 2024.

In the military sphere, the use of autonomous drones raises the ethical question of the responsibility to kill. Cf. the contribution made by the Namur philosopher Dominique Lambert to the work of the United Nations and the Vatican.

At this point, Thomas Antoine mentions the symposium held in Rome at the beginning of September, organised by the Association of Theologians for the Study of Morals, entitled 'Human freedom faced with the challenges of neuroscience and AI'⁸. It draws a distinction between coincidental truth (scientific, objective and rational) and de-coincidental truth (rational, intersubjective and poetic), the latter being beyond the reach of a machine, however sophisticated it may be. This is also a criterion for distinguishing AI from human intelligence.

He has drawn up a draft article along the same lines as Professor Giraud:

Artificial intelligence: an opportunity for humans to rediscover themselves?

⁷ <https://www.centesimusannus.org/wp-content/uploads/2024/10/CR-CONVENTION-CAPPF-Vatican-2024-GB-1.pdf>

⁸ <https://ethique-atem.org/colloque-2024-a-rome/>



We are now on the threshold of a revolution that some experts compare to the domestication of fire, the invention of printing, the rise of machines, the mastery of the atom and genetic manipulation. Like all these advances before it, artificial intelligence (AI) comes with both promises and threats.

*In its relentless quest for progress, has humanity, like Dr. Frankenstein, created an alter ego, or worse still, a super alter ego? This question has given rise to countless dystopias: from *The Matrix* to *Terminator*, via *Blade Runner* and *Minority Report*. Each of these works explores the scenario where creation rebels or supplants its creator. So, is AI a threat or an opportunity? This crucial question led to the adoption of the AI Act by the European Union in March 2024. This European regulation introduces a common legal framework for AI, based on the essential values of human dignity and respect for privacy. It marks a first step in the global effort to bring this emerging technology under control. It will be objected that this virtuous step by the EU contrasts with its lag in the digital field.*

In the same vein, an international conference was held in Rome from 2 to 5 September 2024, under the theme: Human freedom put to the test by AI and neuroscience. Having had the privilege of attending, I'd like to share a few thoughts inspired by those discussions.

Defining AI, but also what it is not.

To understand the true nature of artificial intelligence, it is essential to define it by highlighting its limitations. By taking an apophatic approach - that is, by saying what AI is not - we can better identify what distinguishes humans from machines, even the most sophisticated ones.

We can draw on the thinking of the philosopher François Jullien, who explains the distinction between coincidental truth and de-coincidental truth.

*The former refers to classical truth, where thought coincides with its object (*adequatio res et intellectus*). By virtue of the agreement between the thing and its thought, truth is scientific and rational, and its discourse corresponds to a measurable and predictable reality.*

AI is developing precisely on this approach, through algorithms that enable us to predict, calculate and analyse with ever greater precision.

However, this perfect coincidence between thought and object does not give rise to consciousness. In fact, consciousness is born of de-coincidence: that gap between man and the world, between what is thought and what is experienced, that space where human freedom unfolds. It is through existence, the fact that humans can stand beside themselves, that we



find the intersubjective, relational truths, the alliances and commitments that underpin our existence. We are moving from explanation to implication.

AI: Science without consciousness?

While artificial intelligence can excel in coincidence - that is, in logic, analysis and predictability - it is, in essence, incapable of de coincidence.

It can produce solutions, manage huge databases and solve complex problems. But these 'solutions' will remain within the framework of what is already thought and known.

The fear that AI will one day surpass human intelligence is therefore based on confusion about their respective natures. AI is already surpassing man in many technical fields, just as machines have done in the past. However, it will never be able to rival the human capacity to create meaning, to ask existential questions, to love or to suffer. AI is, but it does not exist, because it cannot step outside itself to create something radically new, being devoid of freedom and therefore of conscience.

Man and machine: a question of meaning

The challenges posed by AI fall within the realm of 'problems', i.e. questions that disappear with their solution. Human intelligence, on the other hand, is in a different league: that of meaning, the ability to set a purpose for one's life. In so doing, man is his own question, a mystery that he carries with him throughout his existence.

It cannot escape this, unlike technical problems, which disappear as soon as they are solved.

Some prophets of transhumanism and neuroscience argue that consciousness is merely an illusion, an algorithmic process that the machine will eventually surpass. They foresee a future in which humans will have to merge with machines in order to evolve. Yet this reductionist vision overlooks what is essential: the unpredictable, unique and immeasurable dimension of each human life. De coincidence is based on our freedom and our conscience, and is the domain of the unforeseen and the immeasurable; when we love, we don't compare.

Man's strength: his weakness

Man's real strength in the face of AI lies in his apparent 'weakness'. It is this flaw, this vulnerability, that makes us capable of loving, desiring and suffering. It is through this openness that the other can enter our lives, bringing with it the light of meaning, of the unexpected, of the unforeseen. What the machine perceives as useless - art, poetry, love - is precisely what makes us human.

AI, despite its spectacular progress, will never be able to rival this human capacity to 'decoincide', to transcend, through its very existence, implacable logic in order to create the



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new, the unexpected. While it is a valuable aid to solving complex problems, it will never be able to answer the question of meaning that transcends the world of numbers and algorithms.

Conclusion: An opportunity to rediscover ourselves

Through the challenge of its technical capacity, AI sends us back to what makes us unique: our capacity to love, to laugh, to create, to marvel.

In the face of the machine, it is precisely our humanity - our flaws, our imperfections, our unpredictability - that is revealed as our greatest strength. AI is a mirror that, far from erasing us, allows us to rediscover our vocation as living beings, fragile, but capable of imagining the impossible, creating the immeasurable and... inventing AI!